



FUKUSHIMA GALILEI CO. LTD.

Integrated Report 2022



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GALILEI

Be cool, Be alive.

Galileo Galilei supported heliocentrism when geocentrism was generally accepted. When we named our company after him, we decided it was our mission to think outside the box and come up with innovative and creative ideas. The GALILEI Group is committed to creating something new, something no one has ever tried before. We have strong principles and passionate belief in making concerted efforts to follow through with our actions and to bring the joy of food to people around the world and make life better for them. Our brand message, “Be cool, Be alive.” represents our passion for food and is a testament to our firm commitment to food safety and security. We want to keep food cool and smart, keep it fresh, and keep it alive.

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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

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

Editorial policy	This report is intended to communicate to shareholders, investors, and other stakeholders the GALILEI Group's medium to long-term value creation process and growth strategy in both financial and non-financial aspects.
Reporting period	FY2021 (April 1, 2021 to March 31, 2022) Some activities carried out outside the reporting period have also been included in this report.
Reporting entities	FUKUSHIMA GALILEI CO. LTD. and its consolidated subsidiaries
Published	November 2022

New Management Structure

In June 2022, FUKUSHIMA GALILEI CO. LTD. changed its management structure to appoint two executives to represent the company. Go Fukushima has been appointed as president, executive officer, and COO, and Yutaka Fukushima as chairman and CEO. Both executives share their thoughts on how to improve the company's business fundamentals and discuss its future management and business prospects.



Go Fukushima

President, Executive Officer, and COO

Yutaka Fukushima

Chairman and CEO

New management structure established for GALILEI's future

Chairman I had been considering stepping down as president for about a year because we were about to mark an important milestone and celebrate our 70th anniversary in 2021, but more importantly, the GALILEI Group had a younger workforce. That's why we have shifted to a new management structure. We came to this decision in the hope that younger management would further inspire all group company staff to work together to grow the GALILEI Group.

President I had anticipated this day would come sooner rather than later. It was when we established the GALILEI brand in 2019 that made me realize I was ready to open a new era. We put our heads together in the GALILEI branding project. I feel that, in the branding process, all of us at the Group, not just me, have started to move forward with a clear vision for the future.

Moving up to the next stage with enhanced business oversight and execution

Chairman Under the new management structure, we not only replaced the president, but also significantly enhanced the business oversight and execution function in terms of corporate governance^{*1}. The president has another job title, "executive officer." As the title suggests, he has overall responsibility for the execution of business and manages the company accordingly. On the other hand, I, as chairman and CEO, have overall responsibility for the management of the company and use my experience to provide support and guidance.

President As president and executive officer, it is one of my big responsibilities to achieve a sales target of 100 billion yen. To achieve this, it is important for all group companies to work together. FY2021 was a difficult year for us, but each of our operations started to recover in the beginning of FY2022. I am

confident that if we make concerted efforts to deal with each and every project carefully, we can increase sales and profits.

Four key words that symbolize the GALILEI Group's challenges

President When I was appointed as president, I adopted a slogan "S, D, G and People." It consists of four key words which represent the themes that the GALILEI Group will focus on.

S (Sustainable)

President We believe we have big responsibility to address global warming. CO₂ emissions that are generated by the electricity we use to make products is an issue that we cannot afford not to address. Refrigerants' GWP (Global Warming Potential) is another major issue. We are keenly aware of the issues that we should address. That's why we developed our sustainable vision, Dramatic Future 2050^{*2} and Environment Action 2030, in an effort to create a carbon-free society. To solve this social problem, we launched NOBRAC^{*3}, a brand that will lead a carbon-free society, in June 2022. We started marketing a CFC-free CO₂ refrigerant unit in the autumn of 2022. In recent years, there has been an increased demand for natural refrigerants especially among leading food manufacturers and logistics companies. We were confident that we would be able to independently make a natural refrigerant unit if we took advantage of our technology and expertise, and NOBRAC is the result of the research efforts we have made for the past two years.

Chairman We had negotiated with natural refrigerant specialist manufacturers, but the market for environmentally friendly products in Japan is not as big as those in European countries, and it was somehow difficult to take a first step towards reform. Then, we reached a decision that we had no choice but to do it all by ourselves, and we started the NOBRAC project. It takes a lot of courage to set specific milestones, such as Dramatic Future 2050, when addressing

*1 Corporate Governance ▶ P.38

*2 Sustainable Vision, "Dramatic Future 2050" ▶ P.27

*3 Sustainable ▶ P.07



environmental issues, but we remain firmly dedicated to achieving this goal at any cost.

D (Digital)

President Our digital transformation (DX) initiative has two aspects; defensive DX and offensive DX. Defensive DX is to update our mission-critical system to ensure speedy and accurate financial reporting and improve productivity. Offensive DX, on the other hand, is to aim to be a “[Zero Call Company](#)”,^{*4} which means to realize the concept that we detect and respond to any potential equipment failure before it happens, so customers do not need to call us for troubleshooting. To do this, we have applied IoT in our products and developed a diagnostic system that uses AI to determine the cause of a failure and even specifies the number of tools and personnel required to repair the failure, based on a large amount of big data. This system enables us to reduce the number of times we visit customers and facilitates our work. The system still needs some more testing, but it has proved to be effective and we are very pleased with the results so far.

Chairman We have linked our customers’ stores to our service

centers since the Internet first became widely used. Today, each and every one of over 2,000 showcases installed in customers’ stores is linked to our system via IoT. Our ability to provide a 10-year refrigerant leak warranty is backed by the vast amount of data that we have accumulated over the years and the state-of-the-art technology that we use.

G (Global)

President Currently, sales from our foreign operations account for five to six percents of total sales. We have operated in Asia for over 30 years now, and successfully built certain levels of infrastructure mainly in Taiwan and Hong Kong. Our next important task is how best to invest in this infrastructure. [The expansion of production lines in our Thai factory](#)^{*5} is an example of this task. We are currently examining what we can make at this factory and what demand we can meet.

Chairman We opened a representative office in Hong Kong back in 1989. In those days, the Hong Kong market seemed extremely small to us, but now it is as big as the Japanese market. I have no doubt that our experience in operating in Hong Kong for over 30 years will be a great asset for the GALILEI Group.



People (human resources)

President We extremely value people. Our industry has an aging technical workforce, and some businesses choose to close down because they cannot find successors. This situation makes it difficult to achieve sustainable food safety and security. What the GALILEI Group should do now to tackle the situation is to train young staff who have joined the Group to be professional technicians as soon as possible. We will start with developing our own people first, but in the future, we hope to expand our efforts to include human resources development for the whole industry. That’s why we opened [GALILEI Academy](#).^{*6} The third batch of participants started training in October 2022, and we are pleased to see them learning the skills they need.

Take advantage of group synergy to be a one-of-a-kind company

Chairman There are many companies in the world that only manufacture refrigerators and freezers, but GALILEI is the only company that is capable of performing the entire process from manufacturing parts to providing maintenance services in an integrated manner. We take pride in what we do and being such a unique company.

President Yes, I agree. We are one of a kind. The member companies of the GALILEI Group hold the No. 1 or No. 2 position in their respective markets. Since they are all in the

food-related fields, they can serve customers better by sharing the knowledge and information they have and collaborating with each other in a three dimensional manner. Group synergy was created about a few years ago, and I can see everyone working very efficiently.

We hope to remain a company that society needs.

Chairman We are pleased that more and more customers have started to call us “GALILEI san” since the GALILEI brand was launched. It proves that they have become familiar with the GALILEI brand. MILAB, which is positioned as our “third factory,” plays a vital role in increasing group synergy. As of the end of September 2022, the number of visitors to MILAB reached 6,986. Many of them are eager to work with us to start a new business or develop a new product, and we will continue to use this facility as a place to communicate with customers and offer new value.

President Now that I am the president of GALILEI, I am fully aware that a company aiming to achieve sales of 100 billion yen has big social responsibility. At the same time, originality is also very important. We are making efforts to be one of a kind and to be selected as customers’ first choice of business partner. We want them to say, “It has to be GALILEI.” We strive to best serve our customers and all other stakeholders.

*4 Digital ▶ P08

*5 Global ▶ P09

*6 Human Resources ▶ P10

01 SUSTAINABLE

“NOBRAC” launched A CO₂ refrigerant unit developed by the GALILEI Group

In June 2022, we launched “NOBRAC”, a new brand that will lead a carbon-free society, and in the autumn of 2022, we started marketing a CFC-free CO₂ refrigerant unit. As part of our specific measures to tackle climate change, we have made efforts to convert to green refrigerants and reduce CO₂ emissions. By providing NOBRAC and making it widely available, we will continue to contribute to creating a carbon-free society.



Origin of the brand name, NOBRAC
The brand name, NOBRAC, comes from the word “carbon” written backward. It represents our hope of reversing the trend of increasing CO₂ emissions.

NEW RELEASE

CO₂ refrigerant transcritical booster unit

Up to 20% energy saving

The GWP of this refrigerant is about 1/1400 to 1/4000 of that of a CFC refrigerant.

Refrigerant	GWP
CO ₂	1
R-448A	1,387
R-410A	2,090
R-404A	3,920

Feature 1

Outstanding environmental and economic performance

This unit uses a low GWP CO₂ refrigerant and reduces the environmental impact caused by refrigerant leaks. Power consumption is expected to be reduced by up to 20% compared to a conventional unit using a CFC refrigerant.

Feature 2

Optimal chiller and freezer control

Three models for Tunnel Freezer installed in food factories and five models for chillers installed in cold storage warehouses have been launched. Operating conditions are mutually reflected to achieve optimal automated operation control.

Feature 3

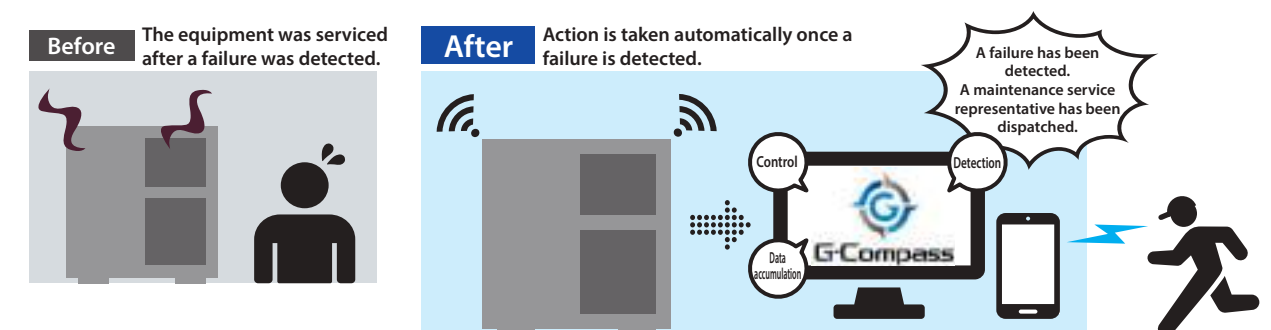
Safe, reliable, and no maintenance required

24-hour remote monitoring is a standard feature of this unit. Preventative maintenance is made possible by the equipment failure and refrigerant leak detection system. The unit's structure has been simplified, resulting in fewer maintenance parts.

02 DIGITAL

“Repair” to “Don’t stop” Prevent equipment failure with digital transformation

In an effort to be a “Zero Call Company,” we updated an internal system using digital transformation called “G-Compass” in the autumn of 2022. With this system, a customer's store is linked to FUKUSHIMA GALILEI on the network at all times, and the customer's commercial refrigerators and refrigerated showcases are monitored around the clock. If any potential failure is detected, we will be automatically alerted and arrange repair services. The system is designed to save the customer from having to contact us for troubleshooting or having to take necessary actions subsequently. In the unlikely event of an equipment failure, the G-Compass system will communicate the likely cause of failure to a field engineer, who will bring necessary parts to the customer's store. Lead time between failure and recovery will be shorter, and the customer's loss of business opportunities will be significantly reduced.



Cloud-based mission-critical system redeveloped as the Group expands

To achieve digital transformation, we at FUKUSHIMA GALILEI, have redeveloped in stages since 2019, the mission critical system for sales order management and maintenance, inspection, and repair service management, and also developed cloud-based company-wide systems. As a next-generation mission-critical system, which will play a key role in digital transformation, we developed SAP S/4HANA® for domestic group companies' accounting functionality and SAP® Analytics Cloud, a SaaS cloud analytics solution, on common cloud infrastructure in the autumn of 2022.

Topic

New host controller AURO A key device for smart diagnosis

The AURO host controller has been launched. It centrally controls refrigerated and freezer showcases and refrigerators and freezers used in supermarkets. This device uses smart diagnostic logic to check the daily operation of equipment and detects any potential failure as soon as possible to prevent it from actually occurring. It is a key device that helps us to change our approach to showcase and refrigerator maintenance from “repair” to “don't stop.”



03 GLOBAL

Production capacity enhancement and product line extension to further promote global operations

The Thai factory is the GALILEI Group's overseas factory and started the manufacture of commercial refrigerators and freezers in August 2015. The factory produces high quality, energy efficient, and environmentally friendly products and has a sales network of 11 bases in Asia including Thailand. The second phase of the factory building construction project was completed in January 2021, and the manufacture of showcases started in response to demand from Asian customers. We are planning to further expand our product line to include CFC-free equipment. To meet customer demand, we will improve the production capacity and customer responsiveness of this Asian production hub.



1 Serving customers with "Japan Quality"



We take pride in our high quality and energy efficient products and our technical capabilities that support the entire food production stream. We bring food safety and happiness to people in Asia.

2 Supporting Japanese companies in overseas expansion



We established a subsidiary in Hong Kong in 1989. We now have Japanese representatives stationed in 11 countries and regions in China and Southeast Asia to provide support for Japanese companies that seek to open stores or set up food factories in Asia.

3 Hiring more local staff Promoting localization



Our relationships with local users and distributors are important to us. That's why we carry out sales and marketing activities on local levels and hire more local staff and train them to be managers who will be responsible for managing their operations in the future.

Topic

Galilei Air-tec System supplied as the first subsidized overseas project

Case study Papaya Fresh Gallery Cikarang store

Papaya Fresh Gallery is a Japanese supermarket chain operating in many locations in Indonesia including Jakarta. We supplied Galilei Air-tec System, which optimizes the in-store environment, and refrigerated and freezer showcases and other equipment and devices for its new supermarket in the Cikarang area, where many Japanese people live. Papaya Fresh Gallery is the first supermarket in Indonesia to be supplied with R-448A, which has a lower GWP (GWP: 1387). We are proud that serving the supermarket chain resulted in successfully raising SDG awareness and starting SDG initiatives as well.



04 HUMAN RESOURCES

More focus on human resources development for the maximization of the GALILEI Group's strengths

In order to achieve our vision, we must develop people who will shape a future of food and life. We will train our people to take on any challenge in the workplace and foster a culture of rising to challenges. We will also improve training programs and increase employee engagement.

Please see Human Resources Retention and Development on page 35.

GALILEI Academy training facility opened



In 2022, we opened GALILEI Academy as a training facility to offer professional development opportunities for our staff and to enable them to demonstrate their skills in the workplace as soon as possible. Freezing and refrigeration technology is essential for supporting food infrastructure. Difficulty in finding and training successors because of the aging technical workforce and the higher turnover of younger workers is a serious issue not just for us but also for our industry as a whole. Therefore, we opened GALILEI Academy in order for experienced technical staff to train younger workers so that they can improve their technical skills and we can steadily provide technical services. At GALILEI Academy, participants learn a fundamental product knowledge, repair and maintenance skills, and installation techniques through classroom learning and hands-on training in a two-month practical training program. On-the-job training is provided in the second half of the curriculum to help the participants improve their understanding and response skills to enable them to fully work ready. In addition, this training program provides support for those who aspire to obtain nationally recognized qualifications, such as Class 3 Refrigerated Equipment Supervisor and Class 2 Electrician. At GALILEI Academy, we endeavor to develop human resources and motivate them to improve their technical capabilities and play their part in society so that they find their work rewarding and grow both personally and professionally.



Voice

What training participants say

- ▶ I will work harder and deliver results in my workplace. I think that's my way of repaying GALILEI Academy for what it has taught me.
- ▶ The training taught me a lot of things; technical skills, knowledge, friendship with colleagues and rivals, and targets and goals. Above all, I know I have grown more as a maintenance service representative, a working professional, and a human being than I was before taking the training at the academy.



With our cooling and engineering capabilities,— we provide complete support throughout the entire food production stream

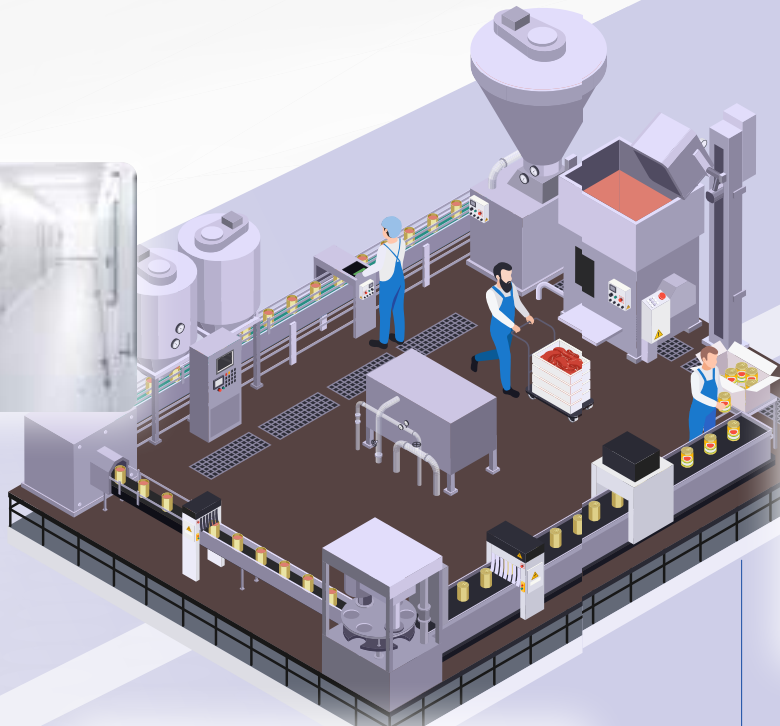
Started with the manufacture of commercial refrigerators and freezers and showcases,
FUKUSHIMA GALILEI has grown its business with its cooling technology in the food service and retail sectors (tertiary industry).
The GALILEI Group has expanded its value creation to cover food factories and food production regions in its over 70 years of history.
We are the only manufacturer in Japan to serve the primary industry through the tertiary industry as well as cold storage chains and offer solutions to a range of social issues.

Primary industry (Agriculture and fishing)

We keep food ingredients fresh and reduce food loss in the production process to reduce resource waste. We contribute to achieving carbon neutrality.



GALILEI PANEL CREATE



TAKAHASHI GALILEI



SHOKEN GALILEI

Secondary industry (Manufacturing and warehousing)

We supply Tunnel Freezer and other equipment as well as environmental control systems to food factories, central kitchens, and low temperature warehouses. We practice hygiene management and reduce manpower in every stage of food processing operations and also help reduce food loss by extending best before dates.

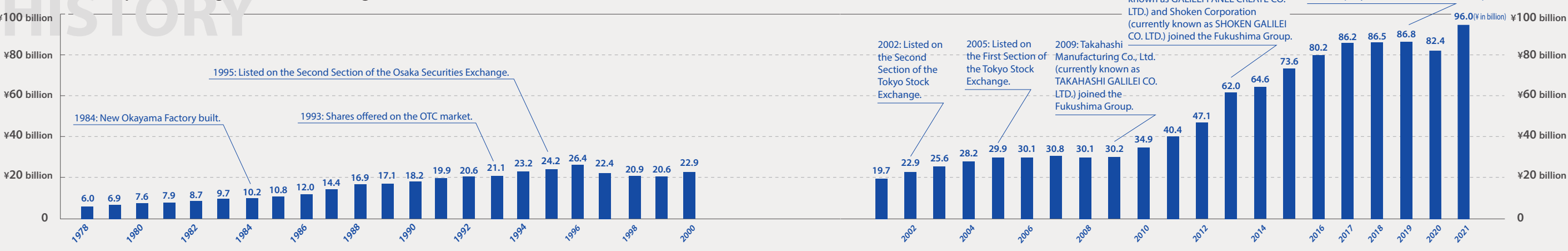


FUKUSHIMA GALILEI

Tertiary industry (Food service and retail)

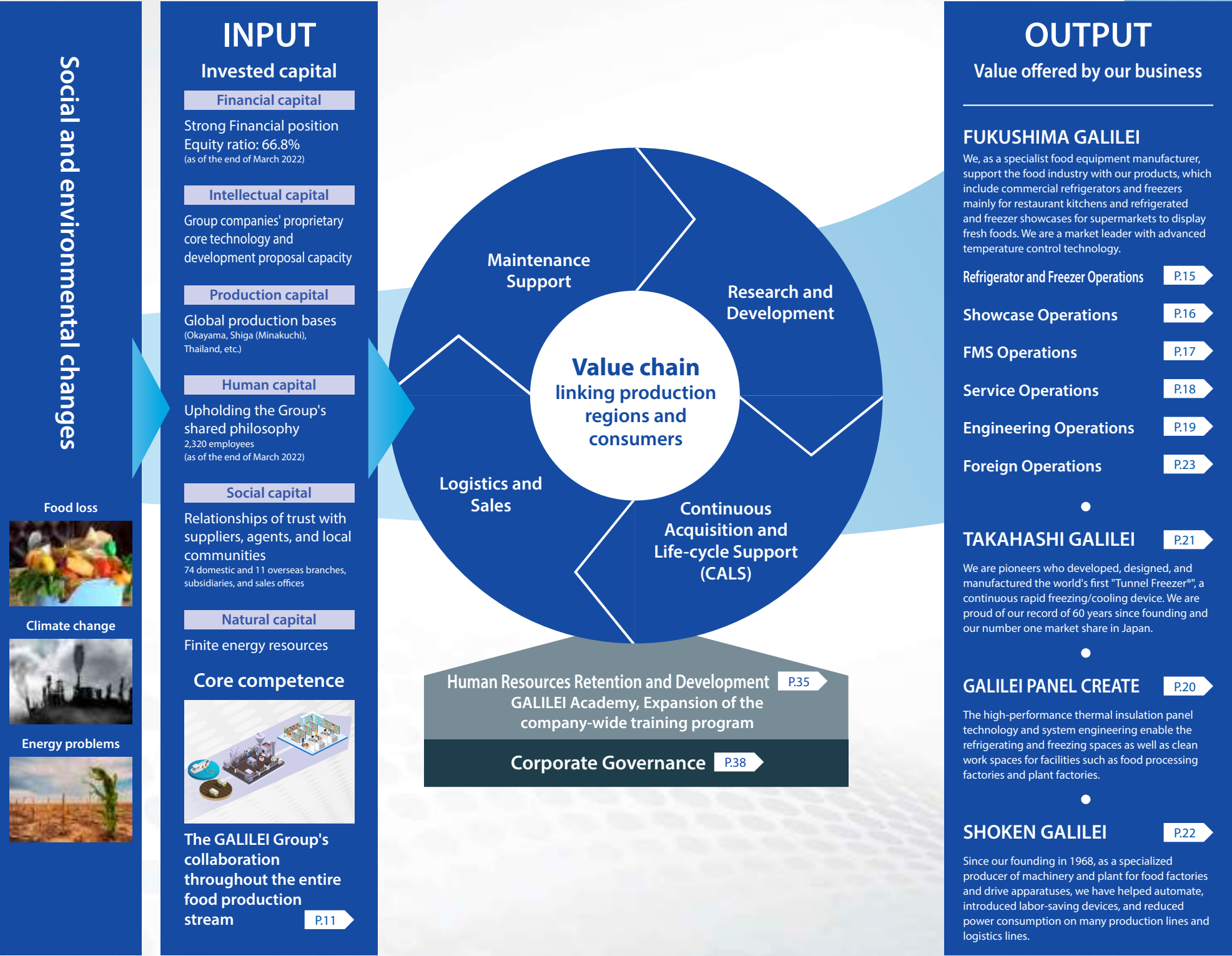
We ship approximately 130,000 refrigerated and freezer showcases and commercial refrigerators per year. We support food safety for restaurants and consumers alike.

The GALILEI Group's continuing value creation and growth (Increase in sales)



A Model for Value Creation

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.





Refrigerator and Freezer Operations

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

It all started with commercial refrigerators and freezers. We at FUKUSHIMA GALILEI have developed temperature control technology over the years, and we remain committed to revolutionizing restaurant kitchens to ensure food safety and security and to make food even more delicious.

FY2021 review

Changes in food-related consumer behavior accelerated capital investment

Materials costs started to soar in the first half of FY2021, and it had a significant impact on our business results. Meanwhile, an increasing number of restaurants which had been financially struggling since the COVID-19 pandemic switched to new business models (e.g. e-commerce, takeout, vending machines), resulting in growing demand for our cooling technology. In response to the changing situation, we launched Blast Chiller 100V, which can be installed even in a kitchen with a limited space and can freeze food fast with a single phase 100V power supply. Driven by the development of the product that meet new capital investment needs, our results were almost returning to the pre-pandemic levels.

Business strengths and prospects

Maximize the Group's strengths. Offer the value no other company can offer

The GALILEI Group's strengths lie in its ability to independently complete the entire business processes from production, marketing and sales, installation, to maintenance. We have a wide range of products available, from compact equipment suitable for in-store kitchens to large equipment ideal for food factories, all of which are serviced by us so that customers can keep using them for many years to come. At FUKUSHIMA GALILEI, product development is jointly performed by development and sales staff. We listen to users in the course of sales activities and develop products that incorporate their input. This enables us to anticipate market needs and to further increase sales.



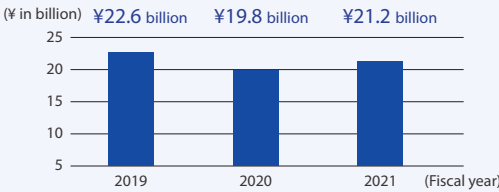
Refrigerated lockers
Takeout meals and online supermarket orders can be collected from these refrigerated lockers with no face-to-face contact. It is easy to pick up orders even from a locker at the bottom row as the freezer is installed at the lower part of the equipment.

Topic: Human resources

Knowledge and skills, and above all, good workplace manners

Employees who have been trained to support customers and work closely with them are a great asset to any business whatever their job position may be. Our employees should have the knowledge and skills they need to do their jobs, but how they approach customers is equally important. We not only expect them to acquire the skills they need, but also to deal with customers in a professional and caring manner. That is why we have opened GALILEI Academy and improved human resources training programs.

Sales by product and service



Main end users

- Restaurants (kitchens)
- Retailer in-house kitchens (for cooking ready-to-eat meals)
- Bakeries
- School meal centers
- Elderly nursing care homes

Main selling items

- Commercial refrigerators and freezers (upright type and table type) (The Galilei Series)
- Ice making machines (MIRACLEAR)
- Dough conditioning equipment (for fermenting dough)
- Blast Chiller (quick freezing equipment)
- Defrosting equipment
- Refrigerated and freezer lockers (takeout food lockers with no face-to-face contact)



Blast Chiller / Shock Freezer 100V
This compact model can cool and freeze food fast at -40°C with a single phase 100V power supply. Redesigned in FY2021, it now uses R-448A refrigerant, which has a lower GWP (GWP: 1387).



Showcase Operations

Take advantage of *monozukuri* manufacturing technology with user insights in mind to create stores of the future

Refrigerated and freezer showcases are expected in a store, and energy efficiency throughout the store is also what is needed. That is why we offer energy control and energy efficient systems.

FY2021 review

Capital investment driven by increased at-home food consumption

Supermarkets and drug stores, which are main customers of our showcase operations, increased sales from FY2020 to FY2021 as consumer behavior changed and at-home consumption grew during the COVID-19 pandemic. Demand for capital investment rose as more stores were opened or renovated, and it resulted in our strong performance in the showcase operations. We increased our market share thanks to the rising demand, and we are very pleased to have more customers. We also actively promoted showcases that use natural refrigerants as one of our Dramatic Future 2050 initiatives. Convenience stores, in particular, showed a keen interest in the products, and we received an increasing number of orders and inquiries from them about building or renovating stores.

Business strengths and prospects

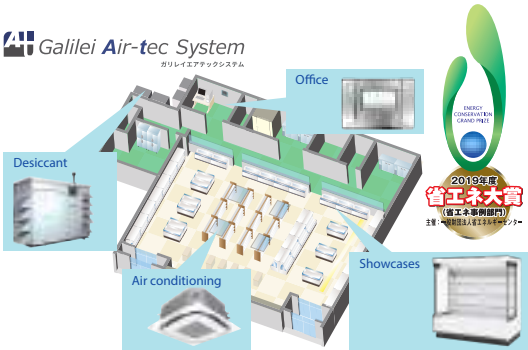
We do not just sell showcases. We serve as an in-store environment consultant.

In the showcase operations, our development and sales staff work together to develop and propose products, systems, and services from users' perspectives. In 2022, we started marketing flip-up shelves, which enable products to be easily displayed in cardboard boxes and reduce manpower, as well as compact-in showcases, which allow refrigerated foods to be displayed next to room temperature foods and improve shopping efficiency. Today, rising energy costs are the biggest challenge that the retail industry faces. Showcases are not the only products we offer. We have Galilei Air-tec System, which air conditions, ventilates, and dehumidifies a store, creates a comfortable and clean in-store environment, and increases energy efficiency of the whole store. We also promote products that use natural refrigerants. We hope to be of service to customers in their environmentally friendly store planning.

Topic: Sustainable

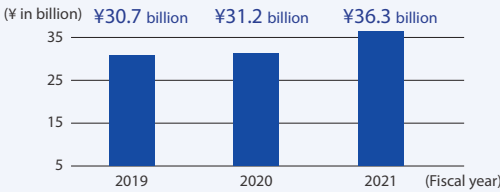
Use of natural refrigerants and prevention of refrigerant gas leaks to help create a carbon free society

The GALILEI Group has implemented a range of sustainability initiatives to create a carbon free society. One of the efforts is to convert to natural refrigerants that have little impact on global warming. Centralized control is more widely used in showcases than any other products. To prevent refrigerant gas leaks, we provide enhanced IT-based post-delivery preventative maintenance services for customers' showcases.



Next-generation air conditioning "Galilei Air-tec System"

Sales by product and service



Main end users

- Supermarkets
- Convenience stores
- Drug stores

Main selling items

- Remote type showcases (CLAIR Send-you)
- Plug-in type showcases
- Island showcases



Compact-in showcase MEG Series
Refrigerated foods can be displayed in the same area as room temperature foods that go well with them. The showcase uses R-448A refrigerant, which has a lower GWP (GWP: 1387).



FMS Operations

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

By applying the temperature control technology that we have developed for commercial refrigerators, we support medical and research and development fields and supply low temperature incubators, medical cool boxes, medical freezers, ultra low temperature freezers, and blood bank refrigerators.

FY2021 review

Orders for medical cool boxes and prefabricated refrigerators grew

In FY2021, we continued to supply medical cool boxes and medical freezers used to store COVID-19 vaccines and test drugs to many medical institutions, as we did in the previous year, and sales jumped by approximately 500 million yen from the previous year. We also continued to increase sales of large regenerative medicine projects and achieved good results. In addition to orders for medical cool boxes, we received many large projects, such as projects to install prefabricated refrigerators for pharmaceutical wholesalers, in which our group synergy was achieved.

Business strengths and prospects

Help to decarbonize the medical field with our CFC-free medical cool boxes

We have a wide selection of medical science products available, which are produced by applying the temperature control technology that we have developed in the food industry. We have added five new models to our low temperature freezer range launched in 2021. Our ability to provide maintenance services through a network of business bases is an added advantage. It is important to build a co-creation relationship in the research market, which is one of our focused areas, and we endeavor to provide meticulous follow-up services and business support from the research stage. We now have more opportunities to offer solutions to customers by collaborating with group companies, and we seek to make use of our experience and technology to operate cold storage warehouses and build a cold storage chain in the pharmaceutical industry.



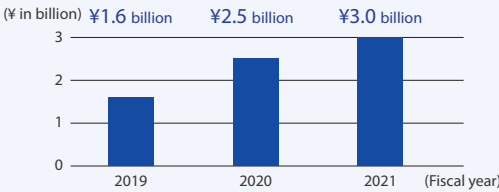
Ultra low temperature freezer Vital Series
This freezer has two refrigeration circuits. In the event that one of them fails, the other still operates and keeps the food frozen (dual cooling system).
* FMD-D350ESH (pictured above) is the industry's first-ever freezer with a single phase 100V power supply that uses a CFC-free refrigerant.
* Some models excluded.

Topic: Sustainable

GALILEI's development capabilities led to the launch of CFC-free refrigerant products

Efforts to decarbonize the medical science field are accelerating. In the medical science operations, we launched CFC-free products, such as ultra low temperature freezer Vital Series and medical cool box MediFridge Series, released in December 2021 and September 2022, respectively. We are determined to realize a sustainable society for both people's lives and health and the global environment.

Sales of the medical science operations



* Sales of FUKUSHIMA GALILEI's medical science products, related installation, and prefabricated refrigerators are included.

Main end users

- Medical institutions (hospitals, clinics, dispensing pharmacies)
- Universities, government offices (research institutes)
- Private sector companies (food, pharmaceutical, regenerative medicine, etc.)

Main selling items

- Low temperature incubators
- Medical cool boxes / showcases
- Ultra low temperature freezers
- Medical freezers



CFC-free medical cool box
MediFridge Series FMS-125GS



Service Operations

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

We support users and provide the maintenance and regular inspection services that they have confidence in. We seek to promote digital transformation to offer more advanced services.

FY2021 review

Increased sales, strong performance

We performed very well in FY2021, with sales exceeding the previous year's level. While demand for refrigerator maintenance services in the food service industry declined due to the spread of COVID-19, sales of maintenance services rose as we sold more showcases to supermarkets and drug stores. Our business continued to grow steadily as we received more maintenance contracts from convenience stores, among others. Last year, we fully demonstrated our sales and maintenance teams' combined ability to sell products and provide maintenance services in an integrated manner.

Business strengths and prospects

Further promotion of digital transformation to improve the quality of maintenance services

It is one of our great strengths that we have highly competent maintenance service representatives and are able to provide prompt and appropriate maintenance services from our business bases throughout Japan. We actively promote digital transformation and strive to improve operational efficiency through collaboration between maintenance service representatives and call centers. In 2022, we established GALILEI Academy to develop human resources. We aim to be the market leader anywhere in the regions we operate, who consistently offers the same levels of improved maintenance services. The 10-year refrigerant leak warranty set out in Environment Action 2030 is one of the most important missions of the service operations. We unite our efforts to ensure that customers can use GALILEI's products with confidence and to help protect the environment.

Topic: Digital

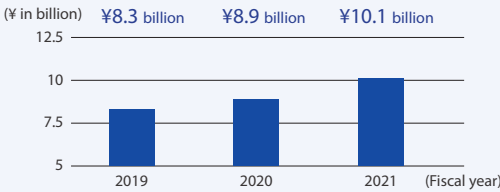
With G-Compass fully operational, we will be a Zero Call Company

G-Compass, which we have conceptualized for the last three years, is about to be fully operational. With this system, S Net 24, which monitors equipment operation, and a maintenance services arrangement system are linked to monitor customers' equipment around the clock. If any potential failure is detected, we will be automatically alerted and arrange repair services. We will promote digital transformation to provide maintenance services more quickly, more accurately, and more smoothly.



GALILEI Academy

Sales by product and service



Main end users

- Our product users

Main selling items

- Repair services
- Maintenance services

Number of business bases

- 73 business bases nationwide (FUKUSHIMA GALILEI alone)

Number of employees

- 638
(Installation and maintenance staff of FUKUSHIMA GALILEI alone as of the end of March 2022)
(An increase of 63 from the end of March 2019)



Smart diagnosis makes us a Zero Call Company.



Engineering Operations

Maximize group synergy.
Create a better future.

We apply our expertise and technology in a vast array of products to offer the engineering services that only we, as a manufacturer, can offer. It is our goal to provide the engineering services that are useful to customers and beneficial to society.

FY2021 review

More post-pandemic projects were well under way last year

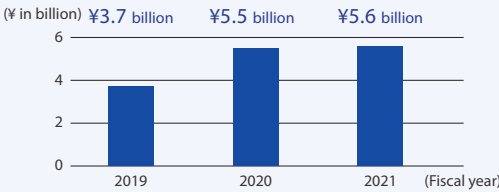
In FY2021, we received more engineering project orders for cold storage factories as businesses started to make capital investment again, which they had held back due to the impact of the COVID-19 pandemic, and convenience store vendors began frozen food production. To alleviate labor shortages in the supermarket industry, more processing centers were being built for purchasing, processing, and distribution operations, which would otherwise be carried out in store. Fresh food distribution centers of online supermarkets, which are widespread abroad, were now in full swing in Japan. This field of business is expected to be very promising. Meanwhile, more facilities and equipment were in need of upgrading or modification due to their dilapidated condition or restrictions on the use of CFCs. The situation called for the GALILEI Group's engineering services, and it increased the Groups' sales as a result.

Topic: Human resources

3D CAD used for the visualization of finished products

Both sales and design staff in the engineering operations are capable of using CAD when they create designs. We normally use 3D CAD for design work so that customers can better visualize their finished products.

Project sales



* Sales of FUKUSHIMA GALILEI's engineering projects

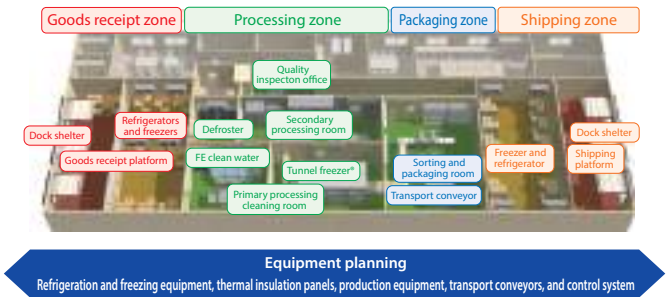
Main end users

- Food factories
- Convenience store vendors
- Processing centers
- Pharmaceutical warehouses
- Low temperature warehouses

Business strengths and prospects

We do not just offer refrigerators and freezers. We perform planning for an entire factory

The GALILEI Group excels in equipment planning services ranging from small prefabricated refrigerators and freezers to large food factory projects. The main activities of our engineering operations are the installation of refrigerators and freezers. Today, environmental protection is a serious issue for large companies, in particular, and we actively promote freezers that use natural refrigerants and aim to win more installation projects for such products. To achieve future business growth, we strive to offer engineering services for the whole factory, provide follow-up services for air conditioning and sanitation equipment as well as cooling equipment, and improve production equipment engineering services that take advantage of our group synergy.



Main selling items

- Equipment planning (Refrigerators and freezers, thermal insulation panels, production equipment, conveyor belts, control systems)

GALILEI BASE

<https://www.galilei.co.jp/galileibase/>

More information about the GALILEI Group's engineering support can be found on the GALILEI BASE website.



GALILEI BASE

The GALILEI Group's engineering support



GALILEI PANEL CREATE CO. LTD.

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

We create "freezer and refrigeration spaces" and "clean (non-refrigerated) work spaces" with a broad range of high performance thermal insulation panels and our unique design and installation technology.

FY2021 review

More panels used in cold storage areas as large projects resumed

In FY2021, construction projects, which had been postponed or canceled due to preparations for the Tokyo Olympics and the impact of the COVID-19 pandemic, resumed all at once, and we received a large number of food factory, semiconductor factory, and pharmaceutical projects. During the pandemic, supermarkets and drug stores actively made capital investment in their cold storage areas, resulting in GALILEI PANEL CREATE alone achieving a 133% V-shaped recovery from the previous year. Rising material costs started to have a significant impact on our profits from the autumn of 2021, and to alleviate financial burden on our customers as much as possible, we not only implemented price revisions but also reduced costs by improving delivery and installation efficiency.

Topic: Sustainable

With our enhanced CFC-free, energy efficient products, we contribute to creating a sustainable environment

We have focused on the marketing of CFC-free thermal panel series "econe" since FY2019. As part of our efforts to help reduce environmental impact, we launched Ceiling Panel with Built-In LED Lights in the autumn of 2022. The highly energy efficient, 44mm-thick product has reduced production lead time, with its simplified production process.

Business strengths and prospects

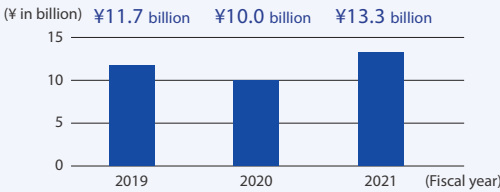
Explore new sales channels in various markets. Leverage our ability to carry out the integrated production process

Our strengths lie in our ability to carry out entire processes of panel design, production, and installation, and to offer the GALILEI Group's complete coordination services for refrigerator and freezer installation. The clean room market is one of the markets that we currently focus on. Production facilities were expanded in the semiconductor industry, which urgently needs to increase its production capacity, and we expect continued demand from the industry. In recent years, large projects from convenience store vendors, food factories, processing centers, and pharmaceutical companies have been increasing, and we will focus on these projects by achieving group synergy and using both existing and new sales channels. Our new products include "Ceiling Panel with Built-In LED Lights," which reduces production lead time, is energy efficient, and can be used in office areas, and environmentally friendly CFC-free thermal panel series "econe." We will promote the products that are best suited to each market.



Ceiling Panel with Built-In LED Lights

Subsidiary's sales



Main end users

- Food factories
- Convenience store vendors
- Processing centers
- Pharmaceutical warehouses
- Low temperature warehouses
- Semiconductor factories
- Pharmaceutical manufacturers
- Plant factories

Main selling items

- Prefabricated refrigerators and freezers
- Clean rooms (food, research, pharmaceutical)
- Doors (sliding doors, french doors,)

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

"econe" Series



TAKAHASHI GALILEI CO. LTD.

Forward-looking product development to create the future

We, as the pioneer of Tunnel Freezer®, a quick-cooling, quick-freezing system, are proud to have the largest market share in Japan. When we customize a freezer for a user, we conduct cooling and freezing tests with the customer and collect precise and accurate data that will be reflected in the design of the product. This is to ensure that it is the only freezer in the whole world that has been especially made for the customer.

FY2021 review

Higher demand for frozen and chilled food pushed sales to a record high

We achieved record sales in FY2021 as businesses resumed investment, which they had held back during the COVID-19 pandemic in FY2020. Consumer behavior changed from eating out to having takeout or delivery meals, and rising demand for frozen food may have been a driving force behind higher investment in equipment including Tunnel Freezer®. However, it is debatable whether this level of demand will continue, and we should therefore aim to be the leader in the freezer market. To meet a wide range of customers' needs, we intend to aggressively market spiral freezers and alcohol brine freezers, which we expect to be in greater demand, in addition to Tunnel Freezer®, a flagship product that we have promoted.

Topic: Sustainable

Natural refrigerants are the key to reducing environmental impact and food loss

In response to growing demand for natural refrigerants, we are making focused efforts to market CO₂ freezer NOBRAC, which was launched in the autumn of 2022. We are exploring ways to extend best before dates and reduce food loss while seeking to reduce environmental impact.

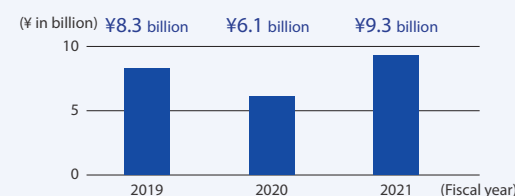
Business strengths and prospects

A solution-based business model where knowledge and technology plays a key role

We have long developed a solution-based business model. It all started with food ingredient tests. Our system is such that customers bring their food ingredients for us to conduct freezing tests and collect test data so that we can suggest optimal freezing technology and equipment for them. The opening of MILAB in the GALILEI Group head office in 2019 has enabled us to offer better and improved facilities and services. Our expertise has been attracting increasing attention as businesses became interested in food freezing technology during the COVID-19 pandemic. We will strengthen our total engineering capabilities for freezers and other related equipment and continue to expand business domains to include all types of refrigerators and freezers. We hope to play a leading role in taking environmental actions in Southeast Asia, where there is a growing awareness of environmental protection.



Subsidiary's sales



Main end users

- Food manufacturers
- Convenience store vendors
- Animal and marine products processors

Main selling items

- Tunnel Freezer®
- Spiral freezers
- Alcohol brine freezers
- Engineering services (freezing equipment and lines)



LSHOCK® alcohol brine batch type rapid freezer
Food is immersed in alcohol brine at -30°C for rapid freezing. Many types of food products can be frozen in small batches.



Spiral freezer
Largest production volume per square meter. Ideal for mass production.



SHOKEN GALILEI CO. LTD.

Develop optimal production lines for customers in an integrated manner

We conduct research and development of production equipment to improve productivity, ranging from production line automation, manpower saving, and labor saving solutions to production line engineering services. We offer complete services to create best possible production lines.

FY2021 review

Despite a difficult time we had due to the lack of investment, large projects surged toward the end of the year

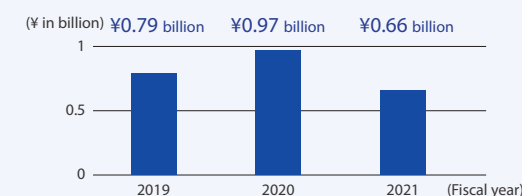
Our business performance was not encouraging because a majority of projects that we received at the start of FY2021 were improvement, maintenance, or upgrading projects and new or additional installation projects slowed down due to the impact of the COVID-19 pandemic. Fortunately, the situation improved around December 2021, and large investments were made very actively as demand for frozen food grew. Meanwhile, many factories faced labor shortages, and an increasing number of customers sought advice from us for automation and manpower saving solutions to ensure steady production. Our new factory is due to be completed in the spring of 2023, where we are contemplating introducing facilities for testing automated and manpower saving equipment. By taking full advantage of the new factory, we will offer more comprehensive and in-depth solutions to customers and step up efforts to work closely with them.

Topic: Sustainable

Automation, manpower saving, and labor saving solutions for a sustainable production environment

One of our business goals is to ensure that customers operate in a stable production environment and to improve their productivity, and we currently focus on automation, manpower saving, and labor saving solutions. These are in line with the purposes that the SDGs have for a society with a declining working population. We take pride in contributing to improving the environment by reducing food loss. It is our mission to continue to carry out technical development that society needs.

Subsidiary's sales



Main customers

- Food factories
- Factories making everyday items and other factories using production lines

Business strengths and prospects

Enhance group synergy to expand the business domain

We design and manufacture conveyor equipment for factory production lines, and group synergy is very important to us. In particular, collaboration with TAKAHASHI GALILEI, which we work with in wider areas, will be increasingly important in the future. When we consider our future growth, it is essential to examine how best to expand our business domain of conveyor equipment. We specifically aim to grow as a robot system integrator (Sier) that contributes to increasing productivity of the packaging process. We will rise to the challenge of going beyond the conventional boundaries of conveyor equipment and machinery to offer a wide range of production process solutions.



Stacking and unstacking equipment
Tray and container stacking and unstacking operations, which would require physical strength if done manually, can be automated with this machine, saving manpower in this physically demanding process. There is no need to modify existing trays to use this machine.

Main selling items

- Conveyor belts
- Automated equipment
- Robot embedded equipment
- Production lines



Robots
More factories have introduced robots to their operations to solve staff shortages. We can offer total solutions from layout to installation of robots that are most suited for customers' production lines.



Foreign Operations

Bringing food safety and security to Asian countries with Japan Quality products and services

We have business bases in 11 countries and regions in China and Southeast Asia. Leveraging the trust in Japan Quality, we support Japanese companies in overseas business expansion and market products to local customers.

FY2021 review

Signs of recovery beginning to emerge despite the impact of the COVID-19 pandemic

In FY2021, many countries were in lockdown and projects were postponed or canceled and investment was held back. Despite this, some of our overseas sales companies performed very well while others did not. At the Thai factory, production volume doubled from FY2020 and reached a record high. Factors behind this strong performance include the switch from Japanese-made products, plug-in type showcases and reach-in refrigerated showcases added to the product line, and the increase in new customers and distributors. In FY2022, various countries gave priority in economic recovery, and restaurant chains and supermarkets seeking to expand to Asia became more willing to invest.

Business strengths and prospects

Japan Quality that sets us apart from local manufacturers

Our ability to provide Japan Quality to customers abroad is one of our strengths. We offer Japan Quality to customers in the course of our everyday sales activities, not to mention high quality products. That is what sets us apart from local manufacturers. In addition, our ability to provide integrated store design, installation, and maintenance services and the expertise that we have amassed are a valuable asset to us not only in Japan but also in other countries. In recent years, orders we receive for large projects have been increasing. We seek to expand business overseas, first by ensuring that each of the sales companies increases sales, and then by aggressively expanding to third countries and forming business alliances.

Topic: Global

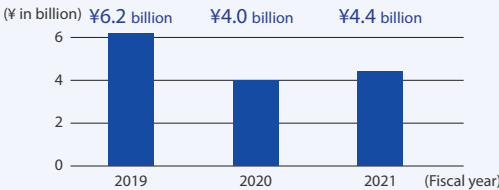
In pursuit of international certification for more export opportunities

We are working together with the Manufacturing Headquarters to obtain international certification (e.g., CE marking, UL certification, CCC mark) for exporting products to the US, Europe, and China. International certification will give us greater freedom in selling products overseas as it increases export opportunities.



ME Series made by our Thai factory
Inverter plug-in type multi-deck open spot showcase

Overseas subsidiaries' sales (simple aggregation)



Main selling items

- Commercial refrigerators and freezers
- Refrigerated and freezer showcases
- Tunnel Freezer
- Prefabricated refrigerators and freezers

Number of business bases

- 11 countries and regions
- Thai factory

Number of employees

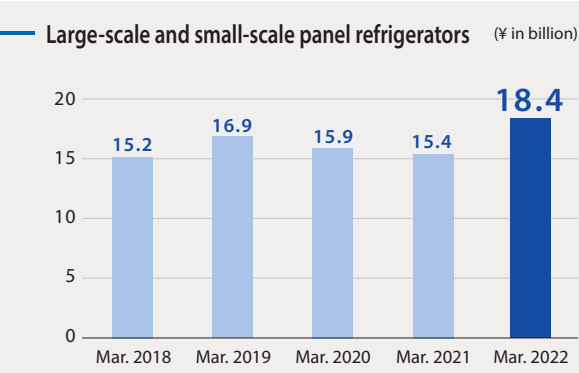
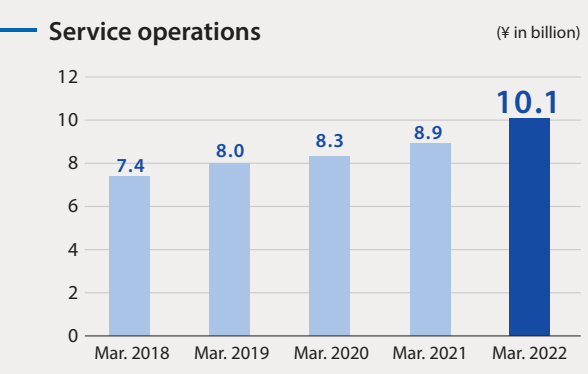
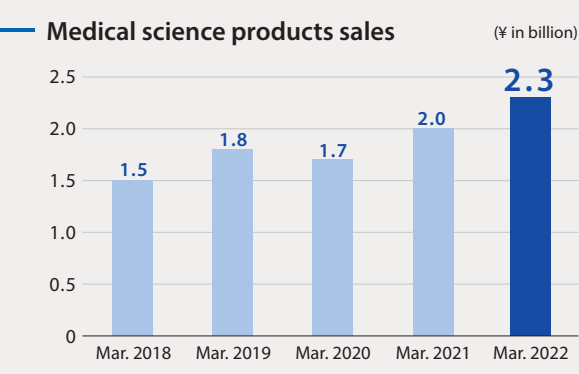
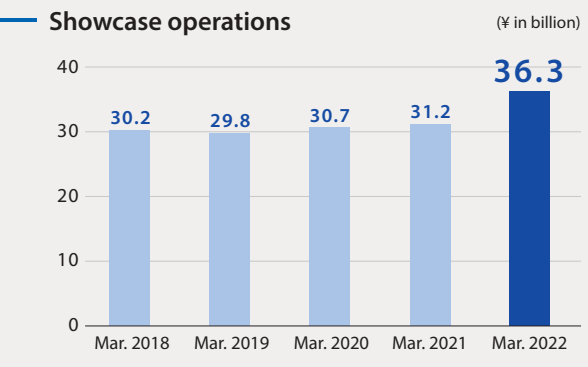
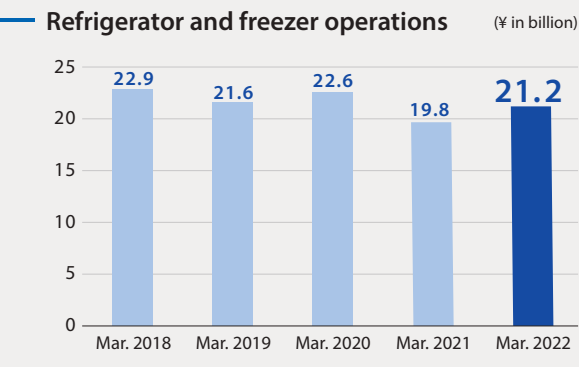
135
(An increase of 25 employees from the end of March 2019 (except Beijing factory))



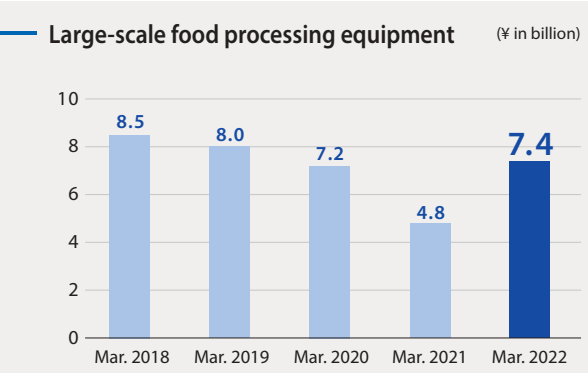
UE Series made by our Thai factory
Plug-in type glass door cabinet

Sales Trends by Operation

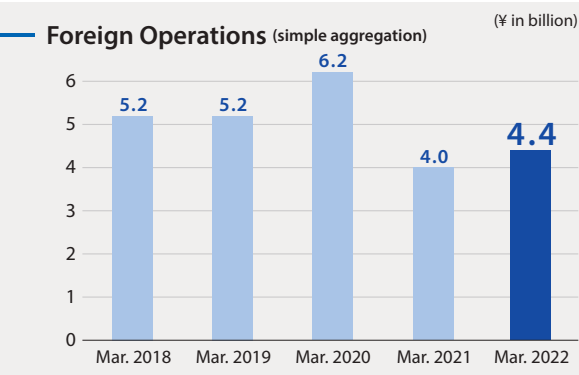
* Divisional sales are indicated according to the sales categories used in financial results briefing materials.



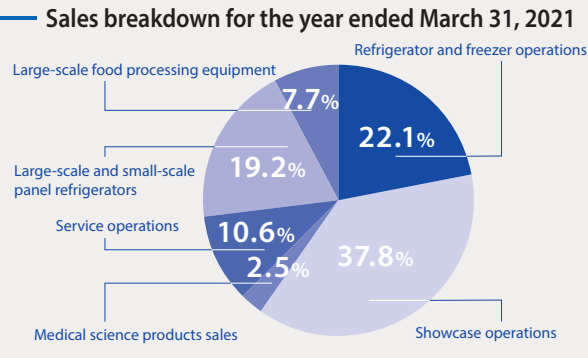
* Sales of large-scale and small-scale panel refrigerators are sales achieved by the Engineering Operations division and sales achieved by GALILEI PANEL CREATE CO. LTD. combined.



* 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.



Sustainability Initiatives

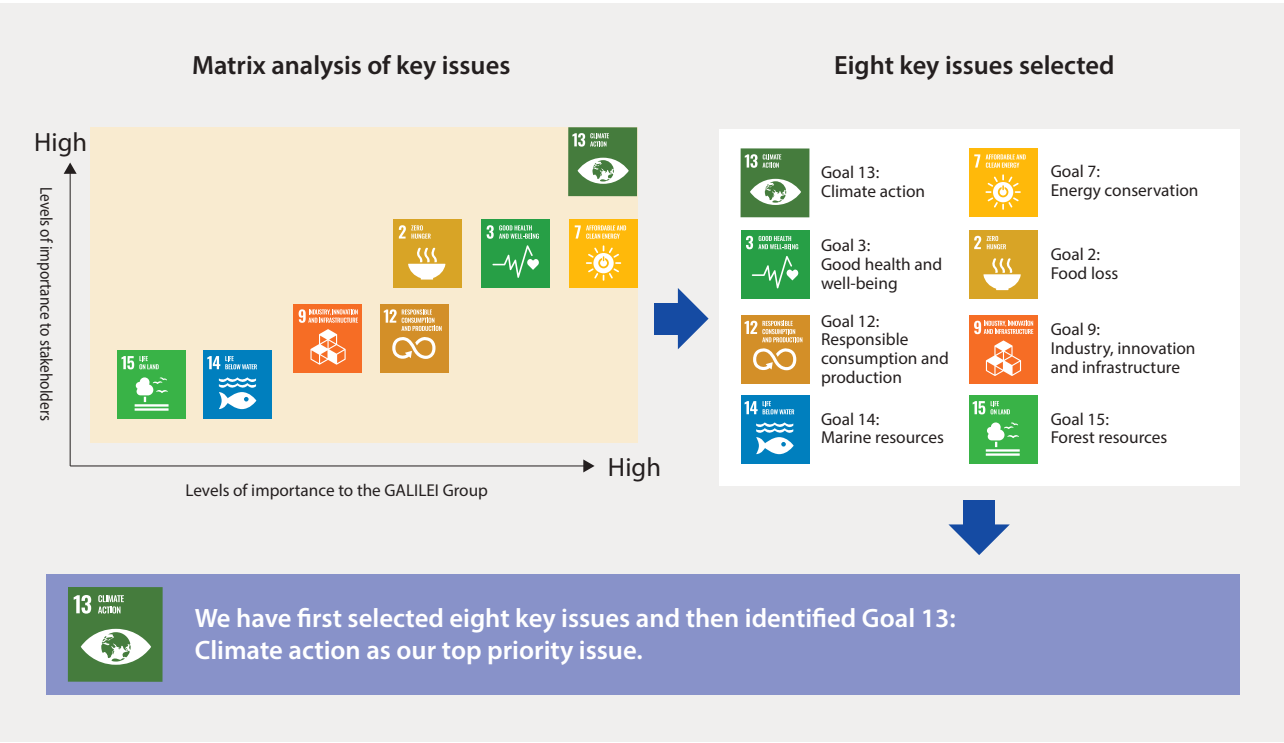
Identification of Material Sustainability Issues

The GALILEI Group supports the objectives of the Sustainable Development Goals (SDGs) and has declared its intention to improve the quality of people's eating habits and take better care of the global environment in the GALILEI Group SDG Declaration in 2019.

Please see the GALILEI Group SDG Declaration in A Model for Value Creation on page 14.

Of eight key issues selected that we should address, we have identified Goal 13: Climate action as our top priority issue in terms of the levels of impact on business continuity and the purpose of protecting the earth. Our goal "Take better care of the global environment" as indicated in the GALILEI Group SDG Declaration is embodied in our sustainable vision, Dramatic Future 2050, which sets out our targets and actions.

The GALILEI Group's key SDG themes



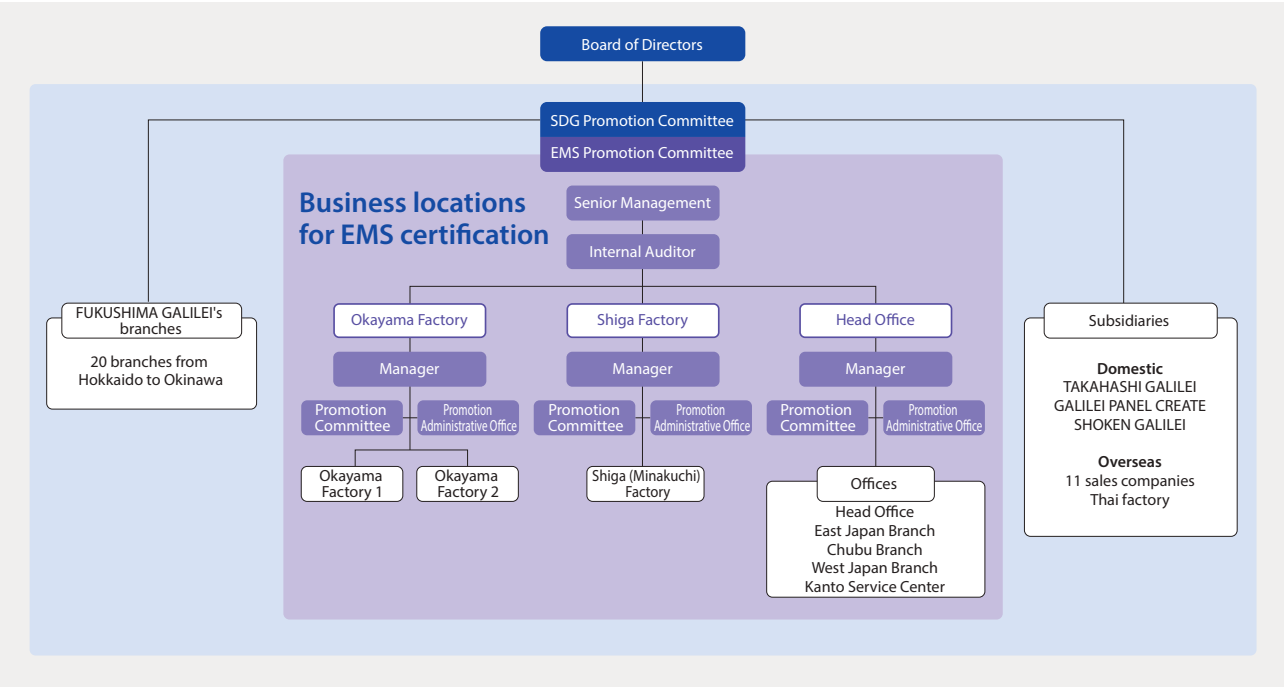
The TCFD Recommendations on Climate-related Financial Disclosure

In order to take climate action across the Group, and at the same time, measure and explain the effectiveness of the action, we will increase the quality and quantity of climate-related financial disclosure based on the TCFD framework.

Governance

In order to operate in line with the sustainable vision, Dramatic Future 2050, the GALILEI Group established the SDG Promotion Committee in June 2021, to which the EMS Promotion Committee reports. Under this structure, branches and sales offices of FUKUSHIMA GALILEI as well as domestic and overseas subsidiaries are now included in the EMS activities. Go Fukushima, president of FUKUSHIMA GALILEI is the committee chairman of the SDG Promotion Committee, and committee members are the heads of business departments, the heads of manufacturing and development departments, and staff from relevant departments. The committee meets once every quarter to review the Group's progress. Using this structure, we take climate actions across the Group and measure our greenhouse gas emissions and other environment metrics. We are committed to achieving our environment targets.

Sustainability promotion framework



Strategy

At the GALILEI Group, we recognize that climate change has serious impact on society and our business operations. As shown in the Environment Action 2030, we are working to convert to green refrigerants, prevent refrigerant gas leaks, develop and provide products with high environmental performance, and reduce CO2 emissions. We will clearly identify climate-related risks and opportunities for each of our business operations based on TCFD's risk categories (transition risks and physical risks).

Environment Action 2030



Risk management

To perform risk management, our Risk Management Committee assesses the severity of all risks that the GALILEI Group faces, including climate-related risks, in terms of frequency and impact levels.

Please see Corporate governance system in Corporate Governance on page 38.

Metrics and targets

We set greenhouse gas emissions reduction targets and environment actions and metrics for 2050 and 2030 in the sustainable vision, Dramatic Future 2050, which was approved by the Board of Directors in 2021.

The Group to reach net zero greenhouse gas emissions by 2050.
The Group to reduce CO2 emissions by 50% by 2030 (from FY2013).

Please see Dramatic Future 2050 on pages 27 and 28 and Environment Action 2030 on pages 29 and 30.

Our CO2 emissions (Scope 1 and Scope 2 emissions) in FY2021 are as shown in Reduce CO2 emissions on page 30. We will increase the accuracy of the data and calculate Scope 3 emissions.

Dramatic Future 2050

The GALILEI Group is opening up an exciting future for everyone

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.

2051 **100th anniversary**

2050

Environment Vision **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.

2030

Environment Vision **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.



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.

2021

"Dramatic Future 2050" developed

70TH
ANNIVERSARY

Dramatic Future 2050

Environment Action 2030

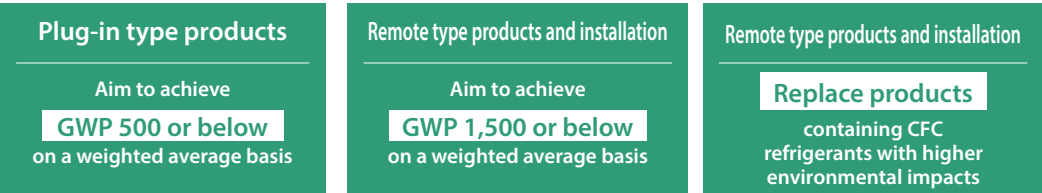
Shown below are four specific actions we have taken and the progress we have made in the GALILEI Group's Environment Action 2030.



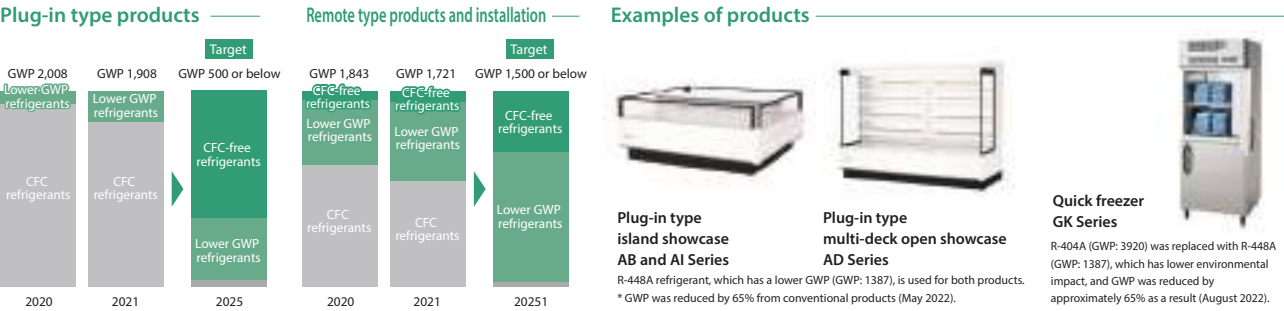
Convert to green refrigerants

We will reduce greenhouse gases and prevent global warming by converting to refrigerants used for new products and equipment in 2025 to green refrigerants (lower GWP refrigerants and CFC-free refrigerants).

2025 mid-term target

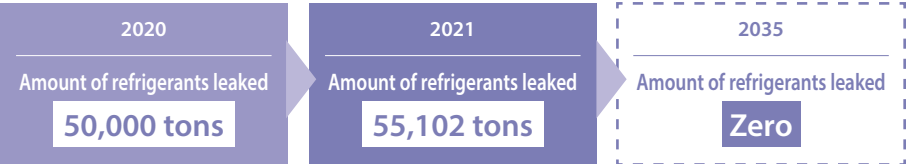


* Refrigerants' global warming potentials (GWP) are calculated on a weighted average basis.



Prevent refrigerant gas leaks

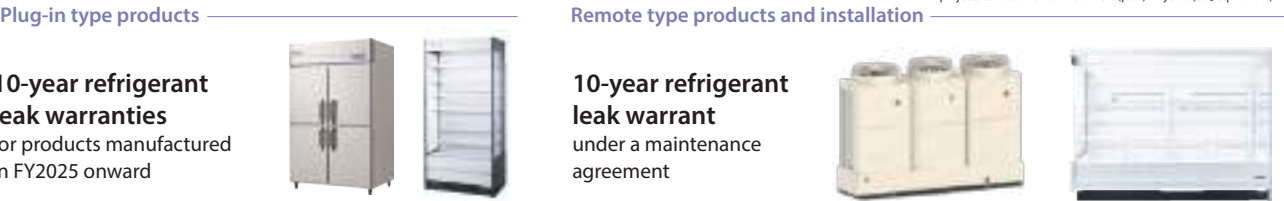
We aim for halting global warming by preventing refrigerant leaks in products manufactured and projects carried out in FY2025 onward. We also aim to provide 10-year refrigerant leak warranties by offering enhanced preventative maintenance services.



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)



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"



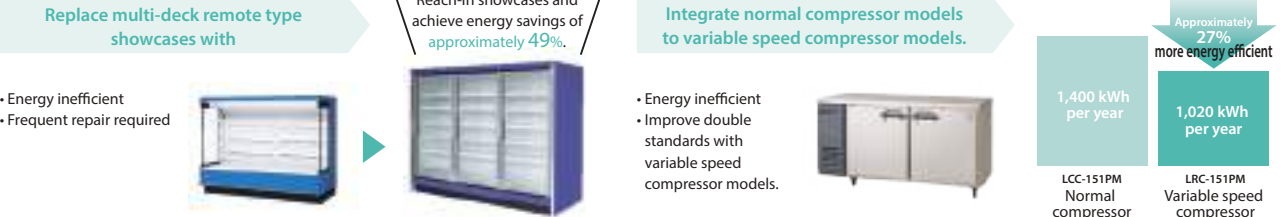
Develop and provide products with high environmental performance

We will provide products with high environmental performance, reduce CO₂ emissions, and convert to products with less environmental impact in the product life cycle.



Life Cycle Assessment (LCA) is to quantify the total CO₂ emissions from all processes ranging from raw material extraction through product use and disposal.

Convert to products with less environmental impact



Reduce CO₂ emissions

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



* Estimates

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

Solar power generation equipment has been installed at Okayama Factory (Okayama Factory 1 and Okayama Factory 2), which manufactures commercial refrigerators, and Shiga (Minakuchi) Factory, which manufactures showcases. The solar system at Okayama Factory started to generate power on January 31, 2022. Power supply to the factory was reviewed, and it was all switched to CO₂-free electricity offered by the Chugoku Electric Power Co., Inc. on January 1, 2022. As a result, we do not produce CO₂ emissions from electric power, and we only use CO₂-free electricity to manufacture commercial refrigerators and conduct research and development activities. The solar system at Shiga (Minakuchi) Factory, which manufactures showcases, started to generate power on March 22, 2022.

Okayama Factory

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



Shiga (Minakuchi) Factory

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



We work closely with our customers to reduce CO₂ emissions in the entire value chain through energy management activities and the promotion of ZEB buildings.

The Galilei Group's showcases are used by approximately 30% of 22,500 supermarket outlets nationwide.

Equal to 2.23 million tons of CO₂ emissions per year

We aim for a 46% reduction.

* In line with the Japanese government's CO₂ emissions reduction target.

Bems-you

Building energy management system

Number of EMS stores

464 stores

*As of September 2022

Power consumption by using EMS

10.6% reduced

*As of September 2022

Galilei Air-tec System

スーパーマーケットの店内環境最適化

Number of stores using Galilei Air-tec System

14 stores in Japan

*As of October 2022

Environmental Policy and Environmental Performance

Basic Environmental Philosophy

We at FUKUSHIMA GALILEI recognize that making our operations environmentally friendly is one of our important tasks, and we will continuously and actively implement initiatives that take environmental impact into consideration. As part of our happiness creating activities, we strive to be an eco partner and offer ECO-tech based, environmentally friendly products, systems, and services.

Basic Environmental Policy

- 1

We will provide and propose products and services that will reduce customers' environmental impact when we manufacture, sell, install, and maintain commercial refrigerators and freezers, showcases, prefabricated refrigerators, and other related equipment and systems, and provide store systems.
- 2

To protect the environment, we will accurately monitor the impact that our business activities have on the environment and make continuous improvements to our environment management systems.
- 3

We will comply with laws, regulations, industry codes, community rules, and any other voluntary codes for environmental management.
- 4

We will address and deal with the following key issues which have impacts on the environment in the course of our business activities:

1. Aggressive marketing of environmentally friendly products and systems

2. Reduction of the impact CFCs have on the environment

3. Reduction of waste generated

4. Reduction of energy used

5. Reduction of materials and consumables used
- 5

We will set environmental targets and make and implement an action plan. We will also regularly review the targets and the plan and revise them as necessary.
- 6

We will document, implement, and maintain the environmental management system.
- 7

We will ensure that all employees are familiar with the Basic Environmental Policy and conduct training to raise their awareness of the importance of environmental protection. We will also make our group companies, customers, suppliers, and partner companies aware of the Basic Environmental Policy and our environment actions and seek their understanding and support.

EMS Promotion Framework

Please see Business locations for EMS certification in Sustainability promotion framework on page 26.

Environmental audit

In order to confirm that the EMS is functioning effectively, we perform an annual internal audit as well as an annual external audit conducted by an external certification body. In FY2021, we had internal auditor training conducted by an external instructor to improve internal auditors' knowledge and skills. The number of registered internal auditors rose from 56 to 126.

Promotion Committees

The head office and the factories each have the Promotion Committee, which reports to the Manager. The committee meets regularly to set targets, review progress, and share information. The number of committee members in FY2021 was 33 at the head office, 20 at Shiga (Minakuchi) Factory, and 18 at Okayama Factory, and in FY2022, 36 at the head office, 24 at Shiga (Minakuchi) Factory, and 20 at Okayama Factory.

Environmental training

We conduct annual environmental training for all employees (full-time employees, part-time employees, temporary workers, and contractors) according to the annual training schedule. The recovery of CFCs is an environmental activity that is most relevant to us, and we have our own certification criteria for the operation, which can only be performed by certified engineers. Each year, our CFC recovery engineers receive training to improve their emergency response skills.

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

Success rate: 100% 80 or more Less than 80%

Environmental Policy	Environmental Goals	Targets (actions taken)	Performance in 2021	Evaluation
I. Improve the quality of people's eating habits	1. Pursue food safety and security	Increase product sales. (Target: Total projected sales)	Implementation rate 130%	100%
		Develop and provide contracts and systems which ensure safety and security. (Propose MILDE, HACCP Master, Bems-you.)	Implementation rate 100%	100%
		Create promotional materials for the above items and provide information.	Implementation rate 100%	100%
II. Take better care of the global environment	1. Adapt to and mitigate climate change	Promote and propose energy saving systems (Blast Chiller, quick freezing equipment, freezer lockers).	Implementation rate 147%	100%
		Develop and provide energy saving systems.	Implementation rate 100%	100%
		Record the number of times and the amount of gas replenished, with or without charge, and how much.	Implementation rate 100%	100%
		Ensure the amount of refrigerants collected and destroyed is recorded.	Implementation rate 100%	100%
	2. Contribute to sustainable local environments	Reduce wasteful power consumption (e.g., lighting, filter cleaning, simplified servicing).	Implementation rate 100%	100%
		Increase energy saving product sales. (Target: Total projected sales)	Implementation rate 115%	100%
III. Strictly comply with laws and regulations (Comply with environmental laws, regulations, and industry codes)	1. Comply with laws and regulations	Disclose information regarding environmental laws and regulations.	Implementation rate 100%	100%
		Comply with the "Article 36 Agreement" rule. (Hold work improvement meetings, check hours worked overtime.)	Implementation rate 97%	80 or more
		Ensure compliance checks are made	Implementation rate 100%	100%
IV. Staff training	1. Conduct training / Carry out social contribution activities	Conduct training	Implementation rate 131%	100%
		Organize neighborhood cleanups	Implementation rate 100%	100%

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

Success rate: 100% 80 or more Less than 80%

Environmental Policy	Environmental Goals	Targets (actions taken)	Performance in 2021	Evaluation
Prevent global warming (Reduce CO ₂ emissions)	Reduce emissions of greenhouse gases	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 FY2020. Also aim to reduce power consumed for performance tests in the testing wing by 2.0% from FY2020.	Use of R-448A refrigerant / Product redesigning • CO ₂ equivalent emissions: 38.3% reduction compared to 2020 • Power consumption in the testing wing: 17.2% reduction compared to 2020	100%
		Reduce greenhouse gas emissions to 2.0% below the 2020 financial year level	18.6% reduction compared to 2020	100%
		Increase value added per hour at the factory to 105% compared to the 2020 financial year level	4.0% increase in production of hour compared to 2020	80 or more
		Reduce power consumption to 2.0% below the previous year's level	3.0% reduction in value added per hour compared to 2020	80 or more
		Reduce LPG consumption to 2.0% below the previous year's level	2.0% reduction compared to 2020	100%
Use resources effectively	Reduce amount of material used and consumed	Reduce paper use to 2.0% below the 2020 financial year level	16.2% reduction compared to 2020	100%
Reduce and appropriately dispose of industrial waste	Reduce industrial waste generation to 2.0% below the previous year's level	Reduce industrial waste generation to 2.0% below the previous year's level	5.5% reduction compared to 2020	100%
		Reduce specially controlled industrial waste generation to 2.0% below the previous year's level	7.4% reduction compared to 2020	100%

Environmental Conservation Goals and Performance Evaluation: Okayama Factory

Success rate: 100% 80 or more Less than 80%

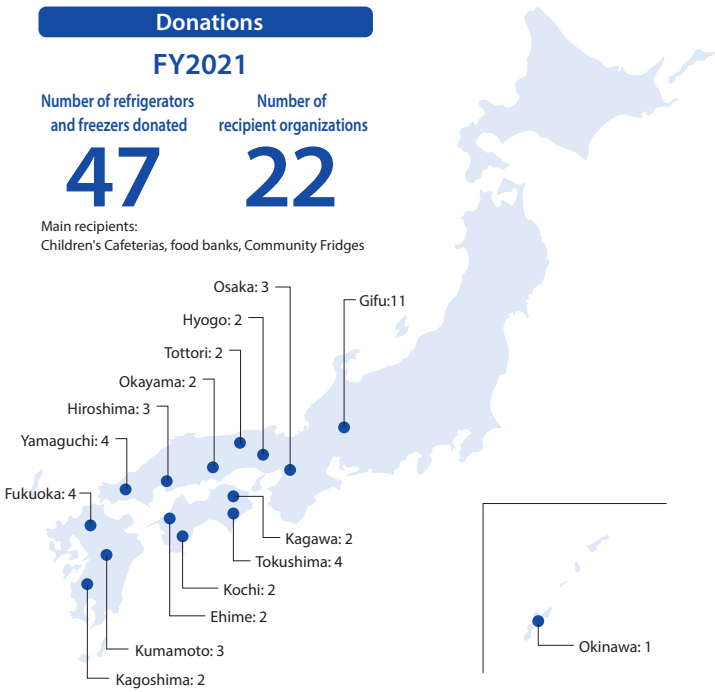
Environmental Policy	Environmental Goals	Targets (actions taken)	Performance in 2021	Evaluation
Reduce the environmental impact of CFCs	Ensure recovery of refrigerant	Implement recovery recording using check sheets	Implementation rate 100%	100%
	Control CFC emissions	Strictly adhere to CFC emissions laws Manage and regularly service devices containing CFCs	Implementation rate 100%	100%
Prevent global warming (Reduce CO ₂ emissions)	Reduce emissions of greenhouse gases	Reduce greenhouse gas emissions to 5% below the 2020 financial year level	2.8% reduction compared to 2020	Less than 80%
		Improve productivity and reduce power consumption by 5% from 2020	7.0% increase compared to 2020	Less than 80%
		Reduce LPG consumption by 5% from 2020	6.7% increase compared to 2020	Less than 80%
Use resources effectively	Reduce the amount of material used and consumed	Reduce the amount of paper purchased by 3% from 2020	8.2% increase compared to 2020	Less than 80%
Reduce and appropriately dispose of industrial waste	Reduce industrial waste generation	Reduce industrial waste generation by 5% from 2020	12.9% increase compared to 2020	Less than 80%

Social Engagement

Galilei 1% Club

All GALILEI Group staff committed to continuously engaging in social contribution initiatives

In 2021, we set up the Galilei 1% Club, which is funded by approximately 1 percent of our pre-tax profit, in order to continue to engage in social contribution initiatives. 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. We focus on the donation of refrigerators and freezers and voluntary work, and in FY2021, we donated 47 refrigerators and freezers to 22 organizations. 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.



Example 1

Hongwanji Tsumura Betsuin Kitamido Food Bank



Kitamido Food Bank, which stores food for Children's Cafeterias and other organizations, had been struggling with the lack of refrigerators and freezers, and we came to their rescue with a donation of refrigerators and freezers.

Example 2

Food Bank Kanagawa



We donated freezers to Food Bank Kanagawa, which receives food donations from businesses, and operates and manages Children's Cafeterias and provides support for financially struggling students and single parent families.

Voice

What our volunteers say

- I helped to sort out food donated by members of the public and businesses and other organizations. I heard that the food was packed in small portions and handed out to people in need face to face so that they could find out more about their situations. I'd like to help out again.
- People are working very hard in a small space and doing the best they can to support those in need in their community. I'm glad to see our products are useful to them.
- I don't get to meet customers very often, but by doing volunteer work like this and helping people out, I felt closer to the products we make.

Support for Ukraine

The GALILEI Group's fund raising activities Donations to the UN agency

To show our support for humanitarian efforts for those affected by the conflict in Ukraine and its surrounding areas, we carried out fund raising activities and sent donations from our group companies and their employees to the United Nations World Food Programme (WFP).

Support for Ukraine

The GALILEI Group's donations Approx. **¥5.91** million



KidZania Koshien

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 factor behind the scenes of society.



KidZania Koshien

Number of visitors to the pavilion in FY2017 **7,413** visitors

Topic

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.

Topic

GALILEI staff and local residents enjoyed the Yodogawa Firework Festival at the head office building

The Naniwa Yodogawa Fireworks Festival was organized for the first time in three years. We invited children's associations in the Takeshima area where our head office is located, to watch the fireworks with us at the head office. 41 children and parents attended the event.



Human Resources Retention and Development

HUMAN RESOURCES DEVELOPMENT

* The targets and results of human resources retention and development are those of FUKUSHIMA GALILEI alone.

Expansion of the Company-wide Training Program

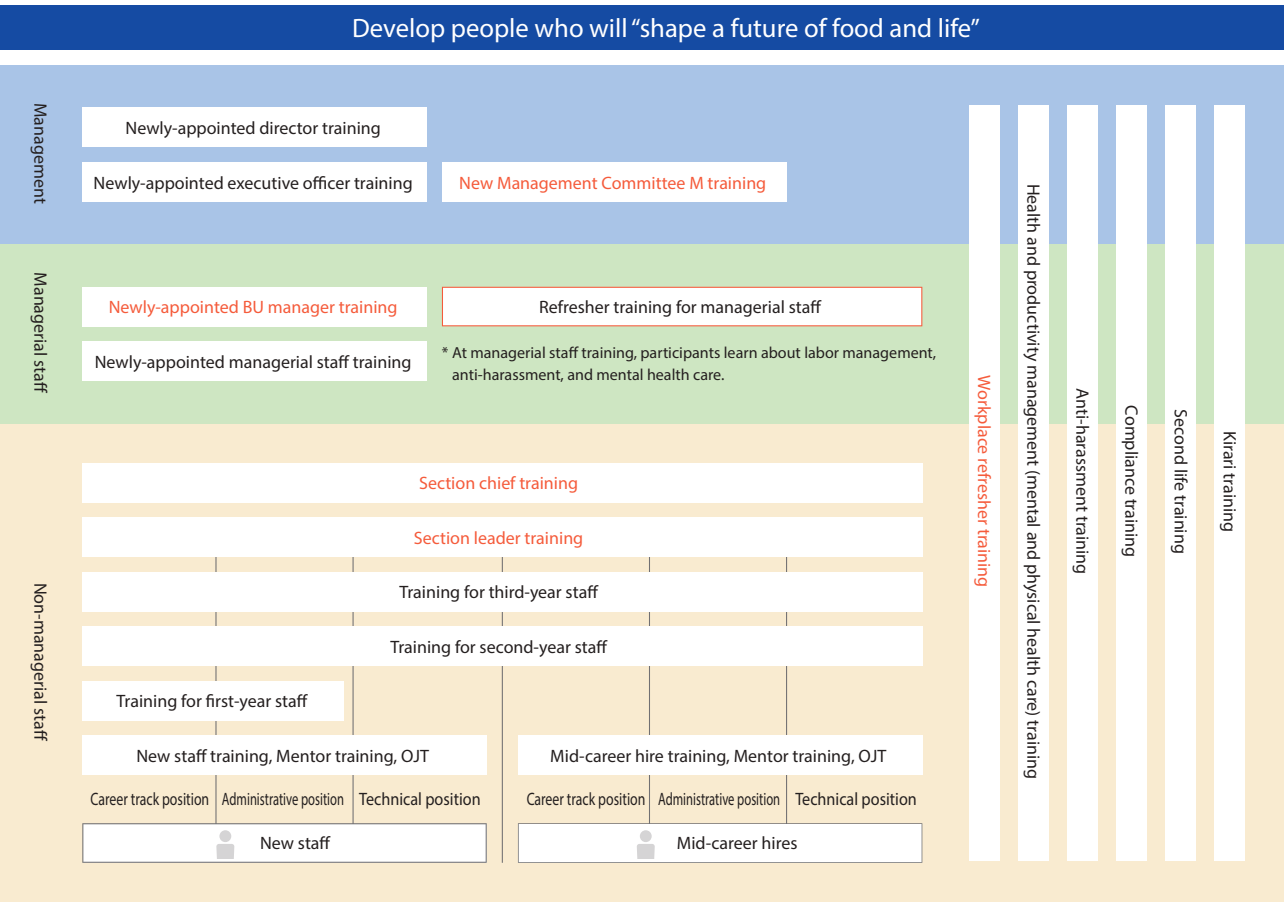
We are expanding our company-wide training program to develop people who will shape a future of food and life. In 2022, we opened GALILEI Academy as a training facility to offer professional development opportunities for our staff and to enable them to demonstrate their skills in the workplace as soon as possible.

▶▶ Please see Human Resources on page 10.

We have added four new level-specific training programs to expand the company-wide training program. In the past, we focused on training junior staff to stop them from leaving the company early, but we now have training for mid-career staff to support their professional development and career advancement and to improve their organizational skills. If everyone recognizes their role that is set according to their job level and plays their part, they can work closely together to better identify the direction of their workplace and to increase their levels of engagement.

Company-wide training and level-specific training

* Training programs in red font have been added in FY2022.



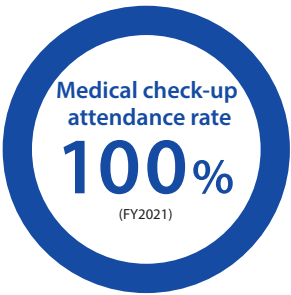
Promotion of Health and Productivity Management

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. In 2021, we identified issues related to employees’ health. We set up a Health and Productivity Management Committee (commonly known as *Aoharu* Team). The Committee makes a plan to set activity policies and goals, and plans, develops, implements, and verifies the effectiveness of health management measures. To raise employees’ awareness, the *Aoharu* Team regularly provides health information, including advice on diet and exercise.

What we do to promote health and productivity management

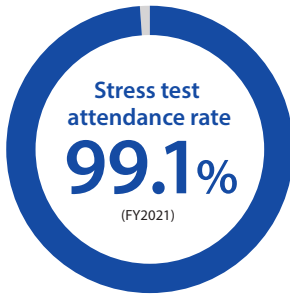
• Maintain and promote good physical health

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 to provide a self-care opportunity for them. We encourage them to take the test and hope to achieve a 100% attendance rate.



In FY2021, Line Care Training was conducted for officers and departmental heads as part of health and productivity management training. The training is designed to help them spot mental health issues in the workplace as soon as possible and to improve the working environment for the employees to work better and fulfill their potential.

• Support for smokers and stop smoking support

On June 30, 2022, we issued a non-smoking declaration to motivate employees to stop smoking and to provide support for those who want to stop smoking.

Non-smoking declaration

FUKUSHIMA GALILEI seeks to be a “Happiness Creation Company” where all employees enjoy their work and realize their full potential. To this end, we proactively implement a range of measures that ensures the maintenance and promotion of good health, prevention, and early detection, and create a pleasant and energetic workplace. We declare that we will step up our efforts to promote a non-smoking campaign to reduce health risks of smoking including passive smoking, to promote employees’ mental and physical health, and to reduce environmental pollution caused by smoking. **Target: Reduce the employee smoking rate to 20% or less by FY2025.**

Non-smoking initiatives



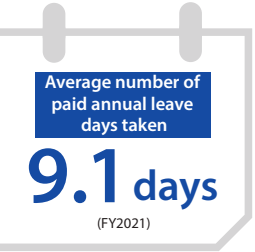
FY2020 2021 The Stop Smoking campaign was organized. The 22nd day of each month was designated as a non-smoking day, and smoking was banned all day.

FY2021 Smoking was banned on all business premises during the working hours (excluding break periods) and in company cars. Part of charges for outpatient stop smoking services was paid by the company.

FY2022 Smoking was completely banned on the head office premises. Health messages were sent to employees in conjunction with the World No Tobacco Day in May each year.

• 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. At the beginning of each year, we ensure that all employees plan when they want to take paid annual leave and make a request to the company accordingly so that they will take leave as planned.



Topic

Galilei Exercise

In 2022, we created Galilei Exercise as part of our physical exercise scheme. Everyone at all business locations takes part in the exercise at 15:00 every day from October. We also do radio exercise before the start time to promote the physical exercise scheme.

Please visit our website to find out more about our policy for addressing health and productivity management and implementation status.

Health and productivity management:
<https://www.galilei.co.jp/company/wellness/>



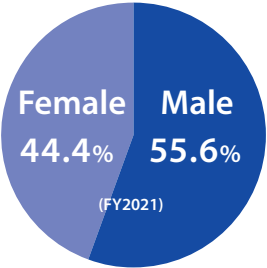
Promotion of Diversity

To specifically promote women’s empowerment, we have set three targets of hiring, retaining, and empowering women. We have a range of measures in place to provide a good working environment and to support them to stay in the workforce and to be successful in the workplace.

Recruitment of more female graduate employees in career track positions

To increase the ratio of female employees in career track positions, we actively hire female liberal arts graduate employees in career track positions to increase their percentage to 50% or more each year. We provide post-hire support for them, which includes organizing round-table discussions.

Percentages of new female and male employees in career track positions



Percentage of female liberal arts graduate employees in career track positions



Promotion of female employees to managerial positions

We aim to have 12 female managerial staff. As of April 2022, there were 18 female section managers and section leaders in career track positions, who were candidates for managerial positions.



Job Transfer Scheme

The job transfer scheme was introduced in 2016 to promote diversity. Under this scheme, female employees can be transferred from an administrative position to a career track position or a specific-region-only career track position.



Promotion of Paternity Leave

We aim to foster a corporate culture that makes male employees feel comfortable about taking paternal leave and to increase the paternal leave take-up rate. Since April 2022, the company has required male employees to take at least five consecutive days (or up to nine days including Saturdays and Sundays) of paternity leave. They are encouraged to take paternity leave within three months of the child’s birth, during which they are given five days of paid paternity leave.

Voice

What a male employee who has taken paternity leave says

I took about a month off from work by combining various kinds of leave. I cherish the time I spent with my wife and newborn baby. I was also able to spend more time with my older daughter, which freed my wife to do other things. I'm very glad I was able to spend more quality time with my older daughter than ever before. Paternity leave is good not only for my wife and newborn baby, but for my older daughter as well.

Topic

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. Unfortunately, the team could not achieve its goal of advancing to the final of the 2021 tournament although the members worked very hard and had tight matches. They finished fifth in the tournament, which clinched a place in the Japan League in the coming season. The team, which has six members in 2022, is determined to try harder to reach the final next time. 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.



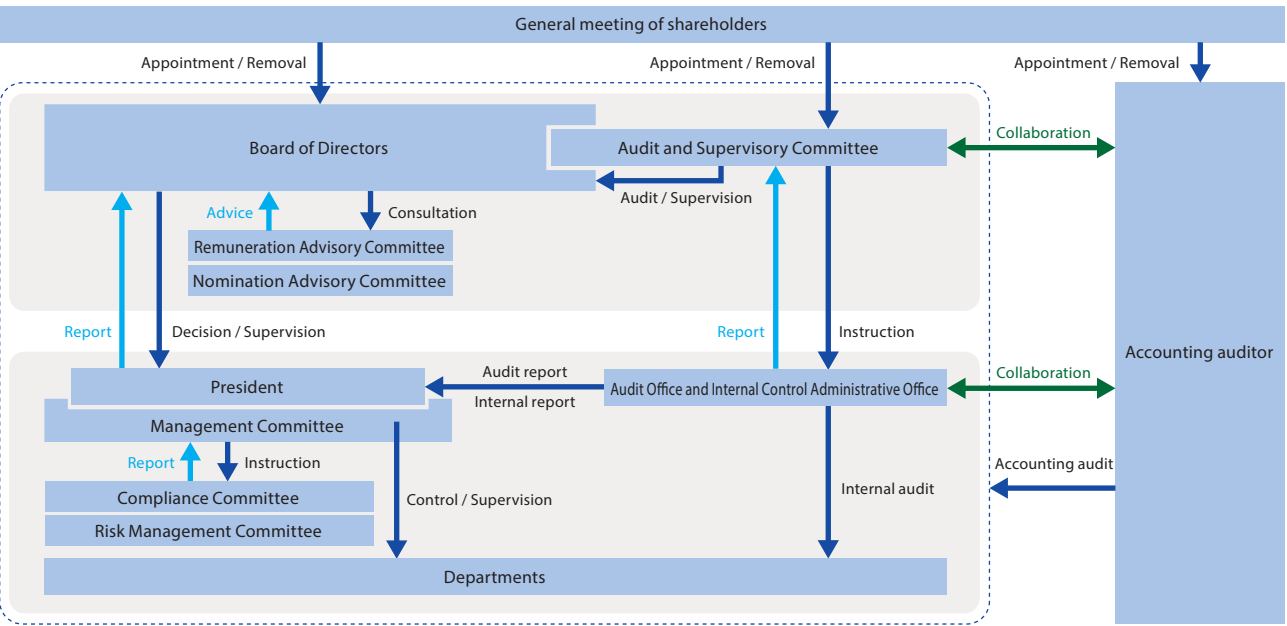
Corporate Governance

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.

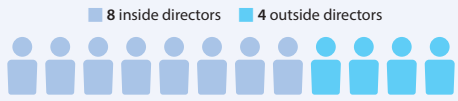
Corporate governance system

* As of November 2022



Board of Directors

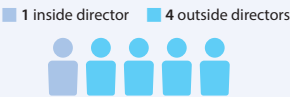
Number of meetings held
13 times



Percentage of independent outside directors
33%

Audit and Supervisory Committee

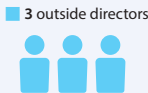
Number of meetings held
14 times



Percentage of independent outside directors
80%

Nomination Advisory Committee

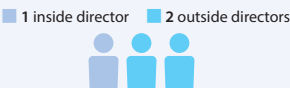
Number of meetings held
7 times



Percentage of independent outside directors
100%

Remuneration Advisory Committee

Number of meetings held
3 times



Percentage of independent outside directors
67%












* The number of meetings held between the time after the 70th term annual general meeting was held on June 29, 2021 and the time before the 71st term annual general meeting was held on June 27, 2022 * The number/percentage of directors: as of November 2022

FUKUSHIMA GALILEI has become a company with an audit and supervisory committee to facilitate a faster and flexible decision-making process, to further improve business management strategy discussions, and to strengthen its oversight function. We have the Nomination Advisory Committee and the Remuneration Advisory Committee, whose members are predominantly independent outside directors, to review particularly important matters, such as the nomination and remuneration of senior management and directors. The committee members provide valuable advice to the company.

Progress in Strengthening Corporate Governance

	2008	2015	2018	2020	2021	2022
Structure	●The Risk Management Committee was established.	●Outside directors were appointed.	●The Nomination Advisory Committee and the Remuneration Advisory Committee were established.	●FUKUSHIMA GALILEI was converted into a company with an audit and supervisory committee. ●The Compliance Committee was established.		●The Executive Officer System was introduced.
Other			●The assessment of the effectiveness of the Board of Directors was started. ●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.	●The policy for determining individual directors' remuneration was developed. ●The disclosure policy was developed. ●Sustainability initiatives were disclosed. ●The Compliance Guidelines were revised. ●The criteria for the independence of outside directors were developed.	●The Restricted Shares Remuneration Scheme was introduced. The Officer Retirement Benefits Scheme was abolished.

Officers and Skills Matrix

							
Name		Yutaka Fukushima	Go Fukushima	Akira Fukushima	Mitsuru Katayama	Kenji Nagao	Kozo Mizutani
Title		Chairman and CEO	President, Executive Officer, and COO	Director, Vice Chairman, and Executive Officer	Director and Managing Executive Officer	Director and Managing Executive Officer	Director and Senior Executive Officer
Committee (Chairman, committee chairmen)	Board of Directors	⊙	○	○	○	○	○
	Management Committee	○	⊙	○	○	○	○
	Audit and Supervisory Committee						
	Nomination Advisory Committee						
	Remuneration Advisory Committee	○					
Director's expertise, experience, and knowledge	Business management	○	○	○	○	○	○
	Marketing and sales	○	○	○	○	○	○
	Manufacturing, research and development, and IT	○	○	○		○	
	Cosmopolitanism	○		○			
	Finance and accounting	○					
	Personnel and human resources development	○		○	○		
	Legal and risk management	○					
	Addressing sustainability ^{*1}	○	○			○	
	Embracing the GALILEI Philosophy ^{*2}	○	○	○	○	○	○
							
Name		Tatsuo Hino	Hiroshi Takeuchi	Takeshi Horinouchi	Takao Fujikawa	Keiichi Yodoshi	Eriko Nashioka
Title		Director and Senior Executive Officer	(Audit and Supervisory Committee Member) Outside Director	(Audit and Supervisory Committee Member) Director	(Audit and Supervisory Committee Member) Outside Director	(Audit and Supervisory Committee Member) Outside Director	(Audit and Supervisory Committee Member) Outside Director
Committee (Chairman, committee chairmen)	Board of Directors	○	○	○	○	○	○
	Management Committee	○	○	○			
	Audit and Supervisory Committee		⊙	○	○	○	○
	Nomination Advisory Committee		○		⊙	○	
	Remuneration Advisory Committee		○			⊙	
Director's expertise, experience, and knowledge	Business management	○	○		○	○	○
	Marketing and sales		○	○	○		
	Manufacturing, research and development, and IT			○		○	
	Cosmopolitanism				○	○	
	Finance and accounting	○	○		○		○
	Personnel and human resources development	○	○				
	Legal and risk management	○	○		○	○	○
	Addressing sustainability ^{*1}					○	○
	Embracing the GALILEI Philosophy ^{*2}	○	○	○	○	○	○

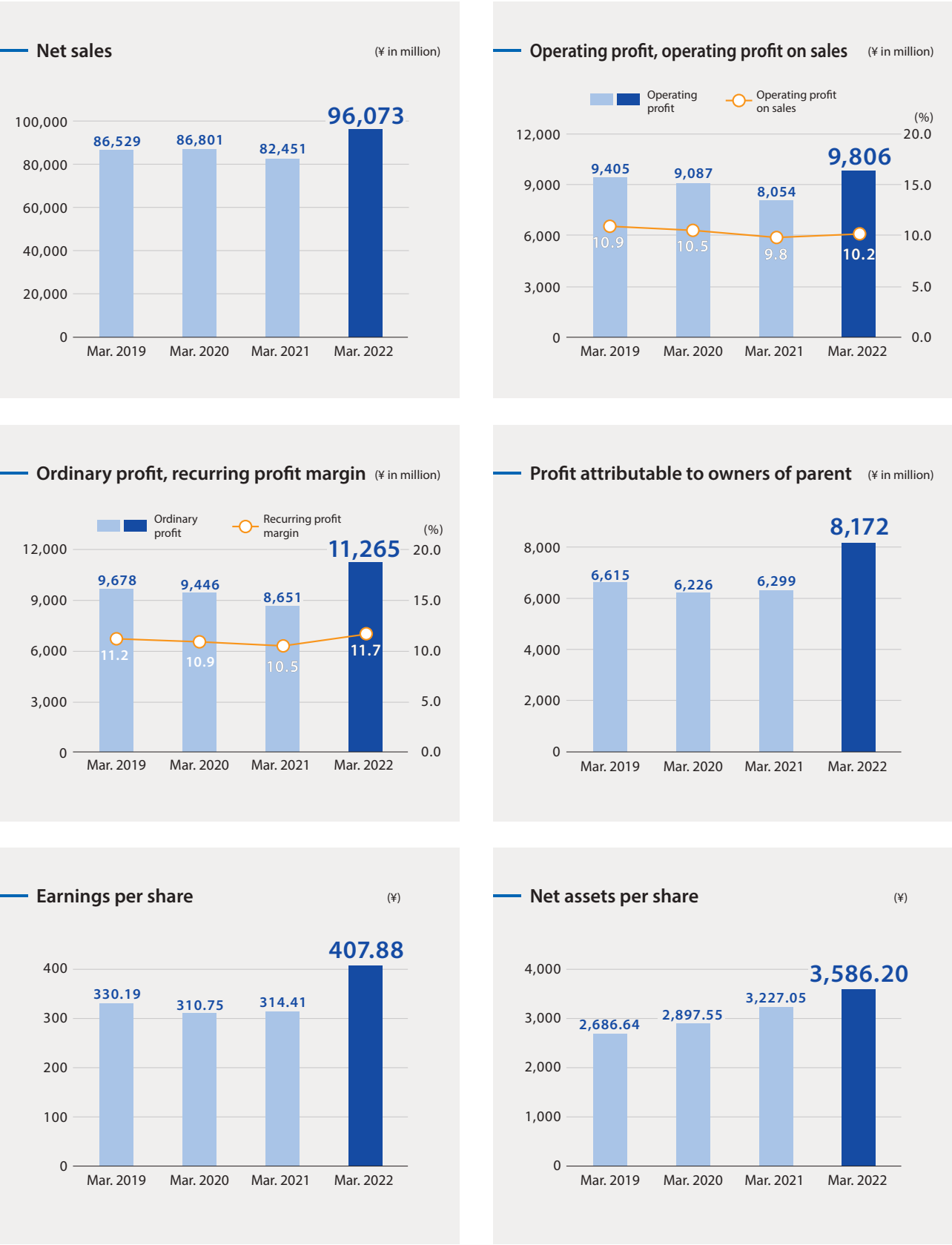
The above list shows the expertise, experience, and knowledge that FUKUSHIMA GALILEI specifically expects from its officers.
*1. To FUKUSHIMA GALILEI, addressing sustainability means making strategic efforts to address and deal with the sustainability of society and the global environment (e.g., diversity, the environment, resources), including ESG and CSR activities, and to be a "Happiness Creation Company."
*2. The GALILEI Philosophy is the universal guiding principles that encompass our corporate philosophy, vision, and code of conduct. We expect our officers to embrace it and to be positive role models for the employees.

Please see the Corporate Governance Report for more information about our approach to corporate governance and our policy for addressing the Corporate Governance Code and implementation status.

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



Financial Highlights



Company Profile and Stock Information

Company profile

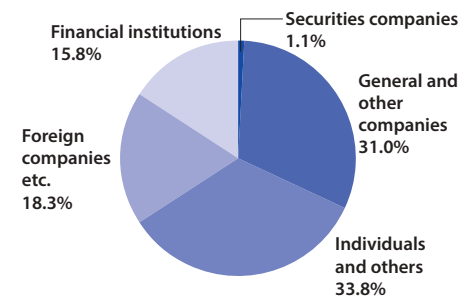
Trade-name	FUKUSHIMA GALILEI CO. LTD.
Foundation	December 8, 1951
Capital stock	2.76 billion yen
Number of employees	2,320 employees on a consolidated basis and 1,800 employees on a non-consolidated basis as of March 2022
Business year	From April 1 to March 31 the following year
Annual general meeting of shareholders	June
Location of head office	2-6-18 Takeshima, Nishiyodogawa, Osaka City, 555-0011
Listed stock exchange	Prime Market, Tokyo Stock Exchange (stock code: 6420)

Stock information As of March 2022

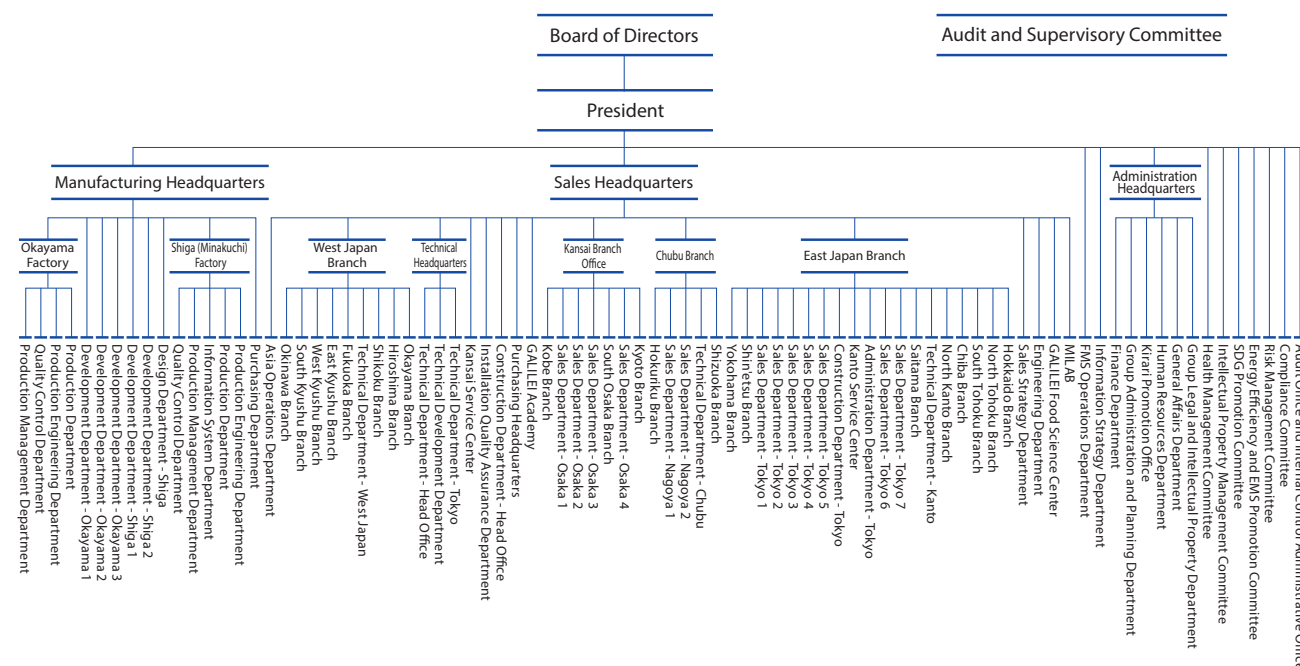
Total number of authorized shares, total number of issued shares, total number of shareholders

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	5,953 persons

Distribution of shares by shareholder

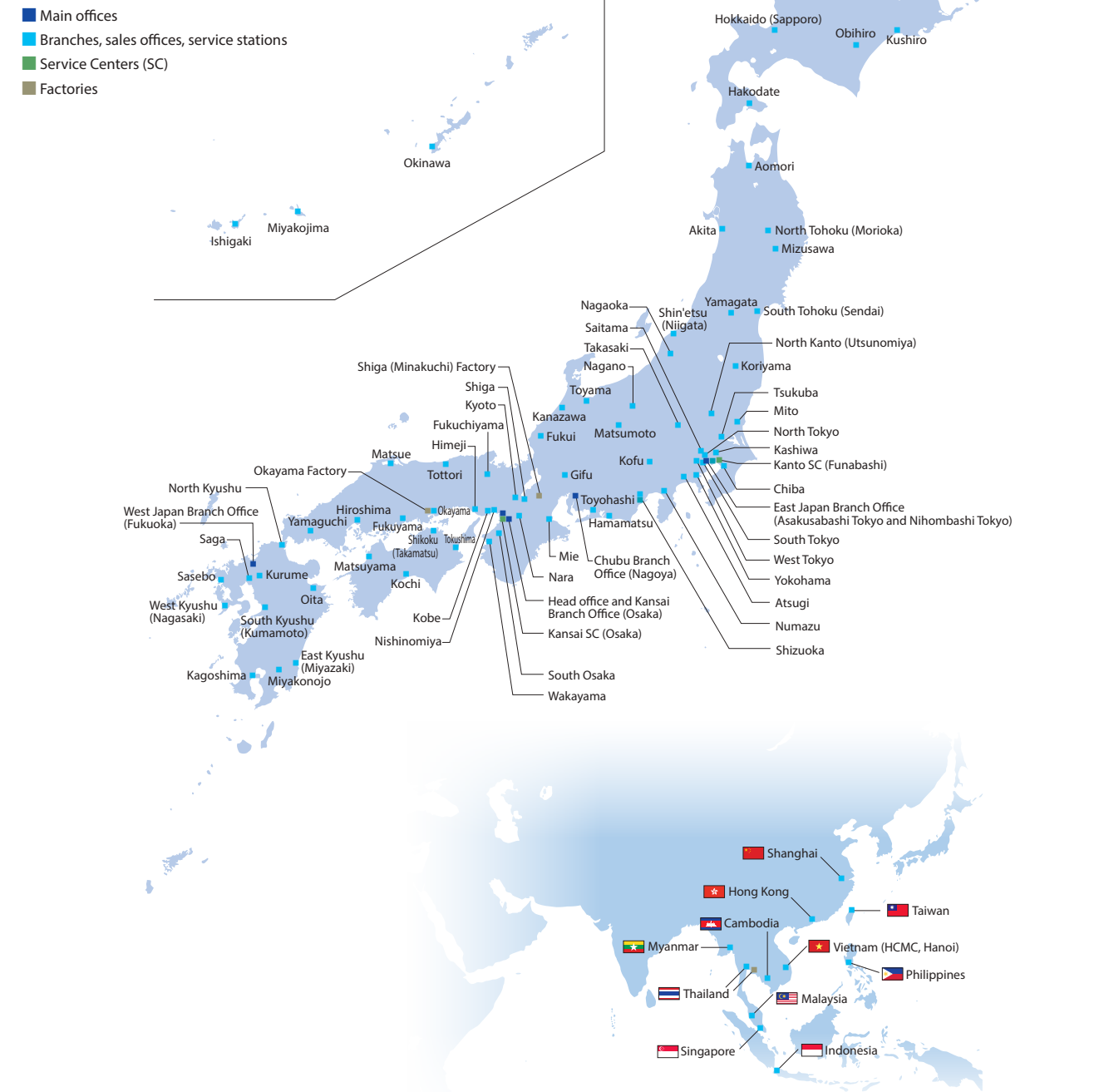


Organizational chart As of March 2021



CORPORATE DATA

Offices, Branches, and Group Companies

Offices (November 2022)

List of group companies

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