

## Message from Top Management

# From solving social issues to increasing corporate value – The GALILEI Group is united in leading the way for the future of food and life.

## Go Fukushima

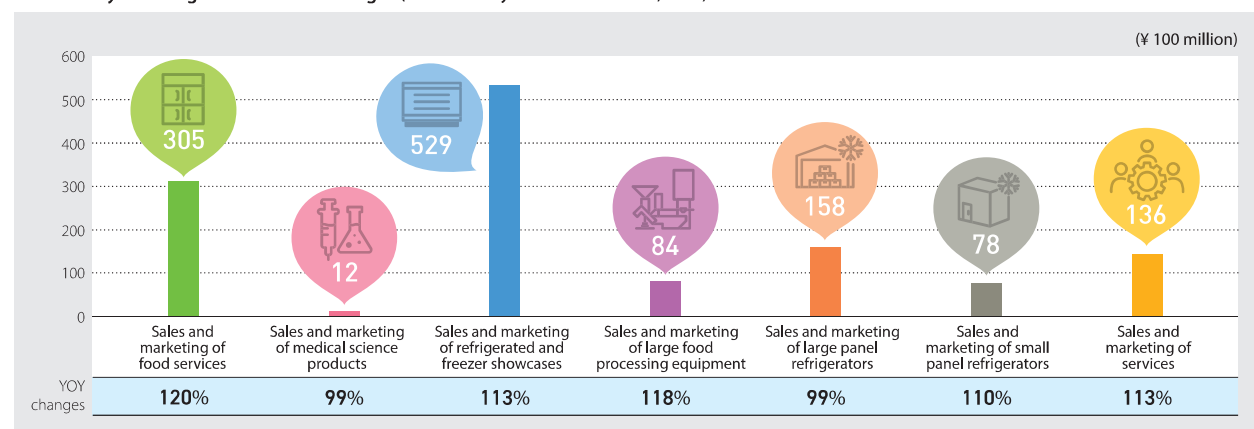
President

### A year of challenge

I am pleased that we were able to deliver satisfactory results in each of our business operations in the previous fiscal year. If I were to rate our achievements, I'd give them 80 out of 100 points. Since we managed to boost both sales and profit, which was the least the Group aimed to achieve, I think we did reasonably well. Our management policy for the previous fiscal year was "Take-it-to-a-higher-level challenge" or "Higher-level challenge" for

short, and I declared in front of our employees my personal higher-level challenge, which was to make the GALILEI Group a great place to work. We are not halfway there yet, but one of our achievements so far was that we were able to achieve a goal of doubling our construction and installation workforce and to provide a safe and pleasant working environment for them. We were extremely busy in the previous fiscal year because construction sales increased significantly, but I am glad we were able to reduce long working hours. We have rolled out engagement surveys, which we started a few years ago, to all departments of FUKUSHIMA GALILEI, and we are working to meet the group-wide targets for 2030. We still have a lot more to do to improve the results, but the surveys have helped us to quantify the engagement levels of each department and to identify their challenges. Department heads and section leaders can now better communicate with their team members to address the challenges and find solutions. I think establishing the metrics that help increase motivation is, in itself, a significant achievement. The reason we adopted "Higher-level challenge" as our management policy is that we had planned various major challenges for the GALILEI Group. We wanted to declare our commitment to pursuing this policy to all employees. We wanted each and every one of them to have a clear idea of their roles and to work hard to address and deal with the challenges one by one. Some of our specific tasks

Net sales by sales segment and YOY changes (for the fiscal year ended March 31, 2025)



are the conversion into a holding company, the establishment of the GALILEI Global Vision 2030 (GGV2030), and the construction of new factories in Shiga Prefecture, and there are a lot more we need to do. "Boldly take on challenges with eyes on the future" is part of our Employee Code of Conduct. The culture of challenge had existed in GALILEI before I joined, and it seems to me that it had been deeply instilled in the employees as its DNA. We pursued a series of new challenges last year, so I think it was an important milestone year for the Group.

## Effectively managing time to improve productivity

We have set our management policy for this fiscal year as effective time management. Time passes at the same rate for everyone, including our customers. I believe that ensuring the proper functioning of our refrigerators and achieving energy efficiency is not the only value the GALILEI Group offers to its customers, but our ability to readily respond to their needs is equally important to them. Labor shortages are a pressing issue for Japan because it is faced with the declining birthrate and aging population, so our industry, as a whole, should improve productivity, in my opinion. This spring, the GALILEI Group gave its employees a pay raise of more than 5 percent for three years in a row. We also increased each employee's hourly rate. To improve productivity across the Group, we need to manage time effectively. There are three key points in effective time management: First, improve your skills; second, delegate your tasks; and third, decide what you should stop doing. A specific example of this is to disclose financial results as soon as possible. Disclosing financial data accurately and promptly is extremely important for business operations. The ability to disclose financial results promptly is one of the indicators that investors look at when they assess businesses. To do this, it is necessary not only to facilitate consolidated financial reporting but also to change the way the GALILEI Group works, which includes reviewing the timing of receiving delivery notes. I know this is very challenging, but I find it very rewarding. I am sure if every employee puts this into practice, it not only improves customer satisfaction, but also directly contributes to increased sales and profits.

## The transition to a holding company structure will deliver greater corporate value.

In April 2025, the GALILEI Group adopted a holding company structure. One of the reasons behind the conversion was that Nippon Senjoki K.K. and PT Aneka Citra Refrindo in Indonesia joined the Group in the previous fiscal year, and the number of our group companies increased as a result. We have chosen a holding company structure to place FUKUSHIMA GALILEI as an operating company on the same level as other subsidiaries, rather than placing many subsidiaries under the control of FUKUSHIMA GALILEI because we wanted to implement a system that would make it easier for each group company to exercise independence, pursue their own growth strategy, autonomously make investments, and proactively take on challenges. I hope the conversion will encourage the group companies to invigorate their business activities. Another objective of the conversion is to train and develop the GALILEI Group's future business leaders. Now that GALILEI CO. LTD. is a holding company, I am more aware of how best to manage the Group, what value the GALILEI Group can offer, and how we can increase our value. These are the things that are always on my mind these days.

It is been only a couple of months since we adopted a holding company structure, so we haven't delivered any visible results yet, but I do feel all group companies have made good progress in invigorating their business activities. They've done very well and made proactive investment plans for the next phase of growth. I am glad they're very positive about the future.

Currently, we have a specific investment plan to build a new factory for the Showcase Operations. It is a major investment project costing over 10 billion yen. The construction work has just begun and it will take some time before the factory becomes operational. In the meantime, we are also reviewing and carefully finalizing our business plan to maximize the benefits of the investment. We reviewed our cash allocation strategy to invest more for future growth. We already disclosed our dividend policy in May this year, and in view of our future cash flow, we intend to make approximately 40 billion yen worth of investments over the next three years.

## For the next 10 years

It is been three years since I took over the responsibilities of my predecessor, who is now the chairman of the board, and assumed the role of president. Now is the time for me to develop the next strategy. I don't intend to make a medium-term plan or a short- to medium-term plan, but I do think that I should make a growth strategy for the Group with a longer-term perspective. We have established a Group Strategy Committee, which consists of relatively young executives in their early 50s (please see Group Synergy on page 35.) and started to discuss the GALILEI Group's vision for the next 10 years. One of the purposes of establishing the committee is to train and develop the next generation of business leaders for the Group. The committee has just been set up, and we haven't made any specific decisions yet, but in my view, we have had very positive and meaningful discussions. We discuss and flesh out our vision for the next 10 years: how we want to do business in 10 years, and what value we'll be able to offer to society. It is very difficult to picture where we'll be and what we'll be doing in 10 years, but we are making plans freely and optimistically, so we are having fun discussing them. When I meet with our investors, they often ask me about the future prospects of our business operations. I think it is important to clearly define the Group's vision and carefully explain it to them so that they can give us support. Once we have developed a gripping vision, we'll disclose our vision at the right time.



## The GALILEI Group helps customers to adapt to changes in the environment.

The environment surrounding the GALILEI Group's customers is currently undergoing significant changes. They're faced with many challenges, such as rising food ingredient costs, soaring logistics and energy costs, labor shortages, and escalating wages, to name a few. To overcome these challenges, our customers themselves are also undergoing major changes, and some of them have changed their business models as well. For example, some Japanese-style bars now sell sandwiches. Our customers are constantly taking on new challenges. I believe it is important for the GALILEI Group to be on their side and provide support. Fortunately, we are able to contribute to all stages of the food supply chain, from food production to food retail and food service. I am sure if we are on our customers' side when they take on their challenges, we'll definitely be able to offer support in some way or another.

Under these circumstances, I think we still have many business opportunities, which can be broadly divided into three categories. The first one is global expansion. Our customers are aggressively pursuing global expansion. The GALILEI Group announced the GGV2030 last year, and we see providing support for our customers in their overseas expansion as an opportunity for our business to grow as well. The second one is automation and labor saving. SHOKEN GALILEI, which manufactures automated conveyor belts for food production factories, has recently started developing robotic automation technology. It is applied not only in food production factories, but in many other sectors as well, and the company has successfully created new demand. The third one is response to environmental issues. The GALILEI Group has developed the Dramatic Future 2050 (DF2050) to address social issues, such as climate change and energy costs. We are making environmental efforts ahead of competitors, including full-scale mass-production of CFC-free refrigerators and 10-year refrigerant gas leak warranties. We expect a demand for such solutions to continue to grow significantly.

The GALILEI Group excels in its ability to work closely with customers across all food industries and business models to provide solutions to their challenges and offer value. This strength

comes from our cooling technology, but we also hope to continuously refine our temperature control technology, such as heat-based cleaning technology developed by a new group company, Nippon Senjoki. By doing that, we want to increase our corporate value as well.

These days, we have more projects we can undertake if all group companies work together as a team. This is an example of the synergy of the group. No single group company would be able to secure these projects alone. We have specifically identified the key markets where we can leverage our group's collective strengths, and we also set up a new committee in this fiscal year to start creating more group synergy. (Please see Expansion of Business Domain on page 34.)

## The GALILEI Academy to support cold storage chains of the future

To increase brand value, people and technology are essential, in my opinion. It is people who embody the brand, and without technology, no trust would be earned. That's why we believe we should prioritize investment in people and technology.

Businesses in our industry see the training and development of professionals who will support cold storage chains of the next generation as one of their important business challenges. It is a pressing issue for the entire industry. Every industry is faced with serious labor shortages, and the problems are even more acute in rural areas where skilled cold storage chain engineers are in short supply. Some supermarkets in those areas had to be closed down due to the lack of engineers. We opened the GALILEI Academy in Osaka three years ago. It is a technical school for training and developing engineers. Over 150 people have completed the course at the Academy, and they're thriving in their workplaces all over Japan. There are very few companies in the country that are capable of undertaking the whole cold storage chain process from installation to maintenance, and we hope to remain one of these unique companies in the country that can do just that. The GALILEI Academy, currently undergoing renovation, is due to reopen as the Human Resources and Technical Development Center in 2027.

(Please see Human Capital Strategy on page 17.) Currently, only

beginner to intermediate technical training courses are offered at the Academy, but when it reopens, we plan to offer a wider range of training courses to make it a technical training school that is widely accessible to non-GALILEI people as well.

## Creating refrigerators that never stop

The GALILEI Group also focuses on digital technology. We are working to improve the productivity of our maintenance operations with the use of AI as well as a new technology that combines human expertise with digital technology. I am sure this strategy helps us to increase our competitiveness. A specific example of this is that we have a system that can predict customers' potential equipment failures with 80% accuracy, up to seven days in advance. We are confident that if we refine this technology, we will be able to better serve our customers and society. What we aim for is to repair equipment before it fails, rather than doing nothing until it becomes faulty. As long as our customers' cooling equipment is in good condition, they can concentrate on their business operations and their products don't go to waste. Food loss can also be reduced. Our goal is to maintain the cooling function of our equipment. We are hopeful we can apply this technology to the domain of "life," such as the pharmaceutical and healthcare sectors. We think when we improve our technological capabilities in these fields, we'll be able to further enhance our corporate value.

## Making the GALILEI Group a great place to work

The type of person the GALILEI Group seeks to hire is someone who keeps their promises, is ready to apologize straight away if they make any mistakes, and learns from their mistakes. These qualities may be taken for granted, but integrity and sincerity are very important to any business person. Having the ability to build a relationship of trust with customers and a strong spirit of challenge is equally important. We are planning on reviewing our human resources framework to nurture and train people with these qualities. We want the human resources framework to be effective



in achieving the personal and professional development of those who are sought by the Group. We also want to make the Group a great place to work. To do that, we need to review and update our human resources policies so that employees have more choices about their flexible working styles.

We have a system in place that encourages female employees to play an active role in the workplace, but I am not completely satisfied with our progress. I believe that women's empowerment is something we should promote consistently, even if it may take some time, and we also aim to increase the number of female board members. Women's perspectives are extremely important to us, and listening to their views and ideas will help us make the right business decisions. For this purpose, I am aware it is my duty to create a system that allows female employees to choose their career paths and to provide an environment that helps them achieve personal growth and development.

## Promoting sustainability management in the course of business activities

For the GALILEI Group, the environmental factor, as in "E" of ESG management, is directly linked to our business. Since our products use electricity, CO<sub>2</sub> emissions from our products used by our customers account for a majority of greenhouse gas emissions generated in our business activities. We knew reducing our CO<sub>2</sub> emissions would be one of our duties, and it would lead to

product and technology differentiation. So, as soon as we changed our brand to GALILEI, we launched a project, developed the DF2050 environment vision, and set targets to work towards our goals. We were the first in the industry to use CFC-free refrigerants. To prevent refrigerant gas leaks, we started offering the industry's first 10-year refrigerant gas leak warranties in April last year. This was our top priority initiative. We clearly communicated our commitment internally and externally, which has been more widely recognized by both our employees and customers alike.

In terms of the social factor, as in "S" of ESG management, we have operated the GALILEI 1% Club since 2021. We contribute 1 percent of our pre-tax profit to social contribution initiatives. We mainly donate our commercial refrigerators to children's cafeterias and food banks across the country and support our employees in doing voluntary work in collaboration with local communities. This initiative has expanded so much that it is being rolled out throughout the country. What's important is that we build good relationships with local communities and that our employees become more aware of social issues by participating in voluntary work. We hope they will develop a greater sense of humanity as well.

Finally, in terms of the governance factor, as in "G" of ESG management, our board of directors is functioning effectively, in my opinion. Our outside directors share their frank and honest opinions with us, and we take them very seriously to make improvements. One of our challenges is to strengthen our compliance efforts. It is important to change company rules, but it is also crucial to change our employees' awareness. We should keep communicating and keep learning. I always say this to all our employees — we won't be able to sustain our growth unless we adhere to legal requirements and ensure business growth at the same time.

## To realize our purpose

The reason we established our purpose, "Leading the way for the future of food and life" when I became president was that I felt businesses should think seriously all the time whether they have social significance. To me, corporate value is not just about growing

business, but it is about how we can solve social issues or how many components of new social value we can create by doing business. "Consumer happiness" is part of the GALILEI Group's corporate philosophy, and we have consistently worked to achieve our social significance, which is to improve the quality of people's eating habits. It was very important that, along with the domain of "food," we have added the domain of "life" to our business area. By establishing our purpose, we wanted our employees to know that the GALILEI Group's next direction is to become a group of companies that is committed to solving social issues in the domain of "life," including protecting people's lives, food's life, and life on Earth. This was a powerful message that we wanted to send to all our employees. If we just do what we have been doing, the GALILEI Group won't change and our employees won't change either. Times are changing, our customers are also changing rapidly, and we must change as well. That's why we have established this purpose.

Our employees may not be fully aware of the purpose yet, but I can tell those who have experienced the significance of food and life through their work tend to see things differently. I hope to see many more employees experience it and share the same feeling. It is the duty of top management and executive staff to provide opportunities for our employees to have these experiences.

## We are united in leading the way toward the future.

The GALILEI Group adopted a holding company structure in this fiscal year, and I feel we should make more efforts than ever to promote group management and to continue to increase our corporate value. We have made necessary preparations, but we still have more to do. We should further improve our technologies to achieve greater business growth. We have had repeated discussions about our group vision and growth strategy for the next 10 years, and we hope to disclose them soon. We are ready to work hard as a team to meet our stakeholders' expectations, and we look forward to your continued support. Thank you.

