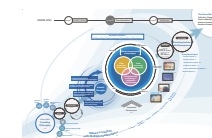


Explanation of the Value Creation Model by Capital Category

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