

Key Strategy: SDG and People

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



Commitment

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

Specific action

Environment Action 2030



Commitment

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

Specific action

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



Commitment

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

Specific action

GALILEI Global Vision 2030



Commitment

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

Specific action

GALILEI Academy



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

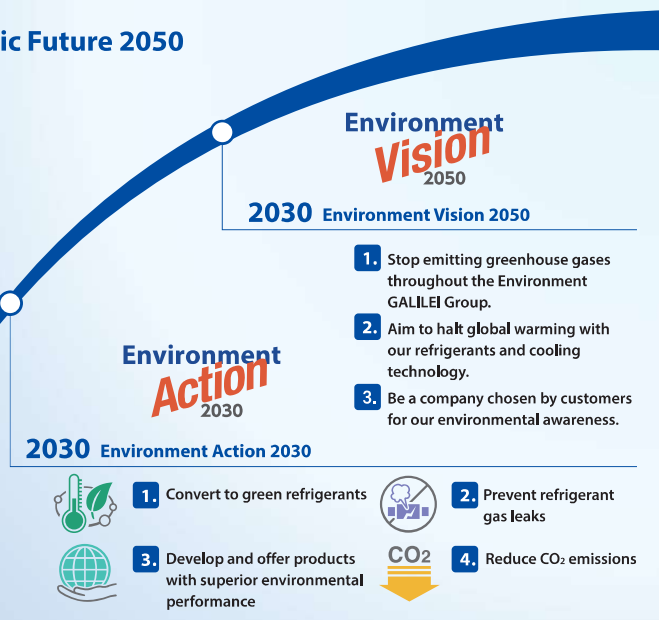
Sustainable Vision: Dramatic Future 2050

The GALILEI Group has developed a sustainable vision, “Dramatic Future 2050,” in anticipation of its 100th anniversary in 2051, and strives to achieve net zero greenhouse gas emissions.

We have also established the Environment Vision 2050. Specific actions to combat climate change are outlined in the Environment Action 2030.



2021
“Dramatic Future 2050” developed



Example of a Transition to Green Refrigerants

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



Takeshi Shinmyo
General Manager
Development, Okayama



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

Example of Using Digital Technology

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

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



Makoto Sato
Acting General Manager
Technical Development Department



Predicting failures: What I've learned in my workplace

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

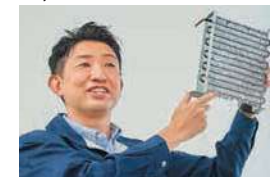


Maintenance engineer shortages are one of our social issues. To solve this problem, we aim to train highly skilled professionals as soon as possible and build a sustainable cold chain.

Example of GALILEI Academy Activities

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

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



Takashi Sakao
Manager
GALILEI Academy



The key to reducing food loss: Keep cooling technology going

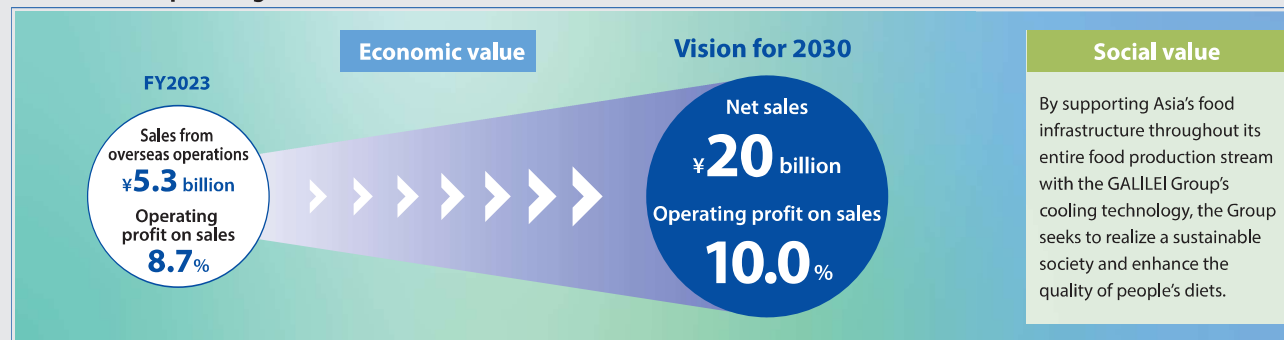
I had an opportunity to give a lecture to high school students at the 22nd Nikkei Education Challenge for SDGs. At the seminar, I communicated the fact that producers, distributors, and cooling technology support the essential food infrastructure we all rely on. I shared my personal experience in maintaining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



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

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

Value creation planning



Growth strategy

1 Contribute to the realization of a sustainable and robust society

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

2 Promote solution business that connects with customers

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

3 Foster the Group's engineering capabilities

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

Key theme

Be a leading company in the refrigeration market in Asia

Key area

Expansion to third countries such as Southeast Asia and India

Solid business foundation

Marketing

Technical development and design capabilities

Human resources enhanced by strengthening diversity management

Commitment



Akira Fukushima

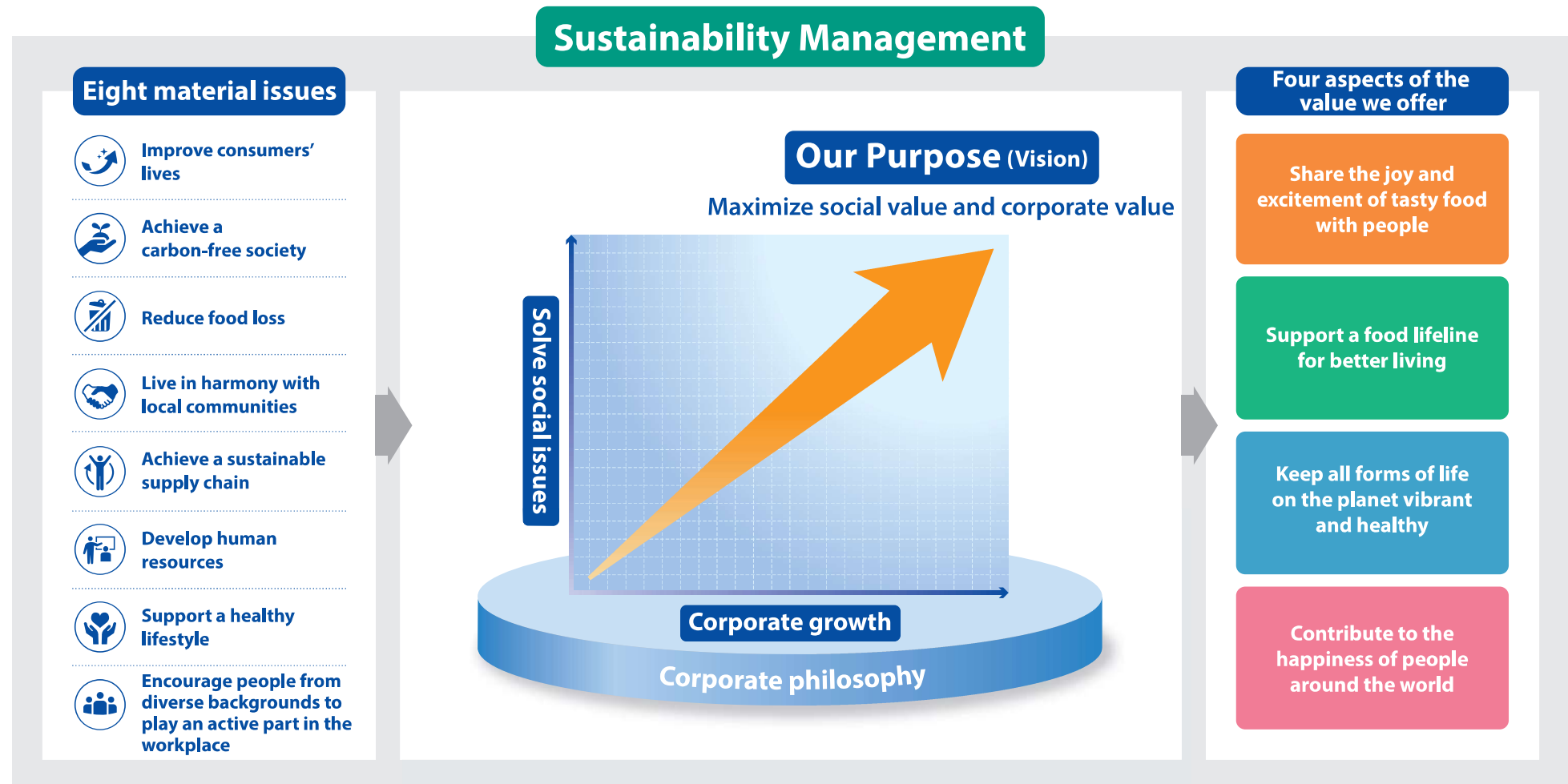
Executive Officer in charge of Asia Operations
Director
Vice Chairman and Executive officer

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

Sustainability Management

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

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



Group Synergy

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

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

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

Nippon Senjoki K.K. ▶ P.18

Contributing to the improvement of productivity in the food service industry

Showcase Operations ▶ P.19

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

Medical Science Operations ▶ P.20

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

Food Service Operations ▶ P.17

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

Overseas Operations ▶ P.26

Bringing food safety and security to Asian countries with Japanese quality

GALILEI

Group synergy

Service Operations ▶ P.21

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

Engineering Operations ▶ P.22

Create a better future by maximizing group synergies

GALILEI PANEL CREATE CO. LTD. ▶ P.23

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

SHOKEN GALILEI CO. LTD. ▶ P.25

Develop optimal production lines for customers in an integrated manner

TAKAHASHI GALILEI CO. LTD. ▶ P.24

Forward-looking product development to create the future

Group synergy creates new value

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

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



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

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



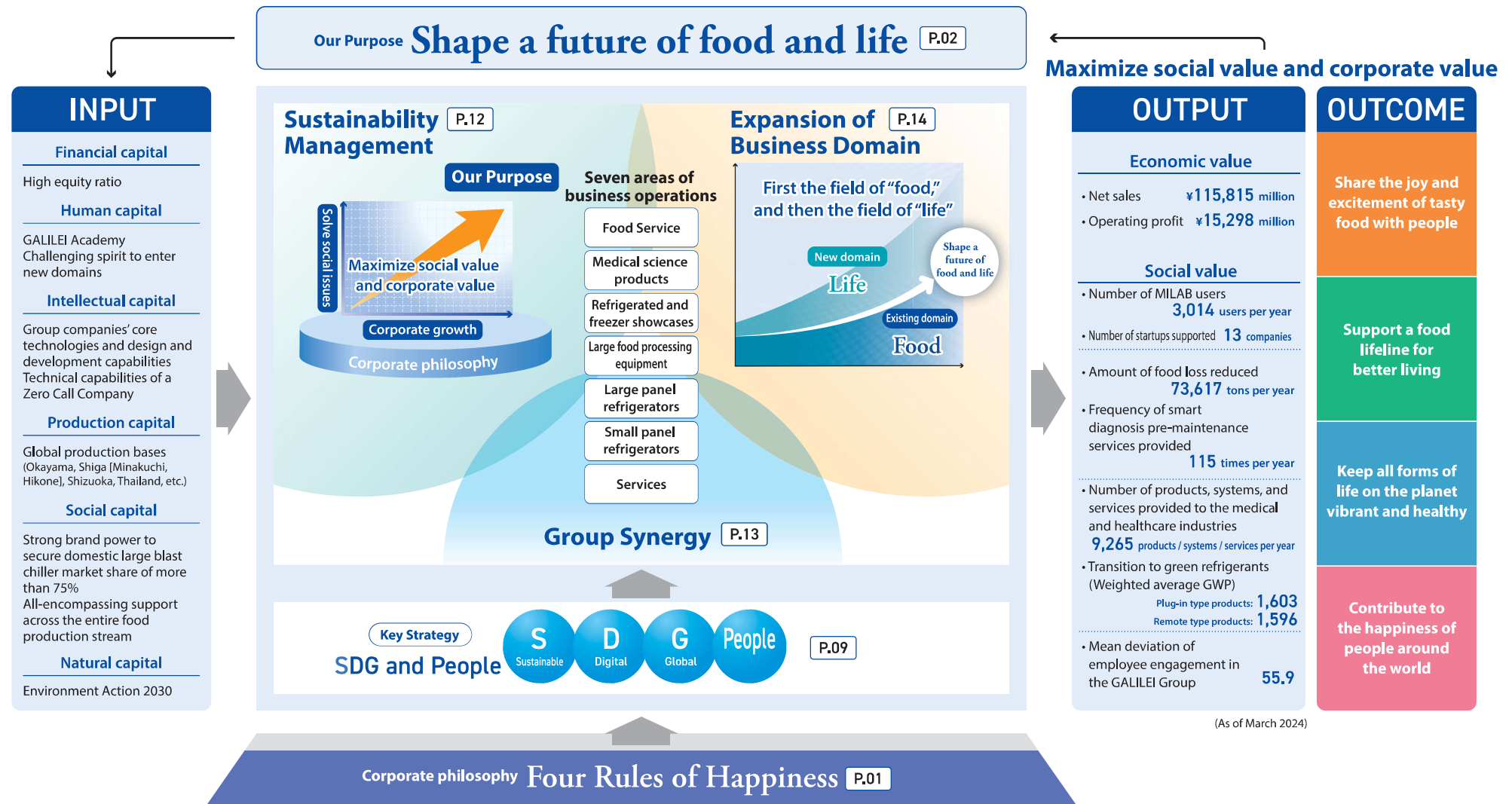
Expansion of Business Domain

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



Value Creation Model

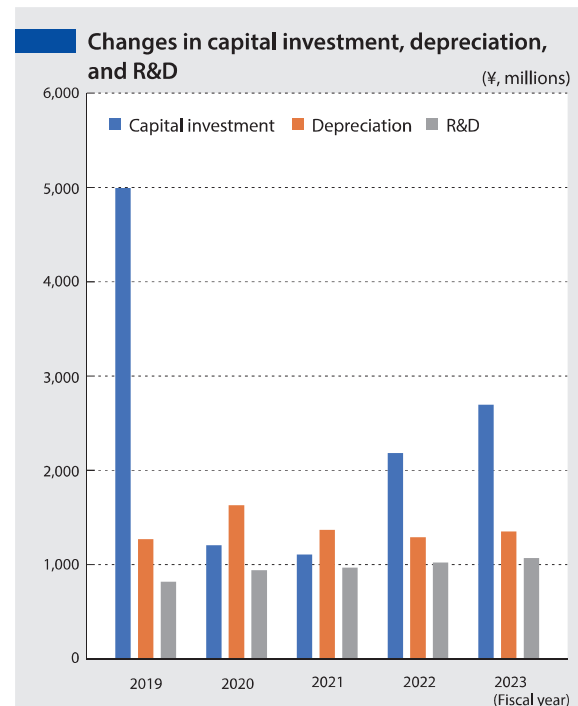
At the GALILEI Group, we seek to solve social issues through our business activities and expand business domains by leveraging our unique strengths, based on our cherished corporate philosophy, the Four Rules of Happiness, in order to achieve the purpose, “shape a future of food and life.” We aim to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



Financial Strategy

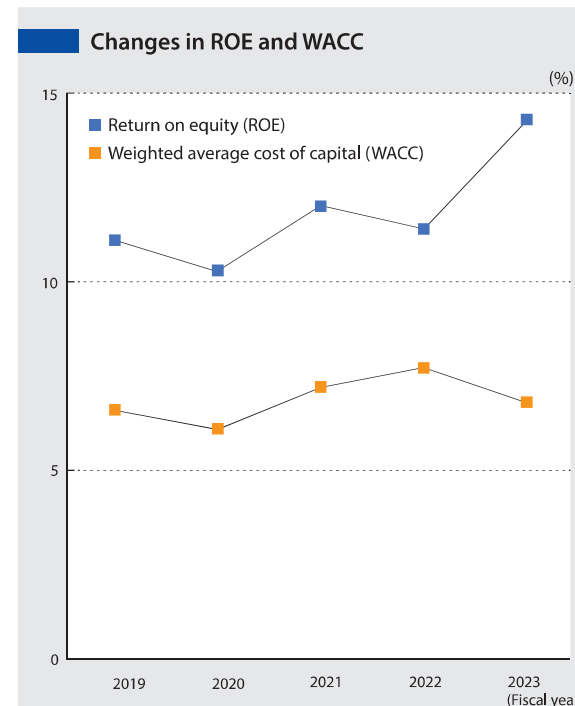
Proactive investment for further growth

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



Managing business with an emphasis on WACC and share prices

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



Shareholder return policy

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

