

## GUNZE LIMITED

[**Disclaimer:** Please note that the following purports to be an excerpt translation from the original Proxy Statement of GUNZE LIMITED prepared for the convenience of shareholders outside Japan with voting rights. However, in case of any discrepancy between the translation and the Japanese original, the latter shall prevail. Please also be advised that certain expressions for domestic procedures that are not applicable to the aforesaid shareholders have been omitted or modified to avoid confusion.]

June 3, 2025

(Start Date of Electronic Provision Measures: June 2, 2025)

To Our Shareholders:

### **NOTICE OF CONVOCATION OF THE 129<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

This Notice of Convocation is to inform you that the 129<sup>th</sup> Ordinary General Meeting of Shareholders of GUNZE LIMITED will be held as described below.

In conjunction with the convening of this Ordinary General Meeting of Shareholders, the Company has adopted measures to provide the information that constitutes the contents of the Reference Documents for the General Meeting of Shareholders and other information (matters subject to electronic provision measures) in an electronic format, and has posted this information on the websites listed below under “NOTICE OF CONVOCATION OF THE 129<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS” and “MATTERS OMITTED FROM THE DOCUMENTS TO BE DELIVERED BASED ON THE LAWS, REGULATIONS AND ARTICLES OF INCORPORATION WITH REPECT TO THE NOTICE OF CONVENTION OF THE 129<sup>TH</sup> ORDINARY GENERAL MEETING OF SHAREHOLDERS” Please access Company’s website at the following link to review the information.

The Company’s website: <https://www.gunze.co.jp/english/ir/shareholders/meeting/>

Those matters subject to electronic provision measures are also posted on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website (Listed Company Search) at the following link, enter the issue name “GUNZE” or the Company’s securities code “3002” and click on Search. Then, click “Basic information” and select “Documents for public inspection/PR information” to review the posted information.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

**You have a choice in exercising your voting rights by either attending the General Meeting of Shareholders in person, via the Internet, or in writing. Whichever method you choose, please refer to the “Guide to Exercising Voting Rights via the Internet, etc.” described later and exercise your voting rights no later than 5:00 p.m. on Tuesday, June 24, 2025 (JST).**

Yours very truly,

GUNZE LIMITED  
1 Zeze, Aono-cho, Ayabe-shi  
Kyoto, Japan

By: Toshiyasu Saguchi  
Representative Director and President

## PARTICULARS

1. **Date and Time of the Meeting:** 1:00 p.m., Wednesday, June 25, 2025  
[Registration starts at Noon]
2. **Place of the Meeting:** Auditorium, Head Office of the Company  
1 Zeze, Aono-cho, Ayabe-shi, Kyoto, Japan
3. **Agenda of the Meeting:**

### **Matters for Reporting:**

1. Report on the Results of Operations, the Consolidated Accounting Documents and Non-Consolidated Accounting Documents for the 129<sup>th</sup> Business Term (from April 1, 2024 to March 31, 2025).
2. Report on the Results of Audits for the Consolidated Accounting Documents by Accounting Auditors and the Board of Corporate Auditors for the 129<sup>th</sup> Business Term (from April 1, 2024 to March 31, 2025).

### **Matters for Resolution:**

**First Proposition: Proposed Disposal of Surplus**

**Second Proposition: Election of Nine (9) Directors**

**Third Proposition: Election of Two (2) Corporate Auditors**

- Those shareholders who have not requested delivery of paper-based documents will receive a paper copy containing a portion of the Reference Documents for the General Meeting of Shareholders and a Report on the Results of Operations. In addition, those shareholders who have requested delivery of paper-based documents will receive a paper copy containing the matters subject to electronic provision measures in accordance with the relevant provisions of laws and regulations and the Company's Articles of Incorporation. **A paper copy containing the matters subject to electronic provision measures will not be provided to shareholders who attend the meeting in person. Shareholders attending the meeting in person who require a paper copy containing the matters subject to electronic provision measures are requested to print out a copy from either of the above-listed websites and bring this or the actual paper copy at hand with them on the day of the meeting.**
- The following information is not presented in the paper copy stating the matters subject to electronic provision measures:  
Report on the Results of Operations: "Matters regarding the Company's Stock Acquisition Rights, etc.," "Systems to Ensure Propriety in Business Operations," "Outline of Implementation of Systems to Ensure Appropriate Business Operations of the Company," "Basic Policy for Corporate Control." Consolidated Financial Statements: "Consolidated Statements of Changes in Shareholders' Equity, etc.," "Notes to Consolidated Financial Statements." Non-consolidated Financial Statements: "Non-consolidated Statements of Changes in Shareholders' Equity, etc.," "Notes to Non-consolidated Financial Statements." These items of information are available on each of the websites listed on page 1 of this document under "Matters Omitted from the Documents

to be Delivered.” Accordingly, the aforementioned paper copy contains a portion of the Report on the Result of Operations, Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Corporate Auditors during the preparation of the Report on the Results of Audits and the Consolidated Financial Statements and Non-consolidated Financial Statements audited by the Accounting Auditors during the preparation of the Report on the Results of Accounting Audit.

- Any revision made to the contents of the matters subject to electronic provision measures up to the day before the date of the General Meeting of Shareholders will be posted on each of the websites listed on page 1 of this document in order to notify shareholders of such revision.

## **Guide to Exercising Voting Rights via the Internet, etc.**

When you exercise your voting rights via the Internet, please check the following guidelines and follow the procedures outlined below.

Deadline for accepting votes via the Internet:

5:00 p.m. on Tuesday, June 24, 2025

Voting via the Internet is possible by accessing the Site for Exercising Voting Rights (the “Voting Site”; <https://evote.tr.mufg.jp/>) designated by the Company. After accessing the Voting Site, log in using the login ID and temporary password shown on the voting form. You can also access the Voting Site via the QR code on the right side of the voting form. Then select “approve” or “disapprove” for each proposition by following the guidelines on the screen. (Please note that this site will be closed every day between the hours of 2:30 a.m. and 4:30 a.m.)

Votes via the Internet will be accepted until 5:00 p.m. on Tuesday, June 24, 2025. However, we ask that you vote sooner if possible.

Please note you will have to bear expenses incurred in accessing the Voting Site (Internet connection expenses, etc.).

If you vote more than once via the Internet, only your last vote will be considered valid. Also, if you vote both from your computer, smartphone and mobile phone, only your last vote will be considered valid.

For inquiries regarding the system, etc.

Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agent Department (Help Desk)

TOLL FREE: 0120-173-027

(Hours of operation: 9:00 a.m. through 9:00 p.m.)

## **Electronic Voting Platform for Institutional Investors**

Institutional investors are entitled to use the Electronic Voting Platform operated by ICJ, Inc. for electromagnetically exercising their voting rights for this Ordinary General Meeting of Shareholders of GUNZE LIMITED.

## GENERAL MEETING OF SHAREHOLDERS

### Propositions and Reference Matters:

#### First Proposition: Proposed Disposal of Surplus

It is proposed that surplus be disposed as follows:

1. Matters related to the term-end dividend:

The GUNZE Group views returning earnings to shareholders in a steady and continuing manner to be important management policy of the Company. Accordingly, for dividends, the Company will keep DOE (Dividend on Equity) ratio at 4.0% or above as a guide. Additionally, as sustainable improvement of corporate value is aimed at, we will return earnings in an agile manner through provision of special dividends and acquisition of treasury stock to maintain a total return ratio in excess of 100% until consolidated ROE attains 8% or higher.

In line with this basic policy, it is proposed that the 129<sup>th</sup> term-end dividend shall be as follows:

(1) Kind of asset distributed:

Cash

(2) Matter related to distribution of asset to shareholders and total amount:

¥390 per share of common stock of the Company

(Ordinary dividend: ¥289, Special dividend: ¥101)

Total amount: ¥6,331,694,460

(3) Effective date for distribution of surplus:

June 26, 2025

Note: The Company conducted a two-for-one stock split of the Company's common stock effective April 1, 2025. The term-end dividend will be provided based on the number of outstanding shares prior to the said stock split as the dividend record date is March 31, 2025.

2. Other matters related to disposal of surplus

To enable cancellation of treasury stock in a flexible manner, a portion of separate reserve fund will be reversed for transfer to the retained earnings carried forward as follows:

(1) Item and amount of decreasing surplus

Separate reserve fund: ¥11,300,000,000

(2) Item and amount of increasing surplus

Retained earnings carried forward: ¥11,300,000,000

## Second Proposition: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the close of this General Meeting of Shareholders. It is therefore proposed that nine (9) Directors will be elected. The Company has established a policy regarding qualifications for Directors and nomination procedures in its Corporate Governance Guidelines. (Refer to the Company's website: <https://www.gunze.co.jp/ir/policy/governance/>.) All candidates for Directors in this proposition are selected in accordance with the said policy. Please see "Reference 1" on page 15 for the applicable matters, as well as "Reference 3" on page 18 and 19 for the skills of each candidate for Director.

The candidates are as follows:

Candidate No.	Name		Current Posts and Responsibilities	Percentage of Attendance in BOD Meetings	Number of Years in Office
1	Reelection Male	Toshiyasu Saguchi	Representative Director, President, President Corporate Officer, and Nomination/Remuneration Committee Member	100% (13/13)	11 years
2	Reelection Male	Takahiro Oka	Director, Senior Managing Corporate Officer and General Manager of Management & Strategy Department	100% (9/9)	1 year
3	Reelection Outside Independent Female	Hiroe Nakai	Director and Nomination/Remuneration Committee Member (Chair)	100% (13/13)	7 years
4	Reelection Outside Independent Male	Osamu Kujiraoka	Director and Nomination/Remuneration Committee Member	100% (13/13)	6 years
5	Reelection Outside Independent Female	Rie Kida	Director and Nomination/Remuneration Committee Member	100% (13/13)	5 years
6	Reelection Male	Ryoji Kawanishi	Director, Corporate Officer, and Company President of Apparel Company	100% (13/13)	4 years
7	Reelection Male	Hirokazu Sawada	Director, Corporate Officer, and General Manager of Finance & Accounting Department	100% (13/13)	2 years
8	Reelection Male	Tomohisa Okuda	Director, Corporate Officer and General Manager of Technology Development Department	100% (9/9)	1 year
9	New Male	Shojiro Matsuda	Corporate Officer and Representative Director and President of GUNZE MEDICAL LIMITED and General Manager of Medical Division	--	--

Note 1: As for Mr. Takahiro Oka and Tomohisa Okuda, their statuses after they have assumed office of Director on June 25, 2024 is shown above.

Note 2: “Number of years in office” as of the close of this Ordinary General Meeting of Shareholders is indicated.

No.	Name (Date of Birth)	Brief Personal Record, Current Posts, Responsibilities and Additional Important Posts		Number of Shares of the Company Owned
1	Toshiyasu Saguchi (Nov. 14, 1961)  <b>Reelection</b> <b>Male</b>	Mar. 1984 Jun. 2014  Apr. 2017 Jun. 2018  Feb. 2019 Jun. 2020 Jun. 2021	Joined “GUNZE” Director, Corporate Officer, and Company President of Plastic Film Company, GUNZE Managing Director, Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE Representative Director, Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE Member, Nomination/Remuneration Committee, GUNZE (to present) Representative Director, Senior Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE Representative Director, President, and President Corporate Officer, GUNZE (to present)	17,861  Number of years in office: 11 (at the close of the Meeting)
<b>Reasons for supporting the candidate for Director</b> Mr. Toshiyasu Saguchi assumed the position of the Representative Director, President and President Corporate Officer of the Company in June 2021. As top management, he then embarked on the path to achieve social value and economic value in the rapidly changing market environment and implemented growth strategy and structural reforms, delivering successful results. The Company would like Mr. Saguchi to continue serving the Company as a Director, as his leadership is deemed essential to drive the further enhancement of the GUNZE Group’s corporate value in the new phase of the Company’s medium-term management plan. Accordingly, the Company proposes that he be elected as a Director.				
2	Takahiro Oka (Apr. 14, 1963)  <b>Reelection</b> <b>Male</b>	Apr. 1987 Apr. 2017  Apr. 2022 Jun. 2024 Apr. 2025	Joined “GUNZE” Corporate Officer and Company President of Plastic Film Company, GUNZE Managing Corporate Officer and General Manager of Management & Strategy Department, GUNZE Director, Managing Corporate Officer and General Manager of Management & Strategy Department, GUNZE Director, Senior Managing Officer and General Manager of Management & Strategy Department, GUNZE (to present)	5,867  Number of years in office: 1 (at the close of the Meeting)
<b>Reason for supporting the candidate for Director</b> Mr. Takahiro Oka has ample experience and broad knowledge mainly in the plastic film business, and he also has a global perspective with his experience as the representative of an overseas subsidiary in the division. Since April 2022, Mr. Oka has been committed to planning and practicing corporate strategies and promoting business structural reforms by making maximum use of his experience and knowledge as the General Manager of the Management & Strategy Department. The Company would like Mr. Oka to continue serving the Company as a Director as his expertise is deemed essential for steadily advancing the medium-term management plan and further enhancing GUNZE Group’s corporate value in the future. Accordingly, Company proposes that he be elected as a Director.				



No.	Name (Date of Birth)	Brief Personal Record, Current Posts, Responsibilities and Additional Important Posts		Number of Shares of the Company Owned
3	Hiroe Nakai (May 20, 1961)  <b>Reelection</b> <b>Outside</b> <b>Independent</b> <b>Female</b>	Apr. 1988 Apr. 1995 Sep. 2011 Jun. 2013 Aug. 2016 Jun. 2018 Feb. 2019  Jun. 2023 Jun. 2024 Apr. 2025	Registered as an attorney (at Osaka Bar Association) Established "Inoue and Nakai Law Office" Established "Hinata Law Office" Outside Auditor, Endo Lighting Corp. Outside Auditor, Kansai Paint Co., Ltd. Director, GUNZE (to present) Member (Chair), Nomination/Remuneration Committee, GUNZE (to present) Outside Auditor, Kansai Paint Co., Ltd. Member, Audit & Supervisory Committee, Kansai Paint Co., Ltd. (to present) Executive Governor, Japan Federation of Bar Associations (to present)	1,900  Number of years in office: 7 (at the close of the Meeting)
<b>Reasons for supporting the candidate for outside Director and summary of expected roles</b> The Company would like Ms. Hiroe Nakai to continue serving the Company, given her approximately seven years of experience as an outside Director of the Company, as well as her ample experience as an attorney and knowledge in the field of corporate legal and general civil affairs. During her time of service, she has reflected an objective viewpoint into the Company's management decisions based on her ample experience and broad knowledge, while also exerting her maximum effort to oversee the Company's business operations from a fair and independent perspective. Moreover, as the chair of the Nomination/Remuneration Committee, she has actively provided advice and recommendations, which made a significant contribution to enhancing the GUNZE Group's corporate governance. The Company highly evaluates her experience and talent, and is expecting her to exercise supervision and give advice based on her objective insight and legal knowledge, once she is elected as an outside Director. For these reasons, the Company proposes that she be elected as an outside Director.				
4	Osamu Kujiraoka (Sept. 25, 1955)  <b>Reelection</b> <b>Outside</b> <b>Independent</b> <b>Male</b>	Apr. 1978 Mar. 1988  Mar. 2003 Jan. 2006 Mar. 2009  Feb. 2015 Jun. 2019 Oct. 2019	Joined Nikkei Inc. Seconded to Nikkei McGraw-Hill, Inc. (presently, Nikkei Business Publications, Inc.) Executive Officer and Chief of Operations, Nikkei McGraw-Hill, Inc. Officer and Chief of Medical Affairs, Nikkei McGraw-Hill, Inc. and President and CEO, Nikkei Medical Publishing, Inc. Executive Officer, Nikkei McGraw-Hill Inc., President and CEO, Nikkei Business Publications America, Inc. and Nikkei Business Publications Europe, Ltd. President and CEO, Nikkei Medical Publishing, Inc. Director and Member, Nomination/Remuneration Committee, GUNZE (to present) President, Dakuon Co., Ltd. (to present)	1,600  Number of years in office: 6 (at the close of the Meeting)
<b>Reasons for supporting the candidate for outside Director and summary of expected roles</b> The Company would like Mr. Osamu Kujiraoka to continue serving the Company, given his approximately six years of experience as an outside Director of the Company, as well as his career as an executive officer of a publishing company. During his time of service, he has reflected an objective viewpoint into the Company's management decisions based on his ample experience and broad knowledge especially in the medical field, one of the Company's high-growth businesses, while also exerting his maximum effort to oversee the Company's business operations from a fair and independent perspective. Moreover, as a member of the Nomination/Remuneration Committee, he has actively provided advice and recommendations, which made a significant contribution to enhancing the GUNZE Group's corporate governance. The Company highly evaluates his experience and talent, and is expecting him to exercise supervision and provide advice based on his ample experience and comprehensive knowledge in the medical field, once he is elected as an outside Director. For these reasons, the Company proposes that he be elected as an outside Director.				

No.	Name (Date of Birth)	Brief Personal Record, Current Posts, Responsibilities and Additional Important Posts		Number of Shares of the Company Owned
5	Rie Kida (May 27, 1969)  <b>Reelection</b> <b>Outside</b> <b>Independent</b> <b>Female</b>	Apr. 1989 Apr. 1991 Oct. 2000 Apr. 2003 Nov. 2009 Aug. 2010 Apr. 2013 Jun. 2020 May 2024	Joined Luis Jitan Company Joined RESCO FORMATION Inc. Joined IDEI CREATIVE AGENCY Joined HERSTORY CO., LTD. Managing Director, RESCO FORMATION Inc. Organized Woman's Feelings Marketing Laboratory within RESCO FORMATION Inc. and appointed Chief Established Woman's Feelings Marketing Laboratory Inc. Representative Director, Woman's Feelings Marketing Laboratory Inc. (to present) Director and Member, Nomination/Remuneration Committee, GUNZE (to present) Outside Director, OKUWA Co., Ltd. (to present)	900  Number of years in office: 5 (at the close of the Meeting)
		<b>Reasons for supporting the candidate for outside Director and summary of expected roles</b> The Company would like Ms. Rie Kida to continue serving the Company as an outside Director, given her long-term experience in researching women's values, lifestyle and purchase behaviors at the important position and in providing many clients with marketing support from her own perspective. She has assumed responsible positions as an outside Director of the Company for about five years. During her time of service, she has reflected an objective viewpoint into the Company's management decisions based on her ample experience and broad knowledge especially in the field of B to C transactions and women's empowerment, while also exerting her maximum effort to oversee the Company's business operations from a fair and independent perspective. Moreover, as a member of the Nomination/Remuneration Committee, she has actively provided advice and recommendations, which made a significant contribution to enhancing the GUNZE Group's corporate governance. The Company highly evaluates her experience and talent, and is expecting her to exercise supervision and provide advice based on her ample experience and comprehensive knowledge in the field of marketing and women's empowerment, once she is elected as an outside Director. For these reasons, the Company proposes that she be elected as an outside Director.		
6	Ryoji Kawanishi (Dec. 7, 1962)  <b>Reelection</b> <b>Male</b>	Apr. 1986 Apr. 2020 Apr. 2021 Jun. 2021	Joined "GUNZE" Corporate Officer and General Manager of Management Administrative Department, Apparel Company, GUNZE Corporate Officer, Company President of Apparel Company, and General Manager of Management Administrative Department, Apparel Company, GUNZE Director, Corporate Officer, and Company President of Apparel Company, GUNZE (to present)	4,352  Number of years in office: 4 (at the close of the Meeting)
		<b>Reason for supporting the candidate for Director</b> Mr. Ryoji Kawanishi has ample experience and broad knowledge in management and administration of various business segments within the GUNZE Group, including being the representative of overseas subsidiaries. Since April 2021, he has been tasked with apparel business operation in this difficult business environment as the Company President of Apparel Company, promoting structural reform. The Company would like Mr. Kawanishi to continue serving the Company as a Director as his expertise is deemed essential for enhancing GUNZE Group's corporate value by revitalizing apparel business in the future. Accordingly, the Company proposes that he be elected as a Director.		
7	Hirokazu Sawada (Mar. 11, 1965)  <b>Reelection</b> <b>Male</b>	Apr. 1988 Apr. 2022 Apr. 2023 Jun. 2023	Joined "GUNZE" Corporate Officer, Deputy Company President of Plastic Film Company, and General Manager of Management Administrative Department, Plastic Film Company, GUNZE Corporate Officer and General Manager of Finance & Accounting Department, GUNZE Director, Corporate Officer, and General Manager of Finance & Accounting Department, GUNZE (to present)	5,374  Number of years in office: 2 (at the close of the Meeting)

No.	Name (Date of Birth)	Brief Personal Record, Current Posts, Responsibilities and Additional Important Posts		Number of Shares of the Company Owned
		<b>Reason for supporting the candidate for Director</b> Mr. Hirokazu Sawada has successively performed in core administrative positions within the Company's main business segments and has considerable experience and broad knowledge mainly in the field of finance and accounting. Since April 2023, Mr. Sawada has been appropriately performing his duties as the General Manager of the Finance & Accounting Department by promoting the overall term-end closing operations and working to improve the Company's capital efficiency. The Company would like Mr. Sawada to continue serving the Company as a Director as his expertise is deemed essential for further promoting GUNZE Group's capital cost-based management and enhancing its corporate value in the future. Accordingly, the Company proposes that he be elected as a Director.		
8	Tomohisa Okuda (Apr. 26, 1965)	Apr. 1989 Apr. 2020 Jun. 2024	Joined "GUNZE" Corporate Officer and General Manager of Technology Development Department, GUNZE Director, Corporate Officer and General Manager of Technology Development Department, GUNZE (to present)	3,556  Number of years in office: 1 (at the close of the Meeting)
	<b>Reelection</b>  <b>Male</b>	<b>Reason for supporting the candidate for Director</b> Mr. Tomohisa Okuda has ample experience and broad knowledge mainly in the plastic film business' technological area, and he also has a global perspective with his experience as the representative of an overseas subsidiary. Mr. Okuda has been working to promote technological innovation and improve productivity and quality as the General Manager of the Technology Development Department. He has also been committed to lessening negative environmental impact from business activities. The Company would like Mr. Okuda to continue serving the Company as a Director as his expertise is deemed essential for continuously supporting these activities and enhancing the GUNZE Group's corporate value in the future. Accordingly, the Company proposes he be elected as a Director.		
9	Shojiro Matsuda (Jan. 14, 1969)	Apr. 1993 Jun. 2021 Apr. 2022  Oct. 2022	Joined "GUNZE" General Manager of Medical Division, GUNZE Corporate Officer and General Manager of Medical Division, GUNZE Corporate Officer, Representative Director and President, GUNZE MEDICAL LIMITED and General Manager of Medical Division, GUNZE (to present)	2,027  Number of years in office: -- (at the close of the Meeting)
	<b>New</b>  <b>Male</b>	The Company would like Mr. Shojiro Matsuda to serve the Company as a Director as he has ample experience and broad knowledge mainly in the medical business. He has been involved in the development, production, and sales of medical devices with an emphasis on bioabsorbable materials. Since June 2021, Mr. Matsuda has been working to strengthen production capacity and research & development system as the General Manager of the Medical Division, and is also experienced in global operations as the representative of an overseas subsidiary. Since October 2022, as the Representative Director and President of GUNZE MEDICAL LIMITED, Mr. Matsuda has been exerting maximum effort to expand market share and exploit new markets by reorganizing the sales system. In expectation he will appropriately perform his duties as a Director, the Company propose he be elected as a new Director.		

Note 1: Mr. Shojiro Matsuda is a new candidate for Director.

Note 2: There is no special interest between the Company and each of the candidates for Directors. No advisor contract has ever been concluded between the Company and any of the firms in which candidates for outside Directors concurrently assume an important post, now or in the past, and the amount of the transaction the Company conducts with these firms is less than 1% of the Company's consolidated net sales.

Note 3: When selecting candidates for outside Directors, the Company selected those who met the requirements of the Companies Act, as well as the independence criteria stipulated in the Tokyo Stock Exchange regulations, and who will not cause conflict of interest against general shareholders. Once Ms. Hiroe Nakai, Mr. Osamu Kujiraoka

and Ms. Rie Kida are elected, as proposed, the Company will inform the Tokyo Stock Exchange of their appointments as independent officers.

Note 4: The Company signs directors and officers liability insurance policies stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover the insured including the Directors of the Company to protect them from being liable for decisions and actions they make while performing their duties and resultant liability claims. Once each candidate for Director is elected, as proposed, he or she will be named as insured. At the next renewal time, the Company will renew the insurance policies with the same coverage option.

Note 5: Candidates for outside Directors

(1) Agreement to limit liability of the candidates for outside Directors

The Company has entered into a limited liability agreement with Ms. Hiroe Nakai, Mr. Osamu Kujiraoka, and Ms. Rie Kida under which each outside Director's liability to compensate the Company under Article 423, Paragraph 1 of the Companies Act shall be limited to ¥6,000,000 or the minimum amount stipulated by laws and ordinances, whichever is higher. Once Ms. Hiroe Nakai, Mr. Osamu Kujiraoka, and Ms. Rie Kida are elected, as proposed, the Company will enter into the same agreement with them to limit their liability.

(2) Nomination/Remuneration Committee

At GUNZE, all outside Directors carry out their duties as members of the Nomination/Remuneration Committee. As such, once each candidate for outside Director is elected, as proposed, he or she will also become a member of the Nomination/Remuneration Committee.

(3) Name notation

Ms. Hiroe Nakai's legal name on family register is Hiroe Asami.

Note 6: The Company has conducted a two-in-one stock split of the Company's common stock effective April 1, 2025. As such, the number of outstanding shares prior to the said stock split are stated as the number of shares owned.

There are no matters other than the above that need to be stated in the proposition relating to the election of Directors pursuant to Article 74 of the Ordinance for Enforcement of the Companies Act.

### Third Proposition: Election of Two (2) Corporate Auditors

The term of office of Corporate Auditors Mr. Tomio Suzuki and Mr. Shinichiro Morita will expire at the close of this Ordinary General Meeting of Shareholders. It is therefore proposed that two (2) Corporate Auditors be elected. The Company has established a policy regarding qualifications for Corporate Auditors and nomination procedures in its Corporate Governance Guidelines. (Refer to the Company's website: <https://www.gunze.co.jp/ir/policy/governance/>.) All candidates for Corporate Auditors in this proposition are selected in accordance with the said policy. Please see "Reference 1" on page 15 for the applicable matters, as well as "Reference 3" on page 18 and 19 for the skills of each candidate for Corporate Auditor.

We have obtained consent from the Board of Corporate Auditors with respect to this Proposition. The candidates are as follows:

No.	Name (Date of Birth)	Brief Personal Record, Current Posts and Additional Important Posts		Number of Shares of the Company Owned
1	Tomio Suzuki (Mar. 20, 1964)  <b>Reelection</b> <b>Male</b>	Apr. 1986 Apr. 2019  Apr. 2020 Jun. 2021	Joined "GUNZE" General Manager of Personnel & General Affairs Department, GUNZE Corporate Officer and General Manager of Personnel & General Affairs Department, GUNZE Corporate Auditor, GUNZE (to present)	2,418  Number of years in office: 4 (at the close of the Meeting)
		<b>Reasons for supporting the candidate for Corporate Auditor</b> The Company would like Mr. Tomio Suzuki to continue serving the Company as a Corporate Auditor, given his ample experience and broad knowledge mainly in the field of personnel and general affairs as well as accounting and administration. As the representative of a GUNZE overseas subsidiary he also contributes a global perspective. His expertise and efforts to strengthen the GUNZE Group's governance system through auditing activities including participation and delivering his views in Board meetings has been valuable. Accordingly, the Company proposes that he be elected as a Corporate Auditor.		
2	Hiroko Yoshika (Jul. 20, 1964)  <b>New</b> <b>Male</b>	Dec. 2009 Aug. 2014 Jun. 2019  Apr. 2020 Aug. 2022	Registered as an attorney (at Osaka Bar Association) Joined "GUNZE" Deputy General Manager, Management & Strategy Department and Manager of Legal & Compliance Section, GUNZE Corporate Officer and Deputy General Manager, Management & Strategy Department and Manager of Legal & Compliance Section, GUNZE Corporate Officer and General Manager, IP & Legal Department, GUNZE (to present)	3,759  Number of years in office: - (at the close of the Meeting)
		<b>Reasons for supporting the candidate for Corporate Auditor</b> The Company would like Ms. Hiroko Yoshika to serve the Company as a Corporate Auditor, given her ample experience mainly in the field of legal affairs, compliance, and intellectual property, as well as her familiarity with foreign law and professional legal knowledge as an attorney. She is addressing management risks as the Chair of GUNZE Risk Management Committee. Based on the judgment that she will appropriately perform her duties as a Corporate Auditor, the Company proposes that she be elected as a new Corporate Auditor.		

Note 1: There is no special interest between the Company and each of the said candidates.

Note 2: The Company signs directors and officers liability insurance policies stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to cover the insured including the Corporate Auditors of the Company to protect them from being liable for decisions and actions they make while performing their duties and resultant liability claims. Once each candidate is elected as outside Corporate Auditor as proposed, he/she

will be named as insured. At the next renewal time, the Company will renew the insurance policies with the same coverage option.

There are no matters other than the above that need to be stated in the proposition relating to the election of Corporate Auditors pursuant to Article 76 of the Ordinance for Enforcement of the Companies Act.

**[Reference 1]**

**An Excerpt from GUNZE Corporate Governance Guidelines**

**1. Qualifications for Directors and Nomination Procedures**

- (1) The Company's Directors must have an excellent personality, good insight, high skill, abundant experience, as well as a strong sense of ethics.
- (2) Upon selecting candidates for Directors, the Company's basic policy is to create a well-balanced Board that is constituted in a manner to achieve diversity in order to ensure swift and proper decision-making and effective oversight of the Group's business activities. To do so, while taking into account diversity including gender and internationality, the Company selects Directors with knowledge, experience, and skill regarding various business fields, human resources management, finance and accounting, as well as R&D of technologies from the Company's human resources. The Company also selects a number of outside Directors who are capable of actively providing advice and suggestions from a fair and objective standpoint based on their expert knowledge and experience.
- (3) All Directors of the Company shall be elected subject to approval at the General Meeting of Shareholders of each year.
- (4) Candidates for new Directors (including substitute Directors) shall be determined at a meeting of the Board of Directors based on the provision of this Article. This will be done after having undergone deliberations by the Nomination/Remuneration Committee regarding the balance of the Board composition in terms of knowledge, experience, and skills, as well as diversity and scale. The Nomination/Remuneration Committee is an advisory body composed of Representative Directors and outside Directors, and is chaired by an outside Director.

**2. Qualifications for Audit & Supervisory Board Members and Nomination Procedures**

- (1) The Audit & Supervisory Board members of the Company must have excellent personality, good insight, high skill, abundant experience, as well as a strong sense of ethics. At least one (1) member of the Audit & Supervisory Board must have sufficient knowledge and expertise on finance and accounting.
- (2) Candidates for new Audit & Supervisory Board members (including substitute members) shall be determined at a meeting of the Board of Directors based on the provision of this Article, after having undergone deliberations by the Nomination/Remuneration Committee, and after having received the consent of the Audit & Supervisory Board.

**3. Term of Office of Outside Directors and Outside Audit & Supervisory Board Members, and Limitations to Concurrent Posts**

- (1) The Board of Directors stipulates in its independence criteria that outside Directors and outside Audit & Supervisory Board members, who have held their office for a term exceeding eight (8) years since they first assumed their office, do not satisfy eligibility criteria for outside Directors and outside Audit & Supervisory Board members, respectively. However, the outside Audit & Supervisory Board members in mid-term may continue to hold their office until the end of their respective terms.
- (2) The outside Directors and outside Audit & Supervisory Board members of the Company must not concurrently assume posts of Director or Audit & Supervisory Board member at more than three (3) listed companies besides GUNZE LIMITED.

**[Reference 2]**  
**Corporate Governance**

**Basic policy for corporate governance**

The GUNZE Group recognizes that legal and regulatory compliance is essential for meeting our basic management policy of sustainably boosting corporate value. Accordingly, we strive for swift decision-making and timely and appropriate disclosure of corporate information so that we can respond appropriately to the social and economic environment. We therefore consider improving shareholder value by enhancing the transparency of our management, to be one of our most important management objectives. To achieve this, the GUNZE Group seeks to build sound relationship with each shareholder and strengthen and upgrade our internal control functions as a way to enhance our corporate governance.

**Corporate governance structure**

The GUNZE Group is a company with a Board of Corporate Auditors, where the Board of Corporate Auditors comprises four Corporate Auditors, two of whom are outside Corporate Auditors (as of March 31, 2025). The Corporate Auditors attend the Board of Directors and other important meetings, conduct onsite audits of business and administrative divisions, inspect domestic and overseas subsidiaries, and perform other duties, in order to fulfill their management oversight function.

The current management structure comprises nine Directors (of whom two are women), including three outside Directors. Moreover, the GUNZE Group has introduced a corporate officer system to facilitate accelerated business decisions and to strengthen the business execution system, and has adopted 13 corporate officers, including six who also serve as Directors (as of March 31, 2025). To clarify management responsibilities and establish a management framework that can respond more quickly to changes in the business environment, the term of office for Directors and corporate officers is set at one year.



## **Board of Directors**

As entrusted by the Company's shareholders, the Board of Directors assumes the responsibility for realizing efficient and effective corporate governance for the sake of all shareholders, achieving sustained growth for the GUNZE Group and maximizing corporate value in the long term. To fulfill its responsibilities, the Board of Directors executes oversight functions on overall management practices in order to ensure fairness and transparency. The Board also nominates, evaluates, and determines remuneration for the President and other executives, while assessing important risks facing the GUNZE Group and drawing up countermeasures. The Board also makes important operational decisions to ensure the best possible decision-making for the Company. As a general rule, the Board of Directors meets once per month during which it makes decisions on important matters related to business execution and matters stipulated by laws, regulations, and the Article of Incorporation. It also supervises the status of the execution of duties by Directors.

## **Executive Committee**

Along with the Board of Directors, the Company also convenes the Executive Committee, which comprises the Representative Directors, the Managing Directors, Directors/Corporate Officers in charge of specific functions (held 16 times in fiscal 2024). The Committee deliberates on important matters related to business execution and seeks to accelerate decision-making.

## **Nomination/Remuneration Committee**

The Company established the Nomination/Remuneration Committee as an advisory body to the Board of Directors. Comprising one Representative Director and three outside Directors, and chaired by an outside Director, this Committee serves to strengthen fairness and objectivity in the nomination of candidates for Director and Corporate Auditor, appointing senior management, and determining compensation for Directors. In addition to deliberating remuneration details, amounts, and composition ratio by type as well as related regulations and proposing them to the Board of Directors, the Nomination/Remuneration Committee discusses the detailed handling of payments.

## **Analysis and evaluation of Board of Directors' effectiveness**

At the GUNZE Group, all Directors and Corporate Auditors conduct an annual assessment on the effectiveness of the Board of Directors as well as their own performance as Directors and Corporate Auditors and submit their results to the Board of Directors. Based on the aggregate results, the Board of Directors annually analyzes and evaluates its overall effectiveness. Since fiscal 2019, the Board of Directors has been conducting self-evaluation and analyses with advice from an external organization.

For the outline of the most recent assessment of the Board of Directors' effectiveness, refer to the GUNZE Corporate Governance Report [Supplementary Principles 4-11 (3) Analysis and Evaluation of Board of Directors' Effectiveness].

<https://www.gunze.co.jp/sustainability/esg/governance/management/>

**[Reference 3]**

**Skill Matrix for Directors and Corporate Auditors (provisional) after the Ordinary General Meeting of Shareholders**

GUNZE's Board of Directors shall consist of no more than 15 members, of which at least two shall be outside Directors with a high level of independence.

GUNZE's Directors are selected by taking into account the diversity of the Board in terms of gender, internationality, and other factors to ensure that they will be able to swiftly make appropriate decisions and conduct oversight and supervision for the GUNZE Group's business activities in accordance with the Group's management strategies. To this end, the Board as a whole is composed of inside Directors who have knowledge, experience, and skills concerning each respective business field, finance and accounting, technological development and research, sales and marketing, legal affairs, human resources, etc., as well as two or more outside Directors capable of providing proactive advice and recommendations from a fair and objective standpoint based on their experience of business management at other companies or their outside expert knowledge and experience. The composition of the Board and the nomination of candidates for Directors are decided by the Board of Directors reflecting the Nomination/Remuneration Committee's replies to requests for consultation. Moreover, at least one of the Company's Corporate Auditors shall have appropriate knowledge regarding finance and accounting.

Attributes	Name, Posts, etc.	Years of service [Age]	Nomination/ Remuneration Committee member	Inside executives	Outside executives
				Business management experience	Outside management experience
Directors	<div>Male</div> Toshiyasu Saguchi Representative Director & President	11 years [63]	●	●	
	<div>Male</div> Takahiro Oka Representative Director	1 year [62]	●	●	
	<div>Independent</div> <div>Female</div> Hiroe Nakai Outside Director	7 years [64]	● (Chair)		
	<div>Independent</div> <div>Male</div> Osamu Kujiraoka Outside Director	6 years [69]	●		●
	<div>Independent</div> <div>Female</div> Rie Kida Outside Director	5 years [56]	●		●
	<div>Male</div> Ryoji Kawanishi Director	4 years [62]		●	
	<div>Male</div> Hirokazu Sawada Director	2 years [60]			
	<div>Male</div> Tomohisa Okuda Director	1 year [60]			
	<div>Male</div> Shojiro Matsuda Director	-- [56]		●	
Corporate Auditors	<div>Male</div> Tomio Suzuki Standing Corporate Auditor	4 years [61]			
	<div>Independent</div> <div>Male</div> Koji Funatomi Outside Corporate Auditor	2 years [64]			
	<div>Independent</div> <div>Male</div> Norihito Naka Outside Corporate Auditor	2 years [63]			
	<div>Female</div> Hiroko Yoshika Corporate Auditor	-- [60]			

Attributes	Name, Posts, etc.	Main specialty areas				
		Finance/ Accounting	Production technology/ R&D	Sales/ Marketing	Legal	Inter- nationality
Directors	<div>Male</div> Toshiyasu Saguchi Representative Director & President			●		
	<div>Male</div> Takahiro Oka Representative Director			●		●
	<div>Independent</div> <div>Female</div> Hiroe Nakai Outside Director				●	
	<div>Independent</div> <div>Male</div> Osamu Kujiraoka Outside Director			●		
	<div>Independent</div> <div>Female</div> Rie Kida Outside Director			●		
	<div>Male</div> Ryoji Kawanishi Director	●				●
	<div>Male</div> Hirokazu Sawada Director	●				
	<div>Male</div> Tomohisa Okuda Director		●			●
	<div>Male</div> Shojiro Matsuda Director		●			●
Corporate Auditors	<div>Male</div> Tomio Suzuki Standing Corporate Auditor	●				●
	<div>Independent</div> <div>Male</div> Koji Funatomi Outside Corporate Auditor	●				
	<div>Independent</div> <div>Male</div> Norihito Naka Outside Corporate Auditor				●	
	<div>Female</div> Hiroko Yoshika Corporate Auditor				●	●

## Results of Operations (April 1, 2024 to March 31, 2025)

### 1. Items Related to the Current Status of the GUNZE Group

#### (1) Business Progress and Results

(Overview of the Fiscal Year Ended March 31, 2025)

In the fiscal year that ended March 31, 2025, the Japanese economy was on a moderate recovery path as real gross domestic product (GDP) grew for the fourth consecutive year supported by increases in capital expenditure and export-related figures. There are signs of improvement in the income environment owing to continuous wage increases. However, it is not keeping pace with the rise in prices due to soaring raw material prices and logistics costs and inflation attributable to volatile exchange rate fluctuations. As a result, consumers' awareness of the need to protect their lives has been firmly established.

Meanwhile, the environment surrounding the business has remained uncertain primarily because of the concern about the risk that economic performance may fall short of expectations that was posed by the policy shifts following the change of the administration of the United States and continuous monetary tightening in addition to the globally unstable political situation.

Amid this operating environment, the GUNZE Group pursued the four basic strategies of "Creation of new value," "Capital cost-focused management," "Evolution of corporate constitution," and "Environmentally responsible management," strengthened the production foundation for the medical and engineering plastics business, withdrew from the electronic components business, and restructured the sports clubs in the last year of its medium-term management plan, "VISION 2030 stage 1."

The GUNZE Group's operating results for the fiscal year under review are as follows:

Net sales:	¥137,117 million	(up by 3.2% compared to the previous fiscal year)
Operating profit:	¥7,921 million	(up by 16.9% compared to the previous fiscal year)
Ordinary profit:	¥8,180 million	(up by 20.8% compared to the previous fiscal year)
Profit attributable to owners of parent:	¥6,279 million	(up by 22.9% compared to the previous fiscal year)

Net sales increased by ¥4,231 million attributable to the recovery in domestic demand for plastic films, growth in sales of engineering plastics for office equipment and semiconductor-related products, expansion of sales of new medical products, and increase in sales of medical products to China.

Operating profit and ordinary profit increased by ¥1,144 million and ¥1,405 million, respectively, primarily owing to the profit increase in the functional solutions business and the medical business and the improved profitability in the sports club business, although the apparel business recorded a decline in profit due to the impact of lower sales volume and higher costs.

Profit attributable to owners of parent also increased by ¥1,169 million mainly due to the recording of gain on sale of investment securities as a result of the sale of cross-shareholdings, despite the recording of business restructuring expenses associated with the wind-down of the electronic components business and transfer of a subsidiary.

(Results by Business Segment)

#### [Functional Solutions]

The functional solutions business recorded net sales of ¥52,204 million (up by 6.6% compared to the previous fiscal year) and an operating profit of ¥7,205 million (up by 19.5% compared to the previous fiscal year).

< Major factors in the changes >

- In plastic films, sales in Japan remained strong, although the business was impacted by stagnant demand overseas.
- In engineering plastics, in addition to the recovery of the office equipment market, products for semiconductors and general industries performed strongly.
- The wind-down of the electronic components business has been concluded as the transfer of shares of a subsidiary was completed.

## [Medical]

The medical business recorded net sales of ¥12,949 million (up by 10.7% compared to the previous fiscal year). Operating profit was ¥2,430 million (up by 22.0% compared to the previous fiscal year).

### < Major factors in the changes >

- Expansion of sales of adhesion prevention agent and absorbable medical materials including bone fixation devices progressed in Japan.
- Sales of products in China expanded with a focus on the tissue reinforcement felt, despite the impact of regulations on high-cost medical care.

## [Apparel]

The apparel business recorded net sales of ¥60,782 million (up by 1.1% compared to the previous fiscal year) and operating profit of ¥753 million (down by 48.6% compared to the previous fiscal year), a significant decline from the previous fiscal year attributable to the impact of production cutbacks and increased purchase costs due to the weaker yen, among other factors.

### < Major factors in the changes >

- While expansion of sales through e-commerce progressed driven primarily by the rollout of a new product (*Asedoron*) and differentiated ladies' innerwear, sales through physical retail channels, including mass retailers, especially of men's innerwear, stagnated due to the reduction in sales floor space and the lingering late-summer heat.
- The business was affected by the impact of higher costs due to production cutbacks and higher labor and other costs, in addition to the impact of the yen's depreciation since the beginning of the fiscal year.

## [Lifestyle Creations]

The lifestyle creations business recorded net sales of ¥12,005 million (down by 6.4% compared to the previous fiscal year) and an operating profit of ¥988 million (up by 18.7% compared to the previous fiscal year).

### < Major factors in the changes >

- The real estate category recorded a decline in revenue due to the impact of sales of idle land redevelopment in the previous fiscal year.
- The sports club business improved the profitability, although its revenue decreased due to the re-examining of unprofitable stores.

## (2) Results by Business Segment

(Millions of yen)

Segment		FY2024		FY2023		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	52,204	37.8	48,975	36.7	3,228	6.6
	Medical	12,949	9.4	11,697	8.8	1,251	10.7
	Apparel	60,782	44.1	60,114	45.0	667	1.1
	Lifestyle Creations	12,005	8.7	12,826	9.5	(820)	(6.4)
	Subtotal	137,941	100.0	133,614	100.0	4,327	3.2
	Elimination	(824)		(728)		(95)	-
	Consolidated	137,117		132,885		4,231	3.2
Operating profit	Functional Solutions	7,205	63.3	6,028	58.4	1,176	19.5
	Medical	2,430	21.4	1,991	19.3	438	22.0
	Apparel	753	6.6	1,465	14.2	(712)	(48.6)
	Lifestyle Creations	988	8.7	833	8.1	155	18.7
	Subtotal	11,377	100.0	10,318	100.0	1,059	10.3
	Elimination	(3,456)		(3,541)		84	-
	Consolidated	7,921		6,777		1,144	16.9

## **2. Medium-to-Long Term Management Strategy and Key Management Issues for the GUNZE Group**

### **[Basic Management Policy]**

Since its founding, the GUNZE Group has consistently lived up to the founding philosophy of “Striving for a harmonious coexistence with all stakeholders through a people-oriented approach and a commitment to quality.” This philosophy serves as the “warp” threads of our corporate management that must remain unchanged. Our business operations represent “weft” threads, which serve to meet the expectations of our society sincerely and flexibly. The combination of these “warp” and “weft” threads is how we solve social issues of the times through the supply of various products and services as we seek to sustainably improve the GUNZE Group’s corporate value.

### **[Medium-term Management Strategy]**

The GUNZE Group vision for 2030 is: “Create new value and deliver a ‘feeling of comfort’ to customers, contributing to a sustainable society.” Starting from fiscal 2022, the GUNZE Group has been promoting its medium-term management plan, “VISION 2030,” with its key phrase of “Transformation and Challenge.” The vision highlights contributing to society and achieving the sustainable growth of the GUNZE Group through sustainable management capable of generating both economic and social benefits,

From fiscal 2025 onward, we will promote “VISION 2030 Stage 2” targeting the three years leading up to fiscal 2027 and this will guide us to the state we wish to be in by 2030. It will be achieved by growing our core businesses and promoting structural reforms leaving no areas untouched.

## (Financial Strategy)

For sustainable improvement of its corporate value, the GUNZE Group will promote business structural reforms (core business growth and structural reforms leaving no areas untouched) and work to increase return on capital through the capital policy. Moreover, we will implement the PER (Price Earnings Ratio) improvement policy interlinked with the capital policy to achieve PBR (Price-to-Book Ratio) of 1.0 or higher in the shortest possible time.

## <Capital Policy>

Guided by achieving a DE ratio (Debt-to-Equity ratio = Total interest-bearing liabilities / Total shareholders' equity) of 0.3, shareholders' equity of 100 billion yen or higher, and an equity ratio of 60%, GUNZE will control balance sheets based on the following cash allocation and shareholder return policies as we seek capital optimization capable of maximizing return on capital and maintaining financial soundness at the same time. At the GUNZE Group, cost of shareholders' equity based on this capitalization structure is estimated at 7.2 – 8.0%, and WACC (Weighted Average Cost of Capital) at 6.0 – 6.5%, so meeting our VISION 2030 Stage 2 profit goal should achieve return on capital that exceeds the cost of shareholders' equity.

### (1) Cash allocation policy

As a basic rule, GUNZE will implement growth investments by carrying out renewal investments and return of earnings to shareholders within operating cash flows and by utilizing cash generated by financial leverage and sales of assets with unsatisfactory profit levels.

### (2) Shareholder return policy

The GUNZE Group views returning earnings to shareholders in a steady and continuing manner to be important management policy. Accordingly, for dividends, we will keep DOE (Dividend on Equity) ratio at 4.0% or higher as a guide. Additionally, as sustainable improvement of corporate value is aimed at, we will flexibly put a shareholder return policy including provision of special dividends and acquisition of treasury stock into practice to maintain a total return ratio in excess of 100% until consolidated ROE attains 8% or higher.

## [Target Management Indicators]

### (Financial goals)

Our management goals for “VISION 2030 Stage 2” are: 140 billion yen in consolidated Group net sales and 12.5 billion yen in operating income with an ROE (Return on Equity) of 8% or higher and an ROIC (Return on Invested Capital) of 6.7% or higher. The GUNZE Group will continue to implement business performance management based on ROIC and GVA\* for each business segment on a monthly basis to achieve return on capital exceeding shareholders’ equity cost as we strive to enhance corporate value.

\*GVA (Gunze Value Added) = Net Operating Income after Tax + Dividends – Term-end Invested Capital x WACC (Weighted Average Cost of Capital)

In addition to the above-mentioned financial goals, the GUNZE Group specified non-financial goals targeting the years up to fiscal 2030 taking a sustainable management perspective, as shown in the table below.

### (Non-financial goals)

Category	Target indicators		2027 goals	2030 goals
Environmental responsiveness	CO <sub>2</sub> emissions reduction rate (vs. 2013)		31% or higher	35% or higher
	Per-unit energy consumption reduction rate (vs. previous year)		1%/year or higher	
Corporate constitution evolution	Promotion of women’s empowerment	Ratio of women in managerial roles	14% or higher	20% or higher
		Ratio of female employees in workforce	38%	41%
		Ratio of women hired in main career track	50%	50%
	Parenting support	Men’s paternity leave utilization rate	70%	100%
	Corporate culture creation	Engagement score	66 pt. (estimate)	70 pt. (estimate)
	Work style reform	Annual paid leave utilization rate	80%	80%



## **【Segment-specific Challenges】**

For our functional solutions business, we work to achieve sustainable growth and create social value.

Our vision for plastic films, “Rolling out our resource-circulating model globally while ensuring both social and economic benefits,” underlines our determination to contribute to realizing a sustainable society. For achieving this goal, we are active in launching new environmentally responsible products and also promoting the establishment of a resource circulating model with the Circular Factory (resource-circulating factory) at the core. It is how we aim to pursue a transformation into a Circular Manufacturer based on reusing resources by breaking away from the conventional production/consumption model as we seek to achieve sales and profit increases.

Our engineering plastics vision is “Contributing to a better environment and more comfortable living by combining proprietary technologies.” To this end, we have been striving for a greater share for our products in the mainstay office equipment market. We have also built additional facilities at the Konan Factory in order to respond effectively to expanding demand in the medical and semiconductor sectors. Moreover, a new energy-related strategic business unit (SBU) will be set up to help us explore new markets by creating environmentally responsible products.

The medical business vision is “Shaping a brighter future by supplying innovative ‘biomaterials x devices.’” Our aim is to grow into a globally expanding medical device company while steadily expanding sales mainly through artificial dermis, suture reinforcement materials, and adhesion barriers.

We are accelerating business expansion by implementing region-specific strategies that reflect individual market characteristics. Japan and China will see us expand our share of markets through proactive development and market-launch of new products while expanding sales of current products. Europe and the US will see us continue concentrating on market penetration by reinforcing our sales system through developing and fostering local distributors and sales companies. For the Middle East, South America, and Asia, we are aiming at faster and secure market entry through research into each country’s regulatory trends and market needs.

In the apparel business, capital efficiency stayed low, pointing to our inability to execute effective measures to deal with shrinking domestic markets, intensifying competition, and the yen’s depreciation. We will therefore pivot from the current medium-term management plan and implement revival initiatives by specifying two fiscal years of 2025 and 2026 as the structural reform period. We have consistently worked hard to reinforce product categories where our strengths can be most effectively leveraged, but we will increase focusing on profit-generating categories and strengthen efforts to restructure production logistics, enhance efficiency of back-office departments, and increase local production for local consumption in order to improve capital efficiency as we revive the apparel business into one sustainably generating profits.

In the real estate sector of the lifestyle creation business, we will reinforce property-specific management that emphasizes investment efficiency, dealing with poor-profitable assets by either improving profitability or shifting into more promising growth domains or new fields. For the landscaping and greening business, we will proactively work to gain demand for greenery desired in various development projects while also proactively promoting CO<sub>2</sub> fixation to reduce atmospheric CO<sub>2</sub> emissions. For sports clubs, we will expand the school business, providing unique services tailored to specific regional/store characteristics, and developing new types of businesses, while strengthening efforts in dealing with problem stores.

### 3. Financial Conditions

#### Consolidated Operating Results and Summary of Assets

(Millions of yen, except for “net income per share”)

	126 <sup>th</sup> term (FY2021)	127 <sup>th</sup> term (FY2022)	128 <sup>th</sup> term (FY2023)	129 <sup>th</sup> term (FY2024)
Net sales	124,314	136,030	132,885	137,117
Operating income	4,880	5,812	6,777	7,921
Ordinary income	5,399	6,021	6,774	8,180
Net income attributable to owners of the parent	2,939	4,501	5,109	6,279
Net income per share (¥)	84.46	130.69	150.55	189.70
Total assets	158,216	165,927	161,971	159,677
Net assets	114,790	117,691	120,467	120,982

Note: The Company conducted a two-for-one stock split of the Company’s common stock effective April 1, 2025. As such, net income per share was calculated assuming that the stock split was conducted at the beginning of the 126th term.

## **4. Main Offices and Factories**

### **Headquarters:**

Registered Head Office (Ayabe, Kyoto); Osaka Head Office (Osaka); Tokyo Office (Minato Ward, Tokyo); Research & Development Department (Moriyama, Shiga, etc.)

### **Production Bases in Japan:**

Miyazu Factory (Miyazu, Kyoto); Ayabe Factory (Ayabe, Kyoto); Yanase Factory (Asago, Hyogo); Moriyama Factory (Moriyama, Shiga); Konan Factory (Konan, Aichi); Fukushima Plastics Co., Ltd. (Motomiya, Fukushima); Gunze Packaging Systems Co., Ltd. (Moriyama, Shiga); Gunze Kobunshi Corp. (Isehara, Kanagawa); Tohoku Gunze Co., Ltd. (Sagae, Yamagata); Kyushu Gunze Co., Ltd. (Kobayashi, Miyazaki)

### **Sales Bases in Japan:**

Sales Departments of Companies/Business Divisions (Minato-ku, Tokyo; Osaka, etc.)

### **Overseas Production Bases:**

Gunze Plastics & Engineering Corporation of America (U.S.A.); Shanghai Gunze New Plastics Film Co., Ltd. (China); Gunze Plastics & Engineering of Vietnam Co., Ltd. (Vietnam); Gunze Medical Devices (Shenzhen) Limited (China); Gunze (Vietnam) Co., Ltd. (Vietnam); Thai Gunze Co., Ltd. (Thailand); Changshu Gunze Accessories Co., Ltd. (China); PT. Gunze Indonesia (Indonesia); Gunze Hanoi Co., Ltd. (Vietnam)

### **Others:**

Gunze Development Co., Ltd. (Amagasaki, Hyogo); Gunze Sports Co., Ltd. (Amagasaki, Hyogo), Gunze Green Co., Ltd. (Amagasaki, Hyogo)

## **5. Systems to Ensure Propriety in Business Operations**

### **(1) Systems to ensure Directors' compliance with laws and regulations and the Articles of Incorporation**

- 1) The Company continually promotes and keeps all its employees informed about the GUNZE Activity Guidelines that stipulate guidelines for conduct, which all Directors and employees of the GUNZE Group must follow, in order to ensure implementation of its corporate philosophy.
- 2) The Company appoints a Director or Corporate Officer in charge of sustainability to strengthen the GUNZE Group's sustainability activities. A Director or Corporate Officer in charge of compliance is also appointed with special responsibility to ensure legal and regulatory compliance and establish corporate ethics. Moreover, in accordance with its Rules concerning Sustainability and Rules concerning Risk Management, the Company establishes the Sustainability Committee, a cross-divisional team chaired by the Director or Corporate Officer in charge of sustainability, and the Risk Management Committee, another cross-divisional team chaired by the Director or Corporate Officer in charge of compliance. Important issues relating to these matters are reported by these committees to the Executive Council, which in turn reports to the Board of Directors, thereby establishing a mechanism for assessing and monitoring risks and opportunities as the Company works to strengthen its governance system, including its compliance with laws and regulations.
- 3) In accordance with its Rules concerning the Board of Directors, the Company's Board of Directors (BOD), as a basic rule, meets once a month. The BOD is responsible for deliberating and resolving important corporate and business matters, while overseeing the Directors' performance of management duties.
- 4) To further strengthen the BOD's management oversight functions, the Company selects highly independent outside Directors to join the Board.
- 5) The Company makes diligent efforts to prevent illegal or unethical acts by Directors, Corporate Officers, Corporate Auditors, etc., by organizing seminars and providing other opportunities targeting them on a regular basis.
- 6) In accordance with its Auditing Rules for Corporate Auditors, Standing Executive Auditors attend BOD meetings and other important corporate meetings, and conduct audits to monitor the performance of Directors in carrying out their duties.
- 7) The Company implements quick and organized measures to deal with demands from antisocial forces or groups that threaten public order and security, and stands firm in rejecting such demands through cooperation with external specialized agencies.
- 8) In accordance with its Information Disclosure Rules, the Company appoints an officer responsible for handling information to ensure appropriate management and control of the GUNZE Group's corporate information, and discloses appropriate information quickly and fairly as an open-door corporate group.

### **(2) Systems of retention and management of information concerning Directors' execution of their duties**

The Company manages and retains documents, records, and information materials, including minutes of the General Meetings of Shareholders, minutes of Board of Directors meetings, circulars for managerial approval, and contracts, in accordance with its Documentation Rules and other regulations.

### **(3) Rules and other systems concerning risk management**

- 1) In accordance with its Risk Management Rules, the Company builds a solid cross-divisional risk management system that covers the entire Group in order to avoid any kind of risks and to appropriately prepare for unexpected contingencies. For information-related risks in particular, the Company strives to protect the GUNZE Group's information assets based on its IT (Information Technology) Security Policy and Standard Countermeasures against IT (Information Technology) Security Issues.
- 2) In accordance with its Rules concerning Management of Trade Secrets, the Company strives to appropriately manage trade secrets available across the Group and prevent leakage of important trade secrets through seminars and auditing conducted by the Intellectual Property Section's Trade Secrets Management Officer.

**(4) Systems to ensure that Directors efficiently perform their duties**

- 1) To enhance the Board of Directors' functions and improve management efficiency, the Company, in accordance with its Rules concerning Executive Committee Meetings, holds an Executive Committee meeting attended by Representative Directors, Managing Directors, Directors/Corporate Officers in charge of specific functions, etc. This meeting is held roughly once every other week to deliberate important matters related to the Group's business operations.
- 2) The Company adopts a Corporate Officers System to clearly separate decision-making regarding business practices and management oversight functions from business operations, and augment the Board of Directors' monitoring functions. It is also intended to vitalize the BOD and facilitate quicker decision-making.
- 3) To swiftly and flexibly respond to radical changes taking place in the Company's management environment and clearly define management responsibility, the term of office of Directors at the Company is designated as one (1) year.
- 4) The Company sets forth its internal Rules concerning Division of Duties, Rules concerning the Authority and Responsibility of Internal Company Presidents, and Rules concerning the Authority and Responsibility of Business Division General Managers, to ensure propriety of the GUNZE Group's internal controls, clarify procedures for business practices, and enhance efficiency of management and administration.
- 5) To conduct efficient business operations for the GUNZE Group, the Company promotes business reforms utilizing information technology.
- 6) Corporate Auditors monitor and verify the establishment and operational status of the systems to ensure that Directors make important decisions in a manner that conforms to the perspective of fulfilling their fiduciary duties to the company, such as the duty of care and the duty of loyalty.

**(5) Systems to ensure that employees' performance of their duties conforms to laws and regulations and the Articles of Incorporation**

- 1) To ensure strict legal and regulatory compliance, the Company regularly provides all employees of the GUNZE Group with the necessary education and training. The Company responds quickly to the enactment of a new law or amendment to existing law by offering relevant education and training. The Company also offers relevant education and training quickly in the event that material misconduct or an accident arises within the Group or at other companies.
- 2) The Company posts all rules and regulations applicable to the GUNZE Group on intranets so that Group employees can access and view them whenever necessary.
- 3) The Company has a whistleblower system in place, through which employees can directly report information on violations of laws or regulations, or ask related questions via the Advice and Report

Hotline for Employees or the Third-Party Whistleblower Hotline, in order to facilitate early detection of misconduct and accidents and promptly remedy them.

**(6) Systems to ensure the propriety of business operations of the GUNZE Group**

- 1) A Risk Management Officer is in place at each business division and Group company to ensure strict legal and regulatory compliance, and the Company establishes a Risk Management Committee as part of a system to prevent and control risks, respond promptly to risk events when they occur, and prevent their recurrence. For IT security in particular, a Division Information Officer (DIO) responsible for maintaining IT security is in place at each business division and Group company to ensure strict management of IT security.
- 2) As for the management of individual companies comprising the GUNZE Group, the Company gives guidance or advice to them based on their periodical business reports, prior discussions regarding important matters or other arrangements, while respecting their individual initiative, in order to ensure propriety of business operations for the Group as a whole.
- 3) The Business Audit Section conducts internal audits to inspect the operating effectiveness of the GUNZE Group's internal controls for overall business practices, in order to maintain the propriety and efficiency of business operations for the Group as a whole.
- 4) When deemed necessary from reported results of audits, as discussed in item 3) above, Corporate Auditors conduct audits of the Group companies to monitor the operating effectiveness of their internal controls, as well as the propriety and efficiency of business operations as a corporate group. Should Corporate Auditors consider it necessary, Corporate Auditors will directly perform audits of the Group companies.

**(7) Systems to ensure reliability of financial reporting**

To appropriately assess the validity of the GUNZE Group's internal controls over financial reporting, as stipulated by the Financial Instruments and Exchange Act, the Company assigns an officer responsible for assessing the internal control system (Director/Corporate Officer in charge of finance) and various other responsible personnel based on the Internal Control Standards. By so doing, the Company maintains, implements and assesses internal controls of the Company and its consolidated subsidiaries, which comprise the Group's consolidated financial statements, and announces the results of assessment through internal control reports.

**(8) Assignment of employees to assist Corporate Auditors at the latter's request, and matters concerning the independence of assisting employees from Directors and ensuring the effectiveness of Corporate Auditors' instructions to assisting employees**

- 1) In accordance with the Auditing Rules for Corporate Auditors, Corporate Auditors may, as necessary, assign staff of the Business Audit Section and other sections to assist Corporate Auditors in performing their duties.
- 2) Assisting employees who have received assignments to carry out auditing practices from Corporate Auditors will not be subject to any orders or control from higher-ranked employees such as Directors or the Manager of the Business Audit Section regarding the aforementioned assignments given by the Corporate Auditors.

**(9) System for reporting by Directors, employees, and officers and employees of the Company's subsidiaries to Corporate Auditors and other systems concerning reporting to Corporate Auditors**

- 1) Officers and employees of the GUNZE Group report to Corporate Auditors without delay while taking appropriate measures in the event that they discover any fact that could have a negative impact, in a material degree, on the GUNZE Group, such as impairment of its credibility or adverse effects on its business operations and financial performance.
- 2) Officers and employees of the GUNZE Group make reports necessary for auditing to Corporate Auditors of the Company without delay when so requested by Corporate Auditors.
- 3) The Group Board of Corporate Auditors liaison meeting is held regularly, at which Corporate Auditors of the Company's subsidiaries report compliance risks concerning the subsidiaries.
- 4) The Manager of the Business Audit Section reports to Corporate Auditors without delay issues discovered through auditing of the GUNZE Group by the Business Audit Section.
- 5) Officers and employees of the GUNZE Group report to Corporate Auditors without delay important matters among information as described in item 3) of section (5) above.
- 6) In accordance with the Internal Reporting Regulations, GUNZE prohibits making any detrimental treatment to officers or employees of the GUNZE Group who made reports such as described in item 5) above for the reason of having made such reports.

**(10) Systems to ensure that audits by Corporate Auditors are conducted effectively**

- 1) Corporate Auditors formulate an auditing policy and assign work in accordance with the Board of Auditors Regulations and Auditing Rules for Corporate Auditors, and periodically exchange views and information with Representative Directors, independent accounting auditors and the staff of the Business Audit Section.
- 2) Corporate Auditors submit issues discovered through their audits to Directors and employees, and give recommendations for improvement or advice to the concerned department as necessary in order to ensure that internal controls function effectively.
- 3) Outside auditors account for half or more of all Corporate Auditors to ensure transparency of audits.
- 4) In the event that Corporate Auditors make requests to the Company to pay or reimburse expenses, etc. in accordance with Article 388 of the Companies Act, the Company shall promptly respond to such requests, except in cases where it proves that the expenses relating to such requests are not necessary for the execution of their duties. The Company also provides an annual budget with a fixed amount for expenses, etc. arising from the execution of their duties.

**6. Outline of Implementation of Systems to Ensure Appropriate Business Operations of the Company**

**(1) Legal and regulatory compliance system**

The Company distributes a pamphlet entitled “Gunze-no-Ze” (Policy of GUNZE) to all Directors, Corporate Auditors and employees of the GUNZE Group. This pamphlet comprehensively covers the Company's philosophical framework for practicing its Founding Philosophy, as well as guidelines for behavior that serve as the basis of daily activities. The Company offers a course with an introduction to compliance to new employees when they are hired and during all new employee training, using “Gunze-no-Ze” and other educational materials.

Moreover, the Company has established the Advice and Report Hotline for Employees to allow employees to seek everyday advice and report compliance violation issues. In fiscal 2024, there were 13 hotline contacts, seeking advice or reporting issues. Hotline issues are reported to the responsible personnel of the relevant office upon obtaining consent of the employee seeking advice or reporting, aiming at swift resolution and prevention of their recurrence. Hotline issues are also reported to the

Director in charge of compliance, Corporate Auditors, and the President to share information. In addition to the existing internal hotline, the Company also established a third-party whistleblower hotline staffed by an expert attorney. This external hotline became operational on April 1, 2020 and three (3) hotline reports were received during fiscal 2024.

## **(2) Loss and risk management system**

The Risk Management Committee also promoted human rights due diligence during fiscal 2024 as it did in fiscal 2023. In addition, the Risk Management Committee analyzed and assessed potential risks the Company may face, centering around three themes—the physical, psychological and life safety of employees, compliance in a broad sense (including, but not limited to, violation of laws and regulations, such as environmental disruption, accounting fraud and product quality fraud) and harassment.

Moreover, periodic monitoring systems were set up at the main divisions responsible for managing each risk, with the aim of providing the related divisions with follow-up and offering training, as the Company strengthened its risk management efforts.

As for issues assessed as entailing a particularly high degree of risk, the Company implements countermeasures together with the business divisions facing such risks in order to ensure that safe conditions are maintained.

## **(3) Information retention system**

The documents, records and information materials pertaining to the execution of duties by Directors are managed and retained by the secretariat of each meeting or the responsible department in accordance with the Documentation Rules. Management and retention of information pertaining to business divisions and subsidiaries of the Company are inspected and confirmed by the Business Audit Section mainly during auditing.

## **(4) Systems to ensure efficiency**

The Company adopts a Corporate Officers System in order to facilitate quicker decision-making and reinforce its business execution system, selecting 13 Corporate Officers, six (6) of whom concurrently assume the position of a Director. To clarify the management responsibilities to be assumed by Directors and Corporate Officers and build a management system capable of swiftly responding to changes in the Company's management environment, the term of office of Directors and Corporate Officers is designated as one (1) year. As a basic rule, the Board of Directors meeting is held once a month (held 13 times in the fiscal year ended March 31, 2025) to decide important matters regarding execution of business and matters stipulated in laws or the Articles of Incorporation, while also overseeing the Directors' execution of their duties. Along with this, an Executive Committee meeting was held 16 times in the fiscal year ended March 31, 2025. The Representative Directors, Managing Directors, and Directors and Corporate Officers in charge of specific functions attend the Executive Committee meeting to deliberate on important matters regarding business execution, while seeking to facilitate quicker decision-making.

## **(5) Internal controls for the corporate group**

For the purpose of auditing the appropriateness of the business process and management efficiency of the GUNZE Group including the Company's affiliated companies, the Company has a Business Audit Section in place as a department under the direct control of the President to conduct internal audits. Seven (7) staff members of the Business Audit Section conduct internal audits with the aim of enhancing the internal control functions of the Group as a whole.

Business operations of the Company's subsidiaries are managed on a monthly basis. At a



management meeting held at the time of drawing up the budget, and the Executive Committee meeting pertaining to annual financial reporting, the Company receives direct reports from representatives of overseas subsidiaries.

As for the educational system, the Overseas Subsidiary President meeting is held regularly to provide representatives of subsidiaries with training regarding important compliance risks, etc.

In China, where many of the Company's subsidiaries are gathered, staff members tasked with conducting internal audits are placed in Shanghai. They are conducting audits by circulating among the subsidiaries in China and enhancing the response to taxation issues, etc., in order to strengthen the response to risks pertaining to China.

#### **(6) Internal controls for financial reporting**

In conformance with the Internal Control Standards, the establishment and implementation status of internal controls over financial reporting were assessed. The results of the assessment were put on the agenda of a Board of Directors meeting, etc. after having undergone deliberations by the Internal Control Validity Assessment Committee. Based on the resolution reached at the Board of Directors meeting, the Company disclosed that its internal controls over financial reporting were deemed valid.

#### **(7) Systems to ensure effectiveness of audits conducted by Corporate Auditors**

At the beginning of each fiscal year, Corporate Auditors and the Board of Corporate Auditors draw up the Board's auditing plan and make prior confirmation with the independent accounting auditors and the Business Audit Section (a department for conducting internal audits) regarding the outline of plans for auditing by accounting auditors and internal audit plans, as well as their audit items. Corporate Auditors also attend onsite audits and audit reviews of independent accounting auditors and the Business Audit Section as necessary, while receiving reports on the results of audits from the independent accounting auditors and the Business Audit Section. Corporate Auditors attended 28 audit sessions for GUNZE Group sites in Japan and overseas, including interviews with representatives of all business divisions, based on the audit plans. Corporate Auditors also held regular meetings with Directors including the Representative Directors, senior executives, independent accounting auditors, and the staff of the Business Audit Section, to exchange views and information. The Group Board of Corporate Auditors liaison meeting was also held, receiving reports from Corporate Auditors of the Company's subsidiaries regarding audit plans, status of audits, etc.

### **7. Basic Policy for Corporate Control**

#### **(1) Basic policy**

In conformance with its "quality first" policy and its commitment to "technology-oriented management," the GUNZE Group promotes customer-focused business operations. In doing so, the Group lives up to its founding philosophy that underscores a people-oriented approach, a commitment to quality, and harmonious coexistence. Based on this philosophy, the Group strives to fulfill its corporate social responsibility (CSR). With a strong determination to provide customers with a "Feeling of Comfort" through the products and services offered by each business line, the GUNZE Group aims to become "a corporate group that fulfills the needs of society" and "a corporate group that grows sustainably alongside society."

With the aim of raising its corporate value, and in accordance with its basic stance of promoting shareholder-focused management attitudes, the Company endeavors to increase profitability and enhance

capital efficiency. Moreover, returning earnings to shareholders is one of the Group's most important management policies. Accordingly, the Company works to distribute earnings to shareholders in a continual and stable manner, based on the medium- and long-term business perspective, through the payment of dividends and the repurchase of treasury stock.

The Company also believes that decisions regarding which parties are entitled to be shareholders of the Company should be reached through free trading of the Company's shares.

The Company therefore considers that, in the event of a takeover offer that accompanies transfer of controlling stakes, the decision to accept or reject the proposal should ultimately be the responsibility of the shareholders.

However, to realize sustained enhancement of the Group's corporate value and common interests of its shareholders through the efforts described above, it is essential that the Company maintain and develop appropriate relations not only with shareholders but also other parties comprising the Company's stakeholders, including customers, business associates, employees and local communities. Consequently, the Company considers that persons who control the decisions on the financial and operational policies of the Company must fully understand the financial position and business operations of the Company, as well as the sources of its corporate value, and implement management practices in consideration of stakeholders' interests.

Accordingly, the Company concludes that persons attempting to conduct a large-scale acquisition of the Company's shares or other assets in a way that could possibly impair the GUNZE Group's corporate value, the Company's interests, and the common interests of its shareholders consequently, will be unsuited to executing the decision on the financial and operational policies of the Company. The Company thus believes that the implementation of necessary and suitable defense measures against the said acquisition will be necessary to secure the GUNZE Group's corporate value and the interests of the Company, as well as the common interests of its shareholders.

## **(2) Efforts to contribute to the implementation of the basic policy**

To contribute to the implementation of the basic policy, the Company promotes the following strategies as it pursues the enhancement of the GUNZE Group's corporate value and common interests of its shareholders.

### **1) Promotion of medium-term management plan**

The GUNZE Group vision for 2030 is: "Create new value and deliver a 'feeling of comfort' to customers, contributing to a sustainable society." Starting from fiscal 2022, the GUNZE Group has been promoting its medium-term management plan, "VISION 2030," with its key phrase of "Transformation and Challenge." The vision highlights contributing to society and achieving the sustainable growth of the GUNZE Group through sustainable management capable of generating both economic and social benefits.

From fiscal 2025 onward, we will promote "VISION 2030 Stage 2" targeting the three years leading up to fiscal 2027 and this will guide us to the state we wish to be in by 2030. It will be achieved by growing our core businesses and promoting structural reforms leaving no areas untouched.

### **2) Strengthening of corporate governance**

To facilitate more agile decision-making and strengthen management oversight functions, the Company launched a Corporate Officers System and reduced the maximum number of members of the Board of Directors in the 110<sup>th</sup> business term (fiscal year ended March 31, 2006). In the 111<sup>th</sup>

business term (fiscal year ended March 31, 2007), the term of office of Directors was reduced from two (2) years to one (1) year to clarify the management responsibility of Directors and establish a management system capable of quickly responding to changes in the business environment. For nomination of candidates for Directors, starting in the 124<sup>th</sup> term (fiscal year ended March 31, 2020) candidates are decided by the Board of Directors after deliberations at the Nomination/Remuneration Committee, in order to enhance corporate governance. The Nomination/Remuneration Committee is composed of the Representative Directors and outside Directors, and chaired by an outside Director, and serves as an advisory body to the Board of Directors.

At its Board of Directors meeting held on December 18, 2015, the Company established the GUNZE Corporate Governance Guidelines as the basic policy regarding the GUNZE Group's corporate governance. They were revised in June 2021. The Guidelines are posted on the Gunze corporate website (<https://www.gunze.co.jp/sustainability/esg/governance/management/>).

**(3) Efforts to prevent inappropriate control of the Company**

The Company will take appropriate measures as far as are permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations. These include requesting the party intending to make the large-scale acquisition of the Company's shares to submit to the Company necessary and sufficient information, and to secure a sufficient amount of time for its shareholders to make appropriate judgments on the said proposal of acquisition.

**(4) Judgment of the Board of Directors of the Company regarding the above efforts and rationale thereof**

The Company's Board of Directors concludes that these efforts conform to the Company's Basic Policy for Corporate Control and are not detrimental to its corporate value and the common interests of its shareholders, nor are they intended to protect the position of any of the Directors in the Company.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Assets</b>		
Current assets		
Cash and deposits	10,818	10,541
Notes and accounts receivable - trade, and contract assets	27,588	25,015
Merchandise and finished goods	24,706	24,233
Work in process	7,425	7,606
Raw materials and supplies	6,026	6,631
Short-term loans receivable	50	107
Other	4,195	3,862
Allowance for doubtful accounts	(13)	(23)
Total current assets	80,796	77,974
Non-current assets		
Property, plant and equipment		
Buildings and structures	110,545	111,875
Accumulated depreciation	(74,354)	(75,092)
Buildings and structures, net	36,191	36,783
Machinery, equipment and vehicles	93,847	90,287
Accumulated depreciation	(80,245)	(77,140)
Machinery, equipment and vehicles, net	13,601	13,147
Tools, furniture and fixtures	9,093	9,538
Accumulated depreciation	(6,631)	(7,049)
Tools, furniture and fixtures, net	2,461	2,488
Land	10,479	10,205
Leased assets	1,349	1,421
Accumulated depreciation	(1,235)	(1,258)
Leased assets, net	113	162
Construction in progress	749	4,977
Total property, plant and equipment	63,597	67,764
Intangible assets		
Software	1,271	1,489
Other	657	296
Total intangible assets	1,928	1,786
Investments and other assets		
Investment securities	6,833	3,924
Long-term loans receivable	-	44
Retirement benefit asset	2,416	2,856
Deferred tax assets	3,269	2,374
Other	3,199	3,065
Allowance for doubtful accounts	(69)	(114)
Total investments and other assets	15,648	12,151
Total non-current assets	81,174	81,702
Total assets	161,971	159,677

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,286	8,138
Short-term borrowings	252	577
Current portion of long-term borrowings	462	2,611
Income taxes payable	1,357	349
Provision for bonuses	1,405	1,499
Notes payable - facilities	263	1,203
Provision for business restructuring	1,783	96
Other	11,079	10,074
Total current liabilities	24,890	24,551
Non-current liabilities		
Long-term borrowings	8,230	5,668
Retirement benefit liability	3,937	4,133
Long-term leasehold and guarantee deposits received	3,986	3,935
Other	458	406
Total non-current liabilities	16,613	14,143
Total liabilities	41,503	38,694
<b>Net assets</b>		
Shareholders' equity		
Share capital	26,071	26,071
Capital surplus	6,565	6,560
Retained earnings	81,576	85,297
Treasury shares	(2,974)	(5,273)
Total shareholders' equity	111,239	112,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,438	883
Deferred gains or losses on hedges	156	88
Revaluation reserve for land	(13)	(13)
Foreign currency translation adjustment	4,118	5,194
Remeasurements of defined benefit plans	702	264
Total accumulated other comprehensive income	7,403	6,418
Share acquisition rights	124	110
Non-controlling interests	1,700	1,796
Total net assets	120,467	120,982
Total liabilities and net assets	161,971	159,677

## (2) Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	132,885	137,117
Cost of sales	91,164	93,934
Gross profit	41,720	43,182
Selling, general and administrative expenses	34,943	35,260
Operating profit	6,777	7,921
Non-operating income		
Interest income	70	66
Dividend income	307	238
Rental income from non-current assets	367	424
Other	154	221
Total non-operating income	900	952
Non-operating expenses		
Interest expenses	208	85
Rental expenses on non-current assets	355	408
Foreign exchange losses	6	26
Other	332	172
Total non-operating expenses	902	693
Ordinary profit	6,774	8,180
Extraordinary income		
Gain on sale of non-current assets	86	667
Gain on sale of investment securities	2,009	1,852
Gain on liquidation of subsidiaries and associates	45	677
Gain on sales of investments in capital of subsidiaries and associates	27	-
Other	220	260
Total extraordinary income	2,387	3,458
Extraordinary losses		
Loss on sale and retirement of non-current assets	572	411
Loss on valuation of shares of subsidiaries and associates	521	49
Loss on valuation of investments in capital	84	-
Impairment losses	-	459
Business restructuring expenses	2,801	1,351
Settlement money for under-reporting water amount	534	-
Other	144	275
Total extraordinary losses	4,658	2,547
Profit before income taxes	4,504	9,091
Income taxes - current	1,924	1,039
Income taxes - deferred	(2,575)	1,721
Total income taxes	(650)	2,760
Profit	5,154	6,330
Profit attributable to non-controlling interests	45	51
Profit attributable to owners of parent	5,109	6,279

### (3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	5,154	6,330
Other comprehensive income		
Valuation difference on available-for-sale securities	(26)	(1,554)
Deferred gains or losses on hedges	300	(67)
Foreign currency translation adjustment	1,216	1,193
Remeasurements of defined benefit plans, net of tax	759	(438)
Total other comprehensive income	2,250	(867)
Comprehensive income	7,404	5,462
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,321	5,294
Comprehensive income attributable to non-controlling interests	83	168

### (4) Consolidated Statements of Cash Flows

(Million yen)

	<b>FY2023</b> (Apr. 1, 2023 to Mar. 31, 2024)	<b>FY2024</b> (Apr. 1, 2024 to Mar. 31, 2025)
Cash flows from operating activities	10,409	11,572
Cash flows from investing activities	(190)	(7,485)
Cash flows from financing activities	(11,347)	(5,184)
Effect of exchange rate changes on cash & cash equivalents	400	820
Increase (decrease) in cash and cash equivalents	(728)	(276)
Cash and cash equivalents at the beginning of the period	11,547	10,818
Cash and cash equivalents at the end of the period	10,818	10,541