



Integrated Report 2024

GALILEI
FUKUSHIMA GALILEI CO. LTD.

GALILEI

Be cool, Be alive.

Our goal is to be a “Happiness Creation Company,” with the themes of the environment, safety and peace of mind.

The corporate philosophy of the GALILEI Group is based on the Four Rules of Happiness, which are consumer happiness, customer happiness, employee happiness, and stakeholder happiness.

To achieve happiness for these groups, we remain committed to contributing to society by leading the way for the future of food and life.

Our corporate philosophy encapsulates our overarching purpose, and we have established the Charter of Corporate Behavior, which details standards of conduct expected in our business operations, and the Employee Code of Conduct, which provides moral guidelines for our officers and employees and guides their execution of business activities.

The Corporate Philosophy of the GALILEI Group



Charter of Corporate Behavior

Food Safety and Security

We prioritize food safety and security at all times. We are committed to enhancing the quality of people's diets, and will continue supporting a healthy and robust food infrastructure.

Environmental Conservation

We acknowledge that conducting environmentally friendly business activities is one of our key challenges. As we actively and consistently advance our initiatives, we will take their environmental impact into consideration.

Global

We will adapt a flexible mindset with a global perspective to target business growth and expansion in the global market. At the same time, we will encourage the localization of our system to preserve Japan's extraordinary food culture and uphold high-quality food standards.

Fair and Free Transactions

We regard our customers and suppliers as equal partners, and we will ensure fairness in all business transactions across our processes.

Disclosure of Information

As a transparent company, and we strive to disclose our corporate information to our shareholders, investors, and the public in a timely and appropriate manner.

Stance Towards Antisocial Organizations

We neither have, nor will we establish, any relationships with antisocial forces or organizations that threaten the order and safety of citizens and their communities.

Pursuit of Customer Satisfaction

Our priority is the customer. We are committed to innovative technical development, and to offering high-quality products and services that meet customer needs.

Social Engagement

Our goal is to bring joy to consumers through food, and we will contribute to a sustainable society through both our core business operations and additional activities.

Legal Compliance

We will adhere to the laws and regulations of Japan and other countries applicable to us, as well as international norms. We will also conduct business in a transparent and fair manner and in accordance with GALILEI's ethical principles.

Respect for Employees

We are committed to supporting our employees in maintaining their quality of life, respecting their diverse backgrounds and individuality. We will proactively cultivate a work environment that fosters a mindset of challenge and innovation and offers staff training opportunities.

Information Management

We will stringently manage our confidential information and that of other companies, as well as the personal information of our customers and employees. We will not disclose this information to any third parties or use it for any purposes other than conducting our business operations.

Employee Code of Conduct

Food Safety and Security

— Safe and secure food, anywhere, anytime

Customer Oriented, Customer Focused

— Become immersed in the customer experience

Teamwork

— Test your limits with Team GALILEI

Creativity and Vision

— Boldly take on challenges with eyes on the future

Education

— Develop people and cultivate yourself

Adhere Strictly to Rules

— Do what is expected, as expected

Our Purpose

Leading the Way for the Future of Food and Life

Our purpose, "Leading the way for the future of food and life," encompasses ensuring food safety and security, which is essential to life, and also increasing our healthy life expectancy and protecting Earth's ecosystems.

We pursue our purpose while advancing the cooling technology that we have developed over the years, use food to spread happiness to people all around the world, and help resolve social issues.



The GALILEI Group Vision

Developing Refrigerators That Never Stop Functioning

The amount of food loss generated in Japan in FY2022 was estimated at 4.72 million tons (of which 2.36 million tons were from households and 2.36 million tons were from businesses). A survey conducted by the Consumer Affairs Agency reports that the total economic loss caused by food loss amounted to four trillion yen while the median amount of food wasted per convenience store per year was 4.68 million yen. The leading cause of food loss, at 48.3%, is products that become unsaleable after exceeding their best before dates or use by dates, which also includes food loss resulting from malfunctioning refrigerated and freezer display showcases. The GALILEI Group has launched a potential refrigerant gas leak prediction and detection service using AI in order to be a "Zero Call Company" that does not require customers to call for unexpected maintenance and repair services. By offering this smart diagnosis and pre-maintenance service, we are hopeful that we can prevent unexpected repair works and develop "refrigerators that do not stop." We are determined to protect food's "life" to ensure that our customers will not lose their business opportunities or suffer product loss.

Reversing Global Warming

You may be surprised to know that the most impactful solution to global warming lies not in the energy sector, but in improving refrigerants for refrigerators or air conditioners. It is estimated that addressing refrigerants could reduce emissions by approximately 100 billion tons of CO₂. To respond to this challenge, the GALILEI Group has established its sustainable vision, "Dramatic Future 2025," which aims to achieve a carbon-neutral and carbon-free society by 2025. We have also established Environment Action 2030 to transition to green refrigerants. As part of our efforts to do so, we have developed and launched NOBRAC, a CFC-free refrigeration system with a CO₂ refrigerant. It is designed to be used with Tunnel Freezer and large refrigerators and freezers. By developing both the heat source and the load of freezers in-house, including innovations in cooling tracking in response to load variations and optimizing freezer expansion valve control, we have successfully reduced the energy consumption of the freezers by approximately 20% compared to conventional systems. We will continue to advance non-CFC use through the advancement of refrigeration cycle technology and business expansion to help protect life on Earth.

Value Creation Story

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Editorial policy

This report aims to communicate the GALILEI Group's medium- to long-term value creation process and growth strategy, covering both financial and non-financial aspects, to shareholders, investors, and other stakeholders. In editing this report, we used the Integrated Reporting Framework by the IFRS Foundation and the Guidance for Collaborative Value Creation 2.0 by the Ministry of Economy, Trade and Industry, and sources for reference purposes.

Framework used for reference purposes



Initiatives we participate in



Reporting entities FUKUSHIMA GALILEI Co. Ltd. and its consolidated subsidiaries

Reporting period FY2023 (April 1, 2023 to March 31, 2024)

* Some activities conducted in or after April 2024 have also been included in this report.

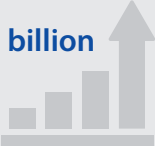
At a Glance

Quantitative Measure of the GALILEI Group's Performance (as of the end of March 2024)

Results

Net sales

¥ 115.8 billion



Operating profit

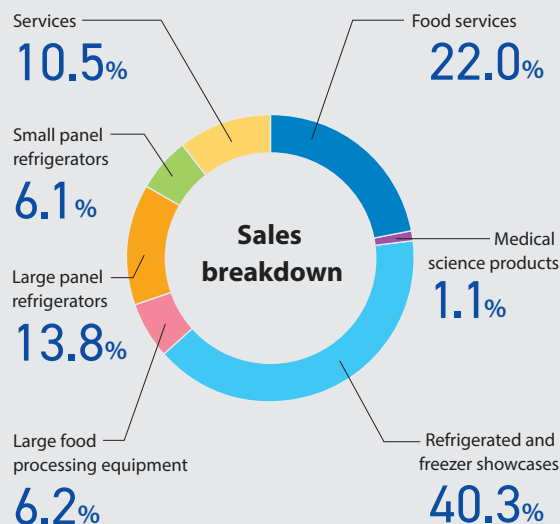
¥ 15.2 billion

Operating profit on sales

13.2%

Profit attributable to owners of parent

¥ 12.3 billion

Brand

Domestic market share of large blast chillers

More than 75%



Financial

ROE 14.3%

PBR 1.3x

DOE 2.4%

PER 9.6x



Business network

Japan

106 locations



Overseas

13 locations



Employees

Number of employees

2,524 employees



Average age

37.3

Environment

Amount of food loss reduced

73,617 tons per year



CO₂ emissions reduced

(compared to FY2013)

Scope 1 and 2 emissions

33.7%

GWP of refrigerants used (on a weighted average basis)

Plug-in type products

1,603

Remote type products

1,596

Social

Number of GALILEI Academy graduates

59 students

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Contributions to the GALILEI 1% Club

¥22 million

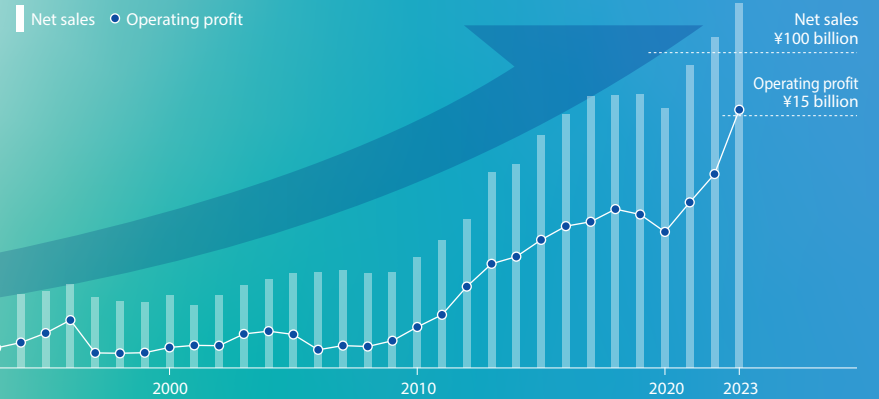
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GALILEI Group History

The GALILEI Group continues to grow as it expands its scope of value creation.

Since our establishment, we at the GALILEI Groups have continuously expanded our business while contributing to the resolution of social issues. As a provider of the food lifeline essential for our daily lives, we have aimed to be a Happiness Creating Company grounded in our corporate philosophy of the "Four Rules of Happiness." We have expanded our business domain and persistently developed our cooling technology to improve the quality of the eating habits of people from all over the world.



1951 to 1974	1975 to 1995	1996 to 2018	2019 and beyond
<p>Laying the foundations for Japan's commercial refrigerators</p>  <p>ER model standardized refrigerator</p> <p>Nobuo Fukushima established Fukushima Kogyo Co., Ltd. in 1951. The Company started producing commercial refrigerators, and developed the industry's first integrated and standardized commercial refrigerator in 1962. By improving development and production capabilities, the Company laid the foundations for refrigerator production.</p> <ul style="list-style-type: none"> ● 1951: Established Fukushima Kogyo in Osaka City. ● 1962: Developed and launched mass production of the ER model standardized refrigerator, an industry first. ● 1964: Developed and launched mass production of refrigerated and freezer showcases, POS Series. 	<p>Became a specialist in the manufacture of commercial refrigerators and refrigerated and freezer showcases</p>  <p>Demand for commercial refrigerators, and refrigerated and freezer showcases, rose as the food service industry grew and the number of supermarkets and convenience stores increased during the period of Japan's rapid economic growth. The Company established a mass production system at the Okayama Factory and the Shiga Factory and expand business as a specialist manufacturer.</p> <ul style="list-style-type: none"> ● 1984: Set up the Okayama Factory and started production. ● 1995: Set up the Shiga Factory and started production. Listed on the second section of the Osaka Stock Exchange. 	<p>Business domain expanded with temperature control technology and group synergy</p>  <p>Interest in food safety and the need for energy efficiency grew. Leveraging digital technology, the Fukushima Group entered new business areas that used temperature control technology. Takahashi Manufacturing, FSP, and Shoken joined the Fukushima Group, and group synergy resulted in new value creation.</p> <ul style="list-style-type: none"> ● 2005: Listed on the first section of the Tokyo Stock Exchange. ● 2009: Takahashi Manufacturing Co., Ltd. (currently known as TAKAHASHI GALILEI Co. Ltd.) joined the Fukushima Group. ● 2013: FSP Corporation (currently known as GALILEI PANEL CREATE Co. Ltd.) joined the Fukushima Group. Shoken Corporation (currently known as SHOKEN GALILEI Co. Ltd.) joined the Fukushima Group. 	<p>Brand name changed to GALILEI. Challenge of achieving the purpose continues</p>  <p>The GALILEI Group, a unique company that supports the entire food production stream, changed its brand name to GALILEI to take advantage of the strengths of each of its group companies and to maximize its group synergy. Along with "food," "life" is a new addition to the GALILEI Group's business area, and the Group embraces the challenge of solving social issues and achieving a sustainable society.</p> <ul style="list-style-type: none"> ● 2019: GALILEI Group's new head office building completed. Company and brand name changed to GALILEI. ● 2022: GALILEI Group's purpose redefined as "Leading the way for the future of food and life." ● 2024: Nippon Senjoki K.K. joined the GALILEI Group.

IN THE FUTURE OF FOOD AND LIFE
PIONEERS

Message from Top Management

In Pursuit of a Sustainable Society,
Our Challenge of Leading the Way for
the Future of Food and Life Continues



President
Go Fukushima

I have confidence in our employees, and I will fulfill my role as president.

The recent shareholders' meeting marks the two-year anniversary of my appointment as president. I'm fortunate to have a thrilling and exciting time every day, and I'm grateful that I can enjoy serving as leader.

What I've learned since I took up the position of president is that there is a limit to what I can do by myself. It's become clear to me that my job is to have confidence in our employees and guide them in the right direction. Immediately after my appointment, we encountered a situation where we were unable to deliver a refrigerator to a customer because we had a problem with our distribution system. I felt so helpless at that time, and the customer was understandably very upset, but our employees worked so hard that we managed to overcome the mishap and meet the customer's expectations. This incident gave us an opportunity to decide to develop a new information system and make a major investment in a distribution center, which is being built. We are fortunate to have many staff who are well aware of their roles and willing to work together. Both management and employees diligently fulfill their respective responsibilities.

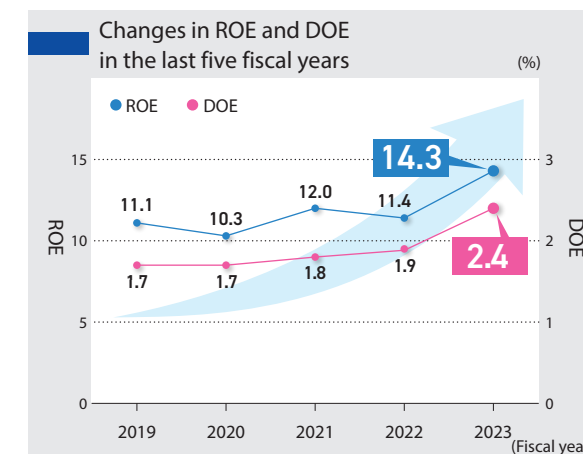
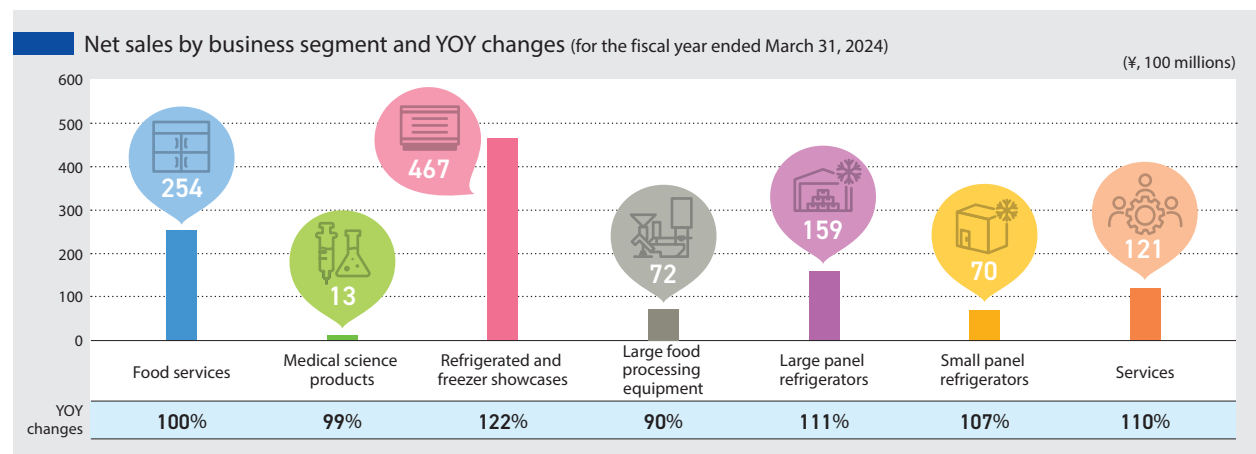
To repay them for their hard work, I put my trust and confidence in them and fulfill my role as president to guide them in the right direction.

Leading the way for the future of food and life

The GALILEI Group operates in seven business segments, and each of them has its challenges and business opportunities. The food service industry, supermarkets, and food production factories are some of the industries that people depend on in everyday life. The GALILEI Group is committed to developing, maintaining, and improving essential food infrastructure. The GALILEI Group has previously focused on the "food" sector, we have expanded into the "life" sector since my appointment as president. For example, the GALILEI Group is now capable of creating manufacturing and storage spaces for pharmaceuticals, semiconductors, and EV batteries. The growth of these non-food areas is remarkable, and as their markets expand, the GALILEI Group will see more business opportunities.

Record results achieved in FY ended March 31, 2024

Our performance in the last fiscal year exceeded our original expectations.* This is because our employees shared our theme, "unparalleled value creation." We anticipated that we would create more value, so we offered a pay increase for our employees at the beginning of the last fiscal year. The theme of "unparalleled value creation" was well communicated to the employees, and they worked very hard to achieve time efficiency, which resulted in value creation and better business results. We offered them another pay increase this year because we knew they would meet our expectations, and we are poised to consistently foster this kind of virtuous cycle of value creation. Currently we are in an investment phase to achieve further growth. Not only building are we building a new factory and a new distribution center, but we also plan to make a major investment in the GALILEI Global Vision 2030 (GGV2030) (please see page 11). We are committed to making proactive investments that will ensure our sustainable growth. As we stated in our dividend policy, we will operate our business in a manner that enhances DOE as much as possible each year to allow us to provide greater returns to our shareholders.



* Our good results helped ROE to remain above 10%, and DOE continued to increase year after year.

Realizing our purpose that helps solve social issues

The first thing I did when I was appointed as president was to develop our purpose, “Leading the way for the future of food and life,” and our key strategy, “SDG and People” (please see page 9). The GALILEI Group’s strengths lie in its people, so we have replaced the “s” in SDGs with “People.”

“S” stands for “Sustainable.” We identified material issues on the instructions of our outside directors and announced our business management policy for the current fiscal year to implement sustainability management with a focus on the material issues. As part of efforts in the sustainable vision “Dramatic Future 2050,” we began mass-producing the industry’s first commercial refrigerators and ice makers that use CFC-free refrigerants. Similarly, we also worked closely with supermarket customers to build the industry’s first net zero energy buildings (ZEB) to create new social value.



“D” stands for digital. Smart diagnosis using AI has made it possible for us to highly accurately predict potential failures. Using this technology, we will start providing 10-year refrigerant leak warranties on a full scale, and we will be the first in the industry to do so.

“G” stands for global. We are pleased that we successfully paved the way for our business strategy in the GALILEI Global Vision 2030 (GGV2030). As for “people,” we offer a pay increase to our employees as I mentioned earlier. Employee happiness, which is part of our corporate philosophy, means both material and spiritual happiness, and we believe that they should be happy in both material spiritual aspects.

Our theme for the current fiscal year is “Take-it-to-a-higher-level challenge” or “Higher-level challenge” for short. I have declared that the GALILEI Group will give its employees job satisfaction. We will not only change the way we work, but we will also create a corporate culture that encourages everyone to rise to new challenges and have job satisfaction. For this reason, we have set up the Improved Job Satisfaction Center in this fiscal year to motivate all Group employees. NOBRAC, a CO₂ refrigeration system, symbolizes our efforts to solve social issues and create new social value. This is a good example of our higher-level challenge. We independently developed heat sources from scratch in response to the social need to halt global warming. The product has sold very well since its launch in June 2022. Our ability to independently develop the refrigeration cycle has improved the quality of the product, which has, in turn, eliminated almost all post-installation costs. It also offers added value such as energy efficiency. This product is a strong weapon for the Engineering Operations as well as for TAKAHASHI GALILEI’s product, Tunnel Freezer. We plan to expand overseas and make further investments in the future with a view to growing and commercializing the product. Our aim for the future is to replace all CFC refrigerators with NOBRAC and reverse global warming. NOBRAC becomes CARBON when it is read backwards. That is exactly what we are trying to do, and it is one way of achieving our purpose.

Strengthening governance as we become a holding company

We are committed to strengthening our compliance efforts. We will convert into a holding company next April, and all operating companies are expected to strengthen their compliance efforts. Some of our group companies are so small that they only have a few staff in their administrative divisions, so we should ensure that compliance efforts are made uniformly among all group companies. As the GALILEI Group has been growing rapidly, we believe the conversion into a holding company is a valuable opportunity to enhance governance. It is important to have a system in place where the holding company effectively manages and supervises its operating companies.

Our challenges continue into the future

In the current fiscal year, we will make a range of preparations for the next five and 10 years. We will not grow if we are afraid of rising to new challenges. This year, we will embrace as many challenges as possible. For example, a new factory is being built in Shiga Prefecture. It is the first new factory built in Japan in 18 years, since Okayama Factory 2 in 2006. I know those who are involved in the factory construction have to work even harder, but I’m sure they will learn a lot from this experience and achieve both personal and professional growth. When the factory is completed, we will hire new staff and produce new products, and it will dramatically energize the GALILEI Group as well. This year, we will address many key tasks, including the conversion into a holding company and the development of GGV2023, and we hope that everyone will work closely together to deliver results. I am confident that if we all work together, we should be able to reach the next level. We are determined to make this year a milestone year in which we achieve our goals and maximize social and corporate value.

Key Strategy: SDG and People

SDG and People is a coined term that combines “sustainable,” “digital,” “global,” and “people.” These four keywords represent the GALILEI Group’s priority themes. We strive for sustainable growth through considerations for the environment and society, proactive investment in innovation and growth markets, and the development of human resources that support our efforts.

SDG and People Sustainable

Commitment
To achieve a carbon-free society through the implementation of Dramatic Future 2050.

Specific action
Environment Action 2030

SDG and People Digital

Commitment
To innovate business and operations through both offensive and defensive digital transformation.

Specific action
To be a Zero Call Company.
To upgrade the mission-critical system.

SDG and People Global

Commitment
To use our cooling technology to help develop cold food storage chains in Asia.

Specific action
GALILEI Global Vision 2030

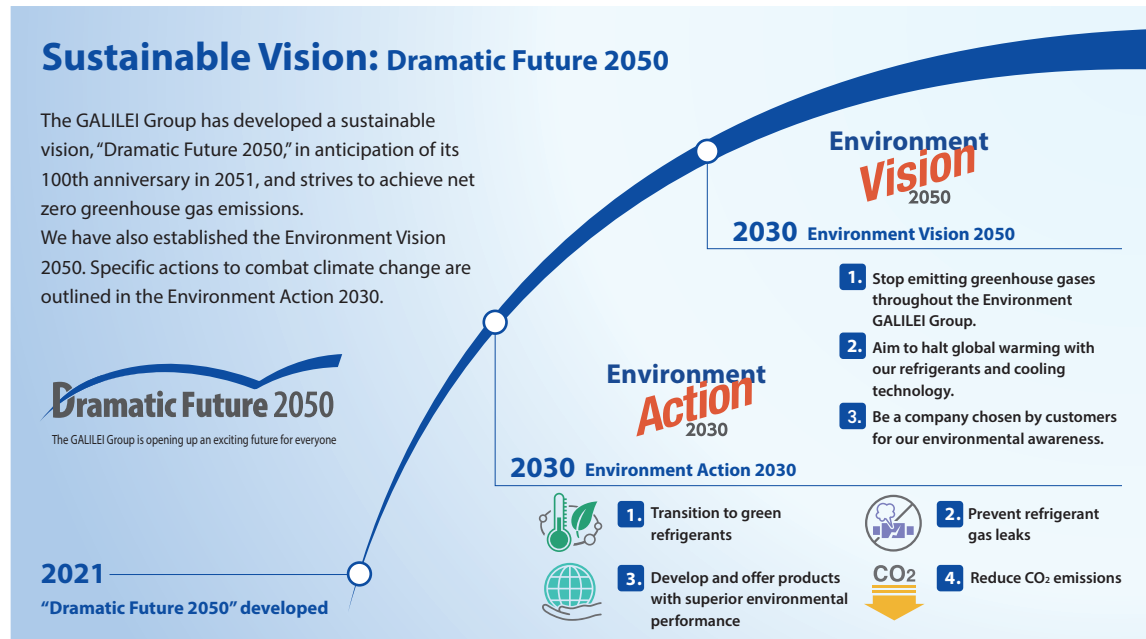
SDG and People People

Commitment
To support cold chains for future generations through the development of highly skilled professionals.

Specific action
GALILEI Academy



We have identified combating climate change as the most critical issue. In our commitment to bequeathing a sustainable environment to future generations, we have developed the sustainable vision, “Dramatic Future 2050” and aim to achieve a carbon neutral and carbon-free society by 2050.



Example of a Transition to Green Refrigerants

The GALILEI Group started mass-producing the industry’s first commercial refrigerators and freezers using a CFC-free refrigerant, R1234yf, in October 2023. Developed with the environment and safety in mind, these products are safe for kitchen use and allow for on-site repairs and inspections. The CFC-free green refrigerant with an extremely low global warming potential (GWP: 1) is used for the products. The products feature a new mechanism that minimizes the risk of refrigerant gas leaks, offering new social value with 10-year gas leak warranties.



Takeshi Shinmyo
General Manager
Development, Okayama



For us, offensive digital transformation is to become a Zero Call Company. With the effective use of AI and the Internet of Things (IoT), we aim to ensure that our customers do not need to call us for product repairs. Defensive digital transformation is to upgrade the mission-critical system to streamline business operations and improve productivity.

Example of Using Digital Technology

Technical Development Is All About Practicing the Sanpo Yoshi Principle, or Three-Way Satisfaction Principle (Good for the Manufacturer, the Customer, and Society).

I have worked for the GALILEI Group for 25 years now, and every year I feel more satisfied with my job. The focus of our business has shifted from manufacturing goods to providing information-oriented services. I very much enjoy working with younger staff to combine AI and other latest technologies with the knowledge that we have accumulated over the years to create new value based on equipment and store information. We launched a remote monitoring service for refrigeration and freezing equipment 24 years ago. Since then, we have expanded our services to include store energy management, energy and power conservation control, remote detection of refrigerant leaks, and potential failure prediction and operational diagnosis based on equipment data. Our initiatives include improving energy efficiency, proposing actions to halt global warming, preventing failures with operational diagnosis, reducing food loss, promoting changes to the way engineers work, and offering new value to our customers and society.



Makoto Sato
Acting General Manager
Technical Development Department



Predicting failures:
What I've learned in my workplace

I had an opportunity to give a lecture to high school students at the 24th Nikkei Education Challenge for SDGs. At the seminar, I shared my personal experience of working on the front line to help solve social issues, such as how to prevent CFC refrigerant leaks that affect global warming, minimize energy loss caused by equipment failures, and reduce food loss.



Maintenance engineer shortages are one of our social issues. To solve this problem, we aim to train highly skilled professionals as soon as possible and build a sustainable cold chain.

Example of GALILEI Academy Activities

Passing on the Skills and Work Philosophy I Learned From Senior Staff to Future Generations

Since joining the GALILEI Group 27 years ago, I have focused on improving my technical skills in maintaining commercial refrigerators. We did not have a structured training program at that time, like the one offered by the GALILEI Academy now. I learned maintenance services by accompanying senior staff and observing their work. I am thankful that they helped me learn various skills and gave me valuable advice on many occasions. I also learned to value hard work, put customers first, and collaborate with colleagues. This advice is not new but remains very important. As the director of the GALILEI Academy, I focus on training future generations of engineers. I focus on giving technical guidance while also passing on the cherished work philosophy of the senior staff. I feel proud when I hear that Academy graduates are excelling as full-fledged engineers in their workplaces.



Takashi Sakao
Manager
GALILEI Academy



The key to reducing food loss:
Keep cooling technology going

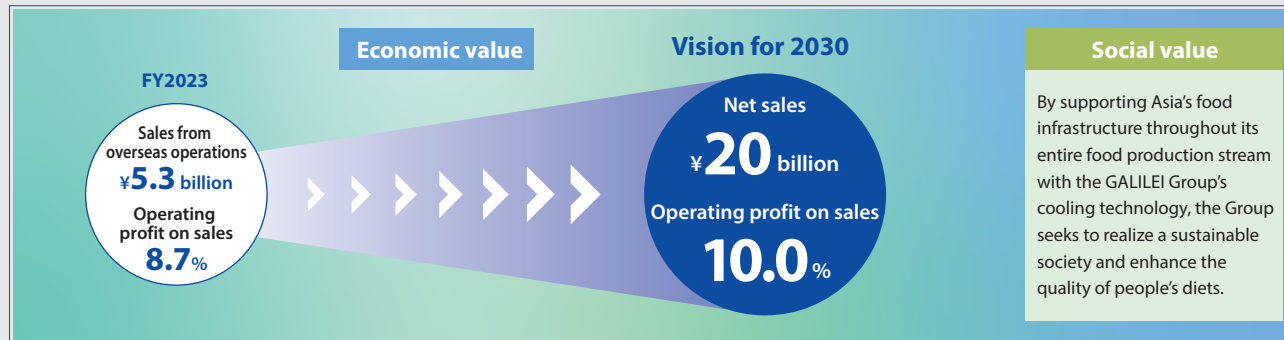
I had an opportunity to give a lecture to high school students at the 22nd Nikkei Education Challenge for SDGs. At the seminar, I communicated the fact that producers, distributors, and cooling technology support the essential food infrastructure we all rely on. I shared my personal experience in maintaining cooling systems and my pride in supporting food infrastructure.



In June 2024, the GALILEI Group established the GALILEI Global Vision 2030 (GGV2030), a medium-term vision for the Overseas Operations toward 2030. The Group aims to realize a sustainable society and improve people's diets by leveraging its technologies, human resources, expertise, and support for Asia's food infrastructure.

Medium-term vision for the Overseas Operations, GALILEI Global Vision 2030

Value creation planning



Growth strategy

1 Contribute to the realization of a sustainable and robust society

- Strengthen the development of environmentally-friendly (energy-efficient and CFC-free) products
- Locally manufacture strategic products and showcases
- Increase sales and marketing of medical and healthcare products

2 Promote solution business that connects with customers

- Propose intangible solutions such as chilled cooking
- Increase direct sales to users
- Enhance service networks in other countries

3 Foster the Group's engineering capabilities

- Manufacture thermal insulation panels in-house
- Locally manufacture Tunnel Freezer and NOBRAC
- Build collaborative partnerships with food equipment manufacturers

Key theme

Be a leading company in the refrigeration market in Asia

Key area

Expansion to third countries such as Southeast Asia and India

Solid business foundation

Marketing

Technical development and design capabilities

Human resources enhanced by strengthening diversity management

Commitment



Akira Fukushima

Executive Officer in charge of Asia Operations
Director
Vice Chairman and Executive officer

The refrigeration market is a rapidly growing market in Asia. By combining the GALILEI Group's technical capabilities, we will contribute to enhancing the quality of people's diets in Asia and be a leading company in Asia's refrigeration market. We will continue to make proactive investments to accelerate our growth strategy and achieve the GALILEI Global Vision 2030.

Sustainability Management

The GALILEI Group has identified eight material issues to lead the way for the future of food and life and is pursuing its sustainability management initiatives. Sustainability management enables us to reflect on our business operations in terms of the environment, society, and economy and to balance addressing social issues with pursuing corporate growth through our business activities. By practicing sustainability management, we continue to offer new value to society in four specific aspects in an effort to maximize our social value and corporate value.

Through sustainability management, we strive to maximize our social and corporate value.



Group Synergy

Leveraging the combined strengths of our group's cooling and engineering capabilities, we offer comprehensive support to our customers.

Our long-developed cooling capabilities, coupled with our advanced engineering skills, we fulfill a wide range of customer needs while ensuring the safety and security of food for consumers.

The synergy created by the unique attributes and core technologies of our group companies enables us to provide all-encompassing support across the entire food production stream.

Nippon Senjoki K.K. ▶P.18

Contributing to the improvement of productivity in the food service industry

Showcase Operations ▶P.19

Leverage monozukuri manufacturing technology (sophisticated manufacturing technology) with users in mind to create stores of the future

Medical Science Operations ▶P.20

Enhance internal and external collaboration and contribute to the development of medical science

Food Service Operations ▶P.17

Responding to new needs in the food service industry with new normal products

Overseas Operations ▶P.26

Bringing food safety and security to Asian countries with Japanese quality

SHOKEN GALILEI CO. LTD. ▶P.25

Develop optimal production lines for customers in an integrated manner



Service Operations ▶P.21

Improve the quality of maintenance services in both digital and technological terms

Engineering Operations ▶P.22

Create a better future by maximizing group synergies

GALILEI PANEL CREATE CO. LTD. ▶P.23

Optimal panel solutions backed by our panel and design and installation technologies

TAKAHASHI GALILEI CO. LTD. ▶P.24

Forward-looking product development to create the future

Group synergy creates new value

The GALILEI Group mobilizes its combined strengths at the Healthcare Food Factory Kanto.

We mobilized our combined strengths at the Healthcare Food Factory Kanto, a large central kitchen of Nissin Healthcare Food Service Co., Ltd. which serves 100,000 meals a day mainly for hospitals, elderly care homes, and day care centers. The products we installed at the Factory include blast chillers and electrolytic dilute sodium hypochlorite generating systems (FUKUSHIMA GALILEI), Tunnel Freezer (TAKAHASHI GALILEI), conveyors (SHOKEN GALILEI), and thermal insulation and fire-resistant panels (GALILEI PANEL CREATE).



The GALILEI Group mobilizes its collective expertise at the Chiba Kitchen, which supplies prepared foods to consumers in the Tokyo metropolitan area.

We mobilized our combined strengths at the Chiba Kitchen, which is a large food factory of Peace Deli Co., Ltd. that supplies prepared foods and fresh meat to stores of Seven & i Holdings Co., Ltd. group companies, including Ito-Yokado Co., Ltd., located in the Tokyo metropolitan area. The products we installed at the Kitchen include refrigerated and freezer equipment (FUKUSHIMA GALILEI), batch freezers and Tunnel Freezer (TAKAHASHI GALILEI), conveyors and material handling equipment (SHOKEN GALILEI), and thermal insulation and fire-resistant panels (GALILEI PANEL CREATE).



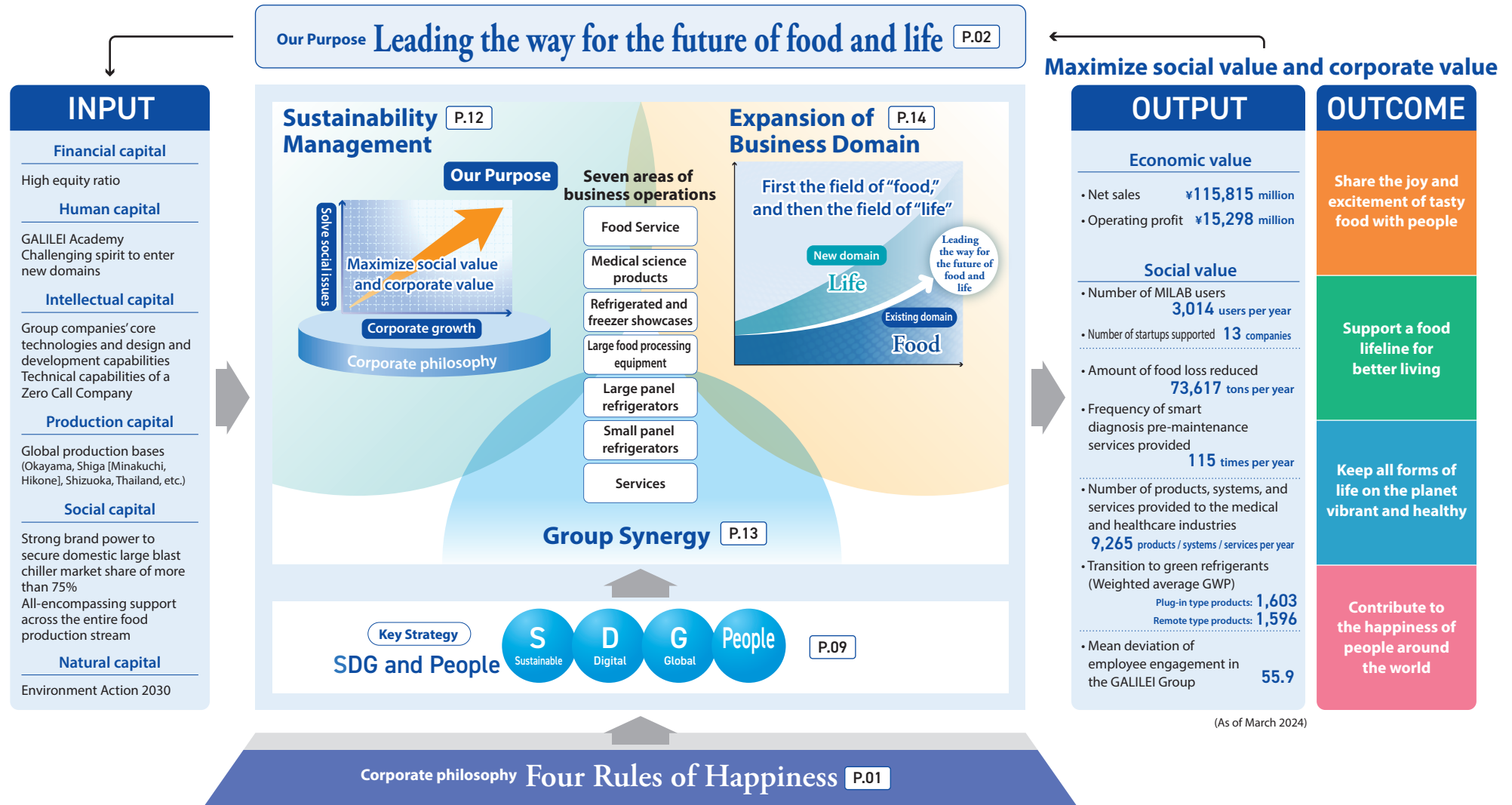
Expansion of Business Domain

As pioneers in the future of food and life, we at the GALILEI Group believe that it is our mission to protect food's life by preserving food freshness, people's lives by increasing healthy life expectancy, and life on Earth by preventing global warming. We have therefore developed our purpose, "leading the way for the future of food and life." Our existing business domain is 'food' and for us to grow sustainably, we have added 'life' as a new domain. In order to promote the GALILEI Group's growth, we ensure the existing business will steadily grow through further selection and concentration, anticipate changes in the market, and make proactive investments in the growth areas of food, people, and life on Earth.



Value Creation Model

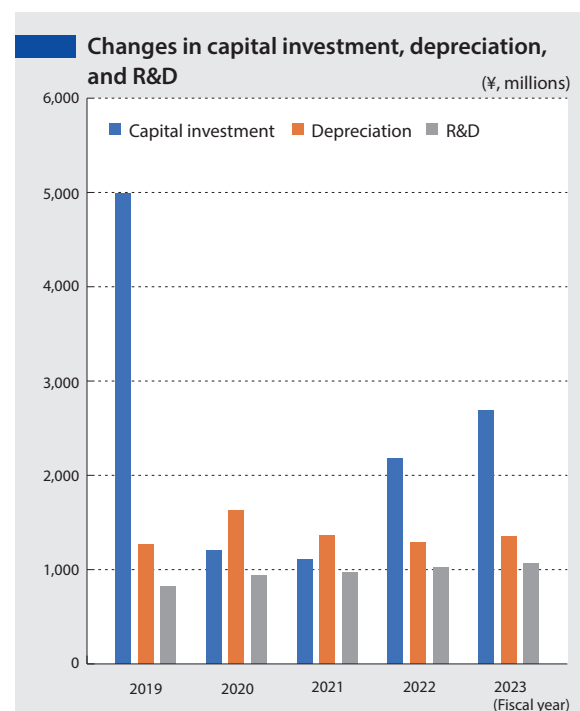
At the GALILEI Group, we seek to solve social issues through our business activities and expand business domains by leveraging our unique strengths, based on our cherished corporate philosophy, the Four Rules of Happiness, in order to achieve the purpose, "leading the way for the future of food and life." We aim to maximize both social and corporate value by addressing social challenges through our business activities.



Financial Strategy

Proactive investment for further growth

We are planning to make an investment of approximately 20 billion yen over the three-year period from FY2023 to FY2025. Specifically, we are building a second factory for the Refrigerated and Freezer Showcases Operations in Konan City, Shiga Prefecture and a new distribution center at the Okayama Factory. We also have a plan to make investments to increase production capacity and to transition to green refrigerants to combat global warming. In addition, we aim to invest in our key strategy, digital transformation. We focus on human capital investment to enhance employee satisfaction and drive business growth.



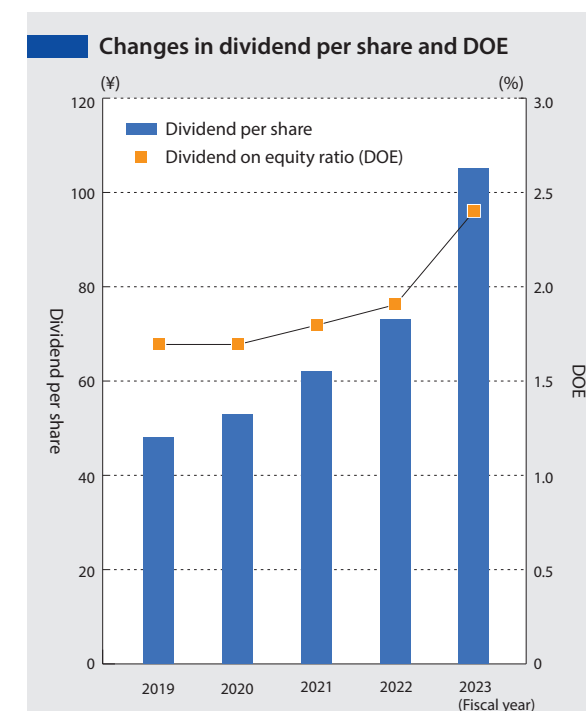
Managing business with an emphasis on WACC and share prices

Our weighted average cost of capital (WACC) for the fiscal year ended March 31, 2024 is estimated at 6.8%. Our return on equity (ROE) for the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024 was 11.4% and 14.2%, respectively. It remained above 10% and exceeded WACC. To achieve ROE of 10% or above, we will aggressively make investments and grow our business so that we can offer better returns to our shareholders.



Shareholder return policy

It is the GALILEI Group's shareholder return policy to hold sufficient shareholder equity to enable us to promptly capture growing business opportunities. Dividends are determined based on the dividend on equity ratio (DOE), which we aim to increase annually. Net sales and profits for FY2024 far exceeded the previous year's figures, enabling us to pay a dividend of 105 yen per share, which represents DOE of 2.4%.



Food Service Operations



Shinsuke Jinnai

General Manager, Food Service Operations

FY2023 review

The results of the Food Service Operations declined marginally compared to the previous year. This was due to the stabilization of demand for in-store processing and takeout, which had been strong as restaurants adapted their business models during the COVID-19 pandemic that started in 2020. Additionally, there was a downturn in sales of higher-cost products, such as blast chillers and refrigerated lockers. For product development, we have redesigned upright and horizontal commercial refrigerators and freezers and compact ice makers to switch their refrigerants to a CFC-free refrigerant. We are the first manufacturer in the industry to undertake this initiative toward decarbonization.

Business Information

Food Service Operations have been FUKUSHIMA GALILEI's core business since its establishment in 1951. We offer an extensive range of products that feature superior energy efficiency, sophisticated temperature control technology, and enhanced usability, including commercial refrigerators and freezers and ice makers, blast chillers and shock freezers for rapid freezing, and dough conditioning equipment designed to ensure ideal dough fermentation.



Commercial refrigerators and freezers



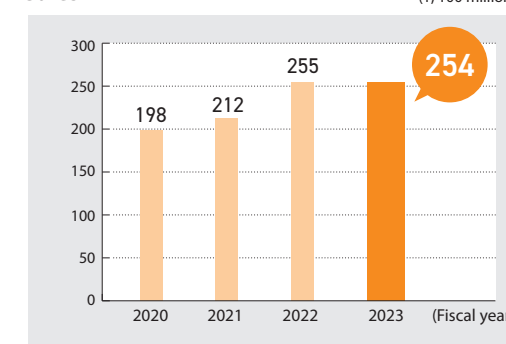
Ice cube makers



Blast chillers / Shock freezers

Sales

(¥, 100 millions)



Business Strengths and Challenges

A key strength of Food Service Operations is developing user-friendly products, such as refrigerated takeout food lockers. We started using a CFC-free refrigerant, R1234yf (GWP: 1), to develop and manufacture products with less environmental impact designed for easy on-site maintenance. We are committed to achieving a carbon-free society and ensuring safety and user-friendliness. Another strength of Food Service Operations is the ability of the MILAB Food Consultant Room to propose solutions relating to intangible aspects, by leveraging the freezing and defrosting technologies we have refined. However, there is more we need to do. We need to effectively convey the added value of our products to our customers, and work closely with them to solve their problems and to meet their requirements.

Prospects

In April 2024, Nippon Senjoki K.K. joined the GALILEI Group, and the Refrigerator and Freezer Operations was renamed the Food Service Operations. Dishwashers and automatic noodle boilers are new additions to our kitchen product range, and we will continue to offer user-friendly solutions and services to our customers. In an effort to achieve a carbon-free society, we began mass-producing commercial refrigerators, freezers, and compact ice makers using the low-GWP refrigerant R1234yf (GWP: 1), and in April 2024, we launched 10-year refrigerant gas leak warranties for those products. We continue to develop and market environmentally-friendly, labor-saving products and further improve our freezing and defrosting technologies to meet customers' expectations.

NIPPON SENJOKI K.K.



Mikio Nakagawa
President

FY2023 review

Our income and profit increased due to recovering demand from the food service industry after the COVID-19 pandemic, the effects of price revisions that took place in 2022 and 2023, and the rebound in sales to national restaurant chains.

Business Information

Since our company was established in 1969, we have worked hard to improve the quality of our products and to develop a maintenance network to meet the demands of restaurant chains. We focus on water and energy conservation as well as the quality of cleaning operations. We supply automatic cooking equipment that improves cooking quality and offers labor-saving solutions, such as dishwashers, automatic noodle boilers, automatic gyoza pan fryers, and plate dispensers, to a wide variety of industries and businesses, from national restaurant chains to large cooking facilities and small sole trader restaurants.



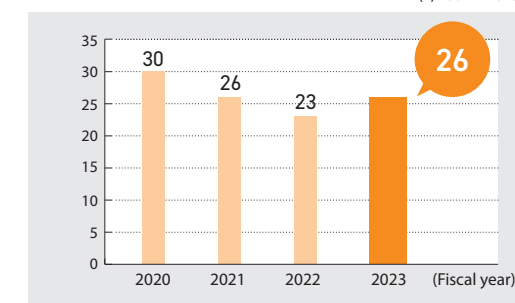
Door-type dishwashers

Automatic noodle boilers

Plate dispensers

Sales

(¥, 100 millions)



Business Strengths and Challenges

We have operated as a specialized commercial dishwasher manufacturer for over 50 years, with significant advantages in energy efficiency, water conservation, and product durability. We supply major national restaurant chains with both off-the-shelf and custom-made automatic cooking equipment to offer solutions that meet their specific needs. Our challenge is to expand our sales channel beyond the food service industry, which is our main customer base. We joined the GALILEI Group in April 2024, and we aim to leverage group synergy to expand our sales channels from the food service industry to the supermarket sector, where FUKUSHIMA GALILEI has a strong presence.

Prospects

In order to achieve group synergy by joining the GALILEI Group, we plan to expand our existing sales channel from the food service industry to supermarkets, as I mentioned earlier. We also plan to improve our cleaning equipment and other product range and increase sales. We will assist our national restaurant chain customers in their overseas expansion by effectively using the GALILEI Group's business network in Asia.

Showcase Operations



Shinji Tsujimura

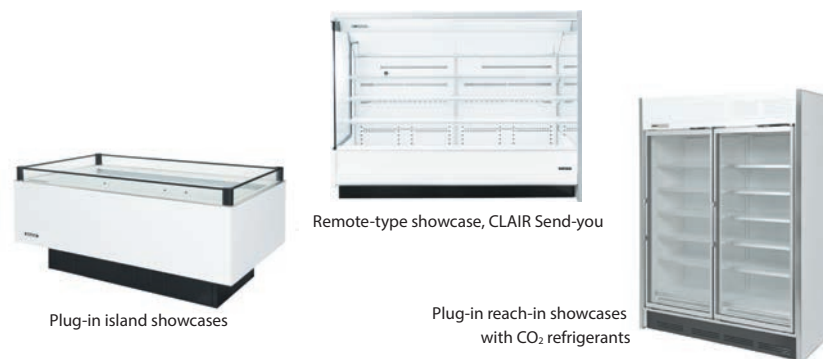
General Manager, Tokyo ST Operations

FY2023 review

Sales to supermarkets and drug stores grew as there was steady demand in the retail distribution industry for energy-efficient store renovation solutions due to the impact of the recent rise in energy costs. Sales of natural refrigerant showcases, part of our Dramatic Future 2050 initiatives, significantly surpassed the previous year's levels due to strong convenience store demand.

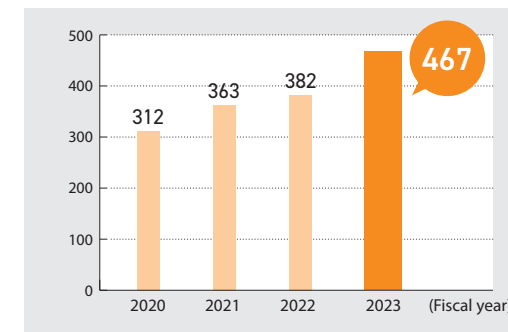
Business Information

We manufacture and market plug-in and remote refrigerated and freezer showcases. We help preserve food freshness in supermarkets, drug stores, convenience stores across Japan, and by utilizing our IT and high performance equipment, we support customers in creating attractive and comfortable store designs.



Sales

(¥, 100 millions)



Business Strengths and Challenges

In the Showcase Operations, our development and sales staff work together to develop products and systems with user insights in mind and offer user-friendly solutions. We manage the entire process, from design and installation to maintenance, in-house. To address rising energy costs in Japan, we market energy-efficient products that use a natural refrigerant with lower environmental impact. We also propose and supply the GALILEI Air-tech System, which provides a comfortable in-store environment and energy efficiency in the whole of the store. Our goal is to develop products with superior energy efficiency and greater environmental sustainability while addressing customer challenges, such as rising energy costs in the retail distribution industry.

Prospects

The construction of a new factory for refrigerated and freezer showcases in Konan City, Shiga Prefecture is under way. The new factory aims to establish a production system to increase market share in the refrigerated and freezer showcase market by developing high-value-added, next-generation products and achieving an approximately 30% increase in production capacity. In April 2025, we will start to provide the industry's first 10-year refrigerant gas leak warranties on a full-scale, which cover the cost of repairing refrigerant gas leaks for ten years. We are committed to developing environmentally superior products and offering excellent maintenance services to address social issues and meet customer needs.

Medical Science Operations



Masashi Murata
Acting General Manager
Medical Science Operations

FY2023 review

Sales to hospitals and clinics fell due to the decline in sales of medical freezers, which were once in great demand during the COVID-19 pandemic, and the impact of the cost of living crisis including rising energy costs, while sales of medical cool boxes to dispensing pharmacies and drug stores increased and demand for prefabricated refrigerators for storing pharmaceuticals grew. As a result, Medical Science Operations showed slight improvement compared to the previous year.

Business Information

Medical Science Operations offers medical products and equipment used on the front line of the medical science field, both in Japan and abroad, to maintain people's health and protect their lives. We apply temperature control technology from our commercial refrigerators to support medical and R&D fields, and supply low temperature incubators, medical cool boxes, medical freezers, ultra-low temperature freezers, and blood bank refrigerators.



CFC-free medical cool box,
MediFridge



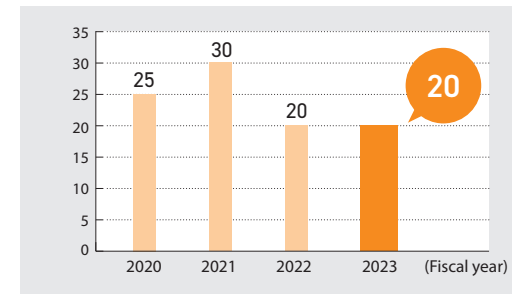
Ultra-low temperature freezers



Low temperature incubators

Sales

(¥, 100 millions)



Business Strengths and Challenges

By effectively applying our temperature control technology developed in the food industry, we ensure precise temperature control required in the medical science field. We have an extensive selection of space-efficient products available, allowing us to offer solutions not only for customers in the medical science field, but also for food factory laboratories. Our goal is to explore the growing regenerative medicine market and expand into overseas markets. In the regenerative medicine market, we established a presence at Nakanoshima Qross in 2024 and collaborate with other organizations there. We also have a plan to obtain ISO13485 certification for our products and consider developing products compatible with different voltages to penetrate overseas markets by utilizing our existing overseas sales channels.

Prospects

As I mentioned, our challenge is to explore the regenerative medicine market, and we will do this by using our refrigeration and freezing technologies, principally at Nakanoshima Qross, to contribute to the industrialization of regenerative medicine (to improve work efficiency and reduce costs). We will approach domestic drug store chains planning to open new stores in collaboration with Showcase Operations to expand our sales channel. Furthermore, we aim to add value by addressing customer needs, such as offering electronic locks for medical cool boxes. Understanding user insights is essential for developing effective products.

Service Operations



Yuichi Fujita

Executive Officer and General Manager
Service and Installation Operations

FY2023 review

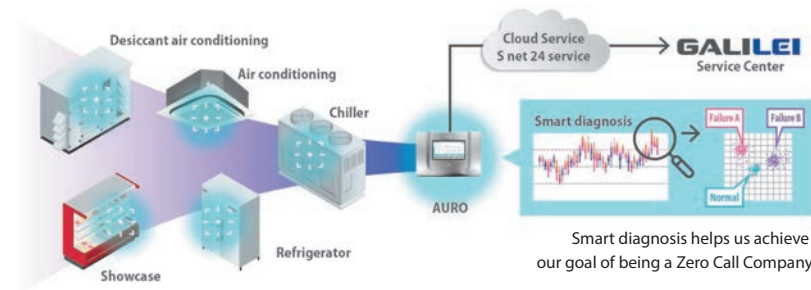
There was an increase in sales of showcase maintenance contracts with supermarkets and convenience stores, while demand from the food service industry was recovering as the COVID-19 pandemic ended and more tourists came to visit Japan. Sales from maintenance services for refrigerators and freezers also increased. Service Operations performed better than the previous year as a result.

Business Information

We support users and provide maintenance and regular inspection services for commercial refrigerators and refrigerated and freezer showcases, among others, to ensure food safety and security for consumers. We aim to leverage digital transformation to enhance our services.

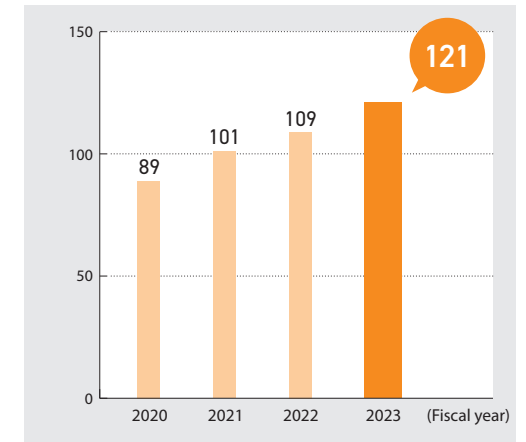


Maintenance



Sales

(¥, 100 millions)



Business Strengths and Challenges

We have gradually improved the accuracy of our AI-powered Smart Diagnosis to support our goal of being a Zero Call Company (ZCC), making our maintenance operations more effective. At the GALILEI Academy, we train and develop technical staff as a means to solve social issues, such as aging technical engineers and successor shortages in the industry. We face the task of attracting, training, and developing technical staff skilled in maintaining both kitchen equipment and refrigeration and freezing equipment. Our ability to provide a range of maintenance services that include kitchen equipment maintenance will further enhance the effectiveness of our collaboration with the Food Service Operations.

Prospects

We aim to be a ZCC and to help reduce food loss and refrigerant gas leaks caused by product failures by further increasing the accuracy of Smart Diagnosis and making the maintenance operations even more efficient. We hope to be a company that offers advanced maintenance services through the training and development of technical staff at the GALILEI Academy and the improvement of the technical capabilities of the entire supply chain. To implement 10-year refrigerant gas leak warranties starting in April 2025, we will strengthen partnerships with contractors at the GALILEI Contractor Hub to improve installation quality.

Engineering Operations



Takayasu Minamihata
Acting General Manager
Engineering Operations

FY2023 review

In the low temperature logistics industry, demand for the construction of logistics centers and cold storage warehouses continued due to the “2024 logistics problem” and the full occupancy or dilapidated state of cold storage warehouses in major cities. However, food manufacturers were particularly cautious about making capital investments due to rising energy and building materials costs, and Engineering Operations failed to reach the previous year’s performance level.

Business Information

We apply refrigeration, freezing, and other technologies across both GALILEI Group and non-GALILEI Group products, to offer total solutions to businesses, including low temperature warehouses and food production factories. It is our goal to provide the engineering services that are useful to customers and beneficial to society.



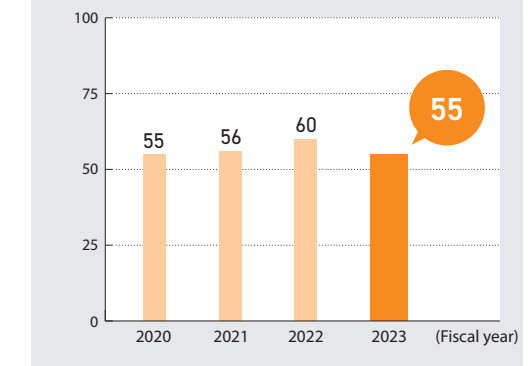
Equipment planning



NOBRAC

Sales

(¥, 100 millions)



Business Strengths and Challenges

Engineering Operations manages the entire process from design and installation to maintenance in order to address staff shortages facing food production factories and logistics companies and the need to renovate dilapidated facilities. The GALILEI Group provides optimal equipment solutions through total engineering services that feature the Group’s products, such as thermal insulation panels, tunnel freezers, and conveyor belts. However, the Engineering Operations has the challenge of making its design operations more efficient. By sharing design technology and using digital transformation, we aim to handle larger projects in the future, and to offer even more efficient design, installation, and maintenance services.

Prospects

Demand for construction of cold storage warehouses is on the increase in Japan, as many of these warehouses are fully occupied or in a dilapidated condition, and there is a growing need to convert ambient warehouses into low-temperature warehouses. In response, the GALILEI Group will make extra efforts to supply NOBRAC, a CO₂ refrigeration system, in addition to its total engineering services to reduce environmental impact as well as power consumption.

GALILEI PANEL CREATE CO. LTD.



Yoshinori Kojima
Managing Executive Officer
General Manager, Sales Headquarters

FY2023 review

Demand for logistics centers and cold storage warehouses remained strong because of the “2024 logistics problem,” which began in 2022, and also because cold storage warehouses in major cities reached full capacity or were in poor condition. In recent years, we had focused on non-refrigerated clean rooms in the semiconductor, pharmaceutical, and lithium-ion battery markets, and sales from this sector also grew. Sales of compact prefabricated refrigerators for supermarkets and convenience stores also increased. As a result, we achieved significantly better results than the previous year.

Business Information

We offer optimal panel solutions for freezer and refrigeration spaces, as well as cleanrooms, with a broad range of high performance thermal insulation panels and our unique design and installation technology.



Ceiling panel with built-in LED lights



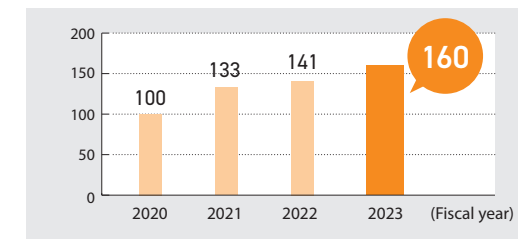
CFC-free thermal insulation panel, “econea” Series



Cleanroom

Sales

(¥, 100 millions)



Business Strengths and Challenges

GALILEI PANEL CREATE’s core competencies include managing the entire process of panel design, production, and installation, as well as providing the GALILEI Group’s comprehensive coordination services for refrigerator and freezer installation, thereby tapping into various sales channels. Sales of non-refrigerated clean rooms as well as freezer and refrigeration spaces have risen in recent years, and we are using our product quality and installation expertise to enter these markets. We aim to strengthen our design capabilities and train personnel to better meet the needs of both freezer / refrigeration spaces and non-refrigeration spaces.

Prospects

Sales in the non-refrigeration area have increased in recent years, and we are focusing our efforts on the regenerative medicine market in addition to the semiconductor, pharmaceutical, and lithium-ion battery markets. We plan to add thermal insulation panels with cleanroom specifications to our product range to develop and market products that better meet customers’ requirements. We also aim to secure not only large-scale projects, but also medium- and small-sized projects to continue to increase sales.

TAKAHASHI GALILEI CO. LTD.



Tomokazu Naruta
President

FY2023 review

Businesses, especially food manufacturers, took a cautious approach to capital investments due to rising energy and building material costs. As a result, our performance did not reach the previous year's level.

Business Information

We are the first company in the world to develop, design, and manufacture a continuous rapid freezing, rapid cooling system, "Tunnel Freezer." We take great pride in our 65 years of success and holding the largest market share in Japan. We develop a wide variety of products, including LSHOCK, an alcohol brine batch type rapid freezer, and SPIN SHOCK, a spiral freezer for mass production.



Continuous rapid freezer, Tunnel Freezer®



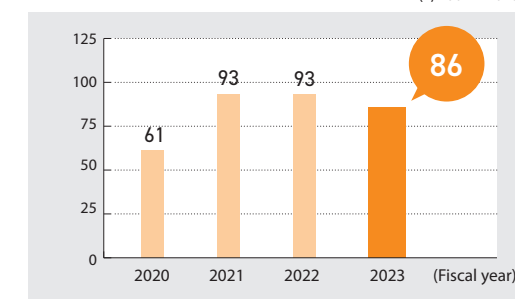
Alcohol brine batch type rapid freezer, LSHOCK®



Spiral freezer, SPIN SHOCK®

Sales

(¥, 100 millions)



Business Strengths and Challenges

We hold the largest market share in Japan as a dedicated tunnel freezer manufacturer. One of our strengths is our ability to use the MILAB Food Factory Laboratory in the GALILEI Group's headquarters and our solution-based business model known as Total Food Solution or TFS. With the slogan "the right person in the right refrigerated place," we have the competence to offer optimal refrigeration technology and equipment solutions. Our goal is to increase the sales of NOBRAC, a CO₂ refrigeration system. There has been a growing demand for natural refrigerants, and we will market NOBRAC, together with Tunnel Freezer, which is where our excellence lies, for greater environmental sustainability and energy efficiency.

Prospects

In this fiscal year, we set up the NOBRAC Development Office to acquire a better understanding of the environmental sustainability and energy efficiency of the CO₂ refrigeration system, NOBRAC, and to create more added value. To achieve this, we will identify product ranges that synergize with Tunnel Freezer and apply our Japanese-developed refrigeration technology to overseas cold chains.

SHOKEN GALILEI CO. LTD.



Shuichi Inoue
President

FY2023 review

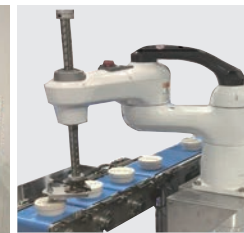
The new factory at the head office began operations in April 2023, resulting in increased productivity and efficiency. The factory is used as a test laboratory for automation and manpower saving equipment. We performed well for several years, and this year, we strengthened our relationships with our existing distributors while successfully acquiring new ones. As a result, sales from food production factories increased, and we achieved the highest sales level since we joined the GALILEI Group.

Business Information

Since SHOKEN GALILEI was established in 1968, we, as a specialist manufacturer of food production factory equipment and drive systems, have offered automation and labor-saving solutions for numerous production and logistics lines. A significant increase in the need for automation and labor-saving solutions is expected in the future, and we are committed to developing labor-saving technology for production lines and advancing new innovations.



Frozen production lines



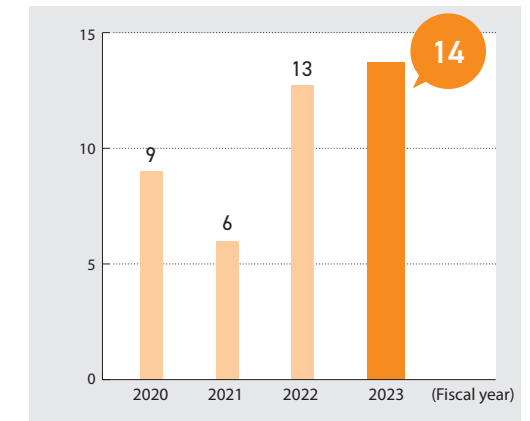
Robots



Conveyor belts

Sales

(¥, 100 millions)



Business Strengths and Challenges

We excel in conveyor equipment for production and labor-saving solutions, areas where we can achieve significant group synergy. In recent years, we have stepped up efforts to become a robot system integrator (Sier) in the packaging process in the logistics sector as our second pillar of business. Meanwhile, we need to train and develop staff to improve our design capabilities, and we intend to further enhance our strengths to meet our customers' expectations.

Prospects

As a result of the continuous recruitment campaigns that we have conducted here in Shizuoka Prefecture, we are now able to secure good talent and offer enhanced staff training programs, and we have a lower staff turnover. We aim to streamline staff training and solidify our second business pillar. Our focus is on improving product quality at the new factory, increasing customer satisfaction, and achieving stronger business results.

Overseas Operations



Shinya Takayasu
General Manager, Asia Operations

FY2023 review

Our Overseas Operations were previously focused on a few countries, including Hong Kong, Taiwan, Singapore, and Malaysia. However, in FY2023 we experienced substantial sales growth in Vietnam, Indonesia, and the Philippines due to an increase in supermarket, convenience store, and kitchen projects. This enabled us to supply Japanese companies operating in Asia and local customers alike.

Business Information

We have business bases in 11 countries and regions in China and Southeast Asia. Building on trust in Japan Quality, we support Japanese companies in expanding overseas and marketing products to local customers. In 2014, we established a factory in Thailand, our production base in Asia, to manufacture commercial refrigerators and plug-in island showcases. We will continue increasing the factory's production capacity to meet customer requirements.



Commercial refrigerators and freezers

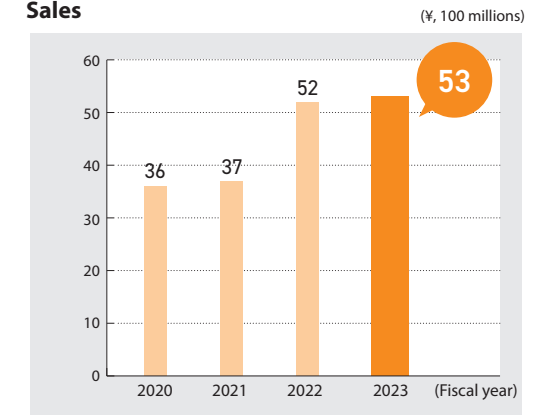


Small refrigerated showcases with sliding doors



Plug-in island showcases

Sales



Business Strengths and Challenges

Our strengths lie in our ability to offer superior freezing technology refined in Japan and trusted Japan Quality to both Japanese companies operating overseas and international customers. In FY2023, we launched blast chillers designed to international specifications, offering labor-saving solutions for stores. To expand in overseas markets, we need to offer a comprehensive range of products compatible with different voltages. We also need to obtain international certifications, such as CE and UL, for export products.

Prospects

The number of Japanese restaurant chains looking to expand to Southeast Asia and other countries has been rising every year, and the overseas market is expected to continue to grow significantly. In the current fiscal year, we are making preparations to set up showrooms in our priority countries: Vietnam, Indonesia, and Thailand, and the showrooms are scheduled to open soon. To create value, we will grasp the needs of international customers and strengthen our efforts to offer not only the GALILEI Group's products, but also intangible solutions, such as the superior freezing technology that we have developed over the years. We have recently formulated and disclosed the "GALILEI Global Vision 2030", a medium-term vision for our Overseas Operations leading up to 2030. The GALILEI Group aims to build a sustainable society and improve dietary quality by investing proactively and supporting Asia's food infrastructure across the entire production stream.

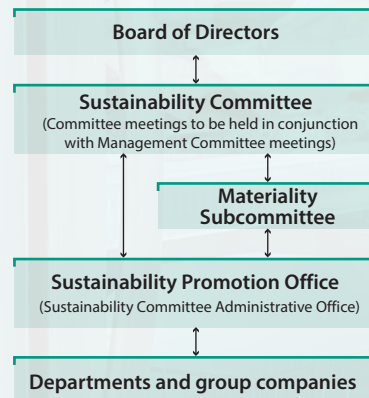
Sustainability Initiatives

Sustainability Policy

The corporate philosophy of the GALILEI Group revolves around the Four Rules of Happiness: achieving consumer happiness, customer happiness, employee happiness, and stakeholder happiness. In line with this philosophy, we are committed to addressing social issues through our business activities, creating a sustainable society, and enhancing our medium- to long-term company value.

Sustainability Promotion Framework

In June 2021, the GALILEI Group established the SDG Promotion Committee to promote sustainability efforts across the Group. The Committee is a group-wide body chaired by the president of the GALILEI Group and composed of management committee members. The Committee convenes quarterly in conjunction with a Management Committee meeting to discuss sustainability issues in general. In this fiscal year, the GALILEI Group established the Materiality Subcommittee under the SDG Promotion Committee, and the Subcommittee plays the role of reviewing specific actions that should be taken to address material issues.



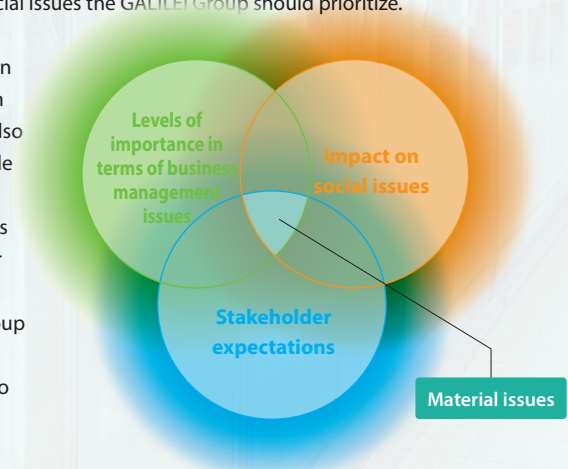
*The SDG Promotion Committee was renamed the Sustainability Committee in October 2024.

Material Issues for the GALILEI Group

Facing various social challenges, such as food-related issues, climate change, and diversity, we at the GALILEI Group recognize the necessity of addressing these issues through our business operations. In September 2023, we identified key material issues to clarify the social issues the GALILEI Group should prioritize.

We evaluated the importance of material issues based on three factors: the levels of importance in terms of business management issues, impact on social issues, and stakeholder expectations. We also considered the perspectives of individuals outside the GALILEI Group, such as outside directors and experts, before we identified eight material issues and submitted them to the Board of Directors for approval.



By tackling these material issues, the GALILEI Group strives to achieve two missions: building a sustainable society and increasing our medium to long-term corporate value.







Material Issues

The GALILEI Group is working hard to achieve the targets for the material issues. We have identified specific initiatives for the medium to long term and established corresponding indicators and targets.

We report the progress we have made to the Sustainability Committee to discuss what more we can do to achieve the targets.

The value we offer	Material issues	Related opportunities and risks (□Opportunity ■Risk)	Specific initiatives	Indicator	Target year	Target	Results (2023)
Bring the joy and excitement of delicious food to people	Improve consumers' lives 	<input type="checkbox"/> Co-creation of value through external collaboration <input type="checkbox"/> Development of specialized fields through technological innovation <input type="checkbox"/> Competitiveness improved in anticipation of changes <input type="checkbox"/> Reform of the business foundation driven by digital disruption <input checked="" type="checkbox"/> Loss of opportunities and weakened competitiveness due to lack of investment <input checked="" type="checkbox"/> Emergence of many competitors due to the inability to build robust market entry barriers	<ul style="list-style-type: none"> • Make effective use of using MILAB to promote co-creation through industry-government-academia collaboration. 	<ul style="list-style-type: none"> • Number of MILAB users 	2025	<ul style="list-style-type: none"> • 10,000 users per year 	<ul style="list-style-type: none"> • 3,014 users per year
			<ul style="list-style-type: none"> • Develop food startups. 	<ul style="list-style-type: none"> • Number of startups given support 	2030	<ul style="list-style-type: none"> • 30 companies in cumulative total, 2 listed companies 	<ul style="list-style-type: none"> • 13 companies
Support a food lifeline for better living	Reduce food loss 	<input type="checkbox"/> More stringent laws and regulations and rules applicable to food loss <input type="checkbox"/> Development of freezing and defrosting technologies <input type="checkbox"/> Increased need for the development of cold chains in developing countries <input checked="" type="checkbox"/> Loss of business opportunities due to delay in complying with food loss regulations	<ul style="list-style-type: none"> • Develop food loss reduction technology. • Provide products, systems, and services to help reduce food loss. • Contribute to the development of cold storage chains in Asia. 	<ul style="list-style-type: none"> • Amount of food loss reduced through products and services 	2030	<ul style="list-style-type: none"> • 150,000 tons per year 	<ul style="list-style-type: none"> • 73,617 tons per year
			<ul style="list-style-type: none"> • Promote adherence to the Sustainable Procurement Guidelines. • Promote sustainable procurement. 	<ul style="list-style-type: none"> • Procurement based on Sustainable Procurement Guidelines (survey response rate) 	2025	<ul style="list-style-type: none"> • 80% 	<ul style="list-style-type: none"> • 89.3%
	<ul style="list-style-type: none"> • Promote the optimization of supply chains. 	<ul style="list-style-type: none"> • Promotion of in-house production, strengthened operations, and digitization 	2030	<ul style="list-style-type: none"> • 100% 	<ul style="list-style-type: none"> • Sheet metal and copper pipes processed in-house. • Main parts purchased from multiple sources. Proper inventory levels maintained. • Distribution center digitized. 		
	<ul style="list-style-type: none"> • Promote the Zero Call Company concept. 	<ul style="list-style-type: none"> • Frequency of smart diagnosis pre-maintenance services provided^{*1} 	2025	<ul style="list-style-type: none"> • Qualitative assessment 		<ul style="list-style-type: none"> • 115 times per year 	

The value we offer	Material issues	Related opportunities and risks (□Opportunity ■Risk)	Specific initiatives	Indicator	Target year	Target	Results (2023)
Keep all forms of life on the planet vibrant and healthy	Support a healthy lifestyle 	<input type="checkbox"/> Advances in regenerative medicine <input type="checkbox"/> Eating habits reassessed as a result of serious or diverse health issues <input type="checkbox"/> Growth of the precooked frozen food market <input type="checkbox"/> Increased need for the development of cold chains for the medical and elderly care industries in developing countries <input checked="" type="checkbox"/> Intense competition in the medical and healthcare industries	<ul style="list-style-type: none"> Employ various approaches to the regenerative medicine and healthcare fields. Contribute to the medical and healthcare industries 	<ul style="list-style-type: none"> Products developed for new business fields, such as the regenerative medicine and healthcare fields Number of products, systems, and services provided to the medical and healthcare industries 	2025	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> Development of CFC-free medical refrigerators, freezers, and steam-heating food reheating carts
	Achieve a carbon-free society 	<input type="checkbox"/> More stringent laws and regulations and rules related to environmental and decarbonization issues <input type="checkbox"/> Increased need for products with high environmental performance <input type="checkbox"/> More efforts to achieve net zero carbon emissions, Collaboration with customers <input type="checkbox"/> Greater brand trust <input checked="" type="checkbox"/> Corporate value damaged due to delay in combating climate change <input checked="" type="checkbox"/> Loss of business opportunities due to delay in complying with regulations on greenhouse gas emissions	<ul style="list-style-type: none"> Transition to green refrigerants. 	<ul style="list-style-type: none"> Weighted average GWP (Global Warming Potential) 	2025	<ul style="list-style-type: none"> 500 (plug-in type) 1,500 (remote type) 	<ul style="list-style-type: none"> 1,603 (plug-in type) 1,596 (remote type)
			<ul style="list-style-type: none"> Prevent refrigerant gas leaks. 	<ul style="list-style-type: none"> Amount of refrigerant leaks 	2035	<ul style="list-style-type: none"> 0 t-CO₂ per year 	<ul style="list-style-type: none"> 52,423 t-CO₂ per year
			<ul style="list-style-type: none"> Develop and offer products with superior environmental performance. 	<ul style="list-style-type: none"> Shift to products with less environmental impact, calculated by a LCA (Life Cycle Assessment) 	2025	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> LCA published Development of CFC-free commercial refrigerators and ice makers
Contribute to the happiness of people around the world	Live in harmony with local communities 	<input type="checkbox"/> Increased employee motivation, improved human resources development <input type="checkbox"/> Connectivity with ESG-oriented younger people, greater opportunities to attract talent <input type="checkbox"/> Improved corporate reputation through communication of the joy of eating and playing sports <input type="checkbox"/> Business opportunities created through external collaboration <input checked="" type="checkbox"/> Corporate brand seriously tarnished due to failure to be recognized as a good corporate citizen in local communities <input checked="" type="checkbox"/> Corporate image damaged and opportunities to attract good talent lost due to lack of community engagement	<ul style="list-style-type: none"> Promote social engagement through the GALILEI 1% Club. 	<ul style="list-style-type: none"> Number of the GALILEI 1% Club activities performed Total number of volunteers participating 	2030	<ul style="list-style-type: none"> 200 activities per year¹ 1,000 people per year 	<ul style="list-style-type: none"> 89 activities per year 439 people per year
			<ul style="list-style-type: none"> Support local communities by working with local people and authorities 	<ul style="list-style-type: none"> Working with local people and authorities 	2025	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> Support for players to combat the intense heat in the Japan Junior Tennis Championships Factory tours organized Support for global human resource development through the FUKUSHIMA Global Human Resources Support Scholarship Foundation
	Develop human resources 	<input type="checkbox"/> Ability to maintain excellent technological capabilities due to lower employee turnover and passing on of technologies to future generations <input type="checkbox"/> Improved corporate reputation due to training workers supporting cold chains <input checked="" type="checkbox"/> Weakened competitiveness due to lack of human resources development <input checked="" type="checkbox"/> Corporate reputation decreased due to a higher employee turnover <input checked="" type="checkbox"/> Decline in competitiveness in overseas markets due to failure to attract global talent	<ul style="list-style-type: none"> Continue to enhance human resources development and training programs. 	<ul style="list-style-type: none"> Training hours per employee 	2030	<ul style="list-style-type: none"> 20 hours per employee² 	<ul style="list-style-type: none"> 17.4 hours per employee²
			<ul style="list-style-type: none"> Promote and expand the GALILEI Academy. 	<ul style="list-style-type: none"> Cultivation of refrigeration engineers through operation of a technical training school 	2025	<ul style="list-style-type: none"> Qualitative assessment 	<ul style="list-style-type: none"> 59 students per year completed training at the GALILEI Academy
			<ul style="list-style-type: none"> Improve employee engagement. Build a diverse workforce by promoting women's empowerment, increasing mid-career hires, reducing turnover among younger staff, employing mature staff, and increasing non-Japanese staff. 	<ul style="list-style-type: none"> Group-wide mean deviation of employee engagement 	2030	<ul style="list-style-type: none"> 65%² 	<ul style="list-style-type: none"> 55.9²
				<ul style="list-style-type: none"> Provide a positive work environment and offer diverse work styles. 	<ul style="list-style-type: none"> Percentage of female directors Percentage of female managerial staff Percentage of local managerial staff at overseas group companies Average overtime hours worked Paid annual leave take-up rate 	2030	<ul style="list-style-type: none"> 30% 10%² 55%¹ 15 hours^{1,2} 70%²

*1 The indicators and targets for this fiscal year have been revised. *2 On a non-consolidated basis

Sustainability Initiatives | Environment

Environmental Management



Environmental Policy

At FUKUSHIMA GALILEI, we acknowledge that making our operations environmentally friendly is a crucial task. We are committed to continuously and actively implementing initiatives that consider and reduce our environmental impact.

1. We will offer and recommend products, systems, and services designed to minimize environmental impact throughout the manufacturing, sales, installation, and maintenance processes.
2. In our commitment to environmental protection, we will closely monitor the impact of our business activities on the environment and continuously enhance our environmental management systems.
3. We will adhere to laws, regulations, and codes of industry associations of which we are members, as well as community rules pertaining to environmental management.
4. In the course of our business activities, we will address and manage key issues that impact the environment:
 - (1) Promote the development, manufacture, and sales of environmentally friendly products, systems, and services.
 - (2) Reduce the use of environmentally harmful chemicals and enhance the control levels of such chemicals.
 - (3) Promote the effective use of resources.
 - (4) Combat climate change.
 - (5) Protect the environment.
5. We will establish environmental targets, formulate and implement an action plan, and regularly review these targets and the plan as necessary.
6. We will document, implement, and maintain the environmental management system.
7. We will ensure all employees are familiar with the Environmental Policy and conduct training to increase awareness of the importance of environmental protection. Additionally, we will inform our business partners about the Environmental Policy and encourage them to engage in environmental protection efforts.
8. We will regularly disclose our environmental protection efforts on our website.

Environmental Management System

We have obtained ISO14001 certification and implemented an environmental management system (EMS). The EMS is implemented in accordance with the management program of each of our business locations. The business locations that have obtained EMS certification conduct annual environmental audits (internal environmental audits) and external assessments. Other business locations and group companies have their EMS reviewed by senior management, who incorporate it into their environmental targets for the following fiscal year for continued improvement.

Environmental audits

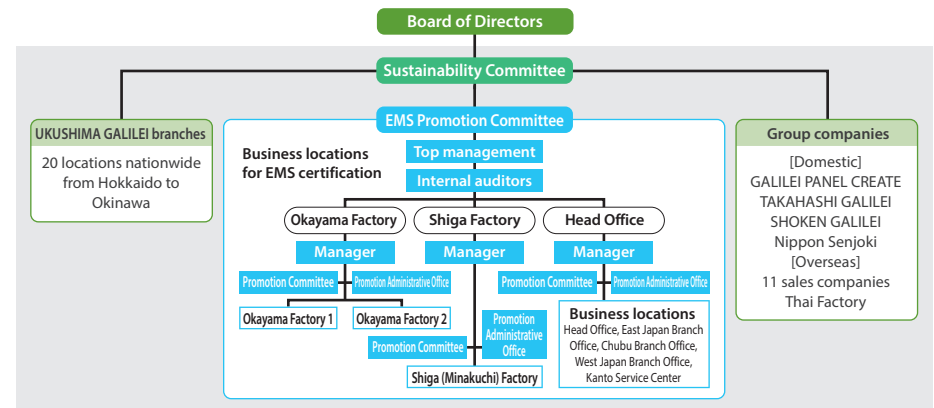
To ensure the effective functioning of our Environmental Management System (EMS), we conduct an annual internal audit as well as an annual external audit performed by an external certification body. The internal auditor is appointed from among registered staff who have completed an internal auditor training seminar and have recognized competencies. Prompt actions are taken to address issues identified during internal audits.

Promotion system

At business locations that have obtained EMS certification, an EMS Promotion Committee has been established under the supervision of the EMS Manager. Similar bodies at other business locations hold regular meetings to set targets, review progress, and share information.

Environmental training

We conduct annual environmental training for our employees. The recovery of CFCs is a critical environmental activity for our organization. We have established our own certification criteria for the operation, which can only be performed by certified engineers. Each year, our CFC recovery engineers receive specialized training to improve their emergency response skills.



Our major environmental performance metrics are disclosed on our website.

https://www.galilei.co.jp/company/sustainability/e_management/#achievements



Response to Climate Change

TCFD-related Financial Disclosures

The GALILEI Group supports the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and analyzes its risks and opportunities using the TCFD framework.

Governance

The Sustainability Committee has been established to promote sustainability throughout the GALILEI Group. A subcommittee of the Sustainability Committee that is responsible for one of the material issues, "Achieve a carbon-free society" addresses climate change issues under the supervision of the subcommittee chairman.

Strategy

As part of our commitment to addressing climate change and leaving a sustainable environment for future generations, we established a sustainable vision, Dramatic Future 2050. We also established the Environment Vision 2050 to achieve a carbon-neutral and carbon-free society by 2050, and developed the Environment Vision 2030, which outlines specific steps and initiatives. As an environmentally conscious company, we recognize the importance of meeting stakeholder expectations and fulfilling social obligations. The GALILEI Group has conducted comprehensive scenario analyses based on potential increases of 1.5°C and 4°C. For more information on our scenario analysis, please see the table on the right.

Major climate-related risks and opportunities

Risks and opportunities	Types	Outline of risks and opportunities	Financial impact		Actions
			1.5°C	4°C	
Risks	Transition risks	More stringent refrigerant regulations and increased compliance costs (for products and at business locations)	High	Low	<ul style="list-style-type: none"> Transition to green refrigerants and prevent refrigerant gas leaks, as outlined in the Environment Action 2030. Invest capital for the launch new refrigerants. Engage in research and development, and organize training for acquiring technical skills.
		More stringent energy efficiency regulations and increased compliance costs (for products and at business locations)	Medium	Low	<ul style="list-style-type: none"> Develop and offer products with superior environmental performance, as stated in the Environment Action 2030.
		Increased costs due to the introduction of a decarbonization tax	Medium	Low	<ul style="list-style-type: none"> Reduce CO₂ emissions, as stated in the Environment Action 2030.
	Physical risks	Rising raw material prices and procurement costs	High	Medium	<ul style="list-style-type: none"> Launch the GALILEI Supplier Hub and the GALILEI Contractor Hub. Implement supply chain measures to address the situation and incorporate cost increases into pricing.
Opportunities	Products / Services	Increased impact on business operations from more devastating natural disasters and extreme weather conditions	Medium	High	<ul style="list-style-type: none"> Develop a Business Continuity Plan (BCP) and establish alternatives for high-risk locations.
		Delays in procurement due to supply chain disruptions	Medium	High	<ul style="list-style-type: none"> Diversify purchases, use multi-purpose parts, and increase inventory levels.
	Energy sources	Reduced costs of renewable energy	Medium	Low	<ul style="list-style-type: none"> Optimize the use of renewable energy.

Risk management

Climate change risk management is carried out by a subcommittee of the Sustainability Committee that is responsible for one of the material issues, "Achieve a carbon-free society."

Metrics and targets

We have set metrics and targets for each item of the Environment Action 2030. Please see the table below for the key themes and medium- to long-term targets.

Key themes and medium- to long-term targets

Key theme	Indicator	Medium- to long-term target	
		Target	Target year
Transition to green refrigerants			
Plug-in type products	Weighted average Global Warming Potential (GWP)	GWP 150 or below	2029
Remote type products and installation	Weighted average Global Warming Potential (GWP)	GWP 750 or below	2029
Customers' products / equipment	Replace products containing CFC refrigerants that have greater environmental impact	-	Every year
Prevent refrigerant gas leaks			
Amount of refrigerants leaks	Refrigerant leaks (t-CO ₂) from products manufactured and projects completed within the past 10 years	0	2035
Plug-in type products	10-year CFC refrigerant leak warranty	Start	2025
Remote type products and installation	10-year CFC refrigerant leak warranty under a maintenance agreement	Start	2025
Develop and offer products with superior environmental performance			
Life cycle assessments (LCA)	LCA for major models	Disclosure	2023
Transition to environmentally friendly products	Transition to products with less environmental impact based on LCA results	-	Every year
Reduce CO₂ emissions			
Decarbonization	Scope 1 and 2 CO ₂ emissions (absolute amount) reduction rate (from 2013)	50%	2030
	Reduction of CO ₂ emissions by working with customers	-	Every year

Environment Action 2030

As part of our commitment to leaving a sustainable environment for future generations, we established the Environment Vision 2050 to achieve a carbon neutral and carbon free society by 2050, and we also developed the Environment Vision 2030 as our medium-term target. At the GALILEI Group, we make concerted efforts to achieve the following four key themes.

Transition to green refrigerants

Transition to a CFC-free refrigerant, R1234yf

As part of our efforts to transition to green refrigerants, we began phasing in a CFC-free refrigerant, R1234yf, for our flagship commercial refrigerators and freezers and ice makers in October 2023, and began production of 222 models of commercial refrigerators and freezers and 9 models of ice makers. We aim to complete our transition to a full range of CFC-free refrigerators and freezers by the end of 2024, and will working toward making all our products CFC-free.



GRD-121PX
CFC-free commercial refrigerator



FIC-95KTX
CFC-free ice maker

What is R1234yf? R1234yf is a non-toxic refrigerant with a lower burning velocity, an Ozone Depletion Potential (ODP) of 0, and a Global Warming Potential (GWP) of 1. R1234yf is safe to handle, making it suitable for on-site repairs and inspections.

Transition to a natural refrigerant, R744 (CO₂)

R744 (CO₂) is a natural refrigerant with a GWP of 1, and it is non-flammable and safe to use. We have proactively used natural refrigerants for refrigerated and freezer showcases since

the Act on Rational Use and Appropriate Management of Fluorocarbons was enforced in April 2015. Since the introduction of the Axia-Zero system with a CO₂ freezer in February 2015, approximately 2,400 CO₂ freezers with a total capacity of 16,000 horsepower have been supplied as of June 2024. In 2022, we developed our own brand, NOBRAC, a CO₂ refrigeration system, and the number of the systems supplied in FY2023 steadily increased to 13. In the plug-in type products category, we started production of plug-in reach-in showcases with R744 in August 2023.



MGK-53FKCY5BOR
CO₂ plug-in type showcase

Prevent refrigerant gas leaks

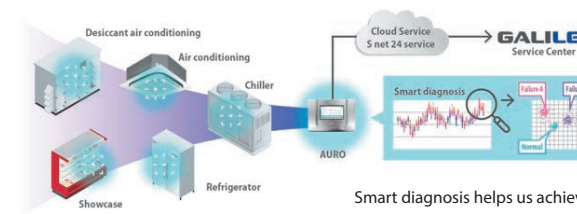
10-year refrigerant gas leak warranties launched

In April 2024, we started 10-year refrigerant gas leak warranties for commercial refrigerators and freezers and ice makers with CFC-free refrigerants. The warranties provide a 10-year cover for cooling failures and repairs in the event of refrigerant gas leaks. All plug-in type products manufactured by us will be covered from FY2025.



Refrigerant gas leak prediction and detection service started

We now offer Smart Diagnosis, an AI- and IoT-based service that predicts and detects refrigerant gas leaks in remote type products installed in stores. This service will help us to prevent unexpected repair works and to reduce food loss and loss of sales opportunities, and we aim to be a Zero Call Company through this initiative. Smart Diagnosis complies with the Guidelines on CFC Leak Detection Systems through Continuous Monitoring of Commercial Refrigeration and Air-Conditioning Equipment (JRA GL-17), which is a standard issued by the Japan Refrigeration and Air Conditioning Industry Association (JRAIA). Smart Diagnosis effectively detects potential cycle failures and refrigerant leaks, issuing alerts quickly so that customers can act promptly.



Smart diagnosis helps us achieve our goal of being a Zero Call Company

Initiative on Fluorocarbons Life Cycle Management (IFL)

The GALILEI Group has signed up for the Initiative on Fluorocarbons Life Cycle Management (IFL), an international initiative led and established by the Ministry of the Environment in an effort to reduce CFC emissions from the entire life cycles of products. By utilizing our technical capabilities in developing countries where no established CFC recovery and treatment technologies are available, we are dedicated to reducing greenhouse gas emissions and fostering a sustainable balance between environmental preservation and economic growth.



CFC emissions reduction efforts

Before the Act on Rational Use and Appropriate Management of Fluorocarbons came into force, we obtained ISO14001 certification for our major business locations. One of our important tasks is to prevent CFC leaks. The EMS Promotion Committee identifies CFC-using equipment and conducts regular inspections and maintenance based on the equipment control register. Leakage for FY2023 was 126.9t-CO₂ (CO₂ equivalent), which is below 1,000t-CO₂, the value required by law to be reported to the Japanese government.

Amount of HFC leaked (t-CO₂)



Develop and offer products with superior environmental performance

Life Cycle Assessments (LCA) of major models

What is LCA?

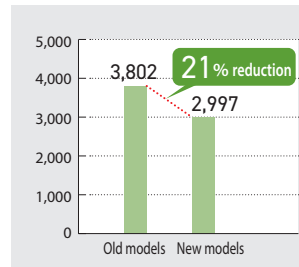
Life Cycle Assessment is a method that quantitatively assesses the environmental impact of the entire life cycle of a product or service (from resource extraction, raw material production, product production, distribution and consumption through disposal and recycling) or of a specific stage of the life cycle. In FY2021, we began preparations to conduct LCA, and in FY2022, we calculated the impact of our major models of upright refrigerators and plug-in type showcases, including previous years' models, on climate change, and conducted comparisons.

Upright refrigerators

- Assessment of impact on climate change by product life cycle stage
 - GHG* emissions at the market distribution (use) stage accounted for approximately 84.4% of total emissions.
 - GHG emissions at the product production stage accounted for approximately 15.5% of total emissions.
- GHG emissions from a new model (GRD-120EM) were reduced by approximately 21% from an old model (ARD-120RM) as a fewer number of parts were used and energy efficiency was improved (power consumption was reduced) during use.

* GHG stands for greenhouse gas, and it is a generic term for greenhouse gases such as carbon dioxide and methane.

Comparison of greenhouse gas emissions (CO₂ equivalent (kg-CO₂e))

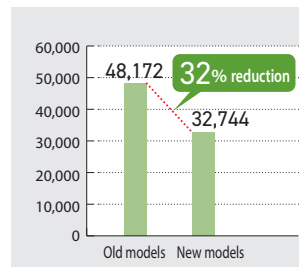


GRD-121PX
Commercial refrigerator

Plug-in type showcases

- Assessment of impact on climate change by product life cycle stage
 - GHG* emissions at the market distribution (use) stage accounted for approximately 97% of the total GHG emissions.
 - GHG emissions at the product production stage accounted for approximately 2.1% of the total GHG emissions.
- GHG emissions from a new model (AMX-61PGFTAXOR) were reduced by approximately 32% from an old model (IMC-64PGFTAXR) as fewer parts were used and energy efficiency was improved (power consumption was reduced) during use.

Comparison of greenhouse gas emissions (CO₂ equivalent (kg-CO₂e))



AMX-61QGFTAXOR
Plug-in island showcase

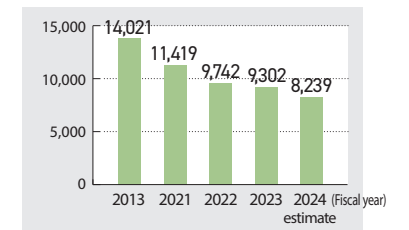
Reduce CO₂ emissions

The GALILEI Group's initiative to reduce CO₂ emissions

The GALILEI Group aims to reduce its CO₂ emissions by 50% by 2030 (compared to FY2013).

In FY2024, we expect to reduce CO₂ emissions by approximately 40% through transition to CO₂-free power sources.

CO₂ emissions (t-CO₂)



CO₂-free power sources

Our Shiga (Minakuchi) Factory transitioned to CO₂-free power sources in July 2024. With this transition, all of our domestic factories now have zero CO₂ emissions. We plan to use CO₂-free power sources for our future production and R&D activities.



Reduction of Scope 3 emissions

We have supplied a GALILEI Air-tec System to Harashin store in Shirone, Minami Ward, Niigata City as energy efficient equipment to achieve the ZEB (Zero Energy Building) concept. Harashin is the first supermarket to obtain the highest ZEB energy efficiency certification. As a registered ZEB Planner, the GALILEI Group is committed to working closely with customers to promote ZEB and reduce Scope 3 emissions toward a carbon-free society.



Biodiversity Conservation Initiatives

Biodiversity Conservation Policy

To protect life on Earth, the GALILEI Group is committed to protecting and maintaining the natural environment.

1. We will strive to achieve net zero greenhouse gas emissions, as outlined in our sustainable vision, "Dramatic Future 2050."
2. We will collaborate with NPOs and public interest incorporated foundations to protect and restore nature and conserve biodiversity.
3. We will regularly disclose our biodiversity conservation efforts on our website.

Beach Cleanup

The GALILEI 1% Club (please see page 45) started the Beach Cleanup, an environmental preservation activity, in FY2023 as part of its social engagement activities. To date, the Club has carried out the activity seven times in six locations with a total of 509 participants. Through the Beach Cleanup, the GALILEI Group is dedicated to advancing a carbon-free society, increasing social engagement, and conserving biodiversity.

Some of our recent activities

May 2024	Miyagahama Beach, Shiga Prefecture	142 people
June 2024	Iwaya Beach, Chikugo River bank (Aikawa area), Keya Beach, Fukuoka Prefecture	68 people
September 2024	Yodogawa River, Osaka Prefecture	104 people



Initiative participation

In April 2023, Osaka Prefecture launched the Osaka Biodiversity Support Declaration registration scheme to work with businesses and organizations to conserve biodiversity. In August 2023, the GALILEI Group registered under the following declaration category.

Declaration 4: **We will strive to protect the environment and to improve habitats.**

Awareness-Raising Activities

In April 2024, the GALILEI Group invited an instructor from NPO Osaka Umisakura to the Osaka Head Office to give a lecture to all employees on the significance of conserving biodiversity and conservation activities. The lecture was conducted in a hybrid format, combining in-person and online participation.



Topics

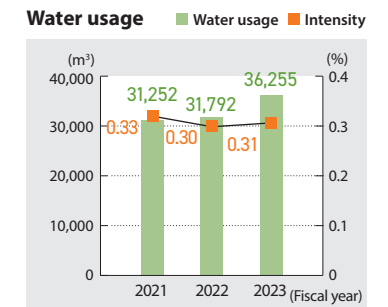
Effective use of resources

We at the GALILEI Group have made the promotion of effective use of resources one of our key themes, and our efforts include preventing environmental pollution, reducing the usage of water and other resources, extending the service life of products, minimizing the amount of waste generated from production sites, and recycling used products and parts.

Management of water resources

Our production processes use minimal water, primarily for indirect cooling. Our factories are located in an area that is less prone to drought, and we use tap water, water for industrial use, or groundwater depending on the requirements of the location.

We properly treat wastewater before discharging it into the sewage system and public waters.



Waste management

In FY2023, we successfully reduced industrial waste generation by 6.6% from the previous year to 2,827 tons. It is the results of our proactive efforts to improve the yield rate of scrap metal and scrap plastic materials, to reduce defective products in the production process, and to properly control inventory.

We maintained a waste recycling rate of over 80% by separating and reusing waste. We will continue to reduce waste generation and increase the reuse rate.

Sustainability Initiatives | Social

Acknowledging Changes in People's Lifestyles and Social Situations Offering a Good Work Environment and Job Satisfaction

Striving to create a work environment that enables everyone to focus on their work

As we state in our key strategy, “SDG and People” to achieve our purpose, we at the GALILEI Group value people, and encourage everyone from diverse backgrounds to fulfill their potential. The key themes of the strategy are a positive work environment and job satisfaction. Japan has been experiencing a decline in its workforce, and it is becoming extremely difficult to recruit staff. Women’s empowerment in the workplace has been promoted for a long time, but there is a structural problem: the lack of women in STEM fields in Japan. The GALILEI Group has set a goal



Tatsuo Hino
Senior Executive Officer,
General Manager of Administrative Headquarters

of increasing female liberal arts graduates hired for career track positions to at least 50% of graduate hires each year, and we have made steady efforts to achieve this goal. It is important to redefine managerial staff and train and develop highly skilled professionals, and we also believe it is crucial to evaluate how women can take on leading roles in the workplace. Furthermore, lifestyles have diversified, particularly among younger staff. If you have a young child, you and your spouse or partner may have to decide who should do the cooking, or who should take the child to and from the day care center. You and your spouse or partner may arrive at work and leave work at different times depending on your family circumstances. The GALILEI Group is well aware of its employees’ family responsibilities. To provide a positive workplace, it is essential to lay the foundation for a worry-free environment where everyone can concentrate on their work. A workplace where people can concentrate on work is directly linked with job satisfaction. The GALILEI Group is doing its utmost to create an environment that makes everyone feel happy to be at work and allows them to meet their goals, regardless of working hours or work patterns. Teamwork is also all-important. When employees can achieve personal growth alongside the company’s growth, our retention rate will improve, and our company will be a sought-after employer that attracts many job applicants.

Expansion of staff training and improvement of employee engagement

We are stepping up efforts to expand staff training programs by regularly providing level-specific training for a wide range of

staff, from new hires to mid-career and managerial staff. We believe that staff training is one of the most important staff benefits and welfare measures, and has a highly positive impact on job satisfaction and a good work environment. Everyone should be given regular opportunities to be stimulated to learn, regardless of their job position or department. We offer a specialist training program at the GALILEI Academy, where students spend one and a half months intensively learning about maintenance and installation work. They not only acquire necessary technical skills, but also form strong bonds with their fellow students, and they tend to stay with the company for longer. We also have a variety of other training programs, such as the Sales Academy and the GALILEI Juku, and we plan to continuously conduct specialist training programs in a wider range of fields. One of our top priorities with regard to staff training is awareness of how managerial staff should manage their staff and their work. These days, young people are increasingly hesitant to pursue managerial roles due to perceptions of high demands, so we plan to provide training for our staff that helps them perform their management duties in a structured way. This is crucial, as it is closely associated with improved employee engagement. We have introduced an employee engagement score system and set a specific target for 2030, and we are keenly aware of the importance of quantifying this target. One benefit of having this indicator is that our business base and departmental staff can implement specific action plans based on their respective scores. For example, if it becomes clear that there is room for improvement in staff communication in a department, the employee engagement score system is designed to prompt them to work together to formulate an improvement plan and take specific actions. If you meet or even exceed an employee engagement score target, you will understand how you can contribute to achieving the GALILEI Group’s purpose. You will develop a sense of ownership, enabling you to perform your duties effectively. You will be able to achieve personal growth and fulfill your potential in the workplace, and working for the GALILEI Group will be highly rewarding. I am sure of it.

Human Resources Development

Human resources development policy

The GALILEI Group aims to enhance its training programs and framework, as well as boost employee engagement, to develop individuals who will lead the way for the future of food and life.

Expansion of the Company-wide Training Program

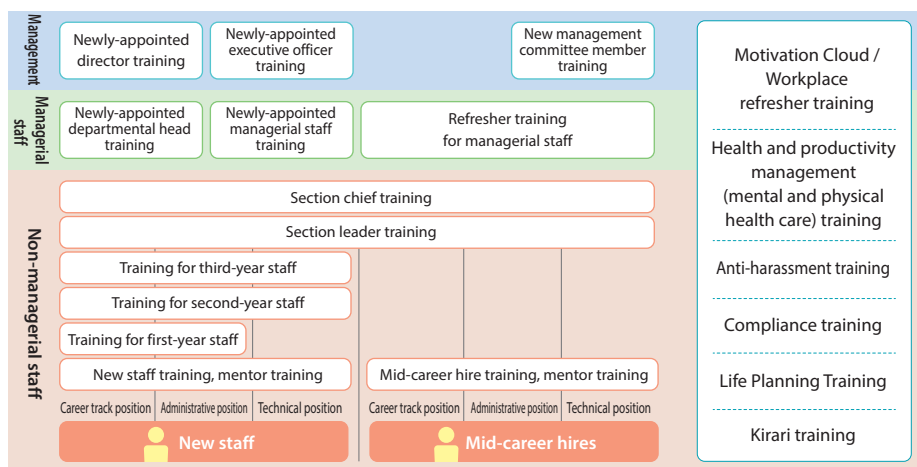
We are expanding our company-wide training program to develop people who will lead the way for the future of food and life. In 2022, we inaugurated the GALILEI Academy as a training facility, designed to provide professional development opportunities for our staff. This initiative enables them to quickly acquire and apply new skills in the workplace. Following this, in 2023, we launched the Sales Academy. We offer a broad spectrum of training programs, including level-specific training, aimed at enhancing our company-wide training framework.

This approach enables staff to collaborate more effectively, shape the direction of their workplace, and boost engagement significantly.



Company-wide training and level-specific training

Develop people who will “lead the way for the future of food and life”



- Motivation Cloud / Workplace refresher training
- Health and productivity management (mental and physical health care) training
- Anti-harassment training
- Compliance training
- Life Planning Training
- Kirari training

GALILEI Academy

At the GALILEI Academy, participants engage in a comprehensive one-and-a-half-month practical training program that includes both classroom learning and hands-on training. This program is designed to impart fundamental product knowledge, repair and maintenance skills, and installation techniques. In the second half of the curriculum, on-the-job training is provided. This enhances the participants understanding and response skills, ensuring they are fully prepared to enter the workforce. In FY2023, 59 students successfully completed the training program.



What training participants and their supervisors say about the GALILEI Academy

Voice

A survey conducted at the end of the training program shows a 98% satisfaction rate among participants. Many training participants say it was a valuable opportunity, and that they acquired both knowledge and technical skills. They also say they made friends with other participants and that they aim to support each other through friendly rivalry, even while working in different locations after completing the GALILEI Academy program. Their workplace supervisors have high expectations for the training participants, and observe that they systematically learned the necessary fundamental knowledge and are visibly more motivated.

Sales Academy

In 2023, we inaugurated the Sales Academy, designed to provide job-specific training for new sales staff who joined us post-graduation. The purpose of the Academy is to enable these new sales staff to quickly adapt and demonstrate their skills in the workplace, ensuring they feel comfortable and prepared when assigned to their respective workplaces. In its second year, 13 people completed the training course. This sales training has been particularly beneficial for new staff with less experience, helping them establish a strong internal network within the GALILEI Group.

GALILEI Human Resources and Technical Development Center

The construction of the GALILEI Human Resources and Technical Development Center is scheduled to be completed in the spring of 2027. This hub fosters growth in both people and technology, leading the way for the future of food and life. As part of our human resources development and training program aimed at fostering maintenance and installation engineers for the industry, we use this new technical development center to train and develop people who lead the way for the future of food and life, and to establish a “cycle of people and knowledge” that links to future generations globally.



Image of exterior of completed GALILEI Human Resources and Technical Development Center

Diversity and Inclusion

Diversity and inclusion promotion policy

The GALILEI Group aims to create new value by developing a work environment where all employees recognize and respect each other's diversity, regardless of nationality, race, creed, gender, or disability, and can express their individuality while fulfilling their potential to tackle challenges.

Promotion of Diversity

We have a department known as the Kirari Promotion Office, which promotes women's empowerment. The Kirari Promotion Office is specifically focused on hiring, retaining, and empowering women. The office has implemented a range of measures designed to create a positive working environment that helps women stay in the workforce and thrive in their roles.

Recruitment of more female liberal arts graduate employees in career track positions

To boost the proportion of female employees in career track positions, we are proactively hiring female liberal arts graduates in these roles, aiming to ensure that they comprise 50% or more of such hires each year. After hiring, we offer dedicated support to these employees, including the organization of networking events for people from different industries.

Promotion of female employees to managerial positions

We have set a target to increase female representation in management to 10% by 2030, and have taken a range of initiatives to achieve the target. In May 2024, we organized the Career Design Forum for Women and the Ikubosu Seminar in collaboration with other companies. Discussions with female leaders from other companies at the Career Design Forum for Women empowered participants to envision their future career paths.

The Ikubosu Seminar equipped managers with skills to support staff in balancing work and family care duties, enhancing both personal and professional growth. In 2016, we launched a job transfer program enabling female employees to move from administrative roles to career track positions. As of the end of March 2024, a total of 30 female employees used the scheme to transition to career track positions, and four of them have been promoted to managerial roles. These initiatives represent important progress toward fostering a diverse and inclusive workplace. As of April 2024, our progress is evident: 24 women hold key section manager and leader roles, placing them on a track for higher managerial positions.

Percentage of female managerial staff



2023 **2.8%** ▶ 2030 target **10.0%**

Encouraging male employees to take paternity leave

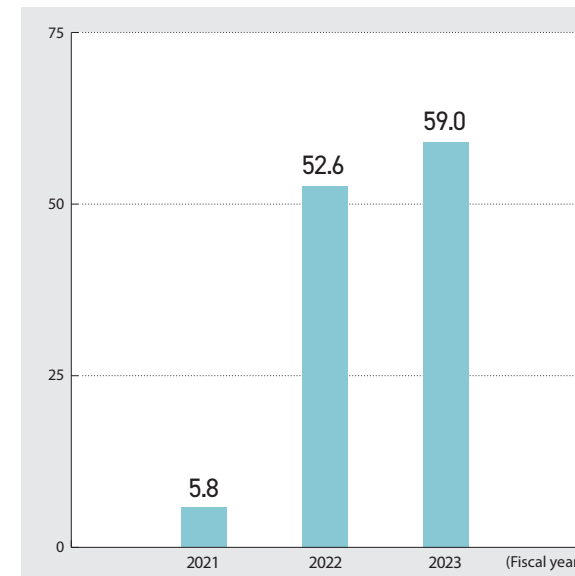
We aim to foster a corporate culture where male employees feel comfortable taking paternity leave, aiming to increase its uptake. Since April 2022, we have encouraged this by offering five days of paid special leave to those who take paternity leave. Additionally, we internally acknowledge male employees who utilize this benefit.

Male employee paternity leave uptake rate



2023 **59.0%** ▶ 2030 target **100%**

Changes in male employee paternity leave uptake rate (%)



Improvement of the Work Environment

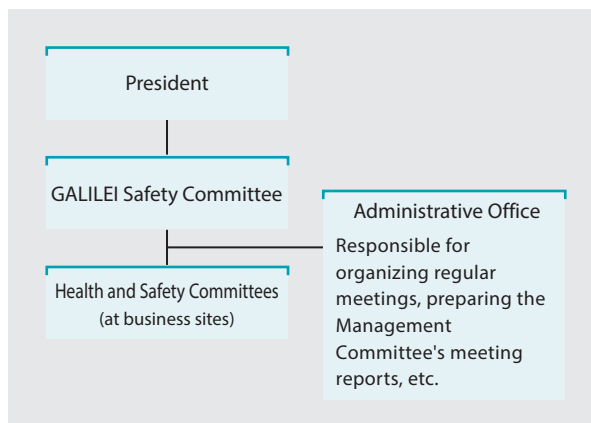
Work environment improvement policy

One of the GALILEI Group's missions is to pursue both material and spiritual happiness for its employees. We aim to foster a positive work environment to ensure that each and every employee feels safe and satisfied.

Health and Safety in the Workplace

In April 2023, the GALILEI Group established the GALILEI Safety Committee to prevent workplace accidents. It aims to ensure a work environment free from accidents, including traffic incidents and health issues. It is superior to Health and Safety Committees that have been set up for business sites. In addition to implementing group-wide measures, the GALILEI Safety Committee holds a monthly meeting with the Health and Safety Committees to share information about workplace accidents and details of interviews with those who work longer hours and guidance given to them. Committee members also conduct safety patrols to prevent workplace accidents.

Health and Safety Promotion Structure



Topics

GALILEI Safety Convention

The GALILEI Group held its first GALILEI Safety Convention at the Shiga (Minakuchi) Factory in December 2023. Committee members made safety patrols, conducted safety assessments of various parts of the factory, and reported best practices to prevent workplace accidents as well as corrective actions for past incidents. A speaker was invited to give a talk on safety issues, and awards were presented to accident-free business sites. We aim for the Convention to serve as a key platform for sharing information on priority measures, near-miss incidents, and workplace accident prevention.



Initiatives to Improve Employee Engagement

In September 2022, we initiated a pilot engagement survey and workplace improvement activities in selected areas, which significantly increased engagement. In June 2024, these initiatives were extended to all business sites in Japan. After a survey is completed, we share overall survey results with managers, who then share with their peers the strengths and challenges of their workplaces, the improvement actions they are taking, and advice for one another. This will help reform our framework and strengthen our corporate culture. We are committed to qualitatively evaluating and monitoring our work environment to ensure that every employee feels safe and satisfied.

Group-wide mean deviation of employee engagement



* FUKUSHIMA GALILEI Head Office, FUKUSHIMA GALILEI East Japan Branch Office (Asakusabashi Office and Nihonbashi Office), and Kanto Service Center only.

Health and Productivity Management

Health and productivity management policy

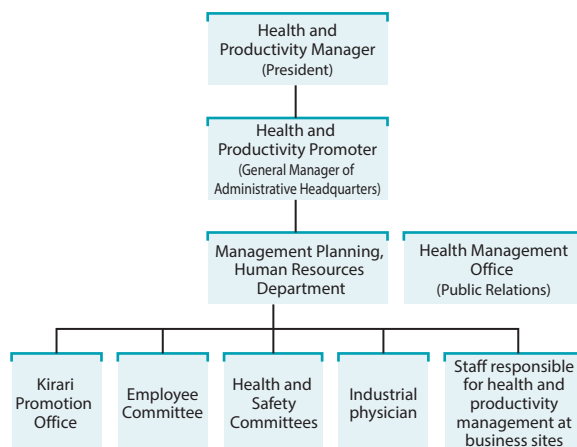
1. Health declaration

At the GALILEI Group, we declare that we seek to be a Happiness Creation Company, promote good mental and physical health, create a pleasant and energetic workplace, and support consumers in maintaining good health through our operations in the food industry.

2. Health and productivity management policy

- 1) We provide active support for our employees in their autonomous efforts to maintain and improve their health.
- 2) We encourage early detection and prevention of illnesses and provide comprehensive support.
- 3) We ensure a work-life balance for our employees and promote flexible work styles that accommodate family responsibilities, such as childcare and elderly care, as well as individual health needs and other personal circumstances.

Health and productivity management organizational structure



Main Initiatives

In 2020, we issued a Health Declaration to explicitly state that actively supporting our employees in maintaining and promoting good health is an integral part of our business management policy. Subsequently, in 2021, we identified health issues concerning our employees. We established the Health and Productivity Management Committee, commonly known as Aoharu Team. The committee is tasked with setting activity policies and goals, as well as planning, developing, implementing, and verifying the effectiveness of health management measures. To further enhance employee engagement and awareness of health issues, the Aoharu Team regularly disseminates information and organizes health workshops.

Maintain and promote good physical health

We organize cancer screenings in addition to the statutory medical checkups, emphasizing the importance of disease prevention and early detection, including lifestyle-related diseases. Additionally, we actively encourage our employees to undergo re-tests or further tests and follow-up medical checkups, if required, along with providing specific health guidance.

Maintain and promote good mental health

We conduct an annual stress test for all employees, offering an opportunity for self-care. We encourage all employees to take the test, aiming for a 100% attendance rate. We also conduct Line Care Training for managerial staff to ensure that mental health issues are identified and prevented at an early stage.

Stress test attendance rate



Support for smokers and those who want to quit

On June 30, 2022, we issued a non-smoking declaration to encourage employees to quit smoking and to provide support for those who want to stop smoking. We implement a variety of initiatives to prevent health risks associated with passive smoking and to promote good health through non-smoking. The initiatives include designating the 22nd of each month as a non-smoking day, banning smoking during working hours, banning smoking in the head office building and on the Okayama Factory premises, and partially covering the cost of outpatient smoking cessation services to provide support for those who want to stop smoking.

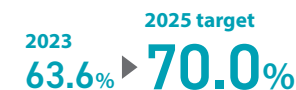
Promotion of work-life balance

We are committed to managing and reducing excessively long working hours through the implementation of several initiatives, including the No Overtime Day, Work from Home, and Interval schemes, as well as requiring advance requests for overtime work. We ensure that all employees plan their paid annual leave at the start of each year, encouraging them to take leave as scheduled.

Average overtime hours worked



Paid annual leave take-up rate



Improvement of health literacy

In FY2023, we began holding health workshops for all employees twice a year, offering opportunities for increased health awareness. In addition to classroom lectures, participants practice stretches they can do at work or in everyday life. Approximately 90% of all session attendees (88% of first session participants and 91% of second session participants) found the workshop useful.



Topics

Respect for Human Rights

Human rights policy

Human rights are fundamental rights of all people. The GALILEI Group fulfills our responsibility to respect human rights in every aspect of our business activities.

1. Respect for human rights

1) Discrimination

We do not unfairly discriminate against anyone on the grounds of nationality, race, creed, gender, or disability in terms of employment, treatment, or performance evaluation. We aim to build an equitable and inclusive society that encourages participation of people from diverse backgrounds.

2) Harassment

We do not tolerate sexual harassment, power harassment, or any other behavior that may tarnish the reputations of others or cause fear or discomfort.

3) Child labor and forced labor

We have a zero-tolerance policy for child labor or forced labor, and we also urge our business partners to do the same.

4) Safe and pleasant work environment

We implement workplace health and safety practices and prevent workplace accidents. We provide support for our employees in maintaining and improving good mental and physical health, and strive to create a safe, healthy, and pleasant work environment for all.

2. Human rights due diligence

We conduct human rights due diligence in accordance with this policy in order to fulfill our responsibility to respect human rights.

We identify any impacts that our activities may have on human rights, prevent or mitigate any negative impacts that we may cause, and take any other appropriate actions.

3. Training

We provide staff training on a regular basis to ensure employee awareness of this policy.

In addition, we urge our business partners to familiarize themselves with the policy and to apply it in their business operations.

4. Information disclosure

We regularly disclose our efforts to respect human rights on our website and by other methods.

Human Rights Due Diligence

The GALILEI Group identifies, prevents, and deals with any possible negative impacts on human rights in order to ensure that all our stakeholders respect human rights in their business activities, in line with our human rights policy.

Initiatives involving suppliers

The GALILEI Group has established the GALILEI Group Sustainable Procurement Guidelines, which are aimed at promoting and implementing sustainable procurement. We conduct a survey based on the Guidelines to examine how our suppliers implement sustainable procurement and manage risks that may affect human rights. Introduced in FY2023, the survey was conducted in December 2023 with suppliers from the GALILEI Supplier Hub and Contractor Hub participating. We plan to expand the scope of the survey to include more suppliers, and conduct it on a regular basis.

Initiatives involving employees

We conducted an anonymous survey of all employees of FUKUSHIMA GALILEI in July 2024 to identify any potential human rights violations by the company. We asked the survey participants about harassment, gender, child labor, forced labor, and workplace health and safety issues based on our human rights policy, and approximately 1,500 employees participated in the survey, achieving a 75% response rate. We will address and deal with the survey findings accordingly and conduct similar surveys of our group company employees as well.

Respect for Human Rights

Staff training

Following the establishment of the human rights policy, we organized an e-learning workshop for all employees of the GALILEI Group. Business and human rights was the main theme of the workshop, and the participants learned about the social context of human rights, potential human rights violations, and the GALILEI Group's human rights initiatives. The workshop strongly emphasized the crucial importance of respecting human rights. We will continue to provide human rights training in the future.

Promotion of sustainable procurement

When we start doing business with new suppliers, we make sure to provide them with the GALILEI Group Sustainable Procurement Guidelines, which describe our approach to social issues such as human rights and the environment. We also ask them to submit a letter of consent to confirm their agreement to our initiatives stated in the Guidelines. In this way, we ensure that, together with our suppliers, we fulfill our social responsibility across our entire supply chain.

Achieve a Sustainable Supply Chain

By achieving a sustainable supply chain, we aim to maintain a lifeline for food and health even in times of calamity or under extreme circumstances.

Stronger Relationships with Business Partners

GALILEI Supplier Hub

We held a GALILEI Supplier Hub in July 2024 for the purpose of building stronger relationships of trust with our suppliers. We also organized the same event last year. The GALILEI Supplier Hub initiative aims to share the GALILEI Group's policies, meet supply obligations, and collaborate on new technologies with our business partners. 250 people from 172 companies attended the event this year. Specifically, we are working to calculate the carbon footprint (CFP) of products and parts in order to achieve a carbon-free society, which is one of our material issues, and to develop new parts in preparation for 10-year refrigerant gas leak warranties, which will go into full effect in April 2025. We will create new value through development of stronger relationships with stakeholders, fulfillment of supplier obligations, and co-creation with stakeholders.



GALILEI Contractor Hub

In October 2024, we held a GALILEI Contractor Hub in two locations, Okayama Prefecture and Tokyo, to strengthen our partnerships with installation and service contractors. The GALILEI Group announced its commitment to reduce refrigerant leaks to zero by 2035 in the "Prevent refrigerant gas leaks" section of the Environment Action 2030 initiative, and 10-year refrigerant gas leak warranties will go into full effect in April 2025. The purpose of the event was to build even stronger partnerships with contractors and boost the quality of their installation work in order to achieve the target. The total number of attendees at both the Okayama Prefecture and Tokyo events was 67 people from 67 companies.



GALILEI Group Sustainable Procurement Guidelines

In November 2023, we established the GALILEI Group Sustainable Procurement Guidelines in order to promote and implement sustainable procurement. The Guidelines serve as a tool for communicating our initiatives to business partners, and contain the GALILEI Group's corporate philosophy, sustainability policy, and expectations our business partners.

Sustainable Procurement Guidelines

https://www.galilei.co.jp/wp/wp-content/uploads/2023/11/supply_guideline.pdf



Declaration of Partnership Building

We joined the initiative known as the Declaration of Partnership Building in February 2024, and have been making every effort to comply with the Declaration. The purpose of the initiative is to forge new partnerships with supply chain companies and value-creating businesses through collaboration, co-existence, and shared prosperity.



Improve Consumers' Lives

By pursuing food innovation, we are dedicated to creating new food ingredients, cooking methods, menu ideas, and ways of eating. Our goal is to share the joy and excitement of delicious food with people and to enhance their lives.

Where new food is created

We have refurbished and improved MILAB for the first time in four years, making it more user-friendly. The MILAB Store and the Food Laboratory / Product Testing Laboratory on the first floor have been extended and fully equipped. The Food Factory Laboratory has also been extensively refurbished, and now features the Blast Chiller Type 40 and Type 80, prefabricated blast chillers, and sock ducts, which were displayed at the food processing exhibition FOOMA Japan 2024. Utilizing MILAB effectively accelerates our efforts to advance food innovation.



Number of MILAB users



Support for food startups

At the end of November 2023, we invested in Future Food Fund II, a corporate venture capital (CVC) fund that invests in food technology companies. This investment aims to foster innovation by supporting food startups in developing freezing, defrosting, and other food technologies, collaborating with them while helping them grow their businesses. We also aim to work with limited partnerships (LP) to explore new business opportunities. Through our support for and collaboration with food startups, we are dedicated to addressing food-related issues.

Number of startups given support



Startups given support

 Canbright	 DAHALAND Co., Ltd.
 Ajitsuke Advisor Association	 MiRAIjinLab
 Future Food Fund (7 companies)	 Sydecas Inc.
	 Nihon Agri. Inc.

Food Science Center

Inaugurated in 2022, the GALILEI Food Science Center is a state-of-the-art facility dedicated to conducting a wide range of tests, inspections, and analyses in collaboration with customers. Our primary goal is to scientifically assess food hygiene and quality, contributing to creation of new value in product development.

Supporting menu development for MILAB office tenants

We are currently partnering with Sydecas Inc. to collect quality data for a new product under development in the MILAB Kitchen. We conduct hygiene inspections and sensory evaluations to ensure that the product is both safe and flavorful.



Topics

A letter of appreciation for sponsorship

from the Japan Association for the 2025 World Exposition

We received a letter of appreciation from the Japan Association for the 2025 World Exposition in June 2024. The GALILEI Group sponsors EARTH MART* as a bronze partner. It is a project produced by Kundo Koyama as part of the thematic project "Signature Pavilion." At EARTH MART, the potential of Japanese food culture, cultivated over generations, is explored while tackling environmental and hunger issues and showcasing the evolution of food through technological innovations. EARTH MART aims to explore a "new way of eating" that contributes to a better future. The GALILEI Group will make a significant contribution to this thematic project "Signature Pavilion" through its expertise in refrigeration, freezing, and food storage technologies.

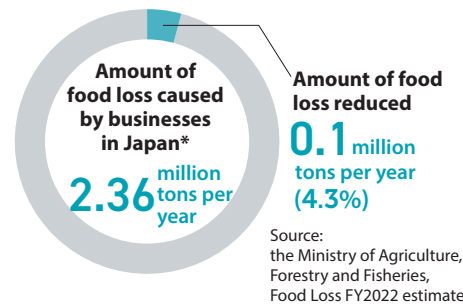


* The theme of this pavilion is "carry on the cycle of life." It is produced by Kundo Koyama and designed by Kengo Kuma.

Reduce Food Loss

By enhancing the efficiency of food supply and innovation in food preservation techniques, we aim to reduce food loss and make it possible for everyone in the world to enjoy an abundant supply of food at anytime, anywhere, and for many years to come.

Amount of food loss reduced (FY2022)



Contributing to the development of cold storage chains in other Asian nations

We collaborate with GALILEI group companies, leveraging our collective experience and technologies to offer solutions to customers and to develop comprehensive cold storage chains across the entire food production stream. Our factory in Thailand began mass-producing plug-in type island showcases in May 2024. Serving as our primary production base in Asia, the Thai factory continually works to expand its production capacity and better meet the evolving needs of our customers. In October 2023, we began accepting orders for Blast Chillers developed for the Asian market. Leveraging the technical expertise that has earned us the largest share of the large blast chiller market in Japan, we aspire to be a leading company in the freezing technology sector in Asia.



AMC-6APGFJAO
Plug-in type showcase



QXF-020SFKSA
Blast Chiller

Keeping Food Fresh in Cold Storage Chains

Developing technologies that contribute to food loss reduction

Our group companies collaborate to develop products, systems, and services that minimize food loss and advance freezing technology.

Amount of food loss reduced



How the amount of food loss reduced is calculated

When food ingredients are frozen using cooling equipment, their shelf life is extended beyond what it would be if merely refrigerated. The amount of food loss reduced is calculated based on the quantity of food ingredients that have been frozen.

Semi-outdoor refrigerated takeout food lockers

These lockers can be installed outside under a roof. If they are installed outdoors because of a lack of indoor space, customers can pick up orders from an outdoor locker with no face-to-face contact. These lockers enable 24/7 order collection, even when a store is closed, helping to reduce waste generated from unsold products and minimize food loss.



Takeout food lockers for mobile orders, friendly to both customers and store staff

We supplied a refrigerated takeout food locker exclusively used for mobile orders to Pan no Tora, a bakery chain operating in Aichi Prefecture. Customers can pick up bread they ordered online from the locker installed at the store around the clock, even after the store is closed, without needing to wait for their orders to be prepared. The arrangement has been very well-received by both customers and store staff.



Topics

Refrigeration / fermentation room and freezing / defrosting room, both with humidification / dehumidification functions, supplied to A-1 Bakery

We supplied a refrigeration / fermentation room and a freezing / defrosting room, both equipped with humidification / dehumidification functions, to a new factory of A-1 Bakery Co., (HK) Ltd., which operates 115 stores in Hong Kong. There is an increasing need for manpower saving due to worker shortages in Hong Kong, and the customer was exploring possibilities for further improving the quality of frozen dough. They chose our temperature and humidity control technology for their freezing, defrosting, refrigerating, and fermenting processes under stringent conditions. They also installed our Blast Chiller Type 40 for freezing frozen dough. This is the first time that we have supplied a Blast Chiller in the Asian market.



Support a Healthy Lifestyle

We aim to broaden our business domain, extending it from the food industry into the medical and healthcare sectors. Our goal is to ensure that all consumers, regardless of their lifestyle or life stage, can enjoy good health.

Development of Products for Regenerative Medicine and Healthcare

Leveraging our expertise in food temperature control technology, we seek to expand our line of products line that address social issues in emerging business fields such as regenerative medicine and healthcare. In collaboration with GALILEI group companies, we continuously innovate to create new value in these fields.

Defrosting equipment with two-step defrosting functions employing CFC-free refrigerant

We have developed defrosting equipment with two-step defrosting functions employing a CFC-free refrigerant R1234yf (GWP: 1). Using a micro-channel condenser reduces refrigerant volume, enhances environmental friendliness, and lowers the risk of gas leaks by minimizing weld points.



QDD-08DDMDX
Defrosting equipment with two-step defrosting functions

FMS-125GSX supplied to Saraya Nakanoshima Dental Clinic

Opened in May 2024 at Nakanoshima Cross, Saraya Nakanoshima Dental Clinic is a progressive facility offering advanced medical services, including periodontal regenerative therapy. We supplied the FMS-125GSX CFC-free medical refrigerator for the clinic to store drugs that require strict temperature control, including REGROTH, a periodontal tissue regenerative medicine, which requires storage at 2°C to 8°C.



Contribution to the Medical and Healthcare Industries

We collaborate with our group companies, utilizing our collective experience and technological expertise in the design, installation, and operation of cold storage warehouses. Our goal is to offer comprehensive solutions to customers, and to develop robust cold storage chains tailored to the pharmaceutical a healthcare industries.

Number of products, systems, and services provided to the medical and healthcare industries

2023
9,265
products / systems /
services per year

2030 target
▶ 20,000
products / systems /
services per year

The GALILEI Group supports a pharmaceutical manufacturing factory with its combined technical capabilities

GALILEI PANEL CREATE supplied non-flammable thermal insulation panels to KYORIN Pharmaceutical Group Facilities Co., Ltd. We designed and installed the panels for a 6,300 m² clean room of the company's new factory in Takaoka City, Toyama Prefecture. The facility, the company's fourth production site, became operational in April 2024.



The GALILEI Group is a member of the cell mass production value chain development consortium

We are participating in the development consortium of a cell mass production system launched by Cuorips Inc., with research and development taking place at Nakanoshima Cross. We contribute to the development and practical application of regenerative medical products, focusing on an automated mass cell freezing system. The consortium aims to promote new applications and ensure continuous, sustainable progress, as well as introduce the system to cell cultivation and processing facilities and implement commercial demonstration of the system.



Photo courtesy of Nakanoshima Cross

Topics

Live in Harmony With Local Communities

As members of the global community, the GALILEI Group makes the happiness of those around us our top priority, and promotes global wellbeing by living in harmony with our community.

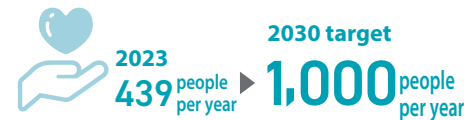
Galilei 1% Club

In 2021, we established the Galilei 1% Club, which is funded by approximately 1 percent of our pre-tax profit, to continue our commitment to social contribution initiatives. All GALILEI group company employees actively take part in voluntary work and social contribution initiatives. Employees are encouraged to suggest potential activities, and participation is voluntary. We successfully conducted 48 activities in FY2023. Our primary area of focus has been the donation of refrigerators as well as voluntary work. In FY2023, we donated 68 refrigerators and freezers to 63 different organizations. Going forward, we will continue to encourage all GALILEI group company employees to contribute ideas for social contribution initiatives related to food and life. We are committed to taking proactive action based on these suggestions.

Number of GALILEI 1% Club activities performed



Total number of volunteers



The GALILEI Group wins the Judging Committee Special Award in the 2024 Food Loss Reduction Promotion Awards Topics

We won the Judging Committee Special Award in the 2024 Food Loss Reduction Promotion Awards, jointly organized by the Ministry of the Environment and the Consumer Affairs Agency. We were recognized for our contribution towards reducing food loss by donating a total of 240 commercial refrigerators and freezers to 188 food banks and children's cafeterias across Japan by the end of FY2023.



We donated refrigerators and freezers to a food pantry supplied by Halows Co., Ltd.

KidZania Koshien

Kids learn the mechanism of cooling, experience repairing and servicing machines, and increase their interest in food along with their parents

Since 2015, we have been hosting an exhibition at the "Refrigerator Support Center" pavilion in KidZania Koshien, located in Nishinomiya, Hyogo Prefecture. KidZania is a unique place where children can learn about work and society through hands-on experiences. At our exhibition, children have the opportunity to learn about the cooling systems used in supermarket and convenience store showcases, understand how we ensure the food they eat every day is kept safe, and get an insight into the processes of repairs and maintenance. They can also experience what it's like to monitor these systems. Our aim is to spark an interest in both food and the significance of work among the visiting children and their parents. We aim to highlight our often unseen but essential role in society by educating people about our products.



KidZania Koshien

Number of visitors to the pavilion in FY2023

12,693 visitors per year

Factory tours and work experience programs Topics

We invite local residents on tours of our Okayama Factory to better connect with the local community. In December 2023, we organized a factory tour for 62 children from Katsumada Elementary School. In March 2023, we hosted three students from Tsuyama Commercial Senior High School for work experience, followed by three students from Shoo Junior High School in November 2023.



Corporate Women's Tennis Team

We established a corporate women's tennis team in April 2017 to encourage employees to serve as role models for work style reform by maintaining a good balance between sporting activities and work. In 2018, the team won the first division league, and three years later, it went on to be in the Japan League. The team successfully stayed in the Japan League, and in 2023 it reached the finals.

In November 2023, the team played friendly matches with members of a neighborhood association in Yanagibashi, Taito-ku, Tokyo, home to our East Japan Branch Office, as part of our community integration efforts.

We are committed to continuing this program as a means of contributing to the advancement of women's tennis, improving our environment, advancing the career design of the team members, improving working styles, and contributing to local communities.



The team plays tennis with members of the Yanagibashi Neighborhood Association

Combating Intense Heat

Loan of ice makers for summer inter-high school tournament (Kitakyushu High School Sports Tournament 2024)

The National High School Sports Tournament 2024, "Thank you for giving us strength: Kitakyushu High School Sports Tournament 2024" was held from July 21, 2024 to August 20, 2024 and a total of 30 events were played at the tournament. To combat intense heat, the GALILEI Group lent 20 ice makers for eight events held at 14 locations in Fukuoka, Nagasaki, and Oita prefectures. Ice made by the machines was used to combat intense heat (to prevent heat stroke), to give first aid, for icing, and to help the athletes cool down and lower their body temperature before, during, and after matches. Last year, 12 people were taken to the hospital for heat stroke, a relatively low number, as the tournament was held in the cooler climate of Hokkaido. However, despite the warmer climate of Kyushu and record-breaking heat this year, the number of people taken to the hospital was only 13, roughly the same as the previous year, and fortunately, no serious illnesses occurred. We were pleased to have helped the athletes to cope with extreme heat conditions.



We participated in the Uniqlo Japan Junior Tennis Championships 2024 as corporate volunteers

As in the previous year, we took part as corporate volunteers in the Uniqlo Japan Junior Tennis Championships 2024, held in August 2024. A group of 33 employees, including members of our corporate women's tennis team, participated as championship supporters. This year, the Wheelchair Tennis Category was introduced, making it Japan's first junior tennis championship in Japan where athletes with or without disabilities could compete together. Like last year, we provided an ice bath to help players cool down and lower their core body temperature effectively. This ice bath was maintained at an optimal temperature using our ice maker. We also provided support for the players by rapidly freezing Lipovitan Ice Slurry for Sports in our refrigerant-powered rapid freezer. Members of our corporate women's tennis team played key roles in facilitating winners' interviews and the national coaching clinic. We are committed to continuing our support for local communities by combating intense heat and promoting and contributing to sporting events.



Governance

Improved Corporate Governance and Unchanging Corporate Philosophy

Transitioning to a holding company and redeveloping the governance structure

When FUKUSHIMA GALILEI transitions to a holding company in the next fiscal year, we will increase the proportion of our outside directors. One of the reasons for this is to encourage more productive and diverse discussions. The establishment of the Audit and Supervisory Committee was one of the turning points in the redevelopment of the current governance structure. The audit and supervisory committee members addressed issues from an objective viewpoint and yet shared the same perspective as the management team. It was a modest but important step forward for the company. We restructured the Board of Directors and the Management Committee, and we gradually implemented a governance system. In the previous fiscal year, we began holding executive workshops twice a year



Yutaka Fukushima
Chairman of the Board and Meetings of Directors

to improve the quality of our discussions. The purpose of the workshops is to share our awareness of issues at hand and to review our vision for the future. The workshops are conducted by an external instructor. We cover many topics in the workshops, such as case studies of transitioning to a holding company, share prices, and weighted average cost of capital. We do not only discuss immediate targets, but also, for example, review a medium-term plan for the next five years. This enables us to have dynamic discussions.

Business management in line with our corporate philosophy helps build stronger relationships

It took me 16 years since I was 38 to finalize our corporate philosophy, the Four Rules of Happiness. It reflects the experience that I have had as a business owner, how my thinking has changed over the years, and lots of problems that I have had. 'Consumer happiness' is the basis for our business. A business would not be viable if it was not needed by consumers. Now, I would like to talk about stakeholder happiness. When FUKUSHIMA GALILEI went public for the very first time, its share price fell to one tenth. We had a very hard time back then. I was made more painfully aware of the weight of our obligations to our shareholders and business partners than ever before. The history of a company is a history of building and maintaining relationships with current customers. We pass on the business built by our predecessors to future generations, and they expand it while delivering value to customers. This will lead to customer satisfaction and customer happiness. We aim to be a "First Call Company," which means the first company our customers call for assistance. We operate our business in the

belief that we should interact with customers as an organization and grow with them. I am pleased to say that we have very few customers who have stopped doing business with us. Our purpose, "leading the way for the future of food and life" is also based on the Four Rules of Happiness. To communicate the purpose throughout the GALILEI Group, each and every one of our employees should understand what it means and treat it as a thing that matters to them. If their hopes and dreams align with the purpose, their engagement will increase. This alignment will foster a balance between solving social issues, pursuing their careers, and leading fulfilling lives. What we value the most is employee happiness in terms of both material well-being and personal fulfillment. We adopted a people-oriented management strategy long before the concept of human capital management was introduced.

In pursuit of achieving the purpose for self-sustaining growth

Our purpose is best characterized as "life." One example of what this means is that our freezing technology contributes to regenerative medicine. We believe if we pursue and implement the "life" aspect of each of our business operations, both our people and our company should be able to grow even further. With Japan's declining birth rate, rapidly aging population, and shrinking domestic market, growth has become more challenging. To combat this situation, we plan to grow as a group. More specifically, each of our group companies will offer a full range of services to one single customer to increase sales per customer. The group companies will foster collaborative, non-hierarchical relationships and encourage growth through friendly competition. Integrated Reports communicate corporate activities and values not disclosed in financial statements. Our corporate value cannot be measured only by financial statements either. By increasing invisible assets and turning them into visible assets, we aim to drive growth and development—that is the GALILEI Group's optimal business model. Every employee is expected to understand their individual purposes, centered on the environment, society, and governance, and to collaborate to achieve these purposes. By proactively engaging in the right corporate activities, the company will continue to increase invisible assets. Then, visible assets will also increase, which will, in turn, maximize corporate value.

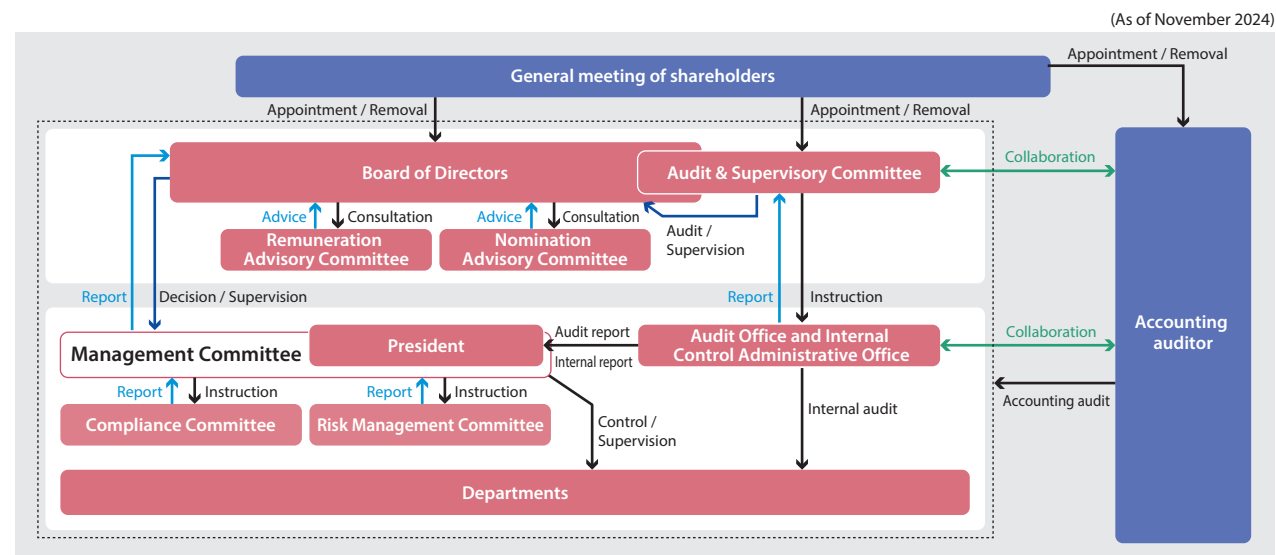
Corporate Governance

Fundamental policy

The GALILEI Group is dedicated to promoting fair corporate activities with a strong focus on management transparency. Our goals are to achieve sustainable growth rooted in the trust of society, and to enhance our corporate value over the medium to long term.

Corporate governance system

FUKUSHIMA GALILEI has transitioned to a company with an Audit and Supervisory Committee. This change aims to enable faster, more flexible decision-making processes and strengthen oversight. It also enhances discussions on business management strategies. We have established the Nomination Advisory Committee and the Remuneration Advisory Committee, primarily composed of independent outside directors, to review officer nomination and remuneration. This is to ensure objectivity and transparency in the nomination and remuneration decision-making process.



* For more detailed information about our approach to corporate governance, as well as our policy for addressing the Corporate Governance Code and implementation status, please refer to the Corporate Governance Report.
<https://www.galilei.co.jp/wp-content/uploads/2024/08/b6ef277693cdd9c6e865e818255d29e5.pdf>



Progress in Strengthening Corporate Governance

Future

- 2022**
 - The Executive Officer System was introduced.
 - The Restricted Shares Remuneration Scheme was introduced. The Officers' Retirement Benefits Scheme was abolished.
- 2021**
 - The policy for determining individual directors' remuneration was developed.
 - The disclosure policy was developed.
 - The Compliance Guidelines were revised.
 - Criteria for determining the independence of outside directors were established.
- 2020**
 - FUKUSHIMA GALILEI was converted into a company with an audit and supervisory committee.
 - The Compliance Committee was established.
 - Criteria for submitting proposals to the Board of Directors and the Management Committee were reviewed.

2020





- 2019**
 - A female director was appointed.
- 2018**
 - The Nomination Advisory Committee and the Remuneration Advisory Committee were established.
 - The effectiveness of the Board of Directors began to be assessed.
 - The criteria for cross-shareholding were specified.
- 2015**
 - Outside directors were appointed.

2010












- 2008**
 - The Risk Management Committee was established.

2000

Composition of Board of Directors and Committees and Their Roles

Structure	Role	Percentage of directors / No. of meetings held
<p>Board of Directors</p>  <p>Inside directors: 7 Outside directors: 4</p>	<p>The Board of Directors has oversight of the decision-making process for important matters and the execution of directors' job duties. The Board of Directors meets once a month and holds a special board meeting as needed.</p> <p>Main discussion topics</p> <ul style="list-style-type: none"> • Matters relating to business management plans, budgets, financial reporting, etc. • Matters relating to organization and human resources • Important matters relating to business execution 	<p>Percentage of outside directors: 36%</p> <p>Percentage of female directors: 9%</p> <p>Chairman of meetings of the Board of Directors: 13</p> <p>No. of board meetings held in FY2023: 13</p>
<p>Audit and Supervisory Committee</p>  <p>Inside directors: 1 Outside directors: 4</p>	<p>The Audit and Supervisory Committee audits the execution of job duties by the president and other directors. It also oversees the development and implementation of the internal control system.</p> <p>Main discussion topics</p> <ul style="list-style-type: none"> • Audit policies and audit reports • Directors' decision-making process, including the legality, appropriateness, adequacy, and rationality of their decisions • Development and implementation of the compliance and risk management frameworks 	<p>Percentage of outside directors: 80%</p> <p>Percentage of female directors: 20%</p> <p>Committee chairman: 14</p> <p>No. of committee meetings held in FY2023: 14</p> <p>Audit and supervisory committee member: 14</p>
<p>Nomination Advisory Committee</p>  <p>Inside directors: 0 Outside directors: 3</p>	<p>The Nomination Advisory Committee serves as the advisory body to the Board of Directors to ensure objectivity and transparency in the process of appointing or removing directors and executive officers. The Committee screens candidates based on their competency and aptitude, and the Board selects them based on the Committee's recommendations.</p> <p>Main discussion topics</p> <ul style="list-style-type: none"> • Recommendations for director candidates • Details of the skills matrix • Recommendations for executive officer candidates 	<p>Percentage of outside directors: 100%</p> <p>Committee chairman: 3</p> <p>No. of committee meetings held in FY2023: 3</p> <p>Outside director: 3</p>
<p>Remuneration Advisory Committee</p>  <p>Inside directors: 1 Outside directors: 2</p>	<p>The Remuneration Advisory Committee serves as the advisory body to the Board of Directors to ensure the objectivity and transparency in the process of determining directors' remuneration.</p> <p>Main discussion topics</p> <ul style="list-style-type: none"> • Design of the Officer Remuneration Scheme • Total remuneration of directors (excluding audit and supervisory committee members) 	<p>Percentage of outside directors: 67%</p> <p>Committee chairman: 1</p> <p>No. of committee meetings held in FY2023: 1</p> <p>Outside director: 1</p>

Officers and Skills Matrix

												
Name		Yutaka Fukushima	Go Fukushima	Akira Fukushima	Mitsuru Katayama	Kenji Nagao	Kozo Mizutani	Takeshi Horinouchi	Hiroshi Takeuchi	Takao Fujikawa	Keiichi Yodoshi	Eriko Nashioka
Title		Chairman	President	Director & Vice Chairman	Director & Managing Executive Officer	Director & Managing Executive Officer	Director & Senior Executive Officer	(Audit & Supervisory Committee Member) Director	(Audit & Supervisory Committee Member) Outside Director	(Audit & Supervisory Committee Member) Outside Director	(Audit & Supervisory Committee Member) Outside Director	(Audit & Supervisory Committee Member) Outside Director
Attendance at board meetings (FY2023)		13 times / 13 times	13 times / 13 times	13 times / 13 times	13 times / 13 times	13 times / 13 times	13 times / 13 times	13 times / 13 times	13 times / 13 times	13 times / 13 times	13 times / 13 times	12 times / 13 times
Attendance at Audit and Supervisory Committee meetings (FY2023)		—	—	—	—	—	—	14 times / 14 times	14 times / 14 times	14 times / 14 times	14 times / 14 times	13 times / 14 times
Nomination Advisory Committee	Position in the Committee	—	—	—	—	—	—	—	Committee member	Committee chairman	Committee member	—
	Attendance (FY2023)	—	—	—	—	—	—	—	3 times / 3 times	3 times / 3 times	3 times / 3 times	—
Remuneration Advisory Committee	Position in the Committee	Committee member	—	—	—	—	—	—	Committee member	—	Committee chairman	—
	Attendance (FY2023)	One time / One time	—	—	—	—	—	—	One time / One time	—	One time / One time	—
Number of shares held (as of the end of March 2024)		989,000 shares	94,000 shares	673,000 shares	38,000 shares	30,000 shares	26,000 shares	90,000 shares	50,000 shares	0 share	1,000 shares	0 share
Expertise, experience, and knowledge directors are expected to possess	Business management	●	●	●	●	●	●	●	●	●	●	●
	Marketing and sales	●	●	●	●	●	●	●	●	●		
	Manufacturing, research and development, and IT	●	●	●		●		●			●	
	International relations		●	●						●	●	
	Finance and accounting	●							●	●		●
	Personnel and human resources development	●		●	●				●			
	Legal and risk management	●							●	●	●	●
	Addressing sustainability ^{*1}	●	●	●		●		●			●	●
	Embracing the GALILEI Philosophy ^{*2}	●	●	●	●	●	●	●	●	●	●	●

*1. For FUKUSHIMA GALILEI, addressing sustainability involves making strategic efforts to address the sustainability of society and the global environment. This includes focusing on areas such as diversity, environmental stewardship, and resources, encompassing both ESG and CSR activities. Our aim is to be recognized as a "Happiness Creation Company."

*2. The GALILEI Philosophy represents our universal guiding principles, which include our corporate philosophy, vision, and code of conduct. We expect our officers to fully embrace this philosophy and act as positive role models for our employees.

Remuneration of Directors and Other Officers

FUKUSHIMA GALILEI has adopted the “Policy for Determining Remuneration and Other Payments for Individuals” on the recommendation of the Remuneration Advisory Committee and by a resolution of the meeting of the Board of Directors held on May 24, 2022. Remuneration of our directors is linked to shareholder returns to ensure that it fully serves as an incentive to sustainably increase the company's value. It is our policy to use appropriate criteria for determining each director's remuneration, which take into account their roles and responsibilities.

Types of remuneration	Brief description	Maximum limit of remuneration
Basic remuneration	Basic remuneration is comprehensively reviewed and determined according to each director's job position, roles and responsibilities, and length of holding office. The company's performance and the employee wage levels are also taken into consideration. Basic remuneration is paid as a fixed amount on a monthly basis.	Not more than ¥200 million (which includes a maximum of ¥30 million per year for outside directors)
Performance-linked remuneration	Performance-linked remuneration is paid as a bonus at a specific time each year. The amount is calculated based on each director's job position, roles and responsibilities, among other factors, and operating profits from individual business operations for each business year are used as a performance indicator.	Not more than ¥200 million
Non-monetary remuneration	Non-monetary remuneration is given as restricted shares remuneration in order to provide an incentive to sustainably increase the company's value and shareholder returns. The Board of Directors sets the timing for non-monetary remuneration payments.	Not more than ¥150 million (which includes a maximum of ¥12 million per year for outside directors)

Total remuneration (FY2023 actuals)

Directors and other officers	Total remuneration (¥ in millions)	Total remuneration by type (¥ in millions)			Number of eligible directors / officers
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (excluding Audit and Supervisory Committee members and outside directors)	416	113	199	103	7
Audit and Supervisory Committee members (excluding outside directors)	13	12	—	1	1
Outside directors	32	29	—	3	4
Total	462	154	199	107	12

Assessment of the Effectiveness of the Board of Directors

We began assessing the effectiveness of the Board of Directors in 2018 to improve its performance and decision-making capabilities. The assessment is conducted annually at a designated time.

FY2023 assessment and results

Summary of assessment results	<p>Assesseees: All directors (12 directors including Audit and Supervisory Committee members)</p> <p>Assessment method: Anonymous survey with 24 questions</p> <p>Assessment period: The questionnaire survey was conducted in April 2024. The assessment results were reported to the Board of Directors in May 2024.</p> <p>Survey question categories: The Board of Directors' composition, operation, discussions, and support system.</p>
Issues identified in the survey findings	The survey respondents expressed their views on medium- to long-term capital policy, the improvement of the internal control system and the risk management system, business successor planning, meeting efficiency, and related topics.
Assessment of the current situation and future action	The assessment found the Board of Directors to be largely effective. Survey comments highlighted the effective division of duties between the supervisory Board of Directors and the executive Management Committee, dynamic discussions about sustainability, and strong oversight by outside directors. We believe the Board of Directors remains effective overall. We will address the findings of this assessment and make improvements accordingly.

Compliance

The GALILEI Group is committed to maintaining compliance efforts to meet societal expectations and uphold public trust. To this end, all officers and employees continue to act honestly and responsibly.

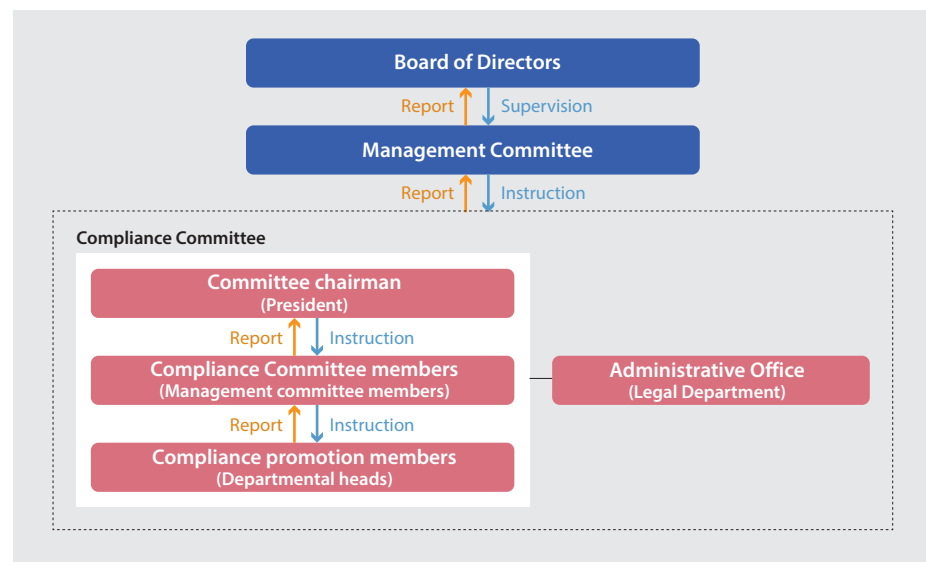
Compliance Promotion Framework

The GALILEI Group has established the Compliance Committee to advance our compliance efforts and to elevate compliance awareness among our employees.

The committee is chaired by the president and includes members of the Management Committee, who serve as committee managers, as well as departmental heads who act as leaders. This structure ensures that compliance efforts are promoted effectively within each business unit.

Regular reports on compliance activities are presented to both the Management Committee and the Board of Directors.

Compliance promotion framework



Internal whistleblowing system

We have implemented an internal whistleblowing system to swiftly detect and address instances of fraud or corruption. This system includes both an external point of contact, provided by a law firm, and an internal contact point within our Internal Audit Department. Employees are able to raise their concerns anonymously. When a concern is raised or reported, the Internal Audit Department and other relevant departments initiate a prompt investigation to resolve the issue as quickly as possible. To further promote compliance efforts and build even stronger relationships with business partners, we also set up a Compliance Hotline this fiscal year. It is a resource that our business partners can use to report concerns.

Enhanced compliance initiatives

To ensure adherence to laws and regulations, business ethics, and our company rules during the course of business operations, we have established a set of Compliance Guidelines. These guidelines serve as a code of conduct, outlining the fundamental principles and standards that must be followed by all employees. To reinforce the importance of these guidelines, we regularly conduct compliance training for all employees of the GALILEI Group. This training is designed to ensure that every member of our team is thoroughly informed about, and familiar with, the Compliance Guidelines. In addition, we regularly publish on our intranet Compliance Newsletters, which explain internal rules that are relevant to everyday work and things that everyone should be aware of. This is part of our efforts to raise compliance awareness among employees.

Topics

Executive workshops

In the last fiscal year, we started to hold workshops for management members and directors twice a year. In the workshops, which are conducted by an external instructor, participants learn about compliance issues and challenges affecting the GALILEI Group's sustainable growth.

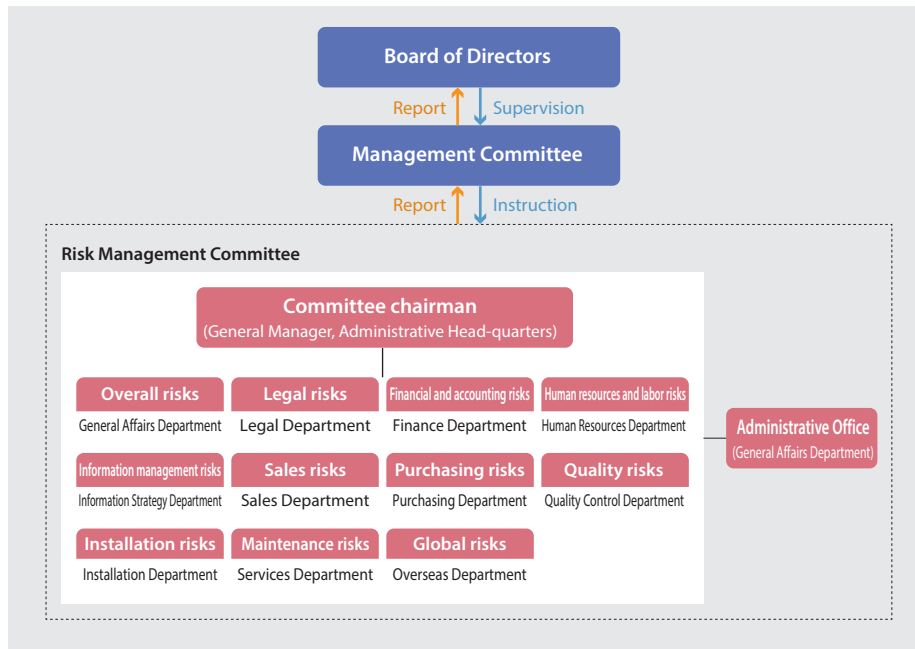
Risk Management

The GALILEI Group effectively minimizes and manages risks associated with its business operations in accordance with its Risk Management Rule.

Risk Management Promotion Framework

We have formed the Risk Management Committee to analyze, assess, and manage various risks that could negatively impact our business execution or resources. We regularly report on risk management to the Management Committee and the Board of Directors.

Risk management promotion framework



Risk Assessment

The Risk Management Committee identifies potential risks, prioritizes them, and develops mitigation strategies for those with the highest priority and impact.

Major risks

Risk category	Challenge	Action
Risks associated with procurement	<ul style="list-style-type: none"> Soaring raw material prices Supply disruptions due to natural disasters or business partners' operational problems 	<ul style="list-style-type: none"> Consider central procurement of parts and materials. Increase in-house production of parts and materials. Purchase parts and materials from multiple sources.
Risks associated with the management of the Group	<ul style="list-style-type: none"> Inadequate control of the group companies 	<ul style="list-style-type: none"> Set up a Group Management and Planning Office to consolidate information among group companies. Implement a common management system at each group company.
Risks associated with human resources	<ul style="list-style-type: none"> Shortages of contractors and supervisors for installations Employee turnover 	<ul style="list-style-type: none"> Ensure that the GALILEI Juku provides support for employees to obtain installation management qualifications. Ensure that the GALILEI Academy provides support for younger employees to improve their technical skills and play an active part in their workplace as soon as possible. Carry out regular employee engagement surveys.
Risks associated with information security	<ul style="list-style-type: none"> Information security breaches caused by cyber attacks, unauthorized access, or internal fraud 	<ul style="list-style-type: none"> Improve vulnerability management and data protection. Provide training for both management and employees and raise their awareness.

Messages from Outside Directors



Hiroshi Takeuchi
Outside Director

► Governance structure

I had been involved in the management of a few dozen companies, and I became a full-time audit and supervisory board member after I was qualified as a certified internal auditor (CIA). I have been doing audit work for nearly 20 years now, which includes the length of my service as FUKUSHIMA GALILEI's audit and supervisory board member.

FUKUSHIMA GALILEI has grown rapidly by capitalizing on its strengths as a family-owned business.

After the Corporate Governance Code was implemented, the Company appointed outside directors and a female director in accordance with the Code. It then transitioned to a company with an Audit and Supervisory Committee to aim for further growth. The Company has also separated management oversight from execution to perform better risk management.

Historically, the Company has aimed to achieve 10% operating profit on

sales in the medium to long term and to achieve a monthly sales target in the short term. The Company operates with a focus on sales. It has grown in size and has sufficient funds as a result of its business strategy. However, as the Company has grown and expanded, there is room for improvement in its management and control.

The Company is due to transition to a holding company in 2025, and it has disclosed its proactive investment plan, such as investment in people, M&A, and setting up a new factory. Considering our business environment, I expect our business to expand in the short to medium term, and I am confident that our sales department is in a strong position. However, more must be done to address the composition of the Board of Directors, the vulnerabilities of the corporate division, and compliance and risk management. I will closely monitor the situation based on our audit policy for this fiscal year.



Takao Fujikawa
Outside Director

► Initiatives and challenges of the Nomination Advisory Committee

The Nomination Advisory Committee consists of outside directors, and one of the most important tasks of the Committee is to judge the director candidates who have been recommended. I recognize that it is also the Committee's important role to identify director candidates for future generations.

Based on my experience as a director in various industries, I believe that to judge a director candidate, not only a range of skills needed for a senior management member, but their personality, ethical value, sense of responsibility, motivation, and leadership qualities are also important factors. When I judge candidates, I look for the general qualities expected of a senior management member, taking candidates' ability to embody our unique corporate philosophy into consideration.

I review candidates' career history, their comments in important meetings, details of their interviews and self-evaluations, and the skills matrix.

Also, I discuss with other committee members before recommending them. I believe developing and training senior management member candidates for future generations is extremely important for the GALILEI Group's continued growth, enhanced corporate value, and healthy business continuity (sustainability).

I recognize that job rotation within an organization and external specialist training programs are effective, but it is equally important that we actively encourage candidates to be transferred to a group company to gain some experience on a senior management level, such as president, director, or audit and supervisory committee member, earlier in their career. I'm sure it will have a positive impact on them as they develop broader management skills. It will also make a significant contribution to securing a pool of senior management member candidates for future generations.

Messages from Outside Directors



Keiichi Yodoshi
Outside Director

► Risk management

I have experience in serving as the head of business management, technical development, production technology, and the environment in a company. I have also taught quantum electronics at a university. I was once involved in the development of electronic components for space applications, and a Japanese satellite using a system built with these critical components was successfully launched. It was the world's first satellite to use a system built with such components. Through this experience, I learned the essence of preventive risk management. Today, corporate misconduct, such as fraud, legal non-compliance, and defective products, is one of the most significant risks surrounding businesses, which is attracting increasing attention. Consequently, businesses are expected to adopt a preventive management approach. FUKUSHIMA GALILEI has established the Risk Management Committee as a mechanism for mitigating risks. The Committee effectively manages risks across the Company, implements risk control measures, and reports the actions it has taken to the Board

of Directors. As an audit and supervisory committee member, I focus on the three lines of defense: operational management, general management, and internal audits, monitoring whether they function effectively. I have identified inadequate internal control on the first line of defense and inadequate management on the second line of defense. These are the challenges we are facing. FUKUSHIMA GALILEI has its corporate philosophy, the Four Rules of Happiness, and the GALILEI Philosophy, and the Company has a culture where the employees willingly face their challenges, seriously address them, and make cross-departmental efforts to address them. The Company has rapidly expanded its business in the last ten years, and there is still room for improvement in preventive management, particularly in effectively communicating internal rules to employees and strengthening internal controls. I hope that the employees conduct themselves in compliance with the GALILEI Philosophy and the Employee Code of Conduct in order to mitigate risks.



Eriko Nashioka
Outside Director

► Sustainability management

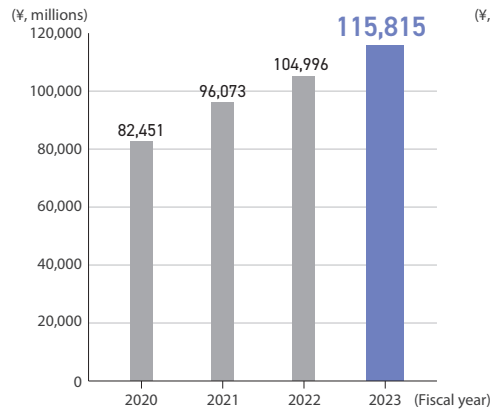
As a certified public accountant and sustainability expert and in my capacity as an outside director and audit and supervisory committee member, I would like to make a few comments on the GALILEI Group's sustainability management. The GALILEI Group identified material issues or material sustainability issues last year, and it has striven to achieve its goals. In my opinion, the Group got off to a strong start in sustainability management. The Group seriously addressed environmental issues, such as climate change, from the early stage, and I can see how committed the Group is to solving the issues as its efforts have been incorporated into its core business operations. I understand that the GALILEI Group has begun to address human rights issues and other social issues, which are generally areas where Japanese companies have been slow to respond. I hope the Group can make steady progress. Many human resources strategies, including work styles and women's empowerment, are difficult to

implement in a short time, but the Group is clearly committed to starting to make improvements in these areas as a priority. I expect corporate governance to be strengthened as FUKUSHIMA GALILEI will become a holding company and diversity will be enhanced among the founding family members. Future challenges for the Group include strengthening its business foundation, such as improving the internal control system as the Group grows in size and overseas companies expand. Other priorities include reporting financial results earlier, enhancing compliance, diversifying stakeholder communication, and promoting the corporate philosophy more widely. There are numerous areas requiring attention. These challenges are not just the challenges facing the GALILEI Group, but they are also the challenges facing many other Japanese companies. I am confident that the Group will increase its competitiveness when it reviews and improves its business foundation to address sustainability issues and it transitions to a holding company.

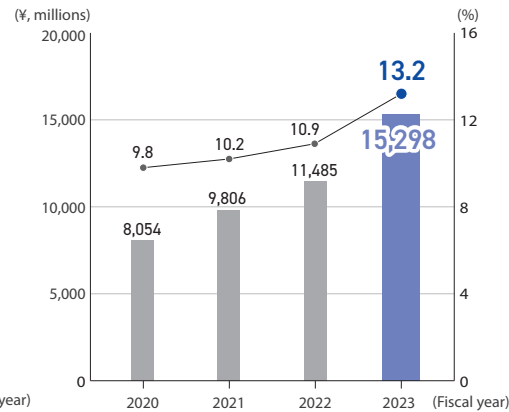
Financial and Non-Financial Highlights

Financial Highlights

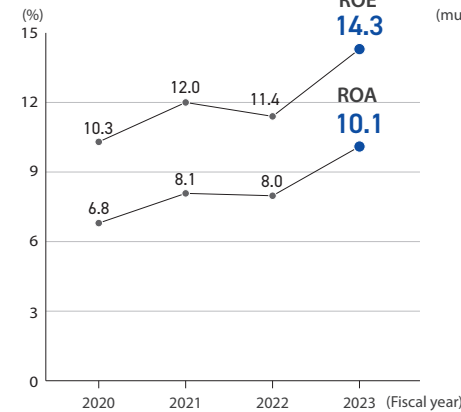
Financial Highlights



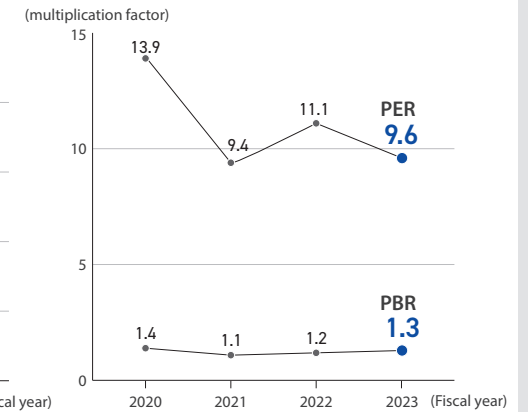
Operating profit / Operating profit on sales



ROE / ROA

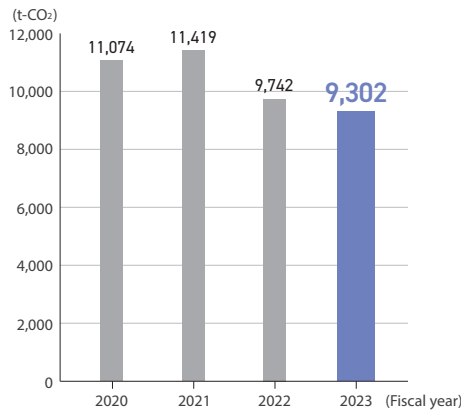


PBR / PER

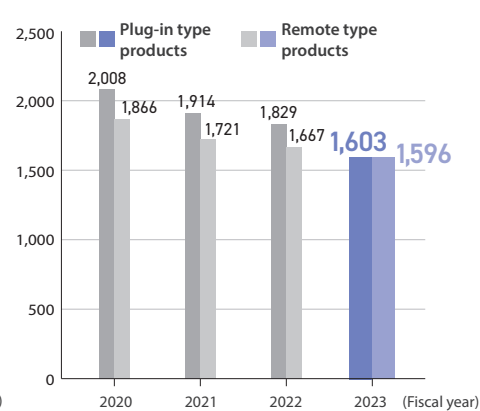


Non-Financial Highlights

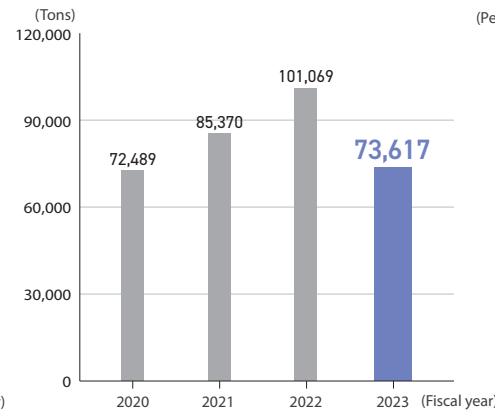
CO₂ emissions (Scope 1 and 2 emissions combined)



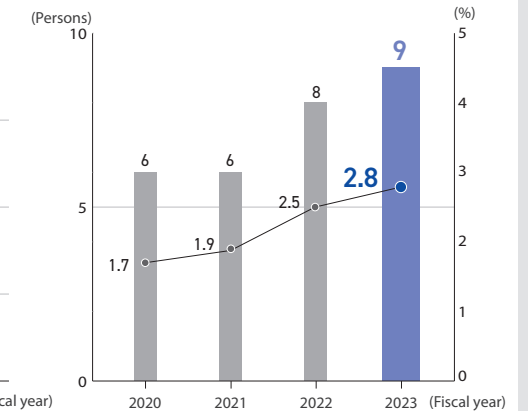
GWP of refrigerants used (on a weighted average basis)



Amount of food loss reduced



Number of female managerial staff / Percentage of female managerial staff



Financial Data for the Last 11 Fiscal Years

(FY2013 to FY2023)

		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Profit and loss	Net sales (¥, millions)	62,044	64,623	73,693	80,297	86,223	86,529	86,801	82,451	96,073	104,996	115,815
	Cost of sales (¥, millions)	46,516	47,982	54,920	59,565	64,630	63,765	63,985	60,761	72,121	77,862	83,418
	Gross profit (¥, millions)	15,527	16,641	18,772	20,731	21,593	22,763	22,816	21,690	23,952	27,133	32,397
	Selling, general and administrative expenses (¥, millions)	9,364	10,053	11,190	12,335	12,939	13,358	13,728	13,636	14,146	15,647	17,098
	Operating profit (¥, millions)	6,162	6,587	7,582	8,395	8,654	9,405	9,087	8,054	9,806	11,485	15,298
	EBITDA ^{*1} (¥, millions)	6,726	7,226	8,399	9,236	9,553	10,344	10,356	9,682	11,173	12,774	16,647
	Net income attributable to owners of the parent (¥, millions)	4,293	4,330	4,980	6,013	5,683	6,615	6,226	6,299	8,172	8,654	12,306
	Capital investment (¥, millions)	900	1,889	2,075	1,357	1,420	3,726	4,993	1,203	1,106	2,180	2,693
	Depreciation (¥, millions)	564	639	817	841	899	939	1,269	1,628	1,367	1,289	1,349
	R&D (¥, millions)	—	—	—	—	786	811	817	938	966	1,020	1,067
Segment information	Food services (Refrigerators and freezers) ^{*2} (¥, millions)	—	—	21,904	22,836	24,447	23,298	24,240	19,866	21,280	25,523	25,427
	Medical science products (¥, millions)	—	—	—	—	—	—	—	2,027	2,382	1,325	1,309
	Refrigerated and freezer showcases (¥, millions)	—	—	27,686	28,903	30,237	29,902	30,729	31,254	36,328	38,218	46,706
	Large food processing equipment (¥, millions)	—	—	6,144	6,259	8,561	8,049	7,261	4,802	7,420	7,987	7,207
	Large panel refrigerators (¥, millions)	—	—	6,958	10,169	9,797	11,531	10,646	9,939	12,311	14,378	15,971
	Small panel refrigerators (¥, millions)	—	—	4,888	5,540	5,690	5,659	5,523	5,583	6,177	6,633	7,092
	Services (¥, millions)	—	—	6,111	6,587	7,488	8,088	8,399	8,978	10,172	10,929	12,100
Cash flows	Cash flows from operations (¥, millions)	3,997	4,518	7,241	6,419	8,320	6,564	5,140	11,176	6,573	5,512	12,584
	Cash flows from investments (¥, millions)	-801	-936	-3,663	-720	-668	-3,229	-6,445	-1,654	-1,504	-2,258	-2,877
	Free cash flows ^{*3} (¥, millions)	3,196	3,582	3,578	5,699	7,652	3,335	-1,305	9,522	5,069	3,254	9,707
	Cash flows from financing activities (¥, millions)	-213	-847	-3,015	-1,087	-1,006	-1,298	-1,017	-1,090	-1,063	-1,242	-2,295
Financial position	Total assets (¥, millions)	54,169	62,537	67,335	74,218	84,876	86,622	88,318	96,911	103,700	112,997	130,532
	Net assets (¥, millions)	29,611	35,236	36,042	42,160	48,901	53,887	58,111	64,700	71,910	79,907	92,826
	Shareholders' equity (¥, millions)	27,930	31,953	33,565	38,977	43,957	49,771	55,035	60,373	67,619	75,127	85,728
	Number of employees (Employees)	1,412	1,501	1,558	1,690	1,834	2,033	2,127	2,043	2,218	2,292	2,419
Per share data	Net income per share ^{*4} (¥)	201.22	202.50	239.11	300.12	283.64	330.19	310.75	314.41	407.88	431.60	615.52
	Net assets per share ^{*4} (¥)	1,370.30	1,630.51	1,798.59	2,103.63	2,438.94	2,686.64	2,897.55	3,227.05	3,586.20	3,979.14	4,631.37
	Cash dividend per share (¥)	20	25	30	35	40	48	48	53	62	73	105
Stock information	Share price (closing price at the end of the year) (¥)	1,648	1,784	2,613	3,880	4,605	3,555	3,400	4,360	3,845	4,775	5,900
	Price-to-book ratio (PBR) (multiplication factor)	1.2	1.1	1.5	1.8	1.9	1.3	1.2	1.4	1.1	1.2	1.3
	Price-to-earnings ratio (PER) (multiplication factor)	8.2	8.8	10.9	12.9	16.2	10.8	10.9	13.9	9.4	11.1	9.6
Financial indicators	Gross margin (%)	25.0	25.8	25.5	25.8	25.0	26.3	26.3	26.3	24.9	25.8	28.0
	Operating profit on sales (%)	9.9	10.2	10.3	10.5	10.0	10.9	10.5	9.8	10.2	10.9	13.2
	Equity ratio (%)	54.1	55.8	53.5	56.8	57.6	62.1	65.7	66.7	69.3	70.7	71.0
	Return on equity (ROE) (%)	16.0	13.5	14.0	15.4	12.5	12.9	11.1	10.3	12.0	11.4	14.3
	Return on assets (ROA) (%)	8.8	7.4	7.7	8.5	7.1	7.7	7.1	6.8	8.1	8.0	10.1
	Total asset turnover (multiplication factor)	2.1	1.8	2.0	1.9	1.8	1.6	1.5	1.3	1.3	1.3	1.2
	Dividend on equity ratio (DOE) (%)	1.6	1.7	1.7	1.8	1.8	1.9	1.7	1.7	1.8	1.9	2.4
	Dividend payout ratio (%)	9.9	12.3	12.5	11.7	14.1	14.5	15.4	16.9	15.2	16.9	17.1
Total dividends paid (¥, millions)	428	535	601	701	801	962	962	1,062	1,242	1,465	2,102	

*1: EBITDA = Operating profit + Depreciation and amortization

*2: Medical science products were separated from refrigerators and freezers in 2022. The Refrigerator and Freezer Operations was renamed the Food Service Operations in 2024.

*3: Free cash flows = Cash flows from operating activities + Cash flows from investing activities

*4: Per share data is calculated by dividing market capitalization by the number of issued shares, excluding treasury shares.

Corporate Data

Company Profile

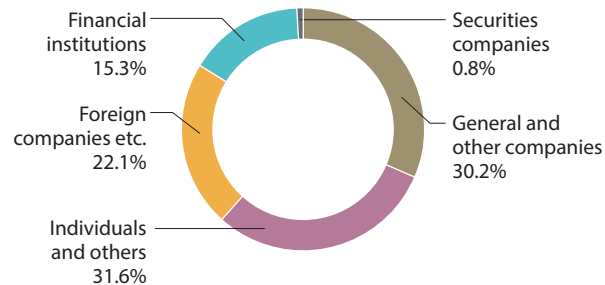
Company Name	FUKUSHIMA GALILEI CO. LTD.
Founded	December 8, 1951
Capital	2.76 billion yen
Employees	2,524 employees on a consolidated basis and 1,938 employees on a non-consolidated basis as of March 2024
Head Office Location	2-6-18 Takejima, Nishi-Yodogawa-ku, Osaka, 555-0011, Japan
Listed stock exchange	Prime Market, Tokyo Stock Exchange (stock code: 6420)

Stock information As of March 2024

Total number of authorized shares	63,685,000 shares
Total number of issued shares	22,066,160 shares (including 2,047,283 treasury shares)
Number of shareholders at the end of the current fiscal year	3,032 persons

Distribution of shares by shareholder

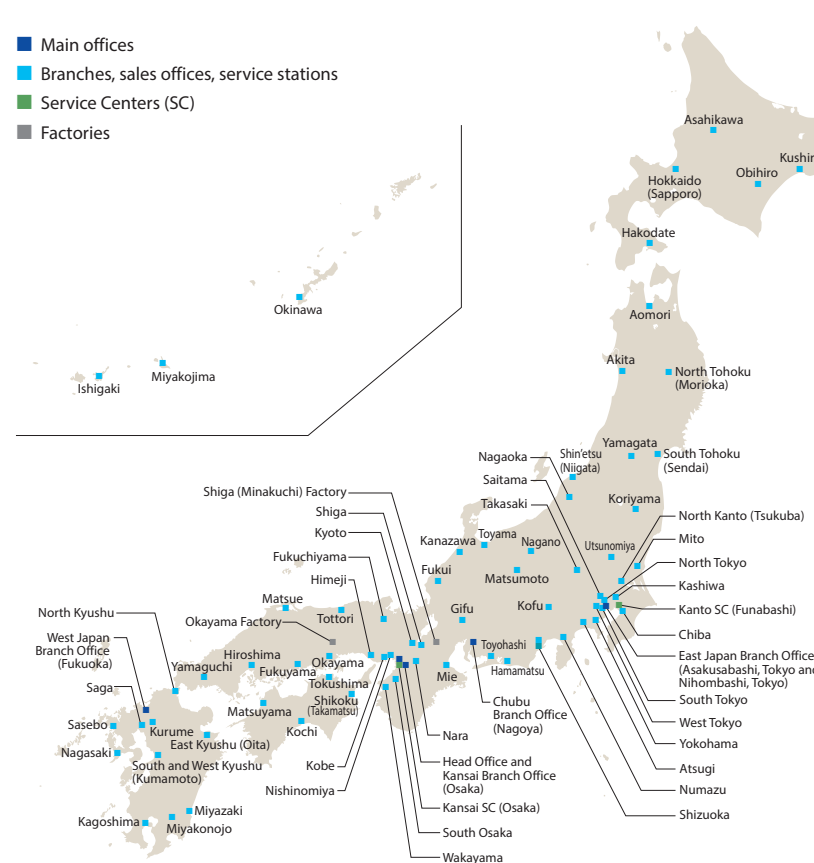
Fiscal year ending March 2024



Offices, Branches, and Group Companies

»» Offices (October 2024)

- Main offices
- Branches, sales offices, service stations
- Service Centers (SC)
- Factories



»» Group Companies

- GALILEI PANEL CREATE CO. LTD.
- TAKAHASHI GALILEI CO. LTD.
- SHOKEN GALILEI CO. LTD.
- NIPPON SENJOKI K.K.
- FUKUSHIMA TRADING CO. LTD.
- GALILEI (THAILAND) CO., LTD.
- FUKUSHIMA GALILEI (SHANGHAI) CO., LTD.
- FUKUSHIMA GALILEI (H.K.) CO., LTD.
- FUKUSHIMA GALILEI TAIWAN CO., LTD.
- FUKUSHIMA GALILEI SINGAPORE PTE. LTD.
- FUKUSHIMA GALILEI (THAILAND) CO., LTD.
- FUKUSHIMA GALILEI VIETNAM CO., LTD.
- FUKUSHIMA GALILEI MALAYSIA SDN. BHD.
- FUKUSHIMA GALILEI CAMBODIA CO., LTD.
- PT. FUKUSHIMA GALILEI INDONESIA
- FUKUSHIMA GALILEI MYANMAR CO. LTD.
- FUKUSHIMA GALILEI PHILIPPINE CORPORATION

GALILEI

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