GUNZE



INTEGRATED REPORT

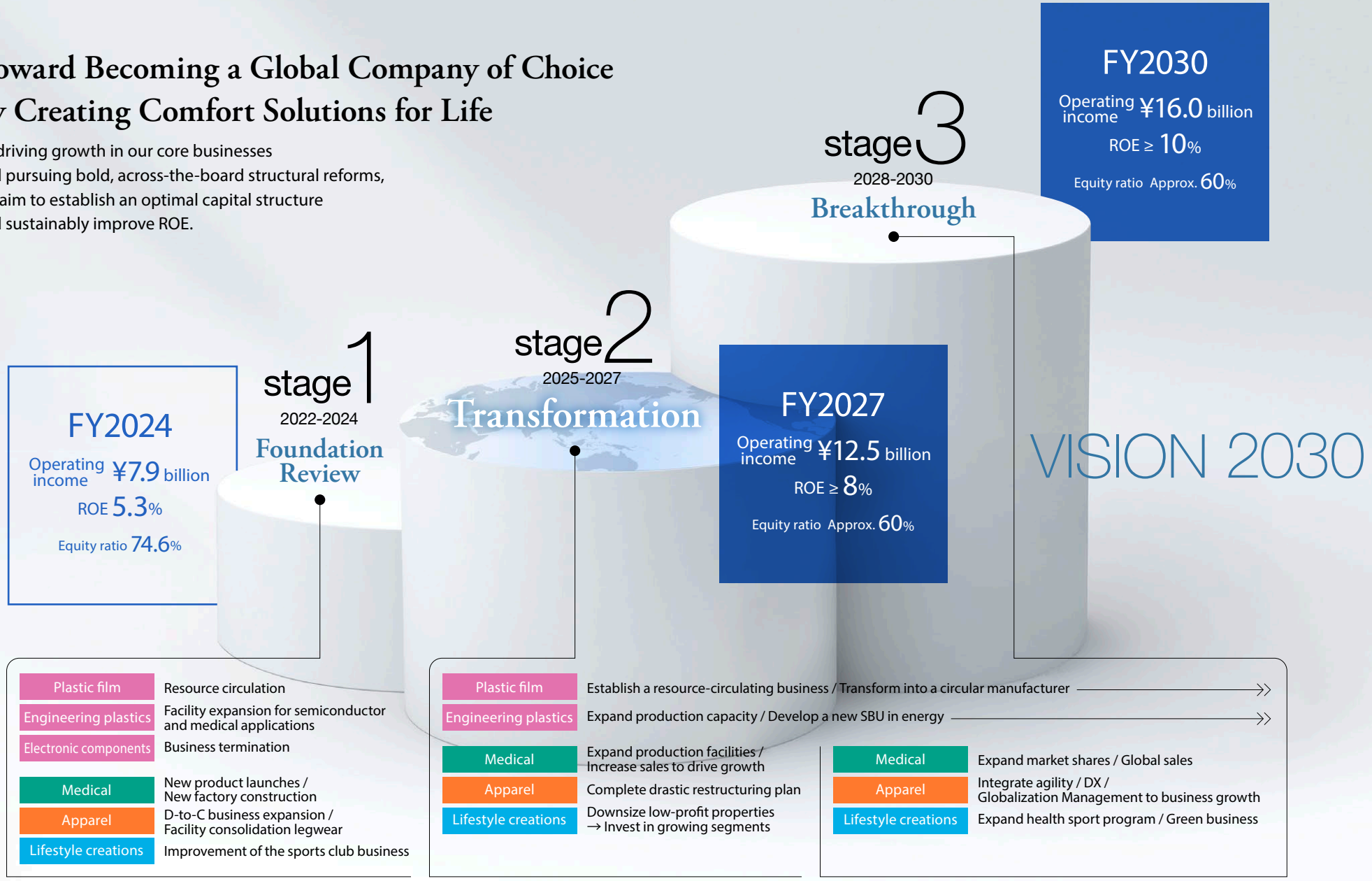
GUNZE Integrated Report 2026

Comfort Solutions for Life

Roadmap to VISION 2030

Toward Becoming a Global Company of Choice by Creating Comfort Solutions for Life

By driving growth in our core businesses
and pursuing bold, across-the-board structural reforms,
we aim to establish an optimal capital structure
and sustainably improve ROE.



Beyond Structural Reform

The Challenge of Transforming Gunze

Throughout its 130-year history, Gunze has grown its businesses and continued to take on new challenges while responding to the changing times. As the business environment evolves at an unprecedented pace, under VISION 2030 we have set a distinct theme for each three-year stage and are advancing initiatives toward realizing our vision for 2030.

During VISION 2030 stage1, we built a foundation for growth in high-value-added fields, primarily through our Functional Solutions and Medical businesses. In areas with the potential to help address social issues, including semiconductors, environmentally related fields, and bioabsorbable materials, we planted the seeds of future growth.

At the same time, our Apparel and Lifestyle Creations businesses have been confronted with profound changes in their operating environments, including market contraction and shifts in consumer behavior. To respond to these changes and achieve sustainable growth, Gunze is committed to embarking on a fundamental transformation that goes beyond extending its existing business model—the challenge of transforming itself.

Under VISION 2030 stage2, we are reforming our business structure and building a business foundation that can adapt to change, while leveraging the strengths developed during stage1 to drive further growth.

Beyond Structural Reform—Toward Sustainable Growth the Gunze Way

Gunze's technologies, cultivated over 130 years, have evolved beyond the boundaries of individual businesses and generated new value for industry and society. They have contributed to advancing resource circulation, as well as improving people's quality of life (QOL) by enabling healthier, more comfortable living.

At the same time, our business portfolio is evolving as we pursue structural reform of the Apparel Business, which is Gunze's core business and has long driven the Company, and seek to realize a new vision for the future.

To continue developing as a sustainable company, we recognize that simply preserving the values we have long cherished is not enough. Unless we evolve, we risk being left behind by the times.

To remain indispensable to customers around the world, we must become more attuned to change and strengthen our ability to adapt.

We believe it is essential for every employee to continue embracing challenges in pursuit of growth, even as they confront change in many forms.

We will boldly change what must be changed, while steadfastly preserving the values that must endure.

We are convinced that the cumulative impact of these transformations will create a new Gunze capable of supporting the next era.

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Editorial Policy

The GUNZE Integrated Report 2026 is published to provide financial and non-financial information about the Gunze Group. In preparing this report, we referred to various guidelines, including the IFRS Foundation's International Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation. The GRI, ISO, and TCFD content indexes are available on our corporate website.

The Report largely focuses on activities in FY2025 (from April 1, 2025 to March 31, 2026) with certain content covering the period after April 2026. Meanwhile, the relevant departments and job titles of individuals introduced are as of the time activities were undertaken.

Key Features of the Gunze Integrated Report 2026 / Information Disclosure Framework

Key Features of the Gunze Integrated Report 2026



1. The future of Gunze envisioned by the new management team

This fiscal year, Toshiyasu Saguchi was appointed Representative Director and Chairman, and Takahiro Oka Representative Director, President and President Corporate Officer. The messages from the new Chairman and President outline Gunze's growth strategy beyond structural reform and its direction for enhancing corporate value. They present the vision of the next-generation Gunze that the new management team aims to create.



Message from the Chairman P08 **Message from the President** P10

2. Strengths built over 130 years and the sources of value creation



The following sections examine the technologies Gunze has cultivated over 130 years and provide a comprehensive overview of the sources of its competitive advantage. By highlighting the core technologies and strengths leveraged across its businesses, it clarifies Gunze's distinctive value creation capabilities and the management resources that support sustainable growth.

Proprietary Technologies Built on Gunze's Core Technologies P16 **Gunze's Strengths** P18

3. Enhancing corporate value through six forms of capital

The following sections map the connections between financial and non-financial capital and recast Gunze's value creation process around six forms of capital. By highlighting the strengths and challenges of each form of capital and its links to business strategies, they clearly show the path to enhancing corporate value over the medium to long term.

Linkage between Financial and Non-financial Capital P19 **Sections on the Six Capitals** P20～40



4. A vision for 2030 and beyond

Looking beyond structural reform, these sections explore Gunze's aspiration to become a company that continues to create value. They set out Gunze's vision for sustainable growth.

Beyond Structural Reform P02 **Special Feature: imaGine2055** P48

Information Disclosure Framework

Narrative

Financial information | **Non-financial information**

Gunze Integrated Report 2026



- Financial Results Presentation Materials
- Consolidated Financial Results
- Corporate Governance Report
- Sustainability Data Book
- IR (Shareholders and Investors) Website
- Sustainability Website
- Annual Securities Report
- Corporate Website

Comprehen-siveness



Section 1

Continuously Providing Comfort Solutions

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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.

Financial Capital

Net assets
¥113,746 million

Return of profits to shareholders (Dividend per Share)
¥216 (¥6.8 billion in total)

Interest-bearing debt
¥13,964 million

Employee stock ownership plan participation rate
45 %

Human Capital

Number of employees
4,102 (Consolidated)

Childcare leave uptake rate
Women: 125 % Men: 86 %
The uptake rate for childcare leave and related forms of leave is calculated in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.

Years of service
19.1 years

Paid leave utilization rate
79 % (15.8 days)

Manufactured Capital

Number of global bases
10 countries

Capital expenditures
¥12,527 million

Affiliated companies
51

Depreciation
¥7,305 million

Intellectual Capital

Number of patents held
850 (including 198 overseas patents)

Number of trademarks held
2,693 (including 811 overseas trademarks)

Number of published patents
69

R&D expenditures
¥2,576 million

Social and Relationship Capital

Number of disaster relief supplies provided (knitted innerwear and hosiery)
Approx. 310,000 units (FY2023–FY2025 total)

Level of brand awareness
Approx. 70 % (Nikkei Brand Japan 2026 Survey)

Number of investors and analysts engaged in dialogue
423

Natural Capital

Energy consumption (Japan)
38,289 kℓ (crude oil equivalent)

CO_2 emissions (Japan + Overseas)
42.7 % reduction from the FY2013 baseline

Total waste generated (Japan)
6,540 t

Environmental investment
¥1,500 million

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.

Functional Solutions Business

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%**

Medical Business

In-house development × Biomaterials × Global

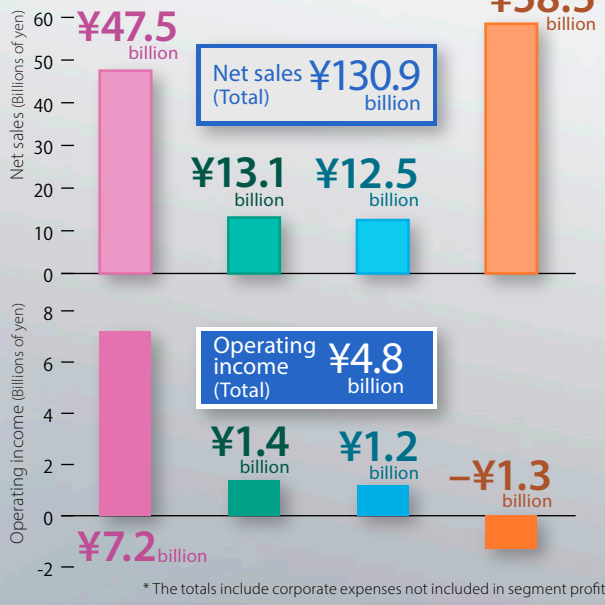
Aiming to support healthcare and improve patients' QOL through the provision of bioabsorbable medical devices



- **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%**

Fiscal 2025 Net Sales and Operating Income by Segment



* The totals include corporate expenses not included in segment profit.

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

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



Toshiyasu Saguchi
Representative Director, Chairman

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 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

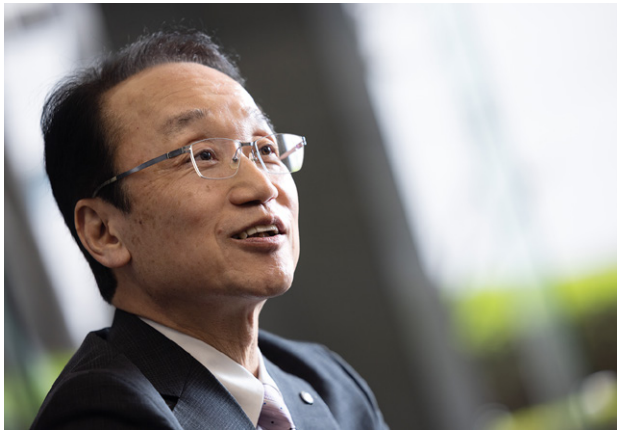
organization stronger. Those lessons continue to play a significant role in shaping the personnel system reforms and human resource development initiatives we are pursuing today.

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.



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Section 2

Gunze's Foundation

How Gunze creates value

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 130 years.

Established in 1896

Driven by his determination to contribute to the development of his hometown community by revitalizing the local silk-reeling industry, 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.



Founder Tsurukichi Hatano

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.



Early knitted 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.



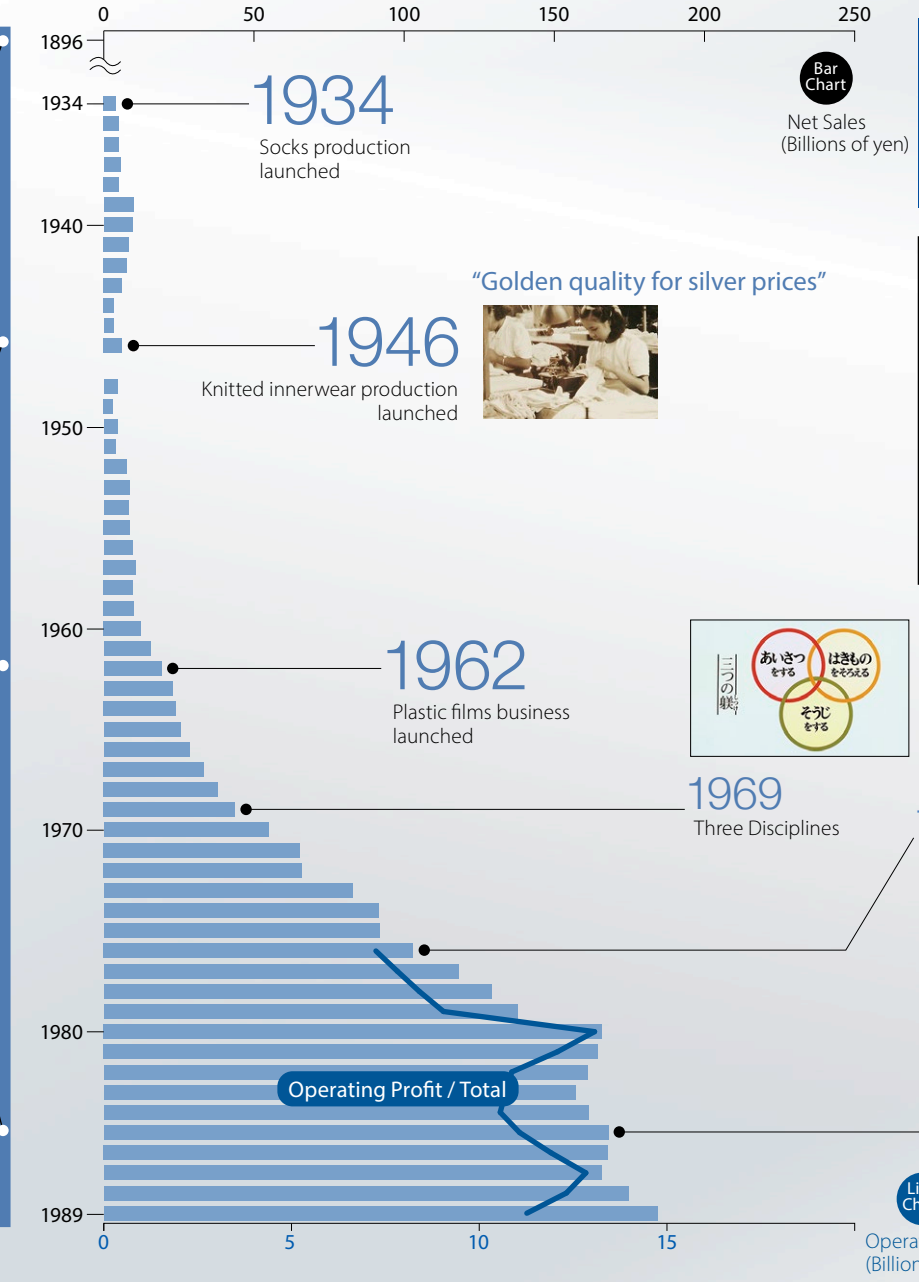
Shrink film

Acceleration of business diversification

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.



Filter support materials for semiconductor manufacturing

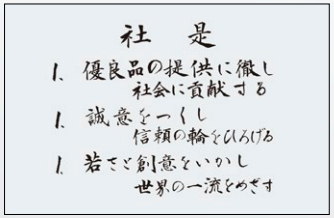


Founding Philosophy

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.



A Track Record of Value Creation

1996

100th anniversary of founding

To commemorate its 100th anniversary, Gunze established Gunze Memorial Square in Ayabe, its birthplace. The Gunze Memorial Hall and Gunze Museum were opened to the public to pass on the Company's founding spirit, history, and manufacturing heritage to future generations and share them with the wider community.

100th anniversary logo



Gunze Museum, opened to commemorate the Company's 100th anniversary

Absorbable adhesion barrier sheets



Expansion of functional solutions business and medical business

To clearly position Medical Business as its growth drivers, Gunze transitioned to a new four-business segment structure: Functional Solutions, Medical, Apparel, and Lifestyle Creations.

Advancing fundamental structural reforms

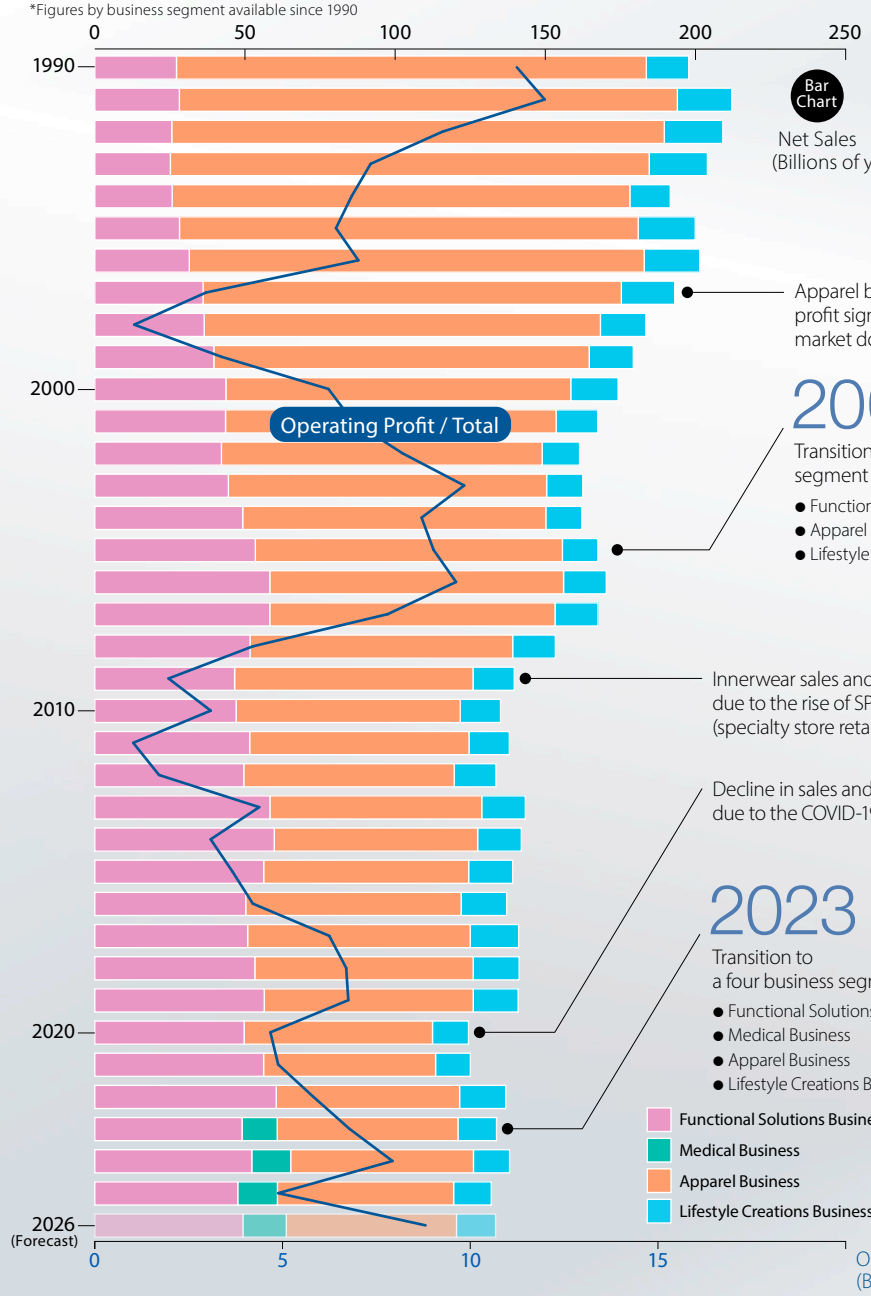
2025

Under VISION 2030, Gunze is pursuing growth strategies based on its grand design of achieving our vision for 2030 through growth in core businesses and compromising structural reforms. To address the underperformance of the Apparel Business, Gunze launched fundamental structural reforms in fiscal 2025 to achieve sustainable growth and strengthen profitability. The Company is consolidating production and logistics and reviewing support functions to build a business foundation resilient to changes in the operating environment. It is also restructuring the Apparel Business into one capable of sustainably generating profits, with the aim of completing these reforms in fiscal 2026.

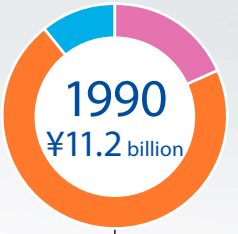
130th anniversary logo

130th anniversary of founding 2026

*Figures by business segment available since 1990



Changes in operating profit by business segment

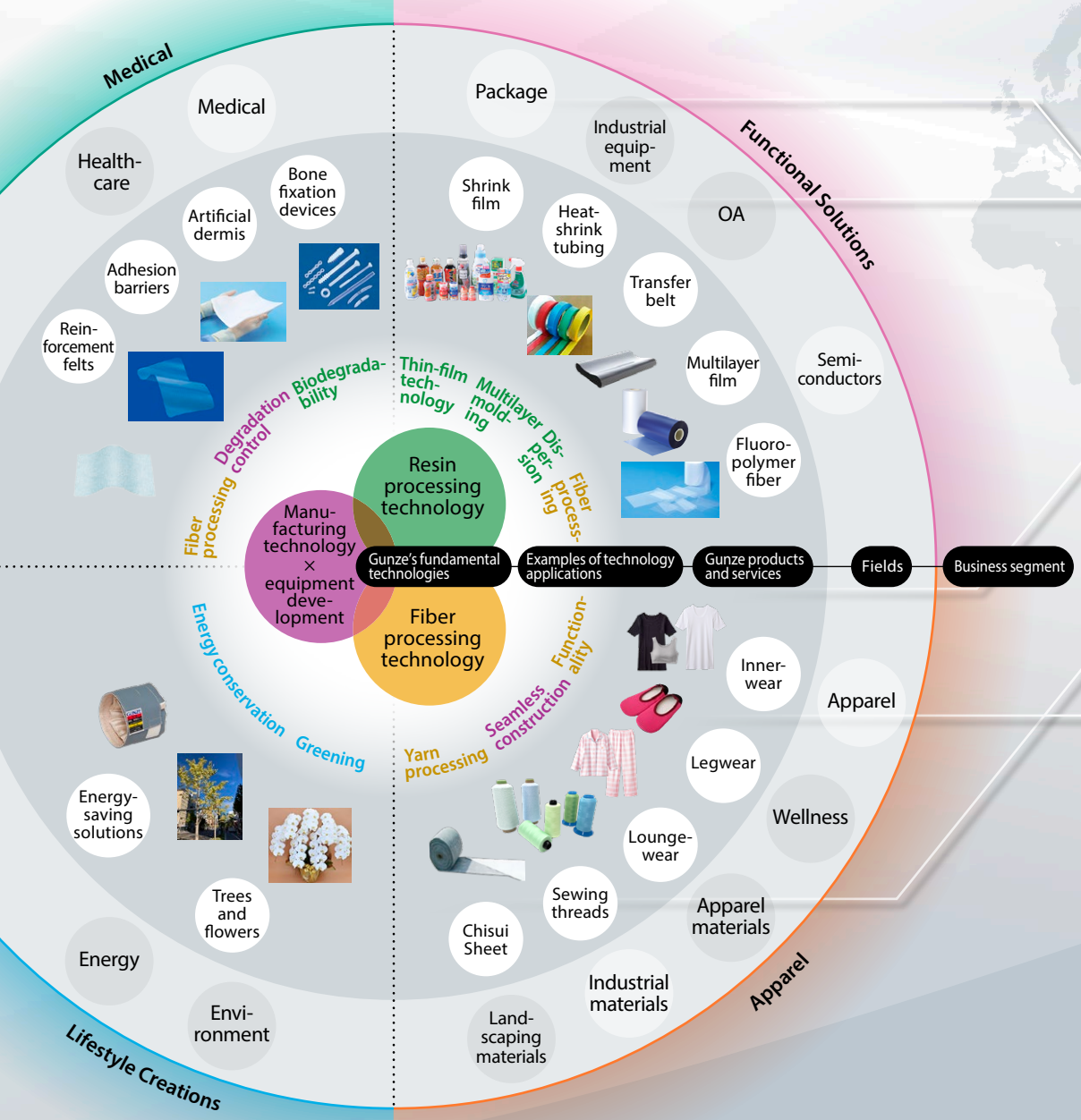






The fiscal 2025 operating income composition excludes the Apparel Business, which recorded an operating loss.

Proprietary Technologies Built on Gunze's Core Technologies



Providing function-focused products that deliver comfort

Customized products that meet society's needs

Contributing to a resource-circulating society

Improving QOL for patients and healthcare professionals

Seeing More Clearly and Reaching the World. Creating New Comfort for People Around the World through Our Cultivated Technologies.

Gunze has established three proprietary fundamental technologies—fiber processing technology, resin processing technology, and manufacturing technology combined with equipment development. By integrating these technologies, the Company has created high-value-added products and services across a broad range of fields, from apparel to medical devices and plastic products.

Looking ahead, Gunze will leverage its proprietary core technologies to address social issues, while identifying niche markets and developing new market opportunities. Through further innovation in manufacturing technology, the Company will deepen its expertise to the highest level, develop products that genuinely meet society's needs, and pursue sustainable and competitive manufacturing.

Value Creation Model

The Future We Want

Delivering "New Comfort" to People Worldwide through Our Unique Technologies

INPUT

Financial Capital
Stable financial standing

Human Capital
People-oriented approach

Manufactured Capital
Pursuit of the highest quality as a technology-oriented company

Intellectual Capital
Broad range of intellectual properties and technologies, from textiles to polymers

Social and Relationship Capital
Sustainable procurement based on harmonious coexistence and coprosperity

Natural Capital
Environmentally friendly products / services

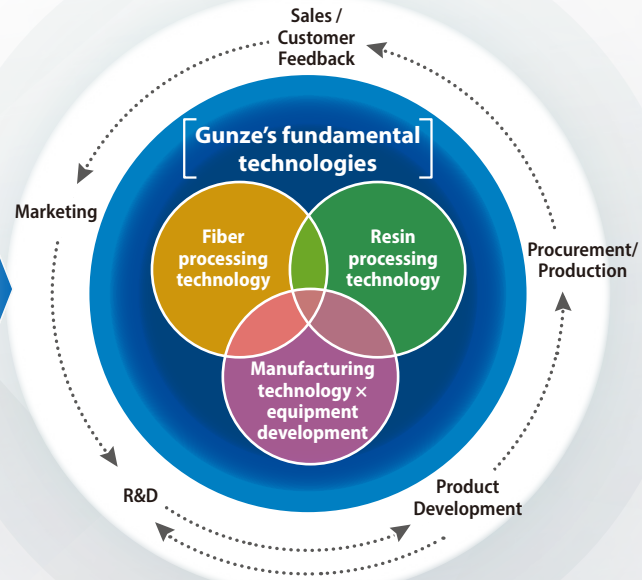
P.06 (At a Glance)

Gunze's DNA
Founding Philosophy
P.14

Gunze's Strengths
P.18

BUSINESS MODEL

A Value Chain that Leverages Technological Capabilities



OUTPUT

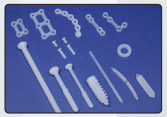
Net Sales
¥130.9 billion

Operating Profit
¥4.8 billion
(Fiscal year ended March 31, 2026)

Functional Solutions Business P.50



Medical Business P.53



Apparel Business P.55



Lifestyle Creations Business P.57



OUTCOME

Social Value

- Providing comfort through products and services
- Manufacturing that considers both people and the planet
- Developing and securing human resources to accelerate global expansion
- Creating ways of working that embrace diversity

Environmental Value

- Realizing a resource-recycling society
- Establishing a model that balances reduced environmental impact with business growth

Economic Value

- Providing stable and consistent shareholder returns
- Enhancing corporate value across the Gunze Group
- Expanding growth investments by improving capital efficiency and profitability

VISION 2030

Materiality P.42
Corporate Governance P.62

Value Co-creation with Multiple Stakeholders
P.59

Shareholders and investors
Environment
Employees
Society
Business partners
Customers

Gunze's strengths

Gunze leverages six forms of capital to contribute to the realization of a sustainable society.



Financial Capital

Strengths

- Maintain financial soundness
- Stable and continuous dividends
- GVA management by business segment

Generated OUTCOME

- Return of profits to shareholders (dividend per share) ¥216 (¥6.8 billion in total)
- Total shareholder return (TSR) 208.5% FY2020 set at 100%
- ROE 0.4% (Impact of structural reform costs in the Apparel Business and other factors)

Manufactured Capital

Strengths

- 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

Generated OUTCOME

- Number of global manufacturing and processing sites 15 sites
- Establishment of a resource circulation model
- Achieved zero waste at the Moriyama Plant in fiscal 2025 (Waste generated during the manufacturing process)

Human Capital

Strengths

- Human resources that embody the founding philosophy and produce superior products
- Professionals who leverage their advanced expertise to support business growth
- Sales capabilities centered around solving problems from the customer's perspective

Generated OUTCOME

- Training investment per employee ¥55,620
- Qualification holders 1,167 Total number of employees holding qualifications encouraged by Gunze
- Years of service 19.1 years

Social and Relationship Capital

Strengths

- 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

Generated OUTCOME

- Brand awareness approx. 70% (Nikkei Brand Japan 2026 Survey)
- Customer satisfaction score 4.6/5.0
- Visitors to the Circular Factory™ 116 groups, 662 visitors (FY2025)

Intellectual Capital

Strengths

- 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
- Intellectual property management supporting business growth

Generated OUTCOME

- Number of published patents 69
- Number of patents acquired 850
- Number of registered trademarks 2,693

Natural Capital

Strengths

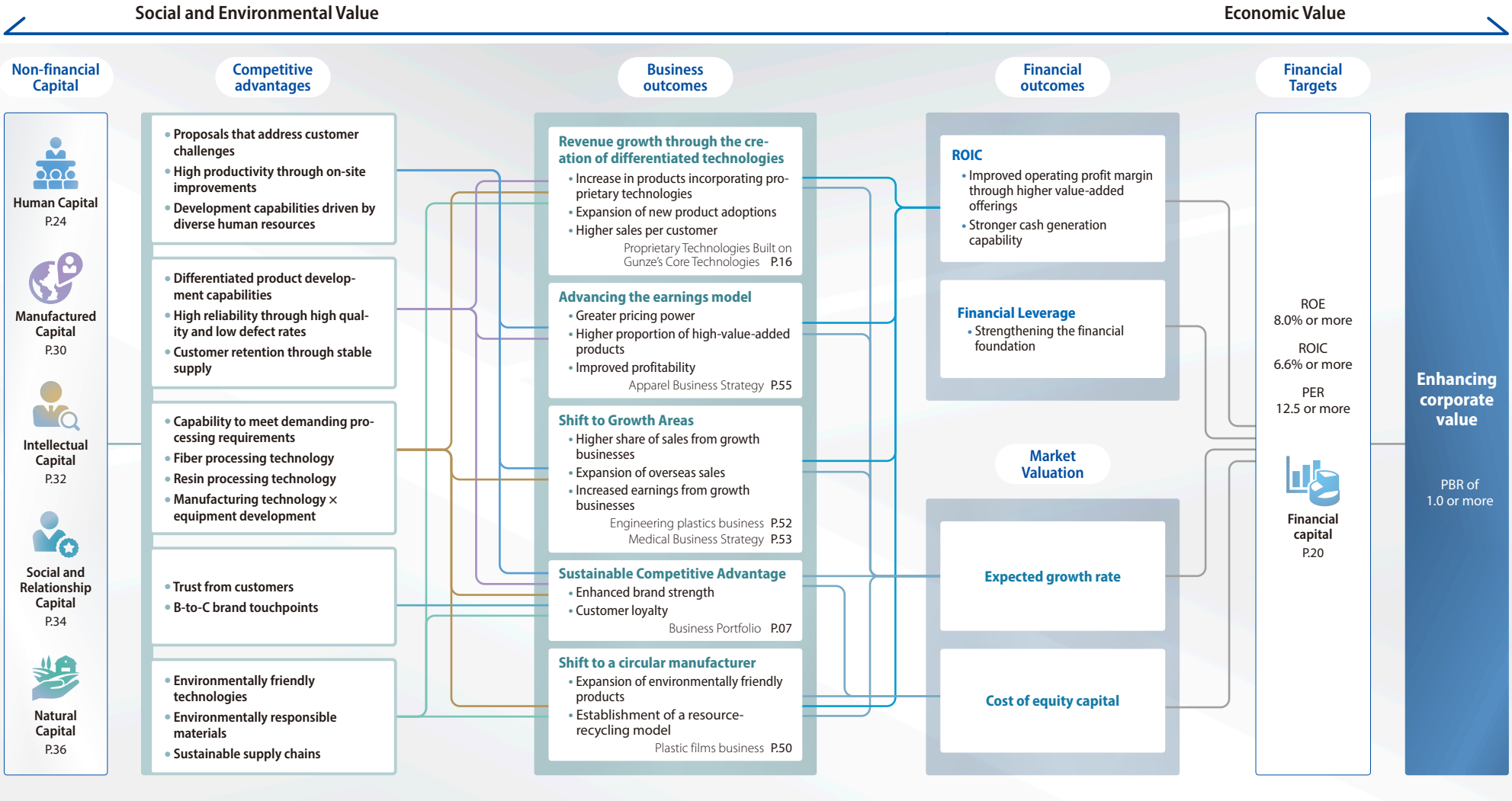
- Environmentally friendly product development capabilities for a recycling society
- Reducing negative environmental impact through Circular Factory™ and other initiatives
- Initiatives to a resource-circulating society

Generated OUTCOME

- CO_2 emissions Scope1+Scope2* 98,910 t-CO_2 (42.7% reduction from the FY2013 baseline) * Gunze Group total (Domestic + Overseas)
- Total waste generated 6,540 t (down 11% year on year)
- Recycled hybrid shrink films (environmentally friendly products) 5 products

Linkage between Financial and Non-Financial Capital

The Gunze Group sets out its initiatives for sustainably enhancing corporate value from the perspective of five forms of non-financial capital.
This page illustrates the process through which each form of capital creates competitive advantages and ultimately contributes to achieving financial targets through business outcomes, market valuation, and financial outcomes.
By showing the linkage between financial and non-financial capital in an integrated manner, we present Gunze's approach to enhancing corporate value over the medium to long term.



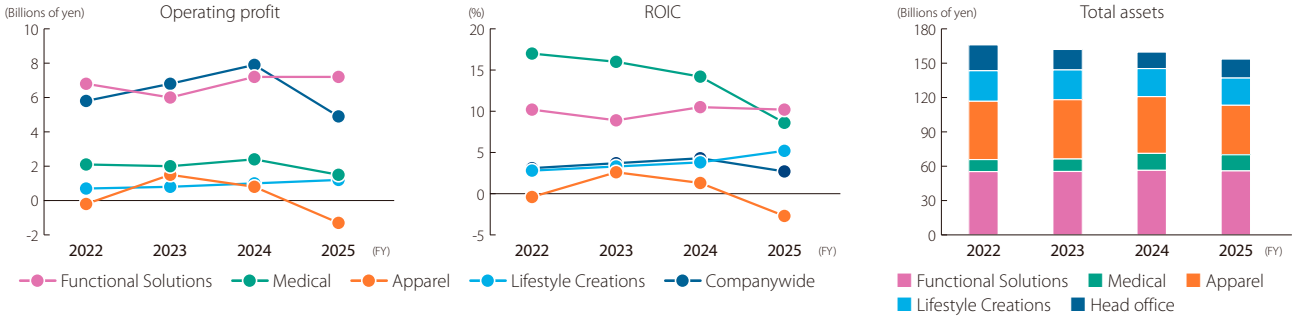
Financial Capital

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



Hirokazu Sawada
Director, Managing Corporate Officer and General Manager of Finance & Accounting Department

Changes in Operating Profit, ROIC, and Total Assets



FY2025 Performance Review

In FY2025, consolidated net sales were ¥130.9 billion, down 4.5% year on year; operating profit was ¥4.8 billion, down ¥3.0 billion; ordinary profit was ¥4.9 billion, down ¥3.2 billion; and net profit was ¥0.5 billion, down ¥5.7 billion, reflecting the recording of ¥3.3 billion in extraordinary losses related to structural reforms in the apparel business. The performance was grim, with both sales and profits declining.

By segment, the functional solutions business secured a slight year-on-year increase in operating profit of ¥7.2 billion. Although profit in the engineering plastics field declined due to the prolonged inventory adjustment phase in the semiconductor market, this was offset by higher profit from expanded sales in the domestic market in the plastic films field and the positive impact of the wind-down of the electronic components business in the previous fiscal year.

Moreover, the decrease in operating profit in the medical business year on year was limited to ¥1.4 billion, and due to sluggish sales in China and higher fixed costs associated with capital expenditures and other investments for business expansion.

The apparel business, currently undergoing structural reforms, posted an operating loss of ¥1.3 billion, reflecting the recording of ¥1.9 billion in inventory valuation losses.

Operating profit in the lifestyle creations business performed solidly with a year-on-year increase of ¥1.2 billion, supported by increased visitor traffic at shopping centers and a recovery in sales at existing sports clubs following structural reforms.

FY2026 Forecasts

Amid an uncertain operating environment in FY2026, including the impact of the situation in the Middle East, Gunze has set a target of ¥132.0 billion in net sales, or a 0.8% year-on-year increase. Although sales in the apparel business are expected to decline under the strategy to focus on specific areas, the Company anticipates expanded sales in the functional solutions and medical businesses. Operating profit is forecast at ¥8.8 billion, up ¥3.9 billion year on year, and net profit at ¥5.2 billion, up ¥4.6 billion, reflecting, among other factors, the absence of restructuring-related losses in the apparel business recorded in the previous fiscal year.

In the functional solutions business, net sales are forecast to increase 3.7% year on year, reflecting improved profitability in overseas plastic film operations and a recovery in semiconductor-related products in the engineering plastics field. Operating profit is expected to increase ¥1.0 billion year on year.

In the medical business, net sales are forecast to increase 9.1% year on year and operating profit to increase ¥0.3 billion, reflecting expanded sales of adhesion barriers and other products and an anticipated recovery in the Chinese market in the second half.

In the apparel business, net sales are forecast to decrease 3.4% year on year, and we are aiming for an increase in operating profit of ¥2.6 billion, based on the steady progress of structural reforms.

In the lifestyle creations business, net sales are forecast to achieve an increase of 3.8% year on year and operating profit an increase of slightly less than ¥0.1 billion, mainly due to improved profitability in the sports club field.

GVA / ROIC

Gunze Value Added (GVA; net operating profit after tax + dividend income – invested capital × WACC) in FY2025 was negative ¥4.0 billion, a deterioration of ¥3.1 billion year on year and ¥2.3 billion below the target. ROIC in FY2025 was 2.7%, down 1.6 percentage points year on year.

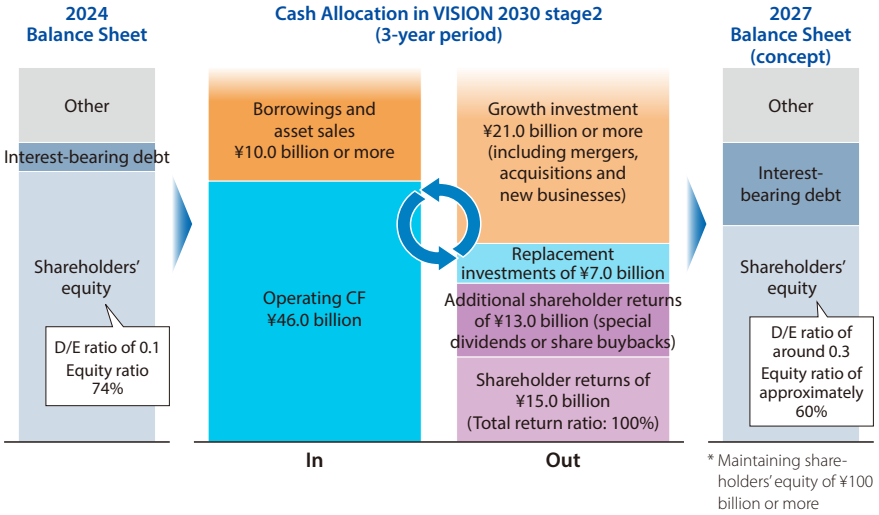
By segment, ROIC in the functional solutions business remained in the 10% range, despite a ¥1.4 billion increase in invested capital due to investments including plant expansion in the engineering plastics field.

ROIC in the medical business declined to 8.6%. Although the increase in invested capital was contained, the impact of the aforementioned decline in operating profit was significant.

ROIC in the apparel business temporarily turned negative due to the aforementioned inventory valuation losses, but is forecast to recover

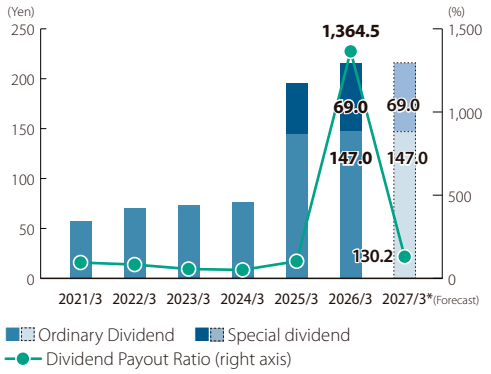
Financial Capital

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

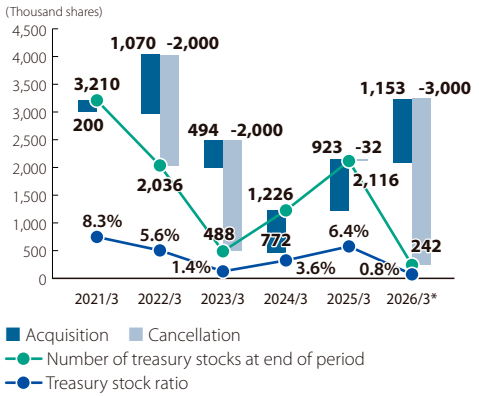


* Maintaining shareholders' equity of ¥100 billion or more

Dividend per Share, Dividend Payout Ratio



Treasury Stock



* The figures, including those for prior fiscal years, are presented on a post-stock-split basis. (The Company conducted a two-for-one stock split of its common stock on April 1, 2025.)

to the 2% range in FY2026. ROIC in the lifestyle creations business rose to 5.2%, supported by higher operating profit in the real estate-related and sports club fields.

Recognition of Capital Cost

We recognize that enhancing corporate value requires accurately assessing the Company's cost of capital and generating returns on capital that exceed it.
Under the previous Medium-term Management Plan (V30-1), based on internal estimates, the Company set its cost of equity capital at 6.32% and WACC at 5.15%. However, through continued dialogue with investors, we recognized that these levels were lower than those perceived by investors. Therefore, in estimating the cost of equity capital for VISION 2030 stage2 (V30-2), we made adjustments to incorporate the risk of future interest rate increases and add a risk premium for low stock liquidity, while also taking into account the levels perceived by investors. As a result, we set the cost of equity capital for V30-2 at 7.2%–7.8%.

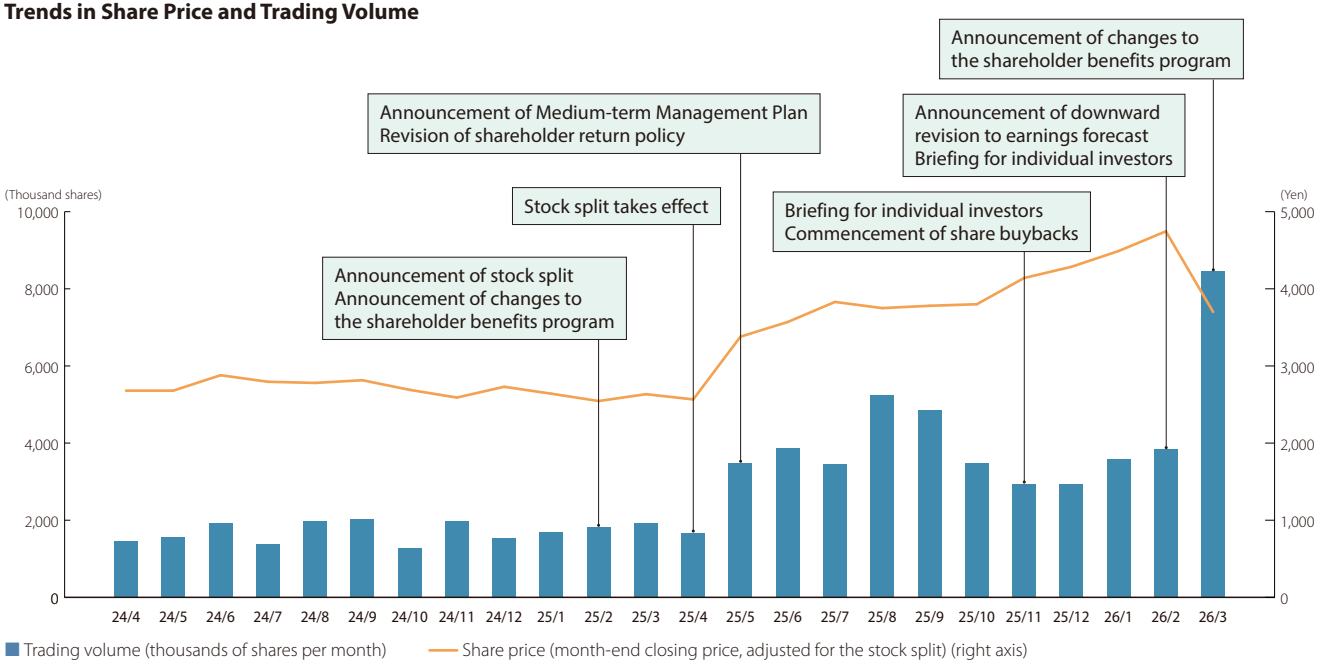
Capital Policy and Cash Allocation

The ROE initially projected under V30-2 was expected to fall below the cost of equity capital under the existing capital structure, while ROIC was also expected to fall below WACC. We recognize that the most desirable course is to allocate cash to growth investments and rapidly generate a substantial increase in profit. However, given the characteristics of each of the businesses and the conditions at the time, we concluded that achieving such a significant increase in profit over a short period would not be realistic.
Accordingly, we determined that the capital structure needed to be reorganized to suit the Gunze Group's level of earnings and decided to implement shareholder returns with a total return ratio exceeding 100%. Based on the D/E ratio at the end of FY2025, WACC is estimated at approximately 7%, but is expected to decline to approximately 6.0%–6.5% by the end of FY2027. In reorganizing the capital structure, we will proceed with the financial discipline of maintaining shareholders' equity of ¥100 billion or more and an equity ratio of approximately 60%, while seeking to maintain our current external credit rating of A from Japan Credit Rating Agency, Ltd. (JCR).

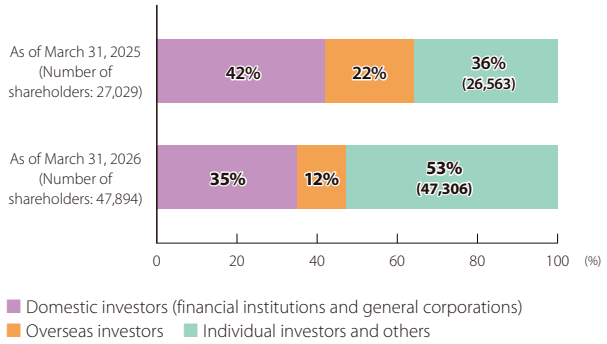
Based on the V30-2 cash allocation plan incorporating this capital policy, in FY2025, of the approximately ¥17.2 billion generated through operating cash flow, we allocated approximately ¥6.3 billion to shareholder returns under a total return ratio of 100%, comprising dividends equivalent to a DOE of 4% and share buybacks, and approximately ¥5.0 billion to shareholder returns aimed at realigning the capital structure. In addition to the remaining operating cash flow, we used approximately ¥5.0 billion in long-term funds raised externally for capital expenditures, including expanding production capacity and constructing new plants in the medical business and engineering plastics field. Cash allocation progressed broadly in line with the V30-2 plan.
Although the FY2030 ROE target is 10% or more, government bond yields, which are generally used as the risk-free rate in calculating the cost of equity capital, have risen faster than anticipated. To generate further profit, we will therefore consider increasing the amount of cash allocated to growth investments.

Financial Capital

Trends in Share Price and Trading Volume



Composition of Shareholders (Shareholding Ratios Excluding Treasury Stock)



FY2025 Initiatives to Improve PER

In V30-2, alongside initiatives to improve return on capital, we are pursuing a policy to improve PER centered on increasing stock liquidity. This was prompted by feedback from several institutional investors that the Company's shares were difficult to trade due to low liquidity. We therefore positioned improving stock liquidity as one of the key priorities under V30-2 and decided to first stimulate trading by individual investors.

Because Gunze's existing shareholders had generally held their shares for extremely long periods and tended to be older, we implemented a stock split and revised the shareholder benefits program and shareholder return policy to attract new shareholders. Since May 2025, the Company has attracted attention as a high-dividend stock, leading to a rise in the stock price and improved stock liquidity. However, excessive reliance on dividends and shareholder benefits could increase stock price volatility and raise beta, a component used in the theoretical calculation of the cost of equity capital. In addition, because Gunze handles consumer products such as innerwear, we believe it is important to cultivate loyal shareholders who are fans of both the Company and its products and will hold their shares over the long term.

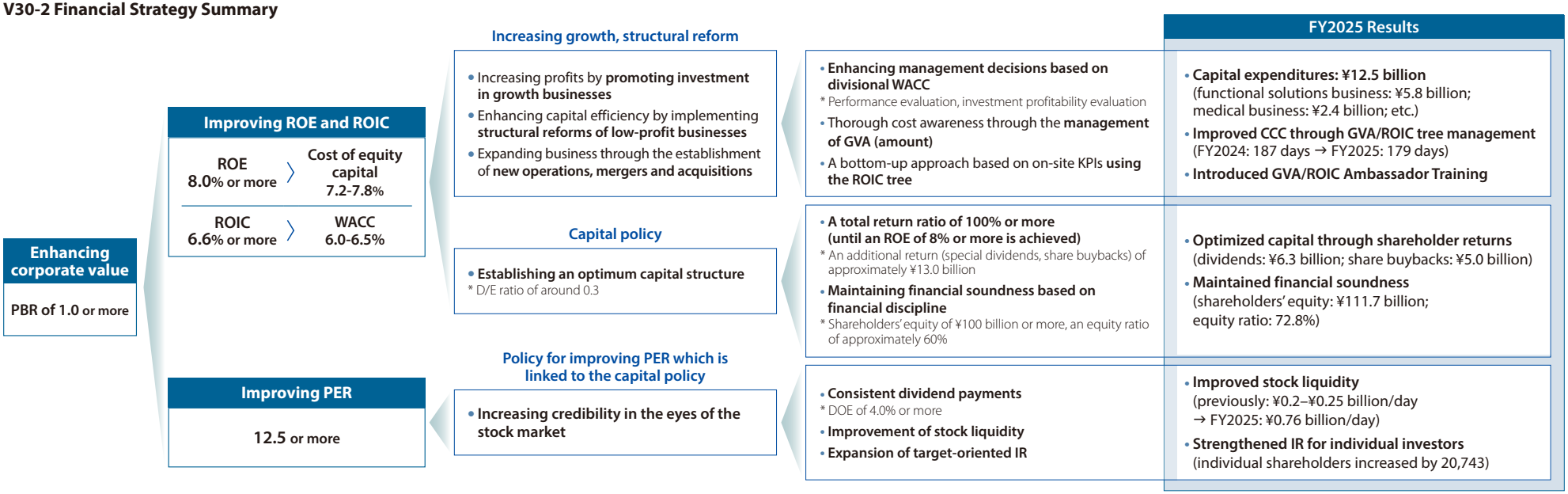
Accordingly, in November 2025 and February 2026, we held online briefings for individual investors for the first time. The briefings attracted more than 4,000 viewers in total, and many of the individual investors who attended became Gunze's shareholders.

As a result of these initiatives, stock liquidity more than doubled from its previous level, the number of individual shareholders increased by more than 20,000 from the end of the previous fiscal year, and their shareholding ratio exceeded 50%. In a survey conducted from November 2025 to January 2026 among shareholders eligible for the shareholder benefits program, 14,000 of the 18,000 respondents (78%) said that their intended approach to holding Gunze's shares was "long-term holding (five years or more)."

While we achieved a certain degree of progress in improving stock liquidity, a new issue emerged: a decline in the shareholding ratio of overseas investors. We believe this decline reflects the fact that we have not sufficiently communicated our future growth potential. We recognize that an imbalanced shareholder composition could increase stock price volatility. In FY2026, we therefore plan to focus on creating opportunities for dialogue with overseas institutional investors.

Financial Capital

V30-2 Financial Strategy Summary



* Gunze Value Added (GVA) = net operating profit after tax + Received dividend – invested capital × WACC

Toward Further Enhancement of Corporate Value

In FY2025, the Company's stock price rose and its PBR remained above 1. However, we believe this was driven more by the high dividend, including additional shareholder returns, than by operating performance or expectations for future growth. In particular, the medical business, which we position as a growth driver, continued to face challenges. We will therefore work to restore it to a growth trajectory at an early stage by expanding sales outside China and shifting toward a business portfolio centered on proprietary products. Our cash allocation policy remains unchanged: we will continue to prioritize investment in the medical and functional solutions businesses.

We recognize that a PBR of 1 is merely the minimum level expected of a listed company, and that surviving in the TSE Prime Market will require us to further enhance corporate value from this point forward. To enhance corporate value, we also believe it is necessary to raise employees' awareness of stock price and capital cost.

To this end, we introduced FP&A (Financial Planning & Analysis) and finance-focused training (GVA/ROIC Ambassador Training) for younger finance and accounting personnel. For finance training, we also use external management schools and expect participants to grow through the stimulation and learning gained from interaction outside the Company. In addition, when soliciting new enrollment and increased contributions to the Gunze Group Employee Stock Ownership Plan as part of a campaign commemorating our 130th anniversary, we produced and distributed videos and internal newsletters containing information on stock price and stock investment to strengthen employees' sense of participation in management. Approximately 1,000 employees applied for new enrollment or increased contributions. As a result, the participation rate in the employee stock ownership plan across the Gunze Group rose 4 percentage points from before the campaign to 45%.

The effects of GVA/ROIC tree management, introduced when V30-2 was formulated, are also beginning to emerge. Specifically, by incorporating progress reports against return-on-capital targets using the GVA/ROIC tree into regular meetings, discussions with a greater focus on GVA/ROIC have increased. A distinctive feature of our approach is that we use not only a percentage-based metric but also GVA as an amount-based metric, enabling discussions that take into account the magnitude of the impact on management.

As GVA/ROIC tree management has become more deeply embedded in the business divisions, the cash conversion cycle (CCC), which had continued to deteriorate since the COVID-19 pandemic, has been improving since FY2024. In FY2025, CCC was shortened by eight days year on year to 179 days, with improvements in the apparel business, where structural reforms are underway, making a particularly significant contribution.

To further enhance corporate value, we will continue working to improve the Company's corporate fundamentals, including by changing employees' mindsets.

Special Feature
DE&I Roundtable Discussion



Special feature

DE&I Accelerating DE&I

D Diversity
E Equity
I Inclusion

To make DE&I tangible in the workplace and translate it into action, Gunze held roundtable discussions for managers and employees at five locations: Moriyama, Konan, Ayabe, Osaka, and Tokyo. At each location, five managers and five employees, for a total of 50 participants, joined Representative Director Oka to discuss their real experiences and challenges related to each theme. The discussions were then shared with all employees via the Company intranet. Gunze is driving practical change by, for example, proposing "Three Actions You Can Take Starting Today."

Managers' Roundtable Discussion

Managers who lead teams on the front lines engaged in in-depth discussions on such topics as promoting the advancement of women, drawing out team members' views, and what equitable management free from unconscious bias should look like. By sharing actual cases and responses, these discussions are helping to change mindsets and improve the quality of communication.



Employees' Roundtable Discussion

Participants engaged in lively exchanges of views on topics such as what inclusion and equity should look like within teams. The discussion of unconscious bias went beyond gender-based role stereotypes to include preconceptions about what an ideal manager should be, providing an opportunity for individuals to reconsider their own assumptions and mindsets.





Company Intranet

The discussions and views from the 10 roundtable sessions are organized by theme and presented with clear explanations to promote wider understanding of the initiative. Through the comments section, Gunze is also fostering two-way communication while deepening all employees' understanding of DE&I.

Message

We naturally care about how we are evaluated, dress to suit the occasion, and give precedence to people of higher rank or seniority in meetings. Doing so gives us a sense of reassurance. These are perfectly natural behaviors. Yet if we become too comfortable with this sense of reassurance, it can sometimes make us hesitant to take on challenges. In a rapidly changing global environment, this can lead to stagnation and may even carry the risk of eroding competitiveness.
Promoting DE&I and taking a step beyond the usual requires considerable courage and effort. Yet diverse experiences and perspectives are precisely what will drive a brighter future for Gunze.
I want each of us to make the most of who we are, support one another, and take on new possibilities.



Diverse experiences and perspectives are the driving force behind a brighter future for Gunze!

Takahiro Oka
Representative Director, President and President Corporate Officer

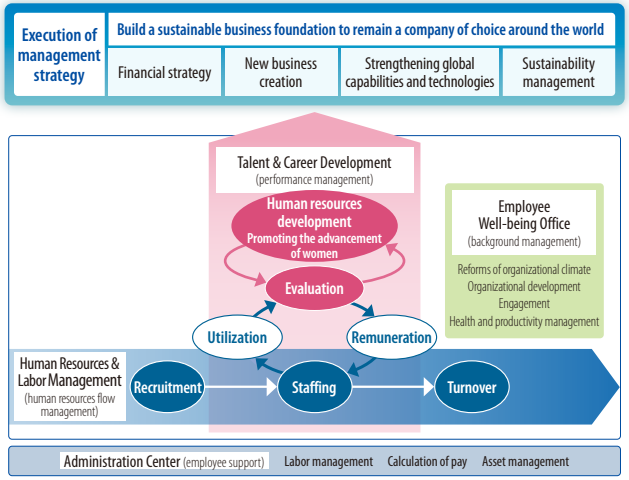
Human Capital

Human Capital Strategy to Sustainably Enhance Corporate Value and Competitiveness



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

Building on our DE&I initiatives centered on promoting the advancement of women, the new personnel system is designed to enable each employee to leverage their individual strengths, advance the evolution of our organization, and achieve sustainable growth. At the heart of corporate management are people. Grounded in Respect for People, one of our founding principles, we must continue to foster a corporate culture that empowers, develops, and values people.
We want employees themselves to bring the new personnel system to life and, through doing so, achieve higher employee engagement.



Reforming the Personnel System to Develop Talent Capable of Executing Management Strategies

Gunze's human capital strategy aims to develop talent and foster an organizational culture capable of executing management strategies that lead to the sustainable enhancement of corporate value and competitiveness. To become a company where all employees can find fulfillment in their work and continue to thrive over the long term, we carried out our first major personnel system reform in 25 years.
Gunze last undertook a major revision of its personnel system in 2001, including the introduction of a new career-track system, and since then had made only partial revisions. Looking ahead, as population decline and the competitive environment become increasingly challenging, we recognized that to remain a company of choice for all stakeholders, we needed to move away from a traditional seniority-based system toward a merit-based system that fairly evaluates and rewards individual contributions.
At the same time, we introduced mechanisms that allow employees to choose from diverse work styles suited to their life stages and individual preferences in order to achieve work-life balance.

Develop talent and an organizational culture capable of executing management strategies that lead to sustainable enhancement of corporate value and competitiveness

Key issues	Key initiatives	Desired state	
Intensifying competition for talent Imbalanced age demographics / reskilling Strengthening talent development Reviewing the evaluation system Improving engagement Ensuring psychological safety	**Personnel system reform** **➡ Introduce a job-based system for managers** • Right people in the right positions • Evaluation criteria based on strategy execution • Compensation based on duties and roles • Capability development / career design • Visualization of talent information • Expand employee-requested transfers / internal job postings • Review the transfer system • New graduate to mid-career hiring ratio: 50:50	**Recruitment, development, and deployment of strategic talent** • Self-directed talent willing to take on challenges • Autonomous career development • Development of leadership talent • Maximizing individual capabilities	**Ratio of women in management positions** FY2027: 14% ➡ **FY2030: 20%** **Ratio of female employees** FY2027: 38% ➡ **FY2030: 41%** **Ratio of women among new hires** FY2027: 50% ➡ **FY2030: 50%**
	Employee Well-being Office **➡ Drive organizational culture reform** • Promote health and productivity management • Mental health measures • Prevent harassment • Prevent occupational accidents • Implement improvement measures based on survey analysis • Improve management skills	**Improve engagement** • Organizational culture that delivers results • Safe and secure work environment • Ability to fully demonstrate capabilities through sound physical and mental health	**Male childcare leave uptake rate** FY2027: 70% ➡ **FY2030: 100%** **Engagement score** FY2027: 66 points ➡ **FY2030: 70 points**
Promote DE&I Promote the advancement of women	**Establish dedicated responsibility for promoting the advancement of women ➡ Enhance effectiveness** • Front-load job experience and development in anticipation of life events • Support balancing work with childcare and nursing care • Maintain a 50% ratio of women among new graduate hires	**Ensure a certain proportion of decision-makers are women** • Create innovation	**Paid leave utilization rate** FY2027: 80% ➡ **FY2030: 80%**

Sustainable enhancement of corporate value and competitiveness

Personnel System Reform (FY2026 Onward)

Overview of the personnel system

The previous personnel and compensation system placed greater emphasis on compensation. Under the new system, we manage our human resources from two perspectives, performance management and human resources flow management, linking staffing, utilization, evaluation, human resource development, and compensation to execute our management strategy.

We have defined our desired talent profile as "people who embrace diversity and autonomously take on challenges without fear of change." With the aim of becoming a company where employees can continue to thrive over the long term, we have established three management principles to achieve this goal.

Fairness: Evaluate employees based on merit rather than seniority.

Reasonableness: Achieve the optimal balance between individual careers and organizational management.

Transparency: Make evaluation criteria transparent.

Based on these principles, we are advancing a range of HR initiatives under four key messages: Maximizing Results and Ensuring Fair Compensation, Promoting Diversity and Expertise, Creating Mechanisms That Encourage Challenges, and Strategic Human Resource Development. (See table below.)

Main changes

Grading system

The previous system consisted of three career tracks based on job type and whether employees were subject to relocation, all of which used a work skills qualification system. Under the new system, these have been reorganized into four job categories based on job characteristics, with a separate grading system established for each category. Managers have also transitioned to a job-based system. In addition, we introduced a relocation preference flag that allows employees to make choices suited to their life stage and other individual circumstances.

Performance management and evaluation systems

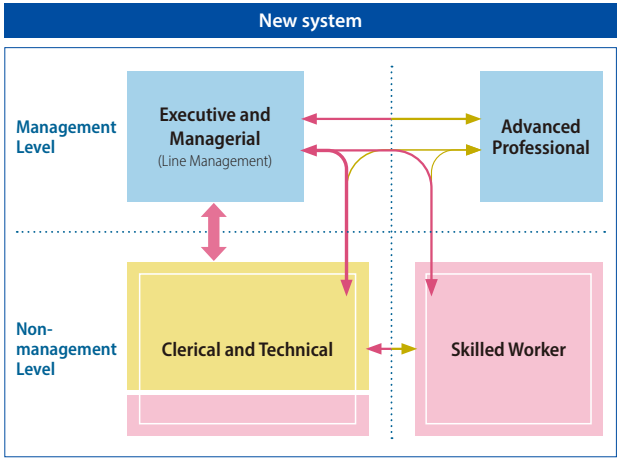
Challenging goals are introduced into individual work objectives to encourage employees to take on challenges. Through this approach, we aim to foster an organizational culture that generates innovation, including the creation of new businesses and process reforms. Making individual goals transparent across the Company also enables employees to compare the level of goals being set and promotes collaboration across organizational boundaries.

Compensation

We are replacing the previous salary system, which was strongly seniority-based and cumulative in nature, with one that more closely reflects individual contributions and results in compensation. We will also strengthen differentiation in compensation based on the level of contribution.

Key messages	Current key issues	Direction of reform	Personnel system
Maximizing results and ensuring fair compensation	A seniority-based system has created mismatches between employees' contributions to the Company and how they are rewarded.	Merit-based Clarifying contributions	• Introduce a job-based personnel system for managers • Strengthen differentiation in bonuses based on individual contributions
Promoting diversity and expertise	Job duties and roles required under each career track are unclear, limiting the ability to respond adequately to changes in the business environment.	Career autonomy Freedom of choice	• Reorganize into four job categories based on job characteristics • Establish a new advanced professional category • Introduce a relocation preference flag system
Creating mechanisms that encourage challenges	Employees find it difficult to see the benefits of taking on challenges and tend to favor maintaining the status quo.	Psychological safety Support for growth	• Introduce challenging goals • Make individual goals transparent across the Company
Strategic human resource development	Training has primarily been based on organizational level.	Early development Reskilling	• Establish a development framework that balances accelerated growth with opportunities to take on new challenges again • Introduce job rotation for managers

Job categories and grades under the new personnel system



Executive and Managerial: Job-based grading system

A job category in which employees are expected to lead their organizations as business managers, driving organizational development and value enhancement (job-based system)

➡**Applies to line managers**

Advanced Professional: Job-based grading system

A job category in which employees are expected to make significant contributions to business performance and the organization through advanced expertise

➡**Appointments are made individually based on recommendations from each division**

Clerical and Technical: Role-based grading system

A job category in which employees are expected to create added value by responding to evolving technology trends

➡**R&D / Production engineering / Sales / Staff functions**

Skilled Worker: Work skills qualification system

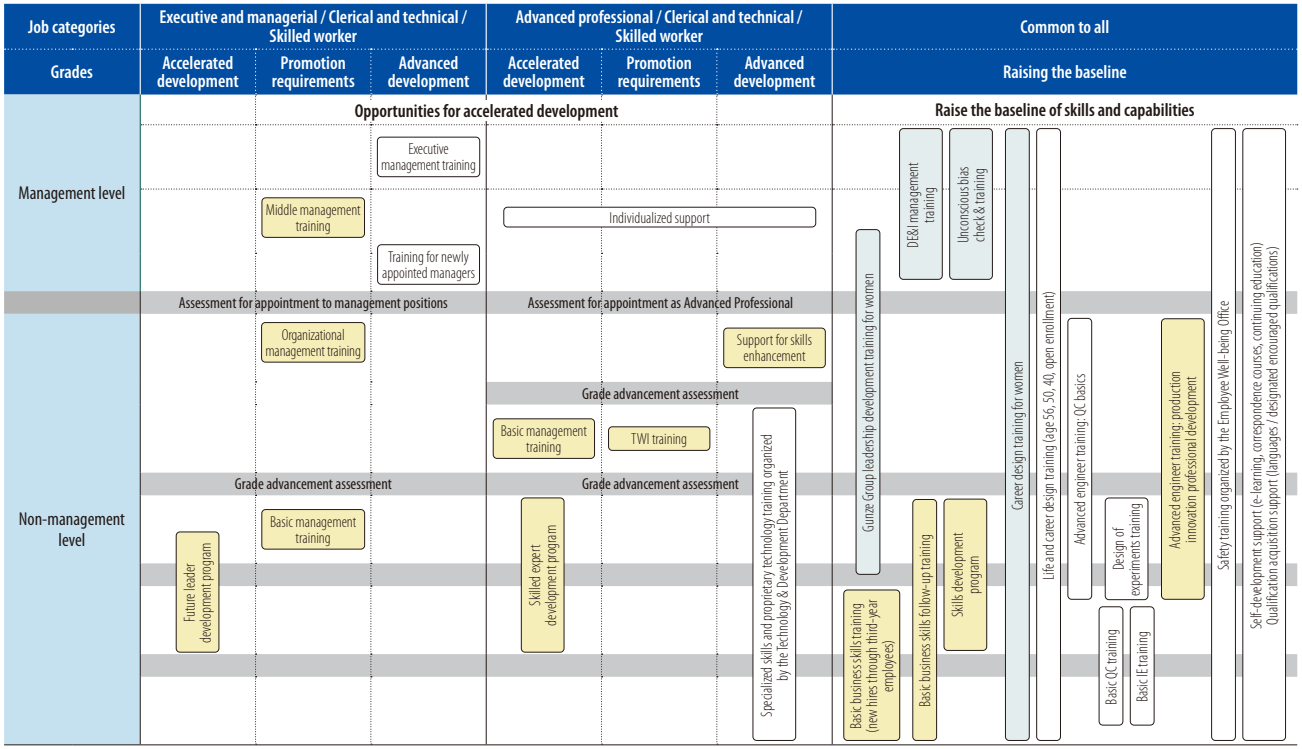
A job category in which employees are expected to deliver results by leveraging accumulated experience and skills

➡**Manufacturing / Logistics line operators**

Reforming the Training and Development System

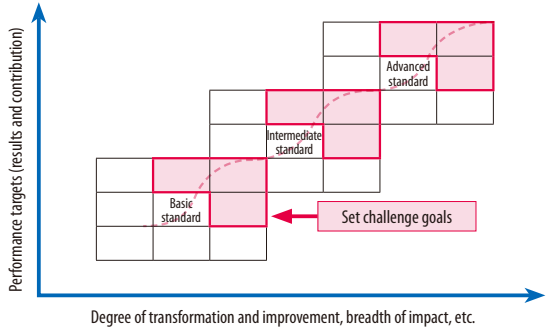
Under the new personnel system, we place particular emphasis on managing human resource development and personnel evaluation in an integrated manner, with employee development as a central focus of HR management. As a new concept for human resource development, we have moved away from the previous uniform development framework and established a system that balances accelerated development with opportunities to take on new challenges in line with the career aspirations of each employee. Specifically, we are building a company-wide training framework (shown below) designed to achieve two objectives: (1) "Develop at an early stage the talent capable of executing Gunze's management strategy and supporting the Company's further growth (Early development of management talent)" and (2) "Raise skills and capabilities across the organization to drive innovation (Accelerated development of younger employees)." We are also enhancing support to enable employees to acquire the knowledge and skills they need in advance to progress to higher grades or be appointed to management positions.

When an employee's ability to deliver results needs improvement, we implement a PIP (Performance Improvement Plan, a specific action plan designed to improve an employee's job performance). Through this process, the organization supports performance improvement and provides training opportunities according to the capabilities required, encouraging employees to take on new challenges. Establishing a framework for global human resource development is another important priority. To transform Gunze into a company capable of competing successfully on the global stage, we will develop a global human resource development framework aligned with the strategies of each business division.



Reform of the Evaluation System

Under the new personnel system, the personnel evaluation system (performance management system) is positioned as a core mechanism linked to grades, compensation, and human resource development. For managers, we set and evaluate job-size targets to strengthen their accountability for operating profit, ROIC, and engagement scores. For non-management employees, we have newly introduced challenge goals. Challenge goals are set using a nine-box grid (shown below). Standard-level goals are positioned in the center of the nine-box grid. Goals for which results and contribution (vertical axis) are higher than the standard level and the degree of transformation and improvement (horizontal axis) is greater than the standard level are designated as challenge goals (colored boxes). By having supervisors support employees in achieving these challenge goals, we aim to enhance both individual capabilities and the Company's capacity for growth. Under the new personnel system, we will also conduct Feedforward, linking personnel evaluation results to human resource development. Whereas conventional feedback focused primarily on evaluating past actions, we will strengthen initiatives centered on future growth, with supervisors and employees engaging in dialogue to encourage specific actions toward achieving future goals and personal development.



Human Capital

DE&I Initiatives

The Gunze Group positions DE&I* as one of its most important human capital strategies and is actively promoting the advancement of women.

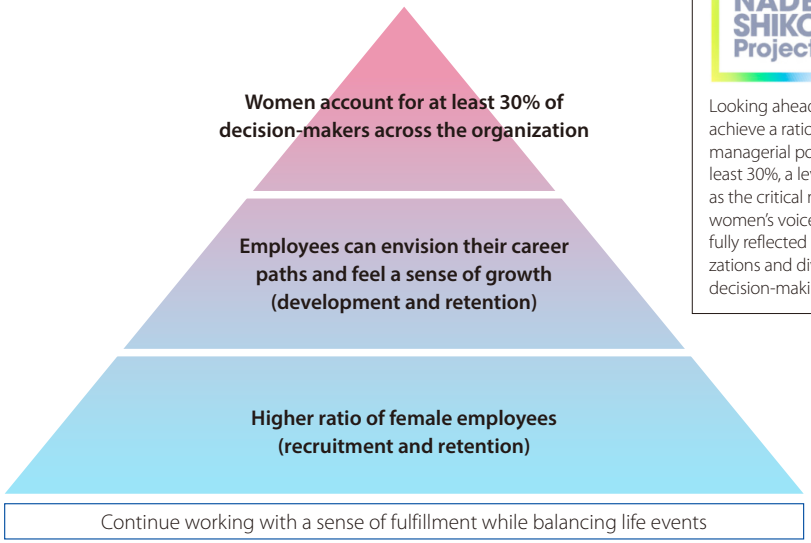
* DE&I stands for Diversity, Equity, and Inclusion. It is a concept that incorporates diversity, equity, and inclusion into areas such as corporate and educational philosophies to create an environment in which diverse human resources respect one another and can fully demonstrate their capabilities with equitable opportunities.

Advancement of women

In August 2025, we launched the "NADESHIKO Project" to maximize the potential of each female employee and accelerate the consideration and implementation of initiatives.
At least two project members are selected from each division, with the project currently comprising approximately 30 members. They proactively work to identify issues related to the advancement of women within their respective divisions, such as gender imbalances in recruitment, participation in training programs, and personnel transfers, as well as to identify female candidates for management positions and implement initiatives within their divisions. We have also established an "Advisory Board", comprising female Corporate Officers, female managers, and Outside Directors, to support the project's activities. Drawing on the Advisory Board as a source of second opinions, we are accelerating our initiatives by receiving timely and appropriate advice from its members on the advancement of women.
Going forward, as part of our efforts to transform mindsets and organizational culture, we will provide DE&I management training and unconscious bias training for executives and managers, as well as career development support and educational opportunities for the accelerated development of female employees.
We will also actively promote measures such as expanding flexible work arrangements that make it easier for employees to balance work and life.

Employment of persons with disabilities

At each business site, we are improving workplace environments in ways that accommodate the characteristics of different disabilities and providing employee education. Through these efforts, we are working to create workplaces built on mutual trust, where employees respect one another and can fully demonstrate their capabilities.
As of March 1, 2026, the employment rate of persons with disabilities was 2.8%, remaining above the statutory employment rate of 2.5%. We will continue striving to create a diverse and inclusive workplace where everyone can fully demonstrate their capabilities.



NADESHIKO Project

Looking ahead, we aim to achieve a ratio of women in managerial positions of at least 30%, a level regarded as the critical mass at which women's voices are more fully reflected within organizations and diversity in decision-making increases.

Topics

Participation in the Boston Career Forum

To accelerate the realization of Promoting the Appointment of Diverse Talent (Global Talent), an important element of sustainability management set out in the human resources strategy under the Medium-term Management Plan, Gunze participated in the Boston Career Forum in the United States for the first time in November 2025. The forum attracts a large number of bilingual students. A total of 4,329 students and 195 companies participated. Many of the participating companies were consulting firms, trading companies, and financial institutions, while relatively few manufacturers participated. This enabled Gunze to connect with many students interested in working for manufacturers.
Through interactions with Japanese-English bilingual talent, whom we have few opportunities to meet at career forums in Japan, we have further broadened our options for securing outstanding talent.



Initiatives to Improve Engagement

Since fiscal 2022, Gunze has conducted monthly engagement surveys. The scope of the surveys was expanded in January 2025, and under the new personnel system introduced in fiscal 2026, engagement scores are incorporated into the performance evaluations of managers. Going forward, we will provide managers with coaching on how to use engagement scores and support them in improving their dialogue skills through one-on-one meetings and other opportunities. At the same time, we will promote improvements at the divisional level based on survey results, following a three-step approach to organizational development focused on strengths: visualizing the current state, engaging in candid dialogue, and creating the future. Specifically, we will establish an organizational development team with the Employee Well-being Office serving as the secretariat. Working together with managers, the team will assess the state of each organization from four perspectives, goals, roles, ways of working, and relationships, to clarify both issues and strengths. Through ongoing support and the sharing of best practices across divisions, we will help each organization develop the ability to drive improvements independently.

Implementation framework: Hands-on support by the Employee Well-being Office

Functions and roles	Specific activities	Expected effects
Establish a secretariat	• Develop and implement organizational development initiatives	• Ensure consistency of initiatives and timely decision-making
Analysis and direct dialogue	• Analyze survey results and engage in dialogue with individual divisions • Provide coaching on organizational conditions from four perspectives and promote improvements	• Implement highly effective measures based on the actual conditions of each division • Enable each division to drive improvements independently
Sharing best practices across the organization	• Articulate initiatives undertaken by divisions with high scores and share them Company-wide	• Raise the overall level of organizational development and management

Health and Productivity Management Initiatives

In 2025, Gunze strengthened its health and productivity management initiatives by formulating a Health and Productivity Management Declaration, establishing a promotion structure, and developing a strategy map. As a result, Gunze was certified as a Health & Productivity Management Outstanding Organization 2026 (Large Enterprise Category).
We will continue to actively promote health and productivity management with the aim of remaining a company that society needs by enabling each employee to fully demonstrate their capabilities.

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門

Main Initiatives

Prevention of lifestyle-related diseases	100% participation in regular health checkups; thorough follow-up for employees with abnormal health checkup findings; increasing participation in Specific Health Guidance in collaboration with the Health Insurance Society; jointly holding health-related events with the Health Insurance Society and labor union; providing healthy menu options at business sites with cafeterias equipped with kitchens
Mental health measures	Line care (training for newly appointed managers); self-care (training for employees from their first through third years); raising awareness of external consultation services
Measures to address women's health issues	Providing access to external consultation services; providing information on free ovarian function testing
Smoking cessation measures	Promoting the Health Insurance Society's smoking cessation program
Infectious disease prevention	Subsidizing the cost of influenza vaccinations
Other	Promoting workplace communication through one-on-one meetings and other initiatives

Topics

Example of an Initiative to Improve Engagement

Hideo Hayashi
Manager, Sales Section 3, Sales Division, Plastic Film Company



To maximize organizational strength, it is essential to bring individuals' outstanding capabilities together toward a common goal. In my department, we focus on strengthening connections among people and enhancing organizational capabilities as we work to "create a workplace where people want to work." Personally, I follow three principles in my interactions with team members: "Make eye contact," "Stop what I am doing," and "Do not cut conversations short because of time." Through these practices, we help team members feel valued, ensure psychological safety, build relationships of trust, and thereby improve engagement. At the heart of this initiative are "listening" by managers and creating an environment in which team members feel that they "want to" do something rather than that they "have to." By investing time in dialogue with team members and pursuing results together, we aim to achieve sustainable growth across the organization.

Work–Life Balance Support Programs

General	Childcare		Nursing care	Illness
• Telework system • Flextime system • Annual paid leave in half-day and one-hour increments	• Leave for spouse's childbirth • Childcare leave (five paid days) • Papa-Mama Childcare Leave Plus • Restrictions on overtime and late-night work for employees with childcare responsibilities • Restrictions on work beyond prescribed working hours for childcare	• Shorter working hours for childcare • Child nursing care leave • Subsidies for childcare services • Subsidies for extended childcare services • Subsidies for babysitting and other childcare services	• Nursing care leave • Restrictions on overtime and late-night work for employees with nursing care responsibilities • Restrictions on work beyond prescribed working hours for nursing care • Shorter working hours for nursing care • Nursing care leave • Subsidies for nursing care service fees	• Sick leave and leave of absence due to illness • Reinstatement of expired annual paid leave*1

*1 A system that allows employees to request the reinstatement of annual paid leave that has expired due to the statutory time limit.

Manufactured Capital

Advancing Manufactured Capital to Strengthen the Foundation for Sustainable Growth



Tomohisa Okuda
Director and Managing Corporate Officer
President, Plastic Film Company (Executive in charge of Technology and R&D)

Manufactured Capital Supporting a Changing Business Environment

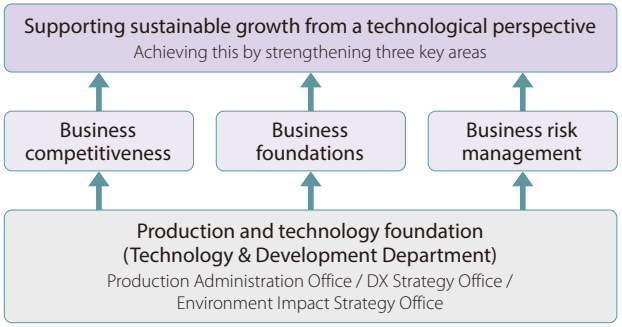
As Gunze marks its 130th anniversary, it has built on manufacturing technologies and frontline capabilities cultivated over many years to provide a stable supply of high-quality products across a diverse range of businesses, including plastic films, engineering plastics, medical, and apparel.
One of our key strengths is that, starting from customer and market needs, we have continuously accumulated and advanced our core technologies in-house through repeated verification and improvement across the entire process, from product development and mass production to equipment upgrades.
We also handle the equipment required for mass production in-house, from the conceptual stage through design and installation. This enables us to optimize technologies and equipment together, and we have established a framework for rapidly commercializing highly distinctive products.
At the same time, the environment surrounding manufacturing has changed dramatically in recent years. Structural challenges that cannot be adequately addressed simply by extending conventional approaches have become increasingly apparent, including severe labor shortages in Japan and overseas, rising raw material and energy prices, supply chain instability due to geopolitical risks, and increasingly stringent environmental regulations worldwide.
Customer requirements are also becoming more sophisticated and multifaceted.
In addition to conventional expectations for quality, price, and delivery, customers increasingly demand environmental considerations, stable supply in the event of unforeseen circumstances, and the ability to bring products to market quickly.
To respond to these changes, the Gunze Group shares technologies and expertise accumulated at individual businesses and plants across the Company and deploys them horizontally to raise overall manufacturing capabilities. At the same time, through innovation in manufacturing processes, we are building a resilient manufacturing foundation that can respond effectively to change, thereby improving profitability and creating value.

Manufacturing Process Innovation under VISION 2030 stage2

Under the Medium-term Management Plan VISION 2030 stage2, which looks ahead to 2030, we have positioned the three years from fiscal 2025 through fiscal 2027 as a period for transforming Gunze into a company capable of sustainable growth. To realize the basic concept of "building a sustainable business foundation to remain a company of choice around the world," strengthening manufactured capital is an important foundation for expanding growth businesses and improving the profitability of existing businesses.
In fiscal 2026, the second year of stage2, we have positioned "strengthening global competitiveness and technologies" as one of our key themes. We see this as a phase in which we will further accelerate the implementation of manufacturing process innovation to enhance quality, cost competitiveness, and supply capabilities.
Going forward, we will strengthen production systems in alignment with the strategies of each business, make effective capital investments, and reform processes to reduce costs. We will also improve productivity through automation and labor-saving measures, transform operations through the use of DX and AI, and promote resource circulation through the development of environmental technologies. Through these initiatives, we will pursue both environmental responsiveness and higher profitability while building a resilient, capital-efficient manufacturing foundation.

Structure and Focus Areas of the Technology & Development Department

The Technology & Development Department reorganized its structure in April 2026 and is pursuing new value creation unconstrained by conventional frameworks as the production and technology foundation supporting manufacturing process innovation. With the strengthening of "business competitiveness," "business foundations," and "business risk management" as its three core pillars, the department is developing technologies to enhance global competitiveness while strengthening risk management in priority areas such as legal and regulatory compliance, quality, occupational safety, cybersecurity, and chemical substance management. Through these efforts, it supports sustainable growth from a technological perspective.



Manufactured Capital

Initiatives in Automation and Labor Saving, DX/AI Utilization, and Environmental Technology Development

To further advance its manufactured capital, the Gunze Group is promoting the following initiatives, with a focus on automation and labor saving, the utilization of DX and AI, and environmental technology development.

Improving productivity through automation and labor saving

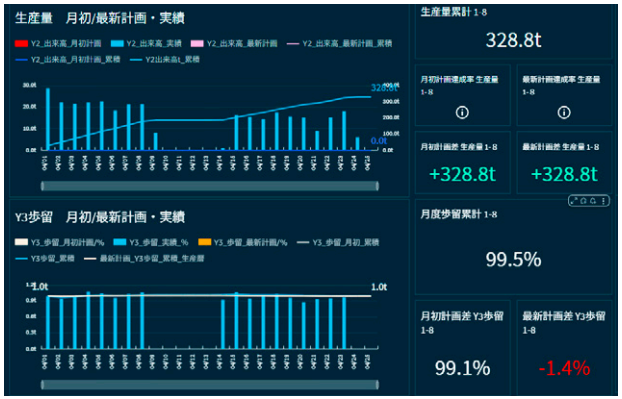
To address labor shortages and the need to transfer skills, we are automating processes that have traditionally relied on manual work. For the bonding and sewing line for apparel products, we developed the "Smart Line," an automated line combining handling, sensing, image processing, and other technologies. By deploying the elemental technologies established through this initiative to existing equipment, we achieved a 34% improvement in efficiency in certain processes. We are also extending these technologies to the Medical Business, one of our growth areas, to improve production process efficiency and stabilize quality. By partially automating previously labor-dependent processes and linking them into continuous operations, we are enhancing supply capacity and quality stability while strengthening our manufacturing technologies through the cross-business application of technology.



Automated line at the Medical Ayabe Plant

Transforming operations through DX and AI

Through the use of DX and AI, we are visualizing business processes and production conditions and encouraging a shift toward a "self-solving" approach, in which each employee uses data to identify issues and make improvements. In production, starting with the optimization of production planning, we are advancing the sophistication of SCM as a whole by linking procurement, production, logistics, and sales. By integrating and visualizing information on demand trends, inventory levels, production capacity, and other factors, we are improving inventory turnover and equipment utilization while reducing stockout rates. In equipment maintenance, we are also digitizing and accumulating inspection records and failure histories and establishing mechanisms that enable the knowledge of experienced personnel to be shared and utilized. Through these efforts, we are developing smart maintenance systems that help prevent unplanned shutdowns, improve maintenance efficiency, and facilitate the transfer of technical expertise.



Production management screen utilizing DX (illustrative)

Promoting resource circulation through environmental technology development

In environmental technology development, we regard reducing environmental impact as an investment in sustainable growth and are advancing the development of proprietary technologies. One example is the Engineering Plastics Division, which has established a closed-loop recycling system for organic solvents, generating profits through internal resource circulation. In the plastic films field, we have also established de-inking technology that removes ink components from recovered label scrap, enabling closed-loop recycling into shrink labels. In addition, we are promoting initiatives to reduce and reuse resources, accelerating the transition to resource-circulating manufacturing.

Through these initiatives, the Gunze Group will simultaneously improve productivity, stabilize quality, and reduce environmental impact, while further advancing its manufactured capital to support sustainable growth.

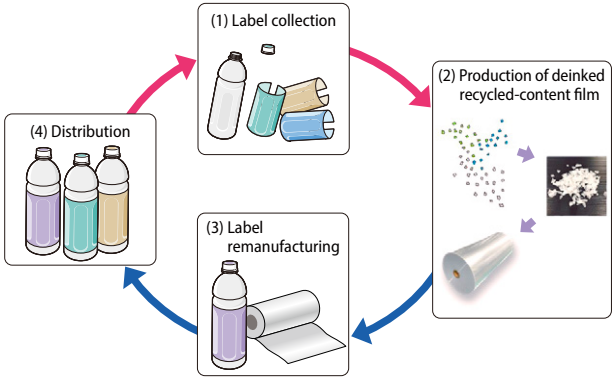


Illustration of "label-to-label" closed-loop recycling

Intellectual Capital

Strengthening Intellectual Capital to Support New Value Creation



Masafumi Yamagami
Corporate Officer
General Manager,
Innovation Department

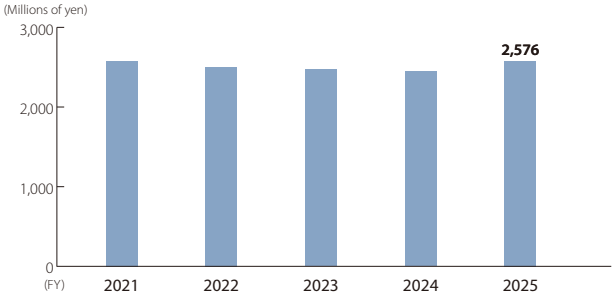
Fundamental Technologies of the Gunze Group

The Gunze Group positions "fiber processing technology," "resin processing technology," and "manufacturing technology × equipment development" as its fundamental technologies and regards the technologies it has accumulated over the years as an important form of intellectual capital.
Each business division actively promotes product and technology development based on customer needs while working to further advance its proprietary technologies.
At the corporate level, the Technology & Development Department and the Research & Development Department strengthen fundamental technologies from a Company-wide, medium- to long-term perspective.
The Technology & Development Department promotes cost structure reform, more advanced production processes, and energy reform through the use of DX and other advanced technologies, while the Research & Development Department works to create new differentiated technologies.
Through these initiatives, we are continuously strengthening the Gunze Group's intellectual capital by accumulating technologies and know-how as well as R&D results, while also developing human resources.

Strengthening Intellectual Capital through R&D

The Research & Development Department conducts R&D on raw materials and processing technologies, centered on three laboratories aligned with the Group's fundamental technologies and core business fields: the Functional Materials Laboratory, Medical Device Materials Laboratory, and Fiber & Textile Laboratory.
In addition to conducting R&D on differentiated technologies that offer originality and competitive advantage, each laboratory is taking on the challenge of creating product portfolios for new fields by leveraging its research results and collaborating with external partners.
The Functional Materials Laboratory is integrating and further advancing the resin processing technologies cultivated over the years while conducting R&D on the design of composite materials using high-performance resins and on molding and processing technologies.
The Medical Device Materials Laboratory conducts R&D and application development involving bioabsorbable materials and related processing technologies, with the aim of creating high-value-added products that meet the needs of medical professionals.
The Fiber & Textile Laboratory is further advancing the fiber processing technologies accumulated over the years and actively conducting R&D on high-performance fibers for industrial applications as well as apparel applications.

Gunze Group R&D expenditures



In these R&D activities, we are promoting cross-organizational collaboration within the Group while expanding collaboration with companies, universities, and research institutions to build a more effective and efficient R&D framework. Through these activities, we are strengthening the intellectual capital that supports sustainable value creation by accumulating technologies and expertise, including differentiated technologies, while also enhancing our research talent and external collaboration networks.

Topics

Establishment of the DX Strategy Office

A new structure to drive Company-wide digital transformation

Takaaki Tomita
Senior Manager, DX Strategy Office,
Technology & Development Department

The DX Strategy Office was established to realize "transforming actions through DX, a management policy for fiscal 2026. By promoting the use of DX technologies and driving digital transformation across the Company, the office aims to enhance corporate competitiveness.
While taking on the challenge of reforming business processes beyond the extension of conventional approaches, the office centrally oversees a wide range of functions, from formulating and implementing Company-wide digital strategies and promoting the use of Gunze AI to introducing new technologies and developing and maintaining systems. By consolidating previously dispersed IT functions, the office is also improving operational efficiency while accelerating the development and reskilling of digital talent and systematically accumulating digital technologies and know-how.

Intellectual Capital

Intellectual Property Activities that Drive Business Value: DPO System × IP Mix



Naoko Hayashi
Corporate Officer
General Manager, Intellectual Property & Legal Department

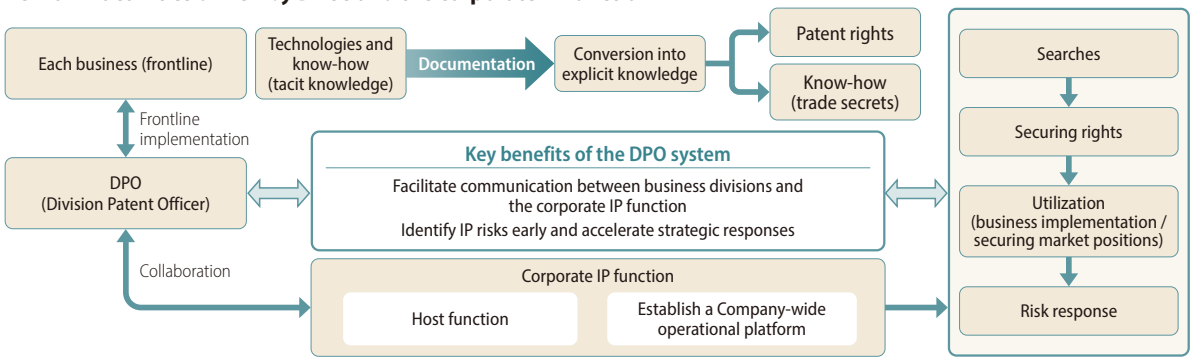
Intellectual Property Development Initiatives

The Gunze Group's intellectual property strategy focuses on building mechanisms to manage intellectual assets cultivated in each business, including technologies and know-how, across the Group as intellectual property directly linked to business value, and to put them in a form that can be effectively utilized. Tacit knowledge in the workplace is documented and converted into explicit knowledge in the form of patent rights and know-how (trade secrets). The IP & Legal Department serves as the host department, establishing a Company-wide operational platform and consistently driving activities ranging from research and securing rights to utilization, including business implementation and securing market positions, as well as risk management.

To make these mechanisms effective, Gunze is systematically strengthening both decision-making and IP rights strategy. Specifically, development managers in each business division are appointed as DPOs (Division Patent Officers) to facilitate communication and procedures between the intellectual property function and frontline operations. This framework also enables prompt and appropriate decision-making in situations requiring business judgment, such as approving patent applications and responding to infringement.

In addition, Gunze is thoroughly implementing an IP Mix tailored to the characteristics of each business, building competitiveness through multifaceted protection that combines designs, trademarks, and know-how with patents. Going forward, we will further strengthen efforts to develop intellectual property for priority technologies and product groups that address societal needs such as resource circulation (reducing environmental impact), transformation of manufacturing processes through digital technologies (labor saving and greater efficiency), and safety and security. Our focus will shift from the Apparel Business toward the Functional Solutions Business and Medical Business, which are growth businesses. At the same time, we will accelerate decision-making on bringing these technologies and products to market and investing in priority areas, while promoting external collaboration, enhancing competitiveness, and driving business growth.

Overview of IP activities driven by DPOs and the corporate IP function



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

		FY2023	FY2024	FY2025
Patents held	Domestic	691	680	652
	Overseas	249	228	198
Designs	Domestic	216	248	253
	Overseas	10	10	10
Trademarks held	Domestic	1,934	1,914	1,882
	Overseas	803	802	811

Topics

Internal Communications on Intellectual Property — From "Difficult to Understand" to "Easy to Understand"

Intellectual property activities are often perceived as difficult to understand or hard to see. To address this, Gunze continuously uses its Company intranet to share information that helps employees feel more familiar with intellectual property. Through feature articles in the Company newsletter and other communications, the IP & Legal Department explains everyday examples related to legal and intellectual property matters and brands in an easy-to-understand manner. It also shares scenes from in-house training sessions and workshops, which have led to requests from individual business sites to hold similar programs.

Gunze also presents the Da Vinci Award from the President to engineers who have made outstanding contributions to management. At the award ceremony, which is conducted in an interactive format, the President personally listens to the challenges the engineers faced during development and demonstrates respect for their efforts, thereby encouraging further motivation to create new intellectual property. The ceremonies are also featured on the Company intranet, together with photographs and comments from the award recipients.

Social and Relationship Capital

Strengthening the Foundation for Enhancing Social and Relationship Capital



Naoko Hayashi
Corporate Officer
General Manager, Intellectual Property & Legal Department

The Gunze Group's Approach to Social and Relationship Capital

Guided by its founding spirit of Respect for Humanity, the Gunze Group regards coexistence and mutual prosperity with all stakeholders as the foundation of its social and relationship capital. The Gunze Code of Conduct sets out our commitment to conducting business in accordance with fair rules and standards recognized globally. By continuing to respond sincerely to society's expectations, we aim to build enduring relationships of trust.
Across our supply chain, the Gunze Group Supplier Code of Conduct serves as a guiding framework. Together with our business partners, we promote responsible business practices that ensure compliance with laws and regulations, consideration for the environment, and respect for human rights.
By addressing social issues through our businesses and maintaining transparent business relationships, we will contribute to a sustainable society while enhancing corporate value.

Promoting Compliance Across the Gunze Group

To remain a company of choice globally, the Gunze Group is strengthening its compliance framework to support ethical business conduct. As our business becomes increasingly global, the laws and regulations we must comply with are growing in number and complexity, while rapid decisions are required in response to an ever-changing political and economic environment. Against this backdrop, the IP & Legal Department, mindful of its role in advising management, reviews contracts and monitors relevant laws and regulations while ensuring that regulatory information is communicated and understood throughout the organization.
We have also established an internal Advice Hotline as well as an external whistleblowing channel staffed by attorneys, to identify at an early stage the causes of occupational accidents, misconduct, harassment, and other compliance violations and take appropriate action. We promote the use of these channels through posters and regular communications on the Company intranet.
In fiscal 2024, we established dedicated consultation channels for employees from Vietnam and Indonesia, who account for a large proportion of our foreign workforce, enabling them to seek advice in their native languages. All reports received through these channels are investigated fairly and promptly with due consideration for privacy, with appropriate action taken to resolve any issues identified. In fiscal 2025, none of the internal reports involved matters that had a material impact on our business.

Breakdown of reporting and consultation

Cases	FY2023		FY2024		FY2025	
	Hotline	External reporting desk	Hotline	External reporting desk	Hotline	External reporting desk
Workplace relationships	4	0	3	2	4	3
Sexual harassment	2	0	0	0	0	1
Power harassment	4	0	3	2	4	2
Facts subject to whistleblowing	1	0	0	1	0	0
Others	7	0	7	3	9	2
Total	18	0	13	3	17	4

* 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.

Topics

In-house training initiatives

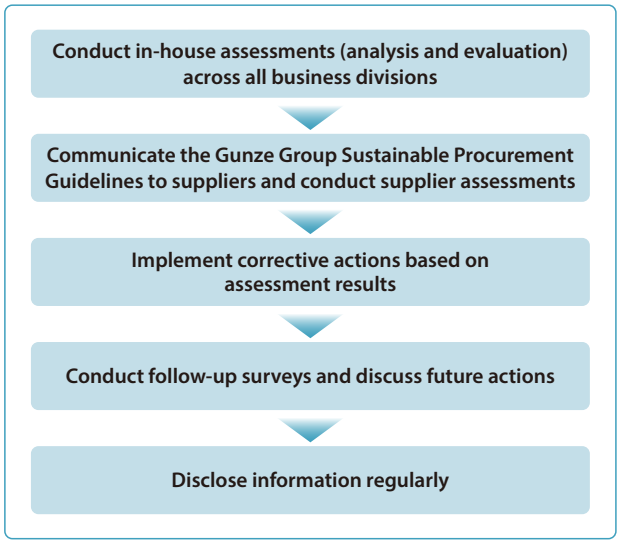
The IP & Legal Department provides training on laws and regulations, including the SME Transactions Act, the Act against Unjustifiable Premiums and Misleading Representations, and the Act on the Protection of Personal Information, as well as topics such as generative AI literacy, how to read patents, and key considerations when filing patent applications. Under the mottos "Everyone is a trainer" and "Learning by teaching," department members seeking to develop expertise in their respective fields serve as instructors.
Training is available both in person and remotely, and employees who are unable to attend due to work commitments or other reasons can later view recordings on the Company intranet. In FY2025, training sessions hosted by the IP & Legal Department were attended by a cumulative total of 1,415 employees.

Implementing Supply Chain Management

Initiatives to ensure respect for human rights (Human rights due diligence*)

Gunze's founding philosophy emphasizes respect for humanity, 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.

Human rights due diligence process



* Human rights due diligence refers to the process of identifying adverse human rights impacts and risks, analyzing and assessing those risks, and formulating and implementing appropriate measures.

In-house assessments

In light of human rights risks associated with foreign workers, we began fact-finding surveys at six plants in Japan in fiscal 2022. Since fiscal 2023, we have conducted on-site surveys as part of our regular compliance audits, including direct interviews with foreign workers, to check conditions such as hygiene in their living and working environments. In fiscal 2025, we conducted a second on-site survey at Kyushu Gunze Co., Ltd. Ongoing monitoring based on the findings of previous surveys confirmed that appropriate living and working conditions continue to be maintained. We will continue conducting on-site surveys and providing support to help ensure that all sites maintain safe and comfortable working environments.

Number of plants surveyed regarding foreign workers

	Domestic plants
FY2023	Three plants (Miyazu Plant, Tohoku Gunze Co., Ltd., and Kyushu Gunze Co., Ltd.)
FY2024	Two plants (Yanase Plant and Tsuyama Gunze Co., Ltd.)
FY2025	One plant (Kyushu Gunze Co., Ltd.)

* The survey covers all domestic plants employing foreign workers at the time of each survey.

Supplier Assessments

Since fiscal 2022, we have conducted assessments of key suppliers. We use a questionnaire covering the United Nations Global Compact's Ten Principles in the four areas of human rights, labor, the environment, and anti-corruption to identify and assess risks. The assessments are conducted on a regular cycle that covers each business once every three to four years. In fiscal 2025, we surveyed eight key suppliers accounting for more than 80% of transaction value in the plastic films field. By the end of fiscal 2025, we had completed assessments of a cumulative total of 127 key suppliers in Japan and overseas. No serious labor-related issues have been identified through the assessments to date. For suppliers with lower scores, our representatives hold individual meetings with them and work together to improve their initiatives.

Status of supplier assessments

	Number surveyed				
	2022*	2023	2024	2025	Total
Plastics field	14			8	22
Engineering plastics field		9			9
Medical business	5				5
Gunze Medical Limited			4		4
Apparel business	75				75
Textile materials field		12			12
	94	21	4	8	127

* In fiscal 2022, suppliers were selected from a broad pool. From fiscal 2023, selection criteria were established and assessments were limited to suppliers accounting for approximately 80% of total transaction value. Since then, responses have been received from nearly all suppliers surveyed.

Natural Capital

Strengthening the Business Foundation Through Environmental Technologies to Help Realize a Sustainable Society

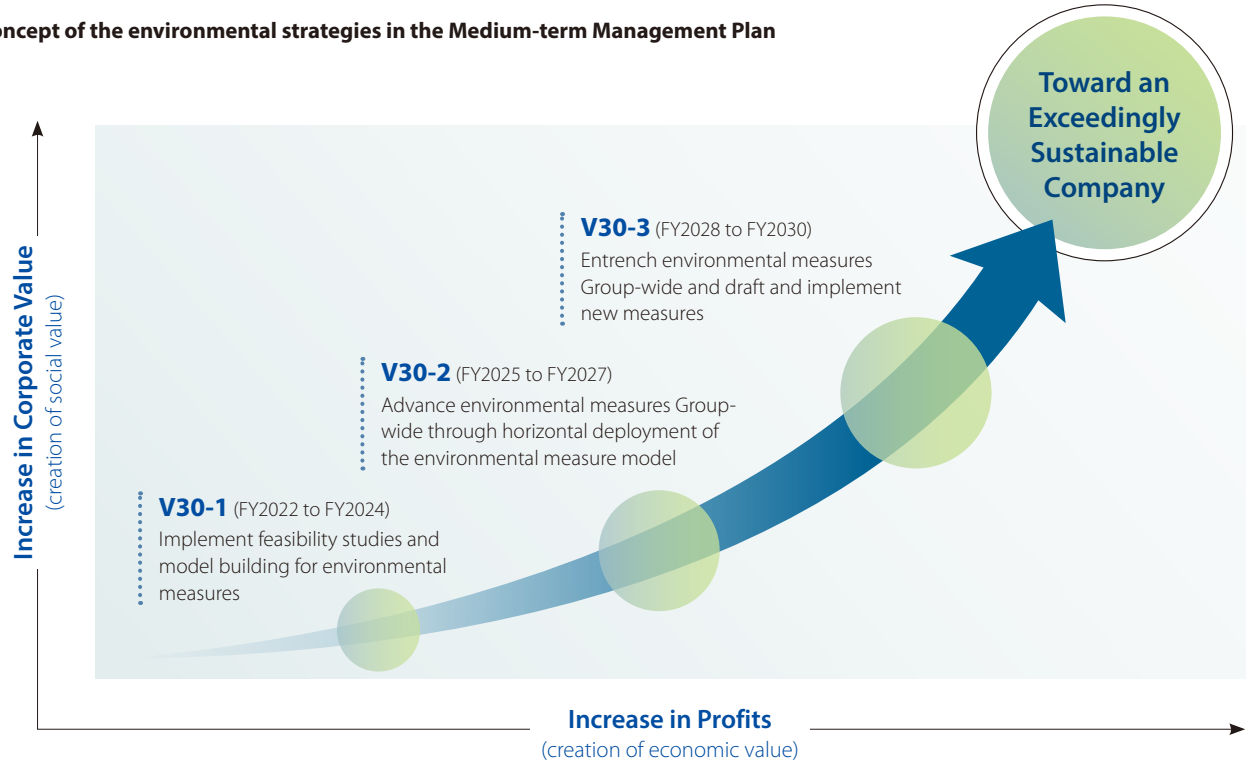


Tomohisa Okuda
Director and Managing Corporate Officer
President, Plastic Film Company (Executive in charge of Technology and R&D)

VISION 2030 stage2 Environmental Strategies

Under VISION 2030 stage2, the Gunze Group is promoting sustainability management that seeks to achieve both social value and economic value, with the aim of remaining a company of choice globally by building a sustainable business foundation.
The Gunze Group's business activities depend on natural capital, including water resources, fossil-based raw materials, and energy, while the use of these resources gives rise to environmental impacts such as greenhouse gas emissions, wastewater, and waste generation. We therefore recognize the importance of properly understanding our dependencies and impacts on natural capital, reducing risks associated with resource constraints and increasingly stringent environmental regulations, and expanding business opportunities through initiatives such as the development of environmentally friendly products.
Based on this recognition, we are building on the environmental initiatives established under VISION 2030 stage1 and advancing an environmental strategy focused on three priority areas: resource circulation, decarbonization, and coexistence with nature, taking into account our dependencies and impacts on natural capital.
In line with these policies, we are continuously working to reduce our environmental impact while also containing energy costs and improving the stability of energy supplies, thereby enhancing the resilience of our business foundation. Through these efforts, we are making steady progress toward our non-financial target of reducing CO_2 emissions by at least 31% from fiscal 2013 levels by fiscal 2027 (Scopes 1 and 2).
As we work toward the realization of a resource-circulating society, promoting resource circulation not only helps reduce waste and contain raw material costs, but also strengthens our ability to respond to rising resource prices and procurement risks. The use of recycled materials and the development of circular business models also enable us to meet customers' environmental needs and create new value. Through these initiatives, we aim to contribute to a sustainable society while enhancing the Gunze Group's corporate value over the medium to long term.

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



Natural Capital

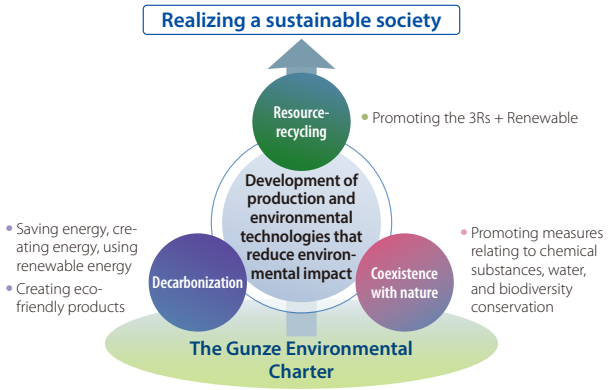
Priority Areas under VISION 2030 stage2

Under VISION 2030 stage2, the Gunze Group has identified resource circulation, decarbonization, and coexistence with nature as three priority areas, pursuing both reduced environmental impact and greater business resilience.
These initiatives go beyond environmental measures alone. We are advancing them as measures to strengthen our management foundation by addressing business risks such as rising resource prices and energy costs, raw material procurement risks, and water-related risks.

Resource recycling

Under the concept of "3R + Renewable*1," the Gunze Group is promoting reduction and recycling across the Company. In the plastic films field, we have commercialized environmentally friendly shrink film incorporating recycled material produced from recovered label scrap. In addition to reducing waste and the use of virgin plastic, this initiative is helping strengthen our resilience to rising resource prices and uncertainties in raw material supply. Going forward, to further expand this circular model, we will pursue technological innovation, including the development of high-quality recycling technologies that enable materials to withstand multiple recycling cycles, process improvements to reduce costs, and further energy-saving measures. We will also work to establish a collaborative framework across the entire supply chain involving partner companies and consumers.

Activity progress of stage2



Decarbonization

With the aim of achieving carbon neutrality by 2050, we are increasing the share of renewable energy through energy-saving initiatives using energy management systems (EMS), the installation of solar power generation facilities, and the acquisition of FIT non-fossil certificates derived from our own power generation facilities. At each plant, we are continuously working to reduce energy intensity, thereby lowering CO_2 emissions and containing energy costs.

Coexistence with nature

We are working to reduce environmental impact, with a particular focus on managing water intake and wastewater discharge. Water use is particularly high in apparel dyeing processes and plastic manufacturing processes. We therefore apply voluntary standards that are stricter than applicable environmental laws and local regulations and rigorously manage wastewater discharge. Through these efforts, we seek to minimize impacts on local rivers, aquatic environments, and ecosystems. We are also working to reduce impacts on biodiversity through rigorous wastewater and chemical substance management and by reducing waste.
Through these initiatives, we are not only reducing CO_2 emissions and waste generation but also lowering energy and raw material consumption and waste disposal costs, thereby contributing to improved profitability.
Going forward, we will steadily advance initiatives in each priority area and seek to achieve further sustainable growth and greater business competitiveness by building circular business models that deliver both environmental and economic value.

*1 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.

Resource Circulation Initiatives

In the Apparel Business, we developed recycled hangers made entirely from PCR*2 material derived from waste plastic and established a resource circulation scheme involving the supply chain. Waste plastic generated at logistics facilities operated by Group company Gunze Logistics Co., Ltd. is recycled into raw material and used to produce hangers for men's innerwear. Approximately 350,000 of these hangers are expected to be used annually, helping to reduce both waste and the use of virgin plastic. In the textile materials field, we have established a technology that reduces the use of organic solvents in the production of sewing thread for automotive airbags. By redesigning the equipment to minimize the contact area between the resin solution and air, we have reduced solvent evaporation. In addition to lowering environmental impact, this technology has also improved the working environment. In fiscal 2026, we will expand its use to overseas plants.
In the plastic films field, we are also actively advancing the Circular Factory Project, which aims to establish a resource circulation model. As a leading example of these efforts, the Moriyama Plant achieved zero plastic waste in fiscal 2025 through rigorous sorting and management under its Zero Waste Project. At the same time, to recycle film scrap generated within the Group and from the market that bears ink and other residues, we are utilizing de-inking technology*3. We have begun selling environmentally friendly shrink film containing recycled material produced through the closed-loop recycling of label scrap. In addition to reducing the use of virgin plastic, this product helps lower CO_2 emissions by making the recycling process more efficient. Going forward, we will expand the product lineup and broaden applications to areas such as food and toiletries, with the aim of achieving a 100% recycling rate by 2030.

*2 PCR: Abbreviation for Post-Consumer Recycled. Material made by recycling used products recovered from the market.
*3 De-inking: Technology for removing ink, adhesive components, and other substances from printed films and similar materials.

Natural Capital

Decarbonization Initiatives

In fiscal 2025, the Gunze Group's combined Scope 1 and 2 emissions in Japan and overseas totaled 98,910 t-CO_2, down 8.8% year on year and 42.7% from fiscal 2013 levels, well exceeding the fiscal 2025 target of a reduction of at least 29% from fiscal 2013 levels. This progress was driven primarily by continued energy-saving initiatives using energy management systems (EMS), the expanded use of renewable energy, and efficiency improvements through equipment upgrades. These initiatives are steadily reducing CO_2 emissions while also helping to contain energy costs and improve the efficiency of production activities. In fiscal 2026, we will extend the environmental initiatives established at our domestic sites to overseas operations and introduce high-efficiency and next-generation energy-saving equipment to further reduce environmental impact and improve efficiency.

Scope 3 emissions totaled 382,151 t-CO_2, down 3.4% year on year, or 13,486 t-CO_2. Going forward, we will work to formulate reduction policies and set targets across the entire supply chain through emissions reduction initiatives undertaken in collaboration with key suppliers, the use of recycled materials, and the promotion of resource circulation. We will also improve the accuracy of emissions data, including data from overseas sites, and conduct impact analyses to strengthen our Scope 3 management framework.

For the calculation of Scope 1, 2, and 3 emissions, we undergo third-party verification by an independent specialist organization to ensure data accuracy and transparency and prevent greenwashing. No instances of non-compliance with the calculation rules were identified in the fiscal 2024 calculation report. We will continue to provide highly reliable disclosure based on international standards, strengthen relationships of trust with stakeholders, and advance effective decarbonization management.

CO_2 emissions (Scope 1, 2 ,3)

	FY2025	FY2024	Compared to FY2024	Compared to FY2013
	Emission volume (t-CO_2)	Emission volume (t-CO_2)	Reduction volume (%)	Reduction volume (%)
Scope 1 + 2	98,910	108,457 ●	8.8	42.7
Scope 1	28,547	31,056 ●	8.1	45.4
Scope 2 (Market-based)	70,364	77,400 ●	9.1	41.5
Scope 2 (Location-based)	72,786	74,392	2.2	42.9

Scope 3 emissions	FY2025	FY2024
	Emission volume (t-CO_2)	Emission volume (t-CO_2)
Scope3	382,151	395,637 ●
Cat. 1: Purchased goods and services	221,923	233,836 ●
Cat. 2: Capital goods	35,291	22,250
Cat. 3: Fuel- and energy-related activities (not included in Scope 1 or 2)	13,875	14,838
Cat. 4: Upstream transportation and distribution	10,521	10,821 ●
Cat. 5: Waste generated in operations	3,497	3,908 ●
Cat. 6: Business travel	321	425
Cat. 7: Employee commuting	941	1,279
Cat. 8: Upstream leased assets (not applicable)	—	—
Cat. 9: Downstream transportation and distribution (included in Cat. 4: Upstream transportation and distribution)	—	—
Cat. 10: Processing of sold products (not applicable)	—	—
Cat. 11: Use of sold products	12,614	12,504
Cat. 12: End-of-life treatment of sold products	83,169	95,774 ●
Cat. 13: Downstream leased assets (not applicable)	—	—
Cat. 14: Franchises (not applicable)	—	—
Cat. 15: Investments (not applicable)	—	—

* Scope 1 and 2 are calculated for all Gunze Group business sites in Japan and overseas
* Scope 3 is calculated for all Gunze Group business sites in Japan.
* ● indicates data that has been independently verified by a third party.

Topics

Putting CO_2 reduction into practice through EMS at production sites



Naoto Yamaguchi

Technology & Development Department Production Equipment Section, Production Administration Office

Through my work on implementing energy management systems (EMS) across multiple business divisions, I have come to recognize the importance of visualizing energy use. By displaying power consumption and production volumes for individual pieces of equipment on dashboards, we can now quantify losses that were previously understood only intuitively. This has made it easier to verify the effects of improvements in real time and share areas for further improvement.

The accumulation of small improvements at production sites has made a significant contribution to greater energy efficiency and has encouraged more active, production-site-led improvement initiatives.

Going forward, we will make further use of the data we have accumulated to improve efficiency through integration with AI and IoT. As we expand these initiatives overseas, I believe environmental measures that leverage these digital technologies will also play an important role.

Natural Capital

Initiatives for Coexistence with Nature

Policy on water resource conservation

Based on the principle of "recognizing our dependence on the benefits provided by nature and coexisting with local communities and the environment," the Gunze Group is committed to the sustainable use of water resources.

Water plays an essential role in a wide range of our business activities, including fiber processing in the Apparel Business. At our production sites, we have established voluntary standards that are stricter than applicable environmental laws and local regulations and rigorously manage wastewater quality and prevent water pollution, with the aim of coexisting with local communities that share the same water resources.

We also promote the efficient use and recycling of water according to the geographic characteristics and water consumption of each site and continuously implement improvement initiatives to ensure the sustainable use of water resources.

Water withdrawal information

Water source	FY2023	FY2024	FY2025
Tap water (m^3)	510,169	486,312	427,026
Industrial water (m^3)	2,737,553	2,738,933	2,652,080
River water (m^3)	382,255	322,886	265,601
Groundwater (m^3)	527,734	485,795	572,397

Wastewater information

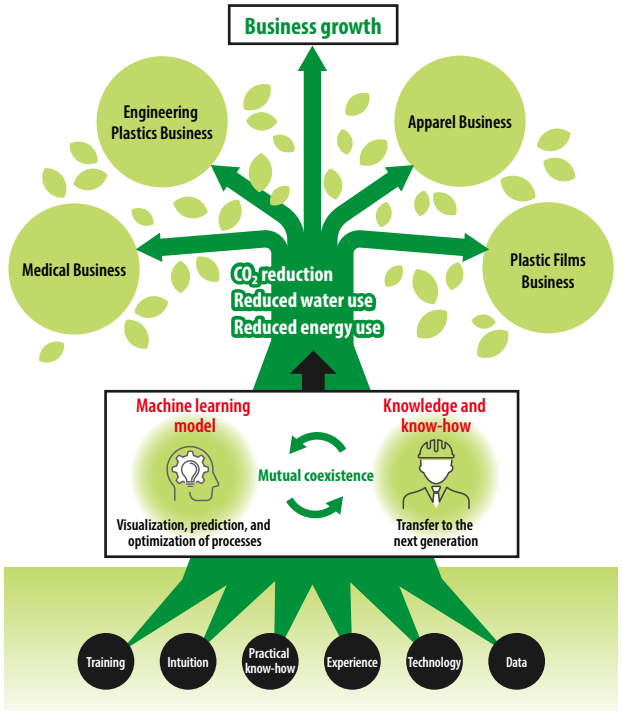
Item		FY2023	FY2024	FY2025
Environmental wastewater discharge (m^3)		2,579,690	2,646,712	2,333,868
Water pollutant: BOD (t)	Gunze Group (Domestic)	3.0	3.9	4.2
	Gunze Group (Overseas)	0.4	0.4	0.4
Water pollutant: COD (t)	Gunze Group (Domestic)	14.7	15.3	12.4
	Gunze Group (Overseas)	3.7	3.8	9.5

Initiatives to conserve water resources

To assess risks associated with the water resources used at our production sites from multiple perspectives, we conduct water risk assessments of the locations of our major manufacturing sites using the Aqueduct Water Risk Atlas provided by the World Resources Institute (WRI), an international environmental NGO. The assessment confirmed that sites located in areas with high water risk accounted for 7.2% of the Group's total water withdrawal in fiscal 2024.

To address these risks, we will continue our existing water management practices while also rolling out across the Group the technologies and management methods for reducing environmental impact that have been established at our key sites in Japan.

Illustration of the use of process informatics (PI)



Through these efforts, we aim to ensure the sustainable use of water resources over the long term and maintain and further enhance our water management systems at all sites, including those located in areas with high water risk.

As a specific initiative, we are focusing on dyeing processes, which consume large volumes of water, and pursuing improvements using Process Informatics (PI)*.

PI is a technology that integrates and analyzes data accumulated over many years at production sites to improve quality, production efficiency, and operational stability. We are applying PI to reduce the need for re-dyeing, thereby reducing water consumption and improving productivity. We believe these initiatives will not only lower costs through reduced water use, but also help expand our environmentally friendly product offerings and enhance customer recognition of our environmental efforts.

Chemical substance management

The Gunze Group promotes the proper management of chemical substances to minimize impacts on human health and ecosystems and reduce environmental risks associated with its business activities. Based on laws and regulations in Japan and overseas as well as international conventions, we have established a five-tier management framework ranging from the prohibition of use to the reduction of emissions. Under this framework, we are working to replace substances with safer alternatives and reduce the amounts used.

We have also established a clear framework of responsibility for chemical substance management. At each site, we assess hazards and risks and consider appropriate countermeasures, while continuously improving our management practices by monitoring regulatory developments, reviewing management standards, and providing regular education and training.

In fiscal 2025, there were no serious violations of environmental laws and regulations related to areas such as air, water, or chemical substances, and no fines, surcharges, or penalties were imposed.

* Process Informatics (PI): The use of data to optimize manufacturing processes.

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 incorporated into our governance structure (▶P.68).

(2) Risk management

Sustainability-related risks, response measures, and opportunities are reviewed by the department primarily responsible for each topic and shared with the relevant business divisions and other head office departments. The business divisions and head office departments work together to develop and implement response measures, while the department primarily responsible reports to the Sustainability Committee and Risk Management Committee. Important sustainability issues are then reported by these committees to the Corporate Officers' Meeting and subsequently to the Board of Directors, enabling the Gunze Group to integrate and manage risks across the Group.

Roles of committees and organizations in sustainability promotion
https://www.gunze.co.jp/english/sustainability/environment/management/

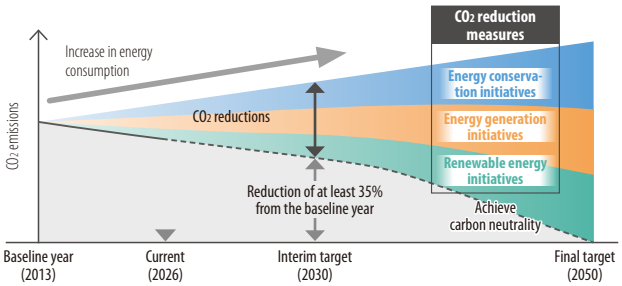
(3) Strategy

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.
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 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.

*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 CO_2 emissions by 2050.
*2 RCP8.5 scenario: A scenario in Figure SPM6 of the summary for government policymakers 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.

Short- to long-term climate change risks, responses, and opportunities
https://www.gunze.co.jp/english/sustainability/environment/climate_change/

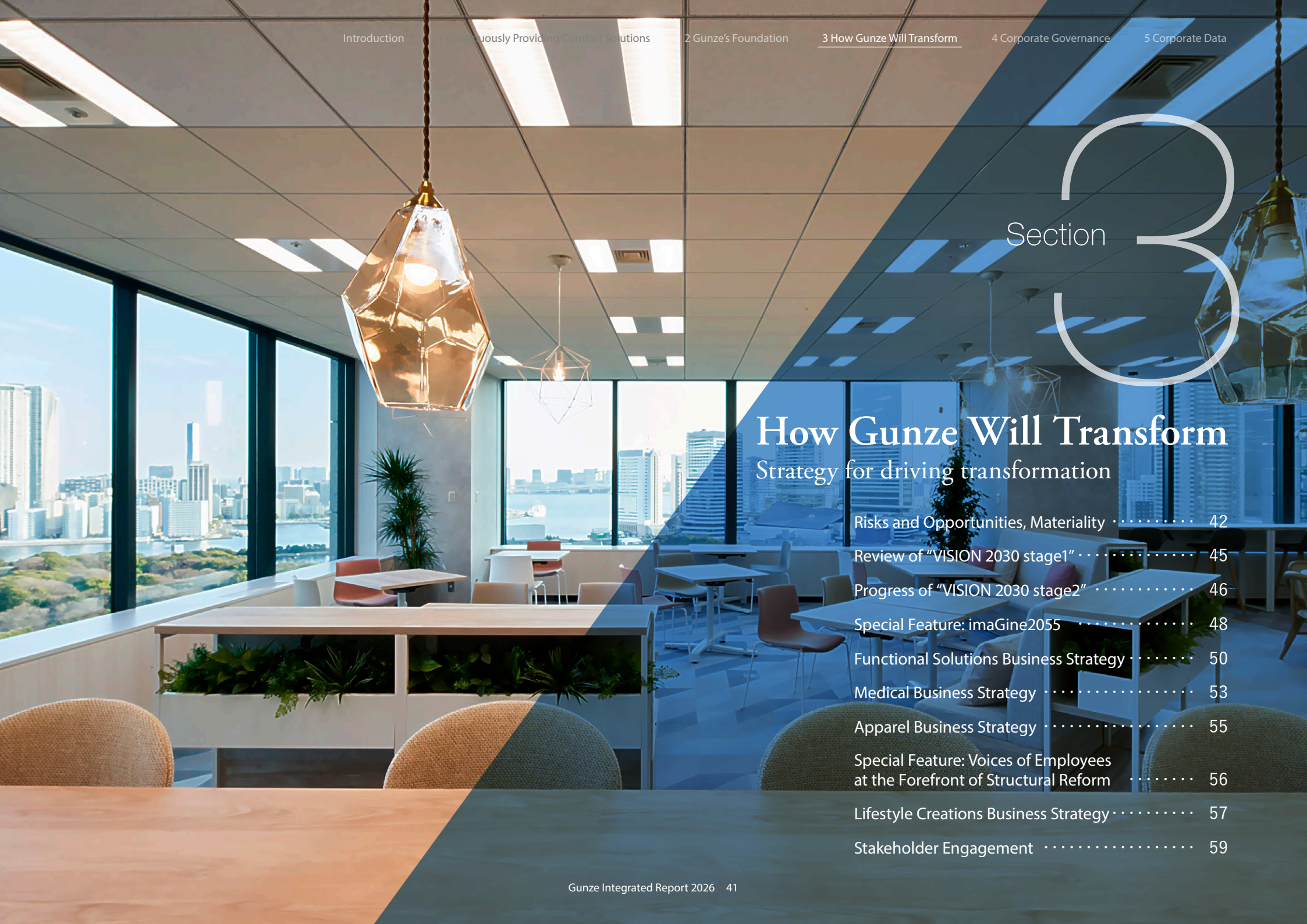
Gunze's roadmap to achieving carbon neutrality



(4) Indicators and targets

To steadily reduce CO_2 emissions in line with our targets, we are strengthening initiatives across our business activities, including energy conservation, energy generation, and the use of renewable energy, while also advancing resource circulation and measures to reduce environmental impact. Based on the Basic Policy for Plastic Resource Circulation established in 2019, we are actively promoting the 3Rs + Renewable, developing new resource recycling technologies, and expanding their application to apparel and all other business segments. As another key Group initiative, we are strongly promoting the Circular Factory Plan, which aims to establish resource circulation in the plastic films field. In connection with financing through a green loan, the Circular Factory Plan received the highest rating of Green 1 (F) from Japan Credit Rating Agency, Ltd. (JCR) for its conformity with the Green Bond and Loan Principles and Guidelines. At the time the rating was obtained, the Circular Factory Project under this framework was the first initiative in Japan to receive an assessment covering an entire resource-circulating factory initiative.
The funds raised through the green loan have also been used for initiatives to reduce CO_2 emissions, in addition to the Circular Factory Project. These include the construction of the office building at the Konan Plant in Aichi Prefecture, completed in February 2023, which received a five-star BELS*3 rating and ZEB*4 certification.

*3 BELS: Building-Housing Energy-efficiency Labeling System. A system that objectively evaluates the energy efficiency of buildings and displays the results using a five-star rating scale.
*4 ZEB: Net Zero Energy Building. A building designed to achieve a net-zero balance in primary energy consumption.



Section 3

How Gunze Will Transform

Strategy for driving transformation

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Risks and Opportunities, Materiality

To sustainably enhance corporate value, the Gunze Group identifies materiality in light of the rapidly changing business environment, sets KPIs for each material issue, and implements specific initiatives. Building on the achievements, challenges, and insights gained during stage1, in stage2 we will further advance these initiatives and enhance their effectiveness, with the aim of creating corporate value on a sustainable basis.

Social Changes	• **Changes in the market environment surrounding the Gunze Group** • **Country risk in nations where Gunze operates** • **Large-scale natural disasters and pandemics**	• **More stringent legal and social rules** • **Contraction of domestic labor markets and increased awareness of human rights** • **Rapid advances in AI / Progress in digitalization**	• **Growing severity of global environmental problems**	• **Growing international awareness of marine plastic pollution** • **Changes in the market environment**
Risks	• 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 • Delays or failure to achieve reforms in low-ROIC businesses • Business models becoming unsustainable due to changes in lifestyles • Difficulty maintaining business operations due to sudden changes in political and economic conditions • Declining profitability of overseas production • Damage to production and logistics bases and commercial facilities caused by natural disasters • Difficulty procuring raw materials due to supply chain disruptions • Business disruption caused by pandemics resulting from infectious diseases	• Loss of brand value due to various legal actions • Revision of products and services due to changes in quality standards • Suspension of business activities due to legal violations • Difficulty securing human resources due to a shrinking working-age population • Lack of flexible thinking due to a rigid workforce composition • Shortage of human resources with diverse backgrounds • Risk of human rights violations due to insufficient due diligence • Acceptance and spread of misinformation • Leakage of critical information due to cyberattacks and other threats	• Higher raw material and energy costs • Tightening of laws and regulations, such as the introduction of a carbon tax • Accelerating climate change • Environmental pollution caused by owned properties, wastewater discharges, and chemical substances	• Stronger regulations regarding disposable plastics • Lower sales due to the spread of products made from plastic alternatives • Decline in corporate value due to falling share prices • Changes in market trends and consumer preferences • Fluctuations in foreign exchange rates

Risks and Opportunities, Materiality

	Creation of New Value	Evolution of Corporate Constitution	Environmentally Responsible Management	Capital Cost-focused Management
Opportunities	Measures to address high social issues created through diverse business development	Creating opportunities to raise awareness of our diverse businesses (Redefine Gunze beyond its image as an "underwear company")	Business expansion that contributes to improving quality of life	Human capital management that embodies a people-oriented approach Growing demand for healthcare driven by an aging population Expansion of circular economy-driven business models
Materiality				
Gunze Group Targets	**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	**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 AI (production, sales, development, logistics, indirect operations, and all other areas)	**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
Initiatives and Results in the First Year of stage2	• **Striving to become a global solutions company** FY2025 results: Overseas sales of ¥27.5 billion (overseas sales ratio: 21%) • **Innovations by groups of technical experts** Created new products and services by further refining differentiated technologies	• **Increase of the ratio of women in managerial roles to 14% or higher (FY2027)** FY2025 result: 13.1% • **Maintenance of a 50% ratio of women hired** FY2025 result: 45% • **Establishment of support services for childcare and nursing care** FY2025 paternity leave utilization rate: 86% • **Improvement of productivity and business performance through improved engagement** Average engagement score: 61 points	• **Completion of resource-recycling technologies** Achieved zero waste at the Moriyama Plant in FY2025 and promoted rollout to other production sites • **Scope 1 + Scope 2: Reduction of 35% or higher (FY2030)** FY2025 reduction rate: 42.7% (vs. FY2013)	• **Achievement of an ROE of 10.0% or higher and operating profit ¥16.0 billion (FY2030)** Aim to achieve ROE of 8.0% or higher and operating profit of ¥12.5 billion in FY2027 through structural reforms during the three-year period for transforming the Company. • **Maintenance of a high PBR**

Risks and Opportunities, Materiality

Initiatives and Results in the First Year of stage2

Creation of New Value

- **Expansion of business domains through M&A**
  Exploring potential partners
- **Expansion of the engineering plastics field into new areas**
  Launched environmentally friendly films
- **Evolution of apparel products through the use of new technologies**
  Enhancing ASEDORON functionality
- **Expanding environmentally friendly products**
  Launched environmentally friendly films
- **Accelerating global expansion of the Medical Business**
- **Promoting open innovation through industry-academia and external collaboration**

Evolution of Corporate Constitution

- **Acquisition of diverse talent to implement the Group's strategies**
  Ratio of mid-career hires among regular employees: 33%
- **Increase of corporate brand awareness**
  FY2025 result: Brand awareness rate of 70%
- **Coexistence and mutual prosperity with suppliers**
- **Transactions based on human rights and biodiversity**
  Implemented human rights due diligence (▶P.35)
- **Improvement of productivity and expansion of the product range at overseas plants**
  Expanded production of high-value-added products at innerwear plants in Thailand and Vietnam
- **Ability to customize production to meet local characteristics and needs**
  Expanded production in China and ASEAN by further developing demand for sewing thread for apparel and industrial materials
- **Creation of a system that allows people from any country to work with peace of mind**
  Preparation of work rules and other manuals in multiple languages
  Preparation of video-based work manuals for manufacturing sites
- **Improvement of productivity through the pursuit of automation, digital and AI technologies**
  Improved productivity through the installation of automated lines at each plant

Environmentally Responsible Management

- **Reduction of Scope 3 emissions throughout the supply chain**
  FY2025 result: 382,151 t-CO_2
- **Achievement of zero plastic waste emissions at all plastic plants**
  Achieved zero waste at the Moriyama Plant
- **Reduction of per-unit energy consumption**
  FY2025 result: 104.2% year on year
- **Conservation of water resources and strengthening of wastewater management**
- **Enhancement of disclosure reliability through third-party verification of CO_2 emissions**
  Obtained third-party verification
- **Response to biodiversity (promotion of TNFD-aligned initiatives)**
- **Increase in the renewable energy ratio**
  Installation of solar panels (Building No. 7 at the Konan Plant; Medical Office and No. 3 Plant)

Capital Cost-focused Management

- **Establishment of an internal profit improvement structure**
  Apparel business structural reform (▶PP.55,56)
  Build-Up Project (establishing a lean organizational structure that continuously pursues higher profitability and building a framework that prevents backsliding)
- **Strengthening cash flow generation and allocating cash to growth investments**
- **Enhancing shareholder returns**

Value Created

Social Value

- Providing comfort through products and services
- Manufacturing that considers both people and the planet
- Developing and securing human resources to accelerate global expansion
- Creating ways of working that embrace diversity

Environmental Value

- Realizing a resource-recycling society (promoting resource conservation, the use of recycled materials, and reduced environmental impact)
- Establishing a model that balances reduced environmental impact with business growth (turning environmental initiatives from a cost into a source of competitiveness)

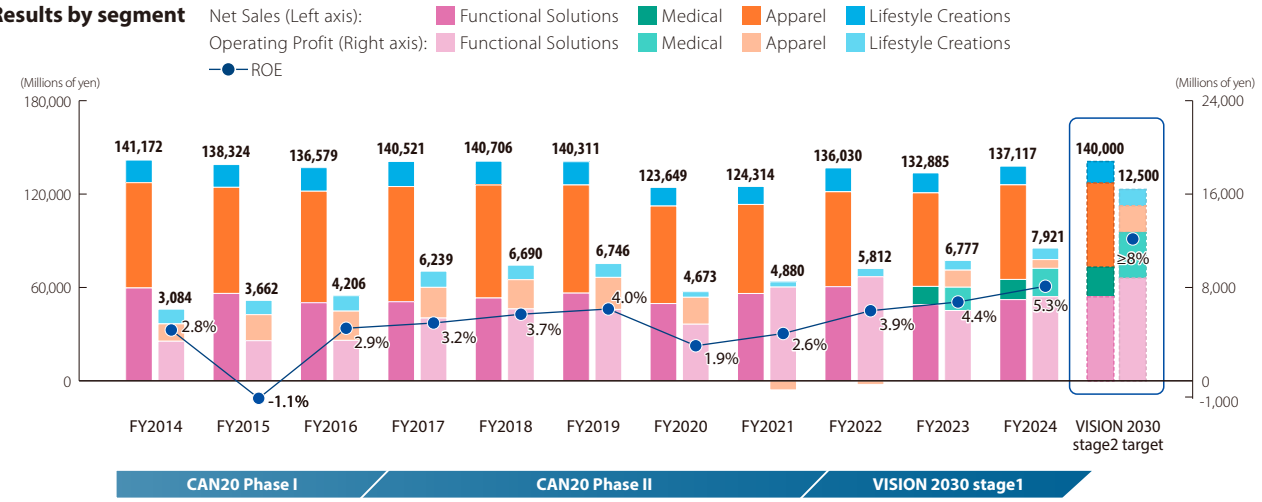
Economic Value

- Providing stable and consistent shareholder returns
- Enhancing corporate value across the Gunze Group
- Expanding growth investments by improving capital efficiency and profitability

Review of "VISION 2030 stage1"

Medium-term Management Plan Performance Trends

Results by segment



* The total of consolidated net sales and operating profit (after Group-wide adjustment). Breakdown of net sales and operating profit by segment (before Group-wide adjustment).

Achievements and Challenges

VISION 2030 stage1	
Strategy	(1) Creation of new value: Creation of new businesses and growing existing businesses (including M&A), Offering new products/services designed with enhanced sustainability in mind (2) Evolution of corporate constitution: Creating a corporate culture supporting diverse talent to attain fulfillment from work, Promoting employee mindset/duties transformations through work style reforms, Transforming business processes through the proactive use of digital technology (3) Environmentally responsible management: Reducing negative environmental impact through business activities (4) Capital cost-focused management: Strategic allocation of management resources, Achieving a positive GVA value by improving capital efficiency
Achievements	(1) Plastic film: Promotion of the Circular Factory Project (2) Engineering plastics: Expansion of growth investments in the construction of new plants (3) Medical: Launch of new products and construction of new plants (4) Structural reforms: Transfer of the electronic components business, closure of overseas plants and reduction of logistics facilities in the apparel business, and sale and closure of unprofitable sports clubs
Challenges	(1) Business growth and expansion into new areas: Develop new business, Implement M&A (2) Enhancement of human capital management: Improve employee engagement, Female employees in leadership positions (3) Reduction of environmental impact: Reducing CO_2 emissions and enhancing resource recycling initiatives (4) Structural reforms in divisions with a negative GVA: Structural reforms in the apparel and lifestyle creations businesses, and a business transfer in the mechatronics field

Performance Grading

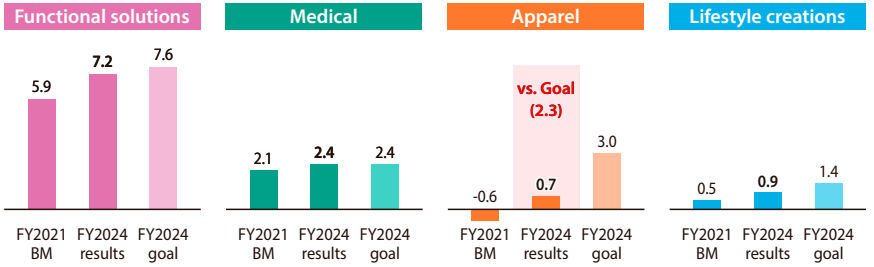
Financial indicators

Category	stage1 targets	FY2024 results	Evaluation
Net sales	**¥140** billion	**¥137.1** billion	△
Operating income	**¥10.0** billion	**¥7.9** billion	×
ROE	**6.3**% or higher	**5.3**%	×
Consolidated GVA	Overall GVA in positive territory	**-¥0.9** billion	×

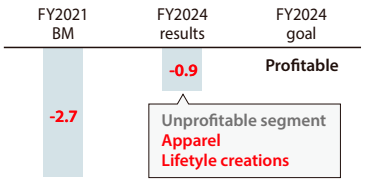
Non-financial goals

Category	Target indicators		stage1 targets	FY2024 results	Evaluation
Environmental responsiveness	CO_2 emissions reduction rate (Japan + overseas) Scope 1 + 2 (Gunze Group total)		**28**% or higher	**37**%	○
	Per-unit energy consumption reduction rate (vs. previous year)		**1**%/year or higher	**-0.2**%	△
Evolution of corporate constitution	Promotion of women's empowerment	Ratio of women in managerial roles	**6**% or higher	**6**%	○
		Ratio of female employees in the workforce	**35**%	**35**%	○
		Ratio of women hired on a main career track	**50**%	**52**%	○
	Parenting support	Men's paternity leave utilization rate	**50**%	**78**%	○
	Corporate culture creation	Engagement score	**70**pt. (estimate)	**62**pt.	×
	Work style reforms	Annual paid leave utilization rate	**75**%	**73**%	△
Others	Productivity improvement rate (P value): Gunze's own productivity metric over the previous year		**103**%	**103**%	○

Each segment: Operating profit (¥ billions)



Consolidated GVA* (¥ billions)

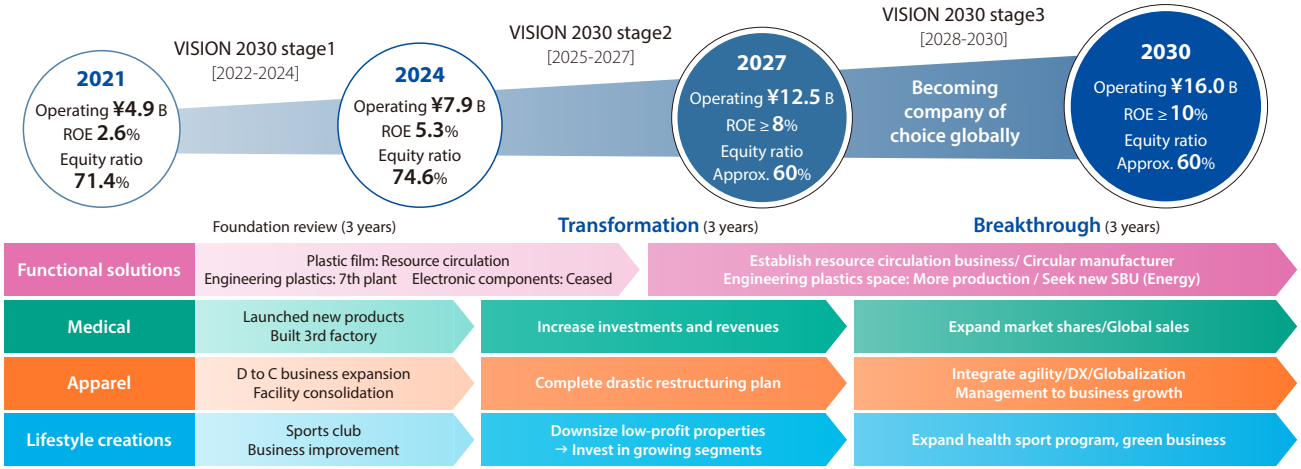


* Gunze Value Added : Gunze's original indicator = (Net operating profit after tax + dividend income - invested capital × WACC)

Progress of "VISION 2030 stage2"

Under VISION 2030 stage2, based on the core concept of "Building a Sustainable Business Foundation to Remain Globally Competitive," we will contribute to the realization of a sustainable society by developing a more robust business structure and continually refining the technologies and services that keep us the preferred choice of our customers.

Roadmap to 2030



Strategy and Company-Wide Key Measures

Enhancing/ Expanding	Functional solutions	Enhancing plastic films, engineering plastics business
	Medical	Expanding market shares, developing new markets to support global growth
Restructuring	Apparel	Transforming into "Strong Business" to survive environment changes
	Lifestyle creations	Drastic improvement of low-profit business and properties

Company-wide key measures		
Financial strategy		Implement capital policies and initiatives to improve PER in tandem with business restructuring to enhance corporate value
R&D, M&A and creation of new businesses		Implement initiatives to create new value, drive business growth, and expand into new domains
Global expansion and development of technology		Promote global expansion and strengthen differentiated technologies, automation technologies, and digital and AI technologies
Sustainability management	(Human capital management)	Develop talent and cultivate an organizational culture capable of executing management strategies that sustainably enhance corporate value and competitiveness
	(Reduction of environmental impact)	Reduce the environmental impact of business activities and promote the development and advancement of technologies that contribute to environmental solutions

FY2025 Progress

VISION 2030 stage2, covering the three years from FY2025 to FY2027, is positioned as a three-year period for transforming Gunze into a company capable of sustainable growth. During this period, we are pursuing the growth of core businesses, uncompromising structural reforms, and improved capital efficiency.
In FY2025, the first year of stage2, we prioritized investments in growth businesses and structural reforms. In addition to strengthening production and development foundations in the medical business and engineering plastics business, we advanced structural reforms in the apparel business and initiatives to improve capital efficiency in the lifestyle creations business, laying the groundwork for transforming Gunze into a company capable of sustainable growth.
At the same time, business conditions changed, with sluggish conditions in the Chinese market and prolonged inventory adjustments in the semiconductor market. These developments highlighted challenges going forward, such as generating returns from growth investments and realizing the benefits of structural reforms more quickly. Going forward, we will accelerate initiatives to achieve the Medium-term Management Plan by expanding growth businesses, advancing business portfolio reforms, and globally expanding our resource-recycling model.

Key KPIs

		FY2025 results	FY2027 targets
Financial indicators	Operating profit	¥4.8 billion	¥12.5 billion
	ROE	0.4%	8.0% or more
	ROIC	2.7%	6.6% or more
Non-financial indicators	Ratio of women in managerial roles	13.1%	14% or more
	CO_2 emissions reduction rate	42.7%	31% or more

Progress of "VISION 2030 stage2"

Enhancing/Expanding

Functional Solutions Business

▶P.50

Achievements

- Advanced initiatives toward becoming a circular manufacturer
- Strengthened production and development foundations to expand growth areas

Challenges going forward

- Accelerate global expansion of the resource-recycling model

Medical Business

▶P.53

Achievements

- Expanded sales of absorbable products in Japan
- Advanced investment to grow into a global medical device company

Challenges going forward

- Strengthen profitability by accelerating the global expansion of absorbable products

Restructuring

Apparel Business

▶P.55

Achievements

- Concentrated on priority brands based on the focused specialization strategy
- Advanced value chain reforms, including plant consolidation and logistics restructuring, as well as inventory reductions

Challenges going forward

- Improve profitability by realizing the benefits of structural reforms and establish a growth strategy

Lifestyle Creations Business

▶P.57

Achievements

- Strengthened property management with a focus on investment efficiency
- Improved profitability of commercial facilities and sports clubs

Challenges going forward

- Reform the business portfolio by shifting toward growth businesses

Progress on Company-wide Key Measures

Under our financial strategy, we will pursue management based on the cost of capital, using divisional WACC, Gunze Value Added (GVA), our proprietary indicator of capital efficiency, and the ROIC tree to improve returns on capital. We will continue investing in businesses that drive growth while steadily advancing structural reforms in low-profit businesses. We also aim to enhance corporate value and improve PBR through shareholder returns based on a total return ratio of more than 100%, enhanced IR activities, and improved stock liquidity.

Under R&D, M&A and the creation of new businesses, in addition to customer-needs-driven development within business divisions, we will promote company-wide R&D led by corporate functions. We will strengthen collaboration with external companies and academia to create differentiated technologies and develop new high-value-added product lines leveraging advanced technologies. For M&A, we will focus on the medical and resource-recycling fields to expand our businesses and create new growth opportunities. In creating new businesses, we will also work to develop future growth drivers by leveraging technologies and know-how cultivated in existing businesses.

Under global expansion and development of technology, in anticipation of a shrinking domestic market, we will expand our business in overseas markets. Rather than competing on scale, we will identify areas where we can leverage our proprietary technologies and strengths to establish competitive advantages through differentiation. We will develop businesses tailored to the characteristics of each region and market while concentrating management resources in growth areas, thereby building a business foundation that enables us to establish a strong presence in global markets.

In addition to further advancing the proprietary technologies cultivated in each business, we will promote automation and the use of DX/AI to improve productivity and strengthen competitiveness.

Under sustainability management, we will advance both human capital management and efforts to reduce environmental impact.

In human capital management, through personnel system reforms, human resource development, and DE&I initiatives, we will cultivate the talent and organizational culture needed to execute our strategies, strengthening the management foundation that supports sustainable enhancement of corporate value. On the environmental front, we will promote resource recycling centered on the Circular Factory plan while expanding the use of renewable energy and reducing CO_2 emissions.



imaGine2055

FUTURE CREATION PROJECT

Gunze's Challenge Toward 2055

From October 2024 to November 2025, Gunze carried out imaGine2055, a future creation project looking 30 years ahead to 2055. Over the course of more than a year, employees who will lead the next generation took a central role in discussing the recognition of current issues, turning points toward the future, and the Vision for 2055, deepening discussions on value creation from a long-term perspective.

The project aims to envision the future of the Gunze Group, foster a sense of ownership among employees in proactively creating corporate value, create opportunities for participation in management toward the formulation of a post-VISION 2030 strategy, and redefine the kind of human resources as well as the essence of products and technologies that should be carried forward into the future. In addition, Gunze worked to build networks across divisions to create new value and maximize synergies across businesses. Participants reconsidered the values and sources of competitiveness that Gunze has cultivated over many years as matters directly relevant to themselves and shared a common direction toward 2055. Dialogue and co-creation across divisions were promoted, fostering greater awareness of what Gunze should aspire to become. Through these discussions, five strategic areas were identified for realizing the future state Gunze aims to achieve: in technology, marketing, human resources, challenge, and inclusion.

1 Technology for Creating the Future

2 Marketing to Envision the Future

3 Human Resource Strategy for Nurturing the Future

4 Challenges that Carry into the Future

5 Inclusion to Open Up the Future

Discussions on Implementing the Future State Gunze Aims to Achieve

1 Technology for Creating the Future

Current situation and issues

While each business division is achieving results independently, cross-divisional use of technologies has yet to take root at the front lines. In addition, many work processes remain confined within individual business divisions, limiting collaboration across divisions.

Initiatives toward technology integration

Promote frontline-led technical collaboration across business divisions and encourage natural exchanges of technologies among employees. Gunze will also develop and assign specialists who understand technologies across all businesses and can connect frontline needs with relevant technologies, while establishing regular technology subcommittees to enable open discussion and information sharing across divisions.



Future vision

Aim to become an organization that creates new value through the natural interaction of technologies in the Functional Solutions, Medical, and Apparel businesses, as a company that generates innovation through technology integration.

2 Marketing to Envision the Future

Current situation and issues

Each business division develops its brands independently, resulting in a lack of a company-wide brand strategy. Key challenges are strengthening coordination between the corporate brand and business brands and integrating marketing functions.

Integrated brand strategy initiatives

Establish an integrated cross-divisional marketing organization and execute a consistent strategy from branding through communication by integrating technology and marketing. Through functional branding, directly link technological advantages with customer benefits to address customers' latent needs and concerns.

Future vision

Starting with a company-wide marketing subcommittee, Gunze will build the foundation for its brand strategy by accumulating successful experiences through collaboration with the technology subcommittee.



3 Human Resource Strategy for Nurturing the Future

Current situation and issues

Because Gunze operates multiple businesses, its positioning within individual industries can be difficult to define, while mechanisms for sharing individual skills and know-how throughout the organization remain insufficient. Moving away from an inward-looking organizational structure that relies heavily on individuals is an urgent priority.

Human resource strategy initiatives



Encourage active participation in external study sessions and greater interaction with other industries to gain outside perspectives. Gunze will also scientifically analyze and articulate successful cases and establish mechanisms for accumulating individual strengths as organizational capabilities. In addition, the Company will reform its human resource development systems and provide opportunities for diverse experiences.

Initiatives for transformation

Gunze regards developing human resources who can apply the capabilities they have cultivated at Gunze even outside the Company as a source of value. Through investment in human resources, the Company will build a human resource foundation that supports both individual growth and the sustainable development of the organization.

4 Challenges that Carry into the Future



Current situation and issues

An evaluation system that emphasizes short-term results is hindering long-term challenges. Barriers include pressure to achieve short-term targets, decisions to withdraw from new businesses at an early stage, and an organizational atmosphere in which employees feel that taking on challenges will not be rewarded.

Long-term organizational culture and system design

Promote both the development of an organizational culture that supports continuous challenges and the design of systems based on a long-term perspective. Gunze will shift to an evaluation system premised on the long-term continuation of challenge projects and clearly distinguish between existing businesses, which emphasize short-term results, and new challenges, which require a long-term perspective. For new businesses, evaluation periods will be set at five to ten years, with dedicated budgets and personnel allocations. By introducing a new system that treats failure as a learning opportunity, Gunze will support individuals' convictions and enthusiasm as an organization and foster a culture that values perseverance.

Future vision

Through continuous innovation and the proactive creation of new businesses, Gunze aims to foster a corporate culture in which Challenge could become part of its corporate motto.

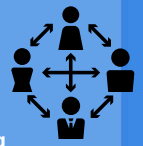
5 Inclusion to Open Up the Future

Current situation and issues

The term "advancement of women" has led to misunderstandings, including the misperception that it constitutes reverse discrimination, which in turn has generated resistance. There is an urgent need to create a level playing field where everyone can thrive regardless of gender.

Initiatives toward becoming a truly inclusive company

Implement merit-based personnel practices regardless of gender, nationality, or age, and create a fair competitive environment. Gunze will harness the creativity generated by the interaction of different ideas and perspectives within multigenerational and multinational teams as a source of innovation. The Company will also establish systems for passing the passion and know-how of experienced employees on to the next generation.



Achieving global standards

Aim to create an environment where the term "advancement of women" is no longer necessary because everyone can thrive as a matter of course, and establish a culture that embraces diversity. Gunze will move away from a male-dominated culture traditionally seen in Japan and enhance its international competitiveness.

**The five strategic areas identified through this project will work in concert with one another to form the foundation supporting Gunze's sustainable growth.
By driving transformation that begins with voices from the front lines,
Gunze will steadily move toward its 2055 aspiration of becoming Gunze recognized around the world.**

Functional Solutions Business Strategy

Enhancing Market Presence in Growth Markets through Global Expansion and Differentiated Technologies

In the plastic films business, we are pursuing a global growth strategy centered on our multilayer extrusion and stretching technology, expanding sales of environmentally friendly products and high-value-added packaging films. Through a resource-recycling model centered on the Circular Factory™, we aim to balance social and economic value, leading to sustainable growth and higher profitability. In the engineering plastics business, we are expanding our share of products for the OA market through product development that turns user needs into tangible solutions, while also broadening our offerings for growth markets such as semiconductors, healthcare and medical, and general industry. By expanding high-performance, high-value-added products, we will accelerate business growth in these growth areas.

FY2025 Business Overview

Plastic films business

In Japan, sales exceeded the previous year's level despite the impact of product price increases, as we expanded sales channels for environmentally friendly products in our mainstay shrink film category. In nylon films, sales of core products and exports struggled, but expanded sales channels for general-purpose nylon films kept overall sales roughly level with the previous year. Industrial products also performed steadily, particularly semiconductor-related products. Overseas, we faced downward pressure on prices due to the inflow of Chinese-made raw materials and sluggish demand. Nevertheless, by expanding sales of environmentally friendly and high-value-added products, we are continuing to shift toward a business structure that does not depend on price competition.

Engineering plastics business

Products for the OA market were affected by sluggish consumer demand in China, but components for multifunction office printers and commercial printers, areas in which we have strengths, performed steadily. Non-OA products were affected by prolonged inventory adjustments in the semiconductor market, while products for healthcare and medical applications and general industrial applications remained resilient. Looking ahead to a recovery in semiconductor demand driven in part by the expanding generative AI market, we will expand our business in growth areas by increasing sales of high-performance products.

Initiatives for VISION 2030 stage2

Plastic films business

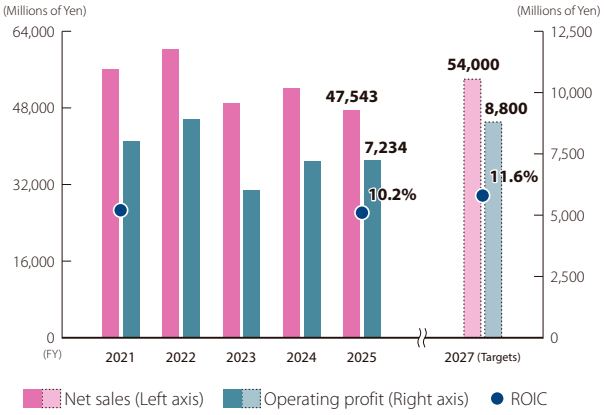
The conflict in the Middle East has raised concerns over shortages and sharp price increases for naphtha (crude gasoline). Because Gunze's plastic films business operates by processing materials refined from naphtha, it too has been caught up in this rapidly changing environment.

Geopolitical risks of this kind are unpredictable and cannot be avoided by the efforts of a single company. We believe one way to mitigate them is to offer unique products that combine environmental performance, functionality, cost competitiveness, and thin-film technology. In particular, thin-film technology, a core technology of the plastic films business, uses multilayering of dissimilar materials to reduce plastic usage while maintaining functions such as strength and ease of application, providing a powerful means of controlling costs. In other words, we believe innovation that simultaneously reduces environmental impact and strengthens cost competitiveness is the key to thriving in an uncertain era, and we view the VISION 2030 stage2 period as a time to pursue these priorities.

Specifically, we will promote market penetration of the GEOPLAS® HCR type, an environmentally friendly product made possible by resource recycling at the Circular Factory™, while further reducing the burden on production-site workers through automation, reduced staffing, and labor saving by making full use of the latest manufacturing equipment. The GEOPLAS® HCR type contains recycled material produced through label-to-label horizontal recycling* while providing shrink performance equivalent to conventional products. It meets market needs for environmentally responsible solutions at practical prices. Promoting automation and reduced

* Horizontal recycling: Reusing used materials to make the same product.

Functional solutions business net sales/Operating profit

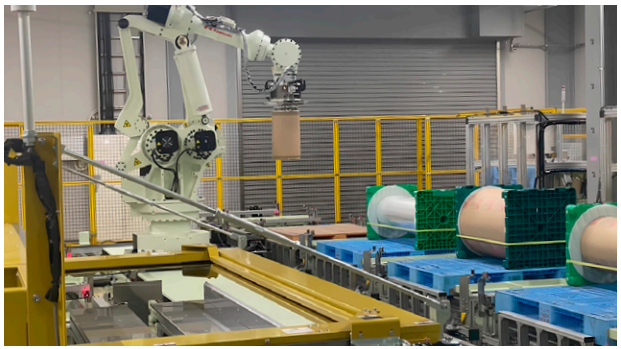


* Until FY2022, the Functional Solutions segment included the Medical segment.

Functional Solutions Business Strategy

staffing at production sites will do more than reduce workloads: it will raise production efficiency and establish a stable quality control system that does not depend on highly skilled workers, helping address the labor shortages expected to become more severe in the years ahead.
At the same time, the Moriyama Plant will formulate a redevelopment plan while advancing recycling technologies at the heart of resource recycling and developing a model for recovering materials for recycling. Through this redevelopment, the Moriyama Plant will evolve into a facility that implements recycling technologies ahead of competitors, while aiming to become a hub for a resource-recycling network that involves partner companies.
We will also enhance the competitiveness of existing general-purpose products while lowering costs through resource recycling.


GEOPLAS® HCR type


Automated packaging equipment

Specifically, by advancing PIR* technology and reducing our dependence on virgin materials, we will strengthen the business structure to generate stable profits that are less susceptible to fluctuations in naphtha prices. In the United States, we will localize production of new products by leveraging expertise developed in our domestic business, with the aim of cultivating next-generation core products. This will enable us to meet rapidly growing demand for mono-material solutions in the North American market and reinforce our competitive advantage. In Vietnam, we will review conventional raw-material procurement routes and shift toward global sourcing, thereby reducing geopolitical risks and costs.
By implementing these measures and globally expanding a resource-recycling model that balances social and economic value, we will work during VISION 2030 stage2 to build an even stronger and more profitable business foundation, with the aim of further enhancing corporate value over the medium to long term.

* PIR: Recovery and recycling of waste generated during the production process

Topics

From Circular Factory™ to Circular Manufacturer

Since the Circular Factory™ at the Moriyama Plant was completed in April 2023, a total of approximately 3,000 customers, manufacturers (brands), representatives of government agencies, and students have toured the facility over the past three years. As a result, we have seen growing recognition among customers and in recruitment activities that Gunze is a company helping to build an environmentally responsible circular society. Within the organization as well, the vision has become more deeply embedded, accompanied by higher engagement and loyalty. During this period, we have also advanced technologies for de-inking printed labels (removing ink) and delaminating multilayer films made from dissimilar materials, making further progress toward Gunze's goal of balancing social and economic value. In March 2026, the Moriyama Plant also achieved "zero waste." We believe the progress made over these three years has exceeded our initial expectations.
These resource-recycling initiatives, however, are only a milestone along the way. Recycled materials produced by Gunze remain more expensive than virgin materials. We will therefore continue to refine recycling technologies to reduce costs while further expanding environmentally friendly products designed for horizontal recycling. We will also establish commercial channels for PIR and further develop these business models by rolling them out across three sites in Japan and three overseas. Through these efforts, we aim to become a "circular manufacturer" and a leader in environmental solutions. By pioneering one-of-a-kind business domains ahead of other companies, we will also take on the challenge of "creating new social infrastructure through resource recycling."

Circular Factory™ is a registered trademark of GUNZE LIMITED.



Circular Factory™ at the Moriyama Plant

Functional Solutions Business Strategy

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." With highly distinctive processing technologies and the ability to respond flexibly to individual customer requirements as our strengths, we aim for sustainable growth by creating high-value-added products. We place particular emphasis on dialogue with customers, accurately identifying latent issues and needs and providing optimal solutions through close collaboration among sales, development, and production, thereby maximizing customer value and strengthening our competitive advantage. To realize the Medium-term Management Plan VISION 2030, we are building a robust business portfolio by achieving balanced growth across five business categories: Medical, Industrial, Semiconductor, Printing, and Energy. By reducing dependence on any single market and establishing a diversified business base, we are strengthening our management foundation so that we can respond flexibly to economic cycles and changes in market conditions. In particular, we have designated the medical and semiconductor fields, where market expansion is expected, as priority growth areas, and are actively expanding production capacity and developing high-performance products. In the medical field, against the backdrop of growing global healthcare demand, we are strengthening our stable supply system and upgrading our quality assurance framework to expand a sustainable earnings base. In semiconductors, medium- to long-term market growth is expected as data center investment expands with the spread of generative AI and cloud services. We are enhancing our ability to meet market needs by providing high-quality products reliably, while shifting toward higher-value-added products to improve profitability.

In the environmental and energy field, we are accelerating the early establishment of production technologies and the development of mass-production systems to create new products that help reduce environmental impact. By nurturing this field into a next-generation growth driver, we aim to contribute to a sustainable society while further strengthening our business foundation.

Toward 2030, we will create a virtuous cycle of growth by "deepening our core technologies as fundamental enablers of a sustainable society" and "transforming into a balanced business portfolio," while working to sustainably enhance corporate value.

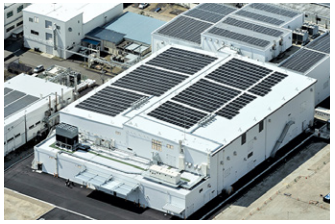
Topics

Expansion of Clean Plant to Meet Growing Demand

In April 2025, we expanded the clean plant to meet growing demand in the medical and semiconductor fields. By operating the new extension as an integrated part of the existing clean plant, we have improved production efficiency and supply capacity, while strengthening our system for the stable supply of high-quality, highly reliable products by leveraging our proprietary processing technologies and integrated production system in a clean environment.

Looking ahead to medium- to long-term demand growth, we are also investing in automation, particularly for processes that depend heavily on human labor. We are enhancing inspection processes using image-processing technologies and introducing automated transport systems to reduce staffing requirements and improve efficiency. This enables us to improve quality and expand production capacity at the same time, while building a highly competitive production platform. These initiatives are improving productivity and strengthening our stable supply system, enhancing our ability to meet customer needs in growth markets and reinforcing our earnings base.

The extension also incorporates a highly insulated building envelope, LED lighting, high-efficiency air-conditioning equipment, and a solar power generation system, reducing environmental impact and improving energy efficiency. The facility has obtained CASBEE (Comprehensive Assessment System for Built Environment Efficiency) B+ certification and a five-star BELS rating, demonstrating a high level of environmental performance. In this way, we are pursuing both business growth and greater environmental value.



Expanded clean plant (Konan Plant)



Automated inspection line (Konan Plant)

Medical Business Strategy

Driving Steady Sales Growth through In-House Products and Evolving into a Global Medical Device Company

The medical business has expanded its scope by combining in-house products with products sourced from external partners, building on a foundation of R&D, manufacturing and sales of medical devices that leverage our bioabsorbable polymer technologies. Going forward, we will shift toward a business portfolio centered on in-house products that can generate stable earnings, while expanding sales in overseas markets outside China and scaling back low-margin externally sourced products. Through these measures, we aim to improve profitability and drive profit growth.

FY2025 Business Overview

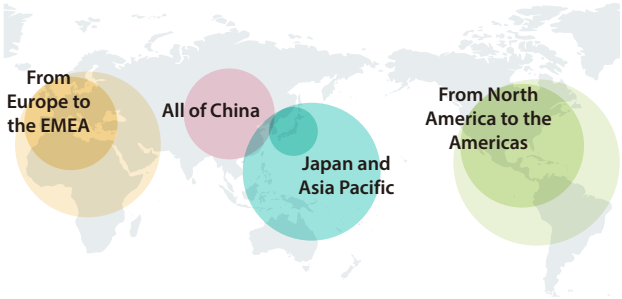
In FY2025, net sales increased as we expanded sales of absorbable products in Japan, including adhesion barriers. Operating profit declined, however, as sales in China were affected by policies to contain medical costs and restrictions on purchases of Japanese products. In Japan, results were also impacted by inventory valuation losses associated with the scaling back of the medical laser business, as well as higher fixed costs associated with capital investment and increased staffing. Against this backdrop, we are reviewing our business portfolio to improve profitability.

Initiatives for VISION 2030 stage2

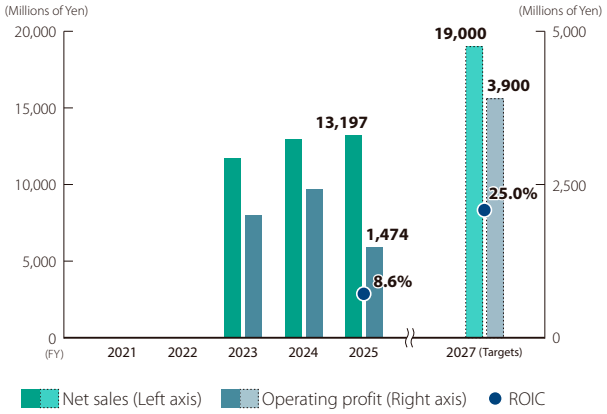
Gunze's global expansion in the medical field began in the 1990s with the supply of absorbable suture material to Germany. A major step forward came in the 2010s, when we began exporting finished products to China and intermediate materials to the United States. Today, during VISION 2030 stage2, our products are exported to 31 countries worldwide. We believe this growth has been made possible by the strong global recognition of Gunze's bioabsorbable material technologies, the support of locally rooted partners, and the pioneering spirit of our people, who have worked with those partners to build markets—along with a measure of good fortune. At the same time, we have introduced outstanding technologies and innovative products from around the world to medical practice in Japan. Rather than simply importing overseas products, we have carefully identified the needs of Japanese healthcare professionals and patients and tailored what we offer accordingly, creating new value in the process. We believe this has also contributed to Gunze's growth to date.

As our next challenge, with an eye on stage3 and beyond, we will bring our in-house products to every country and region where they are needed and develop them into truly global products. Across five regions—Japan, China, the Americas, EMEA and APAC—we will focus on opening new markets, broadening recognition of the value we provide, and co-creating new value. As markets become more dynamic and complex, we must understand the distinct needs of each region. It is essential to gain a deep understanding of each country's culture, communicate the value of our technologies effectively, and further enhance that value.

We will continue to draw on the pioneering spirit passed down by our predecessors, engage sincerely with the diverse needs of markets around the world, and provide innovative technologies and value. Together with our colleagues and partners in Japan and across the globe, we will pursue mutual growth and prosperity on a global scale.



Medical business net sales/Operating profit



*The medical business, which was included in the Functional Solutions segment, has been classified separately as the Medical segment since FY2023.

Supporting the Medical Business through Global Operations and Technology

Europe, Middle East and Africa



Dahi Jung
GUNZE International Europe GmbH

Since joining Gunze in 2018, I have been involved in distributor management and market development in South Korea and Southeast Asia. I am now based in Germany, where I am responsible for developing the European market.

Across the EU's 27 member states, healthcare systems and business practices vary from country to country. Simply supplying products is not enough to expand the market; strategies tailored to the characteristics of each country are essential.

In a highly competitive market where differentiation is essential, we are strengthening collaboration with local distributors and KOLs (key opinion leaders) in each country. Our goal is not simply to "sell" products, but to create markets in which those products can succeed. By continuing to tailor our efforts to the characteristics of each country, we aim to further expand our presence in Europe and drive business growth.

China



Fuji
Gunze Medical Devices (Shenzhen) Limited

When I joined the company, I had very little medical knowledge. I still vividly remember how moved I was when I first learned that bioabsorbable polymer devices were helping treat patients. Since then, I have listened closely to firsthand feedback from customers in the field. The insights and understanding of customer challenges I gained through those experiences are now invaluable in my current marketing role.

Drawing on the experience I have built over the years, I am working to establish a marketing framework that accurately captures the rapidly changing needs of the Chinese market and connects those insights to the development of next-generation products.

The future may be difficult to predict, but Gunze's mission remains to consistently provide outstanding products and value. Keeping pace with the fast-moving local market, we will address each challenge steadily and work together as a team to pursue further growth in China.

Development & Research



Sena Ryuzono
Manager, Development & Research Department, Gunze Medical Limited

I am currently responsible for developing medical devices (non-bioabsorbable devices) in the Development & Research Department of Gunze Medical Limited. While our experience in the in-house development of such devices is still limited, we are working every day as a team at the Ayabe Interactive Center (AIC) to bring patients, as quickly as possible, products that can create synergies with Gunze's established biomaterial portfolio.

Completed in 2025, the AIC is a new R&D hub where members of the Development & Research Department and a range of other departments work together on the same floor. The office uses unassigned seating and offers ample meeting space, making it easier to consult with colleagues and communicate across departments.

Apparel Business Strategy

Pushing Forward with Structural Reforms to Rebuild the Apparel Business into a Profit Engine for Growth under VISION 2030 stage3

As declining profitability becomes increasingly evident, the apparel business is implementing structural reforms to transition to a sustainable business model. By concentrating resources on categories where we can leverage our strengths and reforming the value chain through measures such as optimizing production and logistics bases, we are strengthening the business while enhancing our value proposition and profitability. Through these efforts, we aim to rebuild the apparel business into a profit-generating business and improve capital efficiency.

FY2025 Business Overview

In FY2025, sales of differentiated products expanded, while sales through existing channels were affected by reductions in sales floor space and consumers' reluctance to make purchases. Structural reforms progressed as planned, including brand consolidation and SKU reductions, as well as the consolidation of production and logistics bases. We also recorded inventory valuation losses of approximately ¥1.9 billion associated with a reassessment of inventories of non-continuing products. We are laying the foundation for improved profitability going forward.

Initiatives for VISION 2030 stage2

To rebuild the apparel business into a Strong Business capable of adapting to changes in the business environment and prepare it for the next growth phase, we launched an internal project and are implementing structural reforms over FY2025 and FY2026.
Specifically, we are pursuing three reform plans: the focused specialization strategy, value chain reform, and the local production for local consumption strategy.
The following outlines the progress made under each plan.

Focused specialization strategy

In the apparel business, we are reviewing our brand portfolio and narrowing our focus to products that deliver Gunze's unique value backed by scientific evidence (a cumulative 25% reduction in SKUs over FY2025–FY2026). At the same time, we are working to improve profitability by communicating product value more effectively, ensuring appropriate price pass-through, and focusing the sales channels in which we operate.

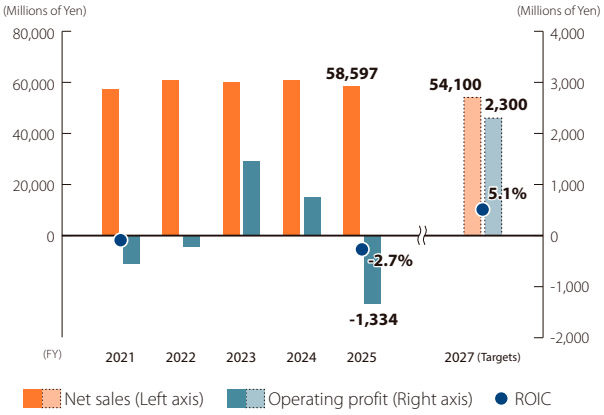
Value chain reform

Aligned with the focused specialization strategy, we are strengthening cost competitiveness by consolidating production and logistics bases and shifting more production overseas. We closed the Yanase Plant (Hyogo Prefecture) in FY2025 and plan to close the Tohoku Plant (Yamagata Prefecture) in FY2026. This will consolidate domestic innerwear production at the Miyazu Plant (Kyoto Prefecture), while we further expand the shift to overseas production. For logistics, we are optimizing inventory and reviewing functions, and plan to close our Kyoto logistics facility over FY2025 and FY2026 to improve efficiency through consolidation. In indirect operations, we implemented the Next Challenge Program, a voluntary retirement scheme designed to support employees transitioning in their careers, in FY2025. At the same time, to increase agility across the value chain, reduce lost sales opportunities, and optimize inventory, we are using product-planning library data and digital technologies such as task navigation to shorten the cycle and reduce lead times from planning to delivery. We are also improving operational efficiency by reviewing our procurement system, moving order processing online, and streamlining logistics operations. Through this restructuring, we are creating a leaner organization while pursuing greater agility and efficiency, thereby building a leaner, more resilient value chain.

Local production for local consumption strategy

Our conventional business model of importing products manufactured overseas for sale in Japan is highly exposed to exchange-rate fluctuations. To mitigate this exposure and support growth in the apparel business, we are building an overseas business model based on local production for local consumption. We are focusing on ASEAN, where we have production bases, and are allocating workforce resources—planning, development, and sales personnel—locally to respond quickly to local needs.

Apparel business net sales/Operating profit



Voices of Employees at the Forefront of Structural Reform

Structural reform in the apparel business is steadily progressing beyond reviews of organizational structures and strategies to encompass changes in front-line work processes and the mind-set of each employee. This page highlights the changes these initiatives are bringing to day-to-day operations, while also sharing the challenges employees face and the ideas they are applying in practice to provide a clear picture of structural reform in action.

1. Current initiatives in response to structural reform **2. Looking ahead**

Planning



Shiori Mizuno
Product Planning Section
Planning & Development Group
Innerwear Division

1. Building a customer-centric development system

To build a stronger earnings base, we are concentrating on priority brands and discontinuing unprofitable products. We are shifting our mindset from the sales floor to the customer and moving to a development system that concentrates resources on products for which there is clear demand. Aligning perspectives across different functions can be challenging, but promotion, planning, production, and sales teams are working together to discuss and agree on direction.

2. Creating unique value from a global perspective

I want to dig deeper into unmet customer needs and take on product development for priority brands with global markets in mind. By backing our unique functionality with scientific evidence and translating it into benefits customers can actually experience, we aim to establish a one-of-a-kind position and continue delivering distinctive value.

Sales



Kazushige Urahira
Manager, GMS Section
Sales Group, Innerwear Division

1. Shifting the focus from sales to profit

Area sales to mass retailers is one of the areas where structural reform can have a particularly significant impact on profitability. We are shifting from a focus on sales to a focus on profit. Revising long-standing practices—such as price revisions, reviewing low-margin products, and reducing returns—has not been easy, but by concentrating on priority brands and reducing SKUs, we can already see the business shifting toward a more profitable structure.

2. Strengthening brand competitiveness

We will continue the shift from sales focused on revenue and volume to sales focused on profitability. By feeding sales data and in-store information back to each function, we will strengthen coordination between sales planning and production. We will also manage the business with greater focus on inventory turnover and profitability, while concentrating on priority brands and expanding customer touchpoints to strengthen brand competitiveness.

SCM



Masayoshi Sugiyama
Manager, SCM Section
Production Group, Innerwear Division

1. Balancing stable supply and cost reduction

In the SCM Section, we are reducing inventory by building an agile production platform and lowering manufacturing costs by shifting production to ASEAN and advancing automation. Managing the additional workload involved in production transfers is challenging, but we are working hard to improve efficiency and reduce costs while maintaining stable supply.

2. Building an organization resilient to change and capable of generating profit

We will strengthen collaboration with each function and build an SCM system that is resilient to change. As structural reforms proceed, we will balance inventory reduction with stable supply, contributing to profit growth and higher customer satisfaction. By steadily accumulating improvements rooted in front-line perspectives, we aim to build an organization that consistently generates profit.

EC



Naoko Ota
E-Commerce Planning Section
Retail Division

1. Toward an EC strategy focused on communicating value

At the Gunze Online Store, we are creating an online storefront centered on priority brands that clearly communicates comfort, functionality, and our commitment to craftsmanship rather than relying too heavily on price appeals. We are reassessing conventional approaches and evolving our proposals around customers' concerns and everyday situations so that they can understand and appreciate the value we offer. The shift toward more efficient and sustainable operations is challenging, but also rewarding.

2. Winning more Gunze fans by helping customers experience our value

I want to evolve the Gunze Online Store from an EC site focused simply on "selling" products into one that communicates our commitment to comfort and craftsmanship and enables customers to experience the value for themselves. By making proposals that stay close to customers, we will build relationships that keep them choosing Gunze over the long term and take on the challenge of creating a business that generates sustainable profits by expanding our fan base.

Production



Ryohei Nishiumi
Manager, Production V
Innerwear Division, Miyazu Plant

1. Reducing manufacturing costs through plant restructuring

At our production sites, we are restructuring plants and working to reduce manufacturing costs through optimal production allocation and procurement across domestic and overseas plants. The reorganization involves moving equipment and is being carried out with the cooperation of many stakeholders. To minimize the impact of shutdowns during equipment transfers, we are working quickly to restart operations and transfer technical know-how.

2. Further improving efficiency through IT

Through operational reform using IT, we will reduce labor costs by improving productivity and lower material costs by improving yields. We will also strengthen coordination between processes to shorten production lead times, prevent lost sales opportunities, and reduce inventories, thereby building a sustainable production platform that can respond flexibly to changes in the market.

Lifestyle Creations Business Strategy

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

The Lifestyle Creations Business supports comfortable, fulfilling lives in local communities through its real estate-related, landscaping and greening, and sports club businesses. Going forward, we will improve asset efficiency and review low-profit assets in the real estate-related field, while expanding services in the landscaping and greening and sports club fields that support healthy and comfortable lifestyles. Through these efforts, we aim to contribute to solving social issues while balancing social and economic value.

FY2025 Business Overview

In the real estate business, foot traffic recovered at the Gunze Town Center Tsukashin shopping center (Amagasaki City, Hyogo Prefecture), supported by the effects of its renovation, contributing to improved performance. In the sports club business, profitability improved due to price revisions, the closure of unprofitable locations, an increase in school membership, and the expansion of contracted services. The landscaping and greening business was affected by a decline following the previous year's large-scale projects, but the Lifestyle Creations Business as a whole recorded increases in both net sales and operating profit.

Initiatives for VISION 2030 stage2

Real estate business

Gunze Value Added (GVA), a financial indicator, turned positive ahead of plan. In the shopping center business, as Tsukashin marks its 20th anniversary, it aims to become a family-friendly shopping center that is even more beloved by the local community. In the real estate leasing business, we will strengthen property-by-property management and promote the efficient use of Group assets, thereby improving ROIC and contributing to the growth of the Group as a whole.

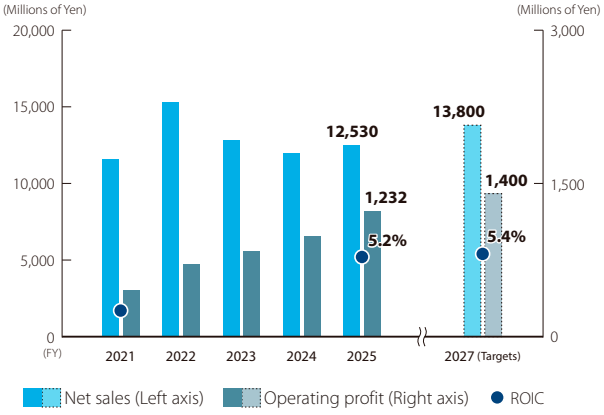
Landscaping and greening business

Net sales and operating profit declined due to a pullback in demand following Expo 2025 Osaka, Kansai, Japan, as well as project postponements. In tree sales, we will strengthen profitability through rigorous cost management and expanded sales of high-value-added products, while aiming to evolve into a regional greening solutions business that proposes and provides the value of greenery from the design and planning stages. In flower sales, we will improve profitability by consolidating existing products and developing original products, while actively promoting "green education (*ryokuiku*)" initiatives that foster children's interest in the natural environment.

Sports club business

Profitability improved through higher sales at existing locations and the closure of unprofitable locations. In the school business, in addition to capturing demand for junior swimming programs, we will expand contracted school swimming lessons. In the fitness business, we will increase customer satisfaction by providing distinctive services and strengthen collaboration with local governments. By developing services that help address social issues, we aim to become an indispensable presence in local communities.

Lifestyle creations business net sales/Operating profit



Lifestyle Creations Business Strategy

Real estate business

In FY2025, Tsukashin expanded its tenant lineup across the food, dining, and service categories, while strengthening events aimed at families with young children.

In the food category, the first-floor food zone, a core part of the tenant mix, was renovated. Together with the fresh-food specialty zone renovated in FY2024, this created synergies that increased the number of customers using the center for everyday shopping. In the dining category, nationally known chains specializing in ramen and teppan-grilled meat were joined by a popular local Chinese restaurant. In the service category, the opening of a major bank, a mobile carrier shop, and a cram school enhanced customer convenience and broadened the reasons for visiting the center. In addition, the opening of a specialty store for baby and maternity products, together with existing specialty stores for babies and toddlers, created one of the area's leading retail zones for children's products. Expanded events for families with young children also helped increase visits by families.

As a result, total tenant sales at Tsukashin reached ¥28.1 billion, surpassing the previous year's ¥25.9 billion and setting a new record. Going forward, we will aim to achieve sales of ¥30.0 billion while continuing to develop a shopping center that grows together with the community and is loved by local residents.



Exterior of Nishimachi Kitchen at Gunze Town Center Tsukashin

Landscaping and greening business

Gunze Green Co., Ltd. proposes greening solutions for urban redevelopment projects, commercial facilities, and event spaces through the procurement and supply of trees, helping create comfortable and attractive environments.

In FY2025, we continued to supply trees for an Osaka Station-front redevelopment project, contributing to an attractive urban landscape and greater vibrancy in the area. We have also supplied trees for the large Christmas tree at the annual Christmas event held at Yokohama Red Brick Warehouse since 2013, helping create a festive seasonal atmosphere.

We are also working to pass on the importance of greenery to the next generation. At the Children's Future EXPO held in Kita Ward, Osaka City, we offered a *kokedama* (moss ball)-making workshop, giving children an opportunity to interact with plants and deepen their understanding of nature and greenery.

Going forward, through the landscaping and greening business, we will continue creating the value of greenery that connects cities and people, contributing to a comfortable and sustainable society.



Trees supplied for the Christmas event at Yokohama Red Brick Warehouse



Trees supplied for an Osaka Station-front redevelopment project



Kokedama-making workshop

Sports club business

In FY2025, we operated our facilities with a focus on supporting members' health and contributing to local communities.

In the school business, primarily through swimming programs, we strengthened partnerships with nursery schools and kindergartens and enhanced our programs, creating an environment in which children can participate with confidence. We also provided contracted school swimming lessons in various regions, supporting schools by leveraging our expertise in professional instruction and safety management.

In the fitness business, in addition to enhancing our programs, we launched women-only machine Pilates studios that are easy for exercise beginners to use, expanding services to meet diverse health needs. We also held community events open to members and non-members alike, including events featuring playground equipment, mobile aquariums, food trucks, and handprint art for infants and toddlers, helping revitalize local communities. At a club in Kurashiki City, Okayama Prefecture, Gunze Sports Co., Ltd. entered into an Agreement Concerning Facility Use during Disasters and Exercise Support at Evacuation Centers, further supporting the safety and health of local residents. Going forward, we will seek to become an indispensable presence in the community not only by providing places that support health and fitness, but also by deepening our connections with local communities.



(From left) Kaori Ito, Mayor of Kurashiki; Hitohiro Nishimura, Representative Director, Gunze Sports Co., Ltd. (As of January 2026)

Stakeholder Engagement

The Gunze Group has embraced its founding spirit of "striving for harmonious coexistence with all stakeholders surrounding the Company." True to this philosophy, we place great importance on open communication with our stakeholders. By engaging in dialogue with six identified stakeholder groups, we aim to create social and economic value and contribute to the realization of a sustainable society and global environment.

Stakeholder	Co-created value	Means of engagement	FY2025 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 service activities for apparel products (through retail stores, directly operated stores, and online channels)	• Customer satisfaction: 4.6 points (Out of 5) (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.	• Sustainable Procurement Guidelines • Co-hosted seminars (medical) • Daily sales activities • Human rights due diligence	• In-house assessments (1 domestic factory) • Supplier assessments (8 suppliers in the plastic films business)
 Society	We wholeheartedly 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 • Disaster preparedness agreement with Kurashiki City (Gunze Sports)	• 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: 61 points • Childcare leave utilization rate Women: 125% Men: 86%
 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.	• Disclosure of sustainability-related information (climate change, water resources, biodiversity) • Dialogue with suppliers to reduce Scope 3 emissions • Resource circulation initiatives centered on the Circular Factory™	• Third-party verification of CO_2 emissions data • Scope 3 382,151 t-CO_2 • Recycled hybrid shrink film (environmentally friendly product) sales: approx. 295 tons • Zero industrial waste at apparel logistics bases (Nishinomiya Logistics and Okayama Logistics)
 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 (Nomura Securities, Rakuten Securities)	• Number of IR participants: 423 • Online briefings for individual investors: over 4,000 viewers

Stakeholder Engagement

Dialogues with Shareholders and Investors



Junko Nakashima
Corporate Officer
General Manager,
Corporate Communication
Department

The Gunze Group considers enhancing corporate value over the medium to long term through constructive dialogue with shareholders and investors to be an important management priority. Led by the Investor Relations Section and working in coordination with relevant departments, we hold quarterly financial results briefings, individual meetings with institutional investors and securities analysts, and small meetings. We also maintain ongoing dialogue with those responsible for exercising voting rights at beneficial shareholders.
Beginning in FY2025, we also launched briefings for individual investors through IR events organized by securities companies and other channels, working to expand opportunities for engagement with individual investors and deepen their understanding of our businesses.

Our dialogue covers a broad range of topics, including business performance, business strategies, capital policy, and progress on structural reforms, as well as non-financial matters such as human capital, environmental initiatives, and corporate governance. We organize and analyze the opinions and issues identified through these discussions and regularly share them with management and the Board of Directors. This feedback is used to further refine management strategies, improve capital efficiency, and strengthen corporate governance. We are also enhancing our IR website, improving financial results presentation materials, and providing information in multiple languages to deliver timely and easy-to-understand information to shareholders and investors. Going forward, we will continue to strengthen relationships of trust with the capital markets through sincere, two-way communication.



Online briefing for individual investors

Key comments and questions from shareholders and investors

Q. Outlook for the medical business

A. In the medical business, we will pursue business expansion by positioning our high-value-added, in-house bioabsorbable products that meet needs in healthcare settings as key growth drivers.
In addition to expanding sales in Japan, we will accelerate growth through further global expansion. We will also scale back low-profit externally sourced products, including medical lasers, and shift toward a business portfolio centered on in-house products. By improving profitability in this way, we aim to achieve sustainable growth.

Q. Will structural reforms in the apparel business deliver results?

A. We are advancing structural reforms, including the consolidation of production and logistics bases and the optimization of brands and SKUs, as we shift toward business operations with a greater emphasis on profitability. We are targeting a ¥3.3 billion improvement in profit from FY2024 through FY2027 and plan to achieve 93% of this target by FY2026. Progress is ahead of our initial expectations, and we will work toward achieving our operating profit target of ¥2.3 billion.

FY2025 results

Category	FY2025 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: 170 companies, 218 participants	• Representative Director and President • Representative Director, Senior Managing Corporate Officer, General Manager of Management & Strategy Department • Director, General Manager of Finance & Accounting Department • Corporate Officers • Corporate Communication Department, Public & Investor Relations
	Total participants in 1-on-1 meetings: 122 companies, 191 participants (41 in-person, 150 online)	
For individual investors	Online briefings held in collaboration with securities companies Nomura Securities (November), Rakuten Securities (February)	• Representative Director and President
	Online distribution of financial briefing transcripts and Q&A: Twice (May and November)	• Corporate Communication Department, Public & Investor Relations

* As of March 31, 2026

Key dialogue themes

Theme	Details
Progress on the Medium-term Management Plan	• Growth strategies for core businesses and results of implementation • Structural reforms in the apparel business • Progress toward operating profit targets in each business
Business environment and performance	• Sales, profit and performance by segment • Market environment and competitive landscape • Measures to address geopolitical risks
Capital policy	• Exchange of views on the cost of capital and target ROE • Approach to shareholder returns under the Medium-term Management Plan • Reduction of cross-shareholdings
ESG-related	• Enhancement of the corporate governance framework • Human capital strategy, including personnel system reforms • Initiatives to reduce environmental impact



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Corporate Governance

Supporting organizational transformation

Section 4

Corporate Governance

Gunze Corporate Governance Guidelines
https://www.gunze.co.jp/english/ir/policy/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

The Gunze Group has worked to strengthen corporate governance through the initiatives shown in the table below, with the aim of responding to changes in the business environment, accelerating decision-making, strengthening management oversight, ensuring management transparency, and clarifying management responsibilities. The Gunze Group has established the Gunze Corporate Governance Guidelines as its basic policy on corporate governance.

History of governance enhancements

	Initiatives
FY2005	Introduced the corporate officer system and reduced the number of Directors
FY2006	Changed the term of office for Directors from two years to one year Appointed outside Directors and female Directors
FY2015	Established the Gunze Corporate Governance Guidelines
FY2018	Increased the number of female Directors to two
FY2019	Established the Nomination/Remuneration Committee (an advisory body to the Board of Directors, chaired by an outside Director) Outside Directors accounted for one-third of the Board of Directors
FY2021	Revised the Gunze Corporate Governance Guidelines Disclosed the skills matrix for Directors and Corporate Auditors

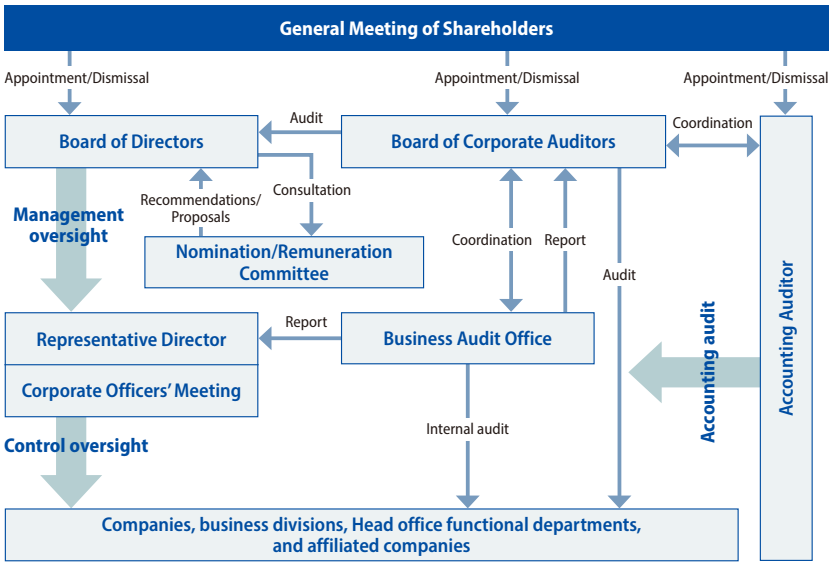
Corporate Governance Structure

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, 2026). 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 five 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, assesses significant risks facing the Gunze Group and formulates appropriate responses, and makes decisions on important matters concerning business execution, thereby ensuring the best possible decision-making. As a general rule, the Board of Directors meets once per month (held 13 times in FY2025), 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.

Corporate governance structure



Corporate Governance

Discussions at the Board of Directors

In addition to matters stipulated by laws, regulations, and the Articles of Incorporation, quarterly financial results, policies for the next fiscal year, 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 officers actively ask questions, raise issues, and contribute to discussions from diverse perspectives. In FY2025, particularly active discussions were held on key issues including the role of the Board of Directors, medium- to long-term management strategies, progress on the Medium-term Management Plan VISION 2030 stage2, the cost of capital, structural reforms in the Apparel Business, and personnel system reforms. Proposals and reports were also made and deliberated on individual matters such as the closure and absorption-type merger of subsidiaries, organizational restructuring, and consolidation of business sites.

Selected topics discussed by the Board of Directors

Category	Main themes
Management strategy	• Medium-term Management Plan (formulation and progress) • Management policy and budget formulation policy • Overview of business conditions and future issues and measures • Shareholder strategy and market response • Apparel business structural reform (formulation and progress) • New personnel system • Status of Sustainability Committee activities
Financial results / Finance	• Approval of financial results and budgets • Acquisition of treasury shares • Financing and fund management • Debt guarantees • General Meeting of Shareholders
Organization and Personnel	• Personnel matters concerning Directors and Corporate Officers • Executive remuneration, bonuses, and stock compensation • Organizational restructuring
Governance	• Assessment of Board of Directors' effectiveness • Status of Risk Management Committee activities • Conflict-of-interest transactions • Assessment of internal control effectiveness, Corporate Auditor audits, and business audits
Individual Matters	• Closure and absorption-type merger of subsidiaries • Consolidation of business sites, etc.

FY2025 meeting results

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Board of Directors	13	35	46	100%	100%

Main agenda items and reports	Number
Management strategies (including Medium-term Management Plan)	16
Financial results / financial affairs	19
Organization and personnel	13
Governance	10
Individual matters	11
Other	12

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.

Since FY2019, the Board of Directors has been conducting self-evaluations and analyses with advice from an external organization. In March 2026, 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

All Directors and Corporate Auditors are surveyed and the results aggregated

↓

Analyses and evaluations are conducted by the Board of Directors

↓

Discussions are held regarding issues and future initiatives for enhancing effectiveness

↓

Initiatives are implemented for improvement

Evaluation Items (total of 40 questions)

1. Composition of the Board of Directors (size and diversity)
2. Operations of the Board of Directors (agenda items, meeting frequency, agenda materials, open and active discussion, deliberation time, etc.)
3. Discussion and monitoring functions of the Board of Directors
4. Support system and training for Directors and Corporate Auditors (staffing system for supporting activities, provision of training opportunities)

Issues in FY2025

- Further invigorate discussions on medium- to long-term management strategies (discussions at Board and executive meetings and Director training sessions)
- Continuous implementation of executive training (acquisition, appropriate updating, and reinforcement of necessary knowledge and skills regarding roles and responsibilities)

Main matters implemented in FY2025

- Held lively exchanges of opinions at Director training sessions by providing opportunities to discuss the role of the Board of Directors and medium- to long-term management strategies
- Engaged in vigorous discussions at Board and executive meetings on management strategies and key issues, including the Medium-term Management Plan and apparel business structural reform
- Created training opportunities for Directors and Corporate Auditors by introducing a web-based executive training program for Corporate Officers and above and providing forums for discussion at Director training sessions

Issues for FY2026 and beyond based on effectiveness assessment

- Conduct in-depth discussions on the role of the Board of Directors, long-term management strategies, and other key issues (enhancing discussions at Board meetings, executive meetings, and Director training sessions)
- Continue executive training and ensure timely and appropriate sharing of information and issues among officers, including outside Directors and Corporate Auditors

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.

FY2025 meeting results

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Board of Corporate Auditors	15	22	25	100%	100%

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

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.	Full-time	Outside part-time	Part-time
Attendance, expressing of opinions at Board of Directors' meetings	13 times	●	●	●
Attendance and exchange of opinions at meetings of outside Directors (reporting sessions on initiatives from functional departments and business divisions)	8 times	●	●	●
Attendance and expression of opinions at Corporate Officers' Meetings	15 times	●	○(Observer)	○(Observer)
Attendance and expression of opinions at other important meetings (budget meetings, business group head meetings, Sustainability Committee, Risk Management Committee, company-wide project meetings, etc.)	38 times	●		○
Viewing and verification of important documents (approval documents such as requests for approval, minutes of important meetings, and important contracts)	As needed	●		○
Individual meetings and exchanging of opinions with Directors	19 times	●	○	○
Individual interviews with corporate officers and senior employees, hearings on business execution status, and exchanges of opinions	88 times	●	○	○
Visits to and surveys of major offices and affiliated companies	24 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 43 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 and audit reports, reports to the Board of Corporate Auditors, etc.)	10 times	●	○	●
Cooperation with independent accounting auditors (meetings relating to audits and reviews, etc.)	11 times	●	○	○

Directors and Corporate Auditors' skill matrix

Attributes		Name, Posts, etc.		Years of service [Age]	Nomination/ Remuneration Committee member	Internal executive	Outside executive	Main specialty areas				
						Management in each area of business	Management experience at other companies	Finance/ accounting	Production technology/ R&D	Sales/ marketing	Legal	Internationality
Directors	Male	Toshiyasu Saguchi	Representative Director & Chairman	12 years [64]	○	○				○		
	Male	Takahiro Oka	Representative Director	2 years [63]	○	○				○		○
	Independent Male	Osamu Kujiraoka	Outside Director	7 years [70]	○(Chair)		○			○		
	Independent Female	Rie Kida	Outside Director	6 years [57]	○		○			○		
	Independent Female	Kimiko Funato	Outside Director	— [57]	○						○	
	Male	Hirokazu Sawada	Director	3 years [61]				○				
	Male	Tomohisa Okuda	Director	2 years [61]		○			○			○
	Male	Ryoji Kawanishi	Director	5 years [63]		○		○				○
	Male	Shojiro Matsuda	Director	1 year [57]		○			○			○
Corporate Auditors	Male	Tomio Suzuki	Standing Corporate Auditor	5 years [62]				○				○
	Independent Male	Koji Funatomi	Outside Corporate Auditor	3 years [65]				○				
	Independent Male	Norihito Naka	Outside Corporate Auditor	3 years [64]							○	
	Female	Hiroko Yoshika	Corporate Auditor	1 year [61]							○	○

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

(As of June 25, 2026)

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 Representative Directors, Directors, and Corporate Officers who are members of senior management, the Nomination/Remuneration Committee conducts an annual review of their performance and other matters. If the Committee finds that the criteria for dismissal established by the Board of Directors are met, it 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, Director, or 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. We also provide in-house training programs, while expenses related to external training and seminars are borne by the Company based on requests for reimbursement.

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 for the nomination of candidates for Director and Corporate Auditor, the appointment of senior management, and the determination of remuneration for Directors. In FY2025, the Committee deliberated on the appointment and dismissal of Representative Directors, Directors, and Corporate Officers, as well as remuneration for Directors, Corporate Auditors, and Corporate Officers. It also confirmed and exchanged opinions on the training and development of senior management candidates, including candidates for Chief Executive Officer (CEO). In FY2022, in

FY2025 meeting results

	Times held	Number of agenda items	Number of reports	Attendance (Internal Officers)	Attendance (Outside Officers)
Nomination/ Remuneration Committee	4	6	6	100%	100%

Matters referred to the Nomination/Remuneration Committee

- 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

FY2025 deliberations and decisions

- Appointment and dismissal of Directors
- Appointment and dismissal of Corporate Officers
- Director bonuses and stock compensation
- Appointment and dismissal of Representative Directors and Directors with titles
- Revisions to Director remuneration and partial review of related regulations
- Training/development of senior management candidates

Topics

Message from the Chair of the Nomination/Remuneration Committee



Osamu Kujiraoka
Outside Director

In June 2026, Gunze reached a management milestone with the appointment of a new President. At the same time, under the slogan "Transformation," we are transforming our corporate structure through initiatives such as business portfolio reform and strengthening our earnings base. At a time of such transformation, the role of the Board of Directors in supporting sustainable growth is critically important, and the Committee is also playing an increasingly significant role.

The Committee engages in extensive discussions, through objective and transparent processes, on the leadership needed to achieve both management continuity and transformation. We regard the development of next-generation management talent and the enhancement of succession planning as key priorities and are working from a medium- to long-term perspective to strengthen the management foundation. We also oversee the remuneration system and make recommendations to ensure that it appropriately reflects not only short-term results but also contributions to enhancing corporate value over the medium to long term and achieving sustainable growth.

Going forward, through open and constructive discussions among Committee members, comprising outside Directors and Representative Directors, we will continue to support greater effectiveness of the Board of Directors and meet the trust and expectations of our stakeholders.

conjunction with the launch of the Medium-term Management Plan VISION 2030, we revised the executive remuneration system to increase the percentage of performance-linked compensation, with the aim of further motivating executives to maximize Gunze's corporate value. 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.

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 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 4.0 billion yen (a deficit of 0.9 billion yen in the previous fiscal year).

Performance-linked stock compensation

To raise awareness of the need to enhance corporate value over the medium to long term, Directors (excluding outside Directors) are granted 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 compensation are a relative evaluation of Total Shareholder Return (TSR) and TOPIX for each fiscal year, as well as an evaluation based on the degree of achievement of the company-wide CO_2 emissions reduction target. These indicators were selected because they are considered the most appropriate for further aligning interests with shareholders, raising awareness of contributions to enhancing the corporate value of the Gunze Group, and promoting business activities that reduce environmental impact. The amount of performance-linked stock compensation is calculated by multiplying each individual executive's monthly remuneration by coefficients established for each position for the fixed and variable components. The variable component is calculated by applying a performance-linked coefficient based on the relative evaluation of TSR and TOPIX and the degree of achievement of the company-wide CO_2 emissions reduction target. The TSR growth rate for the previous fiscal year used to determine the FY2025 stock compensation was 152.86% (compared with the end of FY2021; TOPIX growth rate: 147.24%), while the company-wide CO_2 emissions reduction rate was 37.2% (compared with FY2013; target: 28.0%).

KPI of the executive remuneration system

Remuneration type	Item	Details	Results
Bonus	GVA	Change versus performance forecast	¥ (2.3) billion * Actual: ¥ (4.0) billion Forecast: ¥ (1.7) billion
Stock compensation	Relative evaluation of TSR and TOPIX	TSR growth rate / TOPIX growth rate	103.82% * TSR: 152.86% TOPIX: 147.24%
	Degree of achievement of the company-wide CO_2 emissions reduction target	Reduction exceeding the CO_2 emissions reduction target	Achieved * Reduction rate: 37.2% Target: 28.0%

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)	139	84	16	38	7
Corporate Auditors (excluding outside Corporate Auditors)	24	24	—	—	3
Outside Directors	22	22	—	—	3
Outside Corporate Auditors	14	14	—	—	2

(Note) The number of eligible officers includes one Director and one Corporate Auditor who retired at the conclusion of the Ordinary General Meeting of Shareholders held in June 2025.

Compensation ratio (%)

	Fixed compensation	Performance-linked bonuses	Performance-linked stock compensation	Total
Representative Director & President	50	30	20	100
Directors (excluding outside Directors)	62	24	14	100
Corporate Auditors (excluding outside Corporate Auditors)	100	—	—	100
Outside Directors	100	—	—	100
Outside Corporate Auditors	100	—	—	100

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

Business Execution System

Corporate Officers' Meeting

The Corporate Officers' Meeting was established to discuss and decide important matters concerning Group-wide management and business execution, coordinate activities across divisions, and deliberate and decide particularly important individual control matters. Its members include the Chairman, President, and Directors or Corporate Officers who oversee or are responsible for each functional department and business segment.
In FY2025, the Committee met 15 times and discussed and decided upon 53 proposals (FY2024: 16 times, 54 proposals).

	Times held	Number of agenda items	Attendance
Corporate Officers' Meeting	15	53	100%

Main agenda items	Items submitted for discussion/reported
Business strategy	16
Budgeting and financial reporting	14
Finance	11
Organization and human resources	7
Governance and risk management	1
Medium-term Management Plan	2
Individual projects	2

Business group head meetings

These meetings are held to ensure efficient management of the Gunze Group and achieve management targets by thoroughly communicating management policies and important matters, strengthening the framework for management participation and the operation of internal controls, and coordinating and controlling business group management.
Reports are submitted each month in a prescribed format. At least once each quarter, face-to-face meetings are held among the President, Directors or Corporate Officers who oversee or are responsible for functional departments and business segments, heads of functional departments, and business group heads to strengthen communication. Functional departments explain important company-wide matters to share information, while each business division reports on recent profit and loss results, the outlook, the impact of social conditions on plan execution, and related measures. Through these activities, we monitor progress toward achieving management targets.

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

Executive meetings

Executive meetings provide opportunities for outside Directors and Corporate Auditors to deepen their understanding of the businesses and directly exchange opinions on current issues. Reports cover the Medium-term Management Plan, the current status and key initiatives of each business and functional department, and the status of company-wide initiatives to address social issues. In FY2025, seven meetings were held, with Q&A sessions and discussions on twelve themes.

	Times held	Number of agenda items	Attendance
Executive meetings	7	12	98%

Cases	Number of themes
Management policy and Medium-term Management Plan	2
Reports on current status and key initiatives of each business unit	3
Reports on current status and key initiatives of each functional department	5
Status of efforts to address individual issues	2

Topics

Message from Newly Appointed Outside Director



Kimiko Funato
Outside Director

The most important role of an outside Director is to oversee management on behalf of shareholders from the perspective of achieving the Company's sustainable growth and enhancing corporate value over the medium to long term. In today's uncertain social environment, there will be many occasions when the Company must make important decisions. As an attorney, I intend to participate in Board meetings with compliance as my first priority, always considering whether management's decision-making processes and decisions are appropriate and whether the necessary deliberations have been carried out.
Among the words left by our founder, Tsurukichi Hatano, are "Take on an added responsibility for the benefit of society" and "People are more important than money or anything else." These ideas are essential to the Company's sustainable growth, and I believe Gunze is what it is today because these convictions have been passed down through generations.
As Gunze moves from the past through the present and into the future, I will work with management to consider what the Company should become and where it should go, offering advice as appropriate, and strive to contribute to the Company's sustainable growth and enhancement of corporate value.

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 identify specific risks, and the main department designated for each risk implements measures to minimize it. Focusing particularly on material risks assessed as high risk, the Committee regularly receives monitoring results from the main departments in charge, verifies the implementation status of countermeasures, and discusses and determines future actions.

In FY2025, the Risk Management Committee met four times and held comprehensive discussions on initiatives to prevent quality-related misconduct, progress on information security measures, and the status of Business Continuity Plan (BCP) responses in each business division. These initiatives are reported to the Board of Directors, which provides oversight and instructions as necessary to ensure the effectiveness of internal controls.

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.

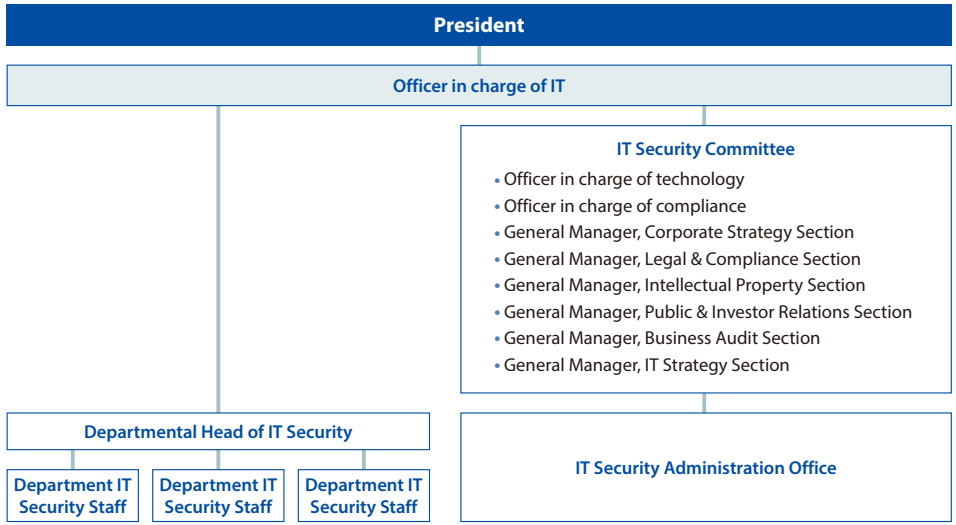
We have also established an IT Security Committee as part of our system to promote cybersecurity, keep track of security-related situations, formulate countermeasure standards, maintain a management system, and deliberate and decide on necessary measures. In addition, we have established an IT Security 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.

To strengthen cybersecurity at overseas bases in preparation for further global expansion, we will rebuild management systems, including measures to comply with local laws and regulations. In the event of an incident, we will aim for rapid recovery through a coordinated response between the IT Security Administration Office and overseas bases, while enhancing response capabilities across the Group through education and training for local staff.

Governance structure



IT security operations organizational chart



* As of March 31, 2026

Governance Dialogue between the President and an Outside Director

Governance Supporting Transformation for Growth

The Role and Responsibilities of the Board of Directors



▶For detailed career histories, see Management Team on p. 74 onward.

How we view the current period of transformation toward the next stage of growth

Under VISION 2030 stage2, Gunze is pursuing Transformation, including changes to its business structure and management foundation. How do you view the turning point the Company is currently facing?

Oka I believe Gunze is now at a major turning point. Over its history of more than 130 years, Gunze has accumulated many successful experiences. At the same time, some of the business models that worked well in the past are no longer necessarily suited to today's market environment. With significant changes in market conditions, customer needs, and the pace of technological innovation, it has become increasingly difficult to achieve sustainable growth simply by continuing to operate businesses based on conventional approaches.

Under VISION 2030 stage2, we therefore aim to review not only our businesses themselves, but also our business models, organizations, approach to human resources, and ways of working, thereby building a foundation for new growth. Structural reform can sometimes be associated with downsizing or greater efficiency, but what we are aiming for lies beyond that: growth. We regard this as a period of transformation in which Gunze will evolve into a company capable of continuously creating value for the future.

Kida I share the view that Gunze is now in an important period of transformation as it prepares for its next stage of growth. Until now, the Company has grown by continuously improving and refining its operations while leveraging the technologies and business foundations it has cultivated over many years. However, the environment surrounding companies is changing dramatically, with heightened geopolitical risks, demographic shifts, accelerating digitalization, and the growing use of AI.

Against this backdrop, improving existing businesses alone is no longer sufficient. We need to reconsider the business portfolio and the management foundation themselves with future growth in mind. Our discussions have therefore focused not on "changing because current performance presents challenges," but on "changing in order to achieve future growth." I believe we are now in an important phase of building the growth foundation for the next 10 to 20 years.

Looking beyond reform to growth

Structural reform inevitably involves difficult decisions. At the same time, reform alone does not lead to sustainable growth. How has the Board of Directors discussed structural reform and growth strategies?

Kida We have repeatedly discussed the importance of not allowing structural reform itself to become the objective. Take the

Governance Dialogue between the President and an Outside Director

Apparel Business, for example. If we were considering only short-term improvements in profitability, there would be various options available. However, many Board members have expressed the view that decisions should not be based solely on profitability when we consider Gunze's brand value, its points of contact with customers, and the trust it has built over many years.

What matters is clearly defining, with a view toward what Gunze should look like 10 or 20 years from now, what value each business should provide and how it should grow. For this reason, the Board has continued to discuss such questions as what we should preserve, what we should strengthen, and what kind of growth we should pursue.

Another important theme has been consideration for employees affected by the reforms. If structural reform alone is emphasized, employees may become anxious about the future. We have therefore repeatedly discussed the importance of communicating not only why reform is necessary, but also the vision for growth that lies beyond it.

Oka I have always viewed structural reform and growth strategy as two sides of the same coin. For Gunze to grow, we first need to strengthen our earnings structure and create the capacity to invest for the future. That made it unavoidable for us to review low-profit businesses and inefficient structures. At the same time, reform alone does not make a company grow. The key question is where to allocate the management resources generated through structural reform and how to translate them into future growth.

At Board meetings as well, I have received extensive advice from the perspective of how we should envision growth beyond reform. Those discussions have reinforced my recognition of how important it is to consider reform and growth together.

Even as we have implemented reforms, we have made decisions with future growth potential constantly in mind. Rather than focusing solely on short-term earnings improvement, we place particular emphasis on whether each decision will contribute to enhancing corporate value over the medium to long term.

From optimization of individual businesses to company-wide optimization

The Board is now engaging in more in-depth discussions about the business portfolio and the allocation of management resources. How have Board discussions changed?

Kida In the past, discussions tended to focus primarily on how each business division could grow its own business. In recent years, however, there has been an increasing emphasis on a Company-wide perspective, asking how each business should be positioned within Gunze as a whole.

ROIC has also become an important indicator when considering management from the standpoint of Company-wide optimization. We assess each business not only in terms of growth potential and profitability, but also from the perspective of capital efficiency, and use this assessment in reviewing the allocation of management resources and the business portfolio.

Which businesses should serve as growth drivers? Which businesses should be maintained and strengthened as the earnings base? Where should management resources be allocated on a priority basis? Discussions on these portfolio-related questions have become increasingly active.

Behind this change is the growing number of opportunities to discuss management resource allocation from the standpoint of optimizing Gunze as a whole. We now have a framework that enables us to consider strategy from an overall Company perspective, and I feel that this has made it possible to discuss how Gunze as a whole should grow.

Oka While overseeing the Management & Strategy Department, I learned that simply adding together the plans of each individual business is not enough. Our outside Directors have also provided many valuable insights by asking whether our plans truly constitute a strategy for Gunze as a whole.

In formulating the Medium-term Management Plan, we held numerous discussions with individual business divisions and managers at operational sites. Each business has its own history and its own past successes, so we carefully discussed why change was necessary and what kind of future we should aim for as we worked to determine the direction of the plan. In the process, we identified not only challenges but also new possibilities. This experience once again made me recognize the importance of advancing reform not simply by having management set the direction, but by fostering understanding and ownership among employees at the front line.

The role of the board of directors in supporting transformation

As Gunze undertakes major transformation, the role of the Board of Directors also appears to be evolving. What role do you believe the Board should play going forward?

Kida At a time of transformation such as the present, I believe the role of the Board of Directors is more important than ever. The Board is expected not only to address immediate business performance and individual issues, but also to discuss the direction of the Company from a medium- to long-term perspective. We are holding extensive discussions on such matters as the appropriate business portfolio, long-term strategy, and investment priorities. I also believe it is an important role of the Board to continuously examine whether the direction we have chosen remains appropriate in light of changes in the external environment, rather than simply assuming that a plan, once decided, should continue unchanged.

In recent years, discussions have increasingly drawn on the diverse experience and expertise of outside Directors and outside Corporate Auditors. Exchanging views from different perspectives has brought new insights and a greater awareness of issues. Precisely because we are in a period of transformation, I believe an important role of the Board is to examine management from multiple perspectives and engage in constructive dialogue with the management team.

Oka I also feel that discussions at the Board have become deeper each year. One reason is our ongoing efforts to help outside officers gain a better understanding of our businesses and operational sites.

Gunze regularly holds business briefings, factory tours, and visits to

Governance Dialogue between the President and an Outside Director

business sites. We also share feedback obtained through dialogue with investors and shareholders, providing opportunities for outside officers to understand the expectations stakeholders have of the Company and the issues they see. A deeper understanding of the Company leads to more substantive discussions.
In recent years, we have increasingly received advice from a broader range of perspectives, including not only the progress of structural reform but also its impact on operational sites, employee motivation, and relationships with business partners. These discussions have provided tremendous support in steadily advancing our reforms.

Dialogue with operational sites expands growth potential

We understand that you placed particular importance on dialogue with operational sites in developing the growth strategy. What insights did you gain?

Oka As we worked to give concrete shape to our growth strategy, I visited as many operational sites as possible. I went to factories, logistics bases, sales offices, stores, and other locations, placing particular importance on listening directly to the employees working there.
What I came to realize was that Gunze still has many strengths and growth opportunities that we have not yet fully utilized. Our product capabilities, technological capabilities, and brand strength, for example, are highly regarded. At the same time, there were areas where past models of success had become assumptions and were preventing us from fully adapting to today's market environment.
As I visited stores and sales floors, I identified considerable room for improvement in areas such as sales methods, product mix, and the supply chain. I also heard many proposals and concerns directly from employees in the field. Through those discussions, I became convinced that Gunze can still grow and that there is still much more we can do.
Kida President Oka's emphasis on dialogue with operational sites has been shared with the Board on many occasions. As a Board, we have also emphasized not only advancing structural reform, but also finding ways to bring out the strengths and growth opportunities that exist at operational sites.
When considering management strategy, there is an inevitable tendency to focus on figures and plans. However, it is the operational sites that actually create value. Without understanding them, it is impossible to formulate a truly effective strategy. We have continuously received reports on conditions at the front line and on employee reactions, and through these reports we have been able to confirm that reform is being advanced while gaining the understanding and acceptance of employees.
Over the past several years, I also feel that we have moved from the stage of discussing why reform is necessary to the stage of steadily implementing specific initiatives. Behind this shift, I believe, is a growing understanding of transformation not only among management but also throughout operational sites, with employees increasingly taking the initiative to make improvements themselves.

Strengthening global competitiveness and the management foundation

In the second year of stage2, Gunze has identified Business Process Reform and Strengthening Global Competitiveness and Technological Capabilities as important management policies. How is the Board discussing these themes?

Kida Given Japan's declining population and changes in market structures, we share the view that global expansion is an issue that cannot be avoided. Individual business divisions have already been expanding overseas, but the extent of those initiatives has varied by business. We are therefore now holding more active discussions on how to enhance the global competitiveness of the Group as a whole. Importantly, the objective is not simply to increase overseas sales. Operating in overseas markets exposes us to new customer needs and technological trends, while also providing opportunities to develop human resources and strengthen organizational capabilities. I believe these are important benefits in their own right.
Improving profitability and operational efficiency is also essential to competing globally. We are therefore discussing business growth



and the strengthening of our management foundation as an integrated set of initiatives.
Oka Strengthening global competitiveness is an extremely important theme when considering future growth. With the domestic market expected to contract, we need to further accelerate our expansion into overseas markets in order to achieve sustainable growth. Conducting business overseas also enables us to acquire new knowledge and experience and contributes to human resource development.
At the same time, before we can compete effectively overseas, we must first strengthen our underlying management foundation.
Through the Business Process Reform currently under way, we aim to review how we work and our cost structure and thereby strengthen our corporate structure itself. The objective is not simply to reduce costs, but to embed within the organization systems and ways of thinking that prevent waste from arising in the first place. We are drawing on external expertise in this process, but what we place the greatest importance on is accumulating know-how internally.
Through reform, employees can learn new ways of thinking and new methods and embed them as organizational capabilities. I believe this will strengthen our competitiveness over the longer term.
We will also further differentiate ourselves in high-value-added fields by more closely linking R&D with business strategy in relation to the proprietary technologies that are a source of Gunze's competitiveness.

Governance Dialogue between the President and an Outside Director



The Board has provided extensive advice not only on the results of the reforms themselves, but also from the perspective of whether those initiatives are ultimately contributing to future enhancement of corporate value.

Building a human resources foundation that encourages challenge and growth

Gunze is also reforming its personnel system alongside structural and business reforms. What discussions has the Board held on this subject?

Kida Personnel system reform is one of the important issues that will shape the future of the Company. The current reform aims to evolve the system so that younger employees in particular can take on challenges more readily and so that performance and capabilities are appropriately evaluated.

However, simply introducing a new system does not produce results. It is important to continuously verify whether evaluators properly understand and operate the system, whether employees find it reasonable and acceptable, and what issues arise after implementation.

We have therefore devoted considerable discussion not only to system design but also to how the system is operated. While continuing to receive reports on matters such as evaluator training, the degree to which the system is becoming established, and employee responses, we place importance on making improvements where necessary.

In an era of rapid change, I believe that creating an organization in which each employee is motivated to take on challenges and can grow through their own initiative will become a source of corporate competitiveness.

Oka We have also continued to receive advice from the Board regarding personnel system reform. At the same time, employees have expressed a wide range of opinions in response to the revisions. I regard this as evidence that they are engaging seriously with the transformation.

What we must not lose sight of, however, is the fundamental purpose of the reform. What we are aiming to create is an environment in which people who take on challenges are recognized and employees who continue to grow can thrive. Of course, there are aspects of the system that need further improvement. We therefore intend to carefully listen to employees, monitor how the system operates in practice, and make improvements as necessary. What is important is to continue evolving the system by taking a comprehensive view of diverse opinions rather than being swayed by only a limited number of voices.

People are the foundation of a company's growth. By creating an environment in which every employee can take on challenges while experiencing their own growth, I want to translate individual growth into the growth of the organization as a whole.

Governance for sustainable growth

Finally, what kind of governance does Gunze aim to establish in order to achieve sustainable growth?

Kida The structural and institutional reforms currently under way are not ends in themselves. They are initiatives designed to achieve sustainable growth beyond the reforms. At Board meetings, our discussions always take place with the question in mind: What kind of company do we want Gunze to become after these reforms?

Gunze has major strengths in the technologies, brands, and human resources it has built over its long history. I believe it is important to leverage these strengths while continuing to evolve into a company capable of adapting to a new era. As an Outside Director, I intend to continue making recommendations that contribute to enhancing corporate value over the medium to long term, taking into account the perspectives of shareholders, investors, and other stakeholders, while closely monitoring the progress of reform and the realization of growth beyond it.

Oka The reforms we are currently pursuing are laying the foundation for future growth.

We also recognize improving capital efficiency as an important management priority. By steadily translating our various reforms into tangible results, we will strengthen profitability and improve capital efficiency with the aim of achieving the ROE target of at least 8% set out in our Medium-term Management Plan. While valuing the successful experiences we have accumulated over the years, we must also change what needs to be changed in response to shifts in the environment and continue taking on the challenge of creating new value. The various reforms currently under way are not separate initiatives. They are all connected to future growth.

At Board meetings, we receive many valuable insights from outside officers with diverse experience and expertise. Being exposed to perspectives and issues that management alone might not recognize leads to better decision-making. Going forward, we will continue to engage in constructive discussions with the Board of Directors as we work to meet the expectations of shareholders, investors, and other stakeholders and achieve sustainable growth and enhanced corporate value.

Message from Outside Audit & Supervisory Board Members



Koji Funatomi Outside Corporate Auditor

Over the past three years since 2023, I have attended important meetings, including meetings of the Board of Directors, and conducted on-site audits at factories and business sites. Through these activities, I have seen firsthand the sincere commitment of management and employees to resolving issues, their passion for manufacturing, and their attentive approach to customers. With each passing year, I have become more convinced that "integrity" is a word that truly describes Gunze. Integrity may bring to mind kindness and consideration, but I believe that integrity in a company also means facing difficult realities head-on. Gunze is currently undertaking a range of reforms, some of which involve difficult decisions, as it works toward becoming a company of choice globally. The structural reform of the Apparel Business, one of Gunze's flagship businesses, is one such initiative.

Outside officers are provided with ample information in advance of Board meetings regarding the direction and progress of these important matters. This enables us to deepen our understanding, and at Board meetings, issues are examined from a broad range of perspectives in an open atmosphere before conclusions are reached.

The reforms are still under way. As a specialist in finance and accounting, I intend to closely monitor the process through to their completion and contribute to Gunze in whatever way I can.



Norihito Naka Outside Corporate Auditor

I believe Gunze's governance framework is functioning effectively. Outside officers, including Outside Corporate Auditors, are provided with the information they need in a careful and thorough manner, and constructive discussions take place, with Outside Directors freely expressing their views and making recommendations to executive management.

Gunze marks its 130th anniversary this year, and I believe that the corporate culture it has cultivated through its longstanding, sincere commitment to manufacturing is also reflected in the way its governance functions.

There is a shared understanding among the Directors that Gunze must respond to changes in the times. In particular, over the past year, three projects aimed at strengthening the Company's corporate structure have progressed with a sense of speed not seen before, and I believe all three are making steady progress.

The structural reform of the Apparel Business, in particular, is a difficult undertaking that involves painful changes both inside and outside the Company. Nevertheless, the reform is being driven autonomously by Gunze's own people. I expect that the experience gained through this transformation will become a valuable asset supporting Gunze's sustainable growth and further development.

Management Team (As of June 25, 2026)

Directors

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



Toshiyasu Saguchi

Representative Director, Chairman

Date of Birth November 14, 1961

Mar. 1984 Joined "GUNZE"
Jun. 2014 Appointed Director, GUNZE
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
Jun. 2026 Representative Director, Chairman, GUNZE (to present)

● 40,377 ● 13/13 (100%)



Takahiro Oka

Representative Director, President and President Corporate Officer

Date of Birth April 14, 1963

Apr. 1987 Joined "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 Appointed Director, GUNZE
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
Member, Nomination/Remuneration Committee, GUNZE (to present)
Jun. 2026 Representative Director, President, and President Corporate Officer, GUNZE (to present)

● 14,715 ● 13/13 (100%)



Osamu Kujiraoka

Outside Director

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)

● 3,800 ● 13/13 (100%)



Rie Kida

Outside Director

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)

● 2,300 ● 13/13 (100%)



Kimiko Funato

Outside Director

Date of Birth Mar. 5, 1969

Apr. 1991 Joined The Sumitomo Bank, Ltd. (presently, Sumitomo Mitsui Banking Corporation)
Apr. 1998 Registered as an attorney
Joined Aimann and Associates (to present)
Jun. 2021 Outside Director, Kyoei Steel Ltd. (to present)
Apr. 2025 Outside Director, Kin-Ei Corp. (to present)
Jun. 2026 Director and Member, Nomination/Remuneration Committee, GUNZE (to present)

● — ● —



Hirokazu Sawada

Director and Managing Corporate Officer
General Manager, Finance & Accounting Department

Date of Birth March 11, 1965

Apr. 1988 Joined "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 Appointed Director, GUNZE
Director, Corporate Officer, and General Manager of Finance & Accounting Department, GUNZE
Apr. 2026 Director, Managing Corporate Officer, and General Manager of Finance & Accounting Department, GUNZE (to present)

● 12,042 ● 13/13 (100%)



Tomohisa Okuda

Director and Managing Corporate Officer
President, Plastic Film Company

Date of Birth April 26, 1965

Apr. 1989 Joined "GUNZE"
Apr. 2020 Corporate Officer and General Manager of Technology & Development Department, GUNZE
Jun. 2024 Appointed Director, GUNZE
Director, Corporate Officer and General Manager of Technology Development Department, GUNZE
Apr. 2026 Director, Managing Corporate Officer, and Company President of Plastic Film Company, GUNZE (to present)

● 8,480 ● 13/13 (100%)



Ryoji Kawanishi

Director and Corporate Officer
President, Apparel Company

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 Appointed Director, GUNZE
Director, Corporate Officer, and Company President of Apparel Company, GUNZE (to present)

● 9,992 ● 13/13 (100%)



Shojiro Matsuda

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

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 Appointed Director, GUNZE
Director, Corporate Officer, Representative Director and President, GUNZE MEDICAL LIMITED and General Manager of Medical Division, GUNZE (to present)

● 6,449 ● 9/9 (100%)*2

*1 Attendance at meetings of the Board of Directors during the fiscal year ended March 31, 2026.
*2 As for Mr. Shojiro Matsuda, his status after he has assumed office of Director on June 25, 2025 is shown.

Management Team (As of June 25, 2026)

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



Tomio Suzuki
Standing Corporate Auditor

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
Jun. 2021 Corporate Auditor, Gunze (to present)

● 5,336
● 13/13 (100%) ● 15/15 (100%)



Koji Funatomi
Outside Corporate Auditor

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 (to present)
Jan. 2022 Outside Corporate Auditor, J.S.B. Co., Ltd.
Oct. 2022 Chief Audit Commissioner, Izumi City (to present)
Jun. 2023 Corporate Auditor, Gunze (to present)
Mar. 2026 Outside Audit & Supervisory Board Member, Toyo Tanso Co., Ltd. (to present)

● 1,200
● 13/13 (100%) ● 15/15 (100%)



Norihito Naka
Outside Corporate Auditor

Date of Birth September 11, 1961

Apr. 1991 Registered as an attorney
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)
Sep. 2025 Outside Director and Audit & Supervisory Committee Member, Environmental Control Center Co., Ltd. (to present)

● 2,200
● 13/13 (100%) ● 15/15 (100%)



Hiroko Yoshika
Corporate Auditor

Date of Birth Jul. 20, 1964

Dec. 2009 Registered as an attorney
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)

● 8,660
● 9/9 (100%) ● 10/10 (100%)*2

*1 Attendance at meetings of the Board of Corporate Auditors during the fiscal year ended March 31, 2026.
*2 As for Ms. Hiroko Yoshika, her status after she has assumed office of Corporate Auditor on June 25, 2025 is shown.

Senior Managing Corporate Officer

Katsuhiko Kimura
General Manager, Engineering Plastics Division

Corporate Officers

Kazunari Saho
General Manager, Mechatronics Division

Yuji Hanaoka
General Manager, Corporate Strategy Dep.

Makoto Ogura
General Manager, Personnel & General Affairs Dep.

Junko Nakashima
General Manager, Corporate Communication Dep.

Kenzo Ishikawa
General Manager, Threads & Accessories Division

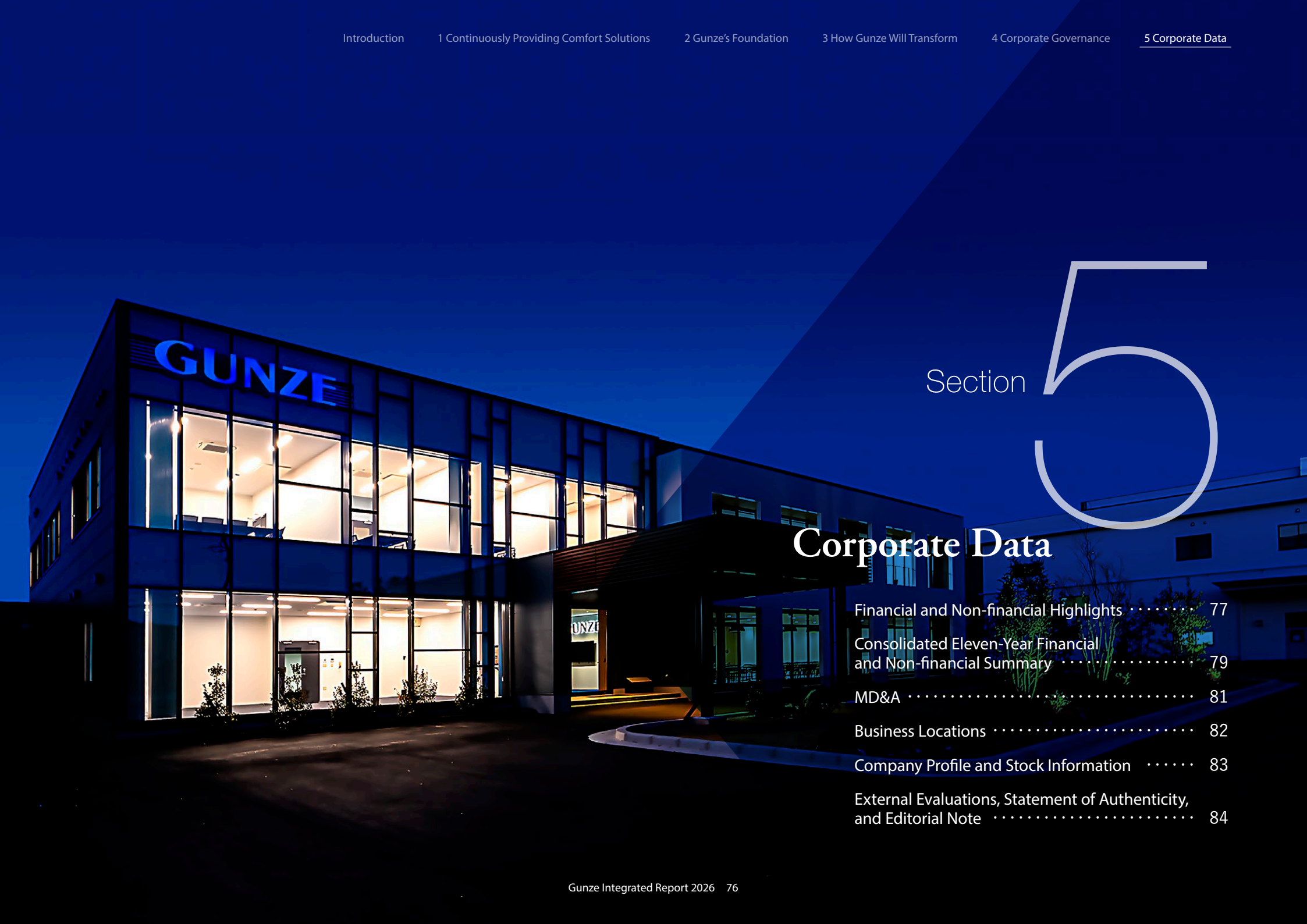
Masafumi Yamagami
General Manager, Innovation Dep.

Kizuku Kawato
Deputy General Manager, Corporate Strategy Dep.

Naoki Nishiura
Deputy General Manager, Engineering Plastics Division

Naoko Hayashi
General Manager, Intellectual Property • Legal Dep.

Hitohiro Nishimura
Representative Director and President, Gunze Development Co., Ltd



Section 5

Corporate Data

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External Evaluations, Statement of Authenticity, and Editorial Note ····· 84

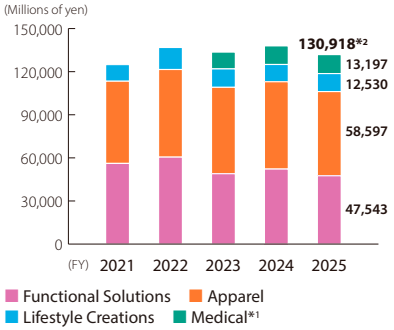
Financial and Non-financial Highlights

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

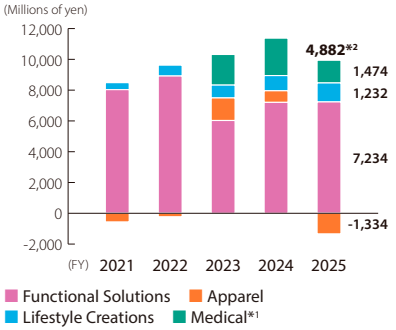
*2 Total data is consolidated net sales: After Group-wide adjustment



Net sales decreased due to the termination of the electronic components business, a decline in overseas sales of plastic films, and decreased sales in the apparel business.

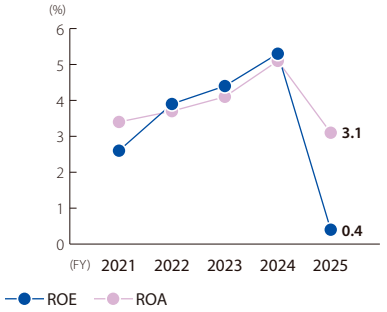
Operating Profit by Segment

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



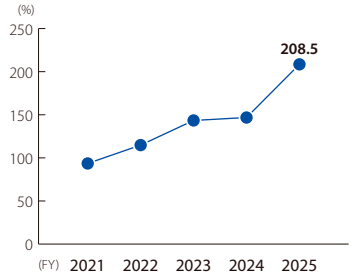
Operating profit decreased due to the impact of inventory write-downs in the apparel business, sluggish sales in China in the medical business, and increases in fixed costs and other expenses.

ROE/ROA



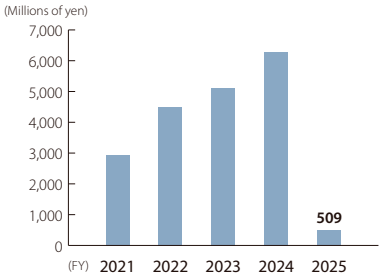
ROE fell 4.9 points year on year and ROA fell 2.0 points year on year in line with the decline in net income and ordinary income.

Total Shareholder Return (TSR)



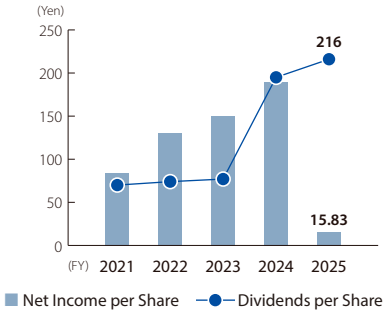
Total Shareholder Return (TSR) in FY2025 came in at 208.5% compared with the base year of FY2020, up 61.7 percentage points from the TSR for FY2024 of 146.8% using the same benchmark.

Profit Attributable to Owners of Parent



Due to factors such as the impact of business restructuring expenses in the apparel business recorded in the first quarter, profit attributable to owners of parent decreased by ¥5,769 million.

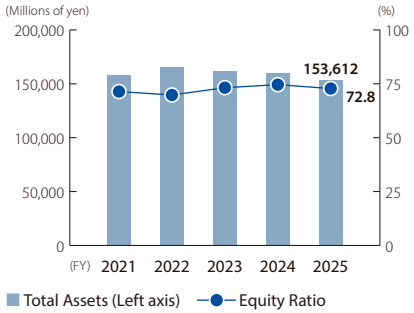
Net Income per Share/Dividends per Share



The annual dividend for FY2025 was raised to ¥216 per share. The annual dividend for FY2026 is projected to come in at ¥216 per share.

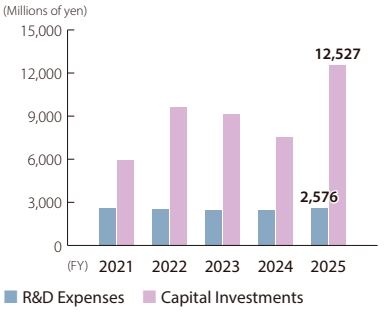
(Including prior years, based on stock splits)

Total Assets/Equity Ratio



Total assets decreased by ¥6.0 billion year on year due to decreases in notes and accounts receivable, merchandise and finished goods, and other factors. The equity ratio fell 1.8 points year on year to 72.8%.

R&D Expenses/Capital Investments

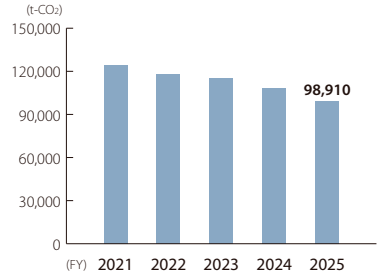


In FY2025, we invested ¥12,527 million primarily in expanding factories and increasing production facilities in the engineering plastics field and medical business.

Financial and Non-financial Highlights

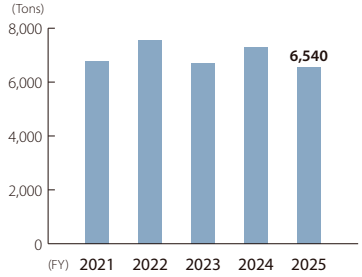
Non-financial

CO_2 Emissions (Japan + Overseas) Scope 1 + Scope 2



Through ongoing energy conservation efforts and the use of renewable energy, CO_2 emissions were reduced by 42.7% (compared to FY2013).

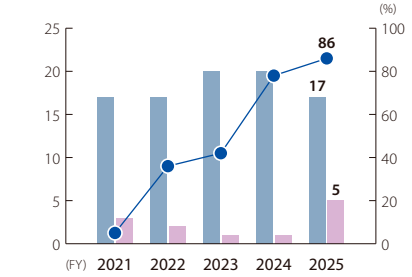
Total Waste Generated (Japan)



The total amount of waste generated in FY2025 was 6,540 tons, a decrease of 771 tons year on year. We are committed to reducing the amount of waste generated and promoting recovery and recycling.

* Total waste generated: Total weight of waste generated through business activities (including waste sold as valuable resources)

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

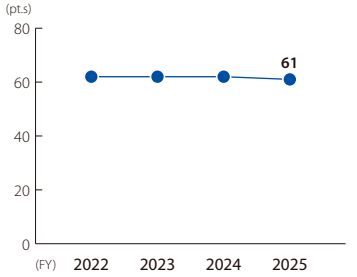


Number of Employees Taking Childcare Leave
Number of Employees Taking Nursing Care Leave
Men's Paternity Leave Utilization Rate (Right axis)

The men's paternity leave utilization rate, which is promoted as a form of child-rearing support, exceeded the previous year's result (78%) to reach 86%.

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

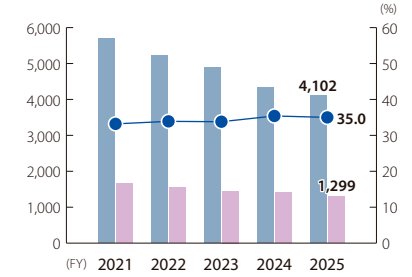
Engagement Score*



The engagement score remained at the same level as the previous year at 61 points.

* Scope: Employees, rehired employees after retirement (users of company email addresses)

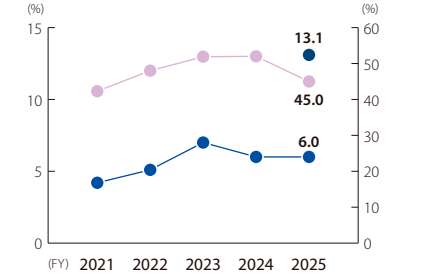
Number of Employees and Ratio of Women Employees in the Workforce



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 fell 0.4 points from the previous year to 35.0%.

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

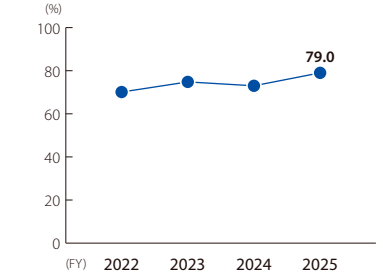


Ratio of Women in Managerial Positions (Non-consolidated)
Ratio of Women in Managerial Positions (Consolidated)
Ratio of Women Hired on a Main Career Track (Right axis)

The ratio of women hired on a main career track decreased slightly from the previous fiscal year. The ratio of women in managerial positions has been calculated to include consolidated subsidiaries from FY2025. Since figures for FY2024 and earlier have not been calculated, they are not shown.

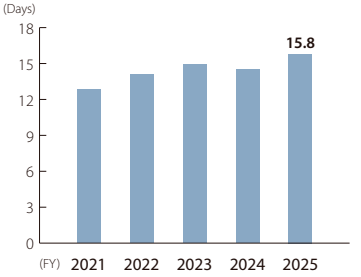
(The ratio of women hired on a main career track excludes women working rotating shifts.)

Annual Paid Leave Utilization Rate



The annual paid leave utilization rate rose 6.0 points year on year to 79.0%.

Average Number of Days of Annual Paid Leave Taken



The average number of days of annual leave taken exceeded the previous year's result of 14.8 days to reach 15.8 days.

Consolidated Eleven-Year Financial and Non-financial Summary (As of March 31, 2026)

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Year-on-year
Results for the year												
Net sales (millions of yen)	138,324	136,579	140,521	140,706	140,311	123,649	124,314	136,030	132,885	137,117	130,918	95.5%
Overseas net sales (millions of yen)	29,776	25,574	24,556	24,572	23,817	19,337	24,099	26,848	25,417	28,069	27,525	98.1%
Overseas sales ratio (%)	21.5%	18.7%	17.5%	17.5%	17.0%	15.6%	19.4%	19.7%	19.1%	20.5%	21.0%	102.7%
Operating income (millions of yen)	3,662	4,206	6,239	6,690	6,746	4,673	4,880	5,812	6,777	7,921	4,882	61.6%
Profit attributable to owners of parent (millions of yen)	-1,201	3,102	3,486	4,087	4,387	2,147	2,939	4,501	5,109	6,279	509	8.1%
Financial position at year-end												
Total assets (millions of yen)	169,749	169,460	171,273	169,632	166,633	159,629	158,216	165,927	161,971	159,677	153,612	96.2%
Interest-bearing debt (millions of yen)	31,407	28,469	28,374	26,242	25,067	17,613	11,029	15,426	9,004	8,960	13,964	155.8%
Shareholders' equity (millions of yen)	105,158	108,153	111,141	109,506	107,566	113,554	112,903	115,757	118,642	119,074	111,756	93.9%
Equity ratio (%)	61.9	63.8	64.9	64.6	64.6	71.1	71.4	69.8	73.2	74.6	72.8	–
D/E ratio (times)	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	
Cash flows												
Net cash provided by (used in) operating activities (millions of yen)	11,775	13,832	9,007	11,491	13,688	8,595	9,155	1,794	10,409	11,572	17,271	–
Net cash provided by (used in) investing activities (millions of yen)	-12,046	-7,834	-5,954	-7,373	-8,262	1,169	6,806	-5,920	-190	-7,485	-11,585	–
Free cash flows (millions of yen)	-271	5,998	3,053	4,118	5,426	9,764	15,961	-4,126	10,219	4,087	5,686	–
Net cash provided by (used in) financing activities (millions of yen)	-1,274	-4,116	-1,783	-5,483	-4,886	-9,335	-12,358	1,007	-11,347	-5,184	-6,320	–
Management indicators												
ROA (%)	0.5	2.8	3.8	4.2	4.1	3.1	3.4	3.7	4.1	5.1	3.1	–
ROE (%)	-1.1	2.9	3.2	3.7	4.0	1.9	2.6	3.9	4.4	5.3	0.4	–
ROIC (%)	1.9	2.2	3.1	3.4	3.5	2.5	2.7	3.1	3.7	4.3	2.7	–
Per share information*1												
Net income (yen)	–	82.97	94.65	112.80	122.50	60.47	84.46	130.69	150.55	189.70	15.83	–
Total net assets (yen)	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	3,565.39	–
Dividends (yen)	42.5	37.5	45.0	55.0	57.5	57.5	70.0	73.5	76.5	195.0	216.0	–
Payout ratio (%)	–	45.2	47.5	48.8	46.9	95.1	82.9	56.2	50.8	102.8	1,364.5	–

*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.

Consolidated Eleven-Year Financial and Non-financial Summary (As of March 31, 2026)

		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Year-on-year
Others													
Capital investments (millions of yen)		8,586	9,739	5,536	7,346	5,380	7,845	5,947	9,597	9,147	7,538	12,527	–
Depreciation (millions of yen)		6,604	6,862	6,528	6,650	6,502	6,289	6,191	5,894	6,208	6,867	7,305	–
R&D expenses (millions of yen)		3,135	3,074	3,000	2,824	2,953	2,752	2,576	2,501	2,471	2,445	2,576	–
Number of employees (consolidated)		6,858	7,038	6,754	6,607	6,185	5,808	5,692	5,214	4,883	4,339	4,102	–
Number of employees (non-consolidated)		1,842	1,833	1,757	1,703	1,743	1,718	1,662	1,553	1,449	1,401	1,299	–
Segment information (Operating segments)													
Net sales	Functional solutions (millions of yen)	56,171	50,195	50,828	53,234	56,361	49,673	56,138	60,340	48,975	52,204	47,543	91.1%
	Medical*1 (millions of yen)	–	–	–	–	–	–	–	–	11,697	12,949	13,197	101.9%
	Apparel (millions of yen)	68,164	71,629	74,012	72,609	69,491	62,640	57,197	60,986	60,114	60,782	58,597	96.4%
	Lifestyle creations (millions of yen)	14,635	15,168	16,122	15,285	14,945	11,976	11,576	15,327	12,826	12,005	12,530	104.4%
Segment profit	Functional solutions (millions of yen)	3,440	3,468	5,381	6,160	6,120	4,852	8,032	8,918	6,028	7,205	7,234	100.4%
	Medical*1 (millions of yen)	–	–	–	–	–	–	–	–	1,991	2,430	1,474	60.7%
	Apparel (millions of yen)	2,232	2,505	2,628	2,507	2,743	2,306	-557	-222	1,465	753	-1,334	–
	Lifestyle creations (millions of yen)	1,221	1,322	1,386	1,241	1,187	482	453	705	833	988	1,232	124.7%
Environmental responsiveness													
Total waste generated*2 (Japan) (tons)		8,026	7,261	7,633	8,431	7,692	7,526	6,787	7,553	6,713	7,311	6,540	–
CO_2 emissions (Japan + Overseas) Scope 1 (t-CO_2)		–	–	–	–	42,093	37,459	38,979	38,643	34,732	31,056	28,547	–
CO_2 emissions (Japan + Overseas) Scope 2 (market-based) (t-CO_2)		–	–	–	–	90,208	86,136	85,177	79,678	80,785	77,400	70,364	–
CO_2 emissions (Japan + Overseas) Scope 2 (location-based) (t-CO_2)		–	–	–	–	–	–	–	–	–	74,392	72,786	–
CO_2 emissions (Japan) Scope 3 (t-CO_2)		–	–	–	–	–	–	411,434	423,860	390,856	395,637	382,151	–
Employee-related data													
Employment rate of people with disabilities (%)		2.28	2.23	2.05	2.40	2.10	2.25	2.07	2.20	2.54	2.77	2.80	–
Average length of service (years)		20.3	20.0	20.5	20.4	20.1	20.2	20.2	19.8	20.0	19.9	19.1	–
Number of occupational accidents (incidents)		34	26	39	28	42	30	37	32	31	34	34	–
Single fiscal year job turnover*3 (%)		8	7	8	7	5	5	7	12	8	8	19	–

*1 The medical materials field, which was included in the functional solutions segment, was split off as the independent medical segment from FY2023.
*2 Total weight of waste generated through business activities, including waste sold as valuable materials.
*3 Employees who left the Company include mandatory retirees, as well as employees transferred due to business transfers in fiscal 2022 and those who left in connection with the Apparel Business structural reforms in fiscal 2025.

MD&A (Analysis of Financial Position, Operating Results, and Cash Flows)

FY2025 Performance Overview

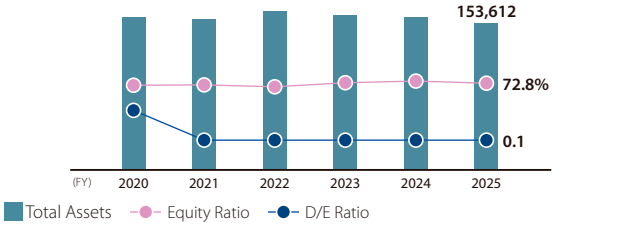
	FY2024	FY2025	YoY Change
Net sales (Billions of yen)	137.1	130.9	↓ -6.1
Operating profit (Billions of yen)	7.9	4.8	↓ -3.0
ROE (%)	5.3	0.4	↓ -4.9

In FY2025, the first year of the Medium-term Management Plan VISION 2030 stage2, we strengthened the growth foundations of the Functional Solutions and Medical businesses while advancing structural reforms in the Apparel Business. Net sales decreased, however, due to the impact of the electronic components business, for which operations ceased at the end of the previous fiscal year, as well as lower overseas sales of plastic films and lower sales through existing channels in the Apparel Business. On the profit front, results were affected by approximately ¥1.9 billion in inventory valuation losses recorded in the Apparel Business as part of inventory optimization, business restructuring expenses, and sluggish sales in China in the Medical Business. Despite these factors, we steadily strengthened our business foundations for future growth.

Financial Position

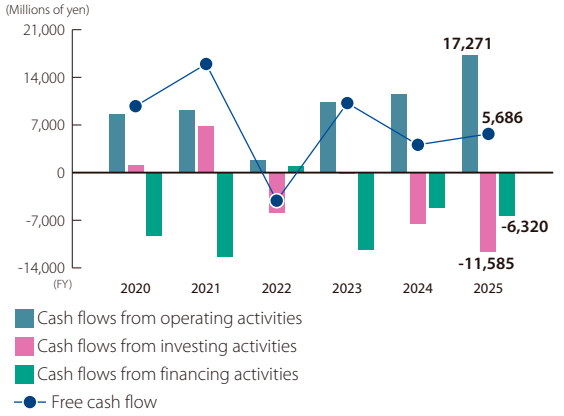
Total assets decreased from the end of the previous fiscal year, mainly due to lower trade receivables and a reduction in inventories, particularly in the Apparel Business, as a result of inventory optimization. Under our policy of enhancing shareholder returns, we continued to optimize equity to improve capital efficiency. As a result, equity decreased by ¥7.3 billion from the end of the previous fiscal year to ¥111.7 billion. Going forward, we will continue working to improve capital efficiency and optimize the balance sheet while maintaining the financial soundness needed to support growth investments.

Total Assets ¥153,612 million **Equity Ratio** 72.8% **D/E Ratio** 0.1 times



Cash Flows

Cash flows from operating activities increased, reflecting operating profit and depreciation and amortization, as well as a reduction in inventories mainly attributable to inventory optimization in the Apparel Business. Meanwhile, free cash flow came to ¥5.6 billion as a result of proactive capital investment for growth. In addition, while advancing shareholder returns through dividends and the acquisition of treasury shares, we responded flexibly to funding needs, including through the use of borrowings.



Outlook

Going forward, we will strengthen our financial foundation for sustainable growth while pursuing both improved profitability and greater capital efficiency. In addition to enhancing our ability to generate operating cash flow, we will improve capital efficiency by reducing inventories and optimizing working capital, while allocating capital with an appropriate balance between growth investments and shareholder returns. We will also steadily execute capital investments and initiatives to strengthen our business foundations as we work toward the ROE target of 8% set under the Medium-term Management Plan, thereby enhancing corporate value over the medium to long term.

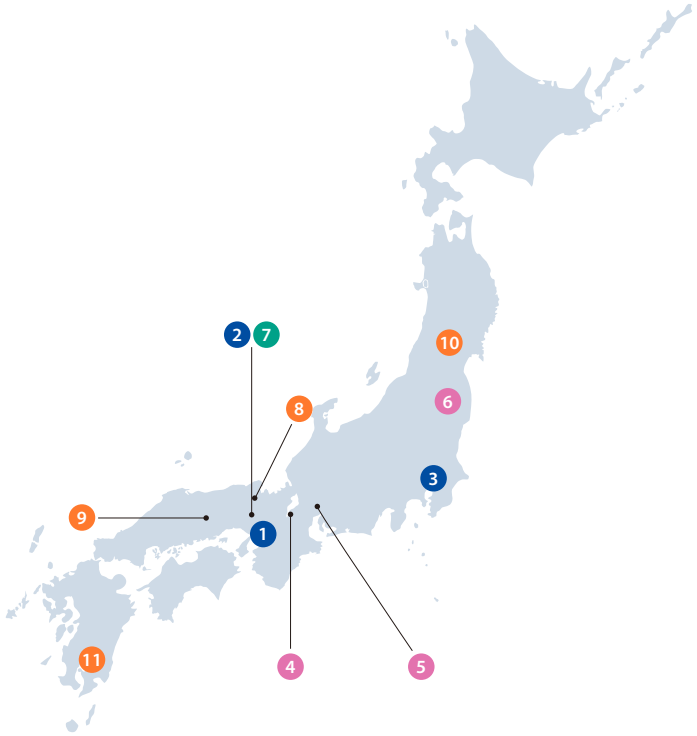
Segment performance (Billions of yen)

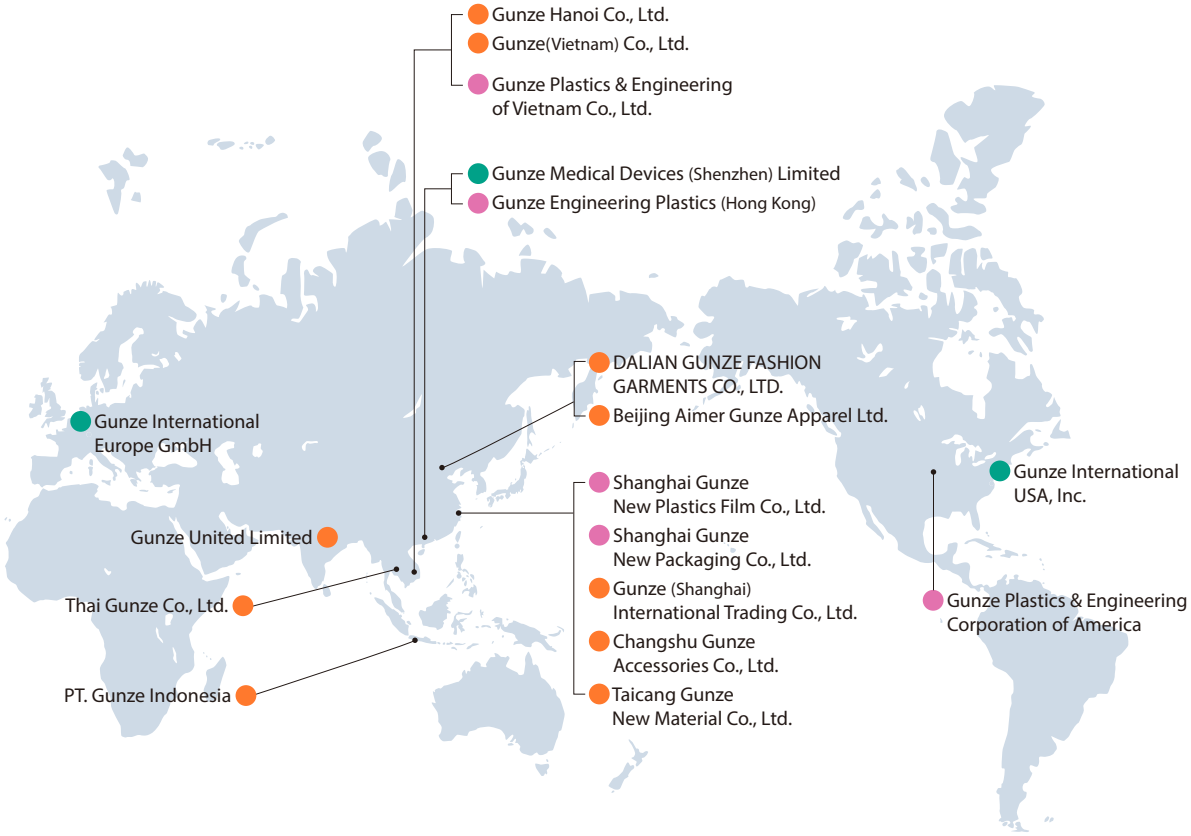
	Net sales/ Operating profit	FY2024	FY2025	YoY Change	Factors	Direction Going Forward
Functional Solutions Business	Net sales	52.20	47.54	↓ -4.66	• Plastic films: Rolled out new environmentally friendly products, but overseas business remained challenging • Engineering plastics: Affected by prolonged inventory adjustments in the semiconductor market • Electronic components: Operations ceased	• Plastic films: Promote a resource-recycling business model • Engineering plastics: Pursue growth by strengthening the medical and semiconductor fields and developing the energy field
	Operating profit	7.20	7.23	↑ 0.02		
Medical Business	Net sales	12.94	13.19	↑ 0.24	• Expanded sales of absorbable products, including adhesion barriers, while business in China remained sluggish • Recorded inventory valuation losses on medical laser products associated with the scaling back of the business • Higher fixed costs due to capital investment and increased staffing for business expansion	• Steadily expand sales by providing in-house products centered on reinforcement felts and adhesion barriers, while aiming to grow into a medical device company with a global presence
	Operating profit	2.43	1.47	↓ -0.95		
Apparel Business	Net sales	60.78	58.59	↓ -2.18	• Structural reforms, including the consolidation of production and logistics bases and the streamlining of indirect operations, progressed as planned • Recorded inventory valuation losses on discontinued products • Sales of differentiated products for D-to-C channels expanded, while existing channels were affected by reduced sales floor space and restrained consumer spending	• Enhance capital efficiency and rebuild the business into a sustainable profit-generating business by concentrating on profit-generating categories, reorganizing production and logistics, improving the efficiency of indirect operations, and strengthening local production for local consumption
	Operating profit	0.75	-1.33	↓ -2.08		
Lifestyle Creations Business	Net sales	12.00	12.53	↑ 0.52	• Real estate: Strong performance, including increased foot traffic resulting from the renovation of a commercial facility • Sports clubs: Improved profitability due to a recovery in sales at existing locations and the closure of unprofitable locations	• Real estate: Strengthen property-by-property management and improve low-profit assets • Landscaping and greening: Capture greening demand and promote CO_2 sequestration • Sports clubs: Expand the school business and promote distinctive services and new business formats
	Operating profit	0.98	1.23	↑ 0.24		

Business Locations (As of April 1, 2026)

Main Factories and Subsidiaries

Functional solutions Medical Apparel





1 Osaka Head Office (Kita-ku, Osaka)
2 Registered Head Office (Ayabe-shi, Kyoto)
3 Tokyo Office (Minato-ku, Tokyo)
4 Moriyama Plant (Plastic Films: Moriyama-shi, Shiga)
5 Konan Plant (Engineering Plastics: Konan-shi, Aichi)
6 Fukushima Plastics (Plastic Films: Motomiya-shi, Fukushima)
7 Ayabe Plant (Medical Materials: Ayabe-shi, Kyoto)
8 Miyazu Plant (Innerwear: Miyazu-shi, Kyoto)
9 Tsuyama Plant (Thread and Accessories: Tsuyama-shi, Okayama)
10 Tohoku Gunze Co., Ltd. (Innerwear: Sagae-shi, Yamagata)
11 Kyushu Gunze Co., Ltd. (Legwear: Kobayashi-shi, Miyazaki)

Company Profile and Stock Information

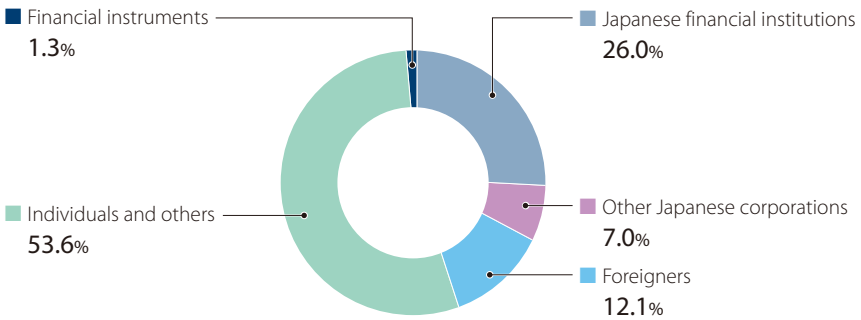
Company Profile (As of March 31, 2026)

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	52 companies (including Gunze and affiliates)
Number of Employees	Gunze Limited (non-consolidated) : 1,299 Gunze Group (consolidated) : 4,102
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	100,000,000
Number of shares issued and outstanding	31,587,032
Number of shareholders	47,894
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



* The pie graph shows percentages against the total number of shares issued and outstanding.

Major Shareholders (top 10)

Shareholders	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd.	3,954	12.62
Custody Bank of Japan, Ltd.	2,628	8.39
Gunze Group Employee Stock Ownership Plan	890	2.84
The Bank of Kyoto, Ltd.	671	2.14
GSI Creos Corporation	542	1.73
JP MORGAN CHASE BANK 385781	427	1.36
STATE STREET BANK AND TRUST COMPANY 505001	317	1.01
Kurabo Industries Ltd.	300	0.96
GUNZE Kyoeikai	296	0.94
Daiichi Life Insurance Co., Ltd.	290	0.93

1. Held shares are rounded down to the nearest thousand.
2. Gunze holds 242 thousand treasury shares, but is not included in the above list of major shareholders. Moreover, the shareholding ratio is calculated using 31.344 million shares, which do not include treasury shares, as the denominator.

External Evaluations, Statement of Authenticity, and Editorial Note

External Evaluations

2026 Sompo Sustainability Index

Gunze has been selected for inclusion in the SOMPO Sustainability Index independently established by Sompo Asset Management Co., Ltd. for fifteen consecutive years.

S&P/JPX Carbon Efficient Index

Developed jointly by S&P Dow Jones Indices in the United States and Japan Exchange Group, this index uses TOPIX, a representative stock price index for the Japanese market, as its universe and determines the weighting of constituent companies based on their disclosure of environmental information and level of carbon efficiency (carbon emissions per unit of revenue).

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

This recognition program, jointly administered by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi, recognizes corporations that practice particularly outstanding health and productivity management and strategically manage employee health from a management perspective. Since 2026, Gunze has been certified in the Large Enterprise Category.

2025年認定（2025年施行） くるみん 子育てサポートしています

Gunze Limited was certified as a "Kurumin" 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. It has also been certified under the revised standards effective from fiscal 2025.

Statement of Authenticity

About the GUNZE Integrated Report 2026

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 ninth issue, GUNZE Integrated Report 2026, includes content focused on technology and our growth story for the future to convey what makes Gunze unique. As in the previous year, it also provides a detailed explanation of the value creation scheme from the perspective of six types of management capital.

With the Corporate Communication Department playing a central role in the editing function, the GUNZE Integrated Report 2026 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 2026 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 Communication Department

Editorial Note



Now, as we mark the milestone of our 130th anniversary, the Gunze Group is once again asking what it means to remain a company that society needs.

Amid profound changes in the times, the value expected of companies has expanded beyond mere scale and profitability to encompass how they address social issues and what value they can deliver to people's lives.

Throughout its history, Gunze has walked alongside its stakeholders through products and services that support people's lives, adapting their forms to the changing times. Even as times and markets have changed, our commitment to putting customers first and building trust has remained constant. We believe our 130-year history is a testament to our continued evolution while staying close to our stakeholders.

This report presents Gunze's strengths that cannot be captured by financial information alone, its initiatives to sustainably enhance corporate value, and its challenges for the future.

We hope this report will serve as a catalyst for deeper dialogue with our stakeholders and greater understanding of the Group.

Looking ahead to the next 100 years, we will continue to take on the challenge of creating new value.

GUNZE LIMITED
Corporate Communication Department

GUNZE LIMITED

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

- Corporate Communication Department
- Tel: 81 (6) 6348-1314
- https://www.gunze.co.jp/english/

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.

Environment Social Governance
Guidance for Collaborative Value Creation

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

WE SUPPORT UN GLOBAL COMPACT

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

Issued September 2026