

# GUNZE

Section

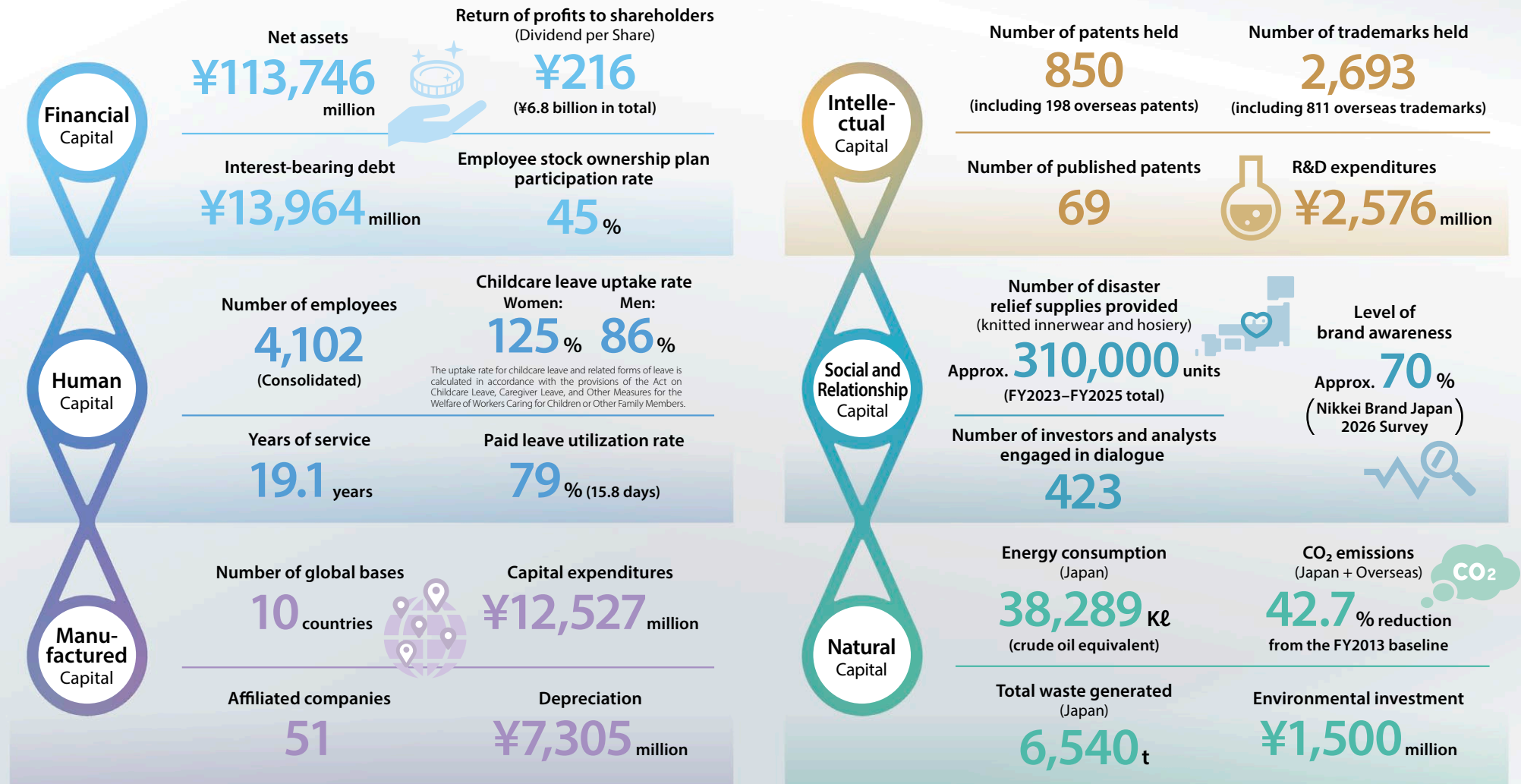
|                                  |    |
|----------------------------------|----|
| At a Glance .....                | 06 |
| Business Portfolio .....         | 07 |
| Message from the Chairman .....  | 08 |
| Message from the President ..... | 10 |

## Continuously Providing Comfort Solutions

## At a Glance

### Six Types of Capital that Support Gunze

Gunze's businesses are supported not only by stable and sound financial capital, but also by non-financial capital, including talented human resources, intellectual property created and accumulated over the years, and strong brand equity. We will continue to strengthen and fully leverage them to enhance our corporate value.



## Business Portfolio

The Gunze Group operates four businesses: Functional Solutions, Medical, Apparel, and Lifestyle Creations.

By combining and advancing the "strengths and proprietary technologies" developed in each business, we address social issues and create new value.

### Advanced technologies Global reach



Promoting sustainable product development and global market expansion to contribute to a circular economy

- **Plastic Films Business**  
Packaging films for beverages, food products and more

- **Engineering Plastics Business**  
Functional materials for OA equipment and industrial applications

Shrink films

Domestic market share approx. **40%**

#### Functional Solutions Business

### In-house development Biomaterials Global

Aiming to support healthcare and improve patients' QOL through the provision of bioabsorbable medical devices



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

Reinforcement felts

Domestic market share approx. **90%**

#### Medical Business

### Apparel Business

Apparel products

Number of units sold annually in Japan approx. **98 million units**

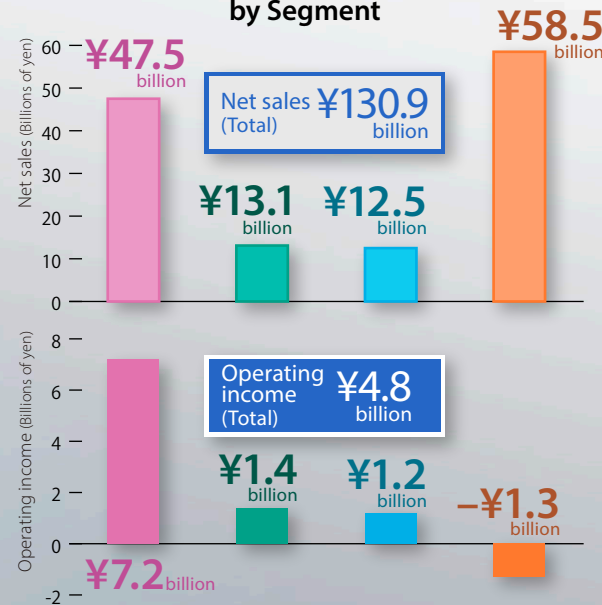
- **Apparel Business**  
Innerwear, legwear, and lifestyle apparel
- **Threads & Accessories Business**  
Various sewing threads and industrial materials



Developing and providing comfortable, functional apparel and high-performance industrial materials

### Functionality Design Diverse Needs

#### Fiscal 2025 Net Sales and Operating Income by Segment



### Lifestyle Creations Business

Gunze Town Center Tsukashin

Number of visitors approx. **12 million** (FY2025)

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



Contributing to better living and greener communities through diverse community-based services

### Enhanced Quality of Life Physical and Mental Well-being

## Message from the Chairman

# Building on Our Founding Spirit, We Will Continue to Embrace Change and Take on Challenges to Remain a Company Society Needs for the Next 100 Years

### Change What Must Be Changed. Preserve What Must Never Change.

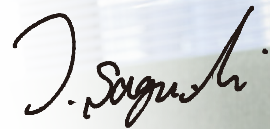
In June 2026, I stepped down as Representative Director and President and assumed the role of Representative Director and Chairman.

During my tenure as president, we pursued sustainability management under the Medium-term Management Plan VISION 2030, seeking to create both economic and social value. In stage2, the second phase of VISION 2030, we have worked to strengthen our corporate structure and transform Gunze into a company capable of sustainable growth. Our efforts have included shifting resources toward growth areas, particularly the functional solutions and medical businesses, implementing structural reforms in the Apparel business, and strengthening our global expansion. We have now entered the phase of translating the results of these initiatives into our next stage of growth.

Mr. Oka, who succeeds me as president, has extensive experience managing overseas businesses and is ideally suited to lead the Company with a global-market perspective.

I see the role of chairman as standing apart from business execution, viewing the Company as a whole from the perspective of the Board of Directors, and supporting the enhancement of corporate value over the long term.

Going forward, the very nature of corporate governance will increasingly come into question. What should the Board of



**Toshiyasu Saguchi**

Representative Director, Chairman

Directors discuss? How should we translate shareholders' expectations into concrete targets and set clear expectations for the executive team? And how should we establish the right relationship between oversight and execution? I believe we need to deepen our discussions on these questions, including the composition and roles of Outside Directors.

At the same time, I do not believe that simply adopting a Western model is the answer. We must, of course, respond sincerely to the demands of capital markets and expectations for greater transparency. But Gunze also has a corporate culture built over 130 years. Rather than completely separating execution from oversight, I

believe it is important for outside and internal officers to engage in candid dialogue based on mutual trust and to continue reforming our governance in pursuit of a model best suited to the times.

### Social Change and Gunze's Purpose

People often say that we are living through a once-in-a-century period of change. Certainly, the pace of change is accelerating, driven by factors such as population decline, geopolitical risks, and advances in AI. Yet if we look back through history, business leaders in every era have spoken of living through times of rapid change.

## Message from the Chairman

Management, by its very nature, is an ongoing process of responding to change.

Of all the challenges facing Japanese companies, population decline remains the most significant. The market is shrinking, and the workforce is also shrinking with it. If we look only at Japan, companies themselves must adapt to the scale of the market. The age of managing on the assumption that sales will continue to rise year after year is over. What matters now is how we generate profits and increase the value we bring to society in a contracting market. In that sense, Gunze's shift toward global markets is inevitable. If there are places around the world where what we offer is needed, we must go there. At the same time, I want us to continue to cherish the values and strengths we have cultivated as a Japanese company, the qualities that make Gunze distinctly Gunze.

## Our Founding Spirit and Gunze's uniqueness

Gunze upholds its three founding principles: Respect for Humanity, Production of Quality Products, and Coexistence and Mutual Prosperity.

In recent years, many companies have redefined their purpose. At Gunze, however, I believe these three principles already serve that purpose. For 130 years, Gunze has followed its own path without relying on major M&A, while remaining true to its own values. Of course, the meaning of these principles evolves with the times. What constitutes quality products or respect for humanity today is different from what it was a century ago, while coexistence and mutual prosperity must now be understood from a broader perspective that encompasses the supply chain and the global environment. Yet the fundamental desire to be of service to people and to prosper together remains unchanged. What matters, I believe, is that we continue to interpret these timeless values in ways that reflect the times.

If I were to describe what makes Gunze Gunze in my own words, I would liken it to a nostalgic landscape deeply rooted in Japan's collective memory: mountains in the background, fields stretching out

before you, and a sense of human warmth. Even as we pursue cutting-edge technologies and businesses, there remains something unpretentious about Gunze, along with a culture that genuinely values people. That is the kind of company I want Gunze to remain. Looking back, Gunze has never been a company that gets everything right the first time.

We have taken on countless challenges and experienced many failures, yet we have continued moving forward by trusting and supporting one another. I believe those accumulated experiences are what have shaped the Gunze of today.

## What I Mean by Transformation

We are currently advancing structural reforms under VISION 2030 stage2. But maximizing profit at any cost is not what I believe management should be about.

We could perhaps raise profits further by pushing reforms even harder. But if doing so leaves our employees exhausted and causes us to lose what makes Gunze Gunze, there is little point.

I do not believe that a company belongs only to its shareholders. A company exists through its relationships with a wide range of stakeholders, including employees, customers, business partners, and local communities. That is precisely why I believe it is important to provide value in a balanced way to all stakeholders, rather than focusing on only one group.

Our structural reforms are an extension of this philosophy. We will carry out the reforms necessary for sustainable growth while remaining a company that values people. I want us to take on the challenge of achieving both.

## Becoming a Sustainable Company

A company can exist only as long as it is needed. It must work to remain needed, and as a result continue for 100 years, 200 years, and beyond. Along the way, I hope the people who work here will be able to say, "I'm glad I chose this company," and that those around us will regard Gunze as a good company. That is the kind of company I want us to remain.



When I became president, I said, "Let's enjoy our work." That conviction has remained unchanged and continues to form the core of my management philosophy.

Management inevitably involves difficult moments. But a workplace where people are worn down by their daily work and relationships grow distant cannot be called a truly good company. A truly good company must be a place where every employee can work with pride and enjoyment. Creating an environment where our employees can devote themselves to their work with a genuine sense of security and pride is the path to sustainable growth for the Gunze Group.

## Message from the President

### Achieving the Next Stage of Growth by Changing What Must Be Changed and Preserving What Must Be Preserved

*Takahiro Oka*

**Takahiro Oka**

Representative Director, President and President Corporate Officer



### My Mission in a Time of Transformation

I assumed the role of President in June 2026.

Gunze has a history spanning more than 130 years, but today the Company is in the midst of major transformation.

Under the Medium-term Management Plan VISION 2030, stage1 focused on building a foundation for growth while shifting toward higher-value-added areas, particularly in the Functional Solutions and Medical businesses.

We are now in stage2, advancing business portfolio reforms, including

structural reforms, as well as reforms to our personnel systems under the theme of Transformation. We have positioned stage2 as a critical period for transforming Gunze into a company capable of generating profits sustainably by improving profitability and capital efficiency. My role is to see these reforms through and build a solid foundation for the next stage of growth. Beyond that, as we move toward stage3, I believe my mission is to evolve Gunze into a company that can continue to grow sustainably while adapting flexibly to changes in its environment.

I would like to share the principles that guide me in pursuing this goal and the kind of company I want Gunze to become.

### An Organization That Embraces Challenges Will Create Our Next Stage of Growth

I joined Gunze in 1987 and have since spent much of my career building practical experience on the front lines. I never imagined that I would one day become president, and it did not feel real until I was told I would be appointed. Looking back, however, I feel that each of the experiences I have accumulated over the years has in some way led to the transformation Gunze is undertaking today. One of the major turning points in my career came in 2005, when I became president of a subsidiary in Kansas in the United States. The company was operating at a loss at the time, and the business environment was difficult. It was my first time living overseas and my first experience serving as a company president. We took on the challenge of returning the business to profitability through a range of initiatives, including establishing company rules, reforming personnel systems and production processes, and introducing new products. Through that process, one lesson became particularly clear to me: the ability to adapt to changes in the environment is essential for both companies and individuals.

Job-based employment and performance-oriented evaluation systems were already the norm there. What mattered was not how many hours people worked or where they worked, but what they achieved. Today, human capital management and diverse working styles are increasingly emphasized in Japan, but I experienced this environment firsthand more than 20 years ago. I was particularly impressed by people who would say, "I may only be able to work limited hours, but I will deliver results," and then go on to produce outstanding results.

That experience taught me that results are not necessarily proportional to hours worked, and that an environment in which diverse human resources can fully demonstrate their abilities makes an

## Message from the President

organization stronger. Those lessons continue to play a significant role in shaping the personnel system reforms and human resource development initiatives we are pursuing today.

### A Time When Past Successes Alone Are No Longer Enough

The environment surrounding Gunze is changing significantly. Population decline, increasingly diverse values, heightened geopolitical risks, and climate change are altering the very assumptions on which companies operate.

Gunze has more than 130 years of history and has accumulated many successful experiences over that time. Precisely because of those successes, however, there is a risk of falling into the mindset that what worked in the past will continue to work in the future. The world is changing faster than ever. Simply continuing to do things the same way could leave us behind.

I believe the quality companies need most in the years ahead is adaptability. Can we accurately understand change and change ourselves accordingly? That ability will increasingly determine corporate competitiveness.



That is why Gunze needs to transform itself now. This does not mean rejecting the values we have upheld since our founding. Rather, while remaining grounded in our founding principles of Respect for Humanity, Production of Quality Products, and Coexistence and Mutual Prosperity, we must evolve our business structure, organization, human resources, and approach to value creation in step with the times. This is what we are pursuing under the current Medium-term Management Plan VISION 2030 stage2.

### stage2: Building a Foundation for Sustainable Profit Generation

Gunze has positioned stage2 as a three-year period of transformation. Within our overall growth strategy toward 2030, these three years are a period for building the management foundation that will support future growth. We will strengthen our ability to generate stable profits to fund growth investments while improving capital efficiency through business portfolio reforms and enhanced profitability, thereby laying the groundwork for the next stage of growth.

The reform projects currently under way are progressing broadly in line with plan, with some already beginning to deliver results ahead of schedule. What matters to me, however, is not the reforms themselves. The real objective is to create a business capable of continuing to generate profits after the reforms are complete. To that end, we are building a stronger earnings foundation by shifting our operations to respond to climate change and changing consumer behavior, creating a business structure that is less vulnerable to exchange rate fluctuations, improving productivity, and making more effective use of our human resources.

Growth strategies tailored to the characteristics of each business are equally important. In the functional solutions business, we are expanding into growth areas such as resource circulation. The medical business also remains positioned as a medium- to long-term growth business. At the same time, the medical field requires time for regulatory approvals, reimbursement coverage, and other

processes. Rather than seeking only short-term results, we therefore need to develop the business according to a time horizon appropriate to its characteristics. By strengthening profitability through these initiatives and translating that improvement into higher ROIC and ROE, we will achieve sustainable growth in corporate value.

**■ Progress of VISION 2030 stage2 ▶ PP.46–47**

**■ Business Strategy ▶ PP.50–58**

### Two Pillars for Growth in stage3

If stage2 is the period in which we transform our corporate structure, stage3 will be the period in which we leverage that foundation to accelerate growth.

The two themes we are pursuing from a medium- to long-term perspective are global expansion and technology. By global expansion, I do not simply mean increasing overseas sales. Expanding into overseas markets is of course important, but even more important is developing human resources who can adapt to change through exposure to diverse values and environments. During my own assignment in the United States, I experienced many failures and went through considerable trial and error in an environment where Japanese assumptions did not always apply. Those experiences continue to have a major influence on the management decisions I make today.

We are entering an era in which there is no single fixed answer. People who can embrace diverse values and continue learning for themselves will therefore become a source of corporate competitiveness. As one initiative toward this goal, the apparel business is reviewing the way it produces and sells products and advancing a local production for local consumption strategy. Rather than simply manufacturing products overseas and importing them into Japan for sale, we are building systems to sell products in the regions where they are produced. This will strengthen our ability to respond to market changes while creating a business structure that is less vulnerable to exchange rate fluctuations and other changes in the external environment.

## Message from the President

Our other theme, technology, does not simply mean developing new technologies.

Gunze possesses proprietary technologies cultivated over many years. Yet precisely because these technologies have become so familiar within the Company, we may sometimes fail to recognize their true value.

That is why we are taking a fresh look at the distinctive technologies and business roots of each business and reaffirming their strengths. We believe that a deeper understanding of our existing technologies is the starting point for creating new value.

At first glance, Gunze's businesses may appear to operate in very different fields, but underlying them are common materials and processing technologies. By revisiting the roots of these technologies and applying them across business boundaries, we intend to create new business opportunities.

In stage3, we want to turn these strengths into concrete strategies that drive business growth and enhance corporate value, thereby achieving sustainable profit growth and further increases in corporate value. We are not yet at the stage where we can disclose the details, but preparations are steadily progressing. We intend to show our stakeholders a new vision for growth that goes beyond simply extending what we have done in the past.

## Transforming Our People and Systems to Build an Organization That Embraces Challenges

One of Gunze's greatest strengths is its people. Many of our employees have a strong attachment to the Company and its products, which is a valuable asset that strengthens unity across the organization.

At the same time, a strong affection for one's own company can sometimes make it harder to recognize the areas that need improvement. I therefore want to embed both the willingness to take on challenges and the ability to think critically throughout the organization. We need to look calmly not only at what we do well,

but also at what needs to improve, and then take on challenges without fear of failure. To support this, our new personnel system introduces stretch goals and provides a framework for appropriately recognizing people who take on ambitious challenges.

I do not believe an organization will change simply because management tells employees to "take on challenges." Failure is an inevitable part of challenging something new. If people believe that failure will result in a lower evaluation, they will stop taking risks. That is why we need systems that encourage challenges and an environment in which people can try again.

Managers also need the ability not merely to accept the status quo, but to identify issues and areas for improvement. For this reason, we place particular emphasis on critical thinking in human resource development. By maintaining our culture of valuing people while equipping employees with the skills needed to support challenge and transformation, we will strengthen the growth potential of the organization as a whole.

I believe that if we combine Gunze's people-oriented culture with a stronger capacity for challenge and execution, we can achieve sustainable growth even in an era of rapid change.

Human Capital ▶ PP.24-29

## Moving Toward the Next Stage of Growth While Preserving the Values That Must Never Change

Throughout its more than 130-year history, Gunze has navigated change time and again. At the foundation of that resilience are our founding principles of Respect for Humanity, Production of Quality Products, and Coexistence and Mutual Prosperity.

Today, I feel more strongly than ever that these principles are Gunze's compass. An organization cannot endure if it pursues profit alone. We must value people, grow together with our partners, and continue providing value to society. We will continue to change what must be changed. At the same time, we will preserve the values that must never change. Building on these timeless values, we

will improve profitability and capital efficiency through reforms to our corporate structure while taking on the challenge of achieving new growth.

My mission is to see the reforms currently under way through to completion and transform Gunze into a company capable of generating profits sustainably. By enhancing corporate value, we also aim to deliver various values to all of our stakeholders, including shareholders, customers, employees, business partners, and local communities.

