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August 6, 2025

To whom it may concern

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Name of representative: Toshiyasu Saguchi, President and
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(Code: 3002, TSE Prime)
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Notice Concerning Structural Reform of Apparel Company

GUNZE LIMITED (the "Company") hereby announces that at a meeting of the Board of Directors held on August 6, 2025, the Company resolved to consolidate and reorganize production and distribution bases of Apparel Company including consolidated subsidiaries, and to seek voluntary retirements. Details are as follows.

1. Background and Reasons

The Company announced on May 14, 2025 that, in the Medium-term Management Plan 'VISION 2030 stage 2', it would complete Apparel structural reform from 2025 to 2026, and restructure the business to generate profits on a sustainable basis. In line with this Apparel business structural reform plan, the Company has decided to consolidate and reorganize the production and distribution bases, and streamline the workforce mainly in indirect divisions through voluntary retirements, which we believe is essential to continuously strengthening our Apparel business structure.

2. Consolidation and reorganization of production bases

(1) Closure of the Company's Yanase Factory and Yabu Apparel Ltd. (consolidated subsidiary)

We plan to cease operations by the end of March 2026.

(2) Closure of Tohoku Gunze Co., Ltd. (consolidated subsidiary) and Yashima Tsusho Co., Ltd. (non-consolidated subsidiary)

We plan to cease operations by the end of December 2026.

Based on (1) and (2) above, the domestic production bases for innerwear will be consolidated in the Company's Miyazu Factory, and the functions of the factories to be closed will be transferred to the Miyazu Factory and overseas affiliates' factories (in Thailand, Vietnam). In addition, we plan to provide reemployment support for employees who work at the factories to be closed, as well as transfers to other bases (such as factories, distribution) in the Company's group, including the Miyazu Factory.

(3) Overview of production bases to be closed

(i) The Company's Yanase Factory

Name	Apparel Company Yanase Factory of Gunze Limited
Location	186, Gakuonji, Santocho, Asago, Hyogo, Japan
Description of business	Manufacturing and processing of innerwear

(ii) Affiliates' factories

Name	Yabu Apparel Ltd.	Tohoku Gunze Co., Ltd.	Yashima Tsusho Co., Ltd.
Location	186, Gakuonji, Santocho, Asago, Hyogo, Japan	10, Nakada, Sagae, Sagae, Yamagata, Japan	45, Michibata, Kawabe, Yashimamachi, Yurihonjo, Akita, Japan
Description of business	Manufacturing and processing of innerwear	Manufacturing and processing of innerwear	Manufacturing and processing of innerwear
Representative	Hiromasa Umemoto, Representative Director	Hiroshi Uchida, Representative Director	Hiroshi Uchida, Representative Director
Share capital	5 million yen	100 million yen	10 million yen
Date of Establishment	July 2001	September 1970	December 1977
Shareholder	Gunze Limited 100%	Gunze Limited 100%	Gunze Limited 95% Tohoku Gunze Co., Ltd. 5%

3. Consolidation and reorganization of distribution bases

- (1) Closure of Kyoto Distribution Center Ayabe Office, Gunze Distribution Co., Ltd. (consolidated subsidiary)

We plan to cease operations by the end of December 2025.

- (2) Closure of Kyoto Distribution Center Fukuchiyama Office, Gunze Distribution Co., Ltd. (consolidated subsidiary)

We plan to cease operations by the end of December 2026.

Based on (1) and (2) above, the functions of the distribution offices to be closed will be transferred to seven bases of domestic distribution affiliates. In addition, for employees who work at the distribution offices to be closed, we plan to transfer them to other bases in the Company group (factories, distribution, etc.), or provide support for re-employment.

- (3) Overview of Distribution Bases to be Closed

Name	Gunze Distribution Co., Ltd. Kyoto Distribution Center Ayabe Office	Gunze Distribution Co., Ltd. Kyoto Distribution Center Fukuchiyama Office
Location	1 Zeze, Aono-cho, Ayabe, Kyoto, Japan	170 Nakano, Fukuchiyama, Kyoto, Japan
Description of business	Warehouse management and shipping of apparel products	Warehouse management and shipping of apparel products

4. Implementation of voluntary retirements

Apparel Company will implement the "Next Challenge Program" (voluntary retirements) for employees (aged 40 and above) in the indirect and sales divisions, to support their career transition.

(Overview of the Next Challenge Program)

- (1) Target Company: GUNZE LIMITED
- (2) Target: Employees of Apparel Company who are 40 years old and above as of January 20, 2026
- (3) Number of people sought for voluntary retirements: TBD
- (4) Application period: October 10 to October 24, 2025 (scheduled)
- (5) Retirement date: January 20, 2026 (scheduled)
- (6) Preferential treatment: Provision of retirement allowances and reemployment support for those who wish to do so

5. Recording of Extraordinary Losses

In accordance with the resolution for this structural reform, the Company recorded business restructuring expenses totaling 3.4 billion yen as extraordinary losses in the first quarter of the fiscal year ending March 2026, as expenses associated with the consolidation and reorganization of production and distribution bases (impairment losses, special lump-sum payments, etc.), and expenses associated with the implementation of voluntary retirements (special lump sum payments, etc.).

6. Future Outlook (Impact on Business Results)

Business restructuring expenses under this structural reform have already been factored into the consolidated earnings forecasts for the fiscal year ending March 2026 (full year) announced on May 14, 2025, and there will be no change to the forecasts.