

GALILEI

FUKUSHIMA GALILEI CO. LTD.

Integrated Report 2021

GALILEI
Be cool, Be alive.

FUKUSHIMA GALILEI CO. LTD.

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Our themes are the environment, safety and peace of mind: we aim to be a “Happiness Creation Company”

The Corporate Philosophy of the GALILEI Group is to contribute to society through food in order to realize the "Four Rules of Happiness" for the consumer, the customer, our employees, and our stakeholders as set out below. We will continue to guard the safety and security of food, which is one of the basics of life for the consumer, by using the cold chain we have built with the technology and experience of the companies in the group. We contribute to creating a rich and happy future and are ready to respond with our "Cooling Technology" whenever anything needs to be moved between the farm and table and to support improvements in dietary quality from behind the scenes.

As part of our efforts to conserve the global environment, we are endeavoring to make all our products long-lasting and power-saving. The entire company is engaged in efforts to reduce CO₂ emissions, reduce food-loss with our advanced freezing and defrosting technology, and making extreme efforts to solve the issue of refrigerant gases. The entire group is also pressing forward boldly with our Sustainable Development Goals (SDGs), aiming to become a company that contributes positively to global development and harmony.



The Corporate Philosophy of the GALILEI Group

1.	Consumer Happiness	Taking the environment, safety and peace of mind as our themes, it is our basic aim to work with our customers to contribute to the happiness of the consumer.
2.	Customer Happiness	By the use of original technology and systems, it is our basic aim to add new value to the food business and contribute to the happiness of our customers.
3.	Employee Happiness	It is our basic aim to pursue both material and spiritual happiness by enhancing our ability to shoulder responsibility, and through development as individual employees and as a company.
4.	Stakeholder Happiness	It is our basic aim to strive towards common goals, always working to increase company performance and providing happiness to our stock holders and trading partners.

Charter of Corporate Behavior

- Food Safety and Security
- Pursuit of Customer Satisfaction
- Environmental Conservation
- Social Engagement
- Global
- Legal Compliance
- Fair and Free Transactions
- Respect for Employees
- Disclosure of Information
- Information Management
- Attitude Towards Antisocial Organizations

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 challenge into the future
- Education — Develop people and cultivate yourself
- Adhere Strictly to Rules — Do what is expected, as expected

Be cool, Be alive.

President's Message

Looking at the changing food industry's "now" and looking ahead to our 100th anniversary in 30 years.

We want to be the one and only company for our customers and for our society

President

Yutaka Fukushima

We will adapt to changing needs. Together with our customers, we will open up a future for food.

Last year, the number of people cooking and eating at home increased at a dramatic rate because of the COVID-19 pandemic. As a result, there was a rapid increase in demand for the industry, including supermarkets, that serves those who cook and eat at home. It seems that at the beginning of the pandemic, people in the home-cooked meal industry and the restaurant industry were puzzled as to how rapidly their industries were changing, but this year they adapted to the new situation which has now become the new normal. Many of our customers serving those who cook and eat at home are looking at automation as a solution to their production operations that have become more labor intensive than ever before. In the restaurant industry, on the other hand, more of our customers started to offer home delivery services or e-commerce services. It has been an eventful year for both industries. It can be said that the food industry is one of the industries that have been hit hardest by the COVID-19 pandemic and have gone through the most drastic transformation. We are, however, pleased that many company representatives visited MILAB at our head office as they needed to address the change and wanted to work with us to start a new business or develop a new product. In fact, many of them have already started a new business operation. During the pandemic, I often urged our employees to provide additional support for customers and to share their hardships. I hope we were able to let them know that we are here for them.

The food industry has undergone significant change and now the restaurant industry is showing some signs of recovery. However, it is hard to imagine that life will go back to what it was before the pandemic. In my view, what's important during the COVID-19 pandemic is to adapt flexibly to change and make a commitment to society.



Achieve further group synergy. Expand business fields. Provide total support for the food industry.

The GALILEI Group aims to provide total support for the food industry by expanding our business field from downstream so-called tertiary industries such as food service and retail to midstream secondary industries. We call this expansion of our business from downstream to midstream and upstream "mountain climbing." In order to successfully climb a mountain, it is essential to achieve synergy that transcends department and company boundaries. This year, we had far more projects that required collaboration between FUKUSHIMA GALILEI and TAKAHASHI GALILEI to provide solutions to customers. We practice what we preach. I'm convinced that if we successfully carry out projects and make customers happy, it will help us to achieve group synergy more quickly.

A sought-after company with a clear long-term vision

Social criteria is what I consider most important among ESG criteria. Increasing sales and achieving growth is important to a company, but that is not all we should do. It is important to meet social criteria when we see business management from a long-term perspective. Needless to say, companies themselves should meet social criteria, but I also believe that each and every one of our employees should create shared values and take initiatives. For this reason, we set up a GALILEI 1% Club in February 2021. The club is funded by approximately 1 percent of our pre-tax profit from the previous year for us to engage in social contribution initiatives. We have a rule for this club. The rule is that we should think for ourselves and act voluntarily rather than being prompted by the company. Doing voluntary work or making a social contribution will eventually help to improve the company's sociability.

We are responsible for protecting the environment as we use refrigerants for our business. We have developed a sustainable vision, Dramatic Future 2050, ahead of 2051 when we will celebrate our 100th anniversary. Under the vision, the GALILEI Group has specified its target values and seeks to achieve net zero greenhouse gas emissions by the SDG target year of 2030 and then by 2050. These are our targets that we strive to achieve in 30 years. We communicate our commitment both internally and externally to ensure we achieve the targets. We set out 10-year refrigerant

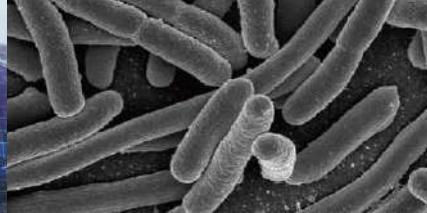



leak warranties in the Environment Action 2030. Although having zero refrigerant leaks is extremely challenging, nevertheless we aim for zero leaks in products manufactured and engineering works performed in FY2025 onward. When we take this action, we expect the people in our industry to be more aware of the environment. For example, if we say we were not a freezer manufacturer, but we would provide freezer leak warranties, I'm confident freezer manufacturers would join us in our action. Otherwise, our action would not be effective. We are not setting this target as a mere formality, but we will do everything we can to protect the environment.

Create an environment where each and every one of us can grow. Create a new GALILEI Group.







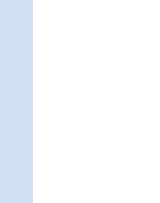
The GALILEI Group celebrated its 70th anniversary and has moved forward for its 100th anniversary. It is important that we are prepared to rise to new challenges in order to keep growing in the next 30 years. We should think what should be done and what we can do to make our society better and every one of us should do whatever it takes to make it happen. We may fail at times. But you will grow if you have the desire to explore a new path. We should not be afraid of failure. It is important to create an environment where we can continue to try new things. For this reason, we make extra efforts to make governance of the decision making process at the Board of Directors and Management Committee transparent. We should believe that if each and one of us grows, it can change the GALILEI Group for the better and begin a new chapter for the Group. We will not stop making progress.

Our History - From Fukushima Industries to FUKUSHIMA GALILEI

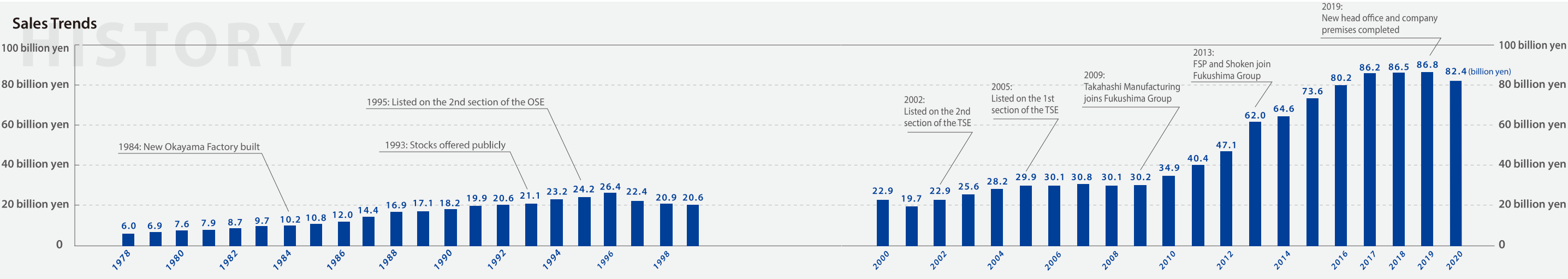
Changing Societal Issues and Needs

1960s and 1970s	1980s	1990s	2000s	2010s	2020s and into the future
					
Increase in the number of eating establishments, especially restaurant chains, accompanying the postwar recovery and economic growth	Expansion of consumption encouraged by the bubble economy, advances in urban functionality and science and technology	Growing concern over food safety due to outbreaks of mass food poisoning caused by pathogens such as O-157	The myth of food safety collapses due to a series of events including food poisoning, food fraud, and the first domestic instance of BSE	Successive natural disasters such as the Great Eastern Japan Earthquake leads to demands for products with lower power consumption and high ecological standards	Waves of digitalization and IoT implementations due to advances in technology

Solutions Provided by the GALILEI Group

Core operations shifted to the production of commercial freezers and refrigerators and showcases	Heavy investment in infrastructure implemented to enhance productivity Putting in place a system that can deal with the expansion in orders	Application of freezing and refrigerating technology expanded to the healthcare field Shift made to become a specialist in the manufacture of temperature control equipment
<div>1962  ER model standardized refrigerators</div> <div>1964  Refrigerated and freezer showcases POS series</div>	<div>1984  ER series</div> <div></div>	<div>1995 </div> <div>1998 </div> <div>1999 </div>
1962 Developed and started mass production of the ER model standardized refrigerator, an industry first 1964 Started mass production of the POS series	1984 New Okayama Factory built Started mass production of the ER series	1995 New Shiga Factory completed Listed on the 2nd section of the OSE 1998 Started selling Blast Chillers 1999 Advance into the field of laboratory equipment for science and medicine

Efforts focus on developing our own solutions to guard food security and safety	Wide range of offerings become available through expanding fields of operation by increasing cooperation between corporations	Brand, company name, and company premises all renewed with an orientation towards the future to help improve profitability through group synergies
<div>2001 </div> <div>2009 </div>	<div>2013  FSP株式会社  株式会社 省 研</div> <div>2017 </div>	<div>2019  GALILEI Be cool, Be alive.</div>
2001 Started Fukushima S net 24 service 2005 Listed on the Tokyo 1st section of the TSE 2006 Second Okayama Factory completed 2009 Takahashi Manufacturing joins Fukushima Group	2013 FSP and Shoken join Fukushima Group 2017 Fukushima Women's Tennis Team set up	2019 New head office and company premises completed Company name changed to GALILEI Group



In celebration of the 70th anniversary

More than cooling technology. The GALILEI Group exceeds customers' expectations.

Senior Managing Director
Go Fukushima



We will solve environmental issues in Japan and raise environmental awareness in Asian countries.

The GALILEI Group communicates its message in Dramatic Future 2050 that we will shape a future that brings hope and joy to everyone. The message is based on our intention that we continue to embrace food and life challenges as our mission. The word "life" includes people's lives and the life of the earth. The survival of the planet is essential for us to keep living. Today, people are increasingly aware of the environmental problems. However, we must not only think about them, but also take action as soon as possible.

That is why we have developed our sustainable vision, Dramatic Future 2050. When we developed the vision, we set up a cross-company project team consisting of employees from FUKUSHIMA GALILEI as well as its group companies. It is because we wanted to build a structure that allows the Group and each and every one of our staff to play their part in developing the sustainable vision. In Dramatic Future 2050, we aim to commit to zero CO₂ emissions and zero refrigerant leaks by 2050. Toward the achievement of the target, we first aim to reduce CO₂ emissions by 50% by 2030 and then we aim for zero refrigerant leaks in products manufactured and projects carried out in FY2025

onward. We will actively promote research and development and capital investment accordingly. We need to communicate our environmental protection efforts and technology not only in Japan, but also in other countries that are less active in addressing and solving environmental issues. For example, GALILEI Air-tec System was a winner of the Energy Conservation Grand Prize. It is widely used in Asian countries. When we export our technology, we want to make those who live in other countries including Asia more aware of environmental protection. I believe it is one of our missions.

We will step up technological innovation efforts and create a good future for users, customers, and the environment.

Food loss reduction is an important social issue that can lead to the achievement of carbon neutrality in terms of preventing wasteful production. We have successfully solved this issue by extending the best-before date of food products with our freezing technology. For the food industry, we are examining "dynamic pricing" in which prices for products fluctuate to enable consumers to purchase food products that are closer to their best-before dates for a lower price. It is good value for consumers and it also reduces food loss. We endeavor to provide a better system for all those involved:

consumers, the food industry, and the environment. In order to further accelerate such new initiatives in the future, the development of human resources is very important. Currently, the GALILEI Group has approximately 600 excellent staff who are responsible for engineering management and maintenance services. They are one of our valuable assets. It is not too much to say that developing the staff will increase the appeal of the GALILEI Group. We therefore have a plan to establish a school for training technical staff. We are planning to train them to acquire technical skills and qualifications in a training program for about three and a half months. The biggest value that the GALILEI Group has is "trust". It is essential to raise the standards of human resource development in order to not only meet the expectations of our customers that the GALILEI Group can keep food chilled, but also go beyond their expectations and excite and impress them. I'm sure improving knowledge and skills through training will increase the quality of engineering management and maintenance services and that motivating the staff will encourage them to rise to the challenge of technological development.

The GALILEI Group is pursuing the development of products using IoT and new systems and services using AI as our efforts for future generations. Take AI Refrigerated Showcase launched in October 2021, for example. This product was developed in collaboration with an IT company. An AI camera and a sensor detect and analyze on-shelf availability and inventory and replenishment timing to reduce opportunity loss and food waste. We are also in the process of establishing a smart diagnosis system which remotely monitors equipment operation around the clock and detects any potential cooling function failures. Since we started to use the system, we have detected PCB failures and repaired them before actually causing cooling function failures. By increasing the precision of these systems, we aim to be a "Zero Call Company." We will shift our stance from "repair" to "don't stop

making progress." We are hopeful that it won't be long before customers will have no need to call us for technical support or troubleshooting.

We will create new value with our customers ahead of our 100th anniversary.

The name of our company was changed to FUKUSHIMA GALILEI in 2019. At that time, we believed strongly that we needed to redefine our social value for our customers and for our employees alike. Meanwhile, the whole world was affected by the COVID-19 pandemic. Those who are in the food industry had no choice but to make changes regardless of their plans. In these difficult times, we have worked closely with our customers through a trial and error process to pave the way for a new future. I hope we were able to let them know once again that we are here for them.

It is, however, true that there are some customers who are still struggling. All of us at the GALILEI Group are determined and eager to make concerted efforts to support these customers. We value this cooperative spirit and are ready to take a steady step forward for the next 100 years to remain a group of companies that is needed in society.



Dramatic Future 2050

Our idea of ensuring sustainability is to achieve net zero greenhouse gas emissions at all stages from production to the dining table.

Come what may, we will embrace challenges for the future of food and life.

Because we believe it will shape a future that brings hope and joy to everyone.



2050

Environment Vision 2050

With the aim of passing on a sustainable environment to future generations, we have established an Environment Vision 2050 to create a carbon neutral, carbon free society by 2050.

- 1 Stop emitting greenhouse gases throughout the GALILEI Group.
- 2 Aim for halting global warming with our refrigerants and cooling technology.
- 3 Be an environmentally conscious company chosen by customers.

Environment
Vision
2050

2030

Environment Action 2030

As an environmentally conscious company, we have developed an Environment Vision 2030 to meet stakeholders' expectations and fulfill out our social obligations based on our commitment to achieving SDG 13: Take urgent action to combat climate change and its impacts by 2030.

SDGs we support



Environment
Action
2030

2021 "Dramatic Future 2050" developed

 **Convert to green refrigerants.**

Reduce greenhouse gases and prevent global warming by converting to lower GWP and natural refrigerants.

 **Develop and provide products with high environmental performance.**

Convert to products with less environmental impact in the product life cycle.

 **Prevent refrigerant gas leaks.**

Aim to provide 10-year refrigerant leak warranties by offering enhanced preventative maintenance services through IT-based servitization.

 **Reduce CO₂ emissions.**

Contribute to the reduction of CO₂ emissions throughout the value chain though the actively adopting the latest energy-efficient technologies and making good use of the renewable energy sources.

Dramatic Future 2050

The GALILEI Group will shape a future that brings hope and joy to everyone.

The GALILEI Group is an **industry pioneer** in the **prevention of refrigerant gas leaks**, which is one of the four initiatives set out in the Environment Action 2030. Details of the initiative are described below.



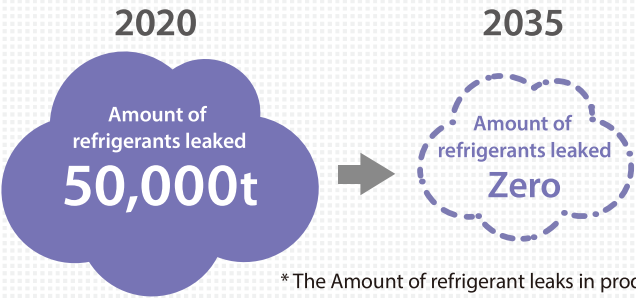
Prevent refrigerant gas leaks.

Activity Goals

We aim for **halting global warming by preventing refrigerant leaks** in products manufactured and projects carried out in FY2025 onward. We also aim to provide **10-year refrigerant leak warranties** by offering enhanced preventative maintenance services.

Aim for zero refrigerant leaks by 2035.

In 2020, we had refrigerant leaks of 50,000 tons (the amount of refrigerant leaks in products manufactured and projects carried out within the past 10 years: CO₂ equivalent). By 2035, we aim to reduce refrigerant leaks in products manufactured and projects carried out within the next 10 years to zero.



* The Amount of refrigerant leaks in products manufactured and projects carried out within the next (past) 10 years (CO₂ equivalent)

Plug-in type products

10-year refrigerant leak warranties for products manufactured in FY2025 onward



Remote type products and installation

10-year refrigerant leak warranty under a maintenance agreement



Specific actions

Actions taken at the manufacturing stage

- Remove welding or reduce the number of welding points.
- Introduce new inspection techniques.
- Expand measures to prevent materials deterioration.

Actions taken at the installation stage

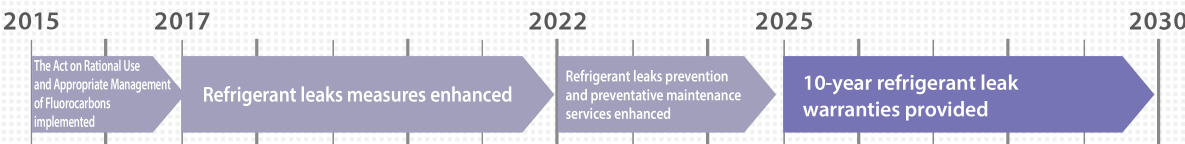
- Use digital transformation at the installation stage.

Actions taken at the maintenance stage

- Take preventive measures using digital transformation.

From **repair** to **don't stop**

Timeline



A Great Leap for the Earth

Dramatic Future 2050 ————— Protecting the Earth and its Temperature for the Future

Like the way whales protect the earth

Did you know whales help to control global warming?
All living creatures, including humans, are made of carbon and serve as a carbon repository while they are alive. Larger whales that can live longer, such as blue whale, minke whale, and humpback whale, can store more carbon in them. It is said that the amount of carbon that a larger whale can store is equivalent to that of thousands of trees. It is thought that each year, tens of thousands of tons of carbon are carried into the deep sea by whales when they die and sink to the floor of the sea.
Like the way whales make a considerable contribution to controlling global warming, FUKUSHIMA GALILEI will rise to the challenge of protecting our planet.

A future, with good food, abundance,
life, and happiness, opened to you by
the GALILEI Group



Production line systems
SHOKEN GALILEI



Conveyors
SHOKEN GALILEI

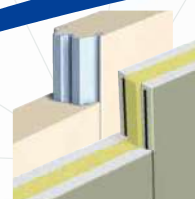
SHOKEN GALILEI CO. LTD.

GALILEI PANEL CREATE CO. LTD.

Small-scale prefabricated
refrigerators and freezers
GALILEI
PANEL CREATE



Panel technology
GALILEI
PANEL CREATE



Clean rooms
GALILEI PANEL CREATE



LSHOCK®
TAKAHASHI
GALILEI



Tunnel Freezer®
TAKAHASHI
GALILEI

TAKAHASHI GALILEI CO. LTD.

GALILEI

**GROUP
SYNERGY**

Refrigerated and freezer showcases
FUKUSHIMA
GALILEI



FUKUSHIMA GALILEI CO. LTD.

Commercial refrigerators
and freezers
FUKUSHIMA GALILEI



Ice makers
FUKUSHIMA GALILEI



Medical life science products
FUKUSHIMA GALILEI



Temperature control systems
FUKUSHIMA GALILEI

POINT

The Benefits of the Group Synergy

- Lateral deployment of business resources to realize new needs and open new markets
- Approaching infrastructure for food from a variety of angles
- Global deployment from the historical foundations built by each member company

A Model for Value Creation

As our cool technology evolves, we use the power of food to enable people to grow and develop.

As a purveyor of the food lifeline that is essential for our daily lives, we at the GALILEI Group will expand our business domain to improve the quality of the eating habits of people from all over the world and further develop our cooling technology.

We will continue to step up efforts to shift to smart technology to achieve growth. As a leading company in the global food industry, we will continue to create innovation, help to build a sustainable society, and perform our social responsibility.

Social value offered through our business operations

Dramatic Future 2050

The GALILEI Group is opening up an exciting future for everyone

The GALILEI Group's business operations

Solutions for stakeholders

Invested capital

Financial capital
Strong financial position
Equity ratio: 66.8%
(as of the end of March 2021)

Intellectual capital
Group companies' proprietary core technology and development proposal capacity

Production capital
Global production bases
(Shiga, Okayama, Thailand, etc.)

Human capital
Upholding the Group's shared philosophy
2,205 employees (as of the end of March 2021)

Social capital
Relationships of trust with suppliers, agents, and local communities
74 domestic and 11 overseas branches, subsidiaries, and sales offices

Natural capital
Finite energy resources

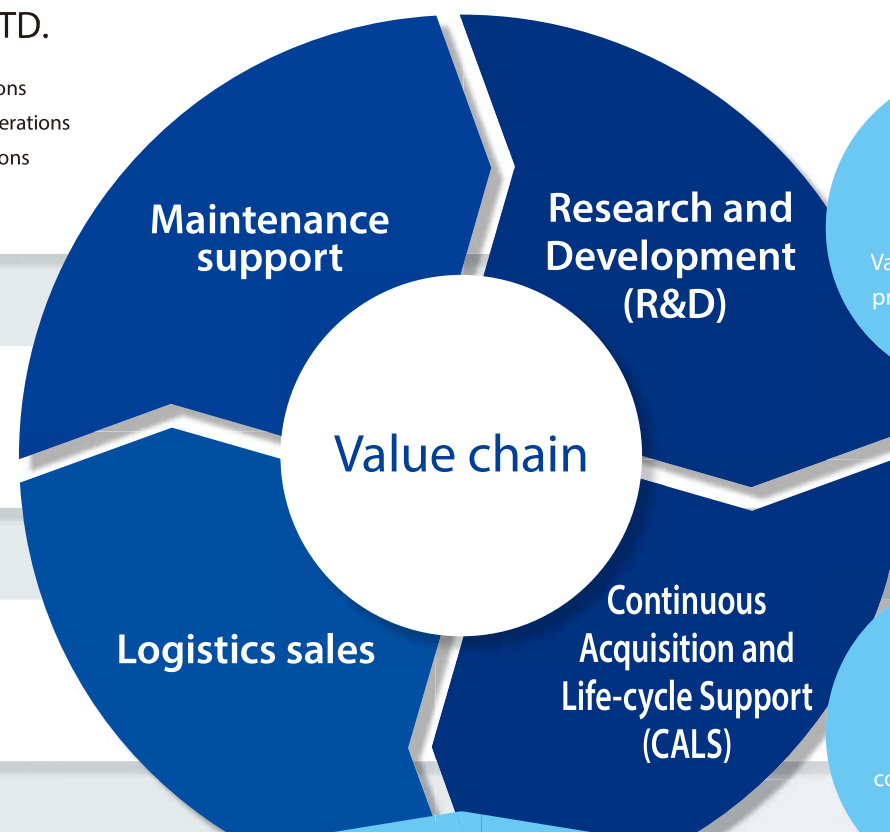
FUKUSHIMA GALILEI CO. LTD.

- Refrigerator and Freezer Operations
- Showcase Operations
- FMS Operations
- Service Operations
- Engineering Operations
- Foreign Operations

TAKAHASHI GALILEI CO. LTD.

GALILEI PANEL CREATE CO. LTD.

SHOKEN GALILEI CO. LTD.



Collaborative research

New product and system development in collaboration with non-food service companies and entrepreneurs

Open innovation

— MILAB —

Industry-academia collaboration

Development of technologies and ideas that we have never seen before using the collective expertise of universities and research institutes

01

Advantage

Value creation through proprietary technology

02

Advantage

Group-wide collaboration from the upstream to the downstream of the food industry

SOCIETY

EMPLOYEES

CUSTOMERS

SUPPLIERS

SHAREHOLDERS

GALILEI GROUP SDGs

GALILEI Group SDG Declaration

- Pursue food safety and security.
 - Suppress the proliferation of bacteria with rapid cooling and thawing technologies.
 - Develop AI preventative maintenance and HACCP support systems.
 - MILAB for industry-academia collaboration
 - Engineering projects providing total proposal, design and installation services
- Reduce food loss.
 - Keep food fresh with cold chains.
 - Extend expiration dates with Tunnel Freezers®.

SDGs we support



- Adapt to and mitigate climate change
 - Rapidly shift to lower GWP refrigerants and natural refrigerants for the Group's all products and equipment
 - Improve refrigerant leak detection systems and product and construction quality to provide 10-year refrigerant leak warranties.
- Contribute to sustainable regional environments.
 - In-store environment with AI-controlled refrigeration and freezing equipment and air conditioning, air supply, exhaust, and ventilation systems for energy efficiency, added comfort, and the prevention of COVID-19 infection
 - IT-based servitization
 - Product development with LCA in mind
 - Pursue energy conservation.

SDGs we support



Social and environmental changes

Food loss

Due to overproduction and other factors, the problem of food that could otherwise be consumed going to waste is becoming serious.



Climate change

Global warming causes changes in the earth's average temperature and has begun to affect and damage the natural environment and people's lives around the world.



Energy problems

People are urged to reduce the use of fossil fuels, which supposedly have higher environmental impact, and to use more energy sources that do not emit CO₂.



Nature of Business and Synergy Solution

Enriching the world's diet with a "Cold Chain for Food" built by the GALILEI Group

The cooling power of the GALILEI Group is there to safely and securely deliver food to the people.
The group's unique Cold Chain connects the producers with the dining table through a collection of technology and know-how nurtured by each of the companies and business units.



GALILEI GROUP

GALILEI PANEL CREATE CO. LTD.

P24 >>

The high-performance thermal insulation panel technology and system engineering enable the refrigerating and freezing spaces as well as clean work spaces for facilities such as food processing factories and plant factories.



TAKAHASHI GALILEI CO. LTD.

P25 >>

We are pioneers who developed, designed, and manufactured the world's first "Tunnel Freezer", a continuous rapid freezing/cooling device. We are proud of our record of 60 years since founding and our number 1 market share in Japan.



SHOKEN GALILEI CO. LTD.

P26 >>

Since our founding in 1968, as a specialized producer of machinery and plant for food factories and drive apparatuses, we have helped automate, introduced labor-saving devices, and reduced power consumption on many production lines and logistics lines.



GALILEI GROUP

Synergy Solution

At the GALILEI Group, we offer better solutions to customers and society through collaboration of FUKUSHIMA GALILEI's various departments and group companies.

CASE 01

Comprehensive proposal to meet a customer's combined needs (Bread manufacturer)

A bread manufacturer had a plan to build a new factory to meet demand for frozen food that is expected to rise in the future as a result of the popularity of online shopping and changes in the market. The approached us for advice.

Solution offered by the GALILEI Group

Initially, they wanted Blast Chiller, which can freeze food quickly, but after repeated discussions, we proposed Tunnel Freezer and a freezing warehouse. Tunnel Freezer was installed by TAKAHASHI GALILEI and freezing facilities and panels were provided jointly by the Engineering Department and GALILEI PANEL CREATE. We were able to meet the customer's requirements by working closely with the group companies.



Tunnel Freezer Freezing facilities

CASE 02

Support for a customer convert its restaurant business into a new business operation (Restaurant)

A restaurant was struggling during the COVID-19 pandemic and started to offer takeout and delivery services. They needed to improve work efficiency to keep their business going strongly.

Solution offered by the GALILEI Group

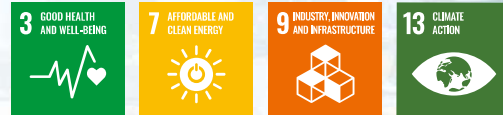
We proposed that a central kitchen be built to expand takeout and delivery services and to increase efficiency in in-store food preparation. The Engineering Department was responsible for designing the facility and GALILEI PANEL CREATE offered its expertise in thermal insulation panels installed in the central kitchen. We asked the customer to visit MILAB to learn about food preparation using cooling technology and to conduct bacteria testing at the Food Laboratory. We assist customers in ensuring food safety.



Thermal insulation panels MILAB

Refrigerator and Freezer Operations

GALILEI



Respond to new needs of the restaurant industry with new normal products

Our refrigeration technology provides support for restaurants' e-commerce expansion

Our results for this year remained almost at the same level as FY2019 before the COVID-19 pandemic began, with increased demand for refrigerators for storing takeaways and Blast Chillers for freezing them. We expect new normal products to continue to do well post COVID-19. However, there are some aspects in the restaurant industry that are unlikely to go back to what they were before the pandemic. Therefore, we will continue to focus on developing new normal products in the areas where demand is growing, such as takeaways, deliveries, and frozen foods. An increasing number of restaurants now freeze the food that they offer in store and sell them on e-commerce platforms. In response to this situation, we have developed Blast Chiller / Shock Freezer 100V, a compact model that can be installed in kitchens with limited space. This product can freeze food fast with a single phase 100V power supply. We are hopeful that it will be our next flagship product.



This compact model can cool and freeze food fast at -40°C with a single phase 100V power supply.

Blast Chiller / Shock Freezer 100V

Ensure food safety and security and contribute to food loss reduction

As our SDG initiatives in the Refrigerator and Freezer Operations, we not only switch to green refrigerants and pursue energy efficient performance, but also contribute to the reduction of food loss by ensuring food safety and security. We have developed and marketed temperature control systems such as HACCP ExAround. We aim to further

promote solutions that link hardware and software for refrigerators and freezers. This system enables temperature and hygiene data to be controlled and recorded by IoT in the entire food service process and automates HACCP hygiene control, resulting in the improvement in work efficiency, labor savings, and food loss reduction. Furthermore, we are collaborating with other companies to develop a new system that makes an entire food supply chain from food ingredients purchase, storage, processing through provision to customers more transparent. Storing food safely and securely and serving it without generating waste leads to reducing food loss in the kitchen.

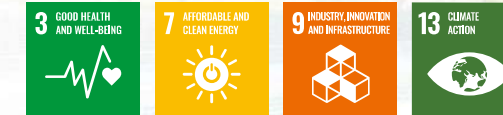
Accelerate group synergy and continue to respond to new needs

In order to achieve synergy in the GALILEI Group as a whole, it is necessary to make proposals with the entire kitchen in mind. In addition to selling refrigerators and freezers, we are often expected to offer maintenance services not only for our own products but for other companies' products as well. In this respect, working closely with the Service Operations is vital. One of the GALILEI Group's strengths lies in its ability to provide maintenance services in-house. We will work even more closely with the Service Operations to build and retain customer loyalty. All of us at the GALILEI Group are committed to making better proposals that meet users' requests.

As a result of the enforcement of HACCP, we should also focus on marketing temperature control systems that achieve labor savings and automation. There is also a rapid increase in demand for takeaway lockers that are widely used by restaurants because they require less manpower and no face-to-face contact during the COVID-19 pandemic. More customers tell us that they will need cooking equipment that automate in-store food preparation in the future. It is one of the missions of the Refrigerator and Freezer Operations and the GALILEI Group to meet such needs of the new era through close collaboration with other departments.

Showcase Operations

GALILEI



Our cutting-edge technology opens up a future for our customers and the earth

Strong performance in the supermarket and drug store sector

Supermarkets, which are the main customers of the Showcase Operations, increased sales because of the impact of the declaration of a state of emergency and semi-state of emergency COVID-19 measures. They started to actively make capital investment from the latter half of the previous year and continue to do so this year. Drugstores also performed better. Drugstores with out-of-town outlets in regional cities made capital investment even more aggressively for further expansion. Convenience stores also started to show signs of recovery.

Customers' good performance helped us to steadily increase sales in the Showcase Operations, up approximately 140 percent from the same period in the previous year. The food service market, including the restaurant industry, is forecast to recover soon. We expect demand for a new type of business to continue to grow while we live with COVID-19 and have measures in place to prevent the spread of the virus. We are confident that there will be a greater need for products that integrate our systems and IT technology. CLAIR Send-you, which is a series of remote type open refrigerated showcases released in March 2020, has been purchased by many customers. We are very pleased to receive so many customer requests more than a year and a half after the launch. We have started making improvements in response to such positive feedback. Product redesigning of CLAIR Send-you includes external changes to remote type showcases. Plug-in type showcases, which can be used with a plug, now also have the exterior of CLAIR Send-you and use environmentally friendly lower GWP refrigerants. They are being launched in stages.

Promote CFC-free refrigerants to reduce environmental impact

Nowadays, businesses, both in Japan and abroad, are rapidly moving toward decarbonization. Our products consume a large amount of energy and we should therefore make it clear how we will contribute to our society. That is why we have established the sustainable vision, Dramatic Future

2050. Among the sustainable efforts made in the Showcase Operations, we focus on promoting a switch from CFC refrigerants.

We started a switch to green refrigerants last year and the number of equipment with green refrigerants installed at supermarkets and convenience stores has been growing rapidly. We have started to calculate the environmental index of each product alone and are making efforts to develop products with high environmental performance and to convert to products with less environmental impact.

Take advantage of *monozukuri* manufacturing technology with user insights in mind to create a new future with the retail industry

The retail industry that we do business with is converting into the manufacturing and retail industry. Supermarkets now offer more original products prepared by themselves and we receive an increasing number of requests to supply production equipment as well as refrigeration equipment. We expect to see more opportunities to respond to these customer needs that require us to work closely with TAKAHASHI GALILEI and GALILEI PANEL CREATE and to leverage the synergy of the GALILEI Group. AI solutions has made unmanned convenience stores and cashless payment possible. Customers will expect us to do more in this field. Nowadays, we are tasked with analyzing data of the work that has been performed manually before and systematizing it. In order to carry out such task, it is essential not only to meet customer requests, but also to develop and propose products and systems that are made with monozukuri manufacturing technology with user insights in mind and from the perspective of consumers who actually use the products and systems. We will do our best to be well respected by our customers and in our community.



FMS Operations

(Medical Science Operations)

GALILEI



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

A rise in demand for medical cool boxes led to a 135 percent increase in sales from the previous year

Sales in the first half of this year increased approximately 135 percent from the same period of the previous year.

It was due to the higher demand for refrigerators for storing vaccines for COVID-19. Medical clinics and mass vaccination venues needed medical cool boxes to defrost and temporarily store vaccines. Apart from medical clinics, demand from universities and research institutions was another key factor in the steady rise in sales.

In addition to products that meet the requirements to address the COVID-19 pandemic, we are planning to develop and launch new products. We now have five new additional models to our ultra low temperature freezer range. By offering CFC-free models that have been long awaited in the market, we not only meet the demand during the COVID-19 pandemic, but also pursue an independent marketing strategy. With the launch of the new product, we aim for a 20 percent share in the ultra low temperature freezer market. As we all should contribute to solving environmental issues, there is greater demand for CFC-free refrigerators from leading pharmaceutical and food manufacturers in particular. Today, energy efficiency is already a requirement and we continue to urge our customers to address environmental issues and take action.

Accelerate technological collaboration to create a healthy future

In the pharmaceutical distribution process, the number of pharmaceutical products that are expensive and require more strict quality control in terms of temperature changes and shocks, such as biopharmaceutical medicines and regenerative medicines, is rising. This situation requires us to reduce waste and provide labor saving solutions. We have developed a product that integrates an IoT technology traceability system, in partnership with a pharmaceutical wholesaler. This makes it possible to manage medicines using the data that shows what is in the products and how they should be managed.

This new product can help to solve the shortages of healthcare workers and to reduce errors that are likely to be made when hospitals are overwhelmed.

In addition, we have more opportunities to offer proposals together with our group companies. We utilize our experience and technology to carry out engineering works, measure and evaluate temperature changes in a refrigerator, and provide advice on how refrigerated storage should be used. For the medical science industry, we sometimes make prefabricated clean rooms using panels or special high-temperature high-humidity storage rooms with a special air-conditioning system. We intend to expand our operations from just selling products to designing a whole space. Meanwhile, more customers now seek our advice on how to install laboratories partly because many of them operate in the food-related industry. We have food testing and hygiene catalogs that we all use within the Group. We take advantage of the strengths of each group company and unite our efforts to meet customer needs.

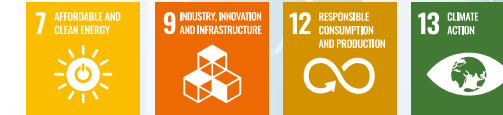


Ultra low temperature freezer

Medical cool box

Service Operations

GALILEI



Improve the quality of maintenance services in both digital and technological aspects to be a Zero Call Company

Enhanced maintenance services with 10-year refrigerant leak warranties

As a result of more people cooking and eating at home during the COVID-19 pandemic last year, many supermarkets and drugstores asked us to provide maintenance services, including replacing compressors and repairing refrigerant leaks. Supermarkets and drugstores are expected to continue to perform well and many restaurants have resumed operations. It should boost the need for maintenance services in the future. The increase in restaurants offering home delivery services or selling frozen foods during the pandemic has resulted in not only higher sales of refrigerators and showcases but also the wider use of Blast Chillers. We expect that maintenance services for such equipment will be needed in the future.

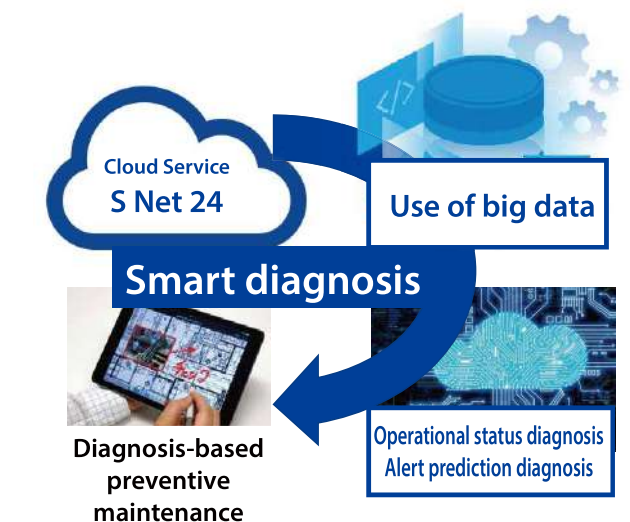
The areas that we will place our focus on in the future are maintenance services for large storage warehouses and other facilities provided by the Engineering Operations and the promotion of CO₂ refrigerants to protect the environment. As far as maintenance services are concerned, we have declared in the Environment Action 2030 that we will offer 10-year refrigerant leak warranties. This is one of the most important missions for the Service Operations. Offering a 10-year warranty is not easy at all. But we are prepared to do it because our customers are more aware of environmental protection and, most of all, we want them to use our products with confidence for many years to come. Our 10-year refrigerant leak warranties will help achieve food safety and security in the SDGs and lead to a future in which food loss will be reduced.

Promote digital transformation. Prevent potential equipment failures

Since FY2020, we have made preparations for a service called S-net that is linked to other systems and sends pre-alerts for potential equipment failures in order to improve the overall performance of the Service Operations. What we aim to do now is to be a Zero Call Company that prevents potential equipment failures and provides equipment repair and maintenance services nationwide by

promoting digital transformation. We are in the process of building a system that enables us to provide maintenance services more quickly, more accurately, and more smoothly by, for example, predicting and preventing potential failures based on the vast amount of data we have accumulated and delivering repair data that can be analogized to service personnel's smartphones in advance.

Improving the quality of maintenance services is as important as promoting digital transformation. The Service Strategy Office started its activities in earnest in the latter half of the year. The Service Strategy Office works with the Engineering Operations and shares technology with TAKAHASHI GALILEI. Through the cross-departmental and cross-company collaboration, we all strive to improve the quality of our respective maintenance services. With the aim of becoming the most trusted market leader in every region of Japan, we make concerted efforts to recruit and train more technical staff and to serve more customers.



Engineering Operations

GALILEI



Maximizing group energy. Creating a better future for our planet and for our customers.

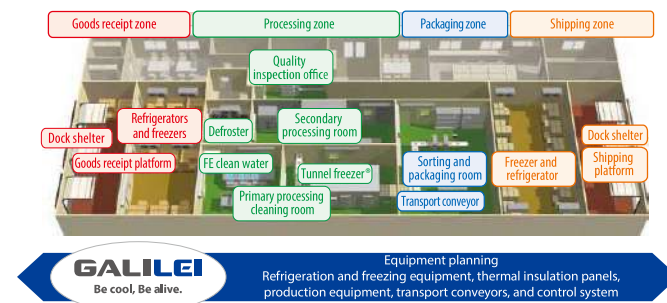
Sales increased thanks to strong performance of products that meet home cooking needs

In the Engineering Operations, sales of products that are used to manufacture products for domestic use rose significantly due to the fact that more people cooked and ate at home during the COVID-19 pandemic. Many companies entered the frozen packed lunch and prepared food markets and we received many orders from them. Online grocery shopping websites and other e-commerce websites did very well and it, in turn, led to strong performance of processing centers and low temperature distribution centers. Convenience stores, which are increasing their frozen food product range, have started to invest in new equipment. Their efforts not only meet customer needs, but such efforts are also encouraged in terms of SDGs to reduce food waste. Future trends may be such that demand for frozen packed lunches is expected to rise as it may take a while for the restaurant industry, which is slowly recovering, to make a full recovery.

Strengthen group synergy to achieve organizational power

We have long advertised and promoted prefabricated defrosting equipment and prefabricated Blast Chillers as the products of the Engineering Operations. We plan to make further improvements to these products to meet customer needs and make our field of specialty clearer. We also intend to strengthen our design capabilities so that we can offer production equipment for food manufacturing factories. More specifically, we plan to propose and provide the design of equipment, including heating lines, that uses TAKAHASHI GALILEI's freezers to rapidly freeze food that is heated and prepared in a factory. We intend to expand the GALILEI Group's scope of business in this way. As part of our efforts to enhance group synergy, four group companies, namely, TAKAHASHI GALILEI, GALILEI PANEL CREATE, SHOKEN GALILEI, and FUKUSHIMA GALILEI, jointly organized our first private exhibition called Galilei Expo for two days on July 15 and 16, 2021. We had approximately 700 exhibition visitors to the two-day event, who viewed the production lines and

new freezers presented by the group companies. Through the promotion of such event, we have increased cross-company projects in which, for example, FUKUSHIMA GALILEI markets freezers made by TAKAHASHI GALILEI and TAKAHASHI GALILEI requests FUKUSHIMA GALILEI to carry out engineering works for refrigeration equipment.



State-of-the art equipment and systems to offer environmental and manpower saving solutions

To support the SDGs, we actively promote equipment that use green refrigerants. We intend to increase engineering projects that use CO₂ refrigeration equipment. In fact, we are in the process of carrying out or designing engineering projects, and the number of such projects is rising year after year. Our engineering projects require a large amount of energy and eliminating energy waste is another important task for us. By proposing to offer an energy usage monitoring system along with installing equipment, we attempt to help customers to operate without generating waste. This system automatically controls and records temperatures, resulting in manpower savings. It also conforms to HACCP which has been enforced. With this product, we hope to create a better future for our planet and for our customers.

GALILEI PANEL CREATE CO. LTD.

GALILEI



Think outside the box and unlock new possibilities for panels

Active capital investment in plant and equipment expected to boost sales to the highest level ever

We noticed that many of our customers postponed their capital investment in plant and equipment because of the Tokyo 2020 Games last year. This year, the situation has completely changed and businesses have started to make capital investment more vigorously. We received many orders for engineering works in the latter half of the year in particular, and sales are projected to reach a record high, up approximately 125% from the same period in the previous year. Trade inquiries mainly came from food manufacturing factories, convenience stores, processing centers, and low temperature distribution centers. Inquiries about clean rooms, which we had focused on, came from pharmaceutical companies and semiconductor and lithium battery factories. We had focused on the food industry, but orders from non-food business operators were increasing and the production lines that we expanded this summer are already operating at full capacity. Installation of clean rooms in a non-refrigeration field of the non-food industry is another business field that we place a particular focus on. A system ceiling is needed to install a clean room. We are working with a partner company to increase orders for system ceilings. We expect lithium-in batteries, in particular, to be in great demand in the future and it should, in turn, increase demand for clean rooms.

Explore new sales channels for panels as building materials

We are examining the earthquake-resistant strength of panels as part of our new initiatives. Japan is prone to earthquakes and has frequently experienced large-scale natural disasters in recent years. We are, therefore, collecting data on the earthquake-resistant strength of panels as building materials. Based on the data, we hope to design a panel structure which is highly earthquake resistant. We will set up a team dedicated to serve customers in the non-food industry, such as major construction companies and design firms, to expand the sales channels and to further promote sales.

Make all thermal insulation panels CFC-free for energy conservation and environmental protection

As part of our efforts to support the SDGs, we stepped up the promotion of CFC-free thermal insulation panel "econe" that we started last year. The product, which uses HFO (hydrofluoroolefin), a new foaming agent kind to the environment, is of good quality (thermal insulation and appearance) and effective in protecting the environment. All panels manufactured by us are CFC-free thermal insulation panels. Panels were generally used for refrigerators and freezers in food manufacturing factories. However, temperature control is needed for production lines and this has led to more factories using our panels to partition production lines. In this way, the entire factory can be insulated, energy costs kept under control, energy conserved, and the environment protected.

econe

Eco + Connect + Earth

- Eco** — Eco - Environmentally friendly panels
- Connect** — Connect - Bringing together GALILEI Group and our customers and even our customers' customers
- Earth** — Earth - Connecting the environment, the land and the earth



TAKAHASHI GALILEI CO. LTD.

GALILEI



Forward-looking product development
Technological innovation for the future

Soaring capital investment increased sales to 175 % year on year

Last year, capital investment by small and medium-sized companies in Japan plunged due to the COVID-19 pandemic. Even large companies only made small to medium-scale capital investment, resulting in our poor business performance. Fortunately, the situation has completely changed this year and the number of businesses making large-scale capital investment is rapidly increasing. Many companies tend to double or even triple the per unit cost of a project from the previous years. Small to medium-sized companies in some industries are also growing significantly and some of them are having a new factory built and are committed to making capital investment more than ever. As a result, our sales for the first half of the year were up 175 % from the same period in the previous year. We expect this trend to continue for another two years or so. This is because many of the projects that we currently undertake are the projects that are planned for next year and the year after that. Meanwhile, the restaurant industry is also showing a recovery. The trends in the food industry will be dependent on how people's eating habits will have changed in two years: whether they will have become more used to cooking and eating at home or whether they will have gone back to regularly eating out again. We will continue to monitor the situation.

From small freezer models to large, improved freezer models

Up until last year, we concentrated on small models when developing freezers. This is because restaurant kitchens and central kitchens are generally smaller than those of food manufacturers and a small continuous type freezer that can be fit into a limited space is preferred. However, an increasing number of leading companies started to make capital investment this year, and we received many trade inquiries from supermarkets that we had received few orders from. Demand for large freezers was far greater than we anticipated. We have, therefore, started to make improvements to large models while maintaining small models.

This does not mean that we are simply making the existing

models larger. We are transforming them into more advanced models by, for example, using natural refrigerants and increasing continuous production time by 1.5 times. The reason behind this effort is the challenges facing major companies, such as the SDGs or industrial waste issues. We seek to solve these challenges by providing large models. Our next plan is to how best to apply this technology to small to medium-sized companies. As mentioned earlier, it is projected that, two years from now, market conditions will be different from what they are today. There should be more small and medium-sized companies that will have recovered and more venture companies that will have entered the market. If we can apply our technology when this happens, we should be able to offer products that meet the demand of the times.

In pursuit of state-of-the-art technology to meet the needs of society

Currently, approximately 10 percent of the orders that we receive are for products using natural refrigerants. The GALILEI Group intends to increase its use of natural refrigerants. Given the size of our facilities, the role that we are playing is not insignificant. For this reason, we aim to use natural refrigerants for 20 percent of all products in three years.

Following the enforcement of HACCP, digital transformation is a key factor in the future. We at TAKAHASHI GALILEI propose the remote operations of Tunnel Freezer® to existing factories. For new factories, we propose a total system, including freezers, to enable the entire GALILEI Group to promote HACCP and to contribute to reducing manpower at the factories.



SHOKEN GALILEI CO. LTD.

GALILEI



Develop optimal production lines integrated from the
upstream to the downstream of food manufacturing factories

Capital investment held back due to COVID-19 expected to soar next year onward

This year, many customers held back new capital investment plans due to the impact of COVID-19 and the orders we received were mainly for the improvement or modification of existing equipment. Although we began to receive more inquiries about large-scale equipment installation or extension projects as vaccination rollouts progressed and economic activities resumed, we expect our full-year results to be unsatisfactory. Despite this, those who postponed major investment this year and last year have all started to make their move in unison and we should receive more inquiries about new factory projects and large-scale equipment projects from next year and the year after that. We will continue to closely monitor the situation.

Last year, we set out growth as a robot system integrator as our strategic theme. We manufacture and market equipment and drive systems for food manufacturing factories and continue to operate as a system integrator.

We presented a robot Sler No. 2 at the GALILEI Expo this summer and intend to continue active development. In the processes at a food manufacturing factory, the percentage of tasks that can be performed by robots is higher in the packaging process than in the production process, including the pre- and post-freezing processes that we were very frequently involved in. It is thought that in the packaging process, in particular, the need to review packaging materials and styles to promote the SDGs and to modify

them to adapt to the changing times will increase. We are confident that if we can emphasize our ability to build automated equipment, robots, and systems, and to propose integrated automation solutions including conveyor systems, we will be able to better serve our customers and provide optimal equipment for them. Actively offering automation, manpower saving, and labor saving solutions for the packaging process leads to food safety, security, and stability for customers and helps them to implement SDG initiatives.

Further advancement of existing technology for HACCP initiatives

Even before the enforcement of HACCP, some customers used data to monitor their equipment. We provided necessary data output for these customers. Simply generating data output would force them to spend a large amount of time in analyzing the data. We intend to develop a system that saves operation and failure history to facilitate failure diagnosis and equipment maintenance. As data used in such a system can be obtained from operation history and records, we are hopeful that we should be able to develop the system in the not-too-distant future. If equipment fails and then it is fixed, it will take time to restore it. We will continue our development efforts to produce a system that can reduce loss as much as possible and help to improve customers' productivity. It is also important to be able to monitor operating status and history no matter where you are. Equipment may be located nearer to us or farther away from us, but it is ideal if we can remotely connect to and assess the equipment and make a diagnosis so that the customer can restore the equipment. By improving the accuracy of preparations for better response and by expanding the range of services that we can provide, we hope to improve customers' productivity, reduce food loss, and achieve our further growth.



Foreign Operations

Pay attention to what's happening in Japan and abroad and contribute to food safety and environmental protection in China and Southeast Asia

Do more business with local customers for future business expansion

This year, the Foreign Operations are expected to achieve an approximately 10 percent increase in full-year sales from the previous year if the figures for the Beijing factory, which is being liquidated this year, are excluded. However, several countries were still in lockdown due to COVID-19 this year and we were also in such a difficult situation that we were unable to start engineering works for the orders we had already received. It caused us to be less positive about our expected results for the latter half of the year. In the restaurant industry, constraints on business operations are expected to continue next year and beyond. On the other hand, in Taiwan, Hong Kong, and China, where COVID-19 infections are now under control, economic activities are recovering to the pre-pandemic levels and we hope to receive more orders in the near future. We will compensate for declined sales in the restaurant kitchen market with strong sales of showcases to supermarkets and convenience stores, as seen in Japan, and with engineering works for food manufacturing factories. In the engineering field, we will expand the marketing of TAKAHASHI GALILEI's highly competitive Tunnel Freezer® as it has started to sell very well. Our main customers used to be Japanese companies. But we have started to do business with local supermarkets and food manufacturers and we are hopeful that our business will definitely expand in the future. The two pillars of our business have been commercial refrigerators and freezers and showcases and we have an extensive range of commercial refrigerators and freezers made in the Thai factory. By switching products imported from Japan to products made in Thailand, we plan to leverage price competitiveness and expand our sales channels accordingly. Furthermore, we also plan to start exporting products to China for the first time in 2022. After venturing to China, we will explore export opportunities to other countries in which we have no local subsidiaries.

Raise awareness of environmental protection. Promote natural refrigerants

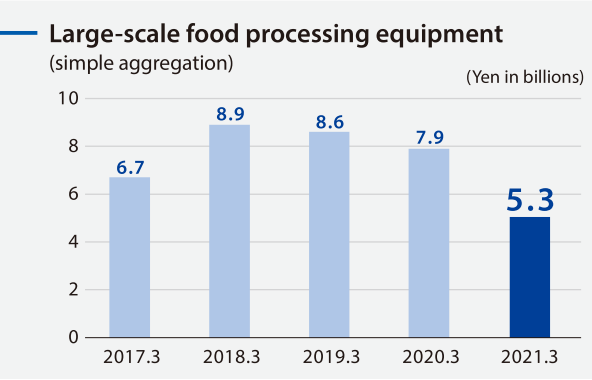
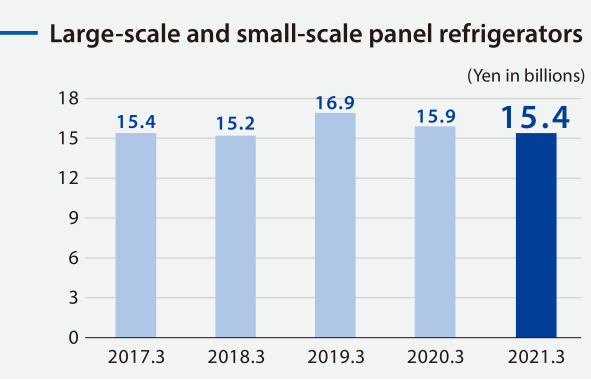
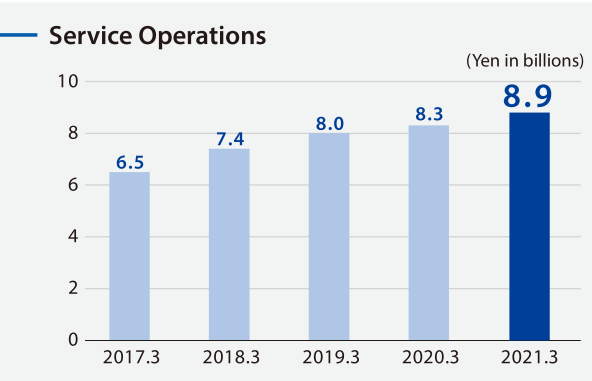
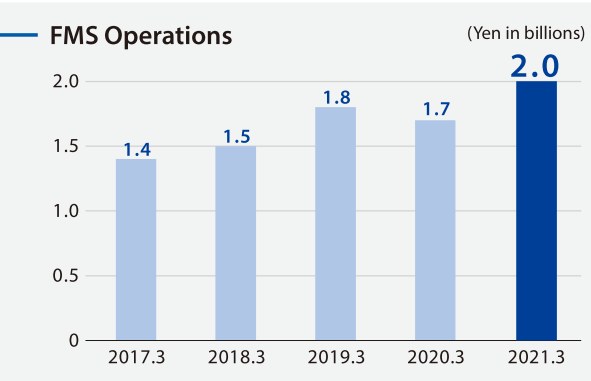
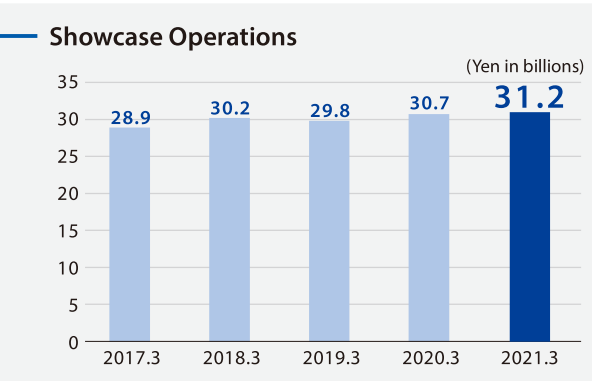
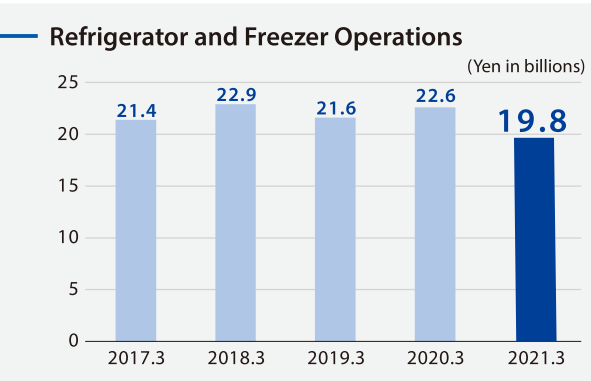
Companies in the Asian region have not shown a great deal of interest in addressing the SDGs. Nevertheless, the GALILEI Group has a goal of improving the quality of people's eating habits and taking better care of the global environment. Supermarkets, convenience stores, and factories use a large amount of CFCs. We encourage those businesses that plan to install new equipment to proactively replace CFCs with natural refrigerants. China has required CO₂ refrigerants to be used for large prefabricated refrigeration and freezing equipment. As this trend is likely to spread to other countries, we will take this into consideration in the design stage and make proposals accordingly. We have servicing staff in various countries and we intend to offer 10-year refrigerant leak warranties in the Foreign Operations and build a relationship of trust with customers to provide good maintenance services.

GALILEI's systems offer labor saving solutions in Asian countries

In the Foreign Operations, we offer a cloud-based service that automatically detects the temperatures of showcases as well as storage or preparation areas around the clock. We promote this system in various countries and some companies in Asia have already started to use it. A supermarket in Indonesia has introduced the GALILEI Air-tec System, a high-performance ventilation, air conditioning, and showcase multi-control system, and validations tests are underway. This system is set to be used in Vietnam and Thailand, too. By encouraging wider use of this system in the future, we aim for business expansion that will contribute to Asian countries.

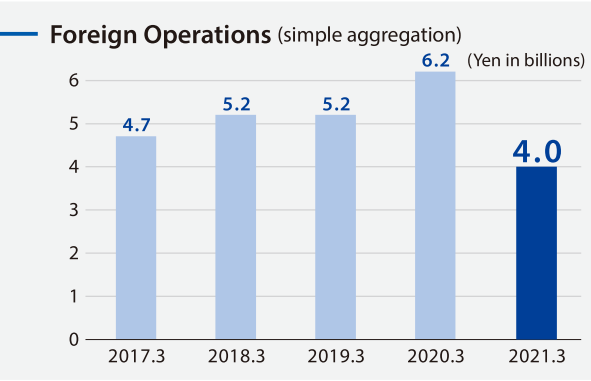


Sales Trends by Operation

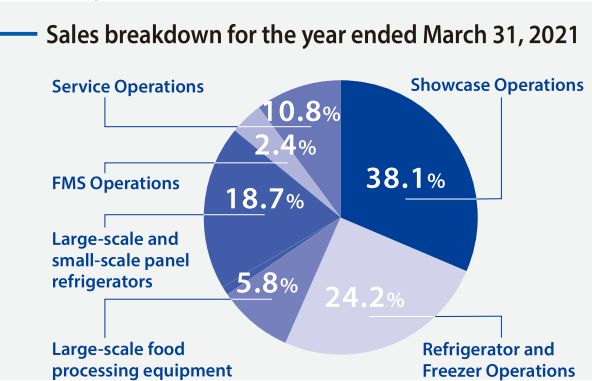


* Sales of large-scale and small-scale panel refrigerators are sales achieved by the Engineering Operations division and sales achieved by GALILEI PANEL CREATE CO. LTD. combined.

* Sales of large-scale food processing equipment are sales achieved by TAKAHASHI GALILEI CO. LTD. (excluding Service Operations) and sales achieved by SHOKEN GALILEI CO. LTD. combined.



* Sales achieved by the Foreign Operations division are included in sales achieved by the Refrigerator and Freezer Operations division and sales achieved by the Showcase Operations division.



Environmental Policy

ENVIRONMENT

It is our goal to be an "Eco Partner" that can provide environmentally friendly products, systems, and services.

Basic Environmental Philosophy

FUKUSHIMA GALILEI recognizes that making our operations environmentally friendly is an important management issue and we will continuously and actively pursue initiatives that give consideration to the effect on the environment. As part of our "Happiness Creating" activities, based around "ECO-tech", it is our goal to be an "Eco Partner" that can provide environmentally friendly products, systems, and services.

Basic Environmental Policy

1. In the manufacture, sale, construction, and maintenance of commercial refrigerators and freezers, showcases, prefabricated compartments, and other related devices and systems, as well as the provision of store systems, we will provide and propose products and services that will reduce the burden our customers place on the environment.

2. We will endeavor to make continuous improvements to our environment management systems, while at the same time gaining the best understanding we can of the effects that our operations have on the environment and preventing pollution.

3. We will strictly adhere to the laws, regulations, guidelines issued by the industry bodies and communities of which we are members, and any other requirements that we have taken upon ourselves and work on environmental management.
4. Of the environmental impacts caused by our business activities, we are addressing the following items as major issues.

1. Actively selling products and systems that give consideration to the environment

2. Reducing the impact of CFCs on the environment

3. Reducing waste product emissions

4. Reducing the amount of energy used

5. Reducing the amount of material used and consumed

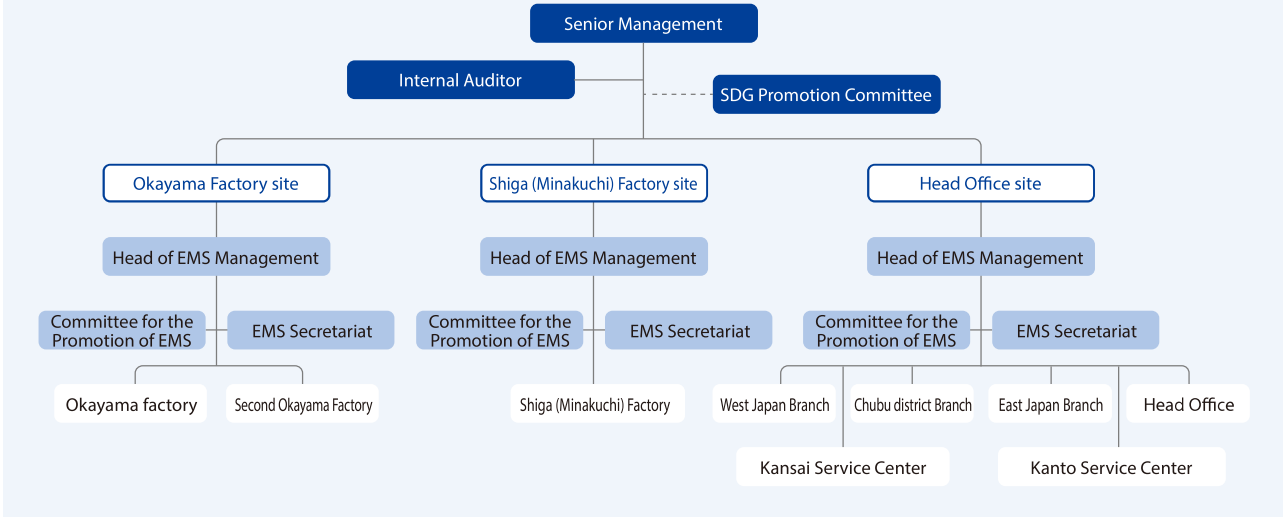
5. We will establish environmental goals and targets, create an action plan, and implement it. We will also regularly review these and revise them as necessary.

6. We will document the environmental management system, and maintain the environmental management system according to the content of that documentation.

7. We will make this environmental policy known to all employees, and increase awareness of the importance of environmental conservation through education. In addition, we will make know this environmental policy and our initiatives to the corporate partners to which group companies deliver, receive from, or cooperate with, seeking their understanding and support.

Framework for Promoting Our EMS

We are undertaking a variety of activities to promote the EMS, centering on the Committee for the Promotion of EMS, setting environmental targets and assessing our performance against them.



Environment Auditor

In order to confirm that the EMS is functioning effectively, we will implement an annual internal audit and also invite auditing by an external certification body once per year. Internal Auditors shall participate in seminars for the training of internal auditors and will be selected from amongst those registered who have the recognized skills. There are currently 56 registered participants.

Committee

Each site has a Committee for the Promotion of EMS under the Head of EMS Management that exchanges a variety of information and which meets regularly to set and review targets and observe progress. The actual numbers of committee members in 2020 were 32 at the Head Office site, 21 at the Shiga (Minakuchi) Factory site, and 21 at the Okayama Factory site. In the 2021 financial year the numbers running the program are 33 at the Head Office site, 20 at the Shiga (Minakuchi) Factory site, and 18 at the Okayama Factory site.

Environmental Education

There will be environmental education provided once per year for all employees (full-time employees, part-time employees, temps, contractors) based on the annual education plan. The recovery of CFCs is an environmental activity that we are deeply involved with, and we have established our own certification standards, and we ensure that recovery operations are performed by certified registrants. We are constantly improving the abilities of our CFC recovery technicians through such programs as yearly emergency response training.

Upright Refrigerator “the GALILEI Series” Width 1200 mm type won the Japan Machinery Federation President Award in the 2020 Outstanding Energy Efficient Equipment and System Awards



The GALILEI Series Upright Commercial Refrigerator



- Award category

The Japan Machinery Federation President Award in the 2020 Outstanding Energy Efficient Equipment and System Awards
- Award-winning product

Upright Refrigerator “the GALILEI Series” Width 1200 mm type
- Product features

Variable speed compressor DDC technology

The DCC (Dual Comp. Control) technology (our proprietary cooling technology that achieves both energy efficiency and cooling performance) has been further evolved and energy efficiency is further improved by the use of an variable speed compressor on the main equipment.

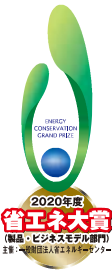
Reduction of refrigerants

The annual use of R134a has been reduced by 17% compared to the previous model, ARD- 124FMD (manufactured in 2012) and it is now approximately 90kg-CO₂ per year per model (CO₂ equivalent), contributing to global warming prevention.

The Island Showcase Super Wide Range won a 2020 Energy Conservation Grand Prize. A new refrigerant contributes to creating a carbon free society.



Island Showcase Super Wide Range



- Award category

The Energy Conservation Center Chairman Award in the 2020 Energy Conservation Grand Prize (Product and Business Model Category)
- Award-winning product

Island Showcase 100V Single Phase 1,800mm Super Wide Range
- Product features

Super Wide Range

Operating temperature range: -25°C to +15°C (refrigeration temperature range)

Can be used for ice cream and frozen foods

Environmental protection

Approximately 65% reduction in GWP value with the use of R448A, a refrigerant with a lower GWP value (GWP 1,387). Our first plug-in type showcase to use R448A.

Environmental Record

ENVIRONMENT

CO₂

Environment Action 2030: Reduce CO₂ emissions.

The GALILEI Group aims to **reduce CO₂ emissions by 50%** by 2030 (compared to 2013).

2013

2020

2030

13,470 tons of CO₂ per year

10,286 tons of CO₂ per year

6,735 tons of CO₂ per year or below

* Estimates

Solar power generation equipment to be installed at Shiga (Minakuchi) Factory and Okayama Factory

We have developed the Dramatic Future 2050 and will rise to the challenge of achieving net zero greenhouse gas emissions. First, we will endeavor to reduce our CO₂ emissions as part of our Environment Action 2030. We are in the process of installing solar power generation equipment at Shiga (Minakuchi) Factory and Okayama Factory, which is scheduled to be operational in January 2022. We were certified under the Business Adaptation Plan (Energy Use and Environmental Impact Reduction Business Adaptation) by the Ministry of Economy, Trade and Industry in November.

Shiga (Minakuchi) Factory

Effect: 384 tons of CO₂ reduced per year
(Down 19.2% from 2020)



Shiga (Minakuchi) Factory

Okayama Factory

Effect: 448 tons of CO₂ reduced per year
(Down 25% from 2020)



Okayama No. 1 Factory Okayama No. 2 Factory

Environmental Conservation Goals and Performance Evaluation
Head Office, East Japan Branch, Chubu district Branch, and West Japan Branch

Environmental Policy	Environmental Goals	Targets (actions taken)	Performance in 2020	Success rate	Evaluation
Provide products, systems, and services that reduce impact on the environment	Contribute to reducing the environmental burden of the user by providing them with products, systems, and services that are good for the environment, safe, and secure, based around ECO-tech	Expand product sales (Target: Total projected sales)	Implementation rate 116%	100%	◎
		Promote and propose long-lasting businesses	Implementation rate 114%	80% or more	◎
		Develop and provide energy saving systems	Implementation rate 109%	80% or more	◎
		Develop and provide Safe and Secure Contract, systems (Propose MILDE, HACCP Master and Bems-you)	Implementation rate 121%	100%	◎
		Create the promotional material for the above items and provide information	Implementation rate 101%	80% or more	◎
Reducing impact on the environment	Ensure that refrigerants (CFCs) are recovered during servicing and when disposing of units (This also applies to subcontractors).	Maintain good records of amount of refrigerant recovered and units destroyed	Implementation rate 100%	100%	◎
		Record the number of gas replenishment events, the amount of gas used, and the monetary value, compensated or not	Implementation rate 100%	80% or more	◎
	Investigate the number of gas leakage events and set targets according to the previous year's performance	Ensure there are 4 days per month when overtime is not permitted	Implementation rate 101%	80% or more	◎
		Reduce wasteful power use	Implementation rate 96%	80% or more	○
Environmental Education and promotion of information campaigns	Reduce power consumption below the previous year	Organize neighborhood cleanups. Hold group meetings or work improvement meetings	Implementation rate 99%	80% or more	○
		Conduct training	Implementation rate 95%	80% or more	○
		Improve employees' performance	Implementation rate 108%	100%	◎
		Measures for Health and Productivity Management	Implementation rate 100%	100%	◎
	Increase employee awareness of environmental issues through environmental education and activities to raise awareness	Preventive measures against COVID-19	Implementation rate 98%	80% or more	○
		Integrated Report	Implementation rate 100%	100%	◎
		Publicize environmental information on our official website.	Implementation rate 100%	100%	◎
Compliance with the law	Strict adherence to regulations related to the environment (adherence to environment laws, regulations, and industrial guidelines)	Disclose information regarding environmental laws and regulations	Implementation rate 100%	100%	◎
		Clean filters and perform simplified servicing once every 3 months	Implementation rate 99%	80% or more	○
		Ensure compliance checks are made	Implementation rate 100%	100%	◎

Shiga (Minakuchi) Factory

Reduction in CO₂ emissions following product redesigning

The Island Showcase Super Wide Range won a 2020 Energy Conservation Grand Prize

Following the redesigning of main products, the CO₂ emissions of new products were reduced by 67.5%, significantly helping us to achieve our target. A number of equipment with lower GWP refrigerants (R448A and R463A-J) was launched and convenience stores and supermarkets using natural refrigerants (R744) increased. Conversion of refrigerants for plug-in type showcases was promoted and R448A was used for the ME, MG, IM, and MRN series.

Okayama Factory

Horizontal ultra thin refrigerators and freezers

The upright refrigerator and freezer won the Japan Machinery Federation President Award in the Outstanding Energy Efficient Equipment and System Awards

Horizontal ultra thin commercial refrigerators and freezers were redesigned and are now 27.1% to 41.0% more energy efficient. R404A refrigerants with a higher GWP were replaced with R134a and GWP values were reduced by 60% on a weighted average basis. The dual compressor-controlled upright refrigerator in the upright refrigerator and freezer category won the Japan Machinery Federation President Award in the 2020 Outstanding Energy Efficient Equipment and System Awards.

Environmental Conservation Goals and Performance Evaluation:
Shiga (Minakuchi) Factory

Environmental Policy	Environmental Goals	Targets (actions taken)	Performance in 2020	Success rate	Evaluation
Prevent global warming (Reduce CO ₂ emissions)	Develop energy efficient products by reducing power consumption. Calculate CO ₂ equivalent emissions of new and old products and parts in the new product development and product improvement stage. Reduce CO ₂ emissions through improvements.	Calculate CO ₂ equivalent emissions of new products and parts in the product development, parts design, and performance stage. Aim to reduce CO ₂ emissions by 10% from FY2019. Also aim to reduce power consumed for performance tests in the testing wing by 2% from FY2019.	R448A was used as a refrigerant for plug-in type showcases. • CO ₂ equivalent emissions were reduced by 67.5% from 2019 (a reduction of 19.3 tons of CO ₂ equivalent emissions).	100%	◎
		Reduce greenhouse gas emissions to 2.0% below the 2019 financial year level	2.6% reduction compared to 2019	80% or more	◎
	Reduce emissions of greenhouse gases	Increase value added per hour at the factory to 105% compared to the 2019 financial year level	5.0% increase in production of compartments per hour compared to 2019 5.0% increase in value added per hour compared to 2019	80% or more	◎
		Reduce power consumption to 2.0% below the 2019 financial year level	3.4% reduction compared to 2019	80% or more	◎
Use resources effectively	Reduce amount of material used and consumed.	Reduce LPG consumption to 2.0% below the 2019 financial year level	4.0% reduction compared to 2019	80% or more	◎
		Reduce paper use to 2.0% below the 2019 financial year level	12.2% reduction compared to 2019	100%	◎
Reduce and appropriately dispose of industrial waste	Reduce industrial waste generation to 2.0% below the 2019 financial year level	Reduce specially controlled industrial waste generation to 2.0% below the 2019 financial year level	10.5% reduction compared to 2019	100%	◎
			320.3% increase compared to 2019	Less than 80%	×

Environmental Conservation Goals and Performance Evaluation:
Okayama Factory

Environmental Policy	Environmental Goals	Targets (actions taken)	Performance in 2020	Success rate	Evaluation
Develop products with less environmental impact	Increase energy efficiency and reduce the number of parts used when developing and redesigning products to reduce environmental impacts	Develop products that are at least 10% more energy efficient and have at least 10% fewer parts than existing products.	Horizontal ultra thin refrigerators and freezers Increase in energy efficiency as compared with conventional models: 27.1% to 41.0% Reduction in GWP values: 60% Reduction in the number of parts: 3.1% to 10.7%	100%	◎
Reduce the environmental impact of CFCs	Ensure recovery of refrigerant	Implement recovery recording using check sheets	Implementation rate 100%	100%	◎
	Control CFC emissions	• Strictly adhere to CFC emissions laws • Manage and regularly service devices containing CFCs	Implementation rate 100%	80% or more	◎
Prevent global warming (Reduce CO ₂ emissions)	Reduce emissions of greenhouse gases	Reduce greenhouse gas emissions to 5% below the 2019 financial year level	5.4% reduction compared to 2019	80% or more	◎
		Improve productivity and reduce power consumption by 5% from 2019	4.5% reduction compared to 2019	80% or more	○
		Reduce LPG consumption by 5% from 2019	14.2% reduction compared to 2019	80% or more	◎
Use resources effectively	Reduce the amount of material used and consumed	Reduce the amount of paper purchased by 3% from 2019	15.4% reduction compared to 2019	100%	◎
Reduce and appropriately dispose of industrial waste	Reduce and appropriately dispose of industrial waste	Reduce industrial waste by 5% from 2019	0.4% increase compared to 2019	Less than 80%	△

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SOCIAL ENGAGEMENT

Programs based firmly in our neighborhoods
Creating ties with our regional communities

As members of our regional communities ourselves, each of our offices and factories all over Japan participate in neighborhood cleaning activities and contribute in other ways to the areas we are part of. We also contribute to making our lives and societies more dynamic and active by promoting a variety of programs that demonstrate the importance we place on our ties with our regional communities.

1 Social contribution initiative, GALILEI 1% Club

GALILEI 1% Club established for the GALILEI Group employees to continuously engage in social contribution initiatives

We have engaged in a wide range of social contribution initiatives. Examples include donating our products to local Children's Cafeterias and children's homes, conducting food education programs at our test kitchen, providing relief assistance and making product donations during emergencies, and organizing blood donation programs at our factories and head office. We have now set up a GALILEI 1% Club to continue to engage in social contribution initiatives. The club is funded by approximately 1 percent of our pre-tax profit and all group company employees actively take part in voluntary work and social contribution initiatives. Employees are invited to make a suggestion as to what kind of activities we should carry out and they take part in them on a voluntary basis.



2 Exhibition at the KidZania Pavilion



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

Since 2015, we have had an exhibition at the "Refrigerator Support Center" pavilion in KidZania Koshien (Nishinomiya, Hyogo Prefecture), a place where children can learn about work and society through experience. They can learn the systems used for cooling the showcases that they see in supermarkets and convenience stores, how we keep safe the food they eat every day, how we perform repairs and maintenance, and what it is like to check the monitors. We hope to impress upon the visiting children and their parents an interest in food and the importance of work by teaching them about the products of FUKUSHIMA GALILEI, an important actor behind the scenes of society.

3 Donation of products

The GALILEI Group's social contribution initiatives with food and life aspects in mind

In 2019, we donated refrigerators to 52 Children's Cafeterias in Osaka and a Children's Cafeteria in Shiga Prefecture. In 2020, we donated refrigerators to five hospitals for their healthcare workers, two Children's Cafeterias in Osaka, and a Community Fridge in Okayama. In the first half of 2021, we made a donation of 17 refrigerators to Children's Cafeteria and food banks all over Japan. We will continue to invite all group company employees to come up with ideas for food and life-related social contribution initiatives we should implement and we will take proactive action.



4 Cooperation with a local food bank

Refrigerators donated to Community Fridge in Okayama City, Okayama Prefecture

We donated two commercial refrigerators (GRN-124FM and MSS-090GHWSR) to Kitanagase Community Fridge in Okayama City, Okayama Prefecture, which is Japan's first-ever Community Fridge and is run by Kitanagase Area Management. A Community Fridge is a so-called communal refrigerator placed in a public area that those in need of support to collect food products donated by businesses and members of the public free of charge at any time during a 24-hour period. We share the purpose of the food bank and are pleased to have made the donation for young families and students who are in need of support during the COVID-19 pandemic.



POINT

Our head office can become a place of refuge during an emergency such as a tsunami or flood

The area surrounding the head office is an area that has a high probability of being hit by tsunami when there is a large earthquake or by flooding due to the riverbanks being breached. The 8-story high head office has been certified by the Osaka Municipal government as an emergency evacuation point that can be temporarily opened up to neighboring residents during a disaster. There is an emergency generator on the roof that can run the cafeteria on the 8th floor during an emergency or when the power has been cut to provide the residents seeking refuge with the food they need.

Human Resources Retention and Development

Promotion of Health and Productivity Management

We believe that, to fulfill our corporate philosophy: employee happiness, it is essential to maintain the mental and physical well-being of our employees. In 2020, we issued a Health Declaration to make it clear that providing active support for our employees to maintain and promote their good health is part of our business management policy.

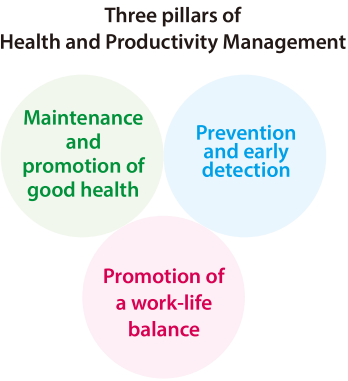
● Health Declaration

We strive to be a “Happiness Creation Company.” We declare that we will promote good mental and physical health, create a happy and lively workplace, and support consumers in maintaining good health through our food business.

● Health and Productivity Management Policy

- 1. Provide active support for employees to independently maintain and promote good health.
- 2. Encourage the early detection and prevention of disease and provide comprehensive support.
- 3. Achieve a work-life balance and promote a variety of work styles according to employees' personal circumstances such as child care and elderly family member care needs or illness.

● Health and Productivity Management promotion system



● What we do to promote good health

Maintain and promote good physical health.	We organize cancer screening as well as statutory medical checkups and encourage the prevention and early detection of disease including lifestyle disease. We also actively encourage employees to receive re-tests or further tests, follow-up medical checkups, if required, and specific health guidance.
Maintain and promote good mental health.	We organize an annual stress test for the employees with hopefully a 100% attendance rate and provide a self care opportunity for them.
Promote a work-life balance.	We endeavor to keep long working hours under control by implementing the No Overtime Day, Work from Home, and Interval schemes. To encourage the employees to take their annual leave, they are advised to plan and book their annual leave at the beginning of each year.
Support for smokers and stop smoking support	The 22nd day of each month is designated as a non-smoking day and no smoking is allowed all day. From April 2021, no smoking is allowed during the working hours. We pay part of the charges that our employees who try to stop smoking have to pay to attend outpatient stop smoking services. In conjunction with the World No Tobacco Day in May each year, we send health messages to prevent health risks of passing smoking and to promote health benefits of stopping smoking.

Recognized as an Outstanding Health and Productivity Management Organization

FUKUSHIMA GALILEI was certificated as an Outstanding Health and Productivity Management Organization 2021 (in the category of large organization) for the first time in a scheme organized by the Ministry of Economy, Trade and Industry and Japan health association called NIPPON KENKO KAIGI to certify large companies that practice outstanding health and productivity management.

2021
健康経営優良法人
Health and productivity

Diversity initiatives

We believe that diversity in management and key staff is essential to building a sustainable business and organization. We take diversity into consideration when appointing outside directors and recognize that key staff require in-house training. Therefore, we recruit people from diverse backgrounds, support them to continue working by improving the working environment and corporate culture, and actively promote them to higher positions.

* The goals and results of human resources diversity initiatives are those of FUKUSHIMA GALILEI alone.

● Promotion of female employees to managerial positions

To promote women's empowerment, we have set three targets of hiring, retaining, and empowering women. Our targets and results as shown below.

	Results (April 2021)	Targets (March 2022)
Percentage of female graduate employees in career track positions	23.8%	50%
Retention rate of female graduate employees in career track positions after three years	80%	90%
Number of women in managerial positions	6	10

As of April 2021, there were 18 female section managers and section leaders (an increase of 14 from four women in 2015) in career track positions, who are candidates for managerial positions. Under a job transfer scheme introduced in August 2016, 16 female employees have been transferred from an administrative position to a career track position or a specific-region-only career track position as of 2020.

● Promotion of non-Japanese employees to managerial positions

Currently, we have 16 non-Japanese employees, including those who have been temporarily transferred to subsidiaries. One of them holds a managerial position at an overseas subsidiary. Other non-managerial employees work not only at overseas operations departments utilizing their native languages and knowledge, but also at various departments, such as domestic sales, services, technical, development, and administration departments, making good use of their attributes.

● Promotion of mid-career hires to managerial positions

We actively hire both younger people with potential and mid-career people with skills and experience. Approximately 50% of managerial positions are held by mid-career hires and people with diverse work experience and backgrounds play an important role in our company.

● Diversity human resources policy, work environment development policy, and policy implementation status

We make efforts to build a working environment where people with diverse backgrounds can maximize their potential. In this respect, we adopt flexible working styles, hold working hours improvement meetings, conduct organizational diversity training, and implement company-wide Health and Productivity Management initiatives.

Our women's tennis team is in the Japan League, the highest league of corporate tennis teams in Japan. With steady progress and improvement, the team is committed to promoting the development of women's tennis in Japan.

Our women's tennis team established in April 2017 is in the Japan League, which is the highest league of corporate tennis teams in Japan. Last year, the Japan League matches were canceled due to the COVID-19 pandemic. In 2021, the team welcomed two new members, bringing the total number of members to seven.

The team is determined to try hard to reach the final this year. We will continue this program as a way to contribute to the growth of women's tennis, improve our environment, build the career design of the team members and improve working styles.

CORPORATE GOVERNANCE

The GALILEI Group promotes fair corporate activities from a perspective of management transparency and aims to achieve sustainable growth based on the trust of society and to increase corporate value over the medium to long term.

We are a company with an audit and supervisory committee and have four audit and supervisory committee members (three of whom are outside directors) who have expertise in business management and corporate accounting and industry and technical development knowledge.

We believe that the audit system undertaken by the Audit and Supervisory Committee is an optimal system for our governance, with the full-time audit and supervisory committee members fully performing a management oversight function.

What we did in 2021

Shareholders' rights and the equality among them	An electronic voting platform for institutional investors was introduced. (To be used at a general meeting held in June 2022.) Information required to be disclosed in disclosure documents was made available in English.
Appropriate collaboration with non-shareholder stakeholders	The current status and goal of achieving diversity in key staff were disclosed.
Appropriate information disclosure and transparency	Sustainability initiatives were disclosed. The Dramatic Future 2050 was developed in June 2021. A policy concerning each director's remuneration was developed.
Responsibility of the Board of Directors	Independent outside directors were appointed. (Three out of 11 directors are independent outside directors.) Director Skill Matrix was reviewed. (To be disclosed in a notice of general meeting held in June 2022.) Criteria for the independence of outside directors were developed. The Group's internal control and risk management systems were strengthened. The Compliance Guidelines were revised.
Dialog with shareholders	A disclosure policy was developed.

Progress in strengthening corporate governance

2008	The Risk Management Committee was established.
2015	Outside directors were appointed.
2018	2018 The Corporate Governance Code was reviewed and revised.
	The assessment of the effectiveness of the Board of Directors was started.
	A Nomination Advisory Committee and a Remuneration Advisory Committee were established.
2020	The criteria for cross-shareholding were specified and regularly reviewed.
	The criteria for submitting proposals to the Board of Directors and the Management Committee were reviewed.
	FUKUSHIMA GALILEI was converted into a company with an audit and supervisory committee. A Compliance Committee was established.

Converted into a company with an audit and supervisory committee to strengthen corporate governance

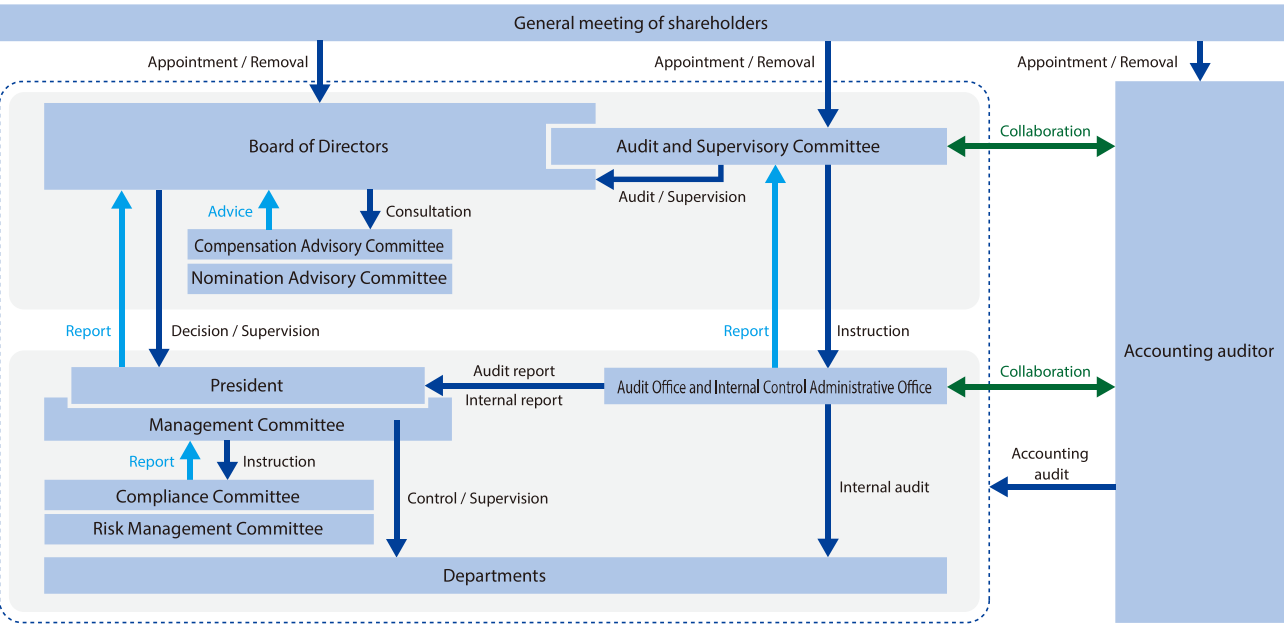
FUKUSHIMA GALILEI was converted into a company with an audit and supervisory committee by a resolution passed in the general meeting of shareholders for the 69th term held on June 29, 2020. Through the conversion, the size of the Board of Directors was reduced and a substantial part of its important decision making process was delegated to the directors. It enables us to facilitate a faster and flexible decision making process and to further improve business management strategy discussions and oversight functions.

Please see the Corporate Governance Report for more information on our fundamental principles of corporate governance and our initiatives and status under the Corporate Governance Code.

IR News
<https://www.galilei.co.jp/ir/news/>



Corporate governance system



I. Board of Directors

A meeting of the Board of Directors is held once a month to discuss and decide on important matters and exchanges opinions, and directors work together to monitor the execution of business. The Board of Directors consists of 11 directors, including four audit and supervisory committee members (three of whom are outside directors), and makes management decisions. Board

meetings are chaired by Yutaka Fukushima, President. Other board members are Akira Fukushima, Go Fukushima, Mitsuru Katayama, Kenji Nagao, Kozo Mizutani, and Tatsuo Hino, all of whom are directors, and Hiroshi Takeuchi, Takeshi Horinouchi, Takao Fujikawa, and Keiichi Yodoshi, all of whom are directors and audit and supervisory committee members.

II. Audit and Supervisory Committee

We are a company with an audit and supervisory committee. The Audit and Supervisory Committee meets once a month to discuss proposals of the Board of Directors and to share important meeting information and exchanges opinions among the members. Meetings of the Audit and Supervisory

Committee are chaired by Hiroshi Takeuchi, Outside Director. Other audit and supervisory committee members are Takeshi Horinouchi, who is a full-time audit and supervisory committee member, and Takao Fujikawa and Keiichi Yodoshi, both of whom are audit and supervisory committee members.

III. Nomination Advisory Committee and Remuneration Advisory Committee

We have the Nomination Advisory Committee and the Remuneration Advisory Committee as advisory bodies of the Board of Directors. The Nomination Advisory Committee consists of three members, namely Hiroshi Takeuchi, Takao Fujikawa, and Keiichi Yodoshi, all of whom are outside directors delegated by the Board of Directors, and Takao Fujikawa serves as committee chairman. The Committee meets at least once a year. The Committee screens director and executive officer candidates based on competence and aptitude and the Board of Directors makes the final selection decision on the advice of the Committee. The Remuneration Advisory

Committee consists of three members, namely Yutaka Fukushima, President; Hiroshi Takeuchi, Outside Director; and Keiichi Yodoshi, Outside Director, all of whom are delegated by the Board of Directors, and Keiichi Yodoshi serves as committee chairman. The Committee meets at least once a year. The Committee discusses the remuneration system and total remuneration, and the Board of Directors determines, on the advice of the Committee, the remuneration system and total remuneration, the percentage of performance-based remuneration, and the percentage of cash remuneration to share remuneration.

IV. Management Committee

We have the Management Committee to facilitate a decision making process. The Committee consists of the members of the Board of Directors and operating officers. Meetings of the Management Committee are attended by directors in charge of operations, full-time audit and supervisory committee members, executive officers, and headquarters general managers to engage in full discussion of business management and by outside directors to express

their opinions. Yutaka Fukushima, President, serves as committee chairman. Other committee members are Akira Fukushima, Go Fukushima, Mitsuru Katayama, Kenji Nagao, Kozo Mizutani, and Tatsuo Hino, all of whom are directors; Hiroshi Takeuchi and Takeshi Horinouchi, both of whom are full-time audit and supervisory committee members; six executive officers; and eight headquarters general managers.

V. Audit Office

We perform operational audits to improve the internal audit system.

MILAB

What we do at the MILAB Food Consultant Room

Quality evaluations

At MILAB, we have the Food Laboratory where the taste, safety, and nutritional value of food ingredients are scientifically analyzed, verified, and assessed.

We also provide support for customers' product development through sensory evaluations conducted by our employees.

● Taste sensory evaluations

About 100 employees of the GALILEI Group participated in sensory evaluations to eat and compare different food products and to analyze their preferences and the taste, flavor, and texture of the foods.

● Property measurements

The moisture content and hardness of food products are verified with analyzing equipment such as moisture meters and rheometers.

● Taste analysis

Numerical analysis is conducted using taste recognition devices and saccharimeters.

Freezing and defrosting tests

We conduct freezing and defrosting tests at our test kitchen showrooms called F'S DESIGN COURT, which are located all over Japan. Customers can practically experience the effect of freezing and defrosting food before making a purchasing decision.

Those customers who live far away and unable to visit our showroom can send their food products to us for testing. We conduct a freezing test of their products and return a test report together with their products.

● Freezing tests using Blast Chiller

A freezing test was performed for prepared foods at the request of a restaurant looking for new sales channels.

● Frozen chicken defrosting tests using defrosting equipment with two-step defrosting functions

A frozen chicken defrosting test was conducted with a fried chicken restaurant.

The customer was very satisfied with the test results and the improved yield rate and quality.



GALILEI's shared kitchen

We provide full support for restaurants exploring a new food service business model

As a result of higher demand for ready-made meals and the wide use of food delivery platforms, ghost restaurants and shared kitchens that serve customers by delivery are on the increase as a new food service business model.

We now have a shared kitchen in the GALILEI Group head office in order to support restaurants that have started to offer delivery and takeout services or online shopping services in the Kansai region.



Open innovation

We embrace the "JOIN" concept that connects people to people, people to technology, and technology to technology. We received an invitation to make a presentation at the "Food Industry Open Innovation Challenge Pitch," which we gladly accepted.

Open innovation is an initiative that is aimed at creating collaboration between businesses and industry-academia-government collaboration through physical networking of those who undertake open innovation and by providing opportunities for businesses to communicate their open innovation strategies, preferred collaborative partners, specific technical requirements, and collaborative development requirements.

We will actively collaborate with other companies to create new value (shared value) that meets society's needs. In addition, we take part in a broad range of events that promote open innovation, including the "Open Innovation Challenge Pitch in Chugoku" and the "Third Osaka Tech Plan Grand Prix."

POINT



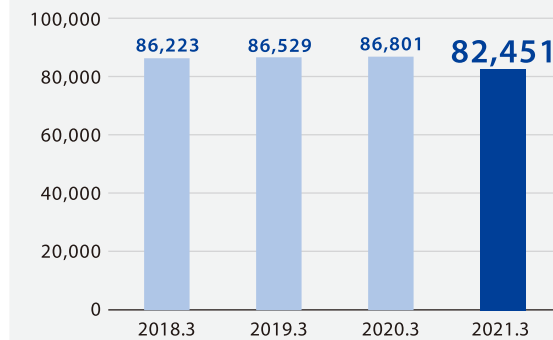
Members-only open community for the food industry to share technical expertise and information

MILAB welcomed some 2,000 visitors in both 2019 and 2020. Despite the COVID-19 pandemic, they carefully took safety measures to visit and use the facilities. MILAB provides an extensive range of events and content both virtually and physically with a focus on practical themes, such as how to run and manage restaurants during the COVID-19 pandemic. It also organizes seminars given by well-known business chain owners. We aim to offer an even better community experience.

Financial Highlights

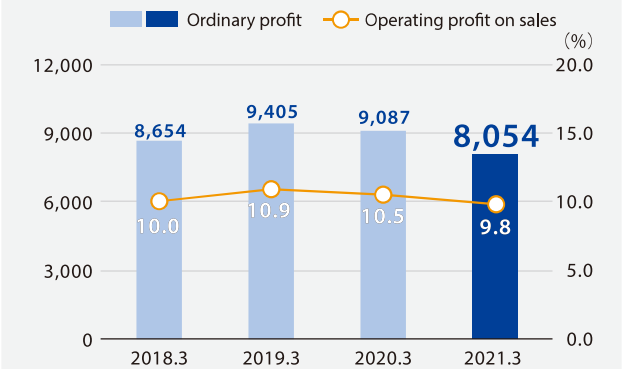
Net sales

(Yen in millions)



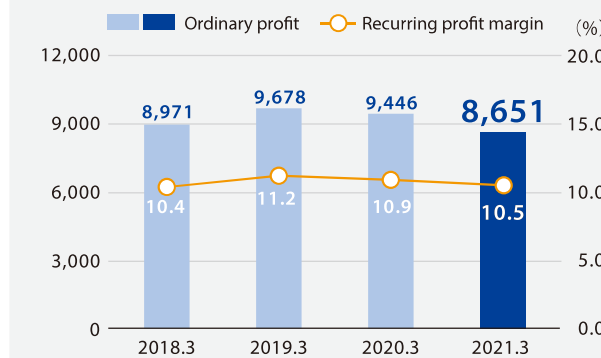
Operating profit, operating profit on sales

(Yen in millions)



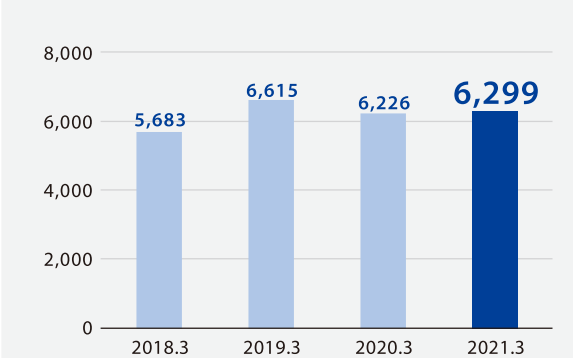
Ordinary profit, recurring profit margin

(Yen in millions)



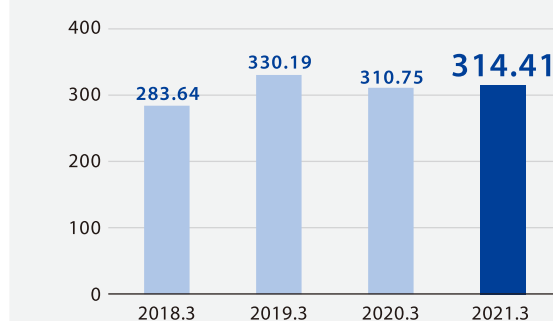
Profit attributable to owners of parent

(Yen in millions)



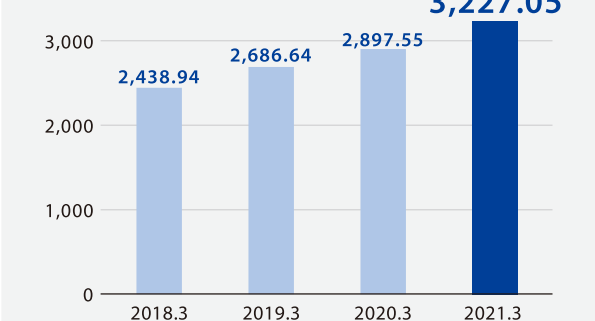
Earnings per share

(Yen)



Net assets per share

(Yen)



Company Profile and Stock Information

Company profile

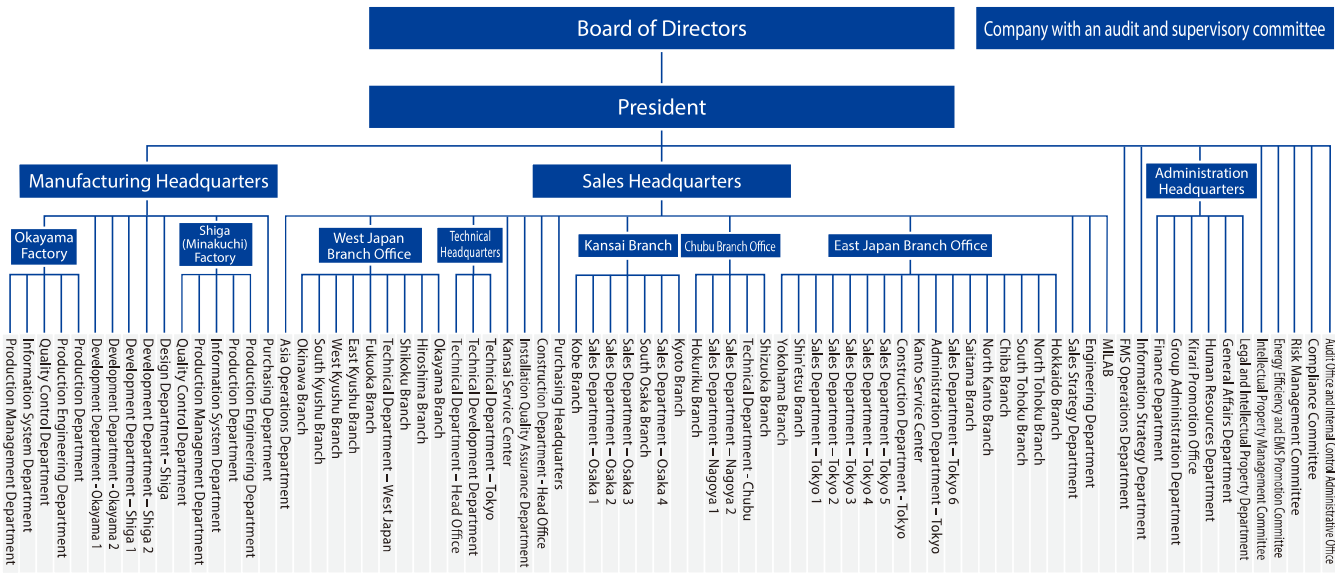
Trade-name	FUKUSHIMA GALILEI CO. LTD.
Foundation	December 8, 1951
Capital stock	2.76 billion yen
Number of employees	2,205 employees on a consolidated basis and 1,725 employees on a non-consolidated basis (including non-regular employees) as of March 2021
Business year	From April 1 to March 31 the following year
Annual general meeting of shareholders	June
Location of head office	2-6-18 Takeshima, Nishiyodogawa, Osaka City, 555-0011
Listed stock exchange	Tokyo Stock Exchange (stock code: 6420)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited

Stock information As of March 2021

Total number of authorized shares, total number of issued shares, total number of shareholders

Total number of authorized shares	63,685,000 shares
Total number of issued shares	22,066,160 shares (including 2,029,667 treasury shares)
Number of shareholders at the end of the current fiscal year	4,659 persons

Organizational chart As of March 2021



Company Officers, Branches, and Group Companies

Directors

Yutaka Fukushima, President	Kozo Mizutani, Director	Hiroshi Takeuchi, Outside Director (Audit and Supervisory Committee Member)
Akira Fukushima, Vice President	Tatsuo Hino, Director	Takeshi Horinouchi, Director (Audit and Supervisory Committee Member)
Go Fukushima, Senior Managing Director		Takao Fujikawa, Outside Director (Audit and Supervisory Committee Member)
Mitsuru Katayama, Managing Director		Keiichi Yodoshi, Outside Director (Audit and Supervisory Committee Member)
Kenji Nagao, Managing Director		

Offices

Main offices	• Head office and Kansai Branch (Osaka)				• East Japan Branch Office (Asakusabashi Tokyo and Nihombashi Tokyo)			
	• Chubu Branch Office (Nagoya)				• West Japan Branch (Fukuoka)			
Branches	• Hokkaido (Sapporo)		• Asahikawa		• Hakodate		• Obihiro	
	• Kushiro		• North Tohoku (Morioka)		• Mizusawa		• Aomori	
	• Akita		• South Tohoku (Sendai)		• Koriyama		• Yamagata	
	• Chiba		• Kashiwa		• North Kanto (Utsunomiya)		• Mito	
	• Tsukuba		• Takasaki		• Saitama		• South Tokyo	
	• North Tokyo		• West Tokyo		• Kofu		• Yokohama	
	• Atsugi		• Shin'etsu (Niigata)		• Nagano		• Matsumoto	
	• Shizuoka		• Numazu		• Hamamatsu		• Toyohashi	
	• Gifu		• Mie		• Toyama		• Kanazawa	
	• Fukui		• Kyoto		• Fukushima		• Shiga	
Sales offices	• South Osaka		• Nara		• Wakayama		• Kobe	
	• Nishinomiya		• Himeji		• Okayama		• Tottori	
	• Hiroshima		• Fukuyama		• Matsue		• Yamaguchi	
	• Shikoku (Matsuyama)		• Tokushima		• Kochi		• Takamatsu	
	• Kita-Kyushu		• Kurume		• Saga		• East Kyushu (Miyazaki)	
	• Oita		• Miyakonojo		• West Kyushu (Nagasaki)		• Sasebo	
	• South Kyushu (Kumamoto)		• Kagoshima		• Okinawa		• Ishigaki	
	• Miyakojima							
Service centers	• Kanto (Funabashi)		• Kansai (Osaka)					
Factory	• Shiga (Minakuchi)		• Okayama					

List of group companies

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