

The background is a vibrant blue sky with white, curved lines representing flight paths or data streams. A small, four-rotor drone is flying in the upper right. The lower half of the image features a stylized, futuristic cityscape. It includes various architectural elements: a large geodesic sphere on the left, a city built on a floating platform with a spiral ramp, a tall spire, a central building with a circular observation deck, and another city on a floating platform with a spiral ramp on the right. The overall aesthetic is clean, modern, and optimistic.

Medium-Term Management Plan

VISION 2030 stage1

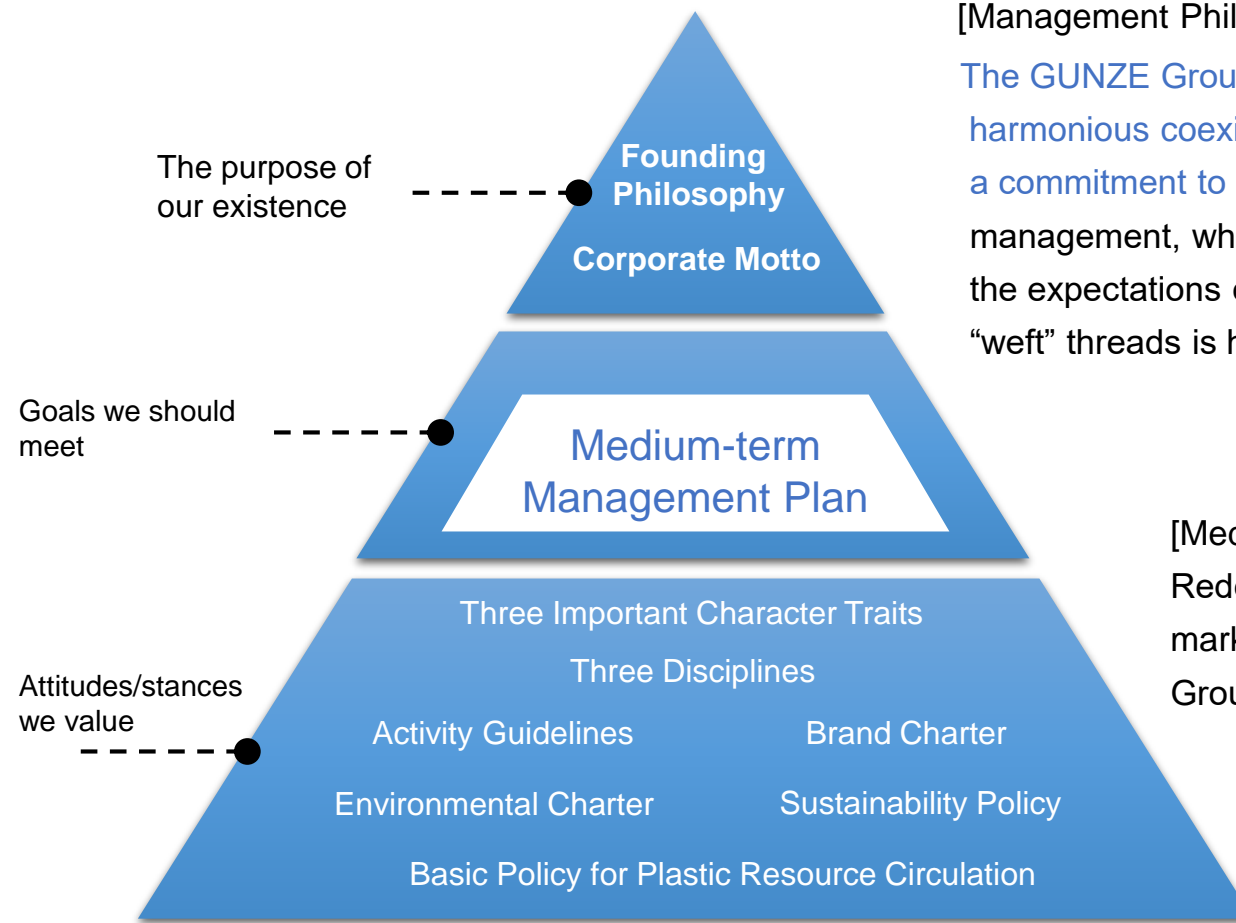
[FY2022 – FY2024]

May 13, 2022

GUNZE LIMITED

1. Planning keeping 2030 in sight
2. Review of the previous Medium-Term Management Plan “CAN 20 2nd Phase”
3. New Medium-Term Management Plan “VISION 2030 Stage 1”
 - (1) Pivotal Strategies and Management Goals
 - (2) 4 Pivotal Strategies – Details
 - (3) Investment and Financial Strategies

Relationship between Philosophical Structure and Medium-term Management Plan



[Management Philosophy]

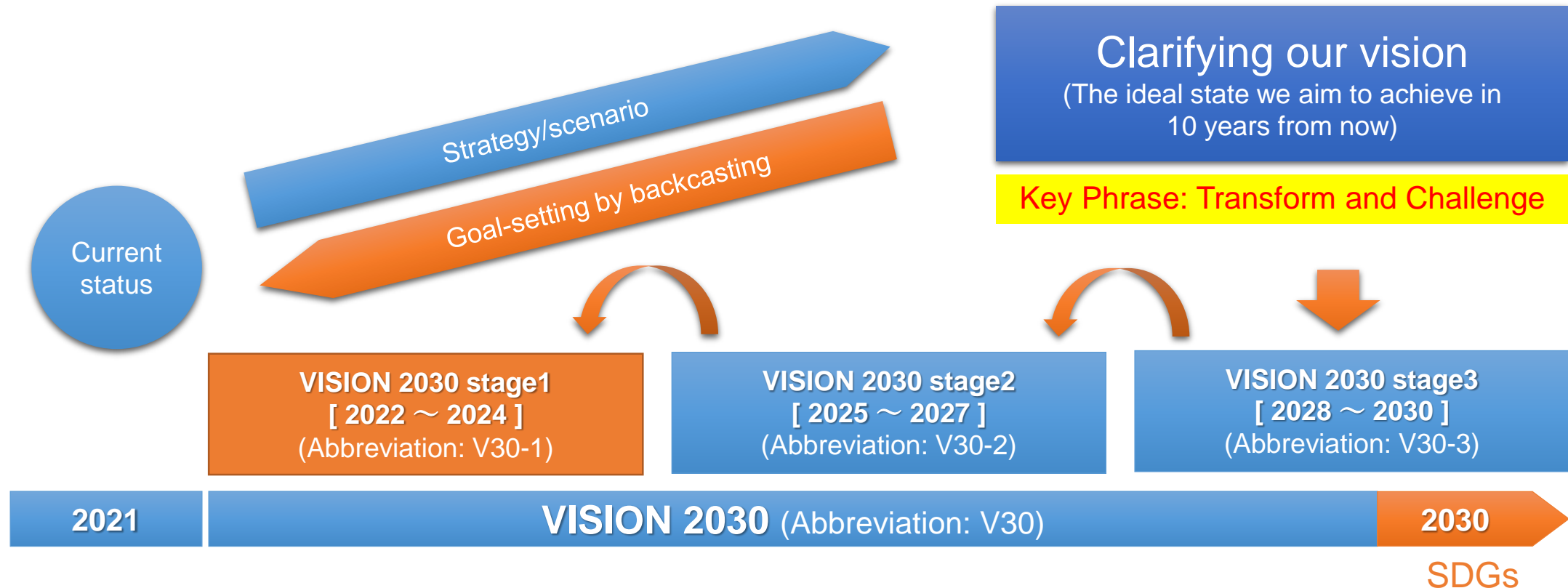
The GUNZE Group has consistently lived up to the founding philosophy of “Striving for a harmonious coexistence with all stakeholders through a people-oriented approach and a commitment to quality.” This philosophy serves as the “warp” threads of our corporate management, while our business operations 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.

[Medium-term management plan formulation]

Redefining GUNZE’s vision for the future in a way tailored to changes in the market, and combining the passion and energy of all members of the GUNZE Group to formulate plans for enhancing GUNZE’s **economic and social value**.

Basic Stance in Formulating the New Medium-term Management Plan

To clarify our vision/goals targeting 2030 and eliminate the gap between our current status and our ideal state by backcasting as we aim at achieving our goals. The new medium-term management plan targets the three years from FY2022 to FY2024.

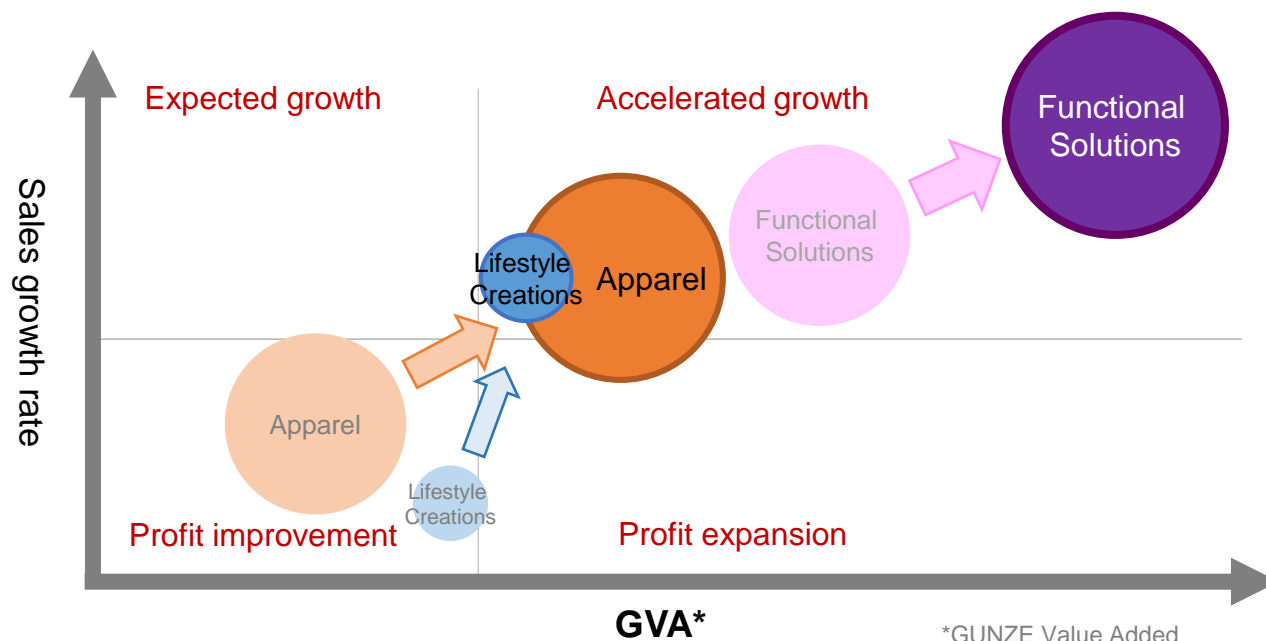


The Ideal State We Aim to Achieve in 2030

VISION
2030

Create new value and deliver a “feeling of comfort” to customers, contributing to a sustainable society

Contribute to society and also achieve GUNZE Group sustainable growth through sustainable management capable of generating both economic and social value

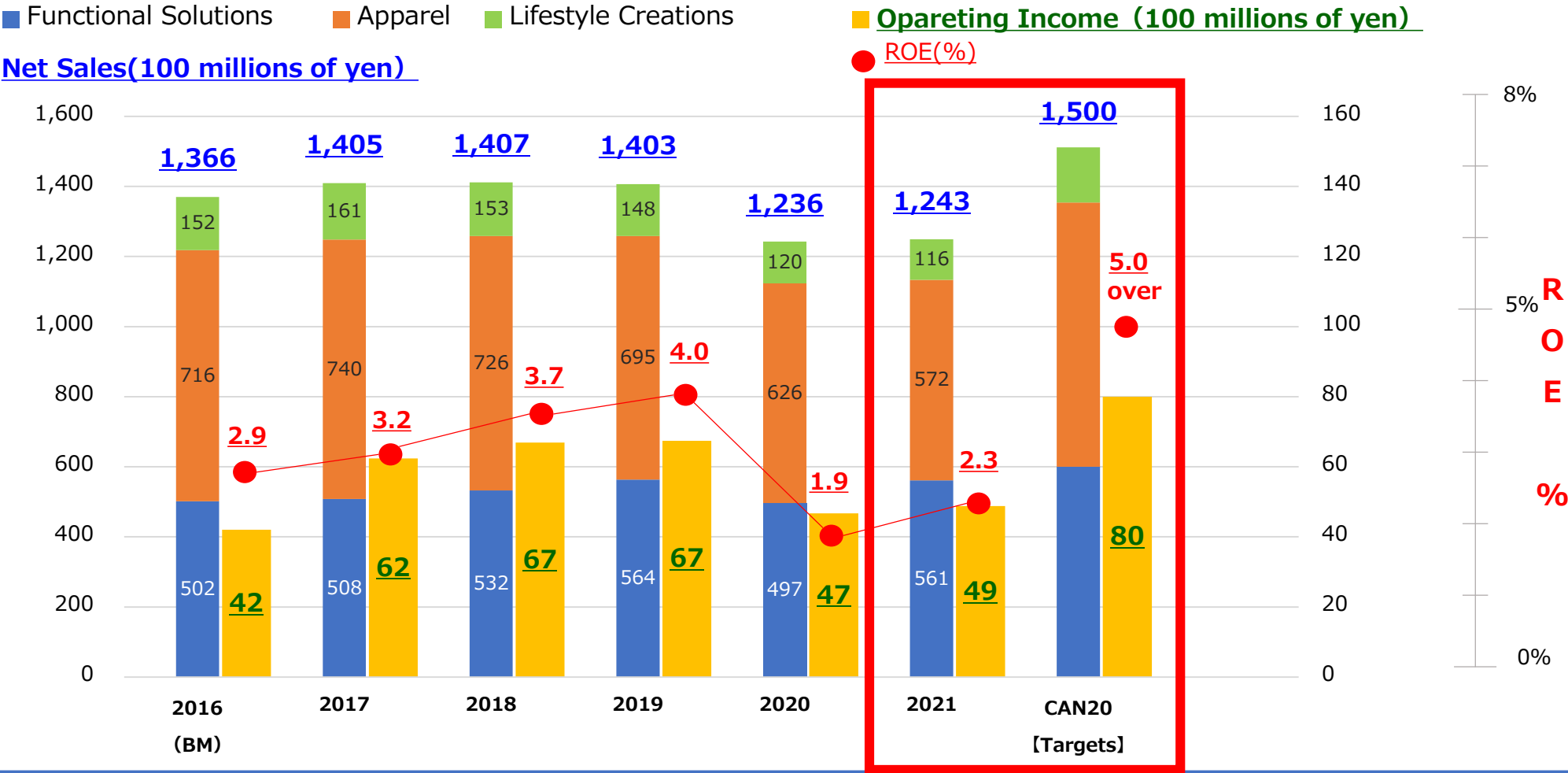


Growth driver	Medical
Profit expansion/ contribution	Plastic Films Engineering Plastics
Corporate brand value improvement	Apparel Lifestyle Creations

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Consolidated Financial Results

Could not return to growth path during the 2nd phase of CAN 20 (FY2017 - FY2021)



Financial Results by Business Segment

Functional Solutions Business met its operating income target. Other segments were unable to respond to external environment changes that impacted meeting profit targets.



Achievements and Challenges

Strategy 1	Strategy 2	Strategy 3
Segment-specific business strategies	Creation of new businesses	Reinforcement of management foundation
Achievements	Challenges	
<ul style="list-style-type: none"> • Functional solutions business expanded Plastic Films: Operations commenced at new Vietnamese factory; established global production/sales systems Engineering Plastics: Increased cleanliness state completed for mainstay Konan Factory; semiconductor/medical-related product sales grew Medical: Systems aimed to drive further growth as seen in the establishment of GMJ¹ and M&A for MUA² • Women’s innerwear and EC channel sales expanded through strategy highlighting differentiation between GUNZE apparel products/ technologies and others Expansion of seam-free configuration/CUTOFF products; launch/sales promotion for AIRZ • Bright prospects with commercialization of next-generation lithium ion battery film business • Capital efficiency improved by withdrawing from non-profit-yielding business and disposing of idle real estate assets Promoting structural reform for electronic component business; sale of Tokyo Office Building, Maebashi LiRiCa, old factory sites, company housing, etc. 	<ul style="list-style-type: none"> • Continuing to create new businesses • Strengthening response capability to external environment changes/New Normal • Promoting profitability improvement for underperforming businesses such as legwear and sports clubs • Human resource/organizational linkage and corporate unity • Innovating business through digital technology, business model transformation 	

¹ Gunze Medical Japan Ltd. ² Medical U&A, Inc.

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Perception of Changes in the External Environment

Changes	Impact	New Normal	GUNZE's movements
Changes in social/economic structures	<ul style="list-style-type: none"> - Diversifying work styles - Expanding healthcare/nursing care markets - Growing EC market 	<p>< Living adapting to the COVID-19 situation ></p> <ul style="list-style-type: none"> - Changing consumer purchasing behavior <p>【Strong sectors】 EC, hygiene-related business, home meal replacements, etc.</p> <p>【Sluggish sectors】 Retail, travel, eating out, sports club, etc.</p>	<ul style="list-style-type: none"> - <u>Offering new products/services</u> responsive to changes - <u>Promoting work styles</u> suitable for the New Normal - <u>Creating added value</u> through digital technology
Advancing digital technology	<ul style="list-style-type: none"> - Rapid growth of businesses that protect against virus-related person-to-person contact - Accelerated digital transformation 	<ul style="list-style-type: none"> - Accelerating work style reforms <p>【Offices】 Downsizing offices, office relocations to local regions</p> <p>【Work style】 Teleworking becoming the normal</p>	<p>→ Taking on the challenge of growth strategy and reinforcing corporate constitution</p>
Heightened environmental awareness	<ul style="list-style-type: none"> - Increasing company commitment to “net-zero GHG emissions” by 2050 - SDGs contribution trending - Strengthened environmental regulations 	<p>< Global trends ></p> <ul style="list-style-type: none"> - Accelerating ESG investments - Accelerating efforts to realize a decarbonized society 	<ul style="list-style-type: none"> - Implementing sustainable management <p>→ Enhancing customer satisfaction and corporate value</p>

In addition to the above, our business environment is becoming more severe and insecurity is on the rise with soaring oil/raw material costs and the depreciating yen

4 Pivotal Strategies

VISION 2030

Create new value and deliver a “feeling of comfort” to customers, contributing to a sustainable society



Creation of new value

- Creation of new businesses and growing existing businesses (including M&As)
- Offering new products/services designed with enhanced sustainability in mind



Evolution of corporate constitution

- Establishing a corporate culture that empowers diverse talent
- Promoting employee mindset/duties transformations through work style reforms
- Transforming business processes through the proactive use of digital technology
(covering all business processes — production, sales, development, logistics, back-office, etc.)



Capital cost-focused management

- Strategic allocation of management resources
- Achieving a positive GVA value by improving capital efficiency



Environmentally responsible management

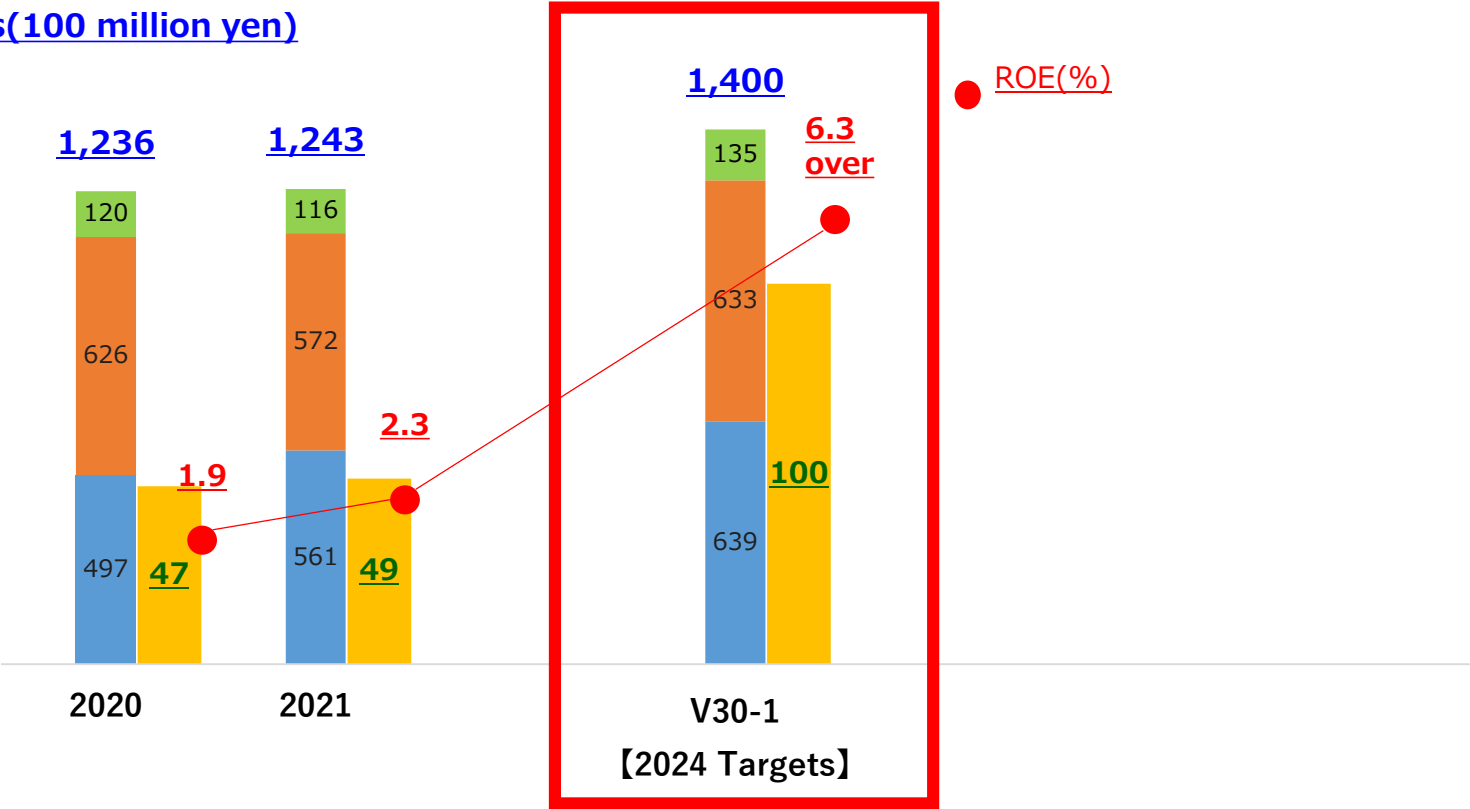
- Reducing negative environmental impact from business activities

3. New Medium-Term Management Plan “VISION 2030 Stage 1” (1) Pivotal Strategies and Management Goals

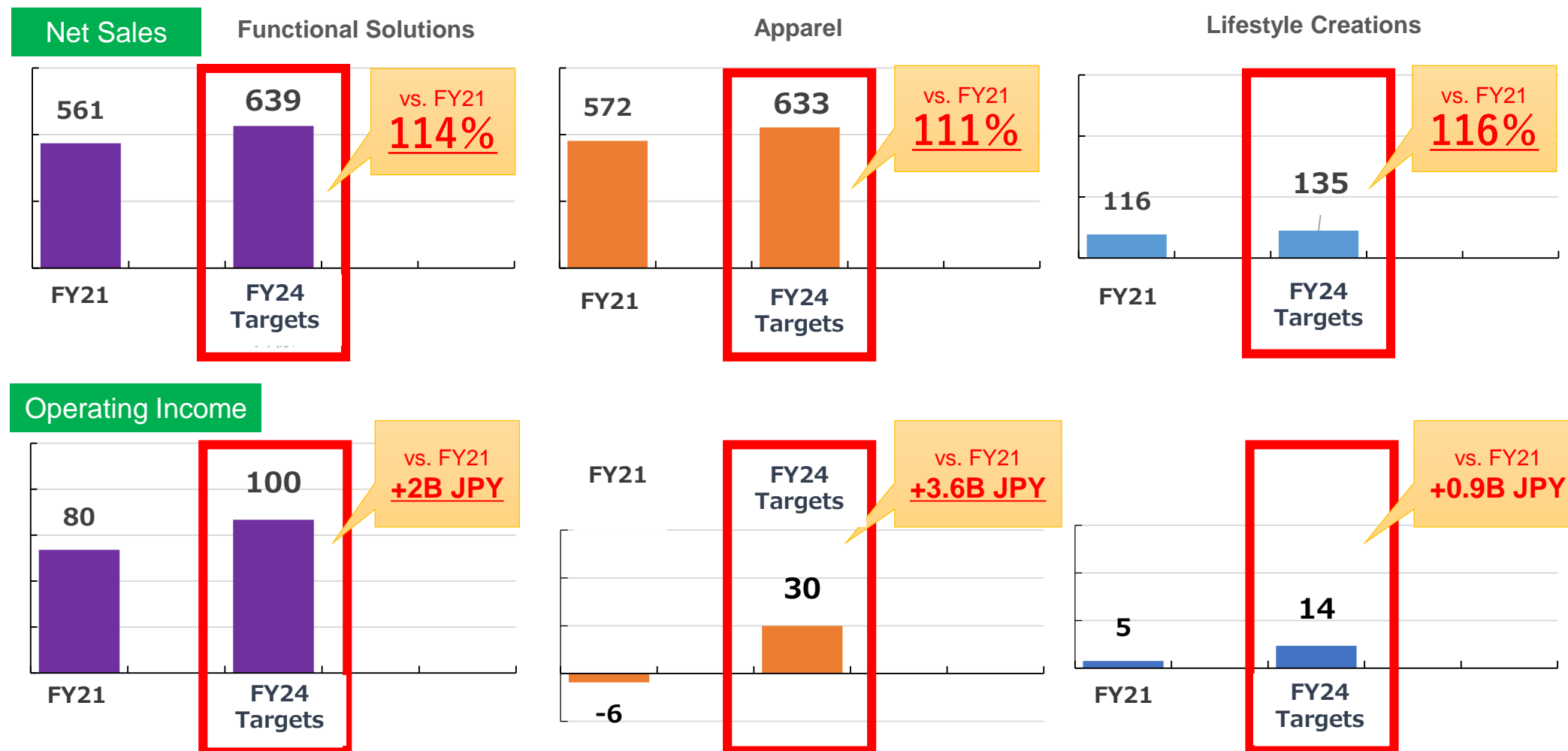
Management Goals (Financial Goals)

■ Functional Solutions ■ Apparel ■ Lifestyle Creations ■ Opareting Income (100 millions of yen)

Net Sales(100 million yen)



Management Goals (Financial Goals) - Plans by segment



Management Goals (Non-financial Goals)

Category	Target indicators		2024 targets	2030 targets
Environmental responsiveness	CO ₂ emissions reduction rate (vs. FY2013, Scope 1 + 2)		28% or higher	35% or higher
	Per-unit energy consumption reduction rate (vs. previous year)		1%/year or higher	
Corporate constitution evolution	Promotion of women's empowerment	Ratio of women in managerial roles	6% or higher	20% or higher
		Ratio of female employees in workforce	35%	41%
		Ratio of women hired in main career track	50%	50%
	Parenting support	Men's paternity leave utilization rate	50%	70%
	Corporate culture creation	Engagement score	70 pt. (estimate)	80 pt. (estimate)
	Work style reform	Annual paid leave utilization rate	75%	100%
Others	Productivity improvement rate (P value*) *GUNZE's own productivity metric over the previous year		103%	103%

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① Creation of New Value

Build a corporate culture supportive of challenge and able to integrate the power and resources of the entire company



a. Creation of new businesses and growing existing businesses

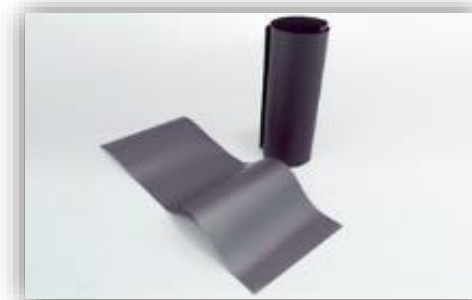
a-1. Creation of new businesses

Promote innovation by diving deeper into core technologies and combining them effectively

- Commercialization of functional films such as films for next-generation lithium-ion batteries
- Promote partnering with startups and M&A; developing platform for new business creation



Next-generation lithium-ion
battery external view



Film for next-generation
lithium-ion batteries

To provide more security and comfort and to benefit future generations,
we employ our technology to help create a sustainable society

① Creation of New Value

a-2. Growing existing businesses by expanding new fields/domains

People/earth-focused
products/services
【Security, Reliability, Comfort】



Expand sales for plastic films, medical materials, etc. globally
(North America, China, ASEAN, etc.)



Expand semiconductor/medical-related businesses in the engineering plastics segment
(Photo: Clean Konan Factory completed in 2020)



Accelerate shift to DTC business model for apparel (online sales, directly managed stores); strengthening women's innerwear and leggings product lineups



Strengthen swimming and other schools in the sports club business

① Creation of New Value

b. Offering new products/services designed with enhanced sustainability in mind

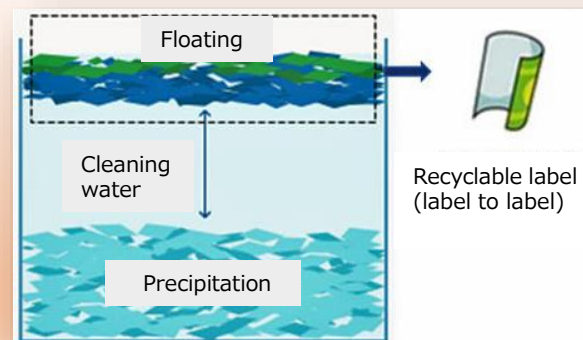
People/earth-focused
products/services
【Security, Reliability, Comfort】



(Medical)

Continue releasing innovative
products centering on
absorbable products

Photo: TENALEAF® — the first
Japan-made sheet-type
absorbable adhesion barrier



(Plastic Films)

Create new value through
resource-circulating type films
(Chart) Technology established
for environmentally friendly
water-flotation film to promote
recycling



(Engineering Plastics)

Expand
fluororesin
product lines in
health/medical-
related fields



(Apparel)

Reinforce and
expand wellness &
health category
products



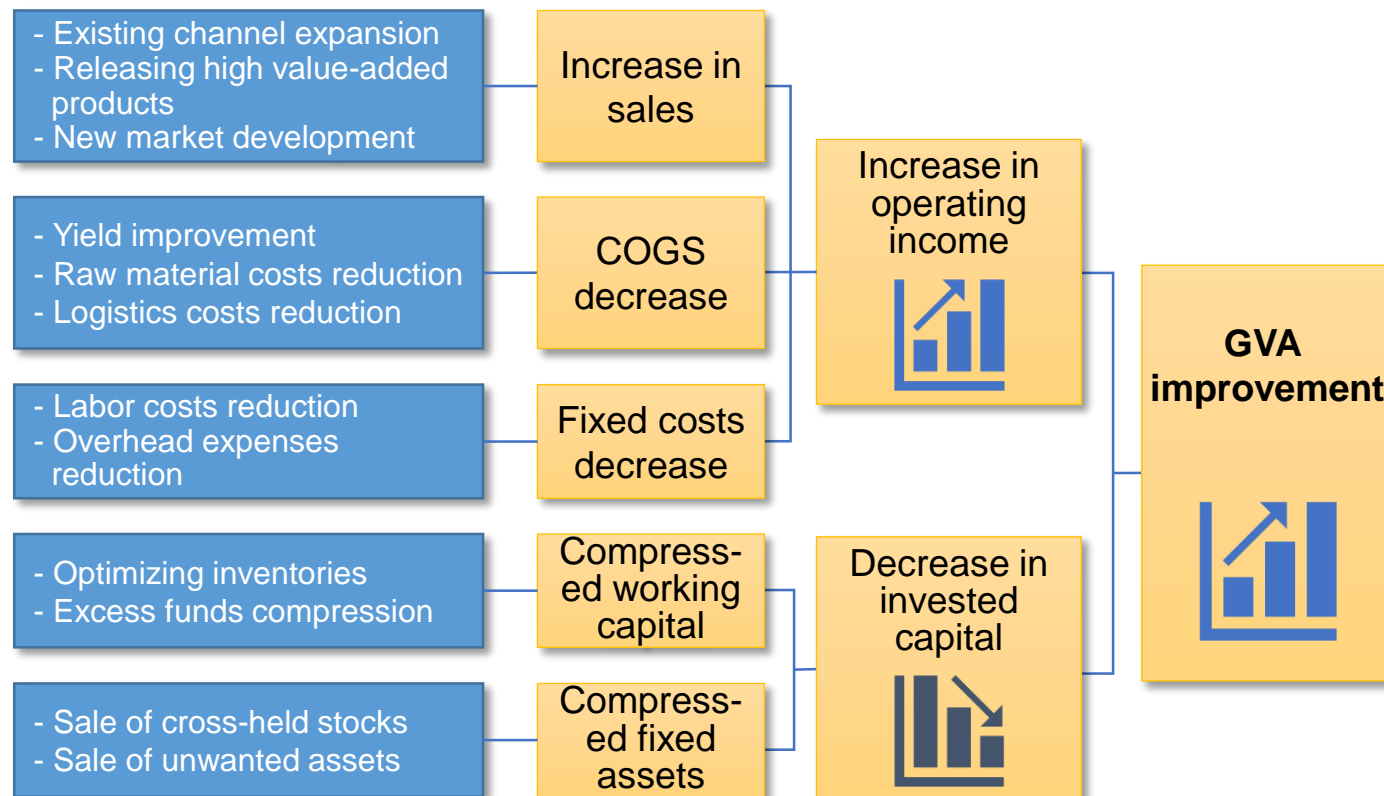
(Gunze Development)

Renovation of
“Gunze Town Center
TSUKASHiN” for
enhanced people/
environment
friendliness

② Capital Cost-focused Management

Concentrate investments in high-growth fields and sustainability-focused businesses

Enhance capital efficiency by implementing performance indicator tree for GVA improvement



Category	Indicator	2021 results	2024 targets
Company-wide	ROE	2.6%	6.3% or higher
	GVA	-2,679 million yen	Positive company-wide GVA
Divisions with positive GVA	ROIC	MBO based on ROIC	

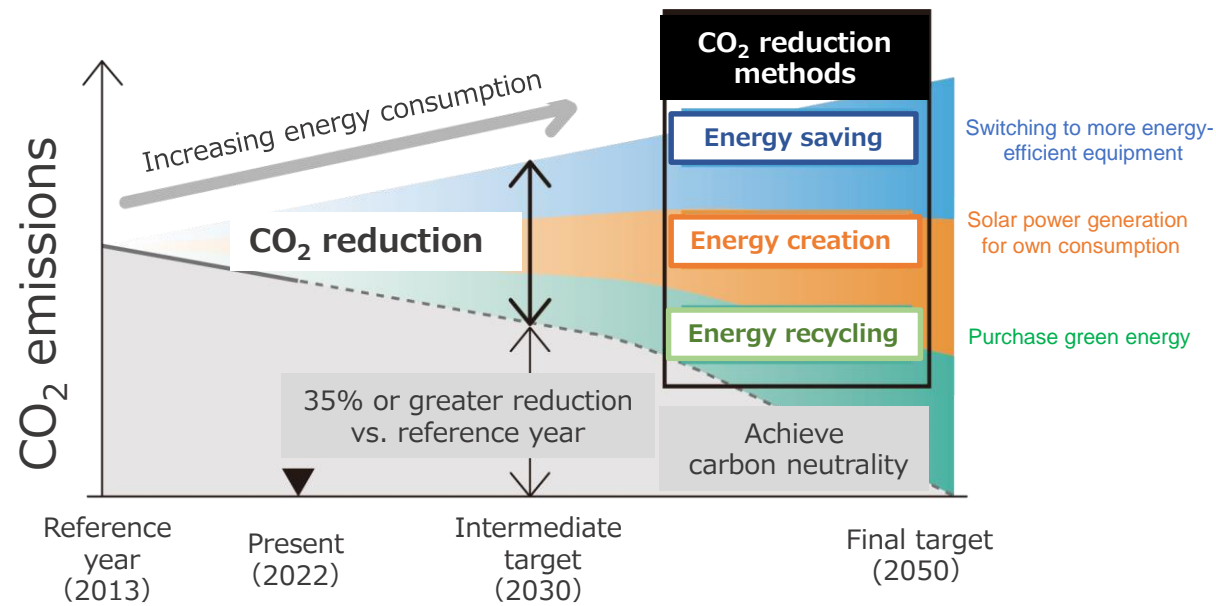
*Divisions with negative GVA value to exert efforts to reach positive GVA value expeditiously

③ Environmentally Responsible Management

Reducing negative environmental impact through business activities

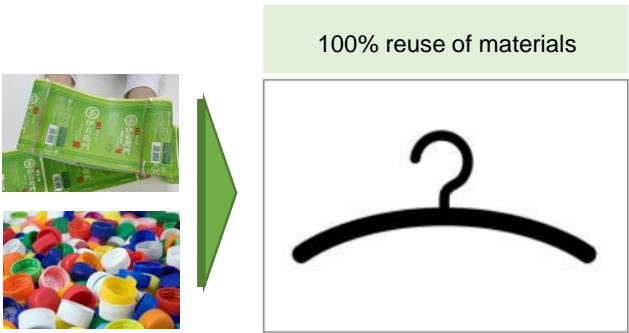
a. Significant promotion of energy saving, creation, and recycling activities

Reduce CO₂ emissions by 35% or more by 2030
(vs. 2013, Scope 1+2*)



b. Resource circulation

Collaborative recycling promotion by Plastic Film and Apparel Divisions



c. Sustainable procurement

Promote purchase of biomass/renewable materials

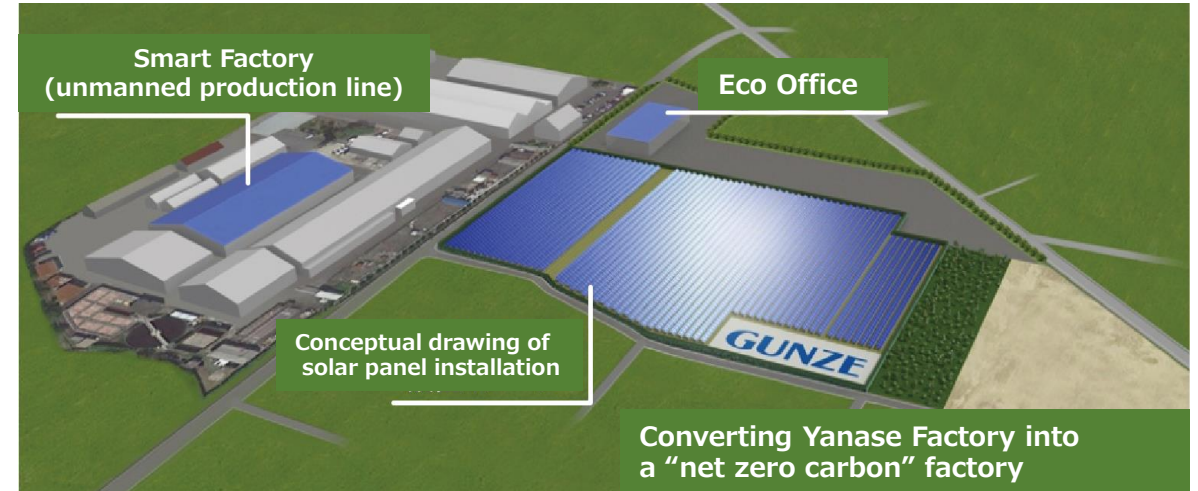
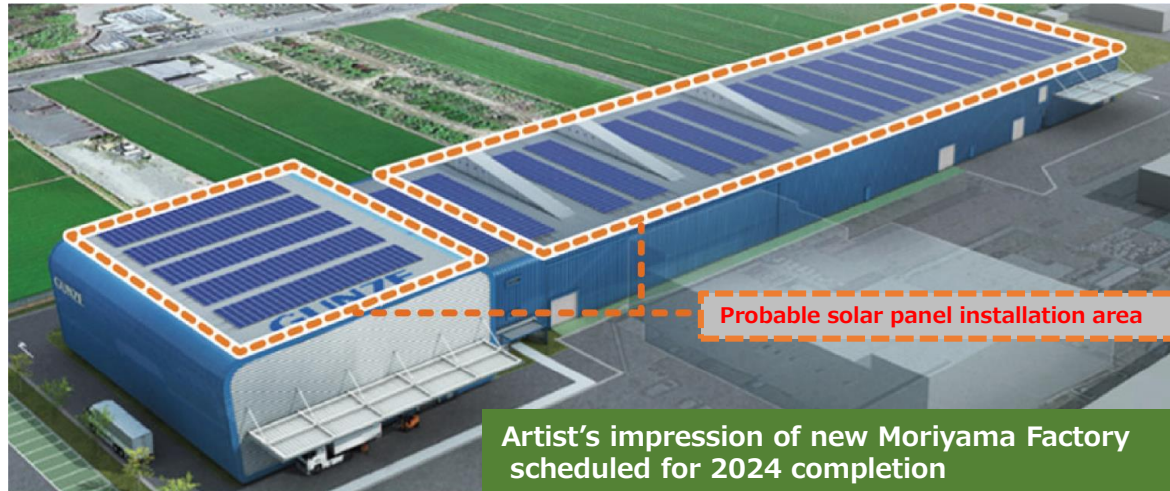
■ Plan to make 12 billion yen environment-related investment by 2030

Investment (100 millions of yen)		Main investment plans
V 30-1	86	Circular Factory (Moriyama) “Net Zero Carbon” Factory (Yanase)
V 30-2	25	
V 30-3	9	Enhanced-efficiency equipment
Total	120	Solar power generation system
		Waste solvent recycling equipment

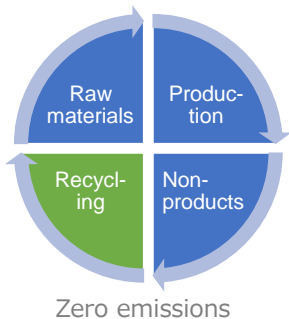
*Creating Scope 3 reduction scenario by FY2022 end

③ Environmentally Responsible Management

Environmentally responsible model factories



Circular Factory



- a. Petrochemical raw material use reduction
Thinner film design, increasing bio-based raw materials use
- b. Establishing a resource circulation system
Recycling-oriented product development, establishing technology for raw material recycling
- c. Efficient resource utilization
Recovering solid plastic waste for reuse to realize “zero emissions”

“Net Zero Carbon” Factory

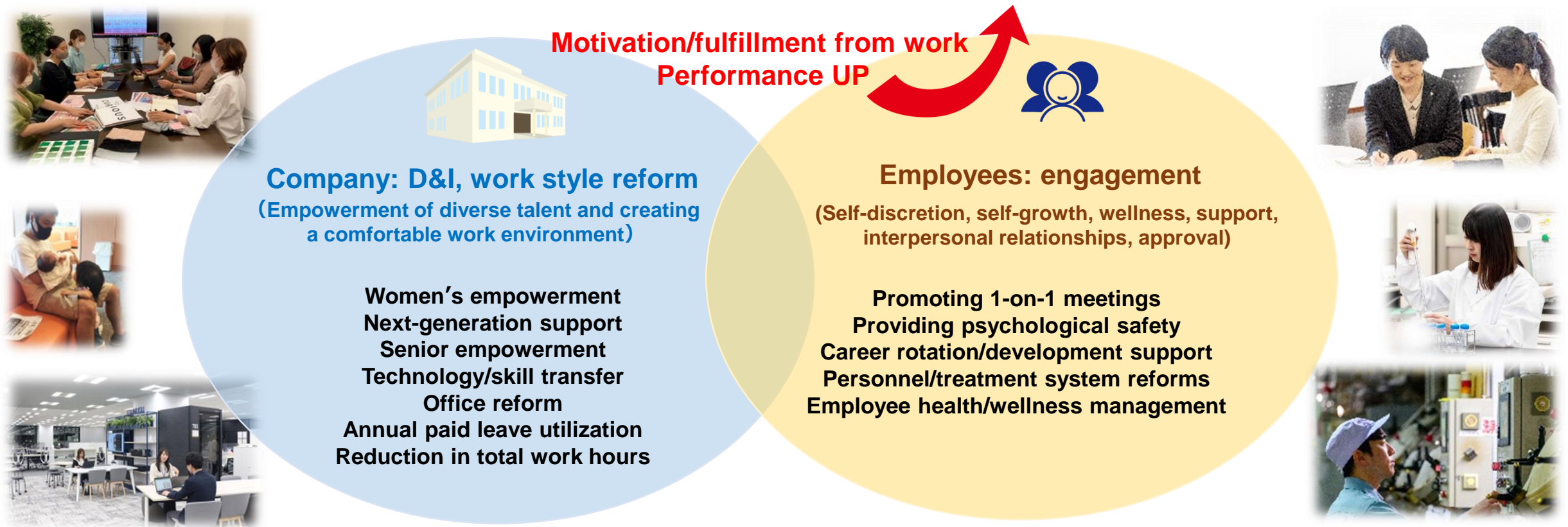


- a. Energy efficiency improvement
Realtime visualization of energy usage, updating equipment to increase energy efficiency
- b. Fossil fuel usage reduction
Switching to full electrification
- c. Solar panel installation and greening

④ Evolution of Corporate Constitution

Nurture an organizational culture supporting diverse talent to attain fulfillment from work, establishing GUNZE as a healthy and visionary company that society can rely on

Improve corporate value and sharpen competitive edge through productivity enhancement



④ Evolution of Corporate Constitution

Create new value through business processes transformed through digital technology



Management information sharing

Accelerating management decisions

Restructuring company-wide/business division-specific portals, visualizing management information through an energy monitoring system



Sales reforms

Transformation from analog/individual skill-dependent sales styles

Expand sales through customer/market analyses using Big Data, AI, etc.; improve SCM plan accuracy based on demand forecasts, reducing losses



Product reforms

Productivity improvement through automation/labor-saving technologies

Achieve productivity improvement and production floor work style reforms by building a Smart Factory based on sensing/AI technologies



Indirect operation reforms

Labor-saving by automating repetitive work

Use of Robotic Process Automation (RPA) and related tools to reduce labor requirements for indirect operations, allowing more personnel to undertake higher value-added jobs

Plan based on person-in-charge decision-making

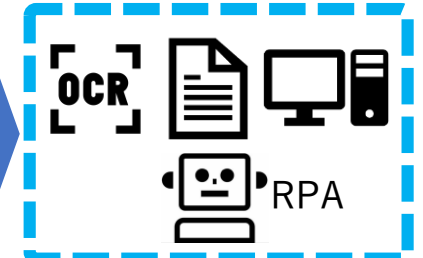
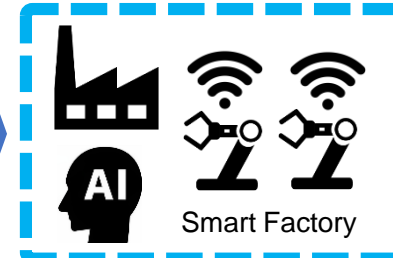
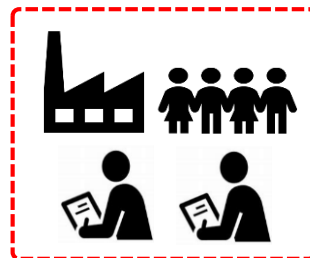
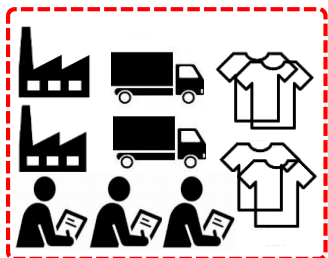
SCM reform through use of AI

Manual labor-dependent production system

Efficient automated line

Efficiently organized information to minimize paper use

Labor-saving through automation tools



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Investment Strategy

Strive to sustainably improve corporate value and coexist well with our planet through growth and environment-related investments

Focus areas	Main investment plans	Investment amount (2022 - 2024)
Investing in new fields/equipment essential for sustainable growth	<ul style="list-style-type: none"> - Investing in new equipment and strengthening production capacities mainly for plastic films, engineering plastics, and medical materials - Establishing a solid foundation allowing apparel to shift to DTC business model - Renovation of “Gunze Town Center TSUKASHiN” 	11.4 billion yen
Environment-related investment	<ul style="list-style-type: none"> - Circular Factory (Plastic Film, Moriyama Factory) - Net Zero Carbon Factory (Innerwear, Yanase Factory) 	8.6 billion yen
Re-development of business sites and others	Building extension/reconstruction, equipment relocation, etc., accompanying environment-related investments	8.8 billion yen
Updating/improving efficiency in existing equipment/facilities	—	4.3 billion yen

- Funding for M&A investments to be flexibly supplied as additional budget
- 10 billion yen spend over 3 years planned for R&D (previous 3 years: 8.3 billion yen)

3-year investment plan: 33.2 billion yen
 (Total investment over the previous 3 years: 19.2 billion yen)

Financial Strategy

Achieve environment-related investments and capital cost reduction while maintaining a solid financial foundation, improving GVA and generating increased free cash flows

Distribution of
earnings to
shareholders

- ◆ **Maintain 100% total return ratio until ROE exceeds shareholders' equity cost**
- ◆ **Dividend on equity (DOE): 2.2% or higher**

- **Improving GVA** (positive company-wide GVA by 2024) · **Generating increased free cash flows**

Environment-related investment
(V30: 12 billion yen in total)

Reinforcing
IR/stabilizing
beta

Capital cost reduction
(MBO based on business division-specific GVA/ROIC)

Stable interest-bearing fund raising
(ESG finance, syndicate loans, commercial paper, etc.)

Generating extra
scope for
investment

Optimal financial portfolio
(Sale of cross-held stocks, assets, etc.)

- **Strong financial foundation** (Maintain long-term debt at approximately 50%, D/E ratio at 0.2-0.3, with equity ratio at 60-70%)



External view of the Circular Factory at Plastic Film Company's Moriyama Factory (Moriyama City, Shiga Prefecture)



Forward-looking statements such as earnings forecasts and other projections contained in this document are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.