

GUNZE LIMITED

Herbis Osaka Office Tower, 2-5-25, Umeda, Kita-ku, Osaka
530-0001, Japan

- Corporate Communication Department Public & Investor Relations
- Tel: 81 (6) 6348-1314
- <https://www.gunze.co.jp/english/>



Referring to the Guidance for Collaborative Value Creation issued by METI.



Gunze is a signatory to the UN Global Compact and has joined the Global Compact Network Japan.



Gunze has been selected for inclusion in the SOMPO sustainability index independently established by Somo Asset Management Co., Ltd. for fourteen consecutive years.



Gunze Limited was certified as a “Kurun-min” accredited company by Japan’s Ministry of Health, Labour and Welfare in 2023 based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Editorial Policy

Gunze Integrated Report in 2025 was compiled as a financial and non-financial information report for the Gunze Group. The Report largely focuses on activities in FY2024 (from April 1, 2024 to March 31, 2025) with certain content covering the period after April 2025. Meanwhile, the relevant departments and job titles of individuals introduced are as of the time activities were undertaken. In addition, comprehensive and detailed information is available at the websites shown on the right, to help stakeholders better understand the Company.

Financial Information

Investor Relations <https://www.gunze.co.jp/english/ir/>

Non-financial Information

Sustainability <https://www.gunze.co.jp/english/sustainability/>
About GUNZE <https://www.gunze.co.jp/english/corporate/>

Disclaimer

This Report contains statements about the Gunze Group’s future plans, strategies, performance forecasts and outlook. These statements are based on our current assumptions and beliefs in light of the information currently available to us.

INTEGRATED
REPORT

GUNZE Integrated Report 2025

Comfort Solutions for Life

MESSAGE

In 1896, Gunze was founded as a silk-reeling company to promote the local silkworm industry.

Building on the technologies the Company has cultivated over its long history, it has delivered Comfort Solutions for Life through its broad range of products and services. It is celebrating its 130th year in business.

Long valued as an apparel company, we are now reassessing our business model in response to the recent rapid changes in the external environment. Over the next three years, we will reinvent Gunze.

To Remain a Company of Choice

As we continue to expand growth segments such as our Functional Solutions and Medical businesses, we will implement a structural reform to ensure that we can continue to thrive amid the accelerating change.

Understanding the needs of the times.
Opening the door to the future.
Becoming a company chosen by all stakeholders.
Gunze is taking its first step forward to reach these goals.

Now and Into the Future

Delivering Comfort Solutions for Life Worldwide

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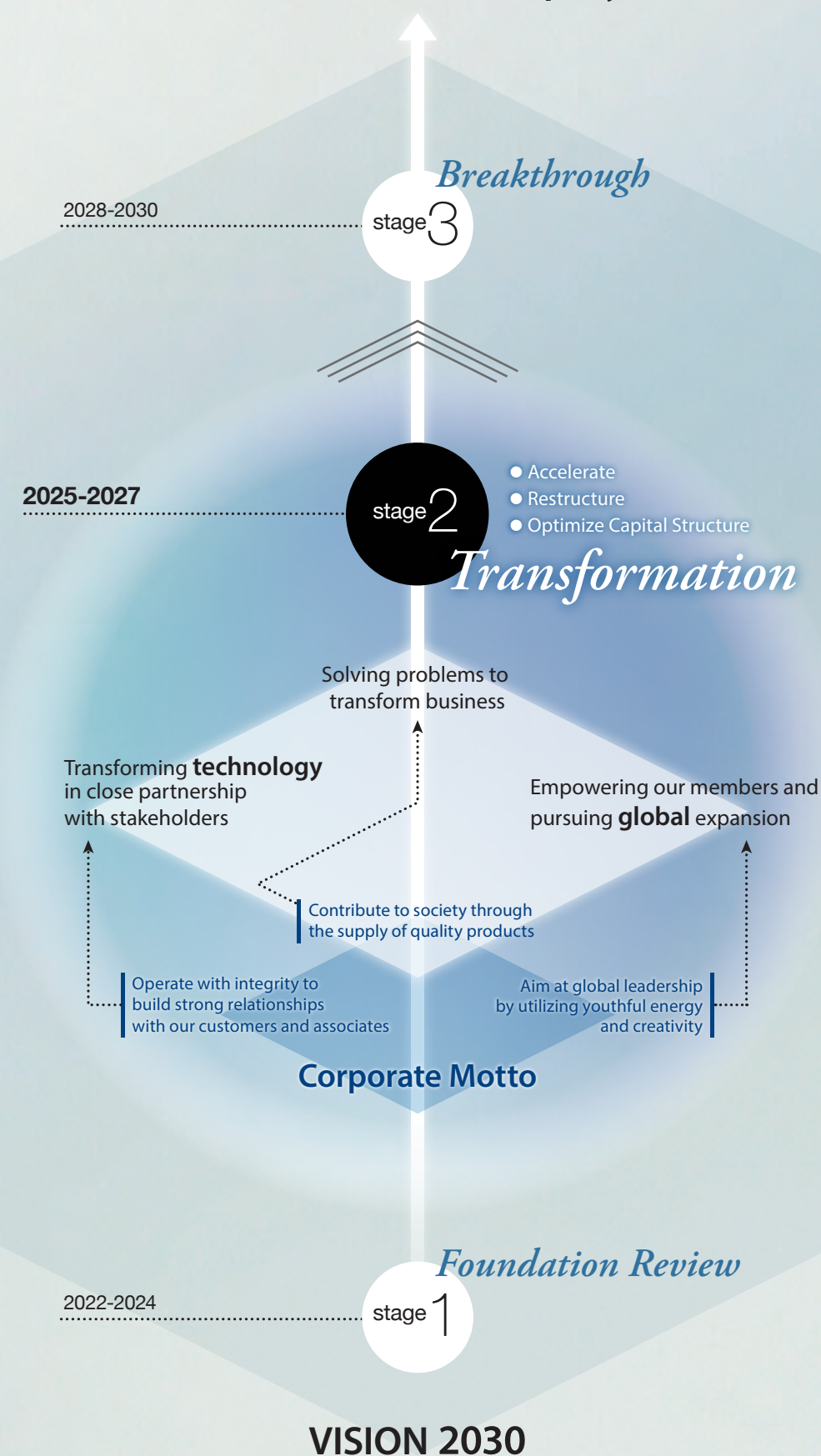


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Utilize Humans and Technology, Open Bright Futures
Global Solution Company



At a Glance

Six Types of Capital that Support Gunze

In addition to its sound financial capital, Gunze's business is underpinned by the non-financial capital it has developed over many years—its human resources, intellectual property, and strong brand value. We will continue to strengthen and fully leverage them to enhance our corporate value.



Functional Solutions Business

Driving the development of products that deliver new value, such as sustainable products

Strengthening our expansion into global markets, opening new markets, and supporting a circular economy

- **Plastic Films Business**
Packaging films for beverages, food products and more
- **Engineering Plastics Business**
Functional components used in OA equipment and industrial fields

Shrink films
Domestic market share **approx. 40%**

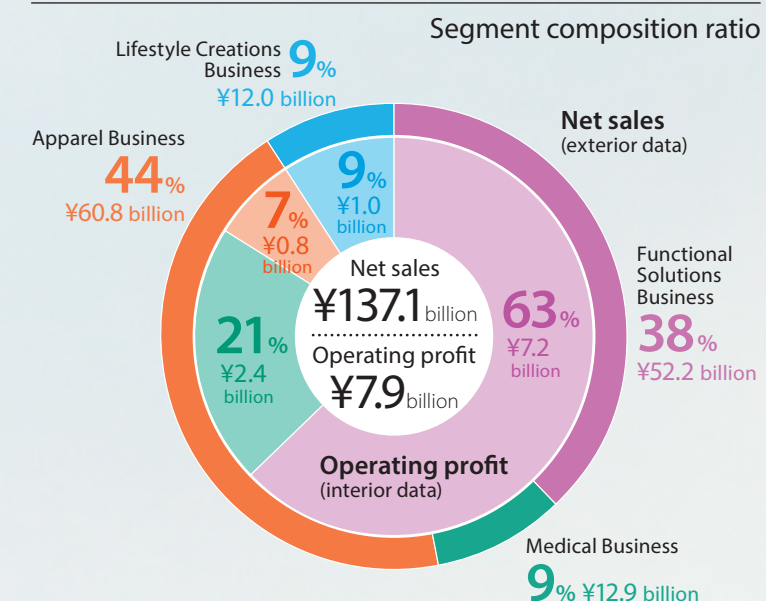
Medical Business

Contributing to advances in medical technology through innovative biomaterials and devices

Delivering a brighter future for patients and enhancing quality of life (QOL)

- **Bioabsorbable medical devices**
Bioabsorbable surgical suture thread, reinforcement felts, artificial dermis, dural substitutes, adhesion barriers

Reinforcement felts
Artificial dermis
Domestic market share **approx. 90%** **approx. 40%**



* The total amount includes corporate expenses not included in segment profit.

Apparel Business

Providing functional products and design services to meet diverse needs

Developing and providing comfort-focused apparel and highly functional industrial materials

- **Apparel Business**
Innerwear, legwear, lifestyle apparel
- **Threads & Accessories Business**
Various sewing threads and industrial materials

Apparel products
Number of units sold annually in Japan
Approx. 100 million

Lifestyle Creations Business

Pursuing quality of life and both physical and mental well-being

Supporting people's lives through wide-ranging community-based services while contributing to greener communities through environmental businesses

- **Real estate-related fields**
Commercial facility, housing and office rentals, energy-saving management
- **Landscaping and Greening Business**
- **Sports Club Business**

Number of visitors to Gunze Town Center Tsukashin (FY2024)
Approx. 12 million

Message from the President



T. Saguchi

Toshiyasu Saguchi

Representative Director
and President

A Bold Strategic Shift to Transform Gunze to Achieve Sustainable Growth and Increase Corporate Value

A “Carving Out Niche Markets” Strategy for Surviving in the Global Market

In recent years, global uncertainties, including geopolitical risks, have been increasing. Against this backdrop, I believe Japan's most pressing structural challenge is its declining population. This demographic shift will have far-reaching consequences, such as a decrease in demand for products, shrinking markets, diminished influence over the international community, and changes in the industrial structure. Notably, the contraction of a market inevitably results in fewer companies. As a business, we now stand at a critical crossroads. Will we be among the companies that are eliminated, or those that survive?

For this reason, we must heighten our sense of urgency and pursue a bold strategic transformation to ensure our survival. For Gunze, the central question is, “How do we increase our competitiveness in the global market?” Without overcoming this challenge, survival will be difficult.

Given our size, however, there are limits to our ability to compete head-on in a global market which is crowded with powerful competitors. I believe that a minimum annual net sales of 500-600 billion yen is necessary to compete in earnest. Accordingly, rather than pursuing a broad-based global expansion, Gunze has adopted the unique strategy of carving out niche markets. For example, under our Medium-term Management Plan, we aim to grow in the global apparel market. Our sales strategy targets a specific price segment in men's underwear segment—a deliberate and highly focused approach. To maximize our limited management resources, we will carefully select market segments and concentrate our resources in specific regions or markets, adopting a “local production for local consumption” approach.

• [Global Strategy](#) ▶P.52-53

Review of VISION 2030 stage1 and Identified Challenges

Gunze operates in four business segments: functional solutions, medical, apparel, and lifestyle creations. A distinctive feature of our company is the breadth of these business domains relative to the size of our corporation. Each segment has its own value proposition, growth direction, and challenges. We concluded VISION 2030 stage1 in FY2024. If I were to assign it a score, it would be 70 out of 100. While this is a passing grade, it is by no means a satisfactory result.

The initial targets for the medical and functional solutions businesses were met, and this merits a positive evaluation. In the medical business, we focused on the development of proprietary technology in the bioabsorbable field, creating medical devices that provide value to both patients and physicians. We also cultivated niche, high-value-added markets in close collaboration with numerous university laboratories. In functional solutions, we developed products for semiconductors, environmental applications, and other sectors to meet the ever-evolving needs of the market.

However, we must now reassess the business strategies of the

apparel and lifestyle creations businesses. Apparel, in particular, has faced a severe headwind. Our apparel products have a high import ratio, making them vulnerable to the fluctuation of foreign exchanges, and we are also confronting the structural challenge of a shrinking domestic apparel market due to Japan's decreasing population. Moreover, as consumers increasingly choose their purchasing channels based on specific purposes, the sales floors of mass retailers and department stores, historically our core channels, have been in steady decline.

Even in these challenging conditions, I believe that apparel remains our flagship business. It is worth continuing and transforming. To act on this belief, we launched stage2 in FY2025, undertaking a structural reform and reassessing every aspect of the business.

• [The Previous Medium-term Management Plan “VISION 2030 stage1” review](#) ▶P.18-19

Message from the President

Growth Strategies and Structural Reform in stage2

In functional solutions, we have continued the investments we initiated in stage1 in both plastic film and engineering plastics. In the plastic film field, we constructed the Circular Factory™ at our Morioka Plant in Shiga Prefecture, and in engineering plastics, we added a seventh building at our Konan Plant in Aichi Prefecture. In stage2, we aim to fully leverage these facilities to continue to drive profitability.

In the medical business, we launched new products in stage1, including an absorbable adhesion barrier sheets that reduces postoperative organ-to-organ adhesion, which has helped us acquire new customers. To meet growing demand, we established a third plant in Ayabe City, Kyoto Prefecture in April 2025, and it is scheduled to begin operating in the second half of the fiscal year.

In apparel and lifestyle creations, we will implement a structural reform. In apparel, this will include a fundamental review of the competitiveness of brands, the optimization of inventories, sales channels and logistics systems. Our goal is not merely to improve profitability, but to lay the foundation for future growth by transforming the business so that it has a leaner and more resilient structure.

In doing this, we will advance the local-production-for-local-consumption global strategy, anchored in our “carving out niche markets” approach that I mentioned earlier. This strategy hinges on production and marketing. We will carefully decide what to produce, where to produce it, and at what scale, while evaluating profitability in each case. I believe this concept applies not only in apparel, but in all of our business segments.



• [Medium-term Management Plan “VISION 2030 stage2”](#) ▶P.20-21

• [Business Strategy](#) ▶P.42-49

A Financial Strategy Aligned with Japan's Industrial Transformation

In our financial strategy, we will transition from our historically prudent, slightly conservative financial strategy to a more dynamic and flexible capital policy. This shift is driven by two factors. The first is the challenge generally faced by Japanese companies in attracting global capital.

Led by the Tokyo Stock Exchange, the minimum investment criteria from the perspective of overseas investors, such as a return on equity (ROE) of 8% and a price-to-book ratio (PBR) of 1, have been set, and we too must aim to meet these baseline criteria. The second is our capital structure. Our current equity ratio exceeds 70%. We consider this to be somewhat excessive. We will allocate management resources to proactive growth investments and shareholder return, while improving our

capital efficiency through structural reforms to optimize our capital structure.

Mergers and acquisitions will be an important option as we work to achieve the three-to-fourfold growth of sales over the medium- to long-term. However, I believe in taking a strategic and cautious approach. The keys are compatibility and timing. The results of rushing an acquisition may be unfavorable in the long term. We will focus on related business domains, carefully identify the right timing for acquisitions, and prioritize qualitative growth.

• [Financial Capital](#) ▶P.22-25

Focusing on Employee Happiness and Growth

The Gunze Group plans to revise its personnel system in April 2026, introducing a job-based framework for managers to ensure that talented individuals are appropriately evaluated and rewarded. I believe there is no single definition of happiness. Some employees want to advance their careers, while others value a stable life in their hometowns. We will offer multiple career paths to accommodate both, creating a system that prioritizes each individual's happiness and growth. These reforms are also essential for preserving the founding spirit of Tsurukichi Hatano, “Good people make good silk.” What I most expect from our employees is their humanity. Professional skills can be acquired later through effort, but sound character and the determination to persevere with a positive attitude cannot be developed overnight. These qualities, which include cooperation and teamwork, are essential attributes in Japanese companies. We aim to cultivate individu-

als who embody these fundamental qualities.

In parallel with our investments in human capital, we value environmental initiatives that ensure we remain a sustainable enterprise. As a company that handles plastics, we have long been mindful of our responsibilities regarding the global environment. To fulfill these responsibilities, we are advancing our vision of being a circular manufacturer. We used a green loan to build the Morioka Circular Factory, Japan's first resource-circulating model plant. Over 2,000 stakeholders have already visited the site, and in October 2024, we were commended by the Ministry of Economy, Trade and Industry. We believe these environmental initiatives directly contribute to the enhancement of our corporate value.

• [Human Capital](#) ▶P.26-29 • [Natural Capital](#) ▶P.36-39

Delivering Comfort Solutions for Life to All Stakeholders

Gunze's brand recognition is still too low among the younger generations of people, and older people's perception that Gunze is just an underwear company persists. We have yet to gain wide recognition for the full scope of our business, including the engineering plastics and medical businesses. Without change, we will not be able to increase people's awareness of our brand or achieve the broad growth of our brand.

That said, we have recently begun to see students applying for jobs that are interested in our medical business, indicating that our new growth fields are starting to resonate with the younger generation. As more prospective employees become interested in our diverse businesses, I believe people's recognition of our brand will steadily rise.

When formulating VISION 2030, what I valued most was the idea of a “multi-stakeholder” approach. We aim to be a company that delivers well-balanced value and satisfaction to all of our stakeholders—our shareholders, employees, customers, local communities and beyond. At the heart of this is our commitment to delivering Comfort Solutions for Life. This idea of comfort is the essence of Gunze, and I am convinced that

this will lead to the increase of our corporate value.

I will continue to communicate this vision clearly and share the appeals of the Company with as many people as possible. I look forward to your continued understanding and support.

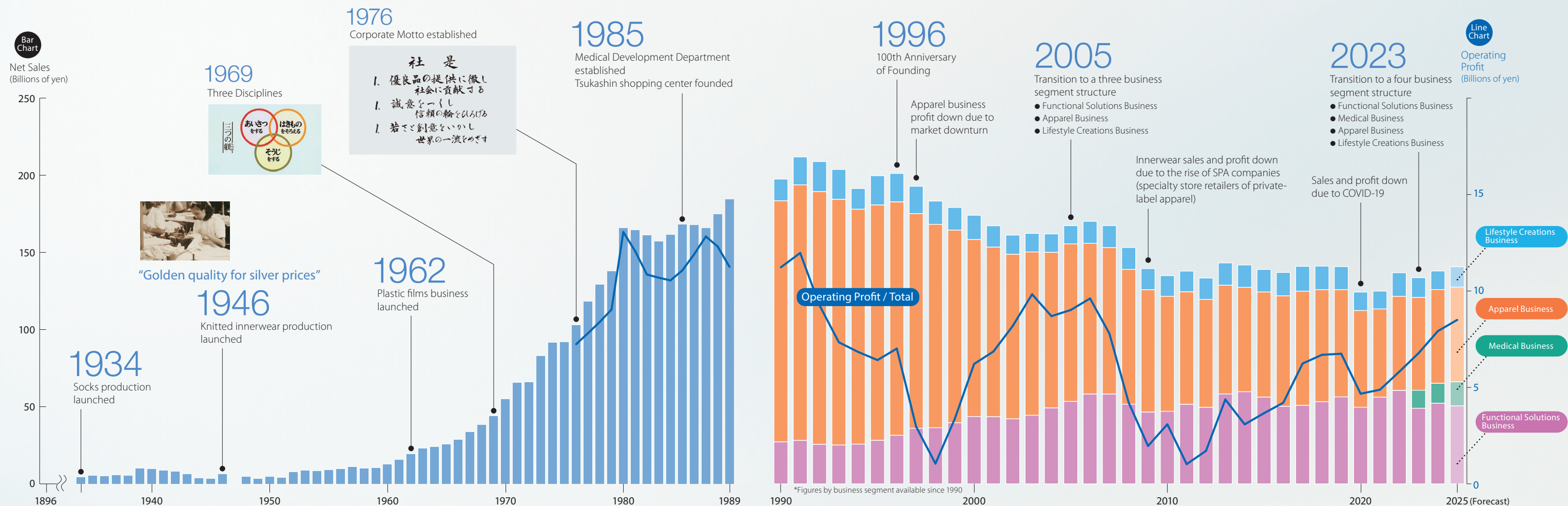


A Track Record of Value Creation

Gunze has continued to provide products and services that address social issues and changes in the business environment as a going concern for 129 years.

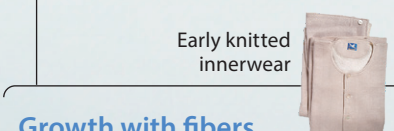
Founding Philosophy	Striving for harmonious coexistence with all stakeholders surrounding the Company through a people-oriented approach and a commitment to quality.
Management Philosophy	The Gunze Group has consistently lived up to the founding philosophy of "Striving for a harmonious coexistence with all stakeholders through a people-oriented approach and a commitment to quality." This philosophy serves as the "warp" threads of our corporate management, while 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 positively contribute to society.

Changes in operating profit by business segment



Established in 1896

Driven by his determination to contribute to the development of his hometown community, Tsurukichi Hatano founded Gunze as a silk-reeling company. Guided by his belief that "good people make good silk," the Company strongly emphasized employee training, ensuring that it would produce high-quality products.



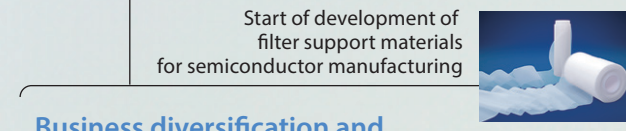
Growth with fibers at Gunze's core

As the advent of synthetic fibers led to a sharp decline in demand for raw silk, Gunze shifted to secondary processing, beginning the production of socks and innerwear. Renowned for its superb quality, Gunze's innerwear became known as the nation's innerwear.



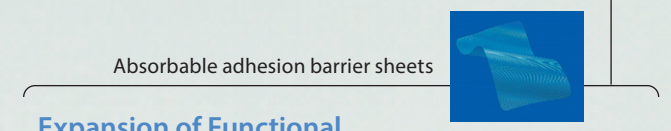
Plastic films business launched

Gunze entered the plastics business as a new initiative to replace its fiber business in response to the rapid growth of the petrochemical industry and the increasing demand for plastic resins.



Business diversification and apparel challenges

Leveraging its strengths as a technology-oriented company, Gunze expanded into high-performance product fields, establishing its medical and engineering plastics businesses, which are now its core businesses. It also launched the Lifestyle Creations business to help foster a new lifestyle culture. Meanwhile, there was a decline in the sales of its Apparel segment, which was once a core business, and profitability became an issue.



Expansion of Functional Solutions Business and Medical Business

Gunze transitioned to a four-business segment structure: Functional Solutions, Medical, Apparel, and Lifestyle Creations. Under the new Medium-term Management Plan, Gunze is promoting a growth strategy based on its grand design of pursuing the vision for 2030 through the growth of core businesses and uncompromising structural reform.

Value Creation Model

VISION 2030

stage1 Foundation Review

stage2 Transformation

stage3 Breakthrough

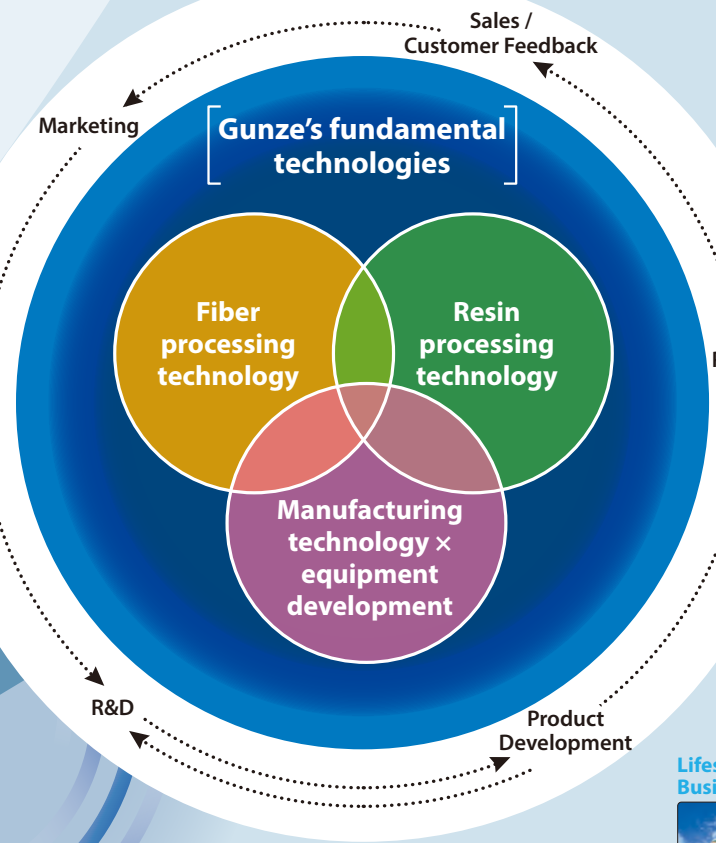
The Future We Want
To Be the "Company of Choice Globally,"
Advance Sustainable Business Foundation

BUSINESS MODEL /
A Value Chain That Leverages Competitive Advantages

OUTCOME
Practicing Sustainable Management

OUTPUT
Net Sales
¥137.1 billion
Operating Profit
¥7.9 billion
(Fiscal year ended March 31, 2025)

Accumulated Capital
Financial Capital P.22
Human Capital P.26
Manufactured Capital P.30
Intellectual Capital P.32
Social and Relationship Capital P.34
Natural Capital P.36



Creating added value by combining fundamental technologies

Flexible, market-responsive, global production and sales systems

Talent development through Human Capital, a people-oriented approach

Gunze's Strengths

Harmonious coexistence with the environment and local communities

Materiality
P.16

INPUT
P.14

Social change
P.16

Intellectual Capital

Social and Relationship Capital

Natural Capital

Gunze's DNA Founding Philosophy
P.10

Corporate Governance
P.54

Value Co-creation with Multiple Stakeholders
P.40

Customers — Business partners — Society — Employees — Environment — Shareholders and investors

Functional Solutions Business P.42
Medical Business P.44
Apparel Business P.46
Lifestyle Creations Business P.48

Explanation of the Value Creation Model by Capital Category

The value chain activities identified in Gunze's value creation model efficiently leverage the management capital that the Group has developed and Gunze's unique strengths to reinforce the Company's business activities. Here, we outline Gunze's competitive advantages and initiatives aimed at creating value together with stakeholders in relation to each category of capital.

Gunze's strengths

- Creating added value by combining fundamental technologies (Fiber processing technology, Resin processing technology, Manufacturing technology × Equipment development)
- Flexible, market-responsive, global production and sales systems
- Talent development through Human Capital a people-oriented approach
- Harmonious coexistence with the environment and local communities

Capitals	INPUT (March 31, 2025)		Features and Strengths	OUTCOME (March 31, 2025)
 Financial Capital	• Stable financial standing • Medium- to long-term capital policies • Cost of capital-based management	• Total assets 159,677 million yen • Net assets 120,982 million yen • Net sales 137,117 million yen • Operating income 7,921 million yen • Interest-bearing debt 8,960 million yen • Credit rating (JCR): A • Equity ratio 74.6%	• Maintain financial soundness • Stable and continuous dividends • GVA management by business segment	• Return of profits to shareholders (dividend per share) 195 yen (6.3 billion yen in total): After the stock split • Total shareholder return (TSR) 171.2%: Compared with the base year of FY2019 (BM=100%) • ROE 5.3%
 Human Capital	• People-oriented approach • "Three disciplines" taking hold • Diversity of talent	• Consolidated number of employees (4,339) • Employees holding qualifications (1,464) * Number of employees incentivized to obtain a qualification • Average age: 43 years and 6 months old • Years of service: 19.9 years	• Human resources that embody the founding philosophy and produce superior products • Professionals who can fully demonstrate their abilities • Sales capabilities centered around solving problems from the customer's perspective	• Ratio of women employees in the workforce (non-consolidated) 35% • Ratio of women in managerial roles 6.0% • Ratio of women corporate officers 20.0% • Improvement of engagement (Engagement score = 62 pt.) • Work-life balance Paternity/maternity leave utilization rate 78%/87% Average number of annual leave days taken 14.5
 Manufactured Capital	• Pursuit of the highest quality as a technology-oriented company • Robust production system with powerful manufacturing expertise • Total cost competitiveness • IT communications environment	• Number of global bases 10 countries Domestic affiliated companies 29 companies Overseas affiliated companies 24 companies	• In-house complete and seamless production structure • The ability to product design that generates high quality • Global development capabilities that comply with the regulations of each country • The ability to develop differentiated products based on a market-in concept • The ability to develop one-of-a-kind products that combine the Company's core technologies • Quality assurance systems to ensure high quality	• Capital investment costs 7.5 billion yen • Depreciation 6.8 billion yen
 Intellectual Capital	• Broad range of intellectual properties and technologies, from textiles to polymers • Corporate brand loyalty • Know-how	• Number of major research and development centers: 2 • Number of R&D personnel 36 • Number of industry-government-academia collaboration projects 8 projects • Number of patents acquired Domestic 680; overseas 228 • Number of designs acquired Domestic 248; overseas 10 • Number of trademarks acquired Domestic 1,914; overseas 802 • Number of utility model patents acquired Domestic 20; overseas 3	• High-value-added product development capabilities, from R&D to sales • Increasingly sophisticated core technologies and the ability to create new businesses • Concentration of elemental technologies and development capabilities that maximize value • Promotion of industry-government-academia collaboration	• R&D expenses 2.4 billion yen • Number of patents published 86 (Domestic 55, overseas 31)
 Social and Relationship Capital	• Activities to address social issues through collaboration with local communities • Sustainable procurement based on harmonious coexistence and coprosperity	• Number of investors and analysts Gunze communicates with: approx. 460 • Diverse partnerships (suppliers, external research organizations,- customers, local public organizations, etc.) • Social contribution activities (disaster relief, supplying underwear and trees to NGOs and NPOs)	• The provision of solutions to customers that integrate the sales, development, and manufacturing functions • Creating new value by collaborating with customers • Collaboration with suppliers through strong, trusting relationships • Traceability management of raw materials • Ability to respond to risk through the multiple procurement of raw materials • Establishing a strong corporate foundation	• Brand awareness approx. 80% (Nikkei Brand Japan 2025 Survey) • Contributions to the local community: Entered into regional comprehensive agreements with Osaka Prefecture, Osaka City, and Kyoto Prefecture Model Forest Movement (forest conservation activity) Four times, total participants: 137 (collaboration with Kyoto Prefecture) Joined the emergency disaster response alliance SEMA Gunze Love Earth activities (support for six organizations, including NPOs)
 Natural Capital	• Environmentally friendly products / services • Wholesaling of plants and trees	• Energy consumption (domestic) 39,962 kL (Crude oil equivalent) • Environment-related investment: ¥500 million (Circular Factory ¥400 million; photovoltaic power generation and energy efficiency ¥100 million)	• Environmentally friendly product development capabilities for a recycling society • Reducing negative environmental impact through Circular Factory and other initiatives • Reducing negative environmental impact through business activities	• CO₂ emissions (Domestic + Overseas) Scope 1+Scope 2* 108,316t-CO₂ (Compared with FY2013 BM: 37.2% reduction) * Gunze Group total • No. of plants with ISO 14001 certification 15 business sites • Total waste generated 7,311 t

Risks and Opportunities, Materiality

To effectively respond to the rapidly changing external environment and achieve the sustainable improvement of corporate value, the Gunze Group has identified its materiality (key issues). The Group has established key performance indicators (KPIs) and is implementing specific initiatives to address each issue. To become a sustainable corporate

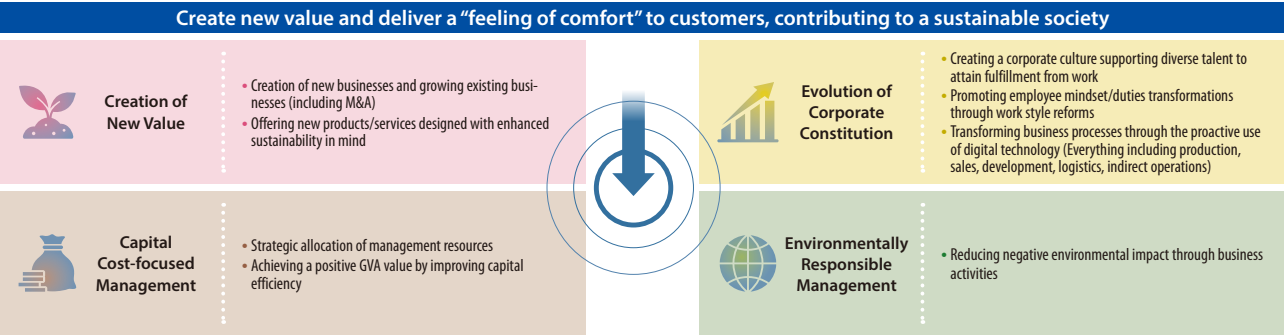
group, the Group aims to enhance its initiatives and improve their effectiveness based on the issues it has identified and its findings in Stage 1.

Social Changes	Risks	Opportunities	Materiality	Our Measures	Stage 1 KPIs and Results (FY2024) ▶ P18-19	Issues the Group Should Address as a Sustainable Group ▶ P20-21
Changes in the market environment surrounding the Gunze Group Country risk in nations where Gunze operates Spread of COVID-19 infections, etc.	- Decline in profitability due to the emergence of non-profit yielding business divisions - Obsolescence of technologies/services due to decreased competitiveness - Contraction of the domestic market resulting from population decline - Difficulties in continuing business operations due to drastic changes in political and economic conditions, including friction between the U.S. and China, conflicts in Ukraine/Israel, deterioration of Chinese economy - Deterioration in the profitability of overseas production due to fluctuations in foreign currency exchange rates - Damage to production, logistics, and commercial facilities due to large-scale earthquakes, typhoons, floods, and other natural disasters - Limitations on the business structure due to changes in society and lifestyles - Difficulty in procuring raw materials due to supply chain disruptions	Measures to address high social issues created through diverse business development	Creation of New Value	Medium term - Creation of new businesses and continued growth of existing businesses (including M&A) Short term - Offering new products/services designed with enhanced sustainability in mind	New business-related - Basic function development has been completed for film for next-generation lithium-ion batteries, and test samples have been supplied. Mass production was not accomplished, and the efforts to commercialize the product have been abandoned. Development of environmentally friendly products - Expand sales of GEOPLAS®, an environment-friendly shrink film made from recycled raw materials - Development and market launch of a thin coextruded blown film for the vacuum packaging of frozen foods to reduce food waste; expansion of use Net sales of medical-related products - A transformation to a medical device-dedicated organizational structure which ensures seamless operations from research to sales - New products (including adhesion barrier sheets and cranial reshaping helmets) were launched. Net sales of wellness and health category products - Sales of MediCure (a brand that enhances customers' quality of life) and NEXTILE (which helps mitigate functional decline due to aging) increased. - The product lineup for various lifestyles, such as BODY WILD and Tuché, was expanded.	- Striving to become a global solutions company (functional solutions, medical, apparel) - Innovations by groups of technical experts - Expansion of business domains through M&A (medical and circular economy areas) - Expansion of the engineering plastics field into new areas - Evolution of apparel products through the use of new technology - Expansion of eco-friendly products and refinements to resource recycling technology
More stringent legal and social rules Contraction of domestic labor markets Increased awareness of human rights Progress in the shift to IT	- Litigation, including intellectual property litigation, causing brand value to be lost - Revision of products and services due to changes in quality standards - Suspension of business activities due to legal violations - Difficulty in securing human resources due to a shrinking labor force - A lack of creative thinking capabilities due to immobilization of the personnel composition and an upside down population pyramid - Lack of diversity due to a low percentage of female employees - Potential for human rights violations exist due to insufficient verification of human rights and working environment standards - Leakage of important information due to cyberattacks, computer viruses, and other malicious methods - Spread of erroneous information through SNSs	Business expansion that contributes to improving quality of life Human capital management that embodies a people-oriented approach	Evolution of Corporate Constitution	Long term - Establishing a corporate culture that empowers diverse talent Medium term - Promoting employee mindset/duties transformations through work style reforms Medium term - Transforming business processes through proactive use of digital technology (covering all business processes, including production, sales, development, logistics, back-office, etc.)	D&I promotion (Promotion of women's empowerment, etc.) - Achieved Kurumin certification (FY2023) - Ratio of women in managerial roles: 6% - Ratio of female employees in the workforce: 35% - Paternity leave utilization rate: 78% Initiatives for respecting human rights - In-house assessments were conducted at six domestic plants to evaluate their status regarding foreign technical interns. Additionally, fifteen plants operated by manufacturers that the Group outsources operations to employ foreign technical interns carried out assessments of their own. - Assessments of 119 suppliers across all related businesses Strengthening of risk response capabilities - Holding of Risk Management Committee meetings: Six times per year Building of personnel systems, improvement of work environments - Improvement of engagement score: 62 points - Annual leave utilization rate: 73% - Implementation of work style reforms using digital tools and improvement of productivity by improving office environments (Shiodome, Dojima, Konan, etc.) Improvement of productivity in all areas, including production, by utilization of AI, IoT, sensing technologies, etc. - Productivity improvement rate (P value): 103%	- Increase of the ratio of women in managerial roles to 25% or higher - Maintenance of a 50% ratio of women hired - Establishment of support services for childcare and nursing care - Improvement of productivity and business performance through improved engagement - Acquisition of diverse talent to implement the Group's strategies - Increase of corporate brand awareness - Coexistence and mutual prosperity with suppliers - Transactions based on human rights and biodiversity - Improvement of productivity and expansion of the product range at overseas plants - Ability to customize production to meet local characteristics and needs - Creation of a system that allows people from any country to work with peace of mind - Improvement of productivity through the pursuit of automation, digital and AI technologies
Growing severity of global environmental problems Growing international awareness of marine plastic pollution	- Higher raw material and energy costs - Risks relating to laws and regulations, such as the introduction of a carbon tax - Stronger regulations regarding disposable plastics - Lower sales due to the spread of products made from plastic alternatives	Expansion of circular economy-driven business models	Environmentally Responsible Management Capital Cost-focused Management	Long term - Reducing environmental impact from business activities Medium term - Strategic allocation of management resources Medium term - Achieving a positive GVA value by improving capital efficiency	CO₂ emissions reduction rate - Scope 1 + Scope 2: 108,316t Reduction of 37.2% or more (vs. FY2013) - Scope 3: 393,953t - FY2024 per-unit energy consumption reduction rate: 0.2% increase vs. the previous year (domestic) - Received a B score for climate change in CDP 2024 Focused investment of management resources in growth businesses and growth areas - Environment-related investment: Moriyama Circular Factory and ESG investments totaling ¥7.1 billion (FY2022 through FY2024) - EC+SPA sales ratio: 26% - Establishment of Ballelite joint venture with MASH Group and launch of new company SEESAY Restructuring low-growth businesses and fields - ROE 5.3% - GVA -¥0.9 billion (improvement of ¥1.8 billion vs. the previous year) - The transfer of the electronic components business was completed, production and logistic facilities were consolidated in the apparel business (China, Indonesia, etc.), and the management of sports clubs was improved.	- Expansion of the product lineup of films that help reduce food waste - Scope 1 + Scope 2: Reduction of 35% or higher (FY2030) - Reduction of Scope 3 emissions throughout the supply chain - Reduction of CO₂ emissions, primarily Scope 3 emissions - Achievement of zero plastic waste emissions at all plastic plants - Achievement of an ROE of 10.0% or higher and operating income ¥16.0 billion (FY2030) - Maintenance of a high PBR - Establishment of an internal profit improvement structure

The Previous Medium-term Management Plan “VISION 2030 stage1” review

Four Basic Strategies

In order to promote sustainable management, the Gunze Group has formulated materiality (key) issues for management and has positioned them as the four basic strategies of “VISION 2030 stage1.”



Medium-term Management Plan “VISION 2030 stage2”

With the Launch of “stage2,” Building a Sustainable Business Foundation to Remain Globally Competitive

患者さまに明るい未来をお届けするのが 私たちの夢です

Takahiro Oka

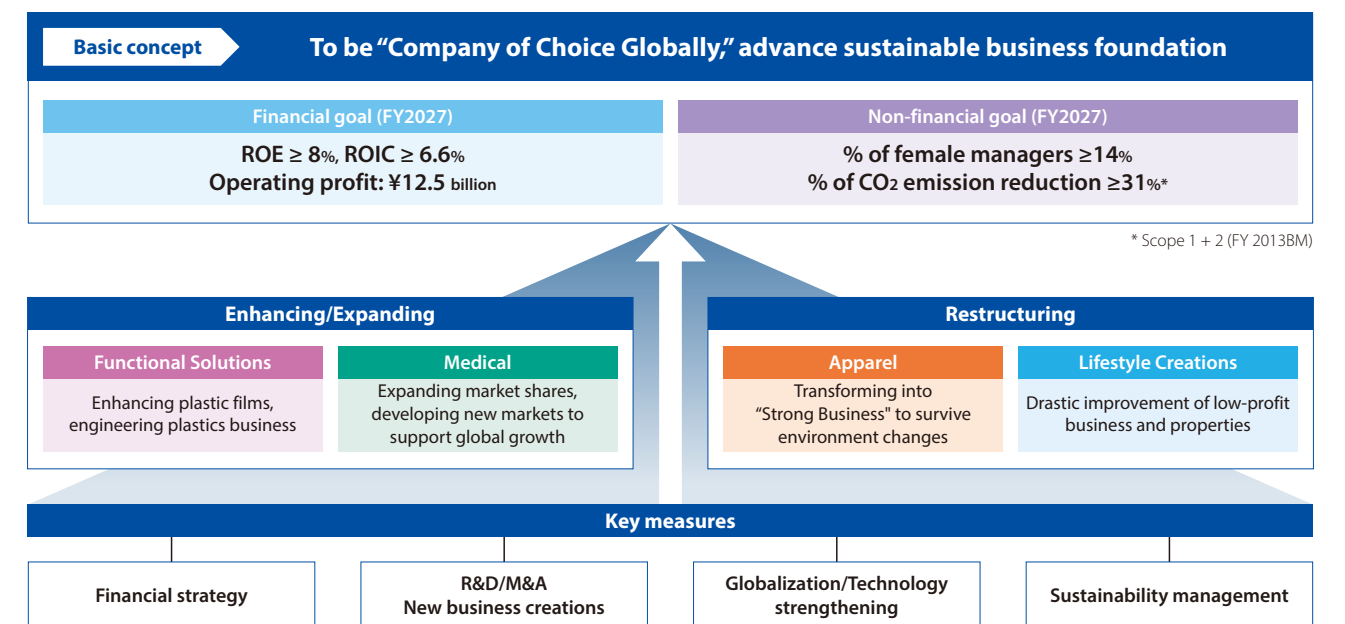
Director, Senior Managing Corporate Officer and
General Manager of Management & Strategy Department

The Gunze Group has established its grand design for the period through 2030: Pursuing our vision for 2030 by promoting the growth of core businesses and implementing an uncompromising structural reform while establishing an optimal capital structure to achieve the sustainable improvement of ROE. Based on our vision, we have formulated the Vision 2030 stage2 Medium-term Management Plan covering the three years from FY2025 to FY2027.

The performance of the medical and functional solutions businesses was steady during stage1, the previous plan, with continued growth being achieved chiefly through the expansion of production capacity. However, profitability challenges persist in the apparel and lifestyle creations businesses. Accordingly, we have positioned stage2 as a three-year period for rebuilding. During this time, we will implement a decisive structural reform. This will lay the foundation for stage3, three years for achieving breakthroughs

and ultimately leading to the realization of our vision for 2030. The stage2 plan is built on the core concept of building a sustainable business foundation to remain globally competitive. “Building a sustainable business foundation” means developing a more robust business structure—one that can withstand changes in the business environment, such as the decrease of Japan's population, exchange rate fluctuations, difficulties in talent acquisition and rising procurement costs. “Remaining globally competitive” means enhancing our international competitiveness by continually refining the technologies and services that keep us the preferred choice of our customers. From a diversity perspective, we will also seek talent on a more global scale. Through these initiatives, we

aim to remain a company that is chosen by all of its stakeholders and contribute to the realization of a sustainable society. We will clarify strategies for each business segment. The functional solutions and medical businesses will pursue the strengthening and expansion of their businesses, and the apparel and lifestyle creations businesses will undertake decisive structural reforms. Additionally, we will pursue both financial and non-financial goals through four company-wide key measures: (1) financial strategy, (2) R&D, M&A and the creation of new businesses, (3) global expansion and the development of technology, and (4) sustainability management.



Key Measures

Regarding our **financial strategy**, we will implement capital policies and initiatives to improve PER in tandem with structural reforms, aiming to enhance corporate value and quickly achieve a PBR of 1.0 or higher. **▶P.22**

Through **R&D, M&A and the creation of new businesses**, we will generate new value, push forward with the growth of business, and expand into new domains. Beginning in FY2025, we will restructure our R&D organization to reinforce the foundation of our business through the development of elemental technologies and the support of growth. Our M&A strategy will focus on the medical and resource-recycling fields with the goals of accelerating the growth of the medical business and contributing to the realization of a resource-recycling society. **▶P.32**

Regarding our **global expansion and development of technology**, we will not only seek to increase sales and our share of global markets but also strengthen our efforts to acquire talent and our

investor relations activities. On the technology side, we will reinforce our development of new products leveraging the expertise in knitting and weaving that we have cultivated since our foundation in the silk era together the unique processing technologies of each segment. Furthermore, by advancing the automation of operations and leveraging digital and AI technologies, we will enhance our overall competitiveness and aspire to evolve into a global solutions company that shapes the future through the power of people and technology. **▶P.30-31, 50-53**

In **sustainability management**, our approach to human capital focuses on the development of talent and the cultivation of an organizational culture that can effectively implement management strategies to sustainably enhance corporate value and its competitiveness. **▶P.26** We will also push forward with initiatives to reduce environmental impact and promote resource circulation, including CO₂ emissions reduction and recycling. **▶P.36**

Financial Capital

Aim to Achieve VISION 2030 stage2 by Implementing Investment and Financial Strategies That Focus on the Cost of Capital and the Stock Price

Results of the VISION 2030 stage1 Financial Strategies



Hirokazu Sawada
Director, Corporate Officers
General Manager of Finance & Accounting Department

In FY2024, the final fiscal year of VISION 2030 stage1 (V30-1), Gunze reported that sales and profits had increased compared to the previous fiscal year. Net sales stood at ¥137.1 billion, up 3.2% year on year. Operating profit came to ¥7.9 billion, up ¥1.1 billion. Ordinary profit totaled ¥8.1 billion, up ¥1.4 billion. Net profit was ¥6.2 billion, up ¥1.1 billion.

Net sales increased primarily due to the recovery of domestic demand in the field of plastic films, the growth of sales of products for office automation equipment and semiconductor-related products in the engineering plastics field, and the launch of new products and increased sales in China in the medical business.

Operating profit rose chiefly due to higher profits in the functional solutions and medical businesses, as well as improved profits in the sports club field as a result of structural reform, although profit in the apparel business declined due to decreased sales and increased costs, which included the effects of the weak yen.

However, Gunze did not meet its target operating profit of ¥10.0 billion for V30-1, and it also fell short of its initial fiscal year forecast, ¥9.0 billion. Return on equity (ROE) stood at 5.3%, increasing 0.9 percentage points from the previous fiscal year, but falling short of the target (6.3%).

FY2025 Forecasts

Gunze forecasts that net sales and operating profit will rise to ¥140.0 billion (up 2.1% year on year) and ¥8.5 billion (an increase of ¥0.5 billion) in FY2025, respectively, chiefly due to the growth of the functional solutions and medical businesses. However, net profit is forecast to decrease to ¥2.8 billion (down ¥3.4 billion) due to anticipated extraordinary losses related to structural reforms.

In the functional solutions business, net sales are forecast to decline 3.3% year on year, primarily due to Gunze's exit from the electronic components field. However, operating profit is projected to rise ¥0.8 billion compared to the previous year. This expected growth is largely attributed to the establishment of a resource recycling model centered around the Circular Factory™ (a resource recycling facility) in the field of plastics, the introduction of new environmentally friendly products to the market, and the expansion of the Konan Plant in the engineering plastics business to meet the increasing demand in the medical and semiconductor markets.

In the medical business, net sales are projected to grow 20.5% year

on year, driven by the global sales of artificial dermis, Bioabsorbable reinforcement felts and bone fixation devices and an increase in sales of Absorbable adhesion barrier sheet in the domestic market. Operating profit is expected to rise slightly, ¥70 million year on year, reflecting depreciation expenses related to new plants.

In the apparel business, FY2025 and FY2026 are designated as a period for structural reform. As the business will be focused on implementing revitalization initiatives, net sales are forecast to increase only slightly, and operating profit is projected to decline ¥0.3 billion.

In the lifestyle creations business, net sales are expected to increase 10% year on year, and operating profit is projected to rise ¥0.2 billion, primarily due to the expanding school business in the sports club field.

Net profit is projected to decrease. We will implement the financial strategies described below to make FY2025 a year for establishing the foundation needed to achieve the targets set in VISION 2030 stage2 (V30-2).

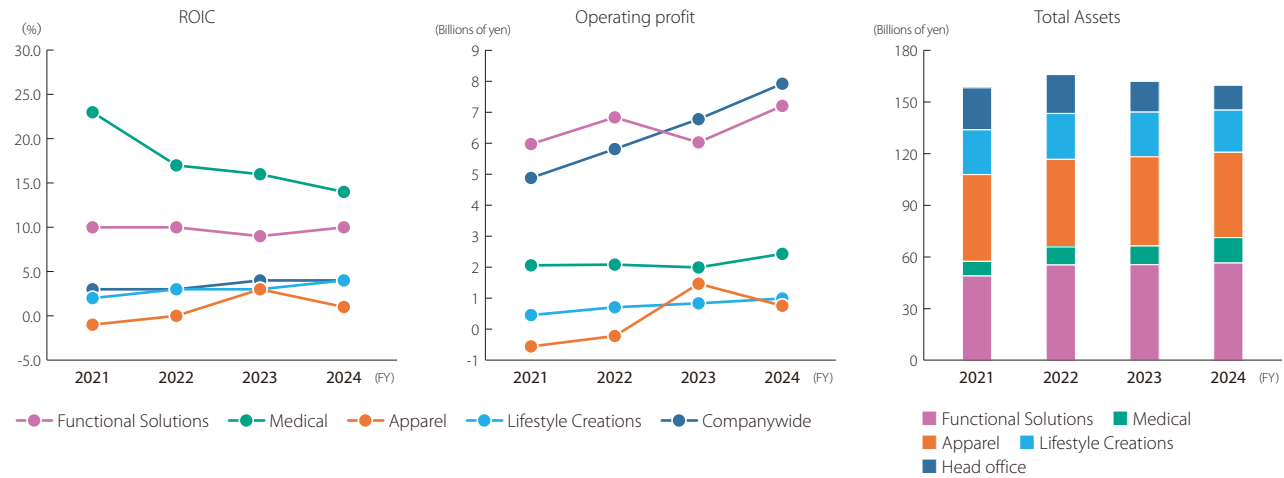
GVA / ROIC

Gunze Value Added (GVA; net operating profit after tax + dividend income – invested capital × WACC) in FY2024 was negative ¥0.9 billion. This is an improvement of ¥0.7 billion compared to the previous fiscal year, but it falls ¥0.7 billion short of the target. Gunze's goal was to move GVA into positive territory during the V30-1 period, but it was unable to achieve this goal. However, the effects of the Group-wide efforts to convert assets into higher-yield assets and enhance return on invested capital (ROIC) are increasingly evident.

The Group's total assets increased slightly, ¥1.5 billion greater than in the benchmark FY2021. While the Group reformed its structure to reduce low-profit assets, including the sale of cross-shareholdings and the discontinuation of unprofitable businesses, the total assets of the growth-driving medical business and the functional solutions business, which is contributing to the increase of profits, increased ¥13.8 billion. Consequently, the assets in these two businesses rose to 45% of the Group's total assets.

The ROIC for the Group as a whole in FY2024 was 4.3%, a 1.6-percentage-point improvement over FY2021. Looking at ROIC by segment, the ROIC of the functional solutions business remained in the 10% range. While invested capital increased significantly due to investments in the construction of the Circular Factory in the plastics field and the expansion of plants in the engineering plastics field, operating profit also increased. The ROIC of the medical business in FY2024 was in the 14% range due to active investments, primarily in the expansion of plants. ROIC is expected to rise to 25% in FY2027. The ROIC of the apparel business in FY2024 was in the 1% range. It is planned to increase the business's ROIC to the 5% range in FY2027 following the structural reforms planned in FY2025 and FY2026. Lastly, the ROIC of the lifestyle creations business improved to 3.8%, chiefly due to the structural reform of the sports club field. In the V30-2 period, the continued structural reform is planned, including the reduction of low-yield and low-growth assets, to enhance the Group's returns on capital.

Change in ROIC, Operating Profit, and Total Assets



VISION 2030 stage2 Financial Strategies

The Company's stock price increased approximately 40% during the V30-1 period, but the PBR remains below 1. It is still below the Company's liquidation value. We believe the primary reason for this is that, despite our steady progress in increasing profits and improving asset efficiency, our return on equity (ROE) has fallen short of shareholders' and investors' expectations regarding the cost of equity capital.

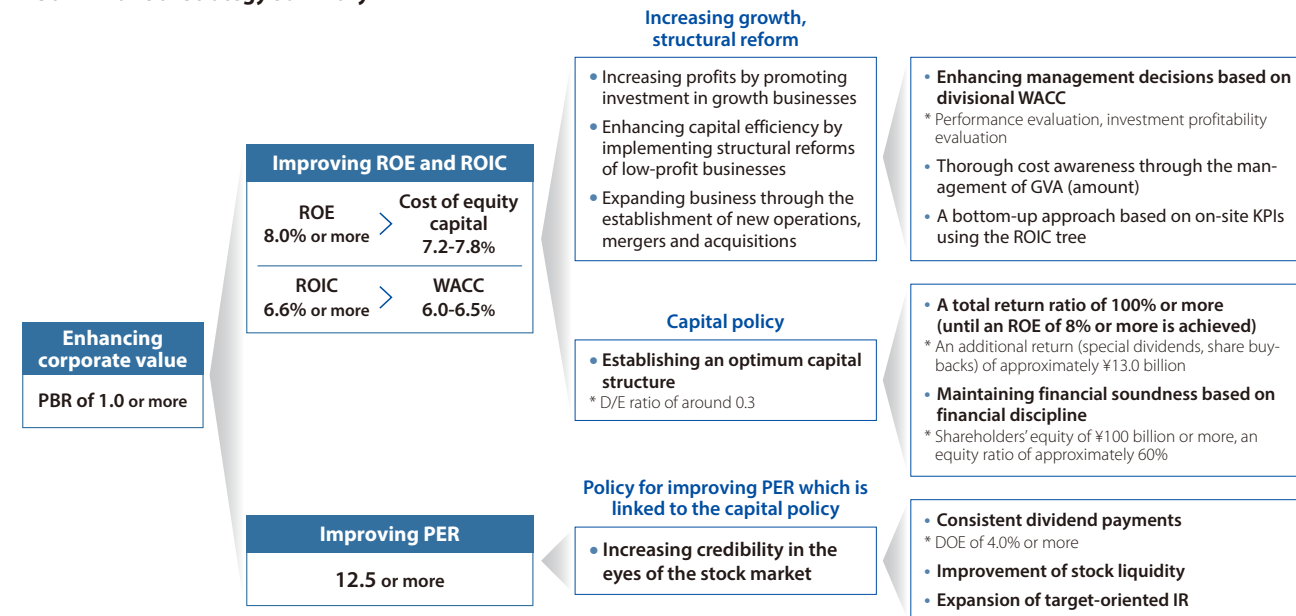
The Company has estimated the cost of equity capital for the V30-2 period to be between 7.2% to 7.8%. This estimate is based on the capital asset pricing model (CAPM) and investors' expectations of ROE, which the Company has determined through

communication with them. The Company has established a consolidated ROE target of 8% or higher based on this estimate.

To meet this ROE target, the Company will enhance its management using GVA and ROIC. For example, the Company enhanced its management using a GVA and ROIC tree during the development of V30-2. Through the on-site KPI management using this method, the Company will monitor the progress of plans, identify issues, develop and implement effective measures to address the issues, and achieve capital profitability that exceeds the divisional WACC and target ROIC.

Financial Capital

V30-2 Financial Strategy Summary



Establishing an Optimum Capital Structure

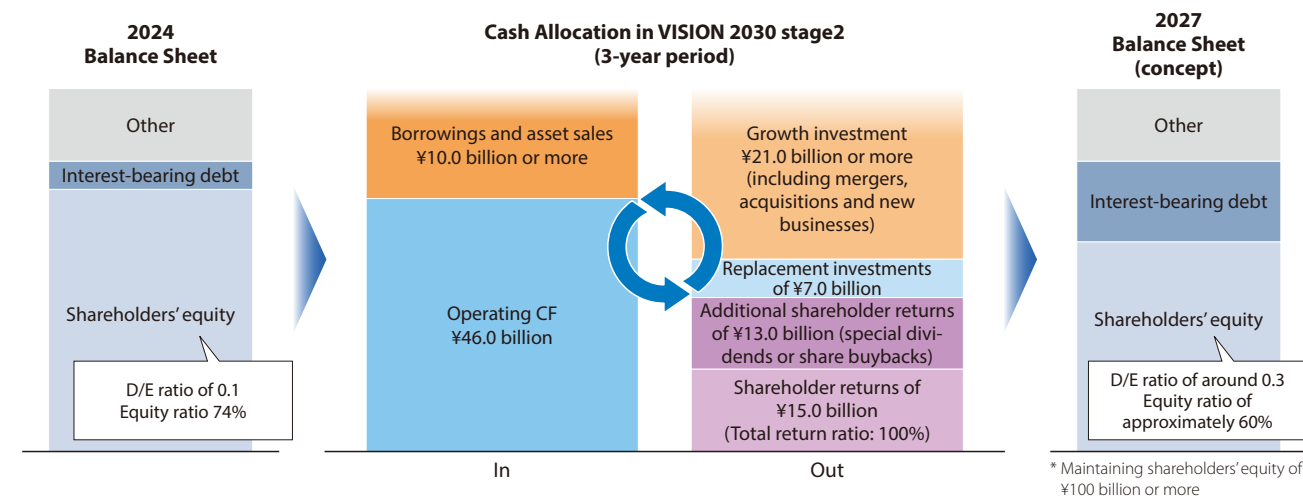
Gunze believes that it must optimize its capital structure to increase its consolidated return on equity. The Company has decided to develop a capital structure that emphasizes maximizing returns on capital and ensuring financial soundness (maintaining external ratings). Gunze emphasizes maintaining its external ratings because it is considering raising substantial capital in Japan, including refinancing, in and after FY2025. In a world with interest rates, we believe that maintaining external ratings is crucial to keeping funding costs low.

Based on financial simulations, Gunze has determined that its optimal capital structure for V30-2 is shareholders' equity of ¥100 billion or more and an equity ratio of approximately 60%. We estimate

that the debt-equity ratio for this capital structure will be approximately 0.3, and the WACC will be 6%-6.5%. We expect that by achieving the profit targets of V30-2, our ROIC spread will be positive. Gunze believes that any capital above this level should be returned to shareholders and investors, and it has decided to aim for a total return ratio exceeding 100%.

Currently, the Company estimates that it will return approximately ¥28 billion to shareholders during the V30-2 period, funded by net cash from operating activities. We expect that replacement investments will be kept within net cash from operating activities and plan to increase financial leverage by raising funds for growth investments from external sources.

Cash Allocation in V30-2 to Establish an Optimal Capital Structure



Improving Stock Liquidity

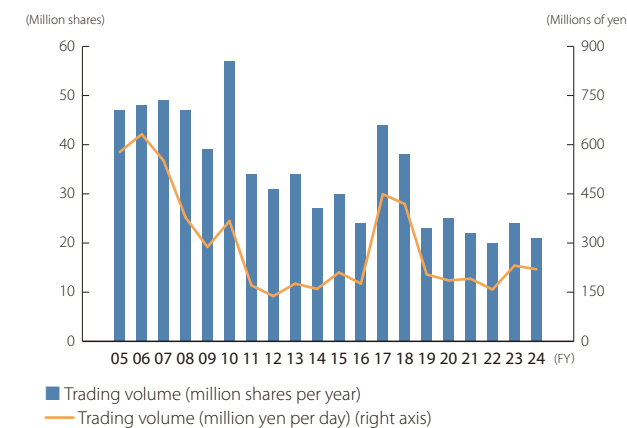
To enhance management's focus on the stock price, Gunze analyzed its stock performance over the past 20 years during the development of V30-2. The average daily trading volume of our shares has declined in recent years to around 50% of what it was during the peak years from FY2005 to FY2007. We believe that institutional investors are now less likely to trade the stock. We analyzed the factors contributing to the decline in liquidity and identified the following trends: (1) the number of shares in circulation has decreased due to share buybacks and cancellations; (2) there has been a noticeable decline in new individual shareholders; and (3) the current shareholders evidently tend to hold their shares for longer periods. We believe that even if return on capital increases, the stock price may not rise as expected unless the liquidity of the stock improves. Gunze has thus identified increasing the liquidity of its stock as a priority in V30-2 and considered specific measures to improve this issue.

First, the Company aims to stimulate trading, focusing on

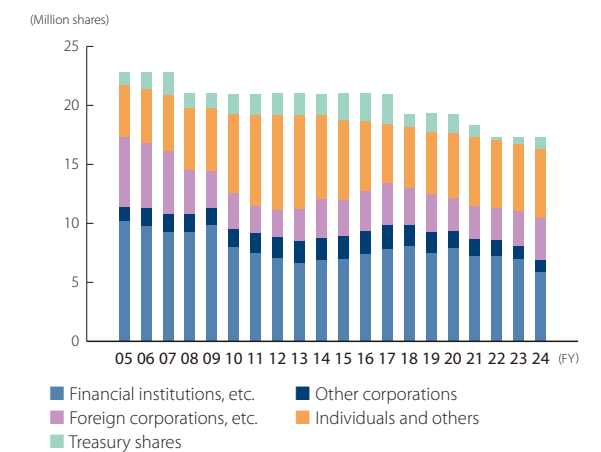
individual investors. We executed a stock split on April 1, 2025, and revised our shareholder benefits program. In response to feedback from shareholders and investors and social trends, we have changed our dividend standard, increasing the dividend on equity ratio (DOE) from 2.2% or more to 4.0% or more. In V30-2, the Company plans to achieve a total return ratio of 100% or more. In consideration of the liquidity of its stock, Gunze aims to increase the percentage of its shareholder returns that take the form of dividends.

When the trading volume increases and stabilizes, we will create new opportunities to engage in dialogue with investors, such as small meetings and information sessions, to encourage domestic and international institutional investors to trade the Company's stock. Through these initiatives, Gunze aims to enhance its return on capital and PER, ensuring that its PBR consistently exceeds 1 as quickly as possible.

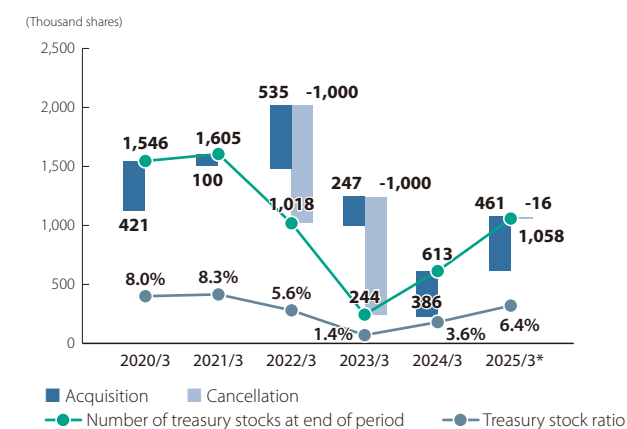
Change in the Trading Volume of the Company's Stock



Change in the Company's Shareholder Composition

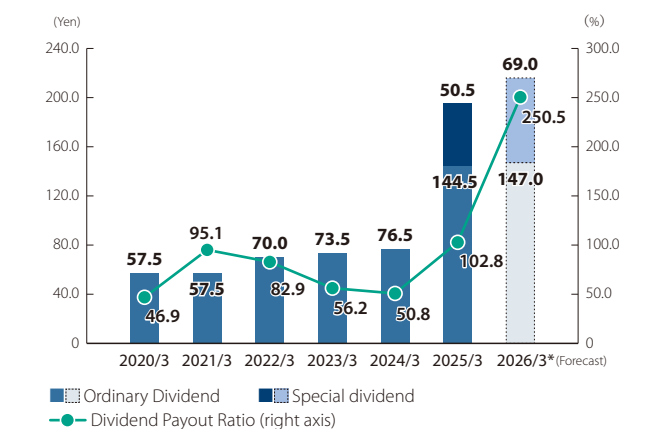


Treasury Stock



* The figures in the Change in Dividend per Share, Dividend Payout Ratio graph were calculated assuming the stock split had already been executed before the year in question. (The Company conducted a two-for-one stock split on April 1, 2025.)
The figures for the other graphs are calculated based on the number of shares before the stock split.

Dividend per Share, Dividend Payout Ratio



Human Capital

Human Resources Strategy to Be Competitive and Achieve Sustainable Corporate Value

Human Capital Accumulated Since Our Founding and Current Challenges



Makoto Ogura
Corporate Officer
General Manager, Personnel & General Affairs Department

Our businesses have evolved significantly over time, but we have consistently preserved our founding philosophy, which is our guiding principle. This spirit represents our very reason for being, our mission and our purpose. Our founder devoted himself passionately to educating employees. He thought that to produce quality products,

the people who make them must first cultivate themselves, refine their character and approach their work with a noble spirit. The foundation of the management of a corporation is its people. It is essential to foster a culture that values, nurtures and empowers them. When a person is self-disciplined and takes responsibility for their own personal development, they can grow into a person that is valuable to society, elevate both their own character and the company's reputation and continue to provide high-quality products. However, the results of the employee engagement surveys we conducted over the past two years included low scores in career opportunities, satisfaction and motivation, and relationships with supervisors and colleagues, suggesting that our employees are not fully satisfied with their work or future career paths. Our overall scores are lower than the scores of our peers, companies of similar size and industry, with our results being particularly weak for employees in their 30s, an area that requires urgent action. While our strengths include satisfaction with salary and pride in the Company's business and services, the overall assessment may still characterize us as a so-called "cold organization" marked by weak communication between our team members. We are committed to fostering a corporate culture in which every employee feels engaged and motivated to fully demonstrate their strengths. By proactively implementing various measures, we aim to be a healthy and visionary company.

Materiality Initiatives, achievements and KPIs (FY2027 – FY2030 Targets)

Category		Indicator	FY2024		FY2027	FY2030
			Targets	Results	Targets	Targets
Evolution of Corporate Constitution	Promoting women's active participation	• Ratio of women in managerial roles	Over 6%	6%	Over 14%	Over 20%
		• Ratio of women employees	35%	35%	38%	41%
		• Ratio of women new graduates hired on a main career track (excluding those working rotating shifts)	50%	52%	50%	50%
	Child-rearing support	• Men's paternity leave utilization rate	50%	78%	70%	100%
	Corporate culture reform	• Engagement score	70 points (estimate)	62 points	66 points (estimate)	70 points (estimate)
	Work-style reform	• Annual paid leave utilization rate	75% (15 days)	73% (14.5 days)	80% (16 days)	80% (16 days)

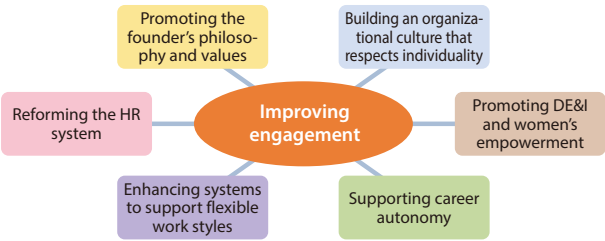
Engagement Score

Engagement is a measure of the trust-based relationships between employees and the Company, in which employees are motivated to demonstrate their capabilities and contribute to the organization's success. We conduct monthly engagement surveys to assess the condition of our employees and the organization and apply our findings in future initiatives.

Overview of engagement survey results

	Engagement Analysis (Main Items)		
Areas of strength	Satisfaction with salary	Cooperation between divisions	Pride in the Company's business and services
Areas with challenges	Providing career opportunities	Satisfaction and motivation	Relationships with supervisors and colleagues
Areas improved in the past two years	Work-life balance	Satisfaction with salary	The culture of taking on challenges

Engagement is influenced by a wide range of factors related to the company and its organizational environment. To address these factors and enhance engagement, we are implementing the initiatives shown on the right.



Human Capital Strategy under VISION 2030 stage2

Strategy

Our Medium-term Management Plan is built on the core concept, "building a sustainable business foundation to remain a company of choice around the world." As part of this, our human capital strategy focuses on developing talent and cultivating an organizational culture that can effectively execute management strategies to sustainably increase the value of the corporation and its competitiveness.

Required qualities

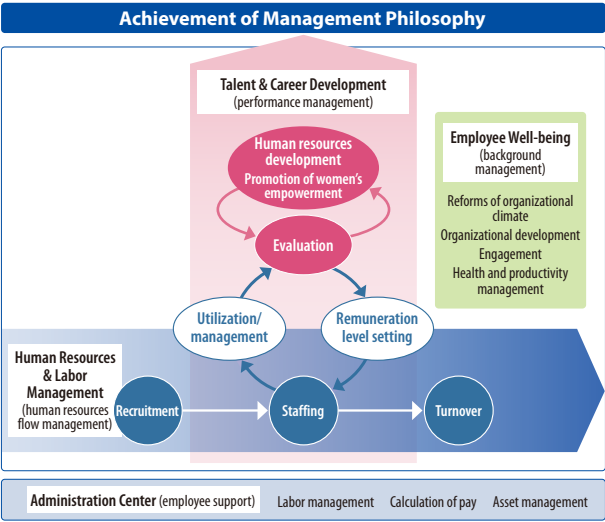
To ensure that all employees can have a sense of purpose and satisfaction in their work and continue to thrive over the long term, we have defined our desired talent profile around three key attributes:

Diverse	: Embracing individuals with diverse values and innovating disruptively through the synergy of their strengths
Self-directed and proactive	: Thinking and acting independently, rather than waiting for instructions
Taking on challenges	: Pursuing aspirational goals without fear of change

Human resources management policy

Based on our human resources strategy and the qualities we seek in our talent, we have established our Human Resources Management Policy around three principles, fairness, reasonableness and transparency, to ensure that employees who meet expectations can have long and fulfilling careers. Our policy is for employees to "pursue personal growth by continuously delivering

results commensurate with their experience and the stage of their career while passing knowledge on to the next generation." Guided by this policy, we are implementing various initiatives to realize our vision for the future. To maximize the impact of personnel system reforms aligned with our management and personnel strategies, it is essential to not only advance human capital management initiatives but also promote a reform of our organizational culture that delivers sustainable impact. Accordingly, we reorganized the Human Resources Department in 2025, ahead of our institutional reforms.



Type of human resources we seek		
Diverse	Self-directed and proactive	Taking on challenges
Innovate disruptively through synergy between diverse individuals	Think and act proactively, rather than simply waiting for instructions	Embrace change and work towards realizing our ideal self
Human Resources Management Policy: Promote personal growth by continuously delivering results commensurate with their experience and the stage of their career while passing knowledge on to the next generation		
Fairness	Reasonableness	Transparency
From seniority-based to merit-based	Optimal balance between individual careers and organizational management	Open and honest communication

Personnel Measures	Current State (as is)	Future State (to be)	A work-place for long and fulfilling careers!
Recruitment	New graduate to mid-career hiring ratio: 7:3	New graduate to mid-career hiring ratio: 5:5	
Staffing	Department- and company-centered	Balanced: company-wide optimization with both corporate and individual priorities	
Development	Generalist-focused Organization-dependent	Management, specialist and core expertise roles	
Evaluation	Evaluation for advancement and promotion	Self-driven For development	
Compensation (grading/remuneration)	Seniority-based wages (skill-based pay)	Role- and responsibility-based wages	
Retirement	Talent outflow	Talent retention	

Human Capital

Personnel System Reform for the Sustainable Creation of Corporate Value

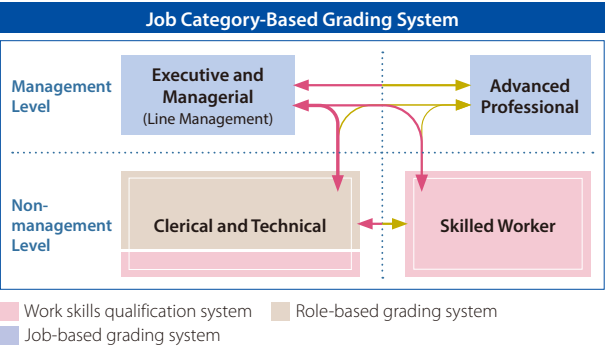
Basic policy

In response to changes in the social environment and employee values, we aim to sustainably increase corporate value by building a system grounded in the principles of fairness, reasonableness and transparency; a system that enables individual employees to have a sense of purpose and satisfaction, fully demonstrate their strengths and continue to thrive.

Personnel measures (effective from FY2026)

- Embrace diverse values and increase the percentage of people hired mid-career to 50%.
- Establish a group of highly skilled professionals with a strong market value that are compensated on par with line management.
- Design evaluations that reward employees who take on challenges without fear of failure.

- Abolish the traditional job-course system (career track, regional career track and non-career positions). Instead, divide job categories according to role expectations at the company-wide level and introduce a grading system tailored to the characteristics of each category, thereby enhancing consistency and fairness across responsibilities, duties and compensation.
- Link organizational objectives with individual goals by incorporating ambitious targets that accelerate both corporate and employee growth, thereby reinforcing confidence in the evaluation process.
- Minimize seniority-based elements to eliminate mismatches between responsibilities and compensation.
- Expand options that reflect employees' life stages and personal aspirations and implement placement strategies balancing company and individual priorities and creating systems that enable employees to have long and fulfilling careers.



Performance Management System / Personnel Evaluation System	
Development	Combination of management, specialist and core expertise roles Self-driven
Evaluation	For development
Ideal vision of the performance management system	A system in which diverse employees proactively set challenging goals that leverage their strengths, thereby contributing to organizational growth
Ideal vision of the personnel evaluation system	A tool whose function is to develop employees by helping them build on their strengths and overcome weaknesses

Promoting Women's Empowerment

The Gunze Group positions DE&I as a key pillar of its human resources strategy and proactively promotes the empowerment of women

Establishment of the Women's Empowerment Office

In April 2025, we established the Women's Empowerment Office within the Human Resources Development Section of the Personnel & General Affairs Department. The office leads initiatives, such as increasing the percentage of people hired that are women, formulating individualized development plans for candidate managers who are women and providing training to eliminate unconscious bias.

Increase of management's awareness

In October 2024, we hosted a company-wide lecture under the theme "Human Capital Management Beginning with the Empowerment of Women." The lecture, delivered by a guest speaker, emphasized the importance of empowering women and introduced best practices implemented by leading companies. Prior to the event, we conducted an internal survey about female employees' career aspirations and the challenges that hinder women's advancement. Referencing the results of this survey, President

Saguchi discussed the issues with the lecturer and shared his message about the empowerment of women with all employees.

Development and implementation of a system to promote women to leadership positions

The Gunze Leadership School Ladies (GLSL) training program conveys the Company's expectations regarding female employees, facilitates employees' independent creation of visions for their careers and encourages people to demonstrate leadership within the organization. In FY2024, the program was extended to include employees in non-career positions, and there have been 65 participants over the past three years. The program has supported employees taking ownership of their careers in many different ways. Some participants have advanced into management roles, while others have redefined their career paths and pursued reskilling.



GLSL training

Support for Childcare and Nursing Care

We have three visions regarding support for work-life balance: no employee should have to leave the Company due to their childcare or nursing care responsibilities, we shall develop an organizational culture where employees can confidently use the systems that are in place, and employees should be able to continue to demonstrate their abilities and further their careers even after experiencing childcare or nursing care. Based on the results of an internal survey conducted in FY2024 and in line with the revised laws that came into force in April 2025, we have revised our support systems as summarized in the table on the right. We remain committed to building sustainable support mechanisms and embedding them into our organizational culture.

Work-life balance support programs

Childcare	Nursing care
Childcare leave (until the child is two years of age; includes five days of paid leave)	Nursing care leave (up to one year)
Shorter working hours for childcare (until the child completes 6th grade of elementary school)	Shorter working hours for nursing care (up to a total of three years)
Child nursing care leave (until the child completes 6th grade of elementary school)	Nursing care leave
Subsidies for childcare services (1) Daycare fees (2) Extended childcare fees (3) Babysitter fees	Subsidy for nursing care service fees
Work-life balance counseling	
Work-Life Balance Support Handbook for sharing information	

Health and Productivity Management Initiatives

Protecting the health and safety of employees is a fundamental prerequisite for business operations. Many companies implement health initiatives in line with the requirements of the Ministry of Economy, Trade and Industry's KENKO Investment for Health Outstanding Organizations Recognition Program. Although we have not yet obtained this certification, we have implemented fundamental initiatives for a long time, including ensuring that all employees have regular health checkups, encouraging employees that require treatment or further examination to consult medical professionals, establishing and operating a rehabilitation work system to support employees returning from personal illness or injury leave, implementing infectious disease prevention measures and

promoting anti-passive smoking policies. We therefore believe that we already have a foundation for health and productivity management in place. Beginning in FY2025, with advice from external experts, we will thoroughly analyze our current situation to identify challenges, set our future direction and develop specific initiatives to address these challenges in order of priority. We will also work in collaboration with the health insurance association to ensure these initiatives are efficiently and effectively implemented. We will continue to advance health and productivity management to ensure that employees remain physically and mentally healthy and able to perform at their best.

Column
Balancing work and family, contributing to the Company from a medium- to long-term perspective



Chinatsu Kobayashi
Senior Manager, Legal & Compliance Office, Intellectual Property/Legal Department

I was hired by Gunze in 2016 as a mid-career hire, and I was appointed Senior Manager of the Legal & Compliance Office in 2025. Our office handles legal consultations and contract reviews. It also provides legal support for the implementation of business initiatives under the Medium-term Management Plan. Outside of work, I am a mother of two. I lead a busy life. At home, our rule is "whoever can, does what they can." My husband and I share responsibilities, such as picking up and dropping off our children at daycare or cram school, as well as cooking. Even with overseas business trips or urgent meetings that sometimes keep me late, I am able to manage my family responsibilities thanks to the support of my husband. I always make a conscious effort to set clear priorities and manage my time effectively. There are times when childcare and personal matters must take precedence, but rather than feeling pressured or discouraged by comparing myself to others, I believe it is important to maintain a medium- to long-term perspective and continue contributing to the Company.

Driving globalization around the world



Faisal Chowdhury
Manager, Gunze United Limited

With experience as a merchandiser in the apparel industry and prior work experience in Japan, I joined Gunze United in 2014 as a Japanese-language interpreter, and I also took on sewing thread sales responsibilities. At that time, Gunze sewing thread did not have a high profile in Bangladesh, and it was extremely difficult to receive orders. However, through frequent customer visits, I was able to build strong relationships of trust. This success enabling me to contribute to the Company gave me great confidence. Becoming a full-time employee of Gunze was an important milestone in my life, and I am deeply honored to have had that opportunity. Today, I travel around the world to help our global business, one of the key priorities under VISION 2030 stage2. With the spirit of "never giving up, and always hoping for the best," I am committed to continuing to contribute to our business.

Manufactured Capital

Pursue Technology-Driven Solutions to Meet Customer Needs and Drive Global Growth Strategy

Manufactured Capital Cultivated Since Our Founding



Tomohisa Okuda
Director and Corporate Officer
General Manager, Technology & Development Department
In Charge of Technology and Research Development

Gunze has a history that spans 130 years. Since its founding as a silk-reeling company, it has operated under the philosophy, “producing fine and elegant thread,” and it has grown guided by three principles: an unwavering commitment to putting quality first, co-existing and prospering together with its stakeholders, and the establishment of an integrated production system. These principles have supported the Company’s steady growth and progress. The manufacturing mindset of delivering superior quality at fair prices symbolized by the Company’s innerwear slogan, “Golden

quality for silver prices,” remains deeply rooted in all of its plants today, transcending its lines of business and generations.

Strengths and Challenges in Manufactured Capital

Building on the technological assets it has cultivated over many years, Gunze has extended the technologies it developed in the apparel business into growth fields, such as medical products and engineering plastics. In the medical business, for example, we have focused on the keyword “bioabsorbable,” applying knitting and yarn-processing technologies developed in the apparel business to meet needs of medical practices. This fusion has enabled us to create distinctive products, such as Bioabsorbable reinforcement felts, enabling Gunze to transform these technologies to provide differentiated products unmatched by competitors. In engineering plastics, our fluoropolymer filter support materials are textiles that add structural and functional value, in addition to the inherent properties of the resin itself. This is another strong example of the transfer of apparel-derived technologies into new domains. Gunze’s strength lies in its ability to transcend technological boundaries and apply its expertise across many fields. We believe our cross-disciplinary ability to create new products from both functional and structural perspectives is the true source of our competitiveness. At the same time, the business environment surrounding manufacturing has been rapidly changing and growing more complex in recent years, making it difficult to continue to be competitive using traditional approaches alone. For Gunze, strengthening our manufactured capital, the foundation of manufacturing, has become an indispensable part of the business and a key management priority.

Initiatives under VISION 2030 stage2

Under the Medium-term Management Plan VISION 2030 stage2 (FY2025–FY2027), we will strengthen manufactured capital to enhance quality and reduce costs by increasing productivity, while also establishing a sustainable production system. Our specific initiatives are:

- 1. Establish smart factories through automation and digital technologies**

We will utilize image processing, sensing, handling and other automation technologies, and digital technologies, including AI, to visualize and optimize production processes and the entire supply chain. By reducing reliance on manual processes, we will address challenges, such as the transfer of skills and the labor shortage, to improve productivity and quality.

- 2. Establishing production processes that minimize environmental impact**

We will introduce renewable energy and resource-circulating practices at all plants, both in Japan and overseas, aiming to reduce the environmental burden of production while also generating profit. A good example is the Circular Factory™ at our Moriyama Plant within our Plastic Film Company. It is a model for environmentally

responsible production. Through these efforts, Gunze will reinforce its manufactured capital, the bedrock of manufacturing, to build a sustainable and competitive corporate structure for the future, while contributing to solutions to social issues and continuing to deliver better products and services to customers.

Continued Innovation in Manufacturing Technologies

Since VISION 2030 stage1, Gunze has been an innovator in the field of manufacturing technologies, with a focus on automation and digital solutions. In stage2, we will continue to advance and strengthen these technologies, rolling them out throughout the Company. In automation, we have combined elemental technologies, such as image processing, sensing, and handling technologies, to automate processes that previously depended heavily on people. In stage1, we successfully built an automated bonding-sewing line for apparel products by integrating handling technologies to pick up delicate fabric sheets one at a time, sensing technologies to transport and place them precisely, and image-processing technologies to apply adhesives accurately. In stage2, we will extend these technologies to the highly complex sewing processes in the apparel business and the manufacturing of bioabsorbable medical products in the medical business. Full-scale operations are scheduled to begin in the second half of FY2025. We will also promote the automation of inspection processes, which still rely significantly on skilled human visual inspection procedures, across all of our business units. With the future labor shortage in mind, we are working to enhance accuracy, improve speed, and reduce workload using image processing and automated conveyance technologies.

Strengthening the Digital Strategy
In parallel, we are strengthening our digital strategy. In stage1, we introduced digital tools in our sales and back-office functions to redesign workflows. This included the visualization of management data using a management dashboard, streamlining routine tasks with Robotic Process Automation (RPA), and managing and visualizing KPIs to reduce inventory. These efforts have advanced efficiency and transformed the organization. In stage2, we will use AI to further strengthen our digital strategy. Companywide, we will introduce ChatGPT-based tools to share knowledge and support businesses while also building a knowledge system for maintenance operations using Retrieval-Augmented Generation (RAG) technology. In production and supply chain management (SCM), we will use AI to optimize scheduling and monitor inventory data in real time, preventing stockouts and overstocking, and thereby reducing storage costs. By continuing to innovate in the field of manufacturing technologies, we aim to realize sustainable and competitive manufacturing while delivering new value to society and our customers.



Automated production line at the Medical Division Ayabe plant

Intellectual Capital

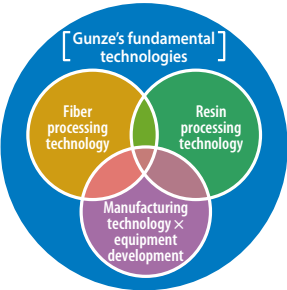
The Sustainable Strengthening of Intellectual Capital Through the Creation and Development of Differentiated Technologies and Intellectual Property

Our Fundamental Technologies and Intellectual Capital



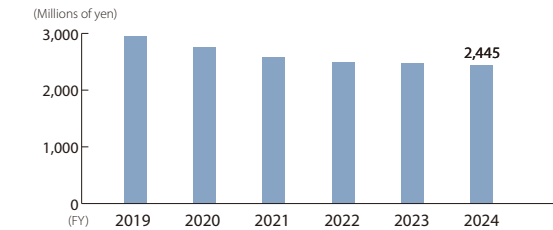
Masafumi Yamagami
Corporate Officer
General Manager, Innovation Department

The Gunze Group's fundamental technologies, are fiber processing technology, resin processing technology, and the integration of manufacturing technology with equipment development, and they are recognized as components of its intellectual capital. These accumulated strengths form the foundation of the Group's business.



Our business divisions proactively develop products and technologies based on the needs of customers while continuing to strengthen and develop existing technologies. At the same time, the Technology & Development Department and the Innovation Department, which are both head office functions, lead cross-organizational, medium- to long-term initiatives to reinforce and develop fundamental technologies. The Technology & Development Department focuses on reforming cost structures by creating smarter processes, while the Innovation Department is dedicated to creating new and differentiated technologies. By managing and leveraging the results of these technological efforts as intellectual property, we ensure that we are able to sustainably increase our intellectual capital.

Gunze Group R&D expenditures



R&D Structure and Focus Areas

In April 2025, Gunze reorganized its R&D structure into three laboratories aligned with its key business domains, functional solutions, medical, and apparel, to strengthen the foundation of each business. Each laboratory focuses on the research and development of raw materials and processing technologies in its own field, working to develop differentiated technologies that are the basis for new high-value-added product lines. The Functional Materials Laboratory carries out R&D regarding the design and molding of composite and multilayer materials made using high-performance resins, building on and further advancing our accumulated technologies. The Medical Device Materials Laboratory conducts R&D on bioabsorbable materials and processing technologies with the goal of creating distinctive high-value-added products that address real-

world medical needs. The Fiber & Textile Development continues to develop the modification and fabric processing technologies we have accumulated in pursuit of products that deliver comfort solutions for life. Leveraging the material design and raw material processing expertise cultivated in the Functional Solutions business, the laboratory also develops high-performance fibers not only for apparel applications but also for industrial use. These R&D activities are supported by our expanded collaboration with companies outside the Group and academic institutions, along with reinforced cross-functional cooperation within the Group. All of these efforts are aimed at achieving more effective and efficient results.



Intellectual Property Development



Naoko Hayashi
General Manager, Intellectual Property/
Legal Department

To solidify the accumulated technologies that we regard as our intellectual capital, it is essential that we document tacit knowledge, such as the expertise and ideas of individuals, and manage it systematically as IP rights and expertise. We believe that continuously rebuilding our IP portfolio while ensuring it stays aligned with our corporate and business strategies is essential to the achievement of sustainable growth and development. To this end, we have established the IP Division as a head office function. It is responsible for formulating and promoting IP initiatives in line with our corporate strategy. In particular, we emphasize the establishment of a robust IP portfolio to reinforce the foundation of our business. This involves analyzing our proprietary IP assets in priority business domains, together with trends in the market and our competition, and sharing these findings with each business division. By integrating this information with various other data, we identify the technology areas to

be reinforced and establish policies for each domain. Building on this foundation, we are advancing initiatives through cross-divisional collaboration. To bridge the IP initiatives with the R&D and business divisions, we appoint heads of development in each division as division patent officers (DPOs). These DPOs closely collaborate with the IP Division to strengthen alignment with business strategies and accelerate the making of decisions and management related to intellectual property, including the development of IP and responses to violations of IP rights.

Expansion of Intellectual Property

To encourage the creation of IP, we present the Da Vinci Award, an original corporate accolade, to the inventors of patents and innovations that significantly contribute to our business. The award ceremony is held in a dialogue format, with the President personally listening to the inventors' ideas and development stories. It is positioned as an annual tradition that conveys our respect and appreciation for our engineers. In recent years, the business divisions and the IP Division have strengthened their collaborations in the area of resource circulation technologies, plastic recycling in particular, to further expand our IP portfolio. This growing body of IP is the vital foundation that enables the Gunze Group to actively contribute to a sustainable society, and its value will only continue to increase going forward.

Number of patents, designs, and trademarks held by the Gunze Group (domestic and overseas)

		FY2022	FY2023	FY2024
Patents held	Domestic	655	691	680
	Overseas	249	249	228
Designs	Domestic	200	216	248
	Overseas	8	10	10
Trademarks held	Domestic	1,946	1,934	1,914
	Overseas	796	803	802



Recipient of the FY2025 Intellectual Property Achievement Award

In FY2025, the Gunze Group received the Japan Patent Office Commissioner's Award during the Intellectual Property Achievement Awards in recognition of its initiatives to effectively utilize the intellectual property rights system. Key points of the evaluation of Gunze included:

- (1) The appointment of division patent officers (DPOs) to serve as central drivers of IP activities in each business division
- (2) The prioritization of plastics recycling technology and the proactive promotion of the creation of IP in this field
- (3) The effective use of an IP mix (patents, designs and trademarks) throughout business operations



Left: Yota Ono, Japan Patent Office Commissioner
Right: President Saguchi

//// Social and Relationship Capital

Enhancing risk management and compliance systems to sustainably improve corporate value

Gunze's Legal Strategy



Naoko Hayashi
General Manager, Intellectual Property/
Legal Department

The mission of the Gunze Group's Legal Department is to "leverage the law to make correct business decisions." "Correct" has two distinct meanings. The first relates to the provision of products and services that result in the satisfaction of our business partners and consumers while we generate a profit in a competitive market. The second interpretation refers to being correct in the context of compliance, which naturally includes adherence to the laws and regulations that govern businesses and corporations. It also includes ethically correct responses to the needs of society. These two meanings of correct are not in conflict. We believe that a tree grown in the soil of compliance will bear the fruit of profit. These basic thoughts have remained unchanged since the foundation of Gunze. To provide support regarding both of these meanings of correct, the Legal Department assists with contract negotiations, provides advice regarding the terms and conditions of contracts, researches laws and regulations relevant to the Group's businesses, and provides consultation about everyday legal matters and training to ensure that people thoroughly understand and are aware of legal compliance.

Gunze's Promotion of Compliance

The Gunze Group has created an internal Advice Hotline designed to quickly identify the causes of industrial accidents, misconduct, harassment, and other compliance violations and respond appropriately. The Group has also established an external whistleblower hotline that is staffed by outside attorneys. To communicate the Group's basic compliance policy throughout the Group, we publish messages from top management on the intranet and by displaying posters. We have revised our internal regulations to inform all employees about the availability of hotlines and encourage its use. A large number of technical trainees are working within the apparel business. More than 90% of these trainees are from Vietnam or Indonesia. In consideration of this, we established consultation desks where these trainees can receive assistance in Vietnamese and Indonesian in FY2024. To resolve problems, these consultation



desks promptly and fairly investigate reports submitted by trainees and ensure the privacy of the trainees. We are translating the employment regulations for technical trainees to ensure they can work with peace of mind. Some plants already have the Vietnamese-language version of the employment regulations.

Breakdown of reporting and consultation

Cases	FY2023		FY2024	
	Hotline	External reporting desk	Hotline	External reporting desk
Workplace relationships	4	0	3	2
Sexual harassment	2	0	0	0
Power harassment	4	0	3	2
Facts subject to whistleblowing	1	0	0	1
Others	7	0	7	3
Total	18	0	13	3*

* It is possible for a single report to the external whistleblower hotline to involve multiple compliance issues, and the sum of the numbers in the rows for the different types of compliance issue may not equal the number in the Total row.

Implementing Supply Chain Management

Initiatives to ensure respect for human rights (Human rights due diligence)
Gunze's founding philosophy emphasizes respect for human rights, and the Group has always valued the rights of all individuals associated with it. In 2021, we established the Gunze Group Sustainable Procurement Guidelines to clarify our policy on respecting human rights and other sustainability issues. We collaborate with our suppliers to address these matters. Since the United Nations announced its Guiding Principles on Business and Human Rights, companies have been asked to better live up to their responsibilities to society. Since FY2022, the Group has been enhancing its efforts and conducting the following assessments.
In-house assessments
In light of human rights risk cases involving non-Japanese technical interns at other companies, the Gunze Group conducted a survey of six plants in Japan to assess the situation at these plants. In FY2023 and FY2024, we conducted on-site inspections, including interviews of non-Japanese technical interns, to assess the hygiene conditions in their working and living environments. In FY2024, we requested that 15 manufacturing plants to which we outsource operations in the apparel business that hire non-Japanese technical interns conduct self-checks and confirmed that they are in compliance with labor-related laws and regulations. We will continue to conduct assessments regularly to ensure these plants are operated properly.

	Number of plants surveyed regarding non-Japanese technical interns*1		
	FY2022	FY2023	FY2024
Domestic plants	Six plants (Yanase Plant, Miyazu Plant, Yabu Apparel Ltd., Tohoku Gunze Co., Ltd., Tsuyama Gunze Co., Ltd. and Kyushu Gunze Co., Ltd.)	Three plants (Miyazu Plant, Tohoku Gunze Co., Ltd. and Kyushu Gunze Co., Ltd.)	Two plants (Yanase Plant and Tsuyama Gunze Co., Ltd.)
Outsourced manufacturing plants			Fifteen plants

*1 The survey was conducted at all six domestic plants and fifteen outsourced manufacturing plants that had technical interns working for them at the time of the survey.

Supplier assessments
Since FY2022, the Gunze Group has been assessing key suppliers in

certain business divisions to identify, analyze and evaluate adverse impact and risks on human rights and develop and implement appropriate measures. To assess the status of suppliers' efforts regarding respect for human rights, environmental conservation and quality and safety, we asked suppliers to perform a self-assessment using the Global Compact Network Japan's CSR Procurement Self-Assessment Questionnaire*2 (the "Self-assessment") and evaluated their responses. In FY2022 and FY2023, we asked 115 major domestic suppliers in the apparel business, medical business, plastics field, engineering plastics field, and textile materials field to perform a Self-assessment of their performance. The results of the Self-assessment showed that while large companies with capital of more than ¥300 million recorded high scores, small and medium-sized enterprises with capital of less than ¥300 million scored low, revealing a tendency for efforts to be insufficient. In FY2024, we asked four key Gunze Medical Limited suppliers to perform a Self-assessment of their performance. For the first time, overseas suppliers were included in the scope of the survey. The Self-assessments in the past three fiscal years revealed no issues regarding the working environments within our supply chain. However, our staff individually spoke with personnel at suppliers whose scores were low, and we are collaboratively working to improve their conditions.

*2 Self-Assessment Questionnaire for CSR procurement: Questionnaire developed by the Global Compact Network Japan to assess degree of understanding of CSR requirements.

	Number of suppliers surveyed*3
	From FY2022 to FY2024
Plastics field	14
Engineering plastics field	9
Medical business	5
Gunze Medical Limited	4
Apparel business	75
Textile materials field	12

*3 In FY2022, the scope of surveyed suppliers was broad. However, to standardize practices across business divisions, the scope of the survey was revised in FY2023 to include major suppliers that account for approximately 80% of the total amount of transactions. From FY2023, we received responses from almost all of the suppliers we asked to participate in the survey.



Lectures provided by members of the Intellectual Property/Legal Department during in-house training programs

The Intellectual Property/Legal Department provides training regarding laws, including the Subcontractor Payment Act, Antimonopoly Act, Act against Unjustifiable Premiums and Misleading Representations, New Freelance Act, and Product Liability Act. It also provides training on how to read patent documents and key considerations when filing patent applications. Guided by the mottos "Everyone is an instructor" and "Leaning by teaching," department members who aspire to become experts in their fields lead these training programs as instructors. Employees can participate in training either in-person or remotely. If they are unable to attend training due to work commitments, they can watch training videos available on the intranet. In FY2024, a total of 582 employees participated in the Intellectual Property/Legal Department's training programs.



Natural Capital

Achieving Environmentally Friendly Management to Improve Business Sustainability

Gunze's Initiatives on Natural Capital



Tomohisa Okuda

Director and Corporate Officer
General Manager, Technology & Development Department
In Charge of Technology and Research Development

Gunze has worked to reduce CO₂ emissions, prevent airborne pollution and water contamination, and manage chemicals to make manufacturing sites environmentally friendly. To reduce CO₂ emissions, we visualized our electrical energy usage through the introduction of cogeneration systems (equipment that simultaneously produces electricity and waste heat) and Energy Management Systems (EMS) in many plants and improved our energy-saving activities. This led to improved energy efficiency, which has contributed to a reduced impact on the natural environment. We also focused our efforts on energy creation through solar panels that utilize solar energy as natural capital, promoting decarbonization through buying back environmental value (non-fossil certificate with tracking) through the use of FIT (a system to set the purchase price of renewable energy by law). We have also worked to reduce air pollutant emissions by shifting from crude oil to LNG and other fuels.

Strengths and Challenges in Natural Capital

In the plastic films field, we established a recycling system at the Moriyama Plant, one of our key facilities, by moving forward with the Zero Waste Project that aims to reuse resources. In FY2024, we achieved a 70% reduction in waste plastic emissions.

In the apparel business, we worked to reduce water usage in the dyeing process by reusing cooling water for air conditioning systems in the dyeing process. We also established our own standards that are stricter than legal regulations, and through strict operation and management of wastewater treatment facilities, have improved water quality to levels suitable for discharge into rivers. In addition to being environmentally friendly in the manufacturing process, Gunze has been focusing on developing products that contribute to the environment. We developed and commercialized Eco Magic Technology, which allows innerwear to be washed using only water, and have also developed and commercialized thin-film technology that reduces plastic use.

These initiatives are based on the Basic Environmental Philosophy found in the Gunze Group Environmental Charter: By offering environmentally responsible products and services, we aim to

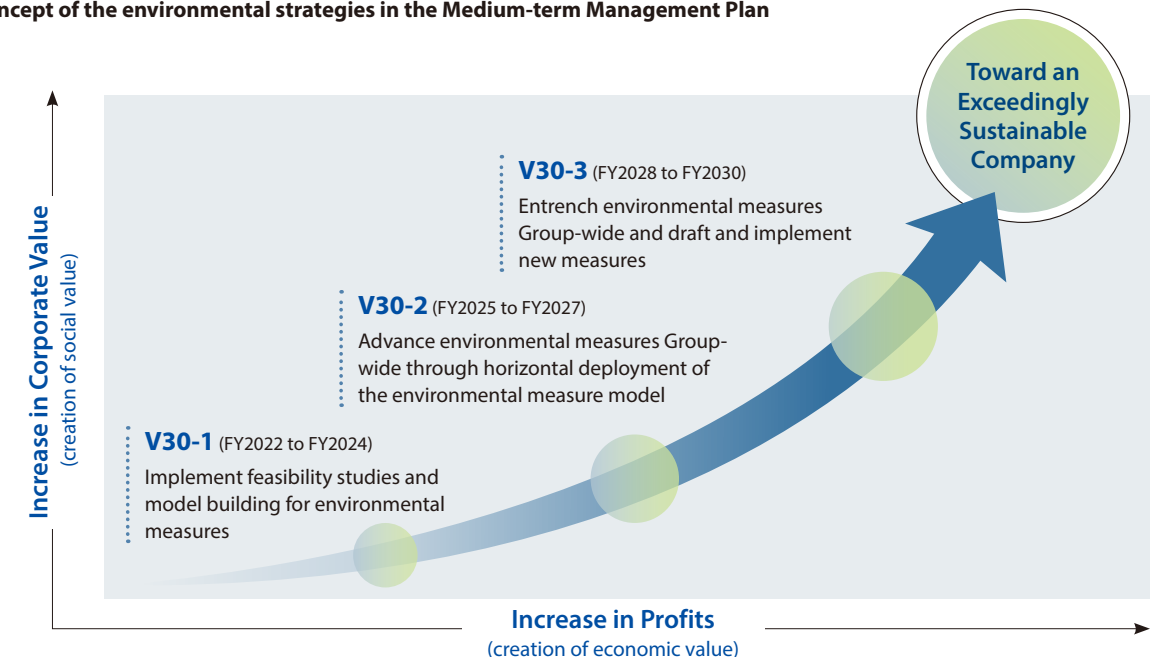
contribute to the development of an affluent, sustainable global society. We fully understand our reliance on the gift of nature, so we strive to maintain harmony with the global environment and promote the preservation of biodiversity. We will continue to work to reduce our impact on the natural environment based on this philosophy.

Our strengths in developing production and environmental technologies that reduce environmental impact have been cultivated through these initiatives. However, these capabilities are limited to individual management in each business division, and we recognize that insufficient development from a Group-wide perspective has been an issue.

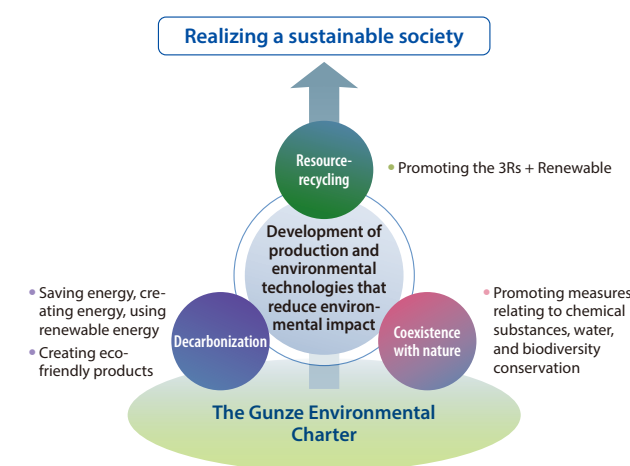
Moving forward, we will develop our systems so these division-level capabilities can be expanded Group-wide, and we will promote initiatives through a three-pillar approach, adding coexistence with nature, which takes Task Force on Nature-related Financial Disclosures (TNFD) into account, as the third pillar along with the resource recycling and decarbonization that we have already been focusing on.

VISION 2030 stage2 Environmental Strategies

Concept of the environmental strategies in the Medium-term Management Plan



Activity progress of stage2



In our previous VISION 2030 stage1, we worked on implementing and verifying environmental policies, as well as the creation of models. In stage2, which follows the first stage (see above chart), we will work to further reduce our environmental impact by strengthening our activities based on the established model, focusing on the three pillars of resource recycling, decarbonization, and coexistence with nature.

In resource recycling, we will promote recycling (advanced resource circulation) and reducing (minimizing resource use) with

a Group-wide perspective, based on our 3Rs + Renewable policy. We will recycle chemical product waste from all sites and will enhance our initiatives in collecting and reusing used organic solvents. We will also promote the development and Group-wide deployment of new resource recycling technologies, applying the technologies established in stage1 to separate and recycle mixed waste.

At the same time, we aim to reduce our environmental impact by working to simplify and downsize packaging and review materials used in packaging, and we will also begin to reduce the amount of primary and secondary materials used. In the production process as well, we aim to optimize water and energy usage through the use of AI technologies, striving for efficient and sustainable operations.

In decarbonization, we will promote achievable energy innovations such as improving the efficiency of air conditioning systems, building heat exchange systems from new perspectives, and enhancing the efficiency of wastewater treatment, in addition to the energy saving, energy creation, and renewable energy initiatives we have been working on. Through these technological innovations, we will actively take on the challenge of creating eco-friendly products.

In coexistence with nature, we will promote business activities that minimize ecological impact, focusing on optimal management of chemical substances and water resources. Through these Group-wide initiatives, Gunze will contribute to the realization of a sustainable society.

////// Natural Capital

Climate Change Initiatives and Information Disclosure (TCFD)

In October 2021, the Gunze Group expressed support for the recommendations put forward by the Financial Stability Board (FSB)'s Task Force on Climate-related Financial Disclosures (TCFD). TCFD requires disclosure of the frameworks for examining climate change, indicators, and targets for evaluating the medium- and long-term impact of climate change on corporate value and for identifying risks and opportunities from climate change, and the way in which these examinations are reflected in corporate management.

(1) Governance

Governance relating to climate change is part of our sustainability promotion structure (p. 59).

Roles of committees and organizations in sustainability promotion

Committees and organizations	Roles
Board of Directors	Monitors the progress of measures to address sustainability issues, including issues pertaining to the environment, particularly climate change, as well as human capital and other topics as discussed and decided during business execution
Executive Committee	Discusses and makes decisions on important business administration and execution matters related to Group-wide sustainability, such as environmental issues centered on climate change, as well as human capital and other topics
Sustainability Committee (As a general rule convened once per quarter)	Discusses and makes decisions on basic and response policies as they pertain to sustainability
Risk Management Committee (As a general rule convened once per quarter)	Discusses occurrence of risk events related to sustainability, measures taken or to be taken, and risk prevention
Main Departments in Charge	Promote initiatives to address sustainability issues and identify risks and opportunities (Environmental Impact Strategy Promotion Office: environmental issues with a focus on climate change; Personnel & General Affairs Department: human capital of the Gunze Group, etc.)

(2) Risk management

Major risks related to climate change are based on the sustainability promotion structure. Important issues are reported from the Sustainability Committee and Risk Management Committee to the Corporate Officers' Meeting and then to the Board of Directors, thereby integrating and managing Group-wide risks.

(3) Strategy

We selected the plastic films field and apparel business (innerwear) as the Gunze Group's main businesses for scenario analysis, and we

identified short- to long-term risks, studied countermeasures, and for these, extracted considerations and opportunities. This time, we conducted analysis in response to the 1.5°C target since this has become the global target. Specifically, we have formulated two scenarios that reference reports issued by governments and international organizations. These include the decarbonization scenarios (1.5°C scenario) such as the NZE2050*1 presented in the IEA World Energy Outlook and the warming progression scenarios (4°C scenario) based on the IPCC AR5 RCP8.5 scenario.*2 The two scenarios are analyzed based on transition risks toward a

Risk items		Risks	Period	Degree of financial impact	Plastic films field	Innerwear field	Responses and opportunities
Transition risk (1.5°C)	Coal prices	Emissions trading and carbon taxes introduced in many countries, increasing operating costs	Medium to long term	Large	○	○	Risk response: Reduce the financial impact of carbon taxes by increasing investment in renewable energy and shifting to low-carbon energy sources
	Plastics regulations in various countries	Raw material prices increased due to stricter regulations prompting the introduction of bio-materials and recycled materials	Medium to long term	Large	○	○	Risk response: Establish technologies that break down and reuse waste plastic and provide products that meet customer needs
	Changes in energy mix (electricity prices)	Higher ratio of renewable energy to electric power has driven up electricity prices	Medium to long term	Small	○	○	Risk response: Use of equipment with low power consumption; promote the installation of self-consumption solar power generation
	Price shifts in key commodities	Manufacturing costs for crude oil-derived synthetic fibers has increased	Medium to long term	Large		○	Risk response: Promote a shift from petroleum-derived to green materials
	Changes in customer behavior	More consumers are making purchasing decisions in line with their environmental impact	Medium to long term	Medium		○	Risk response: Increase sales of environmentally responsible products for ethical consumption
Physical risks (4°C)	Abnormal weather	Lower sales due to business activity suspensions and supply chain disruptions caused by wind and flood damage	Short to medium term	Medium	○	○	Risk response: Enhance supply chain disaster prevention at manufacturing sites and in logistics to strengthen business continuity capabilities
	Rising temperatures (volume of cotton cultivation)	Cotton prices up due to rising temperatures	Medium to long term	Medium		○	Risk response: Develop biomaterials and recycled materials
	Rising temperatures	—	Medium to long term	Medium	○	○	Opportunity: Products that address rising temperatures. Strengthened sales (shrink films, innerwear)

* Time period: Short term 1-2 years, Medium term 3-5 years, Long term 6-10 years
* Financial impact in 2050: Small = less than 100 million yen, Medium = 100 million yen to 1 billion yen, Large = 1 billion yen or more

decarbonized economy and physical risks associated with the progression of global warming. The Gunze Group will continue to revise its scenario analysis to improve its strategies.

(4) Indicators and targets

Based on the Basic Policy for Plastic Resource Circulation established in 2019, we are actively promoting the 3Rs + Renewable*3 while also developing new resource recycling technologies and expanding their application to apparel and all other business segments to further enhance our efforts. As a key initiative for the Gunze Group, we are also strongly promoting the Circular Factory Plan, which aims to recycle resources in the plastic films field. In the Plastic Film Company, the Zero Waste Project also completed a system at the core Moriyama Plant to recycle all product types of different shapes, reducing plastic waste by 70% in FY2024. Moving forward, we aim to achieve zero waste plastic early on, promoting the establishment of an internal recycling scheme to our overseas plants. We are also actively developing products that respond to the risks and opportunities gained through scenario analysis. In the plastic films field, GEOPLAS®, which was launched last year, has steadily broadened its market presence. In the apparel field, Asedoron,

designed to withstand extreme heat and mild winters, shipped over two million units overall (as of July 2025), growing into a product supported by customers year-round. Through these initiatives, in the FY2024 CDP*4 Questionnaire's climate change field, we were certified with a B score, demonstrating that we are aware of our own environmental risks and impacts and are taking action. The CDP Questionnaire drew responses and information disclosures from 24,800 companies worldwide and more than 2,100 companies in Japan. The B score that we received is the third highest on an 8-point scale.



*1 NZE2050 (Net Zero Emissions by 2050): One of the scenarios presented in the IEA's World Energy Outlook 2020. It is a 1.5°C scenario that surpasses the target of the Paris Agreement and aims for zero CO2 emissions by 2050.
*2 RCP8.5 scenario: A scenario in Figure SPM6 of the summary for government policy-makers of Synthesis Report (SYR) of the IPCC Fifth Assessment Report (AR5), which forecasts a temperature increase of 2.6°C to 4.8°C by 2100.
*3 The 3Rs + Renewable: The 3Rs include Reduce (using fewer resources for production and reducing waste), Reuse (using products and parts repeatedly), and Recycle (effectively using waste as raw materials or energy sources), and this policy adds a fourth R with Renewable.
*4 CDP: A non-profit organization that operates a global system to facilitate environmental information disclosures by companies and municipalities in response to requests from global institutional investors concerned about environmental issues such as climate change.

CO2 Reduction and Future Initiatives

(1) Scope 1, 2 results

In FY2024, we exceeded our goal of a 28% or more reduction compared to FY2013 with total emissions of 108,316 t-CO2 (93.8% compared to the previous year) and a 37.2% reduction compared to FY2013. As a basic policy, we are promoting energy saving and introducing renewable energy on a wider basis. In FY2024, in addition to reductions resulting from the closure of some business sites, we promoted energy-saving activities utilizing Energy Management Systems (EMS), bought back the environmental value of internal FIT solar power facilities in Fukushima, Utsunomiya, and Konan, and introduced solar power facilities at newly established offices and plants (Konan and Ayabe). We will continue to promote policies to improve renewable energy usage, including the expansion of solar power facilities to overseas business sites and the introduction of next-gen solar power facilities.

(2) Scope 3 results

Our FY2024 emissions totaled 393,953 t-CO2 (up approx. 0.8% from the previous year). Scope 3 includes CO2 emissions across the supply chain other than Scope 1 and 2, and is impacted by increases or decreases in raw material procurement and sales across all businesses. While there were reductions in raw material procurement and sales in the apparel business for this fiscal year, there were increases in the functional solutions and medical businesses, which were the main factors behind a minor increase in Scope 3 emissions. In V30-2 (FY2025-FY2027), we will further promote the expansion of resource recycling (the 3Rs + Renewable) across the Group and focus on Reduce (minimizing resource use) and Recycle (advanced resource circulation), which both lead to significant reductions. In doing so, we will work to establish a business foundation that minimizes the impact on Scope 3 as our business expands. Going forward, we will monitor the impact of Scope 3 at our overseas business sites.

CO2 emissions (Scope 1, 2, 3)

		FY2024	Compared to FY2023		Compared to FY2013	
		Emission volume (t-CO2)	Reduction volume (t-CO2)	Reduction rate (%)	Reduction volume (t-CO2)	Reduction rate (%)
Achievements	Scope 1 + 2	108,316	7,201	6.2%	64,193	37.2%
	Scope 1	31,051	3,681	10.6%	21,262	40.6%
	Scope 2	77,265	3,520	4.4%	42,931	35.7%
	Scope 3	393,953	-3,097	-0.8%	-	-

* Scope 1 and 2 are calculated for all Gunze Group business sites in Japan and overseas (Scope 2 calculation is based on market criteria)
* Scope 3 is calculated for all Gunze Group business sites in Japan.

Stakeholder Engagement

The Gunze Group has embraced its founding spirit, “coexistence and prosperity together with all stakeholders.” True to this philosophy, we place great importance on open communication with our stakeholders. By engaging in dialogue with six key stakeholder groups, we aim to create social and economic value and contribute to the establishment of a sustainable planet and society.

Identifying stakeholders and co-creating value			
Stakeholder	Co-created value	Means of engagement	FY2024 results
 Customers	We are committed to providing excellent products and services and practicing the motto "Happy to Sell, Happy to Buy". With quality as our first priority, we pursue safety, security, comfort, and satisfaction, and develop products and services that are friendly to the environment and people.	- Customer service office - Medical department information session	Customer satisfaction: 90 points (Based on Customer Satisfaction Survey)
 Business partners	Beyond just complying with relevant laws and regulations, and the spirit with which they are written, we conduct transactions that are fair and free. We call for a prohibition of discrimination in employment, forced labor, and child labor.	- Apparel trade exhibitions - Co-hosted seminars (medical) - Daily sales activities - Human rights due diligence	- In-house assessments (2 domestic factories, 15 subcontractor factories) - Supplier assessments (4 key suppliers of Gunze Medical Limited)
 Society	We whole-heartedly participate in social and community activities, build friendly relationships with society, and pursue sustainability with communities.	- Initiatives under comprehensive partnership agreements with Osaka Prefecture, Osaka City, and Kyoto Prefecture - Participation in the Kyoto Model Forest Movement in Ayabe - Donations via the Gunze Love Earth Club	- Kyoto Model Forest Movement: 4 activities - Comprehensive partnership initiatives: 18 projects
 Employees	We provide equal opportunities without discriminating in employment and treatment. We respect the human rights of all people involved in our business activities and do not use forced labor or child labor. We promote skills development that enables diversity among employees who will be the right person in the right position, and nurture human resources who can contribute to society.	- One-on-one meetings - Training/Seminars - Mentoring - Childcare leave support interviews - General consultation hotline	- Engagement score: 62 points - Childcare leave utilization rate Women: 87% Men: 78%
 Environment	We will contribute to the realization of a sustainable earth and society by actively working to protect the global environment, including biodiversity, and reduce greenhouse gas emissions in all of our business activities, as well as by providing environmentally friendly products and services.	- Dialogue with suppliers to assess Scope 3 emissions - Resource circulation initiatives centered on the Circular Factory	- CO₂ emissions reduction: 37% - Scope 3: 393,953 t-CO₂ - Plastic film HCX sales: approx. 40 tons
 Shareholders and investors	We work to enhance corporate credibility through the promotion of sustainability management. We proactively and fairly disclose corporate information and live up to the trust that is placed in us.	- General meetings of shareholders - Financial results briefings - Small meetings - Individual IR meetings - Plant tours for analysts and institutional investors - Corporate briefings for individual investors	Number of IR participants: approx. 460

Dialogues with Shareholders and Investors



The Gunze Group regards constructive dialogue with shareholders and investors as a key management priority for the achievement of the sustainable increase of corporate value. In addition to quarterly financial results briefings and individual meetings with institutional investors and securities analysts, we engage with shareholders and investors at small meetings and conferences, providing clear explanations of our business environment, performance and manage-

ment strategies. In recent years, we have received an increasing number of questions and comments, not only on financial information but also on non-financial issues, including ESG topics. These range from human capital management and environmental initiatives to respect for human rights throughout the supply chain. We make every effort to explain our views and initiatives thoroughly. Feedback obtained through this dialogue is regularly reported by the IR Department to senior management and is considered during the formulation and review of management strategies during discussions of the Board of Directors and in other forums. To thoroughly ensure that information is fairly and transparently disclosed, we continue to enhance our IR website, improve the quality of financial briefing materials, and expand the multilingual content we provide. Going forward, we will remain committed to sincere, two-way dialogue, increasing the trust with the capital markets while working to increase our corporate value.



1-on-1 meeting with a sell-side analyst



President Saguchi at the FY2024 financial results briefing (hybrid format)

Category	FY2024 results	Company representatives	
For institutional investors and securities analysts	Financial results briefings: Four briefings (hybrid in May and November; online in August and February) Total attendance: 178 companies, 230 participants	- Chairman and Representative Director, Representative Director and President - Director, General Manager of Finance & Accounting Department - Managing Corporate Officer, General and General Manager of Management & Strategy Department	- Corporate Officers - Corporate Communication Department, Public & Investor Relations
	Total participants in 1-on-1 meetings: 142 companies, 215 participants (57 in-person, 158 online)	- Representative Director and President - Director, General Manager of Finance & Accounting Department - Managing Corporate Officer, General and General Manager of Management & Strategy Department	- Corporate Officers - Corporate Communication Department, Public & Investor Relations
For individual investors	Online distribution of financial briefing transcripts and Q&A: Twice (May and November)	Corporate Communication Department, Public & Investor Relations	

Theme	Details	
Direction of the Medium-term Management Plan	- Growth strategies in core businesses - Financial strategy (shareholder return policies)	Structural reform of low-ROIC businesses
Business Environment and Performance	- Sales, profit and performance by segment - New product development for sustainable growth	Market environment and competitive landscape
Capital policy	Cost of capital and ROE targets	Share buybacks and shareholder return policies
ESG-related	- Corporate governance (Board composition, compensation systems) - Human resources strategy, encompassing talent development and diversity	

Functional Solutions Business

Enhancing Market Presence by Expanding Globally and Possessing Differentiated Technologies

In the plastic films business, we are expanding globally into the domain of high-value-added packaging films and new business domains leveraging our core multi-layer extrusion and stretching technologies. By expanding sales of resource-recycling products and establishing model use cases, we aim to balance social and economic value in our environmental strategy.

In the engineering plastics business, we have expanded our market share by continuously developing products that meet user needs in the OA market which constitute our core products. We are now building up production capacity for semiconductor-related products while strengthening initiatives in healthcare, industrial equipment, and energy-related applications.

Actions Implemented in VISION 2030 stage1

Plastic films business

To meet society's increasing demands that it be recycling oriented, we advanced initiatives to create new value by shifting to a recycling-oriented and environmentally friendly business model. Alongside the proactive introduction of environmentally friendly new products, we commenced the full-scale operation of our Circular Factory and established a recycling center as the foundation for our transformation into a circular manufacturer. We also promoted production innovation through the automation of

facilities and the use of renewable energy, and also strengthened our expansion in overseas markets such as the United States, China and ASEAN countries.



Received the Resource Circulation Technology and System Award Encouragement Prize (sponsored by the Ministry of Economy, Trade and Industry)

Engineering plastics business

While OA-related products remained our core business, we strengthened non-OA categories, including semiconductors and

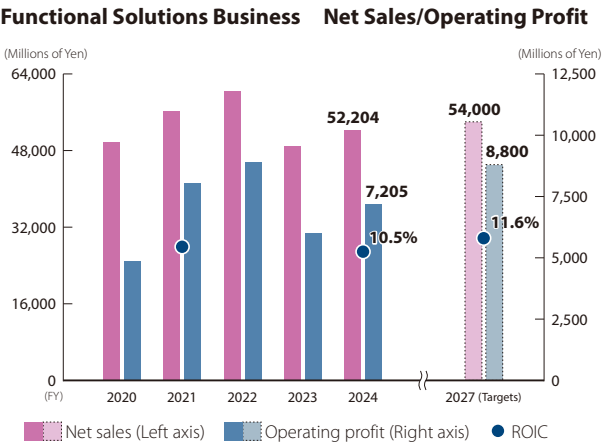
medical applications. To support growth in these areas, we expanded our cleanroom-equipped plant in 2025.

In addition, as part of a strategic review of the business portfolio, the electronic components business was terminated following the completion of the transfer of the shares of the relevant subsidiary.

FY2024 Business Overview

Plastic films business

Although overseas demand remained sluggish, domestic business was generally solid. In Japan, our core shrink films performed steadily, supported by proposals for recycling-oriented products. Nylon grew due to the increased sales of general-purpose films, and exports were also recovering. Semiconductor applications expanded strongly on the back of a market recovery, and oriented polypropylene (OPP) films performed well, driven by the increasing demand for packaged cut vegetables. In contrast, our overseas operations faced challenges. The U.S. business performed sluggishly due to the discontinuation of a major beverage product in the previous fiscal year, and our businesses in China and Vietnam struggled amid intensified price competition.



Engineering plastics business

In OA equipment, performance remained strong throughout the year. This was driven by the recovery of the small printer market, the key volume zone, the stabilization of the office multifunction

device market and the start of the mass production of new models. In non-OA fields, both semiconductor- and general industrial-related products expanded steadily on the back of stable orders.

As a result, net sales reached ¥52,204 million (up 6.6% year-on-year), and operating profit reached ¥7,205 million (up 19.5% year-on-year).

Initiatives for VISION 2030 stage2

Plastic films business

The stage2 vision for the Plastic Film Company is “The global expansion of our fully developed resource-recycling model, with a focus on balancing social and economic value.” Our goal is to pursue economic value through the rigorous reduction of cost while delivering recycling-oriented products of high social value at practical prices to become a preferred company in the environmental business. One specific initiative is our achievement of “zero waste” at the Moriヤマ Plant. This was the culmination of our recycling technologies. We will also enhance productivity by utilizing new functions of recently installed equipment to reduce the labor required on production lines and make unstaffed night operations possible. In addition, through the upgrading of core systems, we will push forward with comprehensive operational efficiency by promoting the reduction of labor, improving yields, optimizing

inventory and integrating information management activities. Regarding recycling-oriented products, we are accelerating the rollout of GEOPLAS®, which leverages our strength in multilayer films to achieve both thinner films and the use of recycled materials. While environmentally friendly products have traditionally faced cost barriers that limited market adoption, our resource-recycling model delivers a balance of functionality, cost and environmental performance. Looking ahead, we plan to expand this resource-recycling model globally and establish ourselves as a “circular manufacturer” that contributes to the realization of a sustainable society.



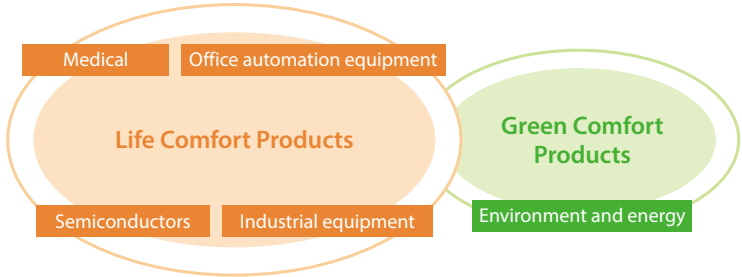
Engineering plastics business

The vision of the Engineering Plastics Division is “Contributing to a better environment and comfortable living through the integration of unique technologies.” Looking toward 2027 and 2030, we will advance our business by leveraging our strengths in differentiated product development based on core technologies, and by leveraging our production capabilities that enable us to swiftly transition from development to mass production. In stage2, alongside our core OA business, we will position medical, industrial and semiconductor-related products as Life Comfort Products and work to strengthen them accordingly. With the expansion of our clean plant in April 2025, we plan to meet the growing demand in the semiconductor and medical fields and use differentiated technologies to enhance our market presence. We will also promote environmental and energy-related fields as Green Comfort Products our new focus area going forward. Aiming to create new environmentally friendly products, we are committed to the early establishment of production technologies and to developing these fields into the next pillars of our growth.

By 2030, we will steadily advance these initiatives to realize our vision for the engineering plastics business: to deepen our core technologies as fundamental enablers of a sustainable society, and to establish a virtuous cycle of growth through the transformation into a balanced business portfolio, thereby contributing to the resolution of diverse social issues.



Expanded Konan Plant, Engineering Plastics Division



Medical Business

Creating a Brighter Future Through Innovation in Biomaterials and Devices

The medical business advances the research and development of medical devices that leverage the functions of bioabsorbable polymers. Since beginning basic research in 1982, we have applied the technologies we have developed over many years in the manufacturing and sale of medical devices. Our product portfolio centers on bioabsorbable medical devices ranging from reinforcement felts and bone fixation devices to artificial dermis and adhesion barriers, and it also included outstanding technologies and innovative products from external partners. Through this, we continue to broaden our reach to include more medical specialties and geographic markets.

Actions Implemented in VISION 2030 stage1

Under VISION 2030 stage1, the medical business was positioned as a growth driver for the Gunze Group. In FY2023, it was separated from the functional solutions business to become an independent segment. The business was subsequently transferred to Gunze Medical Limited through an absorption-type split, accelerating its growth into a fully integrated medical devices company involved in everything from research to sales. This reorganization has accelerated product development to reflect clinical needs, improved organizational agility so that the medical business can respond to the rapid changes in the medical device industry and increased efficiency.

After years of development, the medical business launched a new adhesion barrier in 2023 targeting the large-scale market. As the product addresses clinical needs, it has been rapidly adopted. To support the growing demand for this new growth-driving product, we built a new plant to expand production capacity. To fulfill the higher volume of products required because of the growth of sales, our flagship Ayabe Plant in Kyoto Prefecture introduced automation and labor-saving equipment, establishing continuous processing and automated packaging lines for reinforcement felts.

FY2024 Business Overview

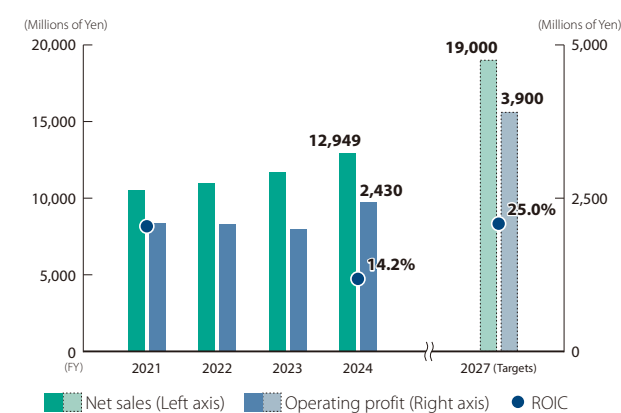
In FY2024, we worked to increase the percentage of our product portfolio that is responsible for overseas sales, the domestic sales ratio of our in-house products, and the percentage of our domestic sales that are from new products. By product category, reinforcement felts performed steadily. We defended our position against new competition in Japan while achieving strong growth in China through strengthened collaboration with distributors and increased usage in medical facilities. Bone fixation devices continued to grow, driven by market share gains in Japan following the launch of our new early-degradation product, although performance in China was constrained due to purchasing controls enacted under medical regulations focused on high-cost products and services. Artificial dermis performed well, supported by increased new account acquisition in the United States. Adhesion barriers advanced due to strengthened sales efforts, with new accounts received and their penetration of existing facilities increasing market share.

Among imported products, medical lasers remained sluggish despite signs that the market was recovering, as they were impacted by industry restructuring. In contrast, sales grew for a human amnion-based material that promotes tissue healing

(dehydrated human amnion/chorion membrane allografts, dHACM). This material is used in the treatment of intractable diabetic foot ulcers and venous leg ulcers.

As a result, net sales amounted to ¥12,949 million (up 10.7% year on year), and operating profit reached ¥2,430 million (up 22.0%).

Medical Business Net Sales/Operating Profit



Initiatives for VISION 2030 stage2

The mission of the medical segment is to deliver a brighter future for patients by providing innovative biomaterials and devices. Guided by the motto "With compassion and dedication," we are committed to contributing to the advancement of medicine and to becoming one of Japan's leading medical device manufacturers.

Our portfolio spans five medical fields, neurosurgery, Respiratory/abdominal surgery, craniomaxillofacial surgery, wound care and aesthetic medicine, and we aim to continuously provide new value and expand our business by remaining the trusted choice in each area.

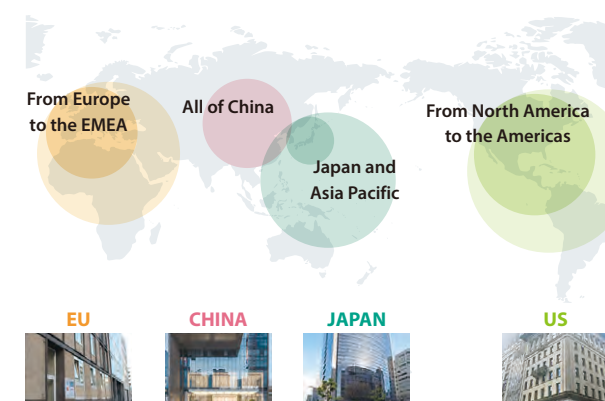
Neurosurgery [NEURO] Bone fixation devices Artificial dural substitutes  Bone fixation devices: No. 1 in Japan Artificial dural substitutes: No. 2 in Japan	Respiratory/Abdominal [Surgical] Reinforcement felts Adhesion barriers  Reinforcement felts: No. 1 in Japan No. 1 in China Adhesion barriers: No. 4 in Japan	Craniomaxillofacial [CMF] Bone fixation devices  Bone fixation devices: No. 1 in Japan No. 2 in China	Wound [WOUND] Artificial dermis Human amnion/chorion membrane  Artificial dermis: No. 1 in Japan No. 1 in China Human amnion/chorion membrane: Japan exclusive	Aesthetic [Aesthetic] Medical lasers Cranial reshaping helmets  Medical lasers: No. 2 in Japan Cranial reshaping helmets: No. 3 in Japan
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Through our sales activities to date, our products have strongly penetrated the Japanese and Chinese markets, securing a large or the largest share of these markets. Looking ahead, we aim to continue to expand our global presence by establishing four hubs in Japan, Shenzhen (China), New York (U.S.), and Düsseldorf (Germany) to serve the Asia Pacific, China, the Americas, and the EMEA (Europe, Middle East, and Africa), delivering our products as quickly as possible to the countries where they are needed.

business development to enable us to consistently deliver innovative products to our portfolio in a timely manner.

To enhance collaboration, we established the Ayabe Interactive Center (AIC) in Gunze's birthplace, Ayabe. It is a new R&D facility for the exchange of technologies. In addition to Ayabe, we have people assigned in Tokyo, Osaka and Shenzhen, creating an environment where diverse R&D talent can fully demonstrate their capabilities.

We have also strategically invested in the establishment of a four-plant system. The first plant in Ayabe, our mother factory, has expanded its production capacity for the mass production of existing products. The second plant, positioned as our development facility, has enhanced its incubation functions for the development of new products. The third plant, newly constructed and dedicated to adhesion barriers, is equipped with the latest automation technologies. The Pingshan Plant in China has broadened its product lineup. By fully leveraging the distinct roles of these four plants, we aim to further strengthen our position as a manufacturer with in-house development capabilities while bearing BCP in mind.



Leveraging Gunze's strength in product development, we pursue a pipeline strategy aligned with our global portfolio, advancing the dual pillars of materials and devices in collaboration with physicians and partners. This is supported by a robust development framework that spans the entire cycle from concept planning and research to product development, clinical development and

First plant Mass production plant of existing products 	Second plant Laboratory plant of development products 
Third plant Mass production plant of adhesion barriers 	China Pingshan plant Proactive localization in China 

Apparel Business

Pushing Forward with Structural Reforms to Rebuild the Apparel Business Into a Profit Engine for Growth Under Vision 2030 stage3

Profitability and other challenges emerged during stage1, underscoring the need to review our strategies for the apparel business. Given that the apparel business is synonymous with Gunze's corporate image, transforming it into a sustainable business model will lead to the enhancement of the corporate value of the Group as a whole. To withstand external pressures, such as exchange rate fluctuations, climate change, and the decrease of Japan's population, we will fundamentally review our business model while advancing the reform of our organization and our mindset to strengthen the structure of our business. To push forward with this reform, we launched a company-wide project this fiscal year led by the Management & Strategy Department at our headquarters. We will implement structural reforms without any sacred cows in the two years through FY2026, and we will shift our focus from expanding production and sales to pursuing profit. We will work to improve capital efficiency and rebuild the apparel business into a profit-generating business.

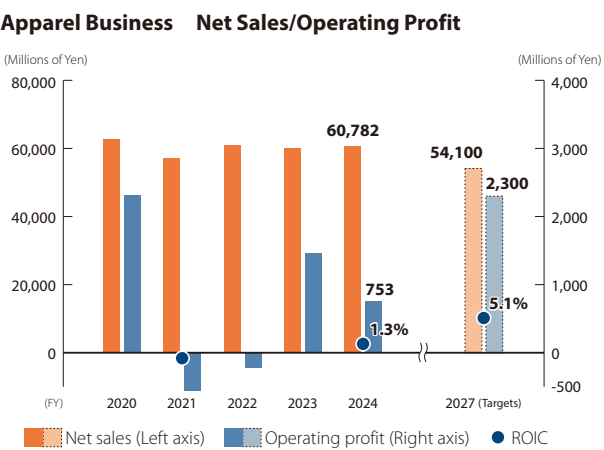
Actions Implemented in VISION 2030 stage1

In stage1, launched in FY2022 amid the impact of the COVID-19 pandemic, the key strategies formulated at that time included the promotion of business operations aligned with the growing awareness of the SDGs, such as sustainable procurement and operations that reduce CO₂ emissions and waste, and the review of product categories in line with consumption trends, including health, femtech and casual wear. We also focused on product strategies to capture demand in the expanding e-commerce market, prompted by the decline of apparel purchases at mass retailers. Despite the challenging external environment, including the prolonged impact of the pandemic and exchange rate fluctuations, we continuously revised prices and implemented an

organizational restructuring (including the abolition of the divisional system). We also advanced structural reforms in the legwear business (including the closure of overseas factories and the consolidation of operations into a single domestic plant) and accelerated the shift toward D2C channels. As a result, operating profit improved ¥1.9 billion between FY2022 and FY2023, enabling us to return to profitability. However, in FY2024, the final year of stage1, the sales volume declined within the innerwear group and the losses in the outerwear group increased amid the ongoing contraction of the domestic market, leading to increasingly severe business conditions.

FY2024 Business Overview

In FY2024, the weaker yen drove consumer sentiment toward two extremes: a preference for low-priced items reflecting thrift-consciousness, and for quality products that could be used for the long term. As the low-price segment expanded, we sought to counter the declining innerwear sales volume by promoting high-value-added products featuring differentiated technologies, such as KIREILABO women's innerwear and the newly launched Asedoron. Positive results were achieved through these initiatives, but the business was impacted by the rapid structural changes in the sales channels. In contrast, in the textile materials field, the local production for local consumption strategy implemented at our five sewing thread production and sales bases across Asia worked well. As a result, net sales in the apparel business totaled ¥60,782 million (up 1.1% year on year), but operating profit declined significantly to ¥753 million (down 48.6% year on year).



Initiatives for VISION 2030 stage2

Fundamental structural reforms in the apparel business

1. Focused specialization strategy

In the apparel business, product diversification has diluted value appeal and lowered efficiency due to the reduced production and sales volumes. We will narrow our focus to profit-generating categories where we can leverage our strengths and pursue unique value propositions while eliminating inefficient low-margin brands. By strengthening value-based marketing and ensuring appropriate price pass-through, we will work to improve profitability.

2. Value chain reform

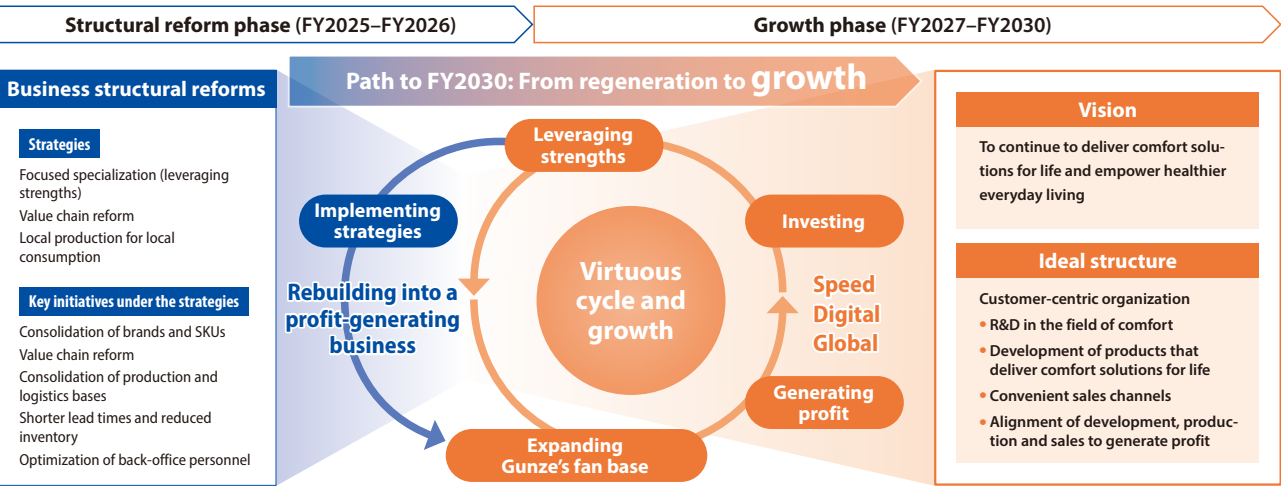
Aligned with the focused specialization strategy, we will review back-office processes and structures from planning and development through to production and sales while optimizing production and logistics bases. We will reform production to consolidate operations into sites that have sustainable advantages, and we will reform logistics to centralize facilities based on our inventory optimization and functional restructuring efforts. We will also implement the Next Challenge Program, a voluntary retirement scheme designed to support employees transitioning in their careers, as we aim to enhance efficiency through advanced management and resource concentration. Leveraging the product planning data and digital technologies we have accumulated, such as task navigation technologies, and our agile operations, we will also accelerate the shortening of lead times from planning to delivery. Through this asset-light approach, we aim to improve capital efficiency and build a leaner, more resilient value chain.

Implementation	Goals
Consolidation and reorganization of production bases Consolidating domestic innerwear production from three factories into one	Aiming to strengthen Gunze's unique value while enhancing cost competitiveness - Concentrating domestic production at the Miyazu Plant (Kyoto), which also serves as a development hub, to establish a sustainable production base for value-added products, such as the Kaiteki Kobo natural material brand - Transferring domestic technologies for the KIREILABO bonded and seamless brand to overseas production sites to further improve cost competitiveness
Consolidation and reorganization of logistics bases Reducing logistics centers from nine to seven	Reducing inventory through consolidation and strengthening functions through reorganization - Reducing logistics inventory by increasing production agility and shortening lead times in alignment with production-base consolidation and the focused specialization strategy - Reorganizing logistics functions to better serve key customers and e-commerce channels, with greater use of outsourcing

3. Local production for local consumption strategy

The apparel business has largely relied on importing products manufactured overseas for domestic sale, what is called a "bring-back" business model, so it has been highly vulnerable to exchange rate fluctuations. To drive growth in the future, we will review overseas sales channels, explore new alliances, and focus on ASEAN markets, where consumer body types are closer to those in Japan and production know-how can be effectively transferred. We will also allocate workforce resources (planning, development, and sales personnel) locally to increase the agility of our operations.

Apparel business structural reform roadmap



Lifestyle Creations Business

Shift Low-Profit Assets to Growth Areas and New Businesses, Enhance Group Growth and ROIC

In the lifestyle creations business, Gunze engages in real estate development in the real estate-related business, based on the utilization of Company-owned land. We operate shopping centers that are closely tied to local community life as well as businesses for housing and office building rentals, supplying our customers with pleasant spaces that provide a feeling of comfort. In the landscaping and greening business, we are developing environmental businesses that create a sustainable society where people can live in safety and health by providing greenery. Our main business areas are tree sales, by which we supply plant materials and seedlings, flower sales that add color to everyday life, and landscaping that contributes to creating living environments with an abundance of greenery. In addition, the mission of the sports club business is to foster fertile minds and healthy bodies through sports and to support people's happiness. By operating 14 sports clubs, mainly in the Kansai region, we are providing essential services that complement social infrastructure as bases for local communities.

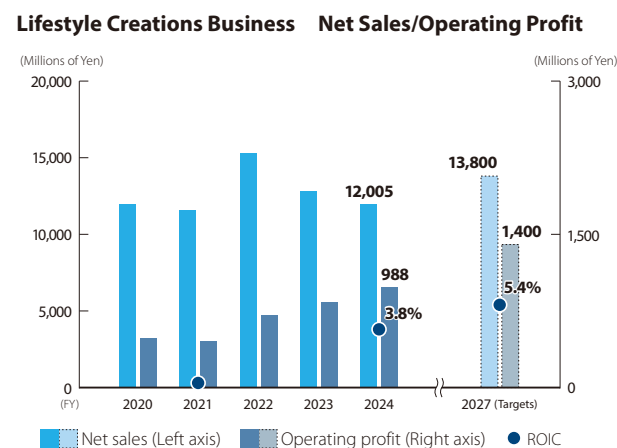
Actions Implemented in VISION 2030 stage1

In the real estate business, we renovated our flagship shopping center, Gunze Town Center Tsukashin (Amagasaki City, Hyogo Prefecture), guided by the concept of creating a facility that is both people-friendly and environmentally friendly. In the landscaping and greening business, we carried out large-scale deliveries for major projects, such as the Expo 2025 Osaka, Kansai, Japan and the Osaka Station redevelopment, guided by the strategy of

"increasing greenery for society" to contribute to local communities. In the sports club business, we launched new initiatives to revitalize our fitness operations, which had been affected by a decline in membership due to COVID-19. At the same time, we also expanded our core school operations. As part of structural reforms, we reviewed our business and closed unprofitable locations, steadily improving profitability.

FY2024 Business Overview

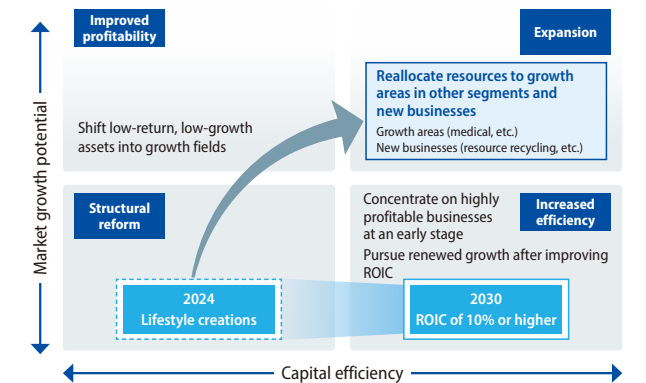
In the real estate business, overall revenue declined due to the absence of sales from idle land development projects recorded in the previous fiscal year. In shopping center operations, however, foot traffic recovered in Tsukashin, supported by its renovation. In the landscaping and greening business, large-scale deliveries for major projects in the Kansai area were moved forward, but nationwide performance was impacted by economic uncertainty. We continued the structural reforms in the sports club business, including the closure of unprofitable locations, in an effort to improve profitability, and strengthened new service initiatives, such as school swimming classes in swimming operations and health support programs for seniors in fitness operations. As a result, net sales amounted to ¥12,005 million (a 6.4% decrease from the previous fiscal year), while operating profit reached ¥988 million (an 18.7% increase from the previous fiscal year).



Initiatives for VISION 2030 stage2

Real estate business

As the real estate business continues to post a negative Gunze Value Added (GVA), which is a financial indicator, it is necessary, as part of structural reforms, to assess the efficiency of the retained assets and determine whether to continue each business. We will work to improve the profitability of low-return assets, and in cases where improvement is difficult, proceed with their disposal or downsizing to convert them into cash. These funds will then be shifted into growth areas, enabling us to build a leaner business, improve ROIC, and contribute to the growth of the Group as a whole.



Landscaping and greening business

Gunze Green Co., Ltd. pursues its philosophy of "Creating the future through greenery" by engaging in environmental businesses that use flowers and trees to help realize a sustainable and comfortable society. By harnessing the power of flowers and greenery, we create new value to enhance urban landscapes and enrich people's lives, contributing to safe, comfortable and verdant communities. We are also developing our e-commerce business by integrating our flower and greening operations, leveraging our dedicated VENTO PIANITA website and external online malls to serve the diverse needs of both individual and corporate customers. Our services are a combination of our strong proposal capabilities, convenience and quality. In collaboration with Kyushu University, the Natural Capital Credit Consortium and Gunze's Environmental

Impact Strategy Promotion Office, we are advancing projects to secure carbon credits through the supply of greenery, and projects to visualize and leverage CO₂ fixation. Looking ahead, Gunze will continue to accelerate initiatives that contribute to the realization of a carbon-neutral society.



Trees supplied for the Forest of Tranquility at Expo 2025 to move toward a comfortable society where people and nature are in harmony

Sports club business

In the sports club business, we support our members in the maintenance of their health and fitness while also aiming to create communities that enrich their lives. During stage2, we will continue to strengthen these efforts, expanding into the fields of education and healthcare to become an indispensable presence in local communities. In our school operations, we have long practiced our Three Disciplines that embody Gunze's founding spirit, exchange greetings, participate in cleaning, keep your personal belongings in order, to facilitate children's personal growth. In stage2, we will provide high-quality instruction from professional instructors to expand commissioned school swimming programs, particularly in elementary schools where there are challenges, such as aging facilities and the reform of teacher workloads. Through these efforts, we aim to help address social issues. We will also broaden the range of services and programs that we provide to meet diverse needs, creating welcoming spaces for children and parents alike. In our fitness operations, in addition to providing the enjoyment of exercise to relieve stress and promote health, in stage2, we will increase our focus on services in the healthcare domain, such as

frailty prevention and health maintenance services for middle-aged and older adults. We will also expand our participation in local government-commissioned health support programs, helping to reduce medical costs, extend people's healthy life expectancy and solve other social issues. By enhancing our services for senior people and the younger generations alike, we will continue contributing to the well-being of local communities.



Instruction in contracted swimming lessons (Kyoto Yawata club)



On-site classes in frailty-prevention classes to extend people's healthy life expectancy (Kobe City)

Cross-Functional Engineer Strategy



Hiroyuki Yoshizaki

Deputy Section Manager,
Technical Development Section,
Technical Department,
Plastic Film Company

[Career]

Joined Gunze mid-career in 2004 and assigned to the Technical Development Section of the Plastic Business Department. He was transferred to Fukushima Plastics Co., Ltd. in 2010 and to Plastic Film Company's Technical Development Section in 2015 and gained experience there. In 2022, he became a manager of the Manufacturing Section of Gunze Plastics & Engineering of Vietnam Co., LTD. to supervise local production. As a manager of Plastic Film Company's Technical Development Section, he has assumed the heavy responsibility of leading our product development efforts since 2024.

Plastic Films

Resource-recycling strategy in plastic films

Easy to process and durable, plastics are a material that is rooted in people's every-day lives. However, plastics are derived from petroleum, so we are facing global problems. As a plastic film manufacturer and distributor, we are using our collective expertise to fulfill our responsibility to help establish a sustainable society by addressing three global issues: global warming, the depletion of the earth's resources and marine pollution. One initiative we are engaged in is the complete elimination of waste from factories. Simply put, this means recycling all of the plastic waste generated at manufacturing sites. We have a good chance of achieving this at our Moriyama Plant, our core plant, and we are expanding these efforts to our overseas production bases. One of Gunze's strengths is multilayer-oriented films, and some of these products

are hard to recycle as they are. We are working to establish a technology for separating different types of materials leveraging the differences in the solubility of the different resins. Going forward, we will collect printing scraps generated at customers' sites and try to reuse them. To date, these scraps have been disposed of. Our initiatives utilize the in-house knowledge we have accumulated in many different businesses and fields. We will promote technological innovation and contribute to the development of a recycling-oriented society.

The Medical Group is reorganizing to combine research, development, manufacturing and sales into a one-stop system. This narrows the distance between us and our customers. We have many more opportunities to listen directly to the opinions of healthcare professionals. Consequently, we are aware of problems and complaints which we have tended to overlook. Now we have a system for providing correct feedback to our product development personnel. As Gunze's credibility has increased in healthcare

Combining biomaterials and medical devices Product development that is reactive to the opinions and complaints of healthcare professionals



Masato Sasaki

Senior Manager,
Development & Research Department
Development Group
Gunze Medical Limited

[Career]

Joined the company in 2006 as a salesperson. As a sales office manager, he gained experience in team management. He then worked as a promotion manager and became involved in global operations as a manager of a division introducing overseas products into the domestic market. Leveraging his experience, he is currently a senior manager leading the development division.

Medical

Combining the technological strength we have accumulated and the creativity and communication skills of our human resources, we take sustainability one step further. Seek to create new products and services sincerely, steadily and adventurously. This is a unique characteristic of Gunze. Here are a few examples of our efforts in many different divisions and fields.

Gunze, a technology-driven company. We continue to take on challenges.



Takashi Kuraoka

Manager,
Product Development Section,
Technical Development Center,
Engineering Plastics Division

[Career]

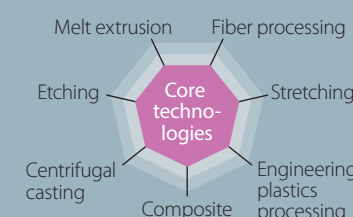
Joined Shiga Research Center in 1992. He was transferred to the Management Strategy Office of the Management & Strategy Department in 2012 and was involved in the formulation of strategies for the whole company. He became a manager of the Technical Development Center in the Engineering Plastics Division in 2016. Since 2018, he has been working as a manager of the Product Development Section of the Technical Development Center promoting development operations of the engineering plastics business.

Engineering Plastics

Collaborating in the development of customer-friendly optimized custom products

Our engineering plastics business is characterized by its customer-oriented solution proposals. To solve the problems customers face, our engineers accompany salespeople and directly communicate with customers to propose products and technologies that may be the solutions they need. To propose valuable solutions, you must have communication skills so that you can investigate the problems customers are experiencing and get down to their root causes, and you must have the technical skills to create solutions. To continue to refine these two different skills, we have defined seven core technologies and combine them to provide customized products. To continue to expand into new markets and products, we must continue to refine our technologies. This is a sort of technology cross-training. For example, the tube extrusion and stretching technology

developed in the office automation field has evolved into a more powerful technology by matching it up in the healthcare, semiconductor and electronic component markets. This has improved engineers' skills and we are achieving customer-friendly and collaborative product development activities.



The environment surrounding our business operations has rapidly changed in recent years. Today, we are in what we call an age of uncertainty that is characterized by the difficulty of foreseeing the future. To increase our competitive advantage, quickly adapt to changes in the market and continue our business operations, we must transform our operational processes using digital technologies. Regarding indirect operations, sales and product divisions, the Technology & Development Department is pursuing initiatives such as the

Providing DX-based support from a position that is close to the Company's divisions

streamlining of operations using RPA*1 and OCR*2 tools and the development of data-driven sales processes and production processes where the goal is for them to be automated and autonomously controlled. In developing a production process with the goal of it being automated and autonomously controlled, we are pursuing a shift to a smart factory to increase productivity and quality with initiatives such as reducing the dependence on specific individuals by using robotics, sensing technologies and other measures to address the labor shortage and maximizing equipment efficiency via optimized AI-based production plans.

*1 Robotic Process Automation (RPA) is the robot-based automation of formulaic operations using computers, etc.

*2 Optical Character Recognition (OCR) is the digitalization of handwritten and printed data



Takahiro Yoshioka

Manager
Process Development Office,
Technology &
Development Department

[Career]

Joined Kyoto Research Center Mechatronics Laboratory in 1996. He was transferred to Laboratory 3 of the Research & Development Department in 2002 and to the Design Sub-department of the Mechatronics Department in 2017. Since 2024, he has worked in the Process Development Office of the Technology & Development Department. Currently, he is promoting automation that is optimized for different business departments' manufacturing processes and production process innovation.

Technology & Development

Global Strategy

Entering a New Global Stage

With business locations worldwide, Gunze is expanding its global strategy. We are committed to sustainable efforts such as the overseas expansion of the resource-recycling model established in Japan and the development of our global human resources and network. We are also developing products in consideration of local needs and the global market.



Our global strategy is the core of the growth story described in VISION 2030. We interviewed the managers of business divisions who are actively working to implement the strategy.

Q.1

How are your global strategies progressing in each business area?

Ishikawa

In the textile materials field, we make and sell products in four countries, Vietnam, Indonesia, China and Bangladesh. About 15% of textile materials are sold in Japan, and the remaining products are sold locally in different countries. We will expand these local sales. If we divide local sales by customer type, Japanese, local and Western, Japanese customers make up 60% of sales. Major SPA retailers account for a large portion of sales to Japanese customers—more than 30%. With production factories in four countries, Gunze's sales to Japanese customers have been strong as these customers shift their production operations overseas.

Overseas, local sales will be expanded.

— Textile materials



Matsuda

In the medical field, products made in Japan are exported overseas (to the United States, for example) for sale, and we sell products made in China in both China and Latin America. We also import products made by foreign companies to Japan for sale. We are expanding globally. We have overseas offices in China, the United States and Germany.

Hanaoka

In the plastic films field, we have production bases in the United States, China and Vietnam, and we are implementing a strategy of local production for local consumption. For sustainability reasons,

the global market is pursuing increased recyclability through the shift to mono-materials. At the same time, we have to address problems such as the deterioration of functionality and the increase of costs. Companies are looking for solutions.

Q.2

Where is the global strategy in the Medium-term Management Plan going?

Matsuda

In the medical field, we primarily target China, United States, Europe and Asia. Our attention is on the worldwide increase of the urban population and the advances in healthcare standards. To meet the needs of emerging markets, we will work to deliver our products wherever they are needed as quickly as possible.

Innovative medical devices are being developed all over the world. We will work on product development from a global perspective and continue to deliver excellent products developed by our partner companies all over the world to patients in Japan, in addition to selling our products overseas.

Hanaoka

Against the backdrop of the changes in the global petrochemical industry, Gunze is maximizing its strengths, and it seeks to establish sustainable competitive advantages. The advantages of Gunze's plastic films lie in its multilayer-oriented film technology. Products can be made

We use our multilayer-oriented film technology to roll out competitive products that are a balance of functionality and cost.

— Plastics



multifunctional by layering multiple resins, and, by thinning the films, costs can be reduced while retaining the functionality of the resins. Through efforts such as these, we will roll out GEOPLAS®, a competitive product that balances functionality and cost, in a global market where price competition is fierce.

Ishikawa

Going forward, we will expand our operations by acquiring customers from Western countries which occupy an enor-

mous part of the market. In Bangladesh, the percentage of customers that are Western customers has increased in the last few years. Today, they account for more than 60% of sales. Globally, China, Bangladesh, Vietnam, Turkey, India and Indonesia are the largest exporters of clothing in terms of value, in that order. Gunze has production and sales bases in China, Bangladesh, Vietnam and Indonesia, and we are considering establishing bases in the fourth- and fifth-ranked countries, Turkey and India. Growth has been slowing in China and Indonesia, but we will continue to operate in these countries while achieving significant growth in Vietnam and Bangladesh to explore new bases and expand our strategy of local production for local consumption.

Q.3

What is needed to achieve a more sustainable global strategy?

Hanaoka

The resource-recycling model established in Japan will also be expanded overseas and, even in the rapidly changing market environment, we will flexibly and quickly make decisions to provide high-quality products and innovative technologies and strive to be a globally trusted manufacturer of materials.

Ishikawa

We will remain committed to the contin-

GUNZE'S NEW INITIATIVE

ued improvement of our product development capabilities and the training of global human resources to support these capabilities. They are the most important factors for sustainable growth.

Matsuda

By engaging in human resources development activities, we will increase the diversity of our workforce, including people



Continue to improve product development capabilities and train global human resources to support these capabilities

— Medical

who wish to work overseas, were born overseas and are active overseas. The scope of these people's activities will be broadened. We will also deepen our partnership with overseas companies and human resources and pursue the development of a global network. Our basic product development policy is to meet local needs in light of the global market. First, we visit a country, understand their rules, learn about the latest technologies and also look for local partners who are willing to sell our products and overseas partners who will let us sell their products in Japan. In this way, we will increase our cooperation with partners all over the world.

CULTIVATION
EXPANSION
CREATION

Kenzo Ishikawa

Corporate Officer
General Manager,
Threads &
Accessories Division



Shojiro Matsuda

Director and
Corporate Officer
Representative Director and
President of
GUNZE MEDICAL LIMITED



Yuji Hanaoka

Corporate Officer
President,
Plastic Film Company



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 relationships with each stakeholder and strengthen and upgrade our internal control functions as a way to enhance our corporate governance.

Initiatives to Enhance Corporate Governance

To accelerate business decisions and to strengthen the management supervision function, the Gunze Group introduced a corporate officer system and reduced the number of Directors in FY2005. Having clarified the management responsibilities of Directors, we revised their term of office in 2006 from two years to one year with the goal of establishing a management framework that can respond more quickly to changes in the business environment. At the same time, we began appointing outside Directors in an effort to ensure the transparency of management. In addition, we have striven to enhance our corporate governance by having the Board of Directors make a final decision on nominating candidates for

Director positions following deliberations by the Nomination/Remuneration Committee. The Nomination/Remuneration Committee was established in FY2019 as an advisory committee to the Board of Directors, comprises the Representative Directors and outside Directors, and is chaired by an outside Director. Moreover, in 2015 we formulated the Gunze Corporate Governance Guidelines as the basic policy for corporate governance by the Gunze Group. We revised these Guidelines in 2021.

Gunze Corporate Governance Guidelines
<https://www.gunze.co.jp/english/ir/policy/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 June 25, 2025). The Corporate Auditors attend the Board of Directors and other important meetings, conduct onsite audits of business and management divisions, and inspect domestic and overseas subsidiaries, while performing other duties, in order to fulfill their management supervisory function. The current management structure comprises nine Directors (of

whom two are women), including three outside Directors. Moreover, the Company has introduced a corporate officer system to facilitate accelerated business decisions and to strengthen the business execution system, and has appointed 16 corporate officers, including six who also serve as Directors. To clarify management responsibilities and to 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 as a result of realizing this level of corporate governance, and striving to maximize corporate value in the long term. To fulfill its responsibilities, the Board of Directors executes oversight functions over 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 counteractions. 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 (held 13 times in FY2024), during which it makes decisions on important matters related to business execution and matters stipulated by laws, regulations, and the Articles of Incorporation. It also supervises the status of the execution of duties by Directors.

Discussions at the Board of Directors

In addition to matters stipulated by laws, regulations, and the Articles of Incorporation, quarterly settlements, the next fiscal year's policies, operating budgets, and other individual matters are discussed as important business matters, and reports and information from each executive division are shared in a timely and appropriate manner. Outside Directors and other officers proactively ask

questions, raise issues, and hold discussions from a variety of perspectives. During FY2024, particularly vigorous discussions took place regarding the Company's direction from a medium- to long-term perspective, formulation of the Medium-term Management Plan VISION 2030 stage2, and how the Board of Directors should operate. Additionally, proposals and reports regarding individual matters were made and deliberated on, including the construction of a new building (factory building) in the engineering plastics field, the introduction of surgical support robots in the medical business, structural reforms in the electronic components field, business transfers in the mechatronics field, and structural reforms in the apparel business.

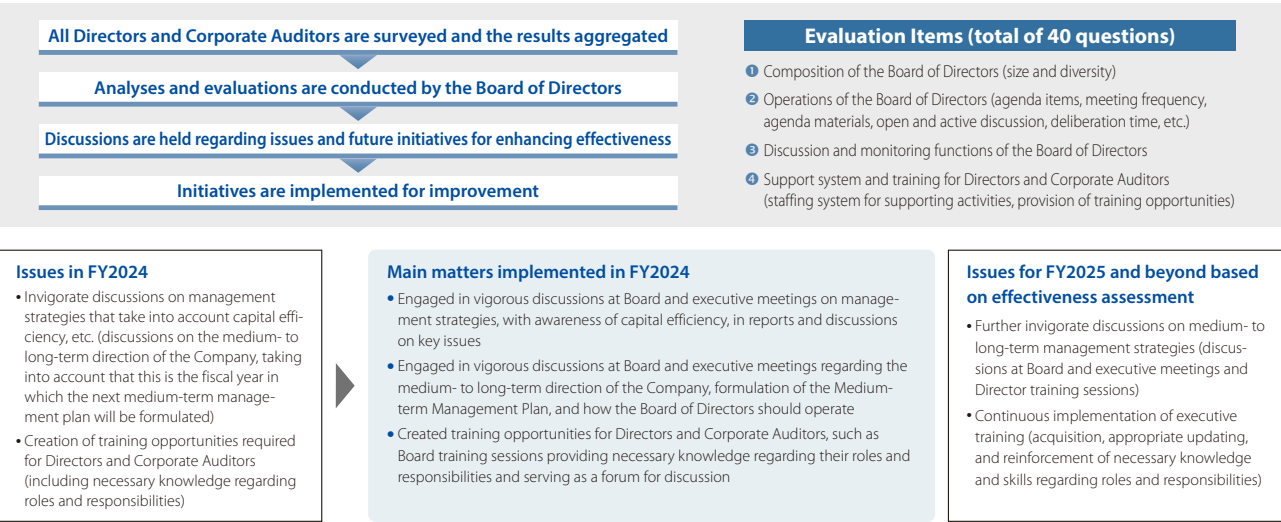
FY2024 meeting results

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Board of Directors	13	32	53	100%	100%
Main agenda items and reports					Number
Management strategies (including Medium-term Management Plan)					10
Financial results / financial affairs					16
Organization and personnel					15
Governance					11
Individual matters					22
Other					11

Assessment 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 Company officers and submit their results to the Board of Directors. Based on the aggregate results, the Board of Directors analyzes and evaluates its overall effectiveness each year. Since FY2019, the Board of Directors has been conducting self-evaluations and analyses with advice from an external organization. In March 2025, all Directors and Corporate Auditors who comprise the Board of Directors responded to a survey conducted by the Company. As they responded directly to an external organization, they were assured anonymity in their responses. Based on a report and advice from the external organization on the aggregate results, a report was made to the Board of Directors, and the results were evaluated and discussed. Generally positive evaluations were obtained from the survey in terms of composition, operations, agenda items, execution of individual roles, and mutual supervision, among others. Taking into consideration the changes in the evaluation results following the employment of the external organization and comparisons with the previous year's evaluation and external data, we believe that the effectiveness of the Board of Directors as a whole is ensured with stability. Going forward, we will implement measures to address the identified issues and continue our efforts to further enhance the effectiveness of the Board of Directors.

Analysis and evaluation process



Board of Corporate Auditors

In principle, the Board of Corporate Auditors meets regularly prior to meetings of the Board of Directors and also convenes as necessary for extraordinary meetings. It receives reports, deliberates, and makes resolutions on important matters pertaining to audits, in accordance with laws and regulations, the Company's Articles of Incorporation, and the Board of Corporate Auditors Regulations.

FY2024 meeting results

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Board of Corporate Auditors	15	20	26	100%	100%



Activities of Corporate Auditors

The main activities of the Audit & Supervisory Board members are as follows. The main activities carried out by the full-time and part-time Audit & Supervisory Board members are marked with a ● or ○.

●: Responsibility ○: Partial responsibility

Activities	Number of times, etc.	Job assignments		
		Full-time	External part-time	Part-time
Attendance, expressing of opinions at Board of Directors’ meetings	13 times	●	●	●
Attendance, exchanging of opinions at meetings of outside Directors (reporting sessions on initiatives from head office and business divisions)	9 times	●	●	●
Attendance, expressing of opinions at other important meetings (Executive Committee meetings, budget meetings, business group head meetings, risk management and other committee meetings)	39 times	●		○
Viewing, verification of important documents (approval documents, such as requests for approval, important contracts)	As needed	●		○
Individual meetings and exchanging of opinions with Directors (including one exchange of opinions with outside Directors)	18 times	●	○	○
Individual interviews with corporate officers and senior employees, hearings on business execution status, and exchanges of opinions	99 times	●	○	○
Visits to and surveys of major offices and affiliated companies	28 entities	●	○	○
Attending inventory inspections at major business sites and affiliated companies	3 entities	●		
Investigation, monitoring, and verification of the development and operational status of the internal control system through the above activities, and collection of voluntary inspection forms from departments and offices	Voluntary inspection 44 entities	●	○	○
Cooperation with subsidiary auditors (Group auditors’ liaison meetings, individual communications)	Liaison meetings 2 times	●	○	●
Cooperation with internal audit divisions (meetings to confirm audit plans, receive regular reports, etc.)	10 times	●	○	●
Cooperation with independent accounting auditors (meetings relating to audits and reviews, etc.)	12 times	●	○	○

Director and Corporate Auditor Appointments

Regarding the nomination of Director and Corporate Auditor candidates and the appointment of senior management, the Nomination/Remuneration Committee deliberates on each matter based on the selection criteria stipulated by the Board of Directors, after which the Board of Directors makes a final decision. When appointing Directors, given that the Gunze Group operates its functional solutions, medical, apparel, and lifestyle creations businesses in a diversified and global manner, the Board of Directors as a whole must ensure appropriate and prompt decision-making and oversight of execution for these business activities. To achieve this, our fundamental policy is to form a well-balanced Board of Directors consisting of a balanced mix of Directors, considering diversity including gender and internationality. This includes Directors appointed from within the Company with knowledge, experience, and skills in each business field, as well as in finance and accounting, technology development and research, sales and

marketing, legal affairs, and human resources; and multiple outside Directors who can provide active advice and proposals from a fair and objective standpoint, leveraging their management experience at other companies and their specialized knowledge and experiences from outside the Company. Appointments are decided by the Board of Directors, following deliberation by the Nomination/Remuneration Committee. When appointing Corporate Auditors, our basic policy is to form the Board of Corporate Auditors with individuals capable of expressing fair opinions from a professional perspective and independent standpoint, including at least one person possessing appropriate expertise in finance and accounting. Appointments are decided by the Board of Directors, following deliberation by the Nomination/Remuneration Committee and with the consent of the Board of Corporate Auditors. With regard to executive directors, such as Representative

Directors, and Corporate Officers who are members of senior management, if the Nomination/Remuneration Committee finds, as a result of its annual review, that their performance meets the criteria for dismissal established by the Board of Directors, the Committee may recommend dismissal to the Board of Directors. If

the Board of Directors, after verifying the review results, concludes that the criteria for dismissal are met, the relevant individuals shall not be nominated as Director candidates, and shall be dismissed from their respective positions as Representative Director or Executive Corporate Officer.

Director and Corporate Auditor Training

Immediately after taking up their posts, newly appointed Directors of the Company, including independent outside Directors, are required to participate in training programs offered by the Director in charge of legal affairs and compliance or external attorneys at law. They are also to be informed about management strategies, financial positions, and other important matters by the President or Director(s) in charge of executing business operations or other

executives named by the President. To fulfill their respective roles, the Directors and Corporate Auditors are required to proactively collect information regarding financial positions, legal and regulatory compliance, corporate governance, and other matters. They must also continuously strive to improve their knowledge and skills. Expenses required for participating in external training and seminars are borne by the Company as claimed.

Nomination/Remuneration Committee

The Company established the Nomination/Remuneration Committee as an advisory body to the Board of Directors. Comprising two Representative Directors and three outside Directors, and chaired by an outside Director, this Committee serves to ensure independence, transparency, and objectivity in decision-making procedures in the nomination of candidates for Director and Corporate Auditor, appointing senior management, and determining remuneration for Directors. In FY2024, the Committee deliberated on the appointment and dismissal of Directors, Corporate Auditors, and Corporate Officers, as well as remuneration for Directors and Corporate Auditors. It also confirmed and exchanged opinions on the state of training/development of senior management candidates, including candidates for Chief Executive Officer (CEO). In FY2022, we revised the executive remuneration system to increase the percentage of performance-linked compensation. After conducting a multifaceted examination, including consideration of the consistency between

the content of individual compensation based on the revised system and the decision-making policy, the Committee reported its findings to the Board of Directors.

Nomination/Remuneration Committee Deliberations and decisions

- Appointment and dismissal of Directors and Corporate Auditors (matters to be resolved by the General Meeting of Shareholders), and appointment and dismissal of Corporate Officers
- Appointment and dismissal of Representative Directors and Directors with titles
- Succession planning (including training/development)
- Limits of Director compensation (matters to be resolved by the General Meeting of Shareholders)
- Director compensation, etc. (including individual amounts)
- Other important matters of business management relating to nomination and remuneration

FY2024 Nomination/Remuneration Committee deliberations

- Appointment and dismissal of Directors
- Appointment and dismissal of Representative Directors and Directors with titles
- Appointment and dismissal of Corporate Officers
- Revisions to Director compensation (including reduction measures)
- Director bonuses and stock compensation
- Training/development of senior management candidates

Directors and Corporate Auditors’ skill matrix

Attributes	Name, Posts, etc.		Years of service [Age]	Nomination/Remuneration Committee member	Internal executive Management in each area of business	Outside executive Management experience at other companies	Main specialty areas				
							Finance/accounting	Production technology/R&D	Sales/marketing	Legal	Internationality
Directors	Male	Toshiyasu Saguchi	Representative Director & President	11 years [63]	○	○			○		
	Male	Takahiro Oka	Representative Director	1 year [62]	○	○			○		○
	Independent Female	Hiroe Nakai	Outside Director	7 years [64]	○(Chair)					○	
	Independent Male	Osamu Kujiiraoka	Outside Director	6 years [69]	○				○		
	Independent Female	Rie Kida	Outside Director	5 years [56]	○				○		
	Male	Ryoji Kawanishi	Director	4 years [62]		○	○				○
	Male	Hirokazu Sawada	Director	2 years [60]			○				
	Male	Tomohisa Okuda	Director	1 year [60]				○			○
	Male	Shojiro Matsuda	Director	— [56]		○		○			○
	Male	Tomio Suzuki	Standing Corporate Auditor	4 years [61]			○				○
Corporate Auditors	Independent Male	Koji Funatomi	Outside Corporate Auditor	2 years [64]			○				
	Independent Male	Norihito Naka	Outside Corporate Auditor	2 years [63]						○	
	Female	Hiroko Yoshioka	Corporate Auditor	— [60]						○	○

• A circle indicates the main skills possessed by each person.

(As of June 25, 2025)

Succession Plan

Under the recognition that the development of a successor for the President is an important matter for management, following deliberations by the Nomination/Remuneration Committee, the Board of Directors formulates a succession plan that specifies qualifications for the post of president and a candidate development policy, and provides final approval for the plan. The Board of Directors

shares this president succession plan among all members of the Board, periodically confirms the development status of senior management with the potential to succeed the President made by the Nomination/Remuneration Committee, and determines a candidate for succeeding the President in accordance with the succession plan when the current President steps down from this post.

Executive Remuneration System

Performance-linked bonuses

Bonuses are paid to Directors as performance-linked bonuses at a fixed time each year. The performance indicator selected as the basis for calculating the performance-linked bonuses is the Gunze Value Added (GVA) for each

fiscal year. The reason for selecting this performance indicator is that it is linked to the Gunze Group’s business performance and shareholder interests, and we determined that it is the most appropriate indicator for raising awareness of improving business performance each fiscal

Corporate Governance

year. The amount of the performance-linked bonus is calculated by multiplying each individual executive's monthly remuneration by the executive bonus coefficient established for each position and the performance-linked coefficient corresponding to the increase/decrease in GVA relative to performance forecasts. The actual GVA for the fiscal year under review was a deficit of 0.9 billion yen (a deficit of 1.6 billion yen in the previous fiscal year).

Performance-linked stock compensation

To raise awareness of the need to improve corporate value over the medium to long term, Directors (excluding outside Directors) are paid restricted stock at a fixed time each year as performance-linked stock compensation. The performance indicators selected as the basis for calculating the amount of performance-linked stock remuneration are a relative evaluation of Total Shareholders Return (TSR) and TOPIX for each fiscal year, as well as an evaluation based on the degree of achievement of company-wide CO₂ emissions reduction target.

Officer Remuneration

Remuneration type	Total amount of remuneration (millions of yen)	Total amount of remuneration by type (millions of yen)			Number of eligible officers
		Fixed compensation	Performance-linked bonuses	Performance-linked stock compensation	
Directors (excluding outside Directors)	138	72	27	38	8
Corporate Auditors (excluding outside Corporate Auditors)	24	24	—	—	2
Outside Directors	21	21	—	—	3
Outside Corporate Auditors	14	14	—	—	2

(Note) The number of eligible officers includes two outside Corporate Auditors who retired at the conclusion of the Ordinary General Meeting of Shareholders held in June 2024.

Business Execution System

Corporate Officers' meeting

	Times held	Number of agenda items	Attendance
Corporate Officers' Meeting	16	54	99%

Main agenda items	Items submitted for discussion/reported
Business strategy	14
Budgeting and financial reporting	19
Finance	7
Organization and human resources	6
Governance and risk management	3
Medium-term Management Plan	2
Individual projects	3

The Executive Committee was established to deliberate and decide on important matters relating to management control and business execution across the entire Gunze Group, based on the fundamental management policies determined by the Board of Directors. It also serves to deliberate and decide on the comprehensive coordination of departmental activities and particularly important individual controls. Its members consist of the President and Directors or Corporate Officers who oversee and are responsible for each functional department and business segment. In FY2024, the Committee met 16 times and discussed and decided upon 54 proposals (FY2023: 17 times, 56 proposals).

The reason for selecting this performance indicator is that it was judged to be the most appropriate indicator for further promoting the sharing of shareholder value with shareholders, raising awareness of contributions to improving the corporate value of the Gunze Group, and for promoting business activities that reduce the environmental burden. The TSR growth rate (compared to the end of FY2021) used for payment in the fiscal year under review was 155.41% (TOPIX growth rate: 149.56%), and the company-wide CO₂ emissions reduction rate (compared to FY2013) was 33.0% (target: 27.0%).

KPI of the executive remuneration system

Remuneration type	KPI (performance indicators)
Bonus	• Reflect the GVA for each fiscal year
Stock compensation	• Reflect relative evaluation of TSR (Total Shareholders' Return) and TOPIX for each fiscal year • Reflect degree of achievement of Companywide CO ₂ reduction goals as ESG evaluation indices

Compensation ratio (%)

	Fixed compensation	Performance-linked bonuses	Performance-linked stock compensation	Total
Representative Director & President	50.0	30.0	20.0	100.0
Directors (excluding outside Directors)	62.0	24.0	14.0	100.0
Corporate Auditors (excluding outside Corporate Auditors)	100.0	—	—	100.0
Outside Directors	100.0	—	—	100.0
Outside Corporate Auditors	100.0	—	—	100.0

(Note) For Directors, the ratio includes remuneration based on the execution of duties.

Business group head meetings

	Number of reports	Attendance (Internal Officers)
Business group head meetings	12	100%

Business group head meetings aim to ensure efficient execution of business within the Gunze Group and achieve business management objectives. Discussions focus on three key areas: (1) thorough dissemination of management policies and important matters, (2) strengthening the operational framework for management participation and internal controls, and (3) efficient execution of business through coordination and control of business group operations. In addition to submitting monthly reports in the prescribed format, in-person meetings are held at least quarterly with the President, Directors and/or Corporate Officers who oversee and are responsible for each functional department and business segment, as well as the functional department heads and business group heads. In January of each year, the responsible departments explain their annual business policy and budget formulation guidelines to ensure thorough understanding. In other months, each business division reports on the latest status of its business management, future outlook, and important operational matters, enabling progress management toward achieving business goals.

Executive meetings

	Times held	Number of agenda items	Attendance
Executive meetings	8	10	90%

Cases	Number of themes
Management policy and Medium-term Management Plan	4
Reports on current status and key initiatives of each business unit	2
Reports on current status and key initiatives of each functional department	2
Status of efforts to address individual issues	2

Risk Management / Information Security

Strengthening the risk management system

The Gunze Group has established a Risk Management Committee to prevent risks in general and respond appropriately to unforeseen situations and contingencies. With the goal of eliminating industrial accidents, misconduct, and all forms of harassment, we are identifying specific risks and working on measures to minimize them. The Risk Management Committee met six times in FY2024, during which it received monitoring result reports from the main departments designated to take charge of each of these risks, verified the execution status of countermeasures, and discussed and determined future action. These initiatives are reported to the Board of Directors, which issues instructions as necessary to ensure the effectiveness of internal controls. Since FY2022, relevant functional departments have collaborated to conduct on-site audits at factories and business sites to prevent misconduct. The Risk Management Committee also regularly shares audit results to drive further improvements. We are also working to strengthen our support system, taking into account the risks faced by employees posted overseas. In light of the succession of large-scale disasters and conflicts occurring both domestically and internationally in recent years, we are strengthening our response framework by developing and reviewing internal regulations to enable swift and appropriate action during emergencies.

Sustainability promotion structure

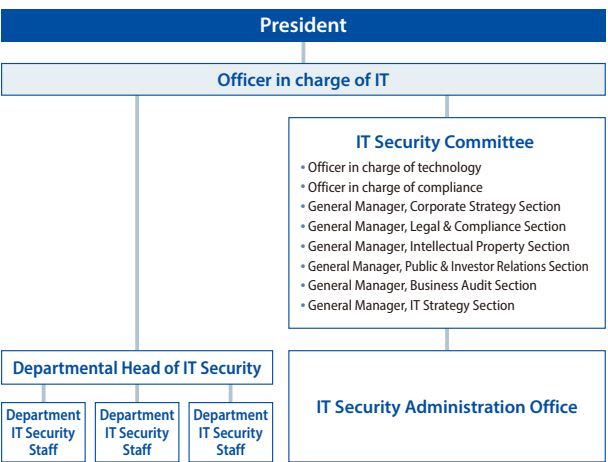


Executive meetings provide an opportunity for outside Directors and Corporate Auditors to actively exchange opinions on issues they face at any time, thereby deepening their understanding of the business. Meetings cover topics such as the Medium-term Management Plan, the current status and key initiatives of each business and functional department, and the state of company-wide efforts to address social issues. In FY2024, eight meetings were held, with Q&A sessions and discussions on ten themes.

Cybersecurity

In FY2006 the Gunze Group established an IT Security Policy, and has since engaged in systematic efforts to understand the risk status of the entire Group based on its organizational structure, formulate basic policies, conduct regular diagnostics and monitoring, respond to incidents, and improve security awareness. The use of the latest digital technologies such as AI, which is necessary to strengthen competitiveness, requires IT security measures to respond to increasingly sophisticated cyberattacks. In addition to taking measures to prevent unauthorized intrusion into systems, information leakage, falsification, loss or theft, destruction, and obstruction of use, and to ensure appropriate management and operation of information systems and networks, we engage in efforts to maintain and improve our information management system through continuous education and enlightenment activities for employees. We have also established an IT Security Committee as part of our system to promote cybersecurity, keep track of security-related situations, formulate countermeasure standards, maintain a management system, and deliberate and decide on necessary measures. In addition, we have established an IT Security Administration Office to implement and supervise the measures decided by the Committee, and instruct and follow up with security officers and personnel in charge of each department on the status of security measures.

IT security operations organizational chart



Outside Executive Roundtable Discussion

For the Gunze Group to Survive in a Rapidly Changing Environment



Osamu Kujiraoka Outside Director

Leveraging his career as an executive officer of a publishing company, Mr. Kujiraoka has been applying his objective viewpoint in the management of the Gunze Group for six years. He provides advice based on his extensive experience and broad knowledge, especially in the medical field, one of the Company's high-growth businesses.

Hiroe Nakai Outside Director

Ms. Nakai has been applying her objective viewpoint in the management of the Gunze Group for seven years based on her ample experience and insight in a wide range of fields as an attorney. Additionally, she enhances Gunze's corporate governance as the chair of the Nomination/Remuneration Committee.

Rie Kida Outside Director

Ms. Kida has been applying her objective viewpoint in the management of the Gunze Group for five years. She offers advice based on her ample experience and broad knowledge, especially in the areas of B2C business and women's empowerment, leveraging her career of being involved in marketing research and support for various activities from her unique perspective.

► Career details P64 → Management Team

What is your evaluation of the pivotal strategies of the previous Medium-term Management Plan, VISION 2030 stage1 ("stage1"). What are your views on future challenges?

Management focused on the cost of capital

Nakai: Gunze has been emphasizing the importance of the cost of capital in its management practices. The Board of Directors discusses issues to achieve management that is focused on the cost of capital. We discussed ways to turn around the electronic components business and took steps with the goal of making it viable for survival. However, we concluded that it would be challenging to improve profits and meet our targets. As a result, we transferred the film and touch panel businesses to other companies and withdrew from the electronic components business by the end of

FY2024. Results in the apparel business diverged from the operating goals in the Medium-term Management Plan primarily due to the declining domestic market. To revitalize the apparel business and sustainably generate profit, we have decided to undertake a structural reform starting this fiscal year. The Board of Directors makes decisions to proactively invest in growth businesses while taking steps to withdraw from low-profit businesses and implement structural reforms. We continue to discuss reforms to ensure the Company becomes sustainable and robust.

The evolution of our corporate culture

Kida: In stage1, we did not meet our engagement score target in terms of affection for the Company, trust in it, and willingness to contribute to it. The main challenge is that many young employees in their 20s and 30s feel that they have limited opportunities to engage in meaningful work, experience sense of accomplishment or grow personally. Regarding the empowerment of women, we met the FY2024 targets for the ratio of women in managerial roles, ratio of women employees, and ratio of women hired on a main career track. Gunze's goal is to increase the ratio of women in

managerial roles from the current 6% to 20% or more by 2030. A key focus for us all is the development of an organizational culture that encourages diverse talent to maintain their desire for personal growth. To cultivate this corporate culture, it is crucial that we review our personnel system. We need to ensure that employees realize that they have opportunities to thrive and that their growth and results are recognized regardless of their age, gender, or years of service.

The creation of new value

Kujiraoka: The separation of the medical business from the functional solutions business, the establishment of GUNZE MEDICAL LIMITED, and the expansion of factories and laboratories have clearly highlighted the medical business's role as a driving force for growth. We greatly appreciate this development as a strong declaration of our intent. Sales and profits in the medical business are growing steadily. To achieve even greater growth, I hope that we will quickly implement collaboration, co-creation, M&A, capital investment and other initiatives.

All of the executives naturally agree that it is essential for every business division to create new value through their own initiatives, thereby strengthening the corporate structure of Gunze as a whole. Gunze's history spans nearly 130 years. It began as a silk manufacturing company and has consistently explored new markets to enhance its corporate value. I believe that Gunze possesses the inherent ability to create new value.

The period of the new Medium-term Management Plan VISION 2030 stage2 ("stage2") is defined as a three-year period for transforming the Company. What was discussed during the development of this theme?

What are the key factors that will enable the Company to achieve the objectives of the plan?

Kida: In stage1, we increased sales and profits, but we did not meet our targets. There continue to be significant issues regarding

profitability. To meet the expectations of our shareholders and enhance corporate value, it is crucial that we improve ROE and

The top priority is the development of an organizational culture that encourages diverse talent to maintain their desire to grow personally.



Outside Executive Roundtable Discussion

ROIC (return on invested capital). These metrics are key indicators of the efficient utilization of capital and the quality of management and are essential for Gunze to grow sustainably. To enhance these metrics, we must review our business portfolio from a company-wide perspective and implement structural reforms to transform the businesses where there are problems, particularly issues related to profitability and future potential, so that these operations are sustainable.

In the apparel business, our sales floors are continuing to shrink due to the decreasing size of the domestic market and the rise of major retailers' private brands. In this environment, profitability declined due to rising costs linked to the weaker yen and

production cutbacks, and increasing personnel expenses. We anticipated these changes, but we did not implement essential reforms to create a sustainable business. I believe this was the biggest issue. In stage2, we need to focus on our strengths and significantly promote structural reforms to transform businesses into profit-generating entities, rather than concentrating on maintaining and expanding our current scale as we have done in the past. Planning is underway. The key to successful execution is the awareness and actions of everyone working in the business division. It is not easy, but I hope the staff approach their work of creating the future with hope and pride.

What is being discussed and evaluated during meetings of the Board of Directors regarding the medical business and functional solutions business, which are Gunze's growth drivers? What are your thoughts about global expansion in particular?

Kujiraoka: The company-wide ROIC target in stage 2 is set 6.6% or higher. The functional solutions business and the medical business are growth drivers, so their ROIC targets are 11.6% and 25.0%, respectively. These targets are ambitious, and I commend this approach. A key approach to achieving these ambitious goals is to more actively promote global expansion than we have ever done before utilizing Gunze's technological and product development capabilities. I have high hopes for this. There are still many issues that we need to address going forward, and we must take a meticulous approach to them, accurately analyzing the characteristics and market conditions of each target country or region. We must

respond calmly to climate change and the changes in the international situation, which have impacted us recently. In the medical business, it is crucial that we address matters such as drug approval and compliance with laws and regulations. Our global expansion is primarily driven by Japan's declining population and shrinking market. However, I would like Gunze to emphasize that it provides products and services that contribute to the improvement of people's quality of life. The desire to live a comfortable life is universal. I believe that Gunze should play a role in helping fulfill this need.

Gunze should play a role in helping fulfill the universal need to live a comfortable life.



In stage2, the Company aims to achieve an ROE of 8% or higher and to quickly surpass a PBR of 1. It has also reviewed its financial strategies, including revising its dividend policy. What was discussed during meetings of the Board of Directors? What recommendations were made?

Nakai: In the new Medium-term Management Plan, Gunze has set a target ROE of 10% for the final fiscal year of VISION 2030 (FY2030). The Board of Directors are discussing issues based on the assumption that we will achieve a PBR of 1 or higher, a requirement of the Tokyo Stock Exchange. To achieve these targets, we have decided to revise our financial strategy. This includes improving shareholder return. We have also decided that we should set high profit targets for our business operations. During its discussions on changing the financial strategy, the Board of Directors discussed whether the Company could maintain its financial soundness with the new strategy and whether a potential dividend reduction

would disappoint shareholders. With an equity ratio of 74.6%, Gunze is currently in a strong financial position. This means that a potential increase of dividends would not compromise its financial soundness. Gunze aims to maintain a DOE (dividend on equity ratio) of 4% or higher and it is also committed to flexibly distributing additional returns (special dividends, share buybacks). This approach is designed to ensure that the total return ratio exceeds 100% until the consolidated ROE reaches 8% or higher. By doing this, Gunze hopes to encourage individual and institutional investors to trade its stock. I believe these strategies will be effective and will increase the stock market's confidence in Gunze.

We discussed whether we would be able to maintain our financial soundness and whether we would disappoint shareholders.



What role should the Board of Directors play in the development of personnel and an organizational culture that supports the effective implementation of management strategies? What are the key points regarding human capital (particularly regarding the empowerment of women, self-motivated employees, and psychological safety)?

Kida: During stage2, Gunze will accelerate its initiatives to achieve human capital management. This includes the reform of its personnel system with the goal of developing self-directed and self-motivated personnel and establishing an organization composed of people like this. It also includes the establishment of an administrative office to promote the empowerment of women. However, implementing systems alone will not transform the organization or its culture overnight. To establish an organization that enables diverse human resources to showcase their strengths in

suitable roles and implement management strategies, the Board of Directors must closely monitor the functioning of Gunze's systems and the changes in the work environment. They should also provide constructive advice as needed. We are committed to providing more opportunities for everyone in our workplaces to share their thoughts with us. We aim to foster continuous improvements by ensuring that all of our team members feel fulfilled and grow and maintaining an environment that is psychologically safe, allowing employees to take on challenges with peace of mind.

Management Team (As of June 25, 2025)

Directors and Corporate Auditors

● Number of Shares of the Company Owned ● Attendance at meetings of the Board of Directors*1
● Attendance at meetings of the Board of Corporate Auditors*1



Toshiyasu Saguchi

Representative Director, President and President Corporate Officer

● 17,861

● 13/13 (100%)

Date of Birth November 14, 1961
Mar. 1984 Joined "GUNZE"
Jun. 2014 Director, Corporate Officer, and Company President of Plastic Film Company, GUNZE
Apr. 2017 Managing Director, Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE
Jun. 2018 Representative Director, Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE
Feb. 2019 Member, Nomination/Remuneration Committee, GUNZE (to present)
Jun. 2020 Representative Director, Senior Managing Corporate Officer, and General Manager of Management & Strategy Department, GUNZE
Jun. 2021 Representative Director, President, and President Corporate Officer, GUNZE (to present)



Osamu Kujiraoka

Outside Director

● 1,600

● 13/13 (100%)

Date of Birth September 25, 1955
Apr. 1978 Joined Nikkei Inc.
Mar. 1988 Seconded to Nikkei McGraw-Hill, Inc. (presently, Nikkei Business Publications, Inc.)
Mar. 2003 Executive Officer and Chief of Operations, Nikkei McGraw-Hill, Inc.
Jan. 2006 Officer and Chief of Medical Affairs, Nikkei McGraw-Hill, Inc. and President and CEO, Nikkei Medical Publishing, Inc.
Mar. 2009 Executive Officer, Nikkei McGraw-Hill Inc., President and CEO, Nikkei Business Publications America, Inc. and Nikkei Business Publications Europe, Ltd.
Feb. 2015 President and CEO, Nikkei Medical Publishing, Inc.
Jun. 2019 Director and Member, Nomination/Remuneration Committee, GUNZE (to present)
Oct. 2019 President, Dakuon Co., Ltd. (to present)



Hirokazu Sawada

Director and Corporate Officer
General Manager, Finance & Accounting Department

● 5,374

● 13/13 (100%)

Date of Birth March 11, 1965
Apr. 1988 Joined "GUNZE"
Jul. 2018 General Manager of Management Administrative Department, Plastic Film Company, GUNZE
Apr. 2022 Corporate Officer, Deputy Company President of Plastic Film Company, and General Manager of Management Administrative Department, Plastic Film Company, GUNZE
Apr. 2023 Corporate Officer and General Manager of Finance & Accounting Department, GUNZE
Jun. 2023 Director, Corporate Officer, and General Manager of Finance & Accounting Department, GUNZE (to present)



Takahiro Oka

Representative Director, and Senior Managing Director

● 5,867

● 9/9 (100%)*2

Date of Birth April 14, 1963
Apr. 1987 Joined "GUNZE"
May 2012 General Manager of Sales Administrative Department, Plastic Film Company, GUNZE
Apr. 2017 Corporate Officer and Company President of Plastic Film Company, GUNZE
Apr. 2022 Managing Corporate Officer and General Manager of Management & Strategy Department, GUNZE
Jun. 2024 Director, Managing Corporate Officer and General Manager of Management & Strategy Department, GUNZE
Jun. 2025 Representative Director, Senior Managing Officer and General Manager of Management & Strategy Department, GUNZE (to present)



Rie Kida

Outside Director

● 900

● 13/13 (100%)

Date of Birth May 27, 1969
Apr. 1989 Joined Luis Jitan Company
Apr. 1991 Joined RESCO FORMATION Inc.
Oct. 2000 Joined IDEI CREATIVE AGENCY
Apr. 2003 Joined HERSTORY CO., LTD.
Nov. 2009 Managing Director, RESCO FORMATION Inc.
Aug. 2010 Organized Woman's Feelings Marketing Laboratory within RESCO FORMATION Inc. and appointed Chief
Apr. 2013 Established Woman's Feelings Marketing Laboratory Inc. Representative Director, Woman's Feelings Marketing Laboratory Inc. (to present)
Jun. 2020 Director and Member, Nomination/Remuneration Committee, GUNZE (to present)
May 2024 Outside Director, OKUWA Co., Ltd. (to present)



Tomohisa Okuda

Director and Corporate Officer
General Manager, Technology & Development Department

● 3,556

● 9/9 (100%)*2

Date of Birth April 26, 1965
Apr. 1989 Joined "GUNZE"
Oct. 2015 General Manager of Technical Department, Plastic Film Company, GUNZE
Apr. 2019 General Manager of Technology & Development Department, GUNZE
Apr. 2020 Corporate Officer and General Manager of Technology & Development Department, GUNZE (to present)



Hiroe Nakai

Outside Director

● 1,900

● 13/13 (100%)

Date of Birth May 20, 1961
Apr. 1988 Registered as an attorney (at Osaka Bar Association)
Apr. 1995 Established "Inoue and Nakai Law Office"
Sep. 2011 Established "Hinata Law Office"
Jun. 2013 Outside Auditor, Endo Lighting Corp.
Aug. 2016 Outside Auditor, Kansai Paint Co., Ltd.
Jun. 2018 Director, GUNZE (to present)
Feb. 2019 Member (Chair), Nomination/Remuneration Committee, GUNZE (to present)
Jun. 2023 Outside Auditor, Kansai Paint Co., Ltd.
Jun. 2024 Member, Audit & Supervisory Committee, Kansai Paint Co., Ltd. (to present)
Apr. 2025 Executive Governor, Japan Federation of Bar Associations (to present)



Ryoji Kawanishi

Director and Corporate Officer
President, Apparel Company

● 4,352

● 13/13 (100%)

Date of Birth December 7, 1962
Apr. 1986 Joined "GUNZE"
Apr. 2020 Corporate Officer and General Manager of Management Administrative Department, Apparel Company, GUNZE
Apr. 2021 Corporate Officer, Company President of Apparel Company, and General Manager of Management Administrative Department, Apparel Company, GUNZE
Jun. 2021 Director, Corporate Officer, and Company President of Apparel Company, GUNZE (to present)



Shojiro Matsuda

Director and Corporate Officer
Representative Director and President of GUNZE MEDICAL LIMITED and General Manager of Medical Division

● 2,027

● -

Date of Birth Jan. 14, 1969
Apr. 1993 Joined "GUNZE"
Jun. 2021 General Manager of Medical Division, GUNZE
Apr. 2022 Corporate Officer and General Manager of Medical Division, GUNZE
Oct. 2022 Corporate Officer, Representative Director and President, GUNZE MEDICAL LIMITED and General Manager of Medical Division, GUNZE
Jun. 2025 Director, Corporate Officer and Representative Director and President of GUNZE MEDICAL LIMITED and General Manager of Medical Division, GUNZE (to present)



Tomio Suzuki

Standing Corporate Auditor

● 2,418

● 13/13 (100%)

● 15/15 (100%)

Date of Birth March 20, 1964
Apr. 1986 Joined "GUNZE"
Apr. 2016 Manager of Human Resources Development Section, Personnel & General Affairs Department, GUNZE
Apr. 2019 General Manager of Personnel & General Affairs Department and Manager of Human Resources Development Section, GUNZE
Jun. 2019 General Manager of Personnel & General Affairs Department, GUNZE
Apr. 2020 Corporate Officer and General Manager of Personnel & General Affairs Department, GUNZE (to present)
Jun. 2021 Corporate Auditor, Gunze (to present)



Hiroko Yoshika

Corporate Auditor

● 3,759

● -

● -

Date of Birth Jul. 20, 1964
Dec. 2009 Registered as an attorney (at Osaka Bar Association)
Aug. 2014 Joined "GUNZE"
Jun. 2019 Deputy General Manager, Management & Strategy Department and Manager of Legal & Compliance Section, GUNZE
Apr. 2020 Corporate Officer and Deputy General Manager, Management & Strategy Department and Manager of Legal & Compliance Section, GUNZE
Aug. 2022 Corporate Officer and General Manager, IP & Legal Department, GUNZE
Jun. 2025 Corporate Auditor, GUNZE (to present)

Senior Managing Corporate Officer

Katsuhiko Kimura
General Manager, Engineering Plastics Division



Koji Funatomi

Outside Corporate Auditor

● 300

● 13/13 (100%)

● 15/15 (100%)

Date of Birth March 29, 1961
Apr. 1983 Joined National Tax Agency
Jul. 2012 District Director, Tanabe Tax Office
Jul. 2020 Manager of Second Taxation Department, Osaka Regional Taxation Bureau
Aug. 2021 Registered as tax accountant and established Koji Funatomi Tax Accountant Office
Jan. 2022 Outside Corporate Auditor, J.S.B. Co., Ltd. (to present)
Oct. 2022 Chief Audit Commissioner, Izumi City (to present)
Jun. 2023 Corporate Auditor, Gunze (to present)

*1 Attendance at meetings of the Board of Directors and Board of Corporate Auditors during the fiscal year ended March 31, 2025.
*2 As for Mr. Takahiro Oka and Tomohisa Okuda, their statuses after they have assumed office of Director on June 25, 2024 is indicated.

Managing Corporate Officer

Makoto Kumada
Representative Director and President, Gunze Development Co., Ltd



Norihito Naka

Outside Corporate Auditor

● 700

● 13/13 (100%)

● 15/15 (100%)

Date of Birth September 11, 1961
Apr. 1991 Registered as an attorney (at Osaka Bar Association)
Apr. 1998 Established "Kaneko & Naka Law Office"
Sep. 2010 Outside Corporate Auditor, NOAH Company Limited
Jan. 2023 Representative Attorney, Kaneko, Naka & Morimoto Law Firm (to present)
Jun. 2023 Corporate Auditor, Gunze (to present)

Corporate Officers

Kazunari Saho
General Manager, Mechatronics Division

Yuji Hanaoka
President, Plastic Film Company

Makoto Ogura
General Manager, Personnel & General Affairs Dep.

Junko Nakashima
General Manager, Corporate Communication Dep.

Kenzo Ishikawa
General Manager, Threads & Accessories Division

Masafumi Yamagami
General Manager, Innovation Dep.

Kizuku Kawato
Deputy General Manager, Corporate Strategy Dep.

Naoki Nishiura
Deputy General Manager, Engineering Plastics Division

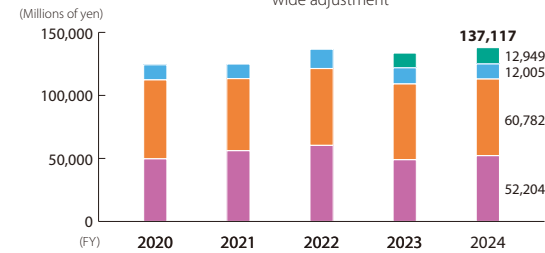
Financial and Non-financial Highlights

Financial

*1 The medical materials field, which was included in the Functional Solutions segment, was split off as the independent Medical segment from FY2023.

Net Sales by Segment

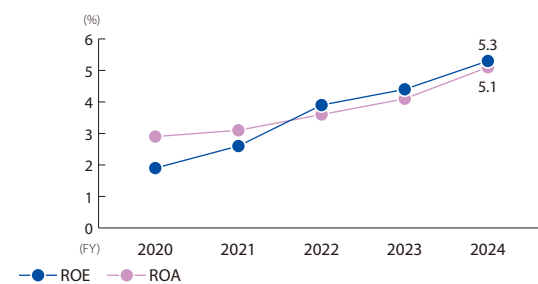
*2 Total data is consolidated net sales: After Group-wide adjustment



■ Functional Solutions ■ Apparel ■ Lifestyle Creations ■ Medical*1

Net sales increased due to growth in the functional solutions business and the medical business.

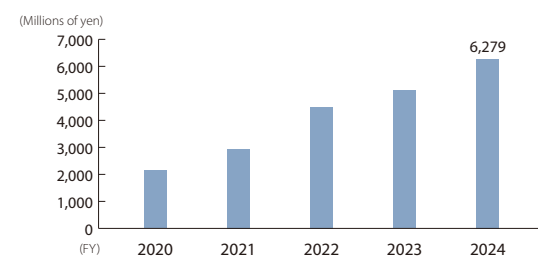
ROE/ROA



● ROE ● ROA

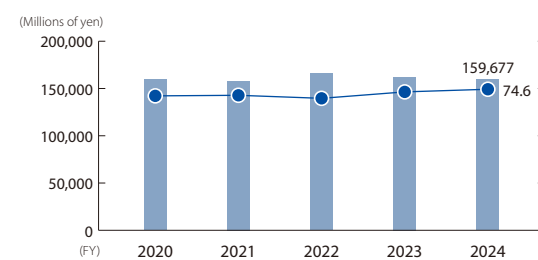
ROE rose 0.9 points year on year and ROA rose 1.0 point year on year in line with the upswing in net income and ordinary income.

Profit Attributable to Owners of Parent



Although we recorded expenses for restructuring the business in connection with the termination of the electronic components business and the transfer of shares in subsidiaries, net income increased by ¥1,169 million year on year due to factors such as the recording of gains on the sale of investment securities.

Total Assets/Equity Ratio

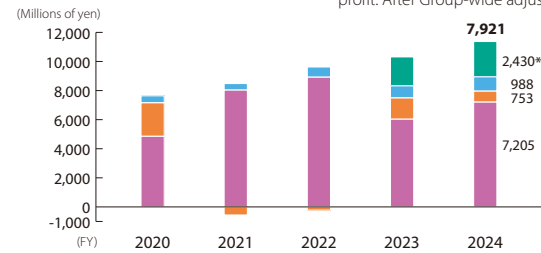


■ Total Assets (Left axis) ● Equity Ratio

Total assets decreased by ¥2.2 billion year on year. Due to a decrease in liabilities of ¥2.8 billion year on year, mainly due to a decrease in provisions for business restructuring, the equity ratio rose 1.4 points year on year to 74.6%.

Operating Profit by Segment

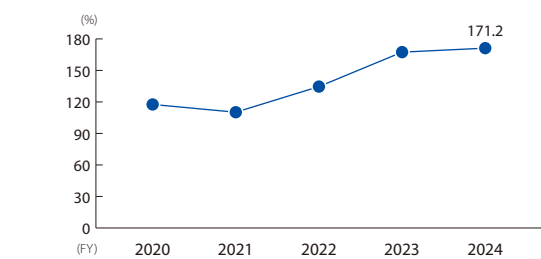
*2 Total data is consolidated operating profit: After Group-wide adjustment



■ Functional Solutions ■ Apparel ■ Lifestyle Creations ■ Medical*1

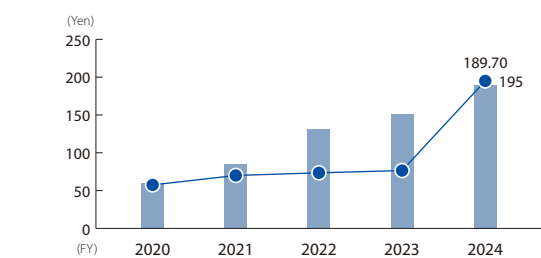
Operating profit increased due to expanded profits in the functional solutions business and the medical business, as well as improved earnings at sports clubs.

Total Shareholders Return (TSR)



Total Shareholders Return (TSR) in FY2024 came in at 171.2% compared with the base year of FY2019, up 3.8 percentage points from the TSR for FY2023 of 167.4% using the same benchmark.

Net Income per Share/Dividends per Share

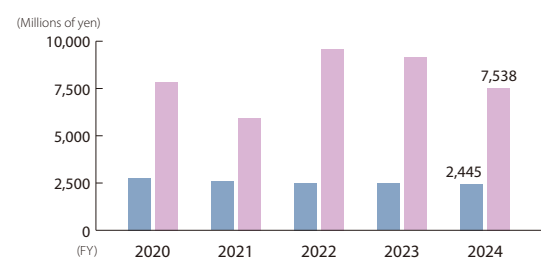


■ Net Income per Share ● Dividends per Share

The annual dividend for FY2024 was raised to ¥195 per share. The annual dividend for FY2025 is projected to come in at ¥216 per share.

(Including prior years, based on stock splits)

R&D Expenses/Capital Investments

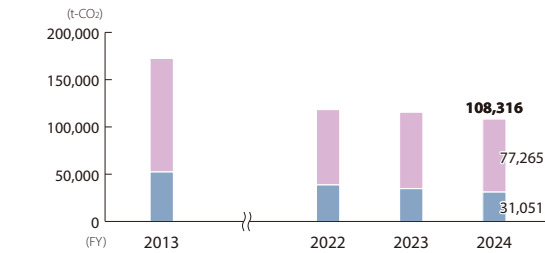


■ R&D Expenses ■ Capital Investments

In FY2024, we invested ¥7,538 million primarily in the expansion of medical factories and increased production, as well as in resource-recycling factories and equipment production to improve efficiency for plastics.

Non-financial

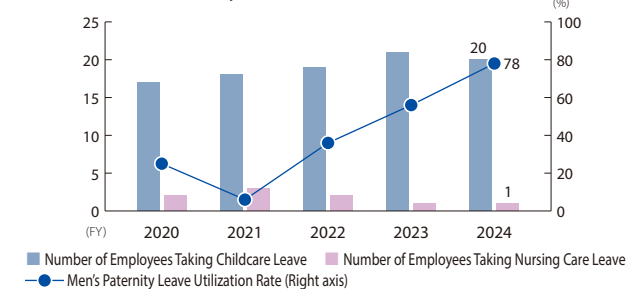
CO₂ Emissions (Japan + Overseas) Scope 1 + Scope 2



■ Scope 1 ■ Scope 2

Through ongoing energy conservation efforts and the use of renewable energy, CO₂ emissions were reduced by 37% (compared to FY2013).

Number of Employees Taking Childcare and Nursing Care Leave/Men's Paternity Leave Utilization Rate*

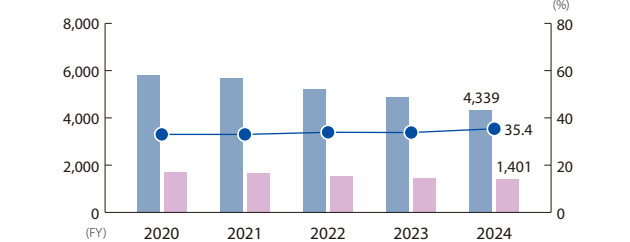


■ Number of Employees Taking Childcare Leave ■ Number of Employees Taking Nursing Care Leave
● Men's Paternity Leave Utilization Rate (Right axis)

The men's paternity leave utilization rate, which is promoted as a form of child-rearing support, exceeded the previous year's result (56%) to reach 78%.

* Results calculated based on the "year of utilization" (retroactive application to past results)

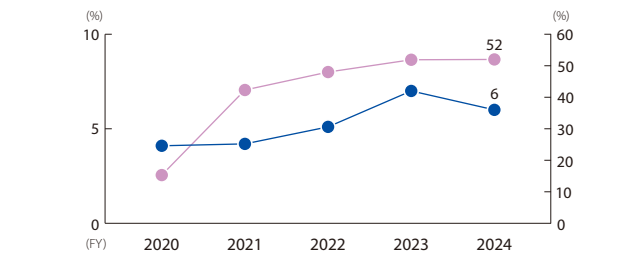
Number of Employees and Ratio of Women Employees in the Workforce



■ Number of Employees (Consolidated) ■ Number of Employees (Non-consolidated)
● Ratio of Women Employees in the Workforce (Non-consolidated/Right axis)

The number of employees decreased on both a consolidated and non-consolidated basis. The percentage of female employees rose 1.6 points from the previous year to 35.4%.

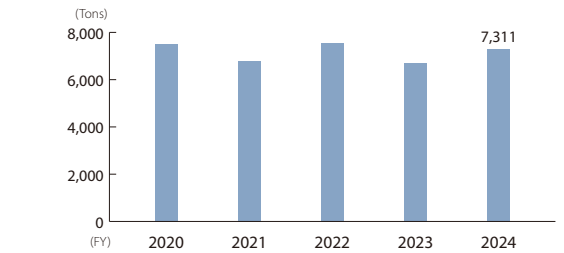
Ratio of Women in Managerial Positions/Ratio of Women Hired on a Main Career Track



● Ratio of Women in Managerial Positions
● Ratio of Women Hired on a Main Career Track (Right axis)

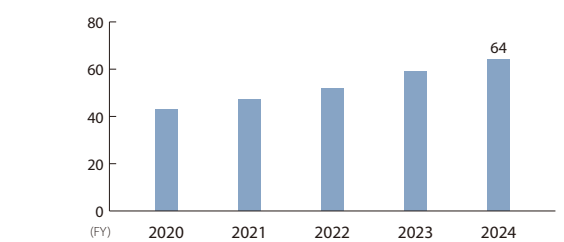
The ratio of women in managerial positions and the ratio of women hired on a main career track are generally in line with our targets. (The ratio of women hired on a main career track excludes women working rotating shifts.)

Total Waste Generated (Japan)



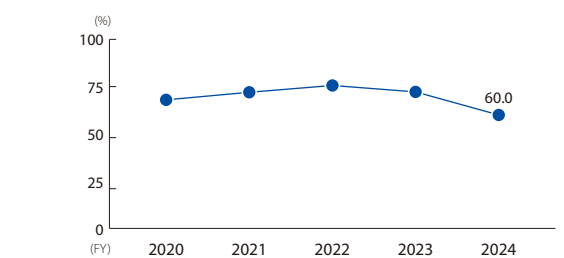
The results for FY2024 exceeded those of the previous fiscal year. We are committed to reducing the amount of waste generated and promoting recovery and recycling.

Number of Employees Who Have Acquired Shorter Working Hours for Childcare



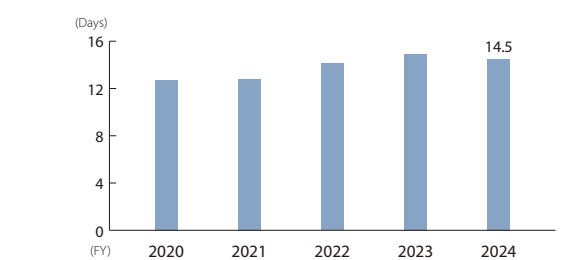
Gunze's system of short working hours for children is available to employees who are raising a child up to the end of March of the third year of elementary school. The system was utilized by 64 employees in FY2024.

Reemployment Rate after Retirement



Although the reemployment rate has remained high since its introduction, a variety of options are gradually becoming available for those who have reached the age of 60.

Average Number of Days of Annual Leave Taken



The number of days of annual leave taken, which the Group promotes as part of its efforts to establish an organizational culture, remained at the same level as the previous year at 14.5 days.

Consolidated Eleven-Year Financial and Non-financial Summary (As of March 31, 2025)

	FY2014	FY2015	FY2016	FY2017	FY2018		FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Year-on-year
Results for the year													
Net sales (Millions of yen)	141,172	138,324	136,579	140,521	140,706		140,311	123,649	124,314	136,030	132,885	137,117	3.2%
Operating income (Millions of yen)	3,084	3,662	4,206	6,239	6,690		6,746	4,673	4,880	5,812	6,777	7,921	16.9%
Profit attributable to owners of parent (Millions of yen)	3,215	-1,201	3,102	3,486	4,087		4,387	2,147	2,939	4,501	5,109	6,279	22.9%
Financial position at year-end													
Total assets (Millions of yen)	175,331	169,749	169,460	171,273	169,632		166,633	159,629	158,216	165,927	161,971	159,677	-1.4%
Interest-bearing debt (Millions of yen)	29,546	31,407	28,469	28,374	26,242		25,067	17,613	11,029	15,426	9,004	8,960	-0.5%
Shareholders' equity (Millions of yen)	115,643	105,158	108,153	111,141	109,506		107,566	113,554	112,903	115,757	118,642	119,074	0.4%
Equity ratio (%)	66.0	61.9	63.8	64.9	64.6		64.6	71.1	71.4	69.8	73.2	74.6	-
Cash flows													
Net cash provided by (used in) operating activities (Millions of yen)	9,512	11,775	13,832	9,007	11,491		13,688	8,595	9,155	1,794	10,409	11,572	-
Net cash provided by (used in) investing activities (Millions of yen)	-9,240	-12,046	-7,834	-5,954	-7,373		-8,262	1,169	6,806	-5,920	-190	-7,485	-
Free cash flows (Millions of yen)	272	-271	5,998	3,053	4,118		5,426	9,764	15,961	-4,126	10,219	4,087	-
Net cash provided by (used in) financing activities (Millions of yen)	1,726	-1,274	-4,116	-1,783	-5,483		-4,886	-9,335	-12,358	1,007	-11,347	-5,184	-
Management indicators													
ROA (%)	2.9	0.5	2.8	3.8	4.2		4.1	3.1	3.4	3.7	4.1	5.1	-
ROE (%)	2.8	-1.1	2.9	3.2	3.7		4.0	1.9	2.6	3.9	4.4	5.3	-
Per share information*1													
Net income (loss) (Yen)	83.90	-	82.97	94.65	112.80		122.50	60.47	84.46	130.69	150.55	189.70	-
Total net assets (Yen)	3,019.36	2,812.12	2,892.42	3,042.23	3,029.53		3,030.55	3,209.81	3,267.71	3,394.89	3,556.36	3,667.20	-
Dividends (Yen)	37.5	42.5	37.5	45.0	55.0		57.5	57.5	70.0	73.5	76.5	195.0	-
Payout ratio (%)	44.7	-	45.2	47.5	48.8		46.9	95.1	82.9	56.2	50.8	102.8	-
Others													
Capital investments (Millions of yen)	6,005	8,586	9,739	5,536	7,346		5,380	7,845	5,947	9,597	9,147	7,538	-
Depreciation (Millions of yen)	6,830	6,604	6,862	6,528	6,650		6,502	6,289	6,191	5,894	6,208	6,822	-
R&D expenses (Millions of yen)	3,346	3,135	3,074	3,000	2,824		2,953	2,752	2,576	2,501	2,471	2,445	-
Number of employees (consolidated)	7,354	6,858	7,038	6,754	6,607		6,185	5,808	5,692	5,214	4,883	4,339	-
Number of employees (non-consolidated)	1,889	1,842	1,833	1,757	1,703		1,743	1,718	1,662	1,553	1,449	1,401	-
Segment information (Operating segments)													
Net sales	Functional solutions (Millions of yen)	59,689	56,171	50,195	50,828	53,234	56,361	49,673	56,138	49,555	48,975	52,204	6.6%
	Medical*2 (Millions of yen)	-	-	-	-	-	-	-	-	10,957	11,697	12,949	10.7%
	Apparel (Millions of yen)	67,635	68,164	71,629	74,012	72,609	69,491	62,640	57,197	60,986	60,114	60,782	1.1%
	Lifestyle creations (Millions of yen)	14,537	14,635	15,168	16,122	15,285	14,945	11,976	11,576	15,327	12,826	12,005	-6.4%
Segment profit	Functional solutions (Millions of yen)	3,393	3,440	3,468	5,381	6,160	6,120	4,852	8,032	6,835	6,028	7,205	19.5%
	Medical*2 (Millions of yen)	-	-	-	-	-	-	-	-	2,082	1,991	2,430	22.0%
	Apparel (Millions of yen)	1,491	2,232	2,505	2,628	2,507	2,743	2,306	-557	-222	1,465	753	-48.6%
	Lifestyle creations (Millions of yen)	1,257	1,221	1,322	1,386	1,241	1,187	482	453	705	833	988	18.7%
Environmental responsiveness													
Total waste generated (Japan) (tons)	8,855	8,026	7,261	7,633	8,431		7,692	7,526	6,787	7,553	6,713	7,311	-
Corporate culture creation													
Employment rate of people with disabilities (%)	2.39	2.28	2.23	2.05	2.40		2.10	2.23	2.07	2.20	2.46	2.77	-
Average length of service (years)	20.3	20.3	20.0	20.5	20.4		20.1	20.2	20.2	19.8	20.0	19.9	-
Number of occupational accidents (incidents)	25	34	26	39	28		42	29	37	32	31	34	-
Single fiscal year job turnover*3 (%)	6	8	7	8	7		5	5	7	12	8	8	-

*1 On October 1, 2017, the Company conducted a reverse stock split of 1 share for every 10 shares, and on April 1, 2025, it conducted a stock split of 2 shares for every 1 common share. However, the per-share information reflects figures that have been retroactively adjusted to reflect the effects of the reverse stock split and stock split.

*2 The medical materials field, which was included in the functional solutions segment, was split off as the independent medical segment from FY2023.

*3 Job turnover includes retirees. In addition, FY2022 includes transferees due to business transfers.

Company Profile and Stock Information

(As of March 31, 2025)

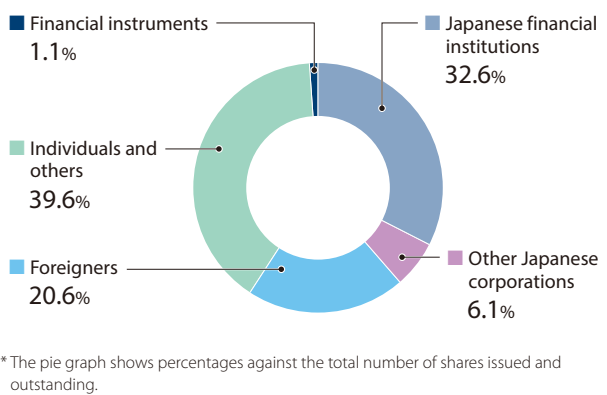
Company Profile

Company Name	GUNZE LIMITED
Office	• Osaka Head Office: Herbis Osaka Office Tower, 2-5-25, Umeda, Kita-ku, Osaka 530-0001, Japan TEL: 81(6) 6348-1313 • Registered Head Office: 1 Zeze, Aono-cho, Ayabe, Kyoto 623-8511, Japan • Tokyo Office: TOKYO SHIODOME BUILDING, 1-9-1 Higashi-Shimbashi, Minato-ku, Tokyo 105-7315, Japan TEL: 81(3) 4485-0000
Date Established	August 10, 1896
Paid-in Capital	26.1 billion yen
Main Businesses	• Functional Solutions • Medical • Apparel • Lifestyle Creations
Gunze Group Organization	53 companies (including Gunze and affiliates)
Number of Employees	Gunze Limited (non-consolidated) : 1,401 Gunze Group (consolidated) : 4,339
Main Banks	MUFG Bank, Ltd., Mizuho Bank, Ltd., Bank of Kyoto, Ltd.

Stock Information

Closing Data	March 31
Ordinary General Meeting of Shareholders	June
Total number of authorized shares	50,000,000
Number of shares issued and outstanding	17,293,516
Number of shareholders	27,029
Stock listings	Tokyo Stock Exchange Prime Market (Securities Code 3002)
Number of shares per trading unit	100
Accounting Auditor	Kyoritsu Audit Corporation

Breakdown of Shares by Shareholder Category



Major Shareholders (top 10)

Shareholders	Number of shares held (thousand issues)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	2,603	16.04
Custody Bank of Japan, Ltd.	1,702	10.48
The Bank of Kyoto, Ltd.	500	3.08
Gunze Group Employee Stock Ownership Plan	492	3.03
DFA INTL SMALL CAP VALUE PORTFOLIO	310	1.91
GSI Creos Corporation	271	1.67
STATE STREET BANK AND TRUST COMPANY 505001	230	1.42
JP MORGAN CHASE BANK 385781	214	1.32
Sompo Japan Insurance Inc.	199	1.23
STATE STREET BANK WEST CLIENT - TREATY 505234	174	1.07

1. Held shares are rounded down to the nearest thousand.

2. Gunze holds 613 thousand treasury shares, but is not included in the above list of major shareholders. Moreover, the shareholding ratio is calculated using 16.680 million shares, which do not include treasury shares, as the denominator.

3. Gunze conducted a 2-for-1 stock split effective April 1, 2025. The total number of authorized shares, total number of shares issued, and number of shares held are stated based on the number of shares prior to the stock split.

Business Locations



About the GUNZE Integrated Report 2025

In order to provide stakeholders with a useful communication tool, the Gunze Group has continued to publish an integrated report since 2018 outlining in part its efforts to create value over the medium to long term. The eighth issue of the Gunze Integrated Report 2025 provides a detailed explanation of the value creation scheme from the perspective of six types of management capital. In addition, the strategies of the Medium-term Management Plan VISION 2030 stage2, which starts this fiscal year, have also been examined in depth from the same perspective.

With the Corporate Communication Department playing a central role in the editing function, the GUNZE Integrated Report 2025 was prepared in collaboration with related departments. As head of the Corporate Communication Department, I attest to the legitimacy of the report's production process and the accuracy of the information contained herein. I hope that the GUNZE Integrated Report 2025 will help our many and varied stakeholders better understand the Group's efforts to achieve sustainable growth in concert with a sustainable society. Moving forward, we will continue to disclose information in an appropriate manner.

Junko Nakashima

Corporate Officer, General Manager, Corporate Communications