GUNZE

Business Report

Consolidated Financial Statements for the Second Quarter of FY2026 (Ending March 31, 2027)

November 5, 2026

GUNZE LIMITED

TSE Prime (Code: 3002)

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I. Financial Statements for the Second Quarter of FY2026

(Ending March 31, 2027)

I-1. Consolidated Financial Statements for FY2026 2Q

Consolidated Operating Results

(Millions of yen)

	FY2026 2Q (Bottom: Profit margin)	FY2025 2Q (Bottom: Profit margin)	YoY	
			Increase (Decrease)	Change (%)
Net sales	64,082	65,270	(1,187)	(1.8)
Operating profit	5,778 9.0%	3,186 4.9%	2,592	81.3
Ordinary profit	5,843 9.1%	3,205 4.9%	2,638	82.3
Profit (loss) attributable to owners of parent	4,317 6.7%	(658) (1.0%)	4,975	-

Apparel restructuring expenses (3,498)

(Major Extraordinary Loss)

Net Sales: Although sales of plastic film remained steady, a decline in apparel sales resulted in a 1,187 million yen decrease in net sales.
Operating and ordinary profit: Operating profit increased by 2,592 million yen, and ordinary income increased by 2,638 million yen. This increase was driven by a boost in profits resulting from the time lag between fluctuations in sales and raw material prices for plastic film, improved profitability in overseas operations, and steady progress in restructuring the apparel business.
Profit (loss) attributable to owners of the parent: There was an increase in profit of 4,975 million yen. This increase was primarily due to the impact of business restructuring costs in the apparel segment that were recorded in the previous fiscal year.
Full-year forecast: As results for the current interim consolidated accounting period are generally in line with expectations, there are no changes to the full-year earnings forecast announced on May 14, 2026. However, segment-specific forecasts have been revised.

GUNZE
Comfort Solutions for Life

I-2. Second Quarter (Interim) Financial Summary

(April 1, 2026 to September 30, 2026)

Key Points of Segment Performance

Functional Solutions	**Increase in sales and profit** ◆ Plastic films performed well, supported by the positive impact on profit from the time lag between changes in selling prices and material prices, improved profitability in the overseas business, and improvements in product cost structures in Japan and overseas. ◆ Engineering plastics performed steadily, partly supported by expanding demand related to semiconductors.
Medical	**Decrease in sales and profit** ◆ Amid intense competition in the medical market, sales of adhesion prevention agent and absorbable medical materials including bone fixation devices performed steadily in Japan, but were affected by the downsizing of the medical laser business. ◆ Sales of products in China continued to be affected by restrained purchasing due to medical cost containment policies.
Apparel	**Decrease in sales and increase in profit** ◆ Profitability improved due to the strategy to focus on specific areas, including brand consolidation and price revisions, as well as the consolidation of production and logistics bases and the streamlining of indirect operations. ◆ In the mass retailer channel, sales were affected by sluggish consumer spending and the reduction in sales floor space. ◆ In direct-to-consumer channels, Asedoron performed solidly, but sales were slightly below the previous year due to a review of promotional measures; profitability improved.
Lifestyle Creations	**Increase in sales and profit** ◆ The real estate category performed well, as the number of visitors increased due to the effects of commercial facility renovations. ◆ The sports club business improved its profit and loss due to growth in sales at existing stores and cost reduction effects, such as the reduction of unprofitable stores.

I-3. Performance by Segment

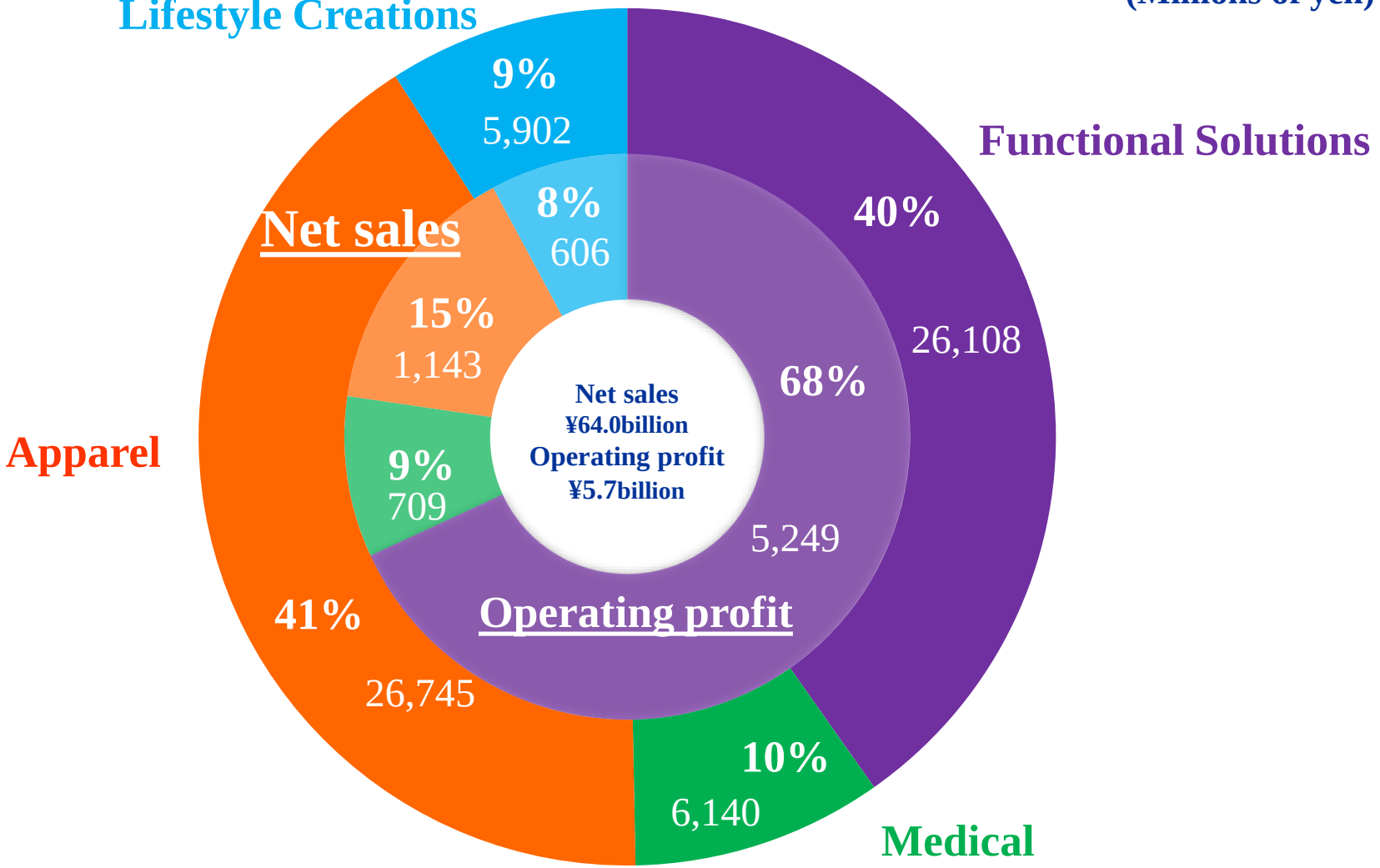
Consolidated Operating Results

(Millions of yen)

	Net sales			Operating profit (Bottom: Profit margin)		
	FY2026 2Q	FY2025 2Q	YoY Change	FY2026 2Q	FY2025 2Q	YoY Change
Functional Solutions	26,108	23,667	10.3% 2,441	5,249 20.1%	3,346 14.1%	56.9% 1,902
Medical	6,140	6,480	(5.3%) (340)	709 11.5%	948 14.6%	(25.2%) (238)
Apparel	26,745	29,785	(10.2%) (3,039)	1,143 4.3%	249 0.8%	358.6% 894
Lifestyle Creations	5,902	5,838	1.1% 63	606 10.3%	475 8.1%	27.7% 131
Total	64,082	65,270	(1.8%) (1,187)	5,778 9.0%	3,186 4.9%	81.3% 2,592

I-4. Segment Composition

(Millions of yen)



Total includes overall costs not allocated to reportable segments.

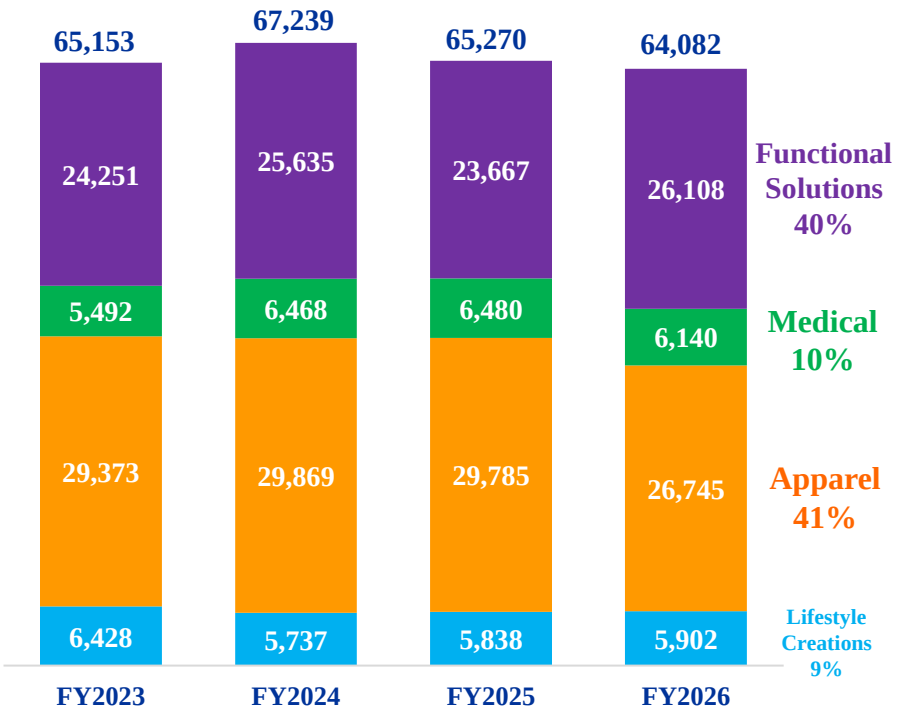
I-5. Net Sales & Operating Profit for FY2026 2Q

Net sales: 64,082 YoY (1.8%)

Operating profit 5,778 YoY 81.3%

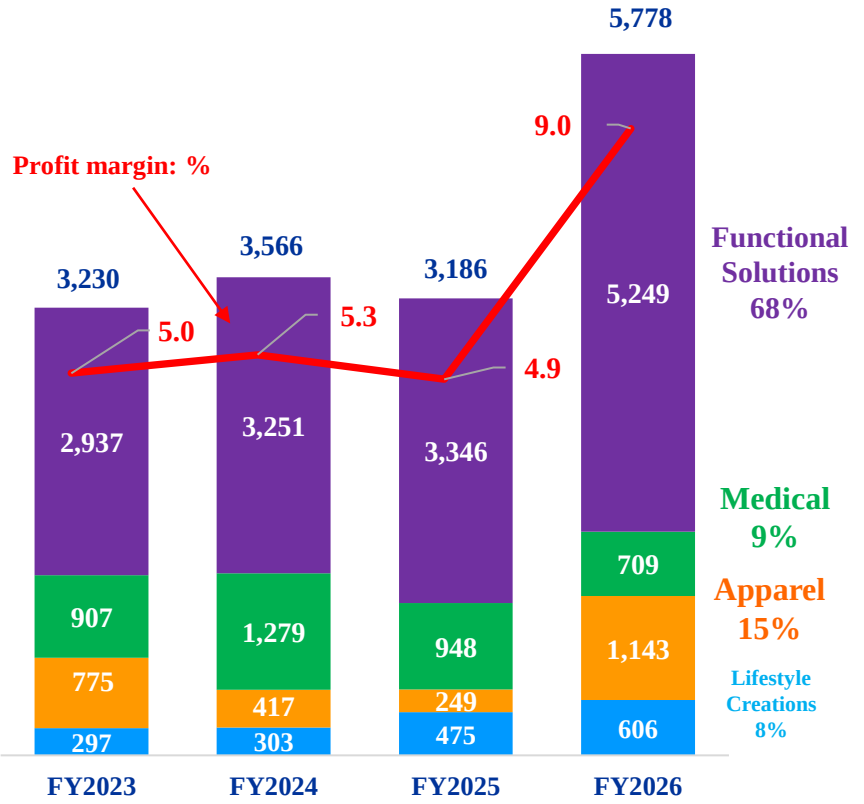
(Millions of yen)

<Sales by Business Segment>



<Operating Profit by Business Segment>

Total includes overall costs not allocated to reportable segments.



I-6. Quarterly Financial Results

(Millions of yen)

	1Q				2Q			
	FY2026 (2027/3)	FY2025 (2026/3)	(YoY) Increase (Decrease)	(YoY) *Change (%)*	FY2026 (2027/3)	FY2025 (2026/3)	(YoY) Increase (Decrease)	(YoY) *Change (%)*
Net sales	31,367	32,240	(872)	(2.7)	32,714	33,029	(315)	(1.0)
Functional Solutions	12,354	11,515	838	7.3	13,754	12,152	1,602	13.2
Medical	2,925	3,145	(219)	(7.0)	3,214	3,335	(120)	(3.6)
Apparel	13,321	14,763	(1,441)	(9.8)	13,424	15,021	(1,597)	(10.6)
Lifestyle Creations	3,056	3,018	37	1.3	2,845	2,819	25	0.8
Operating profit	3,387	1,806	1,581	87.6	2,391	1,380	1,010	73.1
Functional Solutions	2,526	1,582	944	59.7	2,723	1,764	958	54.3
Medical	315	540	(225)	(41.7)	394	407	(13)	(3.2)
Apparel	1,185	363	822	226.7	(42)	(113)	71	-
Lifestyle Creations	321	246	74	30.4	285	228	56	24.5
Ordinary profit	3,419	1,838	1,581	86.0	2,424	1,366	1,058	77.5
Profit (loss) attributable to owners of parent	2,640	(1,473)	4,113	-	1,676	814	862	105.9

I-7. Financial Results for FY2026 2Q

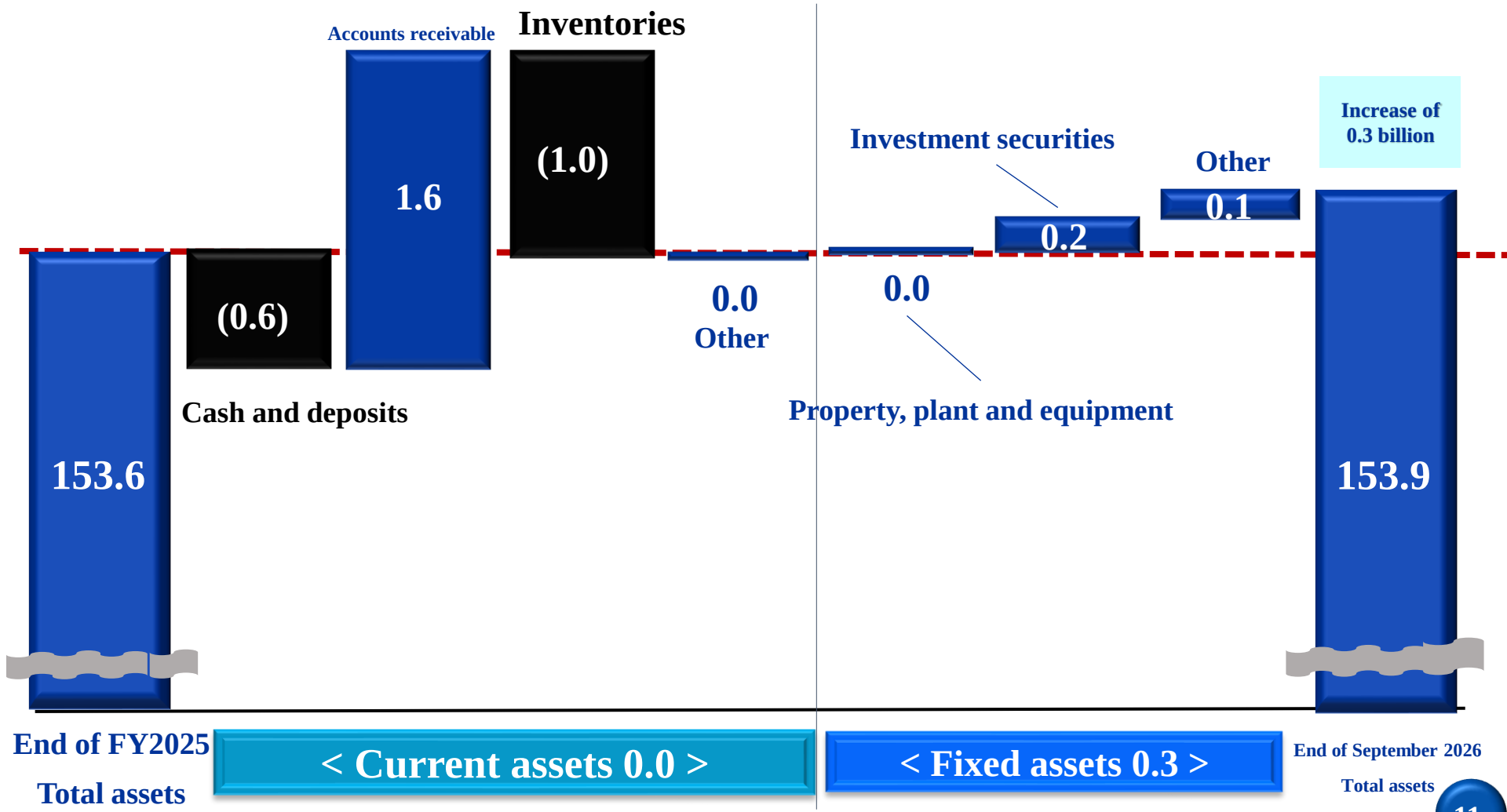
(Millions of yen)

	FY2026 2Q	FY2025	Increase (Decrease)
Total assets	153,973	153,612	360
Equity	109,769	111,756	(1,987)
Equity-to-asset ratio	71.3%	72.8%	(1.5%)
Interest-bearing debt	15,426	15,727	(301)
BPS Net assets per share (JPY)	3,499.41	3,565.39	(65.98)

I-8. Details of Changes in Assets

◆ **Difference from the end of the previous period**

(Billions of yen)



I-9. Cash Flow

Cash Flow

(Millions of yen)

	FY2026 2Q	FY2025 2Q	Change
Operating Activities	7,347	6,650	696
Investing Activities	(2,899)	(7,997)	5,098
FCF	4,448	(1,347)	5,795
Financing Activities	(5,231)	554	(5,785)
Cash and cash equivalents at end of period	9,338	9,380	(41)

■ Breakdown of Operating CF

Profit before income taxes	5,772
Depreciation and Amortization	3,734
Decrease in inventory	1,315
Increase in accounts receivable - trade, and contract assets	(1,507)
Decrease in other current liabilities	(845)

■ Breakdown of Investment CF

Purchase of fixed assets	(2,904)

■ Breakdown of Financial CF

Increase in short-term borrowings and commercial papers	1,577
Dividends paid	(6,737)

I-10. Capital Expenditures and Depreciation Expenses

◆ YoY: Second Quarter

(Millions of yen)

	Capital expenditures				Depreciation			
	FY2026		FY2025	YoY Change	FY2026		FY2025	YoY Change
	Forecast	2Q	Full-year results		Forecast	2Q	Full-year results	
Functional Solutions	3,600	2,492	5,866	(2,266)	3,100	1,501	2,933	167
Medical	800	206	2,492	(1,692)	700	353	723	(23)
Apparel	1,700	452	2,762	(1,062)	1,600	723	1,479	121
Lifestyle Creations	1,500	573	1,034	466	1,600	733	1,560	40
Other	400	89	372	28	600	422	607	(7)
Total	8,000	3,813	12,527	(4,527)	7,600	3,734	7,305	295

Major investment plan in FY2026

Engineering Plastics: Capacity expansion and new plant construction	1,900
Plastic Films: Expansion of manufacturing equipment and equipment renewal	1,700
Apparel: Business restructuring and Expansion of Overseas Production Facilities	1,200



II. Business Summary for the Second Quarter of FY2026

II-1. Business Overview for the Second Quarter of FY2026

◆ Functional Solutions Business 1

Position: **Strengthen and Expand**

Plastic films

Respond to changes in the market environment, ensure a stable supply, and promote the establishment of a resource circulation model centered on Circular Factory (resource-circulating factory).

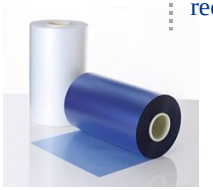
Category	Main Products	Topics
Shrink film domestic	Hybrid styrene shrink film is made by coextrusion of PET and PS. It has both well shrinkage and shrink characteristics. Focusing on Environmentally Friendly Products Through the Resource Recycling Strategy.	• In a challenging beverage market, price revisions in response to rising material prices provided cover • Adoption of the resource-circulating film “Geoplus HCR” is progressing
Flexible packaging	The products have excellent gas barrier and pinhole resistance for food industry.	• Orders expanded owing to cost reduction effects from resource recycling • Adoption of differentiated products featuring pinhole resistance and other characteristics is progressing
Industrial films	For semiconductor manufacturing , EV batteries, and wallpaper industry etc.	• Tape applications used in manufacturing processes performed well alongside expanding semiconductor demand
OPP film	Excellent anti-fog characteristic for food package.	• Supply concerns across the industry have subsided. Maintaining strong performance by focusing on functional products
Shrink film overseas	Shrink films can be supplied world wide. The company has three production site in USA, China, and Vietnam.	• US: Hybrid film performed solidly. Preparing to launch next-generation products • Vietnam: Sales to the ASEAN market were solid due to strengthened cost competitiveness • China: Responding to the sluggish market with product price increases and cost reductions



■Shrink film



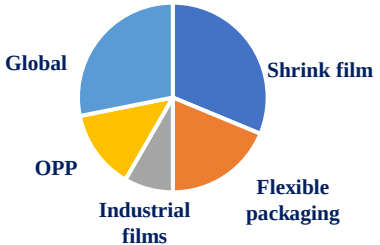
■Flexible packaging



■Industrial films



■OPP film



II-2. Business Overview for the Second Quarter of FY2026

◆ Functional Solutions Business 2

Position

Strengthen and Expand

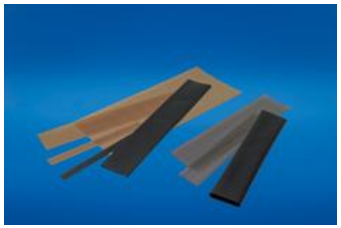
■ Engineering plastics

Expand our market share of office automation (OA) products while strengthening our presence in non-OA categories, such as semiconductors, healthcare, and energy, to drive business growth.

Category	Main Products	Topics
OA Functional products	Fluorine thin film tubes for fusing belts/rolls. The intermediate transfer belt has the top share in the global market.	• Products for office multifunction devices and commercial printing were solid, but printer-related products were affected by decreased demand
Non-OA products	Functional parts used in manufacturing processes in the industrial market.	• Semiconductor-related products performed well due to rising market demand • Among medical products, tubing for catheter manufacturing performed solidly



■Seamless belt



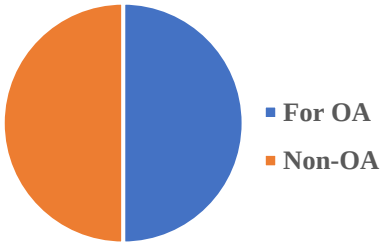
■Fluorine thin-walled tubing



■For semiconductor manufacturing
Filter support materials



■Fluoropolymer tubing with enhanced tearability



II-3. Business Overview for the Second Quarter of FY2026

◆ Medical Business

Position: **Strengthen and Expand**

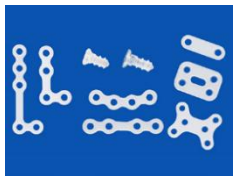
Medical

Steadily increase sales by offering in-house developed products, all the while striving to grow into a global medical device company.

Category	Main Products	Topics
Bioabsorbable reinforcement felt	Suitable for reinforcing sutures and preventing air leakage during surgery. Effective as a scaffold material for tissue regeneration.	• Japan: Strengthening measures that emphasize added value in response to the impact of competitors' market entry • China: A challenging situation continues, affected by decreased usage volume at hospitals due to medical cost containment policies
Bone fixation devices	Bioabsorbable bone grafting material with special processing.	• Japan: Demand remained solid, centered on plastic surgery • China: Affected by customers' reluctance to make purchases due to concerns over designation as an item subject to centralized procurement
Artificial dermis	Absorbable artificial skin using collagen.	• Japan: Use is expanding, centered on burn care • China: Remained roughly flat year on year despite the impact of policies • Americas and Europe: Developing new markets
Absorbable adhesion barrier sheet	Absorbable anti-adhesion material consisting of gelatin in film form with an uneven surface.	• Strengthening countermeasures against competitors at priority facilities to expand share
Purchased products like medical laser and others	Medical devices for cosmetics, plastic surgery, wound care and other products.	• Medical lasers: Providing necessary customer support in line with the business downsizing



■Reinforcement felt



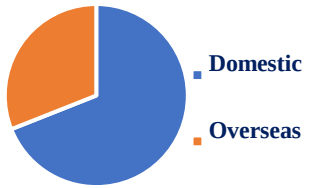
■Bone fixation devices



■Artificial skin



■Adhesion prevention agent



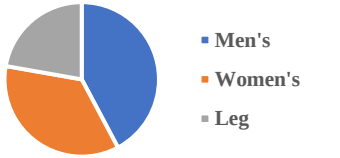
II-4. Business Overview for the Second Quarter of FY2026

◆ Apparel Business

Transition to a sustainable business model that focuses exclusively on categories that generate profit and maximizes profitability.

Position: Restructuring

Innerwear



- **Although sales declined, profitability improved thanks to a focused strategy that included reducing the number of brands and SKUs and adjusting prices.**
- **Focusing on e-commerce, we are promoting a shift in sales channels toward D2C.**
  - Asedoron: Functional appeal focused on sweat management captured customer needs and performed well
  - KIREILABO and BODYWILD: Profitability improved despite struggling due to price revisions and product code consolidation



ASEDORON

Legwear

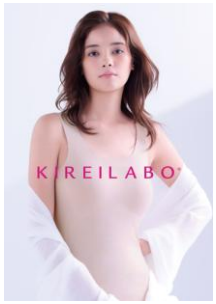
-Promoting Efficiency Through Brand Consolidation and SKU Reduction
-Improving Profitability Through Price Adjustments and a Review of Low-Profit Categories

- Pantyhose: Volume decreased due to the withdrawal from low-margin private label products and the impact of price revisions, but profitability improved
- Socks: Optimizing production bases and withdrawing from unprofitable categories to shift toward a profitable structure





SABRINA Legwear



KIREILABO Innerwear



BODYWILD

II-5. Business Overview for the Second Quarter of FY2026

◆ Lifestyle Creations Business

Position: Restructure

Real Estate Business

Strengthen property-specific management by focusing on investment efficiency, and make improvements to low-yielding assets.

- Shopping center business

• Tsukashin (Amagasaki, Hyogo): The number of visitors increased and performance was solid, owing to the effects of renovation and strengthened 20th anniversary events



Tsukashin

- Real Estate Leasing Business

• Both sales and profit remained stable

Sports Club Business

Expand our school membership, increase the appeal of fitness, and secure more contracts with schools and local governments.

• Profitability improved through price revisions at existing stores and stronger cost reductions
• School business: Implementing measures at each store to expand membership
• Fitness business: Strengthening promotions tailored to target customers
• Sales activities toward schools and local governments are being strengthened, and the number of orders is increasing



School business

Landscaping and Greening Business

Meet the demand for greening and sequester CO2.

• Large-scale projects progressed well in the Tokyo metropolitan area, while regional areas struggled



Urban greening (ginkgo trees along Midosuji)



III. Outlook for FY2026

III-1. Consolidated Financial Result Forecasts for FY2026

Forecast

* No revision of forecast

(Millions of yen)

Item	FY2026		FY2025		YoY	
	Forecast	Profit margin	Results	Profit margin	Change	Change (%)
Net sales	132,000		130,918		1,082	0.8%
Operating profit	8,800	6.7%	4,882	3.7%	3,918	80.3%
Ordinary profit	8,400	6.4%	4,920	3.8%	3,480	70.7%
Profit attributable to owners of parent	5,200	3.9%	509	0.4%	4,691	921.6%

III-2. Forecast of Results by Segment

FY2026 Forecast

* Revisions by segment

(Millions of yen)

		Previous forecast	Current forecast	Change
Net sales	Functional Solutions	49,300	51,300	2,000
	Medical	14,400	13,400	(1,000)
	Apparel	56,600	55,600	(1,000)
	Lifestyle Creations	13,000	13,000	0
	Eliminations	(1,300)	(1,300)	0
	Consolidated total	132,000	132,000	0
Operating profit	Functional Solutions	8,300	8,900	600
	Medical	1,800	1,000	(800)
	Apparel	1,300	1,500	200
	Lifestyle Creations	1,300	1,300	0
	Eliminations	(3,900)	(3,900)	0
	Consolidated total	8,800	8,800	0

III-3. Revision to Segment Earnings Forecasts Regarding Operating Profit

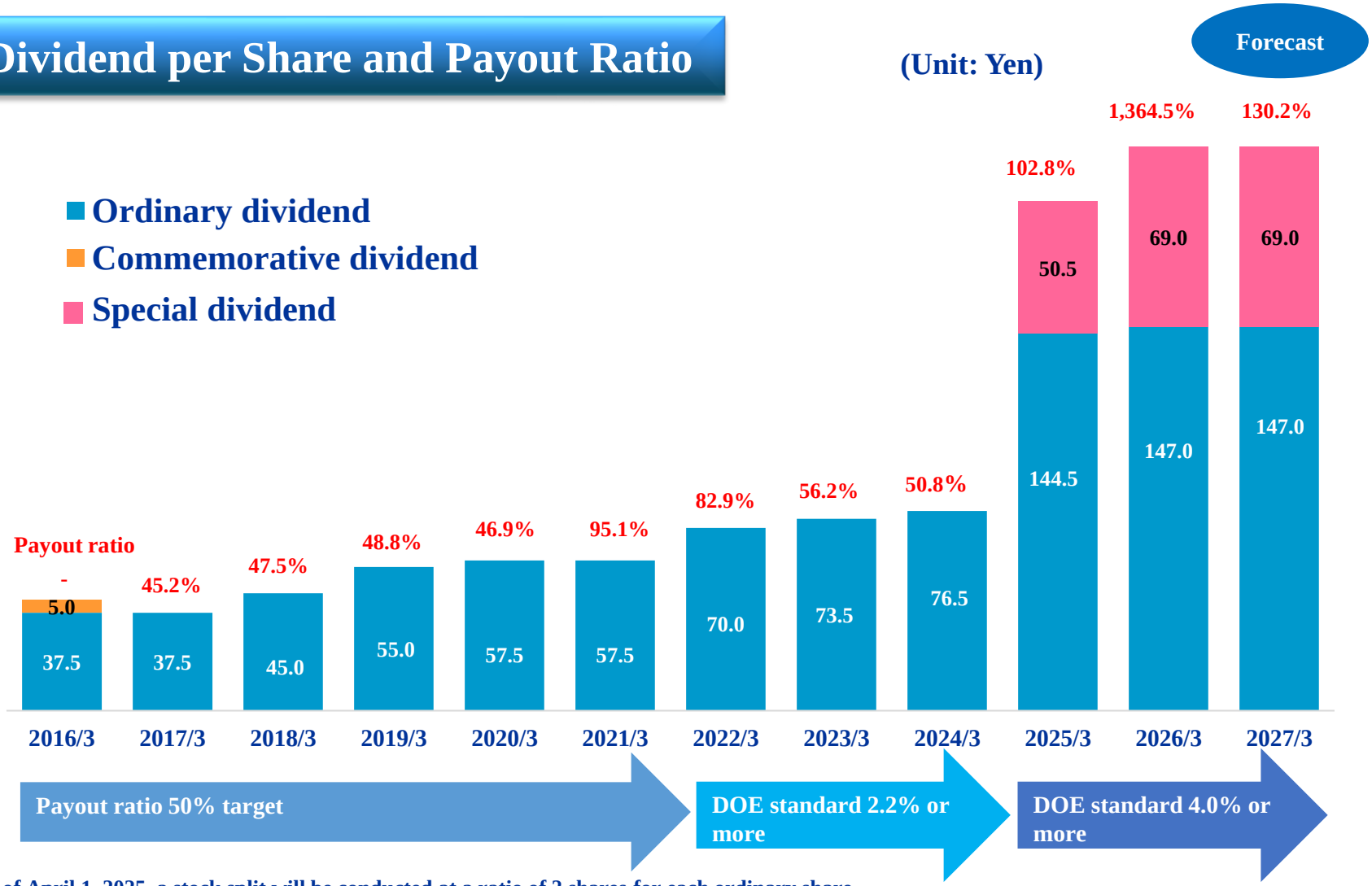
This reflects a stronger-than-expected performance in the Functional Solutions and Apparel segments, as well as a slower-than-expected recovery in the Medical segment.

Changes in full-year operating profit		Business conditions and initiatives
Functional Solutions Business **+¥0.6 billion**	¥8.3 → ¥8.9 billion	**Profit exceeded the plan, mainly due to the spread between selling prices and material costs** Price pass-through and the time lag in material prices contributed; the overseas recovery and cost reductions also provided support Filter support materials, fluoropolymer piping, and Base films for tapes used in semiconductor manufacturing performed steadily Promoting development of the supply system, productivity improvement, and reduction of manufacturing losses
Medical Business (¥0.8 billion)	¥1.8 → ¥1.0 billion	**Revised the assumption of a second-half recovery in China and lowered the profit forecast** Usage of reinforcement felt decreased due to policy impact; distribution inventory adjustments and customers' reluctance to make purchases continued Delay in regulatory approval for new domestic products (purchased products) Promoting sales expansion in overseas markets other than China, strengthening of the domestic sales structure
Apparel Business +¥0.2 billion	¥1.3 → ¥1.5 billion	**Structural reforms are progressing steadily and profitability has improved** Profitability improved due to brand consolidation, price revisions, and a review of low-profit transactions Efficiency also improved through the consolidation of production and logistics bases and the streamlining of indirect operations Continuing to concentrate resources on priority brands and optimize inventory

III-4. Shareholder Returns

Dividend per Share and Payout Ratio

(Unit: Yen)

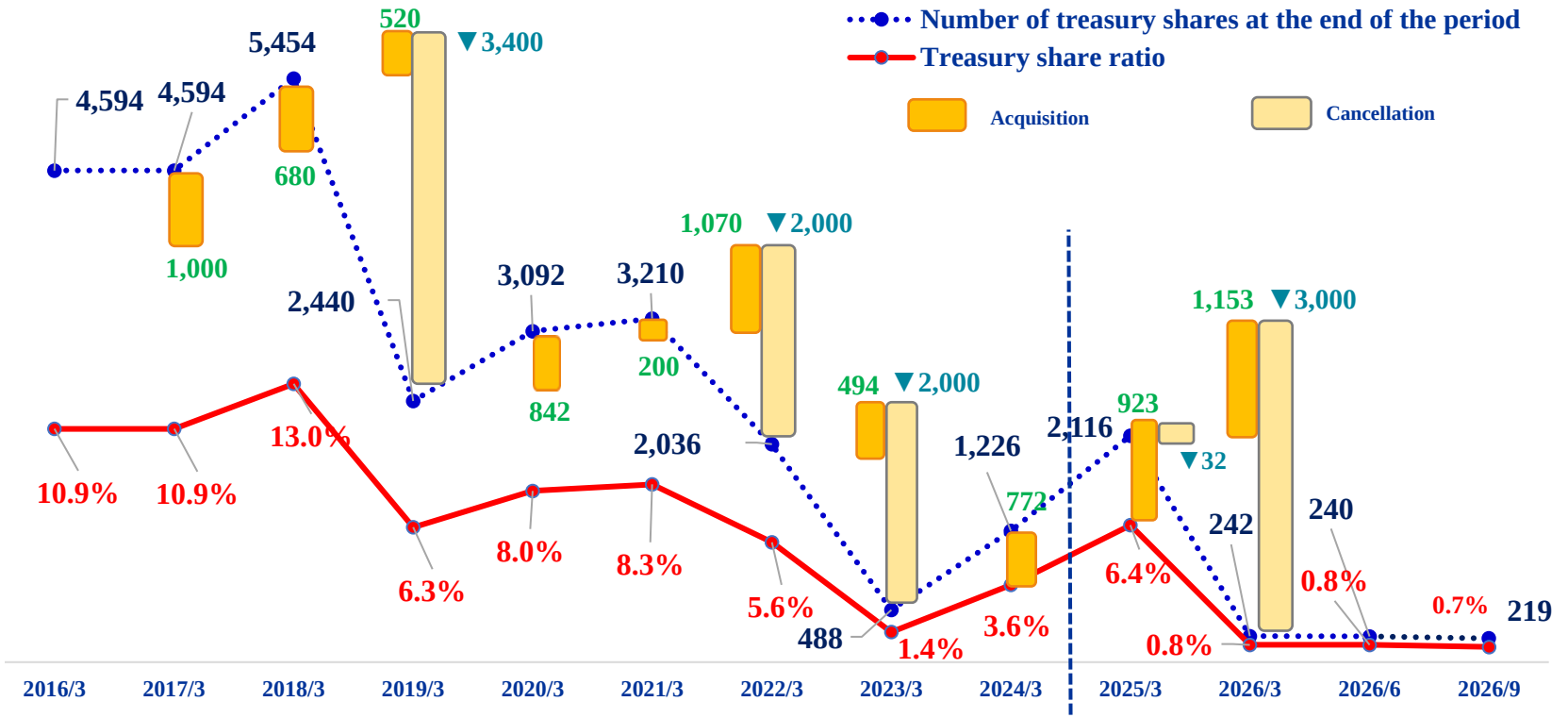


※ As of April 1, 2025, a stock split will be conducted at a ratio of 2 shares for each ordinary share.
Prior periods are also stated on a post-stock split basis

III-5. Shareholder Returns

Treasury Shares

(Unit: Thousands of shares)



* As of April 1, 2025, a stock split will be conducted at a ratio of 2 shares for each ordinary share
Prior periods are also stated on a post-stock split basis

III-6. Timely Disclosure on November 5, 2026

Notification of Stock Repurchase

1. Purpose of stock repurchase

The company has decided to acquire treasury stock to achieve stable and continuous returns for shareholders and enhance corporate value sustainably. The company also aims to enhance corporate value. Accordingly, on May 14, 2025, the company revised our shareholder return policy. This decision to purchase treasury stock is based on the revised shareholder return policy.

2. Details of repurchase

(1) Class of shares Common stock of Gunze
(2) Total number of shares to be repurchased: Up to 1,000K shares
(3.17% of the total number of shares outstanding)
(3) Total amount Up to 4,000 million yen
(4) Period From November 6, 2026 to March 24, 2027

(Reference) Status of treasury stock as of September 30, 2026
Number of outstanding shares excluding treasury stock : 31,368,015
Number of shares of treasury stock 219,017

The contents of this document, including performance forecasts, are based on information currently available and do not guarantee any future planned figures or measures.