

# GALILEI

FUKUSHIMA GALILEI CO. LTD.

Integrated Report **2019**





# Be cool, Be alive.

The power of cooling is the power of life.

Keeping life fresh.

Making good things taste even better.

Taking our message to the world.

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

## CONTENTS

- 03 President's Message
- 04 Corporate Philosophy
- 05-06 GALILEI Group Synergy
- 07-08 History and Sales Trends
- 09-10 GALILEI Brand
- 11-12 A Model for Value Creation

### About the Company

- 13-14 Nature of Business and Sustainable Development Goals
- 15-16 Refrigerator and Freezer Operations
- 17-18 Showcase Operations
- 19 Engineering Operations
- 20 GALILEI PANEL CREATE CO. LTD.
- 21 TAKAHASHI GALILEI CO. LTD.
- 22 SHOKEN GALILEI CO. LTD.
- 23 FMS Operations
- 24 Service Operations
- 25-26 Foreign Operations

- 27-28 Environmental Policy
- 29-30 Environmental Record
- 31-32 Social Engagement
- 33-35 Corporate Governance
- 36 Financial Highlights
- 37 Consolidated Balance Sheets
- 38 Consolidated Statements of Income
- 39 Consolidated Statement of Changes in Net Assets  
Consolidated Cash Flow Statement
- 40 Company Profile and Stock Information
- 41 Company Officers, Branches, and Group Companies



President’s Message

Fresh innovations rising from our unchanging orientation towards technology and our philosophy of making the impossible possible

Yutaka Fukushima, President

Our field of operations has expanded to encompass the field of food, from the downstream to the upstream We now make a new start under the united "Galilei Brand"

With 68 years of history behind it since its founding in 1951, as of December 3, 2019, Fukushima Industries Corp. changed its name to Fukushima Galilei Co. Ltd. Furthermore, our new corporate premises, known as "Factory Number Three", has been completed, and will be a place to connect people and create knowledge and know-how, providing us a start under the unified "Galilei Brand" along with all the other companies in the group.

We will continue to take on new challenges with our unchanging orientation towards technology, using the "cooling" technology that is at our core to guard the safety and security of food, while continuing to polish our attitude of looking from the viewpoint of the consumer. The fields of business that the Galilei Group operates in has expanded greatly over these past 10 years. Increasing possibilities and stabilization of our business results has been achieved by building a cold chain that encompasses the technological and product strengths of the group, enabling us to provide total support for food from the downstream, through the mid-stream and on to the upstream.

We will continue to want to make more than just things. "Market synergies" will enable us to uncover new needs, we will take advantage of the "technological synergies" available through collaborations with other people and corporations, and we will be in the forefront of bringing truly new innovations to the industry. There is no better guiding principle to achieve this than our new company and brand name, "Galilei". Our name of course is derived from that great man Galileo Galilei, who overturned the thinking of his time with his theory of heliocentrism. Even though he was treated as a maverick and suffered religious persecution, his philosophy of making the impossible possible was behind his refusal to give up.

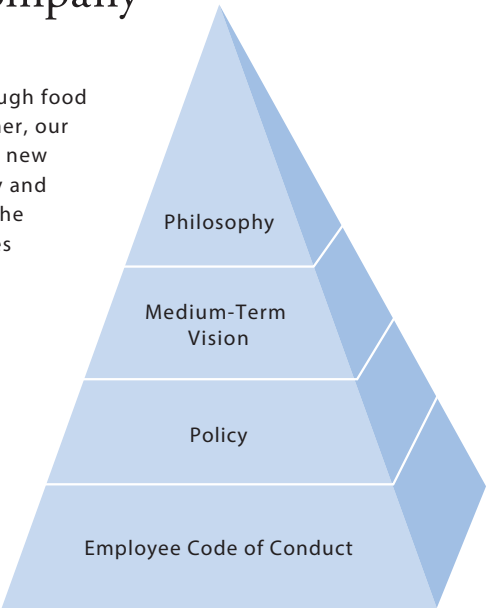
The science of improving technology is of course important to we manufacturers, but just as important is this philosophy of making the impossible possible. The Galilei Group will not be held back by stereotypes, but rather we will continue to get involved, go deeper, and come up with completely new products and concepts.



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

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

As part of our efforts to conserve the global environment, we are endeavoring to make all our products long-lasting and power-saving. The entire company is engaged in efforts to reduce CO<sub>2</sub> emissions, reduce food-loss with our advanced freezing and defrosting technology, and making extreme efforts to solve the issue of refrigerant gases. The entire group is also pressing forward boldly with our Sustainable Development Goals (SDGs), aiming to become a company that contributes positively to global development and harmony.



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

Charter of Corporate Behavior

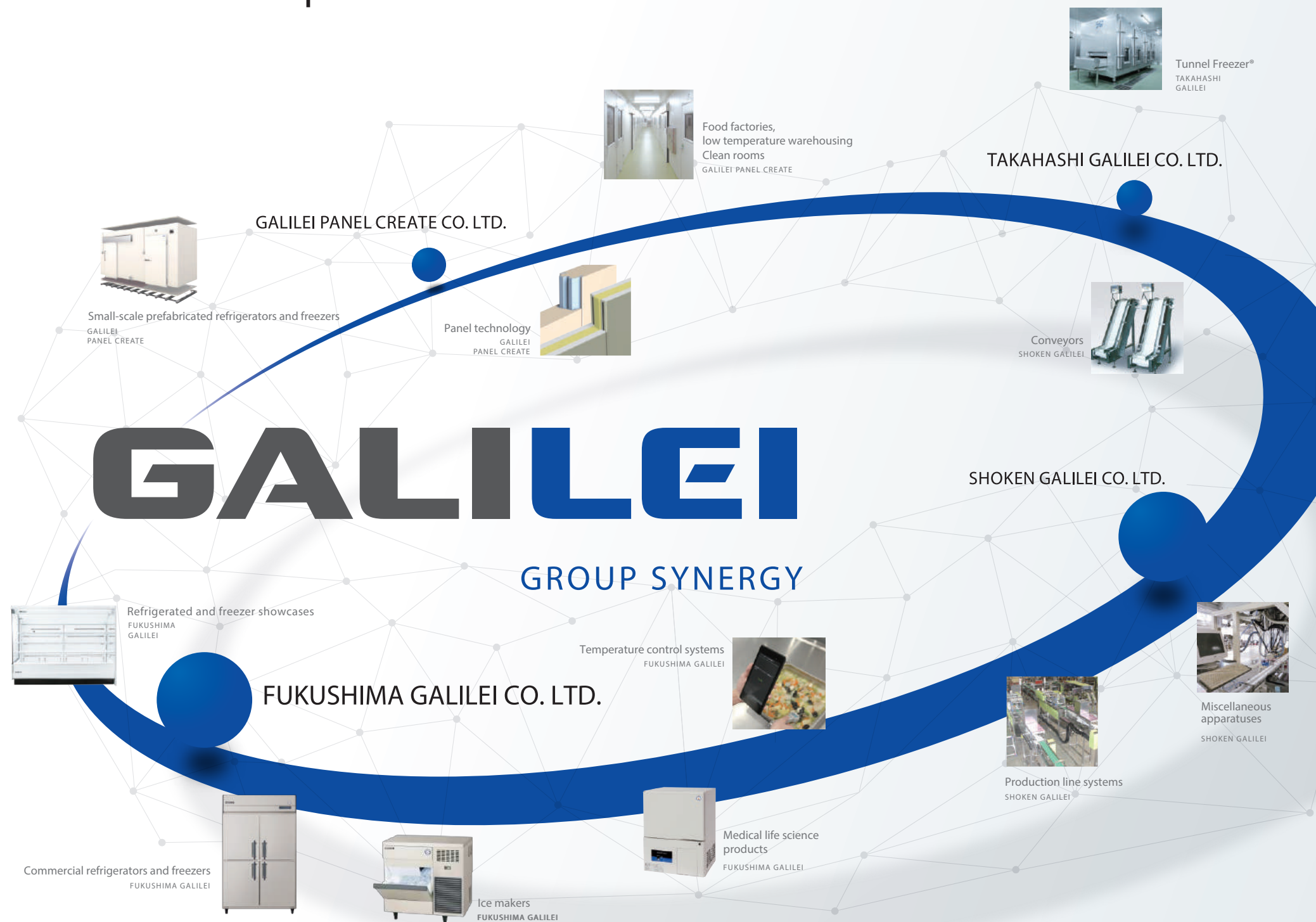
- Food Safety and Security
- Pursuit of Customer Satisfaction
- Environmental Conservation
- Social Engagement
- Global
- Legal Compliance
- Fair and Free Transactions
- Respect for Employees
- Disclosure of Information
- Information Management
- Attitude Towards Antisocial Organizations

Employee Code of Conduct

- Food Safety and Security — Safe and secure food, anywhere, anytime
- Customer oriented, Customer focused — Become immersed in the customer experience
- Teamwork — Test your limits with Team Galilei
- Creativity and Vision — Boldly challenge into the future
- Education — Develop people and cultivate yourself
- Adhere Strictly to Rules — Do what is expected, as expected



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



Guarding consumer food safety and security  
A synergy only the Galilei Group can provide

As pioneers in the future of food and life, the future that the Galilei Group is striving for is one in which we can bring the happiness of food to the world and abundance to people's lives. We can respond to the diverse needs of our customers and guard the food safety and security of the consumer by using our cooling power that we have cultivated over many years and our advanced engineering capabilities. The synergies born from the fusions of each of the characteristics of the companies in the group and our core technologies enable us to provide complete support throughout the entire food production stream.

#### POINTS

##### The Benefits of the Group Synergy

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

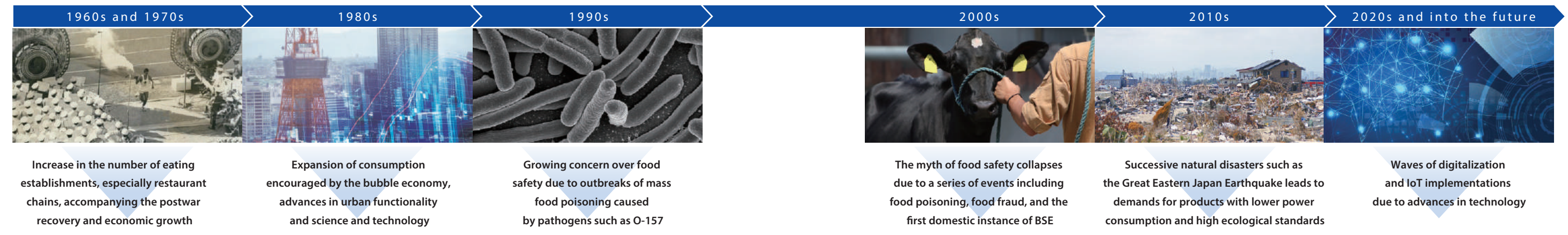


A place to bring together people with people, people with technology, and technology with technology

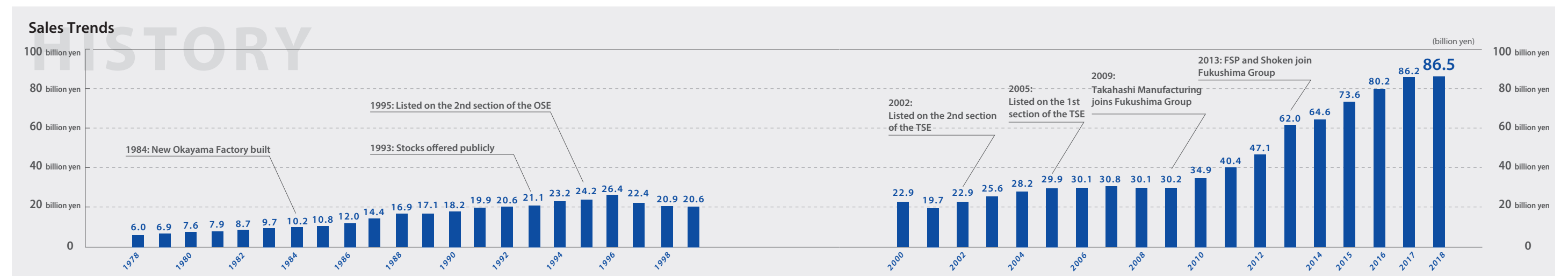
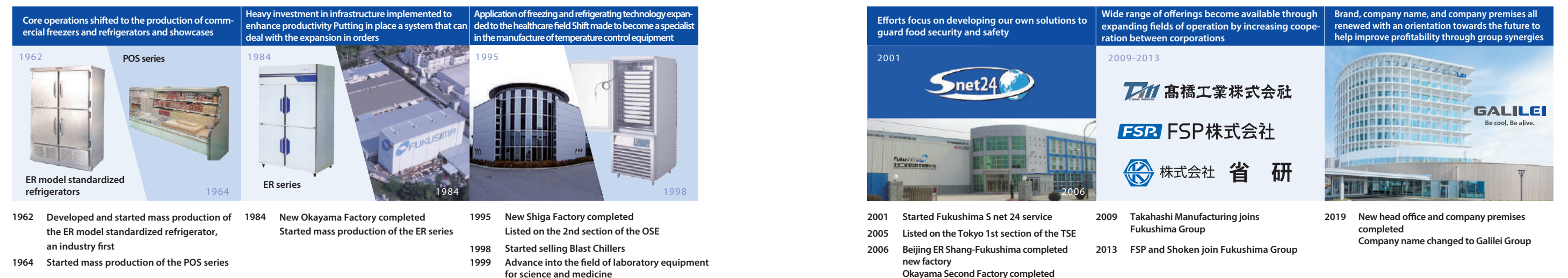
The member companies of the Galilei Group have been brought together at the new head office building recently completed at Takeshima in the Nishiyodogawa ward of Osaka, and there they allow their various operations to cross over, thereby making it an important base for creating new values. At the same time, on the 1st, 2nd, and 8th floors, the "MILAB" was brought into existence to be a place for people to take on the starring role in the "making of concepts". It is not just a place for our employees, but rather a place where people from different fields, such as our customers, other enterprises such as our suppliers, universities, research facilities, and entrepreneurs, can gather, interact, and collaborate to develop technologies and ideas that do not yet exist in the world. This will enable us to go beyond the field of food to create the knowledge and know-how we will need for fresh innovations for the future, bring forth new products and services, and solve the issues faced by our customers and society.

# Our History - From Fukushima Industries to Fukushima Galilei

## Changing Societal Issues and Needs



## Solutions Provided by the Galilei Group





Senior Managing Director;  
General Manager,  
Sales Headquarters

Go Fukushima



## "GALILEI", our new banner, ties the entire group together in our quest for enduring growth

From Fukushima Industries to Fukushima Galilei, and from the Fukushima Group to the Galilei Group. The planning for a complete renewal of the company name, and brand name began back in 2016. The three people talking about their dreams in a single room at the head office of Fukushima Industries were not initially considering the outrageous step of changing the company name, but rather were talking along the lines of a branding change that would sweep away the impression people had of the company, particularly considering the broadening of the fields of operation conducted by the group as a whole. "The GALILEI Brand is not content with the status quo, but rather represents a constant drive for improvement and a strong will to achieve enduring growth," relates Go Fukushima, Senior Managing Director, who lead the way towards the new GALILEI brand name and the "Be cool, Be alive" banner.

# GALILEI

## Be cool, Be alive.

### Towards becoming a group of companies that can commit to the concept of being *alive* from our foundations built with our *cool* technology

The fields of operations that the entire group is involved in have broadened from commercial refrigerators and freezers and retailers with showcases to food factories, food distribution, and facilities in the health services sector. It was my opinion that we needed a completely new brand that would become our banner that could appeal to people inside and out of the company, both domestically and overseas, that our strengths were the total solutions we boasted as a company. I put this to my colleagues a number of times. Just changing the company and group names is a big enough challenge, but this is not to deny the 50 years of history of each member company. It is because we are standing on the foundations built up scrupulously and steadily by each member company that we are able to create new value.

Before the brand name "GALILEI", the brand message "Be cool, Be alive" was decided upon, and it is in these words that the mission we are charged with is condensed. Let's look at "cool" first. Companies in the group have a strong connection with

the technology of "cooling", even if it doesn't apply to all of the operations we are involved with, and we have made it our business to get better at designing, developing, selling, and maintaining it. It is part of the DNA of this company, and one thing that will not change is our commitment to support "food" abundance via our "cool" technology. And so it is that being involved so deeply with the infrastructure for food that we must also be stylish, "cool". Next is this strong desire to be a group of companies committed to contributing to the concept of being "alive". We must become a company that can commit to the various ways the concept of being *alive* is expressed; the philosophy we have for food, a requirement for people to live: our care for health and life due to the fact that we are alive because we eat: and our thoughts for our planetary environment which nurtures life. The changes and advances we must make to achieve this are indispensable for our enduring growth.

### — A hub to create new value and strategies

It is important to create the potential for growth together with the company employees so that we can enhance the cohesion of the companies in the group and strive to become a company that will last for a long time. Furthermore, in order to deliver both the value we have had in the past and the value we will have into the future, I think it is important that we continue to be a company with unique qualities. One of the activities we have undertaken to achieve this is "MILAB", a laboratory for the future recently completed at our new company premises. The first floor is a space where visitors can experience the entirety of the hardware and software that the Galilei Group has to offer. The second floor is where I expect to see innovations being born, through interactions between employees, students, teachers, suppliers, and people from other spheres, that will bring new value and business strategies based on the concept of Osaka, the gourmet town, once known as Japan's kitchen. "MILAB" was envisaged from the outset of planning to be a space where weight was given to value. However, as preparations went on, I began to come to the realization that this too was a place to develop people. In the process of putting shape to ideas that previously did not exist, where people from a variety of fields and generations gather and conversations are generated, there is toil and failure. But these are precisely the ingredients required to properly cultivate human resources. It is through the interdisciplinary interactions that occur at "MILAB", not just the synergies that occur within our group with its various operations and variety of human resources, that we can nurture new realizations, possibilities, stimulations, values, human resources, and communities. We will make the most from "MILAB", with its combined functionalities of creating value and nurturing human resources, to create the "concepts" that will benefit both our customers and society.



### — The opportunities to take on new challenges are increasing

Honestly, I feel excitement and anticipation, mixed with a little bit of apprehension. But there is also this huge sense of expectancy, that there is momentum towards a new challenge. Products, systems, and advertising alone are not going to help expand our new brand from here on. Rather, it will be "people". And not just the people that work here. To grow into a truly strong group, it is important that we include everyone that shares this excitement and anticipation, everyone involved. We need to transition from being that power behind the scenes to increasing our value as a company by being a partner that can solve problems in tandem with our customers, and thereby contribute more broadly to society.

# A Model for Value Creation

## GALILEI GROUP VALUE CREATION MODEL

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

As supporters of the food lifeline that is essential to our daily lives, the Galilei Group will continue to expand our fields of operation and further evolve our cooling technology so that we can improve the quality of diet throughout the world. We will be a company that fulfills its societal responsibilities by contributing to a sustainable society, while accelerating our shift to being a smart company, and continuing to grow while, as a leading company in the global food business, at the same time continually generate innovations.





# Nature of Business and Sustainable Development Goals

GALILEI GROUP BUSINESS

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

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



## GALILEI GROUP

### GALILEI PANEL CREATE CO. LTD. [P20 >>](#)

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



### TAKAHASHI GALILEI CO. LTD. [P21 >>](#)

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



### SHOKEN GALILEI CO. LTD. [P22 >>](#)

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



# GALILEI GROUP SDGs

## GALILEI GROUP SDGs declaration

At the GALILEI GROUP, we approve of the purpose behind the "Agenda for Sustainable Development Goals (SDGs) by 2030" and aim to realize the happiness of citizens, customers, employees, shareholders, and business partners by balancing the pursuit of corporate economic value with the resolution of social issues.

### Declaration | 1

#### Improve the quality of people's eating habits

- ▶ Pursue food safety and security
  - Suppress the proliferation of bacteria with rapid cooling and thawing technologies
  - HACCP support system
  - Innovation originating from MILAB
  - Engineering business which provides complete proposal, design, and construction services

#### ▶ Reduce food loss

- Maintain food freshness with the cold chain
- Extend the expiration date with Tunnel Freezers

<Supported SDGs>



### Declaration | 2

#### Take better care of the global environment

- ▶ Adjust to and mitigate climate change
  - Convert to low GWP and natural refrigerants
  - Aim for refrigerant leak detection systems and 10-year refrigerant leak warranties

#### ▶ Contribute to sustainable regional environments

- Product-as-a-Service utilizing IT
- LCA-conscious product development
- Pursue energy conservation

<Supported SDGs>





## Refrigerator and Freezer Operations

GALILEI GROUP BUSINESS

Through the sale of high quality and high value-added commodities, we provide products and systems that enhance customer value



Director and Head of FS Operations  
**Kozo Mizutani**

### Temperature control technology and product performance that we have cultivated since our foundation

Since our foundation in 1951, Fukushima Galilei's commercial refrigerators and freezers have played an important role in keeping food fresh, thereby ensuring food safety. We were the first in the industry to manufacture standardized commercial refrigerators and freezers, and our product variation, our energy conservation and temperature control technologies, and the environmental compliance of our refrigerant gases have steadily advanced along with the times. Fukushima Galilei's cooling technology will continue to fulfill the needs of countless customers into the future. We will also continue to refine our tempera-

ture monitoring systems that support HACCP institutionalization.

'Refrigerator and freezer operations are the DNA of our business. Since the 1970s, when Japanese people came to embrace a culture of eating out, the demand for refrigerators and freezers has grown significantly. We aim to play a major role in not just the restaurant industry, which currently has a market value of 25 trillion yen, but also the ready-made meal industry, which has grown to over 10 trillion yen, and other food-related business.'

### Leveraging the capabilities of our group as a whole to deliver solutions to our customers

The key to tapping the synergy of the entire Galilei Group is better proposals that consider requirements for kitchens as a whole. 'Not just restaurants but schools, hospitals, facilities for the elderly, supermarkets and food processing plants all have kitchen facilities, in which refrigerators and freezers are essential components. Our approach is to provide a one-stop service that synthesizes the capabilities of the entire Galilei Group while heeding the demands of our customers, who are our end users. We will continue to accumulate knowledge and know-how and enhance the value of each of our areas of business with a view to resolving the myriad of issues faced by our customers.'



### Further proposals for high value-added products such as blast chillers and new-model ice makers

Our track record in selling commercial refrigerators and freezers, which were the starting point of Fukushima Galilei's business, has in recent years been joined by growing sales of ice makers. Our new MIRACLEAR brand of cube ice makers, which was developed with a focus on energy conservation, durability, functionality and ease of maintenance, is garnering high praise and has been introduced in various markets. Our ice makers and other high value-added products developed using Fukushima Galilei's advanced technical capabilities are expected to become even more popular in the future.

'Our refrigerator and freezer operations go beyond simply preserving food at appropriate temperatures. One example is "cool cooking" which uses blast chillers and shock freezers to highlight the importance of the cooling process. "Cool cooking" is the concept of ideal temperature control during cooking in order to ensure food safety and enhance cooking quality and efficiency. It aims to enable food to be served in its optimal state. In addition, our stepped defrosters thaw food with few drips within a fixed time period while preserving its quality. Furthermore, our dough conditioners create the perfect environment for bread dough by accurately controlling the temperature and humidity during all steps from freeze-preserving through to defrosting. These types of high value-added products will bring new value to the market by not only revealing the chemical structure behind delicious foods but also enabling us to work alongside our customers to develop products with new functionalities for processing food.'

POINTS	
<b>Fukushima Galilei's high value-added products</b>	
 Ensuring food safety by rapid chilling <b>Blast chillers/ Shock freezers</b>	 Suggest the ideal leavening time for bread dough <b>Dough conditioners</b>
 Defrost food within a fixed time while preserving its quality <b>Defrosters</b>	 Provide high functionality at low energy consumption Make translucent ice <b>Ice makers</b>

### A new base for creating synergy between companies, universities and people around the concept of food

Fukushima Galilei's advanced temperature control technology contributes to food safety for the benefit of all stakeholders, from producers through to consumers. Our technology and track record are important factors in protecting the global environment.

'For example, vegetables remain at their freshest when stored at 4°C. The optimum temperature for preserving the quality of food applies not only to agriculture but also to the fishing and stock raising industries, and our temperature control technology can extend the freshness date and reduce food spoilage. These days, there is increasing need for time-saving products and fully cooked foods, and we can develop an approach for food processing plants through the collaboration of companies in the Galilei Group. We plan to work proactively where we can make the most of our temperature control technologies and the synergy of our group.'

A research laboratory known as MILAB will be established in Fukushima Galilei's new company building to conduct research on food, and we will partner with not only our own group companies but also universities and venture enterprises.

The future challenge for us is not simply to sell products. It will

be essential for us to broaden our operations in food-related markets. The Galilei Group will continue to pursue ways in which we can contribute to society through partnerships and information exchanges with various other stakeholders through MILAB.



On the first floor of the MILAB open space in our new company building, mainstay products from our group companies are arrayed along with the latest models from kitchen equipment manufacturers, creating an atmosphere that encourages an even deeper understanding of food.



## Showcase Operations

GALILEI GROUP BUSINESS

From creating products to creating value  
Further advances aimed at creating  
inviting and environmentally  
friendly stores

Head of ST operations  
Manabu Oda

### Complete remodeling of our Send-you mainstay product in the pursuit of functionalities that will lead to labor saving and designs that show leading products at their best

Our showcases, which preserve the freshness of the products displayed in them at stores, are on a par with our commercial refrigerators and freezers as Fukushima Galilei's core products. We propose high-performance products that support energy saving measures and the creation of attractive stores for customers of supermarkets, convenience stores and drugstores throughout Japan.

'Since the Great East Japan Earthquake of 2011, supermarkets have rapidly introduced energy saving measures and moved toward more environmentally friendly operations. It is time for food-related retail companies and their associated equipment suppliers such as us to look beyond just the cooling temperature and technology and increase our sensitivity toward food safety. According to government policy, we must be transparent in informing customers of our intended direction on environmental issues and clearly convey plans to replace equipment and change specifications.'

It is already taken for granted that showcases will have stable cooling ability and energy saving measures, but in recent years there have been demands for even higher functionality. This term, Fukushima Galilei began selling its CLAIR Send-you series, which is a fully remodeled version of its mainstay Send-you series of refrigerated open showcases with separately installed freezer.

'The main focus of a showcase is the products displayed inside it. The CLAIR Send-you series was developed to show off products more aesthetically, with design and functionality focused

completely on the consumer. We also gave this series a complete makeover in terms of its ease of maintenance after listening to suggestions from numerous past users. Its specifications have been updated to avoid causing the user any inconvenience or unduly heavy maintenance burden. Being user-friendly, visually appealing and cheaper to run, these latest showcases are leading the charge, and we anticipate further dramatic growth.'



### Case with built-in freezer that will expand our market share thanks to its wide range of variations and high energy saving

Besides the CLAIR Send-you, which has the freezer installed separately from the main unit, we produce cases with built-in freezers that simply need to be plugged in to start cooling. Sales and market share of these cases is rising. Cases with built-in freezers do not require an outdoor unit to be placed outside the store where the cases are used, such as supermarkets, convenience stores and drugstores. Demand for the built-in type is expected to rise and we will need to focus on further product development and differentiation from competitors.

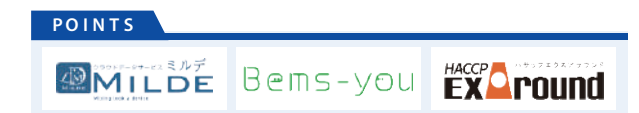
'Developed products such as these showcases are important commodities for meeting customers' various needs. The development team is focusing efforts on increasing the variations and enhancing energy saving performance to meet the Top Runner standard, so these products are increasingly promising.'

### High value-added support through digital transformation

Initiatives that are vital for enhancing customer satisfaction and providing high-quality services and support are becoming digitalized. The S net24 remote monitoring service that was introduced in 2001 was a pioneer of digitalization that enables Fukushima Galilei to be constantly connected to our customer stores via a network and use data to provide round-the-clock control of equipment such as showcases. Since then, we have continued to put effort into digital methods such as MILDE, Bems-you and HACCP EXaround that manage energy consumption via the cloud. In the future, rather than responding after an issue has arisen, it will be important to have a mechanism already in place to support the provision of required services and to help reduce the stress on customers.

'At Fukushima Galilei, we refer to these initiatives as "digital transformation" and we are actively promoting them across the

entire group. Although we are a company that creates physical objects, it will be particularly important for us in the future to create value. The added value sought by customers is limitless, some examples being remote support of unmanned stores and showcases operated by robots. Taking on challenges in this field will be essential in the future, and we intend to meet these challenges through cooperation between our group companies and other companies that have specialist technologies.'



### Challenging the task of creating entire stores will reveal new markets

To enhance consumer amenity and strengthen efforts toward environmental protection, it is vital that we work with customers to develop ideal systems for our customers' stores.

'As a supplier of showcases, our next task is to create overall pleasant stores including, for example, air conditioning equipment for supermarkets. To go beyond the mindset of simply developing products to sell, it is important that we not be bound by current thinking or business scope but consider how we are going to meet this challenge in the future. We are aware that using the IoT and supporting digitalization and unmanned stores are part of this challenge. Amid the change of company name to the Galilei Group, what is demanded of our showcase development team is not change but evolution. I think not being bound by the conventional scope of business but taking one step at a time to challenge the unknown, even if the ultimate



goal does not even exist at the moment, will lead to the discovery of new markets.'



## Engineering Operations

GALILEI GROUP BUSINESS

All companies working together  
to create a hub  
For further promoting total solutions



Vice President and Director of Fukushima Galilei  
President of Galilei Panel Create  
**Akira Fukushima**

### Industrialization a major factor behind the expanding needs of the entire market

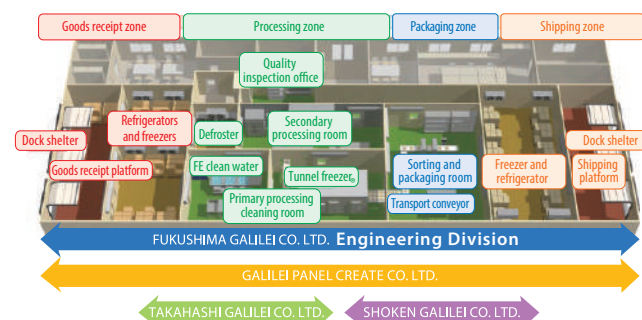
Fukushima Galilei's engineering operations strive to provide total solutions to food processing plants, chilled distribution warehouses, etc. We are expanding the market by marshaling the technological strengths of our mainstay commercial refrigerators, freezers and showcases together with those of our group companies' freezers, panels and conveyors to provide flexible proposals that realize the optimum environment for meeting customers' needs.

'With the rapid industrialization of food in the last 10 years, demand for engineering operations has steadily increased. Against this background, there has been a change in Japan's food consumption patterns accompanying women's social progress, with a nationwide rise in the number of chilled distribution bases and food processing plants that cater to the need for shorter cooking times and cooked foods. The trend toward purchasing commercially prepared foods and spending little time on meals is expected to continue in the future and we consider that the market still has some way to rise.'

The synergy of the Galilei Group is essential in producing the full range of plant facilities demanded for strict temperature control and safe food management. Our efforts are focused on strengthening the system of total support through strategies that leverage the products and sales channels of each company and operations division.

'Takahashi Galilei, which from the beginning has tailored its operations toward food processing plants, has contacts for directly selling products to customers. The synergy whereby the group as a whole can make comprehensive proposals without relying on general contractors or dealers is a huge advantage. Particularly now that projects have come to be implemented

internationally, it is important that companies not just individually sell their own products but also coordinate and exchange information to explore possibilities for total solutions. The Engineering Division will be the hub for actively promoting the fusion of technologies and information within the group.'



### Strengthening cooperation with production equipment manufacturers

To further enhance the entire group's ability to make attractive proposals, it is essential that we devise an approach toward the production equipment sector. 'Our group companies can provide panels, freezers and conveyors, but we can make more comprehensive proposals by deftly creating alliances with manufacturers of heating appliances and fryers and companies that package completed goods. We plan to strengthen our collaborative relationships to increase the incoming order price.'

## GALILEI PANEL CREATE CO. LTD.

### Advanced panel technology essential for strictly controlling hygiene and temperature

The high-performance thermal insulation panels manufactured by GALILEI PANEL CREATE CO. LTD. are important commodities required for Fukushima Galilei's engineering operations, and we handle not just manufacture but all steps in-house, from design through to construction. The latest panel technology based on insulation functions required in refrigerators and freezers is used in food processing plants where hygiene and temperature must be strictly controlled, distribution centers, plant factories, precision machinery, and clean rooms where medicines are handled. This technology enables the creation of optimum refrigerating and freezing spaces as well as clean work spaces in any facility.

'Since 2013 when we joined forces with the Fukushima Group, demand for panels has soared in line with the industrialization of food. In recent years, there has been a rise in the incoming order ratio for non-combustible panels, which are used to partition off areas where people work. They are increasingly used by medical clean rooms, which are customers of the FMS Division, which is

supplying our panels to pharmaceutical wholesaler bases and pharmaceutical companies, among others. With users now growing even outside the food sector, we plan to devote ourselves to further research and expand business as a member of the Galilei Group to help realize a sustainable society.'



We meet customer needs by designing and constructing optimal panel systems to suit the purpose, temperature zone, installation requirements, scale and space of each facility.

### Developed econea CFC-free panels

#### Switched production to use the environmentally friendly foaming agent HFO so that all products are now fully CFC-free

In December 2019, production of all thermal insulation panels and non-combustible thermal insulation panels at the Hikone, Shiga plant was switched over to CFC-free panels that use the new hydrofluoroolefin (HFO) foaming agent. For the last five years we have been researching products that aim to conserve the global environment for the next generation by not using alternative CFCs, and we have developed the econea series that is both high quality and environmentally friendly.

'Market investment in CFC-free panels has marked a major epoch. At the Hikone plant, an ambitious project was begun to switch all products over to econea during November, and thorough preparations were implemented. We needed a long time for research and development into at least attaining the standard for surface flatness in panels over 8 m long when the new foaming agent is used. But these new panels have very high quality stability and a satisfactory finish. We believe that these CFC-free panels developed with consideration given to environmental issues such as ozone destruction and global warming will meet the needs of not only environmentally aware customers but all users.'

**Eco + Connect + Earth**

**Eco** — Environmentally friendly panels

**Connect** — Bringing together Galilei Group and our customers And even our customers' customers

**Earth** — Connecting the environment, the land and the earth

Foaming agent	ODP (Ozone Depleting Potential)	GWP (Global Warming Potential)
<b>HFO</b>	<b>0</b>	<b>1</b>
HFC-245fa	0	1,030
HCFC-141b	0.11	725



OVERVIEW OF EACH OF OUR OPERATIONS

## TAKAHASHI GALILEI CO. LTD.

**Dedicated to "Tunnel Freezer®"**  
**- A track record of over 50 years**

Boasting of the top share in Japan, TAKAHASHI GALILEI CO. LTD. is an industry pioneer, developing, designing, and manufacturing the world's first "Tunnel Freezer®," a continuous rapid freezing/cooling device which enables work on frozen items to proceed in normal temperatures. Our products are all order made to the requirements of our customers, not off the shelf. The 60 years of experience we have with cooling and freezing technology means we are able to add value by extending the freshness dates and expiration dates of food by even one more day, thus contributing to relieving the problems of industrial waste and food loss.



President

Tomokazu Naruta

### Demand changing from "freezing" to "chilling", horizon expands from domestic market to overseas markets

Since our foundation in 1961, our breakthrough device, the Tunnel Freezer®, has contributed to enhancing productivity at numerous food processing plants. With developments in the frozen food industry and the proliferation of convenience stores, changes have emerged in demand for this device.



'Prior to 2009, when we became a member of the group, our Tunnel Freezer® had limited purposes and was mainly used for freezing. However, with the growth of large-scale cooking in recent years, needs have drastically changed and our Tunnel Freezer® is increasingly being used for cooling in addition to its conventional use in freezing technology. Recently, the spotlight has turned toward nursing care food and medical foods, where we can draw a vision for the future.'

We are also looking to expand overseas, capitalizing on our product appeal and brand equity in Japan, and we set up a dedicated division last year.

'Up to now we haven't taken an aggressive stance on business, but we are looking to actively promote the Tunnel Freezer® in anticipation of stronger demand overseas in the future. We may well need overseas manufacturing bases for full-scale overseas operations, but first we are working hand in hand with Fukushima Galilei's overseas divisions to expand our customer base.'

### Working with the group as a whole to create a mechanism for visualizing food traceability

We anticipate that as a result of our evolution into the Galilei Group, the synergy to protect food safety, from region of production to table, will accelerate further.

'Our horizon has definitely grown bigger since we joined the group. Only the Galilei Group, with its singular focus on cooling technology, can preserve together the infrastructure that provides the opportunity to safely consume good food. I think

each company can gain a keener sense of its contribution to society by focusing on its own technologies and position, and creating a mechanism for visualizing food traceability. The base for pursuing this goal is the new company building, and I think this is the greatest motivation for us in becoming part of the Galilei Group.'

OVERVIEW OF EACH OF OUR OPERATIONS

## SHOKEN GALILEI CO. LTD.

**Completely order-made food machinery and production lines**

Since its foundation in 1968 as a specialist manufacturer of machinery and drive system equipment for food processing plants, SHOKEN GALILEI CO. LTD. has introduced automation, labor saving improvements and energy saving measures in many production and logistics lines. We create completely order-made items in response to diverse customer needs by harnessing our innovative technology and creativity. The fruits of our efforts are bringing great value to food processing plants, whose challenge of the day is to secure manpower.



President

Kazutoshi Morishita

### Entirely in-house production of automated equipment to meet increasingly sophisticated and diversified needs

For over 50 years, Shoken Galilei has been engaged in research and development of food machinery that supports automation and labor saving in the production and logistics lines of food processing plants. We produce line systems, conveyors and various devices completely in-house, from planning and development through to design and manufacture, and no two items are the same. With customer needs becoming more sophisticated and diverse with the times, we are asked to make proposals that realize the ideal production line from scratch.

'Given the declining birthrate and aging population as well as work style reforms, many food processing plants are having trouble finding workers. Many customers say that along with reducing the burden on workers, they want to introduce machinery for lifting productivity and efficiency, and implement automation and labor and energy saving measures. The demand for the labor and energy saving improvements brought about by our automated equipment is expected to keep rising. We will

keep pace with values and needs as they change with the times, and will further pursue ideas and technologies that create value for customers' investment.'



### Harnessing group synergy to resolve issues in food processing plants and reduce energy consumption

Through our collaboration with Galilei Group companies that handle a wide range of refrigeration equipment, the high-quality food machinery that we at Shoken Galilei manufacture is helping to resolve issues and save energy in food processing plants. 'The strength of being able to make a comprehensive proposal that makes the most of our group synergy gives us an advantage in differentiation from other companies. Although our company

name has changed, our mission to provide value in realizing improvements in the equipment environment remains the same. Our aim for the future is to refine our creativity, ability to make attractive proposals, organizational strength and human talent so that we can provide a smart response to the needs of the market, and evolve the company's perspective and thinking so that we can respond flexibly to change.'



## OVERVIEW OF EACH OF OUR OPERATIONS

# FMS Operations

GALILEI GROUP BUSINESS

### Currently expanding our market share in the health care and research fields

Our FMS operation have only a short history, having started only 20 years ago. It produces products for medical applications specifically for the health care (hospitals, small clinics, pharmacies, etc.) and the research (pharmaceuticals, universities, food factories, etc.) fields, and it is currently expanding market share in the health care market, while also making approaches to companies in the regenerative medicine field, and witnessing rapid growth due to our expansion overseas. Products such as our medical cool boxes are essential for the health and life of people, and there is great anticipation regarding the potential of IoT applications.



General Manager of FMS Division  
**Yoshinori Kojima**

## OVERVIEW OF EACH OF OUR OPERATIONS

# Service Operations

GALILEI GROUP BUSINESS

### Maintenance for the Environment and the Customer

The job of servicing, getting up close to the customer that has installed a freezer, refrigerator, or showcase, is a 24 hour one that starts after the product is delivered. We are of course able to provide repair, maintenance and regular servicing, but our support structure also enables us to deal with the ever stricter CFC emission control laws. It is the support we provide the customer, who actually uses the product, and on top of that the concern we show the global environment that makes us the safe and secure choice.



Executive Officer, General Manager of Service Division  
**Jin Fukushima**

## Applications for IoT in Health Care and Research Facilities

There has been a massive shift in the health care and research fields over the last decade. As the population decreases and the rate of aged people increases, hospital closures and mergers are being pushed by the national government, small-scale clinics are on the increase, and there are more pharmacies opening up.

'We have been keeping our ear to the ground about new building opportunities occurring due to closures and mergers, and with the ability to offer a one-stop shop service where we can provide all of the required equipment, along with the software, we have been able to increase our share in hospitals. The main markets in hospitals are the resident pharmacies, nurse stations, testing departments, and operating theaters, but as the number of hospitals and beds reduce, we anticipate an increase in demand from areas that deal with those that are in good health. Looking to the future, we are aiming to expand our sales channels to pharmacies, where we already enjoy top class market shares, and to drug stores (the pharmacy departments), where we are able to leverage group synergies. Simultaneously

we will be putting effort into increasing the penetration of our cooling devices designed specifically for specific pharmaceutical factories, which is where we have been trying to develop new products. We trust that we can use our accumulated experience and knowhow to provide products and services that can contribute to the regenerative medicine field, where growth is anticipated.'

Furthermore, with the effects of the reforms to working styles also impacting hospitals, there is more importance being placed on the management systems used for drugs, along with a desire to reduce the workload.

'When, where, and under what circumstances were the drugs received, and how were they used? Which patient do those specimens in the testing rooms belong to, when were they collected, etc.? For the benefit of both the hospital and the patient, we have been working on implementing data management technology using IoT on cool boxes for medical use so that this type of information can be easily obtained.'

## Our contribution to the healthy extension of lifespan across the globe

It has been two years since we started our overseas expansion, pioneering sales channels in places such as Singapore in South East Asia, and in China. We are also developing products with different voltages because there are requirements for the products suited to each country.

'It really has only been a short time since we started, but when we see that household refrigerators are being used to store drugs, we realize that there are plenty of opportunities. Our goal going into the future is the healthy extension of lifespans around the globe. For this reason, we are currently working on building a structure for solving issues that makes the most of the strengths that are a feature of the business units, group companies, and external partner companies involved.'



## Cultivating service engineers that are more than just technicians

### Our service staff hold the key to our framework of reliability

The amount of work being performed by our servicing departments is increasing in accordance with the increase in the number of product units we are delivering. The shops that are our customers are also obligated to monitor CFC emissions, so we can observe increases in the number of maintenance call outs yearly. 'Our servicing departments need to be particularly careful about the CFC issue and gas leaks. The stress of machine maintenance weighs heavily on our customers, and we are recently getting a growing number of requests to look over the entire premises. And there are customers who are very cautious when it comes to cost when they are considering updating their old facilities. So, it is very important for we service staff to be able to adequately explain the merits of changing over facilities and products.'

The staff in the service departments begin their relationships with their customers after the product is installed, which is different to the way it is with the sales staff, so they are in a position to have closer interactions with the customer over longer periods.

'It is work that means repair and servicing, but we also need to cultivate a number of service engineers that have good communication skills and are able to respond rapidly to changing circumstances. People that can be relied upon to answer any question and solve problems are required for the reliability framework we have built with our customers.'

### Leveraging "S net 24" and our enormous store of servicing logs

The data accumulated in the "S net 24" service, which remotely monitors the temperature, machinery, and power statuses of the products, along with the repair and servicing logs taken by our service staff, become valuable resources in our endeavors to improve the quality of our daily maintenance and servicing. 'The normal work flow for repairs is for the customer to contact us, us going to the site to diagnose the issue, then obtaining the parts, drawing up a quote, and finally returning to the site to effect the repairs. However, the "S net 24" remote monitoring technology enables us to predict a malfunction beforehand, and by taking proactive measures that make use of the data about repairs effected up until that point, we may be able to solve the issue with a call or to find a more efficient solution. We aim to be able to provide the type of service that cannot be competed with by using our many years of successful servicing and maintenance to give back to our customers.'

#### POINTS

### The future of servicing Brought to you by data

- Rate of solutions delivered by telephone has **grown enormously**
- Service responses **before there is a breakdown**
- Even faster responses are made possible





# Foreign Operations

GALILEI GROUP BUSINESS

## Armed with reliability and energy saving performance, we will guard the world's food safety

The foreign operations of Fukushima Galilei started over 40 years ago with the export of our product. Our first local presence was established in Hong Kong in 1997, and since then we have expanded to 11 countries and regions in China and South East Asia. Armed with the reliability of Japanese Quality and energy saving performance, we have expanded our overseas business operations and sales channels, which now include a showcase factory in Beijing, a factory for commercial refrigerators and freezers in Thailand, provision of support to Japanese enterprises for expansion overseas, and sales of products and provision of maintenance to local customers.

## A complete and reliable package of support for businesses opening branches overseas

Japanese staff with the technological know-how and experience are located in the bases we have in 11 countries and regions in China and South East Asia (China, Taiwan, Hong Kong, Thailand, Cambodia, Myanmar, Vietnam, Malaysia, Singapore, Indonesia, and the Philippines), performing functions such as selling commercial freezers, refrigerators, and showcases to local clients, and supporting Japanese enterprises in their efforts to expand their operations overseas by establishing premises or food factories.

Fukushima Galilei can organize close up involvement right from the design and planning stages, irrespective of the scale of shop or factory for which you require support for expansion overseas. We can not only acquire the equipment you need for your kitchens, but we also have local networks you can take advantage of, thus providing you with a complete package of support that you can rely on when setting up shop overseas. It is because we have presence and our own connections locally that we can

formulate the layout plans for your kitchen, factory, or sales point that suit the different laws and regulations of the various countries and the optimal payment plan that matches the initial costs. Competition in the countries of Asia is intensifying in recent years. What differentiates us from our competition and arms us for even further market share expansion is the unchanging reliability of Japanese Quality, the massive reductions in running costs furnished by our energy saving performance, and the high quality of our maintenance. We shall bravely take on all the challenges to be a company that contributes to the safety and security of food, that common need across the globe.

POINTS

Our strength is our wide-ranging local network Robust connections between the various local companies

The power of the Fukushima Galilei Brand, Across the borders of 11 countries and regions, in China and South East Asia

[Asia Division]

### Business activities rooted in the local economies

Norihiko Yoshimura Acting General Manager of Asia Division

The Asia Division is in charge of Hong Kong, Taiwan, and the nations of South East Asia, with local employees and Japanese staff undertaking business activities rooted in the local economies. With a number of rival manufacturers, the approach we have found most effective with local customers is to impress upon them the energy saving performance and robust design of our products. We are able to provide products with a sufficiency of value by using designs that suit the conditions in each of the countries and with development rooted in the local economies. We hope to further improve our brand reach and technological prowess so that we do not lose to our competition in the battle for sales.

The Asia Division has also been experiencing an up turn in orders from refrigerated warehouses and food factories in recent years, not just restaurants and supermarkets. We use the Engineering Operations and know-how of our group companies for installation and construction of the required facilities, so we can see evidence of our group synergy even overseas. With the number of clients increasing and the businesses types we can approach broadening, the issue we face from here on is how to enhance our maintenance, servicing, and support departments. We will enhance the instruction and cultivation of engineers in the different localities so that we can continue to provide high levels of service.

[China Division]

### Making the most of our core technology in an expanding market

Yuichi Fujita Executive Officer, General Manager of China Division

In China, where we are marking 26 years since we expanded here, we are focused on selling the showcases we produce in our Beijing Factory, and with our main presence in Beijing, we also carry out sales and maintenance through the staff we have located in cities such as Shanghai, Guangzhou, Tianjin, Xi'an, Chengdu, and Wuhan. There have been incredible changes in the Chinese retail market that have accompanied the rapid economic growth there, and we have witnessed a rapid increase in new style supermarket chains and retail outlets with investments from businesses such as those in IT related fields. As an extension of the fusion between online stores and bricks and mortar stores, there is an increase in the number of stores nationally and these become our new customers, so we are definitely in a market where we can increase our sales. The most important thing for us to continually grow is to expand our business operations rather than stay with just the showcase side of operations. Utilizing the brand reach of the entire Galilei Group and our core "cooling" technology, we intend to take on targets such as those seeking entire kitchen fit outs and food factories. At the same time, we will be putting efforts into expanding our servicing capabilities which are important when trying to become part of the local community.

POINTS

### Our vision of expanding our overseas presences

With a single shared strategic vision, the Asia Division will expand its presence and the China Division will enhance the organizational strength of its different branches so that they can both increase their sales performance and improve customer satisfaction.

[Asia Division]

Expanding sales channels beyond the ASEAN countries, with the possibility of establishing new presences

[China Division]

Aiming to enhance the servicing departments in major cities





Environmental Policy

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

Basic Environmental Philosophy

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

Basic Environmental Policy

- 1

In the manufacture, sale, construction, and maintenance of commercial refrigerators and freezers, showcases, prefabricated compartments, and other related devices and systems, as well as the provision of store systems, we will provide and propose products and services that will reduce the burden our customers place on the environment.
- 2

We will endeavor to make continuous improvements to our environment management systems, while at the same time gaining the best understanding we can of the effects that our operations have on the environment and preventing pollution.
- 3

We will strictly adhere to the laws, regulations, guidelines issued by the industry bodies and communities of which we are members, and any other requirements that we have taken upon ourselves and work on environmental management.
- 4

Of the environmental impacts caused by our business activities, we are addressing the following items as major issues.

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

2. Reducing the impact of CFCs on the environment

3. Reducing waste product emissions

4. Reducing the amount of energy used

5. Reducing the amount of material used and consumed
- 5

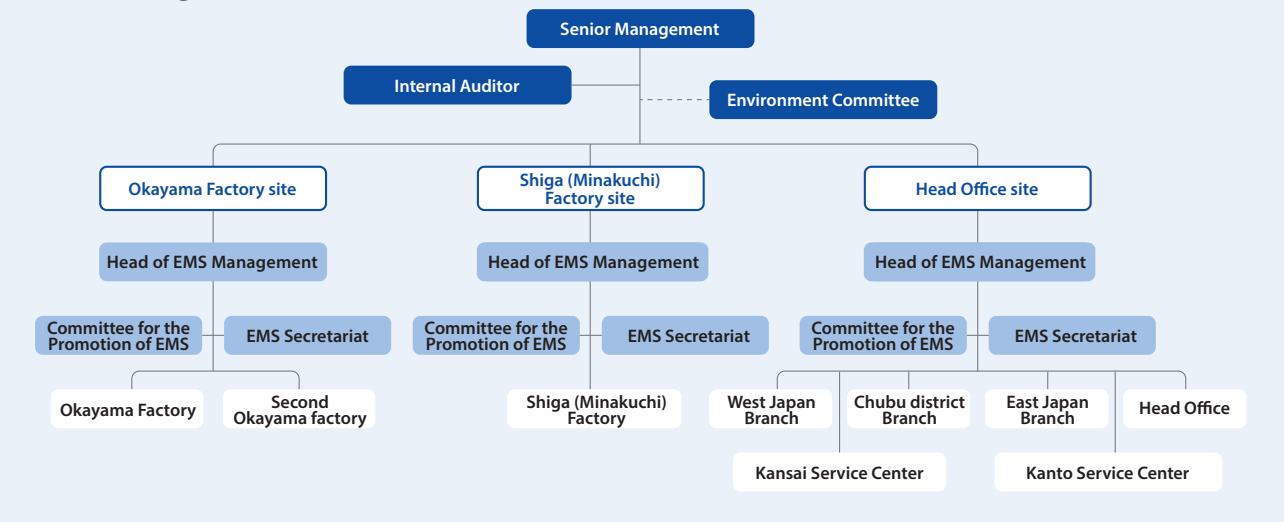
We will establish environmental goals and targets, create an action plan, and implement it.  
We will also regularly review these and revise them as necessary.
- 6

We will document the environmental management system, and maintain the environmental management system according to the content of that documentation.
- 7

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

Framework for Promoting Our EMS

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



East Japan Branch, Chubu district Branch, and West Japan Branch

- Environment Auditor

In order to confirm that the EMS is functioning effectively, we will implement an annual internal audit and also invite auditing by an external certification body once per year. Internal Auditors shall participate in seminars for the training of internal auditors and will be selected from amongst those registered who have the recognized skills. There are currently 60 registered participants.
- Committee

Each site has a Committee for the Promotion of EMS under the Head of EMS Management that exchanges a variety of information and which meets regularly to set and review targets and observe progress. The actual numbers of committee members in 2018 were 37 at the Head Office site, 22 at the Shiga (Minakuchi) Factory site, and 21 at the Okayama Factory site. In the 2019 financial year the numbers running the program are 36 at the Head Office site, 22 at the Shiga (Minakuchi) Factory site, and 21 at the Okayama Factory site.
- Environmental Education

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

ENVIRONMENT TOPICS



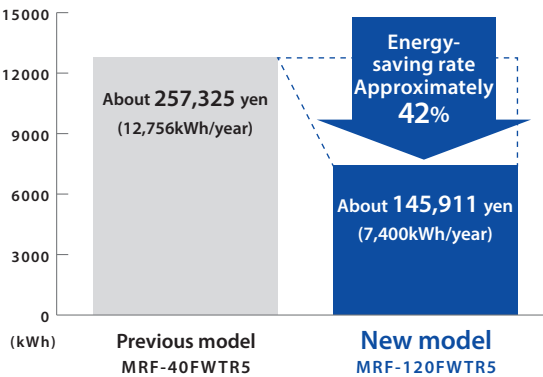
Recipient of the 2019 Energy Conservation Grand Prize, Product and Business Model Category, Chairman's Award for the DCC Swing door reach-in showcase

The "Swing door reach-in showcase" which uses the DCC system, a proprietary design where 2 fixed speed compressors are used for cooling, received the Chairman's Award for the 2019 Energy Conservation Grand Prize, Product and Business Model Category, from the Energy Conservation Center, Japan. The most important characteristic of this product is that inverters are not used for the compressors, but that an energy efficiency rate of 127% to 186% was reached with the DCC system. This product uses a different cooling method, has the evaporator in a different position, has the cool air flowing in a different way, and uses LED lighting. Compared to previous models, the amount of power consumed has been reduced by between 40.5% and 48.8%. Investment recovery for the user has also been improved due to the success of our program of controlling cost increases during manufacture, making it easier to make a complete switch over from older models.



Characteristics and energy-saving performance of the DCC Swing door reach-in showcase

- Energy efficiency rate 127% to 186%
- Energy-saving operation that surpasses inverter control
- Condensation prevented by using glass with heaters built-in
- Drainage facilities not required
- Improved brightness inside the compartment through combined use of LED lighting and reflective panels
- Improvements in noise reduction across all models



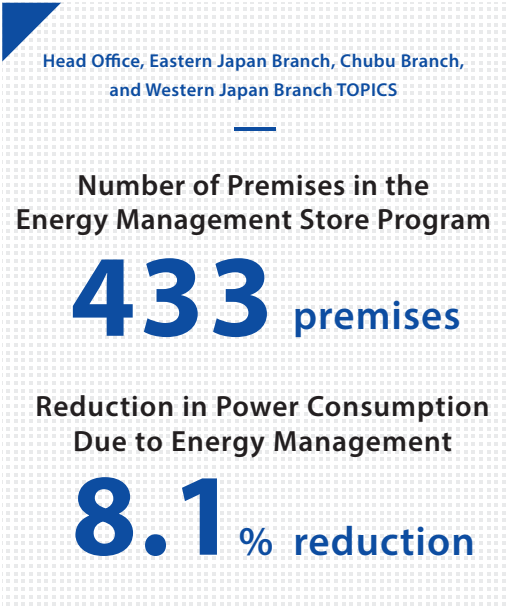
Guide to power usage costs  
Single phase 100V 27 yen/kWh (tax included)  
Source: "Revised Reference Electricity Rates" published by the Home Electric Appliances Fair Trade Conference  
Three phase 200V 16 yen/kWh (tax included)  
Source: Average of low-voltage power costs from all electricity providers (June 2016)



Environmental Record

environment

Environmental Record of the Head Office, Eastern Japan Branch, Chubu Branch, and Western Japan Branch



Since its release in 2012, the number of premises using the "Bems-you" system to manage energy was 399 in 2017, and this risen to 433 premises now. For the premises that are being managed, we have implemented optimal control of refrigerator and freezer facilities, installed inverter freezer units, and proposed operational improvements for demand control air conditioning units. For premises that have implemented Bems-you and acted on energy management, there has been an average reduction of 8.1% in power consumption in the premises.

Bems-you

For food markets, 90% of power consumption is done by the refrigerator and freezer facilities, the lighting, and the air conditioning. Refrigerators and freezers take up the biggest share, using about 60%. The biggest energy-saving outcomes can be expected to come from the refrigerators and freezers. "Bems-you" is an energy management system that was conceived by Fukushima, a dedicated manufacturer of these facilities, as a means to save energy.

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 2018	Evaluation
Provide products, systems, and services that reduce impact on the environment	Contribute to reducing the environmental burden of the end-user by providing them with products, systems, and services that are good for the environment, safe, and secure, based around ECO-tech	Expand product sales	Implementation rate 95%	◎
		Promote and propose long-lasting businesses	Implementation rate 105%	
		Develop and provide energy saving systems	Implementation rate 100%	
		Develop and provide Safe and Secure Contract, systems	Implementation rate 100%	
		Create the promotional material for the above items and provide information	Implementation rate 100%	
Reducing impact on the environment	Ensure that refrigerants (CFCs) are recovered during servicing and when disposing of units (including subcontractors)	Maintain good records of amount of refrigerant recovered and units destroyed	Implementation rate 100%	◎
	Investigate the number of gas leakage events and set targets according to the previous year's performance	Record the number of gas replenishment events, the amount of gas used, and the monetary value, compensated or not	Implementation rate 100%	◎
	Reduce power consumption below the previous year	Ensure there are 4 days per month when overtime is not permitted	Implementation rate 90%	○
		Reduce wasteful power use	Implementation rate 100%	
Environmental Education and promotion of information campaigns	Increase employee awareness of environmental issues through environmental education and activities to raise awareness	Neighborhood cleanups	Implementation rate 100%	○
		Hold meetings for the purpose of improving operations	Implementation rate 70%	
	Disseminate information about our Environment, Safety, Security program	Issue environmental bulletins	Implementation rate 100%	◎
		Publicizing environmental information on our official website	Implementation rate 100%	
Compliance with the law	Strict adherence to regulations related to the environment (adherence to environment laws, regulations, and industrial guidelines)	Disclosure of information regarding environmental laws and regulations	Implementation rate 100%	◎
		Clean filters and perform simplified servicing once every 3 months	Implementation rate 100%	
		Ensure compliance checks are made (check every 6 months)	Implementation rate 100%	

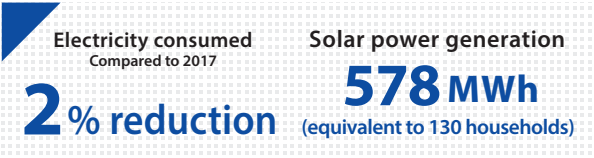
Environmental Record at the Shiga (Minakuchi) Factory and Okayama Factory

Shiga (Minakuchi) Factory



The foaming agent used in the foaming process has been switched to HFO, which has a low global warming potential. This has enabled us to greatly reduce our emissions of greenhouse gases as a result. None of our factories in Japan are using CFCs as the foaming agent in their foaming processes. We also no have no waste thinner from our factories, as the "waste thinner" that occurs during the coating process is collected by a contractor, who turns the thinner into recycled thinner, and we then use this in our factories.

Okayama Factory



We have been working on programs to reduce power usage, particularly by working on ways improve productivity and to visualize power usage. In the area of visualizing power usage, we monitor the power consumption and current value for each production line, and by analyzing the operational status of each device, we were able to achieve a power usage reduction of 2% compared to the 2017 financial year. We are also generating electricity with the solar panels on the roof of the factory. When translated into households, we are generating the equivalent of about 130 households.

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 2018	Evaluation
Prevent global warming (reduce CO <sub>2</sub> emissions)	We make a CO <sub>2</sub> translation for each part or performance for the old and new versions of products and parts when we are developing either new products or improving current models, and we aim to reduce the emissions of CO <sub>2</sub> through refinements and improvements.	As with the 2017 financial year, we will make CO <sub>2</sub> translations for newly developed products and parts when designing them and at the performance stage as part of our LCA activities. In addition, we aim to reduce the power used in the testing wing where performance testing is done by 2% compared to the previous year.	Construct 4 shops that use CO <sub>2</sub> refrigerant. Aim to increase the number of CO <sub>2</sub> shops even more the following period.	○
		Reduce emissions of greenhouse gases at the end of the 2018 financial year to 2.0% below the 2017 financial year level	1.3% reduction compared to 2017	○
	Reduce emissions of greenhouse gases	Maintain the same level of power consumption as the previous year	5.1% increase compared to 2017	△
		Maintain the same level of LPG consumption as the previous year	5.1% increase compared to 2017	△
		Maintain the same level of discharge of specially controlled industrial waste as the previous year	1.9% increase compared to 2017	△
Use resources effectively	Reduce amount of material used and consumed.	Make the hourly value adding at the factory at the end of the 2018 financial year to 105% of the 2017 financial year level	Increase of 6.5% to per hour production of compartments compared to the previous year	◎
		Reduce amount of paper for copying at the end of the 2018 financial year to 2% below the 2017 financial year level	Increase of 5.9% to per hour value adding compared to the previous year	◎
Reduction in industrial waste and appropriate disposal	Maintain the same level of discharge of industrial waste as the 2017 financial year level.	Maintain the same level of discharge of industrial waste as the previous year	4.0% reduction compared to 2017	◎
			9.8% increase compared to 2017	△

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 2018	Evaluation
Power saving products (Development and Design)	Develop products that consume less power than current products	Receive Energy Conservation Grand Prize for Swing door reach-in showcase	Awarded the Energy Conservation Grand Prize	◎
Reducing the environmental impact of CFCs	Ensure recovery of refrigerant	Implement recovery recording using check sheets	Implementation rate 100%	◎
	Control CFC emissions	· Strict adherence to CFC emissions laws · Management and servicing of devices using CFCs	Implementation rate 100%	◎
Reducing the amount of energy used (reducing CO <sub>2</sub> emissions)	By productivity improvements, reduce the power consumed per unit of product by 3% compared to FY2017	· Improving productivity · Switching to energy-saving facilities · Visualization of power consumption	3.7% increase compared to 2017	△
	Reduce LPG consumption rate (volume of LPG consumed/number of units coated) by 3% compared to FY2017	Regular maintenance of coating facilities Reduction in solvent coating defects	5.7% increase compared to 2017	△
Reduction in waste and appropriate disposal	Reduce discharge of industrial waste by 10% compared to FY2017	Use returnable containers, review packaging materials and packaging methods	11% reduction compared to 2017	◎
Reducing the amount of material used and consumed	Reduce the amount of copying paper used per product by 3% compared to FY2017	· Review documentation · Abolish or digitize meeting documentation · Reuse rear of old copies	15% reduction compared to 2017	◎



# Our Social Engagement Programs

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

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

## 1 Exhibition at the KidZania Pavilion



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

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



## 2 Challenge Course for Children Okayama Factory tour

The stage is Sho'o, the local town for the Okayama Factory  
A program to contribute to the local area by teaching children the joy of making things

As part of our contribution to the local community, we organize factory tours every year for children attending elementary schools and middle schools in Sho'o, Okayama Prefecture, the location of our Okayama Factory which has been the backbone of our Refrigerator and Freezer Operations since it was established in 1984. The "Challenge Course" teaches children the joy of making things, striving to get children to discover, learn, and challenge, and it is where the "freezing cycle" is explained to them so they learn about how cooling happens, they experience freezing temperatures of -25°C, and take a tour of the factory to see the steps involved in producing a product. There are some concepts that may be difficult for children, but they are all very serious when it comes to learning about the refrigerators and freezers that are so familiar to them.



## 3 Refrigerators donated to 50 Children's Cafeterias

Sharing a few commercial refrigerators and freezers to help our next generation develop and remain healthy

The "Children's Cafeteria" has about 3700 locations around Japan, providing meals for free or at minimal cost to children from underprivileged families or whose parents return home late. Osaka Prefecture, where the head office of Fukushima Galilei is located, is the region with the second most number of these facilities nationwide. We donated commercial refrigerators and freezers to 50 locations in the prefecture that made their requirements known through the prefecture's office for child support (deliveries completed between June and September 2019).



## 4 Corporate Tennis Women's Team

Promoted to the Japan League in the team's third year!  
Contributing to the growth of Women's Tennis in Japan with steady improvement and upward steps

Our Corporate Tennis Women's Team was launched in April 2017 and has been steadily achieving results in league number 1. The 5 members of the team achieved 2nd place in the Japan Corporate Competitive Tennis Tournament held in October 2019, eclipsing their 5th place result from the previous year, and clinching their promotion to the Japan League which started at the end of 2019. 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 style.

### POINTS

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

The area surrounding the new 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 new 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.



Corporate governance

1 Basic idea for Corporate Governance

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

2 Overview of corporate governance system and reasons for adopting the system

Overview of corporate governance system

1) Board of Directors

The Company holds a board meeting once a month, attended by directors and corporate auditors, decides important matters, and exchanges opinions, and each director collaborate with each other and monitor the business execution. The Board of Directors is consisted of 10 directors, including 3 outside directors, and makes management decisions.Chaired by Hiroshi Fukushima, President and Representative Director.Other members are Akira Fukushima, Go Fukushima, Mitsuru Katayama, Kenji Nagao, Kozo Mizutani, Tatsuo Hino , and Outside Directors Takao Fujikawa, Keiichi Yoshinori and Hiroko Tanaka.In addition, all Audit & Supervisory Board members attend the Board of Directors' meetings, so that the status of business execution by Directors can be monitored.

2) Board of Auditors

The Company has adopted the Audit & Supervisory Board system. The Audit & Supervisory Board meets once a month to determine basic auditing policies, report on the results of daily audits conducted by Audit & Supervisory Board members, and provide opinions among Audit & Supervisory Board members. Exchange etc. are performed. Chaired by Hiroshi Takeuchi, Outside Corporate Auditor. Other members are Outside Auditors Masao Hama and Hiroaki Nishii.

3) Nomination Advisory Committee/Remuneration Advisory Committee

The Company has established the Nomination Advisory Committee and the Remuneration Advisory Committee as advisory bodies of the Board of Directors. The committee is consists of a total of three members, President Yutaka Fukushima, outside director Keiichi Yoshinori and outside corporate auditor Hiroshi Takeuchi. The committee meeting is held at least once a year. The Nomination Advisory Committee considers the candidates based on their abilities and aptitudes, and the Board of Directors decides on the candidates of the Directors and Executive Officers based on the report of the Committee. The Remuneration Advisory Committee discusses the remuneration system and remuneration payments, and the Board of Directors, upon receiving a report from the Committee, remuneration system, total remuneration, percentage of performance-linked remuneration, and percentage of cash remuneration and share remuneration are determined. determines the remuneration system, total remuneration, the ratio of performance-linked remuneration, and the ratio of cash remuneration to treasury stock remuneration.

4) Management meeting

The Company has set up a Management Committee consisting of the members of the Board of Directors and the Chief Operating Officer so that decisions can be made promptly. The meeting is attended by directors, corporate auditors, executive officers, and the head of the head of the department, and has a thorough discussion of corporate management, and corporate auditors are able to give their opinions. Chaired by Yutaka Fukushima, the CEO. Other members are Akira Fukushima, Go Fukushima, Mitsuru Katayama, Kenji Nagao, Kozo Mizutani, Tatsuo Hino, Outside Director Takao Fujikawa, Keiichi Yodoshi, Hiroko Tanaka, Outside Audit & Supervisory Board Members Hiroshi Takeuchi, Masao Hama, Hiroaki Nishii, and Executive Officer There are six officers and four general managers.

5) Audit Office

To enhance the internal audit system, the Company has established an Audit Office under the direct control of the President and conducts business audits.

Reason to select this organization structure

The Company has appointed two Outside Audit & Supervisory Board Members who have yearold experience as full-time Audit & Supervisory Board Members and have a wealth of knowledge on corporate accounting, and one who has a wealth of experience and extensive knowledge as a corporate manager. In addition, we have appointed a full-time corporate auditor from a listed company and one outside director who has been involved in corporate management. The supervision of directors by outside directors and the auditing system by outside auditors function sufficiently as a management oversight function, and are judged to be optimal for our consulting.



3 Other matters related to corporate governance

Risk management of Internal control system and its maintenance status

The Company promotes fair corporate activities from the perspective of management transparency and works to enhance the corporate governance system. From this point of view, The Board of Directors has decided on a "system to ensure the appropriateness of business" as stipulated in the Companies Act and the Ordinance for Enforcement of the Companies Act in order to ensure thorough compliance of the entire corporate group, improve internal control systems, and strengthen risk management systems. The outline is as follows.

1) A system to secure that the execution of duties by directors and employees of the Company conforms to laws and regulations and the Articles of Incorporation.

1. In order to secure the observance of laws, corporate ethics, and internal rules in business activities, the Company defines basic items to be complied as a code of conduct (compliance guidelines), and conducts compliance training, etc. Ensure that officers and employees are fully informed.
2. In order to secure the reliability of financial reporting, based on internal control regulations, we will promote the development of internal control systems, including various rules, manuals, and procedures related to financial reporting, and strengthen the operation system.
3. The Internal Audit Department has established an Audit Office under the direct control of the President, conducts periodic internal audits, and ensures that the execution of their duties conforms to laws and regulations and the Articles of Incorporation.
4. Corporate Auditors attend the Board of Directors and other important meetings to audit the directors' performance of duties.
5. An internal whistleblowing system, including an external whistleblower, will be set up and operated as a means for employees to directly provide information on acts that are legally questionable, with the aim of detecting and correcting fraudulent acts at an early stage.
6. The Code of Conduct states that it will firmly confront antisocial forces and organizations that threaten the order and security of civil society, and that it will work closely with police and other related organizations to eliminate antisocial forces.

2) System for storage and management of information related to the execution of duties by directors of the Company

The Company properly stores and manages documents, based on laws and regulations and company rules, verifies the operation status and reviews each rule as necessary. Regarding information management, we will respond by establishing a basic policy on internal information management and personal information protection.

3) Regulations and other systems concerning the risk of loss of the Company

1. Set "Risk Management Rules" to determine business risk management policies and develop and establish a risk management system.
2. When critical matter occurs (including environmental and safety risk information), the head of the department collects information, the head of the general affairs department collects the information, and the general affairs department or the finance department determines whether it is timely disclosure information. Once President has got the report then the person in charge of information immediately disclose the information. Also report to the Audit & Supervisory Board Members as necessary.
3. Regarding to the credit risk, the Company will thoroughly implement the receivables management rules and the credit limit creation standards, and the finance department will check the status of operation.
4. Establish a manual to respond promptly to PL accidents and disseminate it to the corporate group.
5. Establish a CSR/Risk Management Committee to analyze and evaluate risks from a company-wide perspective across the organization, manage risks appropriately, and promote and supervise countermeasures. The results will be reported to the Board of Directors and Audit & Supervisory Board Members as necessary.
6. Regarding the orders received in contract construction work, the company will establish a management and control function from ordering to payment and strengthen the check function.
7. In order to prevent impropriety due to improper use of the company seal, the seal management and seal rules will be reviewed as necessary, and a system will be established and operated to timely and appropriately place orders.

4) A system to assure that the execution of duties by the directors of the Company is performed efficiently

1. The Company holds a board meeting once a month, attended by directors and corporate auditors, decides important matters, and supervises directors' business execution.
2. In order to enforce the functions of the Board of Directors and improve management efficiency, a management meeting is held in which directors, corporate auditors, executive officers, and general managers of the divisions attend, where the Board of Directors holds basic and important matters related to business execution. Make decisions, and discuss each subject thoroughly.
3. Regarding business operations, we will formulate a medium-term plan and a single-year budget based on the future business environment, and set company-wide targets. Each department formulates and implements specific measures to achieve its goals.
4. Over the daily duties, delegate authority based on official authority rules and decision-making authority, and perform business in accordance with the above decision.

5) A system to ensure the appropriateness of operations in the corporate group consisting of the Company and its subsidiaries

1. Regarding the management of subsidiaries, while respecting their independence, based on affiliated company management rules, regular reports on business content to the Board of Directors and prior consultation on important matters will be conducted.
2. The Accounting Auditor, Corporate Auditors and Internal Audit Department conduct audits and investigations of subsidiaries as necessary.
3. In our subsidiaries, let them fully aware of our corporate philosophy and codes of conduct (compliance guidelines), comply with laws and regulations, and thoroughly enforce corporate ethics.
4. Manage risks such as quality, disasters, environment, and information leakage in accounts and establish a system that can be responded appropriately.
5. In order to secure the efficiency of directors' execution of duties at subsidiaries, the Board of Directors meets once a month in principle to make flexible decisions.
6. Dispatch officers to the Company's subsidiary to supervise and audit business execution.



6) Matters related to employees who should assist the duties of the Company's corporate auditors if a request for appointing the said employees is made, and matters related to ensuring the independence of the said employees from directors and the effectiveness of instructions given to the said employees

The corporate auditors may appoint corporate auditor staff as employees who should assist with the duties of the corporate auditors, and instruct them to assist with auditing duties. In this case, persons who take instructions from the corporate auditors will maintain independence by not taking any commands from directors, superiors or others, and ensure the effectiveness of instructions. Directors and corporate auditors will discuss such personnel matters.

7) A system for directors and employees of the Company and directors, corporate auditors and employees of subsidiaries to report to the Company's corporate auditors, and a system for ensuring that persons making such reports are not unfairly treated

1. Corporate auditors will attend board meetings, management meetings and other important meetings, peruse major requests for approval and other important documents related to the execution of business, and request explanations of such documents from the directors or the heads of the responsible departments as required.

2. In addition to reporting statutory matters, directors and employees will immediately report to the corporate auditors if they find or determine matters that have a significant impact on the business or performance of the Company or its subsidiaries.
3. A person who files a report described in 1 or 2 shall not be disadvantaged in any way on the grounds of having filed such report. In addition, the whistle-blowing system stipulates that filing an internal report shall not be grounds for imposing any kind of disadvantage and shall be dealt with appropriately.

8) A policy for handling expenses incurred by the Company's corporate auditors in executing their duties, and a system for ensuring that audits by the corporate auditors are performed effectively

1. If the corporate auditors need to consult their own lawyers or certified public accountants, the Company will bear the costs incurred in performing their duties.

2. The corporate auditors periodically meet with the representative director and directors to exchange opinions on management issues, risks surrounding the company, important audit issues, etc. for the purpose of achieving mutual understanding.
3. The corporate auditors receive explanations from the accounting auditor on accounting auditing methods and results (audit reports) and coordinate with the accounting auditor by regularly exchanging information.

4 Matters concerning contracts with outside directors and corporate auditors for limiting liability

Pursuant to Article 427, paragraph (1) of the Companies Act and Paragraphs 30 and 40 of the Articles of Incorporation, the Company has concluded a contract with all outside directors and corporate auditors limiting the liability for damages stipulated in Article 423, paragraph (1) of the said Act, and the limit of liability under the said contract is the maximum liability amount stipulated in Article 425, paragraph (1) of the said Act.

5 Number of directors

The Articles of Incorporation stipulate that the number of directors of the Company shall be no more than ten.

6 Requirements for resolutions on appointment and dismissal of directors

The Articles of Incorporation stipulate that a resolution on the appointment of a director may only be carried by a majority of voting rights of shareholders at a meeting where shareholders who hold at least one-third of voting rights of all shareholders entitled to exercise voting rights are present, and cumulative voting shall not apply for the resolution on appointment. In addition, the Articles of Incorporation stipulate that a resolution on the dismissal of a director may only be carried by a majority of two-thirds of voting rights of shareholders at a meeting where shareholders who hold at least one-third of voting rights of all shareholders entitled to exercise voting rights are present.

7 Matters for resolution at the general meeting of shareholders that can be resolved at board meetings

Purchase of treasury shares

The Articles of Incorporation stipulate that, pursuant to Article 165, paragraph (2) of the Companies Act, the Company may acquire its own shares by resolution at a board meeting to enable agile management policies in response to changes in the economic situation.

Interim dividend

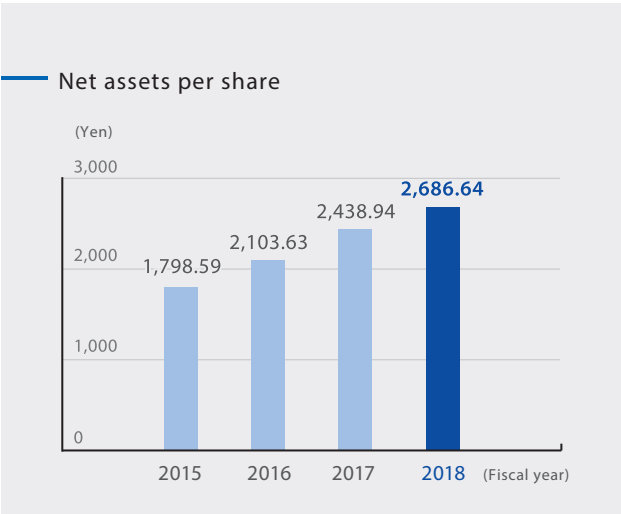
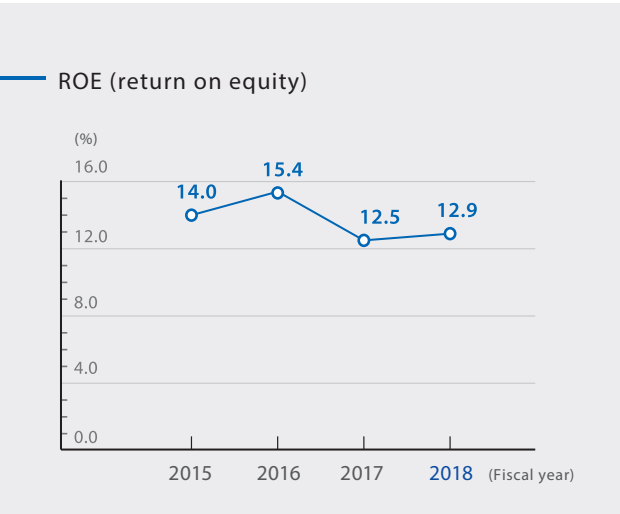
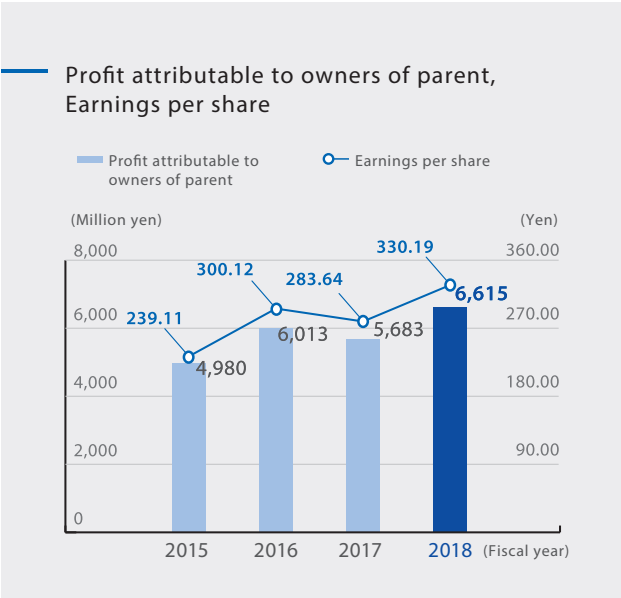
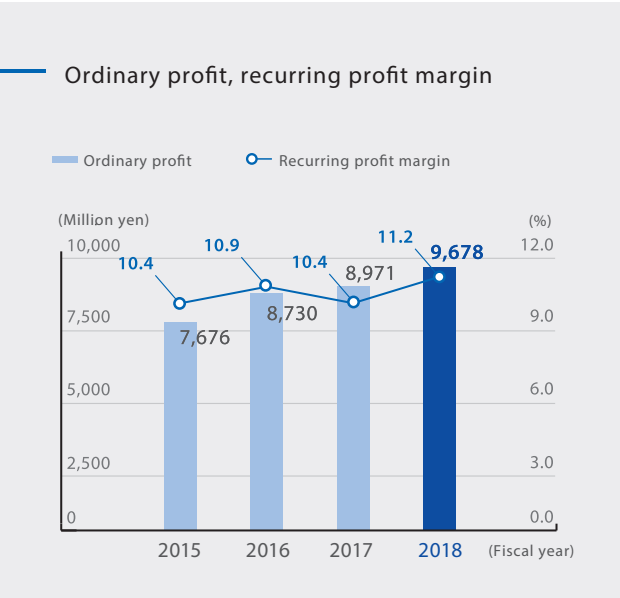
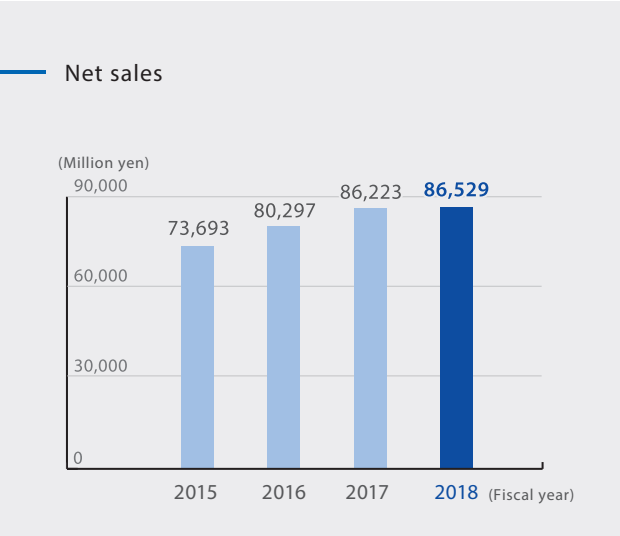
The Articles of Incorporation stipulate that the Company may pay an interim dividend based on a record date of September 30 by resolution at a board meeting to enable the flexible return of profits to shareholders.

8 Requirements for special resolutions at the general meeting of shareholders

The Articles of Incorporation stipulate that, to enable the smooth running of the general meeting of shareholders, the resolutions at the general meeting of shareholders stipulated in Article 309, paragraph (2) of the Companies Act may only be carried by a majority of two-thirds of voting rights at a meeting where shareholders who hold at least one-third of voting rights of all shareholders entitled to exercise voting rights are present.

FINANCIAL INFORMATION

Financial Highlights





## Consolidated Balance Sheets

		(Million yen)	
	Previous consolidated fiscal year (March 31, 2018)	Current consolidated fiscal year (March 31, 2019)	
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	31,870	34,283	
Notes and accounts receivable - trade	22,040	19,913	
Merchandise and finished goods	2,172	2,239	
Work in process	2,248	2,166	
Raw materials and supplies	1,909	2,038	
Other	1,026	946	
Allowance for doubtful accounts	△1,295	△1,166	
Total current assets	59,972	60,422	
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures, net	3,802	4,358	
Machinery, equipment and vehicles, net	1,119	992	
Land	5,008	5,294	
Construction in progress	1,713	3,904	
Other, net	321	349	
Total property, plant and equipment	11,965	14,899	
Intangible assets	273	421	
<b>Investments and other assets</b>			
Investment securities	9,059	7,948	
Other	2,418	2,941	
Allowance for doubtful accounts	△11	△9	
Total investments and other assets	11,465	10,879	
Total non-current assets	23,704	26,200	
Total assets	83,677	86,622	

		(Million yen)	
	Previous consolidated fiscal year (March 31, 2018)	Current consolidated fiscal year (March 31, 2019)	
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable - trade	21,476	20,996	
Short-term loans payable	711	185	
Income taxes payable	2,082	1,641	
Provision for bonuses	1,436	1,724	
Provision for product warranties	369	370	
Provision for loss on construction contracts	534	187	
Other	6,092	5,981	
Total current liabilities	32,701	31,088	
<b>Non-current liabilities</b>			
Deferred tax liabilities	836	304	
Provision for directors' retirement benefits	820	921	
Provision for contingent loss	288	250	
Net defined benefit liability	16	39	
Asset retirement obligations	101	119	
Other	10	11	
Total non-current liabilities	2,074	1,646	
Total liabilities	34,776	32,735	
<b>Net assets</b>			
<b>Shareholders' equity</b>			
Capital stock	2,760	2,760	
Capital surplus	3,168	3,168	
Retained earnings	41,242	47,057	
Treasury shares	△3,213	△3,214	
Total shareholders' equity	43,957	49,771	
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	4,870	4,058	
Foreign currency translation adjustment	65	65	
Remeasurements of defined benefit plans	△24	△64	
Total accumulated other comprehensive income	4,910	4,059	
Non-controlling interests	32	56	
Total net assets	48,901	53,887	
Total liabilities and net assets	83,677	86,622	

## Consolidated Statements of Income

		(Million yen)	
	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)	
Net sales	86,223	86,529	
Cost of sales	64,630	63,765	
Gross profit	21,593	22,763	
Selling, general and administrative expenses	12,939	13,358	
Operating profit	8,654	9,405	
<b>Non-operating income</b>			
Interest income	9	11	
Dividend income	94	96	
House rent income	95	98	
Insurance and dividend income	99	49	
Purchase discounts	53	48	
Foreign exchange gains	—	5	
Compensation income	23	5	
Other	129	148	
Total non-operating income	504	462	
<b>Non-operating expenses</b>			
Interest expenses	21	11	
Compensation expenses	14	24	
Foreign exchange losses	112	—	
Condolence money	—	66	
Other	38	86	
Total non-operating expenses	186	189	
Ordinary profit	8,971	9,678	
<b>Extraordinary income</b>			
Gain on sales of investment securities	26	39	
Total extraordinary income	26	39	
<b>Extraordinary losses</b>			
Provision for contingent loss	288	—	
Contingent loss expense	154	—	
Total extraordinary losses	443	—	
Profit before income taxes	8,555	9,718	
Income taxes - current	3,394	3,252	
Income taxes - deferred	△521	△161	
Total income taxes	2,872	3,091	
Profit	5,682	6,627	
Profit (loss) attributable to non-controlling interests	△1	11	
Profit attributable to owners of parent	5,683	6,615	



Consolidated Statement of Changes in Net Assets

Current consolidated fiscal year (April 1, 2018 to March 31, 2019)										(Million yen)	
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,760	3,168	41,242	△3,213	43,957	4,870	65	△24	4,910	32	48,901
Changes of items during period											
Dividends of surplus			△801		△801						△801
Profit attributable to owners of parent			6,615		6,615						6,615
Purchase of treasury shares				△0	△0						△0
Net changes of items other than shareholders' equity						△812	0	△39	△850	23	△827
Total changes of items during period	—	—	5,814	△0	5,813	△812	0	△39	△850	23	4,986
Balance at end of current period	2,760	3,168	47,057	△3,214	49,771	4,058	65	△64	4,059	56	53,887

Consolidated Cash Flow Statement

(Million yen)		
	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
Net cash provided by (used in) operating activities		
Profit before income taxes	8,555	9,718
Depreciation	899	939
Increase (decrease) in allowance for doubtful accounts	197	△56
Increase (decrease) in provision for bonuses	△321	288
Increase (decrease) in provision for product warranties	135	1
Increase (decrease) in provision for loss on construction contracts	534	△364
Increase (decrease) in net defined benefit liability	△59	△35
Increase (decrease) in provision for directors' retirement benefits	88	101
Increase (decrease) in provision for contingent loss	288	△38
Interest and dividend income	△103	△107
Foreign exchange losses (gains)	37	△155
Loss (gain) on valuation of investment securities	0	—
Loss (gain) on sales of investment securities	△26	△38
Loss (gain) on operation of investments in capital	—	△1
Interest expenses	21	11
Loss (gain) on sales of property, plant and equipment	2	17
Loss on retirement of property, plant and equipment	2	21
Decrease (increase) in notes and accounts receivable - trade	425	496
Decrease (increase) in inventories	△428	△141
Decrease (increase) in other current assets	△263	31
Decrease (increase) in other non-current assets	△234	△282
Increase (decrease) in notes and accounts payable - trade	842	△214
Increase (decrease) in other current liabilities	543	112
Other, net	1	1
Subtotal	11,140	10,308
Interest and dividend income received	103	107
Interest expenses paid	△21	△10
Income taxes paid	△2,901	△3,839
Net cash provided by (used in) operating activities	8,320	6,564

(Million yen)			
	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)	
Net cash provided by (used in) investing activities			
Payments into time deposits	△844	△934	
Proceeds from withdrawal of time deposits	1,343	421	
Purchase of property, plant and equipment	△1,286	△2,498	
Proceeds from sales of property, plant and equipment	140	33	
Purchase of intangible assets	△102	△229	
Purchase of investment securities	△50	△58	
Proceeds from sales of investment securities	120	43	
Loan advances	—	△35	
Proceeds from sales of investments in capital	—	29	
Proceeds from share of profits on investments in capital	10	—	
Net cash provided by (used in) investing activities	△668	△3,229	
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	—	△249	
Repayments of long-term loans payable	△328	△244	
Proceeds from share issuance to non-controlling shareholders	27	—	
Purchase of treasury shares	△1	△0	
Repayments of finance lease obligations	△2	△1	
Cash dividends paid	△701	△802	
Net cash provided by (used in) financing activities	△1,006	△1,298	
Effect of exchange rate change on cash and cash equivalents	△75	150	
Net increase (decrease) in cash and cash equivalents	6,570	2,187	
Cash and cash equivalents at beginning of period	24,910	31,481	
Cash and cash equivalents at end of period	31,481	33,669	

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	Consolidated: 2,033 Non-consolidated: 1,500 (excluding associates) As of March 2019
Business year	From April 1 to March 31 the following year
Annual general meeting of shareholders	June
Location of head office	2-6-18 Takeshima, Nishiyodogawa, Osaka City, 〒555-0011
Listed stock exchange	Tokyo Stock Exchange (stock code: 6420)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited

Stock information As of March 2019

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 2,029,601 treasury shares)
Number of shareholders at the end of the current fiscal year	4,446 persons

Status of major shareholders

Shareholder name	Number of shares held (shares)	Shareholding ratio (%)
Fukushima Kiki Hanbai Co. Ltd.	4,235,800	21.1
Japan Trustee Services Bank, Ltd.	1,313,000	6.6
Fukushima Industries Employee Shareholding Association	1,084,456	5.4
Yutaka Fukushima	1,010,352	5.0
The Master Trust Bank of Japan, Ltd.	776,000	3.9
Akira Fukushima	661,048	3.3
TCSP Co. Ltd.	550,600	2.7
STATE STREET BANK AND TRUST COMPANY	531,820	2.7
JP MORGAN CHASE BANK	406,017	2.0
Nippon Life Insurance Company	342,824	1.7

Note: The Company owns 2,029,601 treasury shares but is excluded from the above major shareholders.  
The shareholding ratio is calculated exclusive of treasury shares.



# Company Officers, Branches, and Group Companies

## Directors

Yutaka Fukushima, President	Kozo Mizutani, Director	Hiroshi Takeuchi, Auditor
Akira Fukushima, Vice President	Tatsuo Hino, Director	Masao Hama, Auditor
Go Fukushima, Senior Managing Director	Takao Fujikawa, Director	Hiroaki Nishii, Auditor
Mitsuru Katayama, Managing Director	Keiichi Yodoshi, Director	
Kenji Nagao, Managing Director	Hiroko Tanaka, Director	

## Offices

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

## List of group companies

TAKAHASHI GALILEI CO. LTD.	GALILEI PANEL CREATE CO. LTD.	SHOKEN GALILEI CO. LTD.
Fukushima Trading Co., Ltd.	Beijing ER Shang-Fukushima Machinery Electric Co.,Ltd.	GALILEI (THAILAND) CO., LTD.
FUKUSHIMA GALILEI (H.K.) CO., LTD.	FUKUSHIMA GALILEI TAIWAN CO., LTD.	FUKUSHIMA GALILEI SINGAPORE PTE. LTD.
FUKUSHIMA GALILEI CO., LTD. [Shanghai]	FUKUSHIMA GALILEI MALAYSIA SDN. BHD.	FUKUSHIMA GALILEI (THAILAND) CO., LTD.
Fukusima International Vietnam Co., Ltd.	PT. FUKUSHIMA International Indonesia	FUKUSHIMA GALILEI PHILIPPINE CORPORATION
Fukushima International (Cambodia) Co., Ltd.	FUKUSHIMA GALILEI MYANMAR CO. LTD.	





**GALILEI**

**Be cool, Be alive.**

FUKUSHIMA GALILEI CO. LTD.

2-6-18 Takeshima, Nishiyodogawa, Osaka City, 〒555-0011

Tel: +81 6-6477-2011 / Fax: +81 6-6477-0755

[www.galilei.co.jp](http://www.galilei.co.jp)