



On the Publication of Our Integrated Report 2023

Integrated Report 2023 Contents

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Editorial Policy

Hoshizaki Integrated Report 2023 has been compiled for the purpose of explaining the Hoshizaki Group's vision, business model and various capital held, business strategies, ESG promotion structure, etc., aimed at increasing not only economic but also social and environmental value over the medium to long term, and for use in dialog with stakeholders. In compiling the report, we referred to the International Integrated Reporting Framework by the IFRS Foundation, the Guidance for Collaborative Value Creation 2.0 by the Japanese Ministry of Economy, Trade and Industry, Ito Review 3.0 and Ito Report on Human Capital Management 2.0, and the Task Force on Climate-related Financial Disclosures (TCFD), among others, as guides.

Scope of Reporting

Entities in scope: Hoshizaki and the group companies included in its scope of consolidation and those accounted for using the equity method
 Period: The report mainly covers fiscal 2022 (from January 1, 2022 to December 31, 2022). Notes are added to indicate whenever any different periods are referred to.
 Target readers: All stakeholders who have relationship with the Hoshizaki Group
 Corporate name: In this report, "Hoshizaki" and "the Company" refer to HOSHIZAKI CORPORATION on an unconsolidated basis, while "Hoshizaki Group" and "the Group" refer collectively to HOSHIZAKI CORPORATION and its Group companies.

Note on Future Outlook

Of the contents included in this integrated report, those that are not historical facts are based on the Company's outlook and plans for the future. Please be reminded that these forecasts include risks and uncertainties regarding the future, and there is possibility that actual achievements and business performance may differ from the content in this report.

Disclaimer

In case of doubt or difference of interpretation, the Japanese version shall prevail over the English version.

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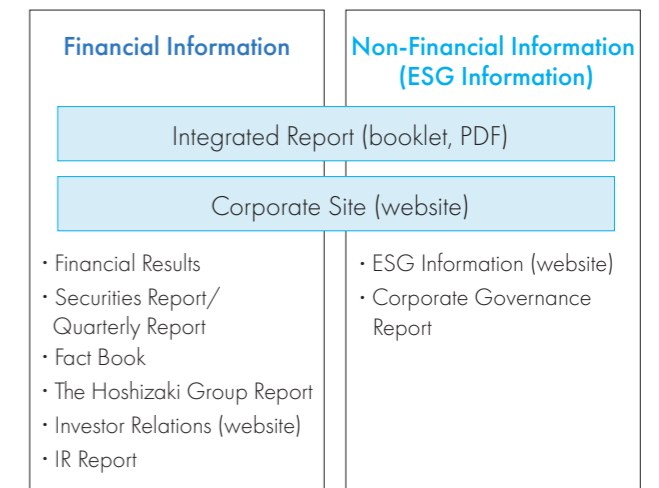
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Information Structure



Introduction

The Hoshizaki Group published its first integrated report in 2022. ESG activities, which include information disclosure, is positioned as an essential management matter, and we have worked to strengthen and spread sustainability activities. We have also gained opinions from within and outside the company by engaging with stakeholders and actively incorporated them into management. This has resulted in our report being selected by the Government Pension Investment Fund (GPIF) as one of the "most-improved integrated reports." We will continue to make stronger our efforts, such as with additional KPIs set for materiality in 2023 in order to fulfill the expectations that are imposed upon us.

The food service industry, which is the Hoshizaki Group's customer, is progressing toward a clear trajectory of recuperation from the adverse economic conditions precipitated by the COVID-19 pandemic. Against such a background, in looking beyond the post-COVID era, we are strengthening business activities in order to be able to resolve issues faced by customers, such as energy conservation, reducing environmental impact, and labor shortages. Specifically, in advance of our competitors into the market, we are actively introducing refrigerators that utilize natural refrigerants. Moreover, we are aiming to create value that is differentiated with "environment" and "automation" in the food service industry as keywords, such as via capital participation in the food service robot field and introducing automated dishwashers with low water consumption. In Japan, Hoshizaki Sales Co., Ltd., has been established and the sales structure has been reorganized, together with progress in the optimization of production bases. Overseas, Italian ice machine manufacturer, Brema Group S.p.A., has been made a consolidated group company in the second half of FY2022. The most challenging phase has passed of the parts procurement problem in 2022, and through reorganization and strengthening of the production structure together with the cooperation of our business partners, we will work to speed up management to achieve our management vision of becoming No. 1 in the world. The year 2023 marks the second year of our Five-year Management Vision, and we aim to be an "Evolving Company" that contributes to society as well as customers, as we seriously engage in obtaining numerical figures.

We hope that this Integrated Report 2023 will lead to understanding of the Hoshizaki Group. Thank you for your continuing support.

July 2023

Seishi Sakamoto, Chairman & CEO

Yasuhiro Kobayashi, Representative Director, President & COO



The Hoshizaki Group in 2022

January

- **Established the Nomination and Compensation Committee**

We voluntarily established the Nomination and Compensation Committee chaired by an independent outside director to strengthen the fairness, transparency, and objectivity of the nomination, compensation, and so forth of directors and executive officers.

February

- **Hoshizaki's 75th anniversary**
- **Announced fiscal 2021 financial results**
- **Disclosed the Five-year Management Vision**

A long-term vision was set according to the Purpose, and we disclosed initiatives in responding to environmental changes from a long-term perspective in order to continuously enhance corporate value, together with financial and non-financial targets.

- **Changed the basic policy on shareholder returns**

The return target was changed to a total return ratio of 40% or more to further strengthen shareholder returns.



75th Anniversary Commemorative Booklet

March

- **76th General Meeting of Shareholders**

April

- **Joint entrance ceremony for group companies in Japan**

An entrance ceremony was held jointly by the Hoshizaki Group companies in Japan. The ceremony was held with 16 companies across 17 sites connected online again the same as last year due to the COVID-19 pandemic. There were 134 new employees, including 49 women (constituting 36% of the total).



Joint entrance ceremony for group companies in Japan

May

- **Announced first quarter financial results**
- **Completed new Ozti factory in Türkiye (Turkey)**

We invested approximately one billion yen and built a fourth factory in Türkiye in order to gain a vast sales channel in markets of Europe, the Middle East, Africa, and Asia as well as meet a further growth in demand in the future.



Completion ceremony at new Ozti factory in Turkey

July

- **Acquired Brema Group S.p.A. in Italy**

We obtained Brema, which has strong sales channels in Southern Europe and Eastern Europe. Complementary synergy can be expected among product portfolios and business regions between the Hoshizaki Group and Brema, and our goal is to expand sales going forward in Southern Europe, Eastern Europe, and Middle Eastern countries besides existing European markets.

- **Published our first Integrated Report**

Hoshizaki's first Integrated Report was published. It was selected by GPIF as one of the "most-improved integrated reports."



Brema Group S.p.A. in Italy

August

- **Announced second quarter financial results**
- **Started receipt of orders in Japan for natural refrigerant-based refrigerators**

In Japan, we started accepting orders for HFC-free commercial refrigerators and freezers that use natural refrigerants in place of alternatives to HFCs. We will continue to add to the lineup beyond 2023 and transition all* standard freezers and refrigerators for the Japanese market to natural refrigerants that are also HFC-free by the end of 2024.



HFC-free refrigerator using natural refrigerant

*Excluding a portion of variant models (specialized models with different usage from standard refrigerators/freezers)

September

- **Implemented stock split and started interim dividends**

With the aim to enhance liquidity of shares and expand the investor base, a stock split was implemented on July 1 to bring the investment unit standard to 500,000 yen or less as recommended by the Tokyo Stock Exchange, and an interim dividend was paid in September with the end of June as the record date.

October

- **Acquired entire shares of NAOMI Co., Ltd.**

NAOMI, which is a leading domestic company in the small-scaled filling machine industry, became a member of the Group. We aim to strengthen development of non-restaurant markets via synergistic effects between the nationwide sales and services network of the Hoshizaki Group and the presence NAOMI has in non-restaurant markets.

- **Capital and business alliance with Connected Robotics Inc.**

By promoting R&D that employs sensing learning technology leveraging Connected Robotics' advanced robot control technology and deep learning and combining that with Hoshizaki's product strength and unique technological capabilities, we will respond to growing needs for automation and deployment of robots in restaurants.

- **Announced the establishment of Hoshizaki Sales Co., Ltd. (Established in January 2023)**

Establishment in January 2023 as an intermediate holding company for 15 domestic sales companies was announced. The company is responsible for control tower functions for sales measures, human resource development, company-wide projects, and so forth. Moreover, it will aim for reduction in costs and further enhancement of governance and internal control by consolidating common functions that include purchasing and administrative work.



Filling machine, the main product of NAOMI Co., Ltd.

November

- **Announced third quarter financial results**
- **Start of operations at new Western factory in India**

To respond to the increase in demand in markets in India as well as Europe, Asia, and Africa, a fourth factory in India was established with approximately 2.5 billion yen in investment. We will aim to provide a stable supply of products by introducing IoT technology, automating the manufacturing line, and so forth to increase production capability by 15% to 30% on a product basis.



New Western factory in India

December

- **50th anniversary of Macom in Brazil**
- **Acquired Royalkitchen in China**

We acquired Royalkitchen, a kitchen design and installation company in China. We will aim for business development that is more rooted in the market in China through not only expansion of sales of our products to Royalkitchen's existing customers but also collaboration with the company that is highly evaluated in the Chinese market.



Signing ceremony with China's Royalkitchen