

Message from Top Management



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HOSHIZAKI CORPORATION

Lessons from past hardships, enhancement of our business foundations and corporate value, and our Long-term Vision

The Past Eight Years: Continued Learning in the Midst of Struggle with the Aim of Restarting Growth

Looking back, the eight years in which I have been President and CEO have certainly been eventful.

In 2018, still comparatively new in my management role, my second year as President presented me with an unprecedented crisis for a listed company. The Hoshizaki Group was unable to complete financial closing procedures by the stipulated deadline due to the discovery of improper transactions at one of our domestic companies in October 2018, and the Company was designated as under supervision by the Tokyo Stock Exchange. By the end of 2018, this designation as under supervision had been removed; however, even as we entered 2019, we struggled to establish the credibility of our financial information and internal controls both in Japan and overseas, and experienced significant delays to our financial closing procedures and timing of related

events. I continue to deeply regret the major inconvenience that this caused our shareholders and investors at the time. I faced each problem head on as it came and, with my letter of resignation ever at the ready, managed to resolve the situation. To ensure that we do not repeat the same mistakes as an organization, I established a new legal department and also launched projects to strengthen internal controls for each critical theme that had been identified, both of these with the goal of strengthening our internal controls and compliance structures. I also moved forward with enhancements to our corporate governance, introducing an executive officer system in 2019, then concentrating my efforts on recruiting Outside Directors, establishing a voluntary Nomination and Compensation Committee, and other initiatives. Making every effort to win back our stakeholders' trust and being able to

bring my own ideas to my engagement with the Company's management during this major turning point for us ultimately taught me valuable lessons.

Just as our work to strengthen our internal controls began to approach completion in 2020, the impacts of COVID-19 provided a new source of concern. While the Group's business performance was significantly negatively impacted in both 2020 and 2021, we formulated a post-pandemic regrowth plan and in 2022 announced a five-year management vision (hereinafter management vision) covering up to fiscal 2026 while also working on stringent cost controls both in Japan and overseas. At the same time as implementing these initiatives, we also committed to organizational reforms and restructuring. Key efforts in this area included establishing management systems for each of the regions we operate in overseas and creating formal structures for the three functions of Hoshizaki Head Office relating to our global operations (engineering, manufacturing, and administration) to strengthen our overseas business. Principal domestic initiatives

included establishing Hoshizaki Sales to act as a command center for our 15 sales companies with the aim of enhancing the Group's cross-functional collaboration and restructuring our sales companies in order to better contribute to solving the challenges facing our customers.

As we promoted these organizational reforms and restructuring initiatives, I think it was the corporate culture that our founder acted as a pioneer in building "Hoshizaki-ism" that kept us anchored. "Change is the only way to evolve—staying 'as is' brings you down" is one pillar of Hoshizaki-ism, and I remember always keeping this in mind during this period. I have faced and had to respond in various ways to upheavals in the Company's operating environment, yet even in the midst of this series of struggles, I have aimed to improve our corporate value and have tried a variety of approaches until I found what worked. I have learned so much as a business leader in these eight years as a result.

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Achieving Profit Growth in All Regions, Guided by Our Management Vision

At the mercy of the COVID-19 pandemic and with our operating environment remaining unpredictable, we set about formulating the Group's third management vision since our listing (a five-year plan covering 2022 to 2026). Not simply a short-term business plan for the Group as a listed company, this management vision significantly differs from previous iterations in a number of ways. For example, we have clearly identified our intention to achieve sustainability, set goals for our social and environmental value as well as our economic value, decided balance sheet targets such as for ROE* and ROIC* in addition to P/L targets such as for net sales, operating profit, and operating profit to net sales, and set out a five-year financial (cash allocation) plan. We began formulating our management vision in 2021, when economic conditions were still being significantly negatively impacted by the COVID-19 pandemic. Against this backdrop, our full management team actively engaged in discussions and formulation of our management vision, aimed at accelerating our growth going forward.

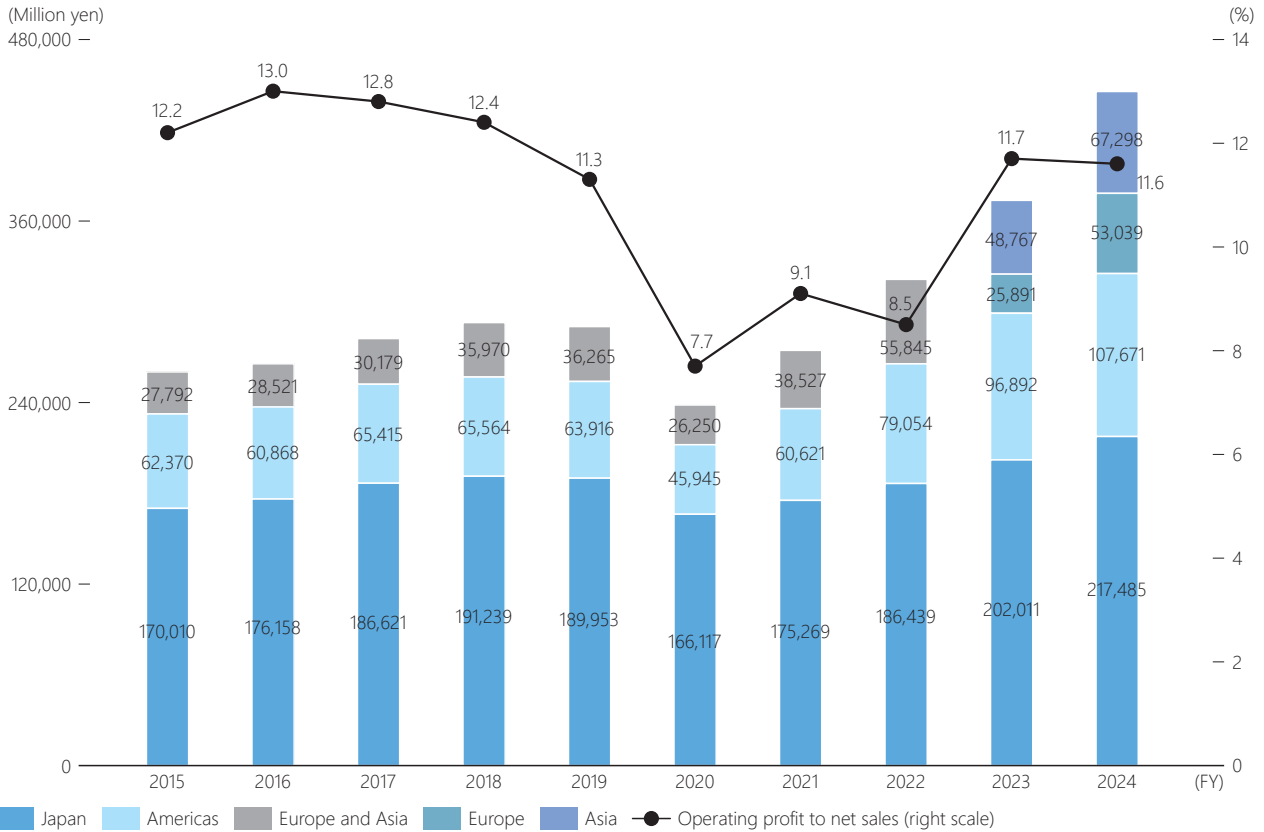
Looking ahead to our Long-term Vision, we have set out global growth and expanding our business in emerging markets, in particular, as a priority policy within our

management vision. We have also laid out a policy of aiming for Group growth through solving the issues faced by our customers in food-related industries, driven to crisis point in the COVID-19 pandemic, as well as those of wider society. To achieve this, we are currently promoting both offensive and defensive strategies, in Japan and overseas. As of the end of fiscal 2024, the third year covered by our management vision, these strategies have generally progressed as planned. However, major changes in our external environment mean that certain aspects of our profit margin and capital efficiency targets are not on track. Nevertheless, in fiscal 2024 specifically, we saw robust demand for capital investment in the domestic food industry and a strong performance in our overseas business in India and other areas, accomplishing net sales and profit growth in all regions and achieving record highs for net sales and operating profit. Thanks to the strong performance of our overseas business, our ratio of overseas net sales to total sales has finally exceeded 50%.

*ROE: Return on Equity
*ROIC: Return on Invested Capital

For more details, see Our Five-year Management Vision (pp.23–24)

► Trends in net sales by region and consolidated operating profit to net sales (from FY2015 to FY2024)



Domestic Business Strategy Within Our Management Vision: Aiming to Increase Profitability Through Robust Growth

In our domestic business, we are aiming to achieve robust growth and improve our profit margins while further exploring the restaurant market and developing non-restaurant markets. To ensure that we can meet these goals, we are also focusing on restructuring efforts.

In both restaurant and non-restaurant markets, handling labor shortages is becoming a key theme. With growing demand for capital investment in automation, labor-saving, and similar measures, our reheating food service carts and cabinets, steam convection ovens, and other labor-saving products are selling well. Going forward, we will also prioritize product development through collaboration with external partners. An example of this is the collaboration we are pursuing with Connected Robotics Inc. in the dishwasher sector, as part of which we are currently trialing a prototype at the stores of one of our customers, a major restaurant chain. Through a continued process of improvements, we plan to aim for commercialization of robotic devices for use in restaurant kitchens.

Reducing food waste is also becoming a key matter of public concern and a watchword across food-related industries. And problem-solving leads to business opportunities for the Hoshizaki Group. In response to the growing need for the ability to rapidly freeze and thaw ingredients, we can provide, and are recording strong sales of, blast chillers and deep freezers (ultra-low temperature freezers). In addition, we will be launching our vacuum microwave thawing machine, a device that ensures high-quality thawing, on the market in July 2025. Not only do these products reduce food waste, they also help our customers handle labor shortages, contribute to lowering logistics costs, and more. Going forward, we will continue to thoroughly explore the market for our core technologies in the freezing, storing, thawing, washing, and other sectors, and work to meet our customers' needs and solve the problems they are facing. In so doing, we will be able to find solutions to the underlying social issues. In order to accurately identify our customers' rapidly changing needs, we have been actively engaging in joint development projects with our customers (combining early prototyping with use and refinement in actual stores), which is delivering concrete outcomes. However, one issue we have encountered when developing products in response to these identified customer needs is long development lead times. To reduce these, we launched an internal project to cut development lead times by half and conducted a rigorous review of our product development process, implementing changes to standardize it and make it more efficient. This has allowed us to meet that initial target. In addition, we have also introduced measures aimed at preventing problems in the initial period after equipment installation. The success of these will build trust with our customers.

We also intend to engage with the challenge of actively incorporating digital transformation, AI, and other technologies. We believe that leveraging these technologies offers tremendous possibilities for improving productivity and

have begun active preparations to make 2026 the Group's "Year of AI." One of these possibilities is our Hoshizaki Connect Wi-Fi (see p.30). Customer uptake of this tool allows early detection and early repair of any product abnormalities (minimizing negative impacts on our customers) and is also expected to significantly improve work efficiency for Hoshizaki Group service staff. We project that additionally incorporating AI into this tool will infinitely expand its possibilities.

We have also been working to increase sales and improve our profit margin in our domestic business. A major initiative in this area has been the restructuring of our sales departments, beginning in fiscal 2023. Until this point, we had set a high value on the independence of each our 15 sales companies in Japan; however, various inefficiencies in their operations had become apparent in recent years. In January 2023, we therefore enacted organizational changes at each of our sales companies and established Hoshizaki Sales, an intermediate holding company that will enable cross-functional collaboration between each of our sales companies. I also serve as President of Hoshizaki Sales and in the last two years have been making every effort to build up the capabilities of this company and thereby achieve profit growth at each of our sales companies. Specifically, we are moving forward with various measures that will contribute to enhancing general sales, service, and corporate sales capabilities at each company, such as rapid horizontal deployment of shared measures and best practices, enhancing talent development, promoting centralized purchasing, and standardizing and making back-office operations more efficient. These are beginning to deliver visible results.

Increasing productivity is the top priority for the Group's domestic arm, which employs approximately 3,400 sales staff and 2,800 service staff (as of December 31, 2024) and considers direct sales, carried out through collaboration between our sales and service teams, its greatest competitive advantage. In addition to fuller usage of SFA* (see p.13), making sales and service back-office operations more efficient and enhancing call center capabilities, we are also fully committed to new development and productivity improvements in our non-restaurant markets in particular. This has produced concrete results, including through enhancement of our product lineup aimed at non-restaurant markets (our own and other companies' products), improved corporate sales capabilities, and more viable Company properties thanks to strengthening our design, construction cost estimation, and purchasing capabilities. Alongside these productivity improvements in front-office departments, we have also been actively promoting streamlining of back-office departments. In March 2025, we completed a project to standardize back-office management functions (438 tasks) at our 15 sales companies, and these are now in operation at each company. We aim to take on the challenge of gradually shifting to shared services from 2026.

As a result of these efforts, the profitability of our domestic

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business is consistently increasing and we now have a clear trajectory toward improving our profit margin.

* SFA: Sales Force Automation; a sales support tool

For more details, see Domestic Business Strategy (pp.36–38)

Overseas Business Strategy Within Our Management Vision: Achieving Profit Growth Through Business and Operating Area Expansion

In our overseas business, we are working toward profit growth by aiming to simultaneously accelerate growth in our existing business and make use of M&A to further increase sales. To lay the groundwork required to achieve these goals, we plan to strengthen management structures both at Head Office and in each of the regions in which we operate, promote efforts to maintain and improve those areas, and enhance PMI* following M&A.

In each of our operating areas, expansion of our overseas business is proceeding as planned. With our domestic business unlikely to offer significant growth potential in light of Japan's aging population and declining birth rate, we expect our overseas business to be the driving force of the Group's growth and will continue to proactively allocate management resources to this segment. We also aim to steadily implement our competitive strategy for each business and area. Currently, our overseas business revolves around refrigeration and related equipment such as ice makers and commercial refrigerators. Our ice maker business especially stands out for its strong competitive edge in, primarily, the USA and Europe. In the latter in particular, we will continue to build a solid competitive edge, including through creating synergies with Brema Group S.p.A., an Italian company we have acquired. In our refrigerator business, Western Refrigeration in India is continuing to facilitate major growth. In the Americas, Europe, China, and Southeast Asia, meanwhile, we face intense competition, and will continue to leverage our brand strength at the same time as proactively launching low-cost products where we can be competitive on price. "Produce where there is demand" is a Hoshizaki Group motto passed down from our founder. As we do not currently have a manufacturing base in Southeast Asia, we plan to construct a refrigerator factory in Vietnam and have this joint venture and first Southeast Asian production base for the Group begin production and supply of goods in the latter half of 2026. Alongside this, we must keep a sharp eye on our China-based manufacturing competitors. With the food service industry in China experiencing a downturn, they are making noticeable inroads in North America, Europe, Southeast Asia, and other areas. In addition to reducing costs, we plan to differentiate the Hoshizaki Group by methodically showcasing our high quality and high performance, our ability to take custom orders and provide after-sales services, and other aspects of the meticulous services we provide to our customers.

In our overseas business, we still have significant room for expansion in our sales channels, product lineup, and sales areas. In the first of these categories, in addition to building

on our networks of distributors in each area, we are also considering the option of acquiring those distributors, as the sales channels offer us a significant competitive advantage. In the second, product lineup, we are aiming to make our existing products more competitive through cost reductions and other measures, while expanding our range through supplying products to other Group companies, new M&A, and other initiatives. Finally, in the category of sales areas, we plan to actively explore the possibilities for expanding our business into Eastern Europe, Central and South America, Africa, and other regions.

I believe that M&A in particular holds the key to overseas expansion of our business. The Hoshizaki Group M&A strategy can be summarized as acquiring profitable companies with talented leadership to deliver reliable results. We follow five priority principles, drawn from our past M&A experiences, when selecting potential M&A targets, and consistently pursue low-risk M&A. This could be described as a characteristic Hoshizaki approach.

However, I feel that the trajectory of our M&A strategy going forward needs certain adjustments. Under our current management vision, we have prioritized M&A in emerging markets and consistently acquired robust companies that can aim to be the future leaders of these growing markets. At the same time, it must be recognized that emerging markets present significant geopolitical risks and are powerfully impacted by macroeconomic factors. Fluctuating business performance at the Group companies in Brazil and Türkiye has had a major impact on overall Group performance in the past. Going forward, we will concentrate on the PMI of our existing businesses and prioritize developed countries (Europe and North America in particular) for new M&A efforts, while taking a more deliberate approach to selecting targets for new M&A in emerging markets. To strengthen our PMI capabilities and promote efforts to maintain and improve the areas in which we operate, we have established regional headquarters in each of those areas and set up frameworks allowing them to provide independent support to companies newly joining our Group in their region. We currently have regional headquarters in the Americas, Europe, China, and Southeast Asia.

It is not unusual for companies that have newly joined the Group through M&A to be facing challenges relating to their development, manufacturing, or management capabilities. We therefore established our Global Engineering Department and Global Manufacturing Department to support our overseas businesses with development and manufacturing in 2021, followed later by our Global Administration Department to

provide support with their management responsibilities. In this way, we are enhancing our organizational structures and capabilities with the aim of strengthening our overseas business in turn. Each of our overseas Group companies is consistently directed to consider "Growth with Profit (Sustainable Growth with Profitability)" as its key target, and we are working to ensure that all management is aware of this goal and uses it as a central criterion when making judgments. Going forward, we will remain fully committed to organic

growth in our existing business and M&A that will contribute to future improvements in our corporate value, with the aim of profit growth in our overseas business.

*PMI: Post merger integration refers to the integration process to maximize corporate value post merger and acquisition

For more details, see Financial and Capital Strategies (pp.31–34) and M&A Policy and Track Record (p.35) Overseas Business Strategy (pp.39–42)

Building from Our Corporate Philosophy to Develop the Human Resources Who Will Lead Us in Serving Our Customers and Wider Society

Without a doubt, "a good product comes from a good environment;" the Group's management philosophy and Hoshizaki-ism are foundational principles for our employees. While "purpose-driven management" has recently become a buzzword, the concept of adapting to the changing needs of the market and continuing to provide our customers with original products incorporating unique technology in order to remain an "Evolving Company" is ingrained in our corporate culture and at the forefront of our employees' minds.

Hoshizaki-ism also acts as action guidelines for our employees and as a core guide for talent development. I often eat at the restaurants of clients utilizing Hoshizaki products in their stores and frequently receive positive feedback from those customers regarding the daily support provided by the Group's sales and service staff. These moments bring home to me what an honor and privilege it is to hold my management position, and are a source of great pleasure. It is my own hope, as the President and CEO, to see all of our human resources realizing the full potential of their individual capabilities and bringing motivation to their work, and I consider it my particular responsibility to create the working environments that make this possible. Our company climate and corporate culture have been based, from our founding up to the present day, on the concept of being a company that is relaxed and welcoming, diligent and sincere. Our manufacturing companies, which have always had a company ethos of diligence in manufacturing, present an example. While continuing to value this approach, we are currently shifting the company mindset toward the more specific concept of diligently manufacturing the excellent products our customers are looking for. I believe that the diligence and general excellence demonstrated by the sales and service staff at our sales companies is fostered by their tireless efforts to solve various issues and provide value as they support our customers in the food service industry with its rapidly changing environment. Strengthening the collaboration between our sales and service segments will be an indispensable element of our business expansion going

forward. Management will continue to offer full support to help our human resources from both segments approach the collaboration with enthusiasm and drive. Meanwhile, the key to renewal and regeneration for our organization lies in the younger generation of employees. They will boldly take on the challenges associated with change, learn from mistakes (like the struggles discussed above), and gain confidence from successes. I plan to work hard to create an environment in which their individual development cycles will feed into our company growth cycle.

In the coming period, personnel development—with a focus on management staff—at companies joining us through M&A will also be vital. I believe that M&A can be an important means of finding excellent management personnel. As members of the Hoshizaki Group's management team, they must form an understanding of the Group's corporate philosophy, Hoshizaki-ism, and more. We already ensure frequent exchanges among our senior leadership; going forward, we also hope to increase opportunities for interaction between our mid-level executives.

For more details, see Human Resources Strategy (pp.43–49)



President's speech at FY2025 Welcoming Ceremony for all new domestic Hoshizaki Group employees

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Striving to Further Increase Corporate Value and Meeting Capital Market Expectations

From the perspectives of sustainable growth and increasing corporate value, we are working to improve our capital efficiency, including initiatives relating to ROE and ROIC (see p.11). I believe we have already achieved a certain degree of capital market understanding of our business, and that this is to some extent a factor in our current share price (as of June 2025). However, I do not consider our current share price a full reflection of the Group's genuine value. We need to make the probability of the growth scenario we have traced for the Group clearer to the capital market.

Improving our capital efficiency is always at the forefront of our minds, and we have set cash allocation guidelines. Our management vision sets out our plan to buy back treasury shares using a flexible approach, with the aim of optimizing our cash position, while prioritizing strategic investment and investment for growth. We have set a target for consolidated ROE of 12% or higher. In the past, the Hoshizaki Group has prioritized M&A and other investment for growth in its cash

allocation, as well as the maintaining of a financial reserve in case of emergency. Going forward, we will continue to adhere to these principles, but also focus on shareholder returns in order to meet our targets for capital efficiency. In February 2025, we shifted from our existing shareholder returns policy of a total shareholder return of 40% or more to a policy of a payout ratio of 40% or higher and an agile approach to the acquisition of treasury shares. To achieve our management vision, we intend to continue active efforts toward enhancing our profitability and improving our capital efficiency going forward. We are working hard to improve profit margins and capital efficiency at all Group companies both in Japan and overseas, and have launched a new project aimed at increasing ROIC from this period on. With the Group-wide improvements in these areas, we will continue to accelerate our work on the associated tasks.

For more details, see Financial and Capital Strategies (pp.31–34)

term Vision, and includes efforts to resolve these. Each is of paramount importance to the Group, but I believe that sustainable supply chain management, creation of new customer value, and enhancement of management foundation are particularly critical. In the current international situation, where countries and regions are only becoming more divided, I have a strong sense of the need to optimize supply chains in each region and for each of our companies. When it comes to creation of new customer value, meanwhile, our ongoing development of non-restaurant markets in Japan is an example arena in which we have so far learned a great deal. Having grown our business with the restaurant market as our linchpin, the fact that we have been able to expand our business in non-restaurant markets—in which we are a relative unknown—to the extent that we have has significantly boosted our confidence. We are working to maximize the value we offer customers in these unfamiliar non-restaurant markets, and I am confident that we can also utilize this approach as we explore global markets in the future.

A particular sustainability initiative that I hope to translate directly into greater corporate value is launching products that will reduce our customers' environmental impacts. Our development of refrigerators and freezers that utilize natural refrigerants (see p.03) is a pioneering advance in the industry and a prime example of this. We have been supplying natural refrigerant-based products overseas since 2009 and receiving highly positive reviews of their quality. In Japan, too, we launched pioneering sales of natural refrigerant-based

products in 2022. With these products highly rated by our customers, natural refrigerants are accounting for a steadily greater proportion of our lineup. While we appear to be seeing a backlash against sustainability initiatives globally, the environmental issues facing the planet will continue to worsen and we have no intention of relaxing our efforts to invest in eco-friendly products.

For more details, see Environmental Strategy (pp.53–56)

For the final material issue I wanted to highlight, enhancement of management foundation, maintaining a solid governance structure is of vital importance for our goal of continuing to expand our business globally while carrying out M&A. As I also touched on at the start of my message, our 2018 discovery of improper transactions prompted us to establish a governance structure, and our work on this initiative has advanced significantly in the intervening seven years. Our efforts to establish the kind of framework expected of a listed company are now almost complete.

Our next key challenge relating to governance is that of global governance. Governance of our continually expanding overseas business is not yet on a par with that of our domestic affairs. However, we are taking steady action to enhance it, including establishing regional heads (responsible for the overarching management of each of our operating companies) and regional CFOs (tasked with day-to-day management of the same) at each of our regional headquarters.

For more details, see Group Governance (pp.74–75)

Engaging with Six Material Issues for Medium- to Long-term Value Creation

The Hoshizaki Group aims to be an “Evolving Company” able to serve not only our customers but also wider society. As such, we consider contributing to the building of a sustainable society our mission as a company.

In addition to aiming to increase our economic as well as social and environmental value on an ongoing basis, the Group's management vision has identified six material issues facing the Group as we move toward realizing our Long-



Aiming to Be an “Evolving Company”

The Hoshizaki Group's listing on the First Section (today the Prime Market) of the Tokyo Stock Exchange in 2008 significantly altered its trajectory, setting us on the path to a new phase for the Group. The Group's management has been guided by our founder since the Company's beginnings, and the fact that the growth we have achieved so far has been possible demonstrates the aptness of the management policies he set and which we have resolutely followed. The tenets of Hoshizaki-ism include “change is the only way to evolve” and “a profitable company has a culture that generates profit,” and this approach lives on in the Group's management and business today.

Of the companies we have acquired through M&A, many of their founders (and/or their families) remain majority shareholders, and many already have their own firmly established company cultures. We do not seek to remodel these companies in Hoshizaki's image, but rather to respect as far as possible the corporate cultures that underpin these businesses'

strengths. At the same time, we will continue to expect them to steadily implement measures for the understanding and promotion of the management philosophy and action guidelines that we highly value as a Group, build the operational foundation required of our Group companies by our position as a listed corporation, and similar initiatives, and we will not hesitate to engage with any points of contention over these matters. I will lead our ongoing alignment as both a corporate grouping made up of companies each with their own unique personality and a singular group formed by the publicly listed Hoshizaki Corporation, as well as our continuing work to build the frameworks and the ecosystem that will allow us to pass this on not only to the generation that will follow my tenure, but also to those that will come after. This is both my mission as President and CEO and my own personally and dearly held dream.

Going forward, the Hoshizaki Group will continue to evolve, and I hope our stakeholders will join me in my high hopes for our future.

Value Creation Process

Taking the Purpose outlined in our corporate philosophy as our starting point, the Hoshizaki Group creates social, environmental, and economic value through our business activities and works to achieve the Long-term Vision set out in our five-year management vision. Key points of the value creation process are explained on the following page.

Megatrends

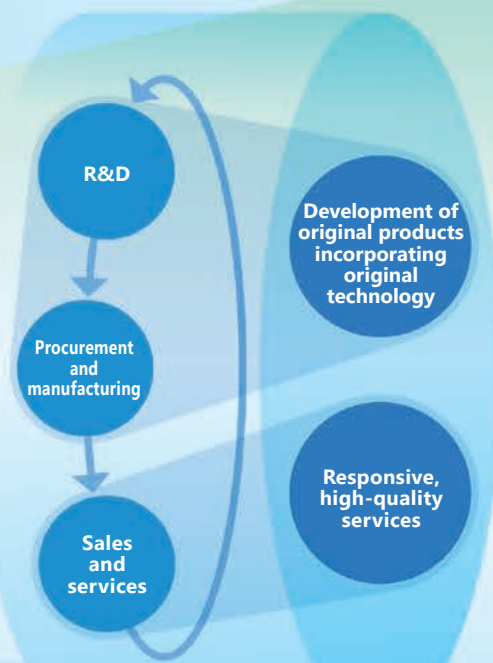
Changing global context and restructuring of economic systems

Intensifying competition and diversifying markets and customer needs

Making our planet sustainable and moving toward societies where no one is left behind

Technologically driven business model reform

Business Model and Strengths



Materiality

Five-year Management Vision

- Response to climate change
- Sustainable supply chain management
- Creation of new customer value
- New proposals for the creation of a safe and secure food environment
- Improving employee engagement
- Enhancement of management foundation

- Strengthen active initiatives to meet diversifying customer needs and resolve issues as required by society.
- Establish global business bases and stable revenue bases to enable sustainable growth.

Growth Drivers

Accelerating SX* and GX*

Co-creation within and beyond the Company

DX

Launching new products

Developing new markets

M&A

Expanding domains and scale of our business

Long-term Vision

We aim to be No. 1 globally by taking the initiative in new markets with growth prospects and in undeveloped markets to thereby further raise our market presence.

We will contribute to the global future by resolving issues facing customers and society in connection with food through the provision of products and services.

Outcomes (Value Creation)

Achieve a comfortable and efficient eating environment

Results (FY2024)

Target (Year of achievement)

Social and environmental value

Non-restaurant market sales (in Japan)

95.3 billion yen

100.0 billion yen (2026)

Service sales (in Japan)

49.3 billion yen

52.2 billion yen (2026)

Employee satisfaction survey (Perfect score: 55 points) (in Japan)

39.3

Aiming for annual improvement

Women in managerial positions (in Japan)

233

300 (2025)

Response rate for supplier survey on sustainability (Hoshizaki)

100%

95% or more (2026)

Attendance ratio of major suppliers to an annual factory policy briefing (Hoshizaki)

97.6%

95% or more (2026)

CO₂ emissions (Scope 1 and 2) (Hoshizaki Group)*

Compared with FY2023

-2.4%

Compared with FY2023

-30% (2030)

Economic value

Net sales

445.4 billion yen

450 billion yen (2026)
(including M&A 50 billion yen)

Operating profit ratio

11.6%

14% or more (2026)
(before M&A goodwill amortization)

ROE

10.7%

12% or more (2026)

Payout ratio

40.6%

40% or more

Purpose

We aim to be an “Evolving Company” contributing to society and customers

Inputs (Capitals)

FY2024 Results

Financial capital

For more details, see pp.31-35

Total assets:
543.9 billion yen

Net cash:
229.9 billion yen

Human capital

For more details, see pp.43-49

Number of employees on a consolidated basis:
16,061

(In Japan)
Sales staff:
approx. **3,400**

Service staff:
approx. **2,800**

Intellectual capital

For more details, see pp.50-52

R&D expenses:
5.6 billion yen

R&D sites:
13

Manufactured capital

For more details, see p.57

Capital expenditure:
13.8 billion yen

Number of manufacturing sites:
27

Social and relationship capital

For more details, see p.58

(In Japan)
Customer base of approx. **3** million

Suppliers supporting approx. **6,000** models

Natural capital

For more details, see pp.53-56

Electric power consumption:
18,178,000 kWh

*Hoshizaki Head Office Plant and Shimane Plant

Water intake volume:
126,000 m³

*Hoshizaki Head Office Plant and Shimane Plant

Sustainably strengthening our capital position

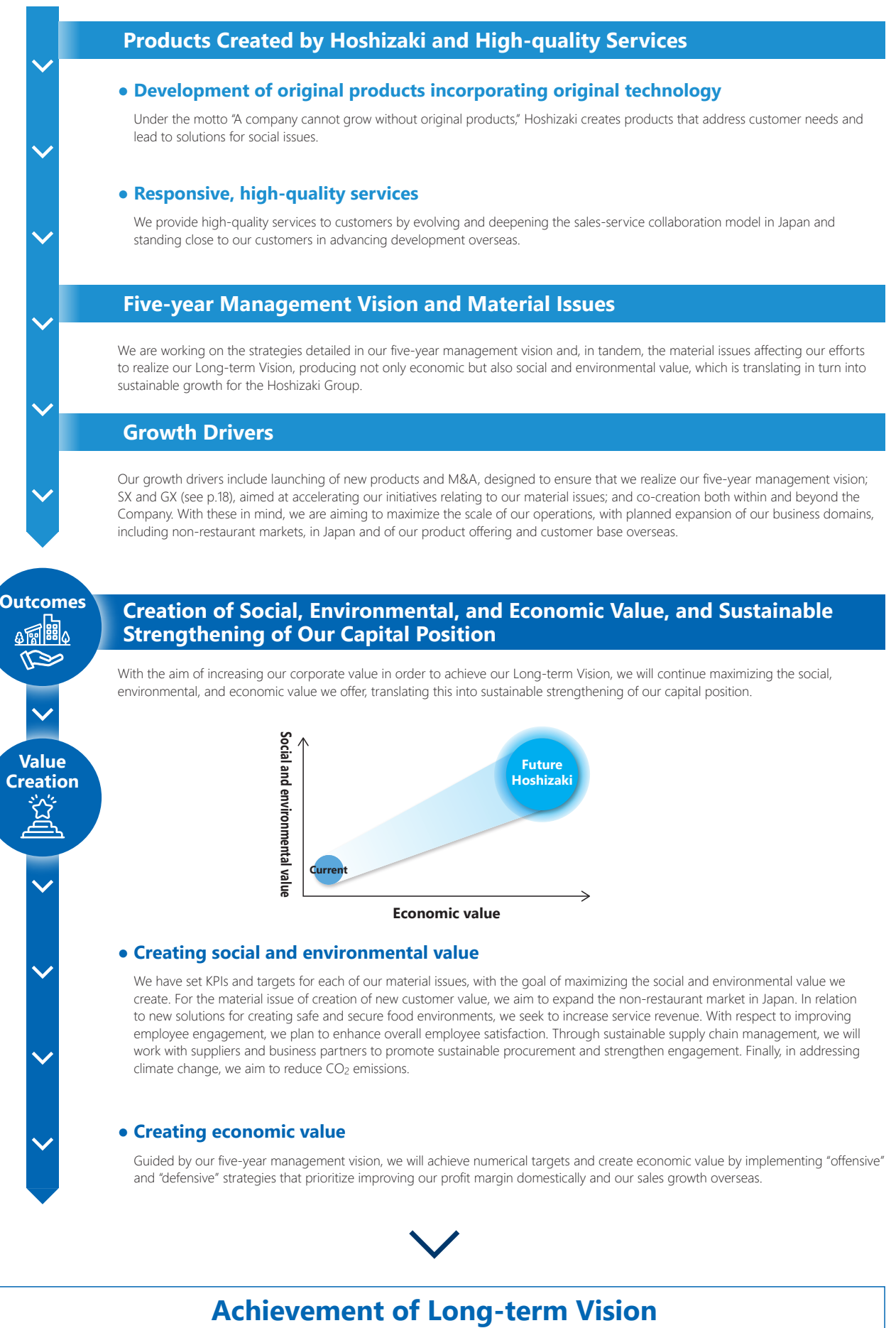
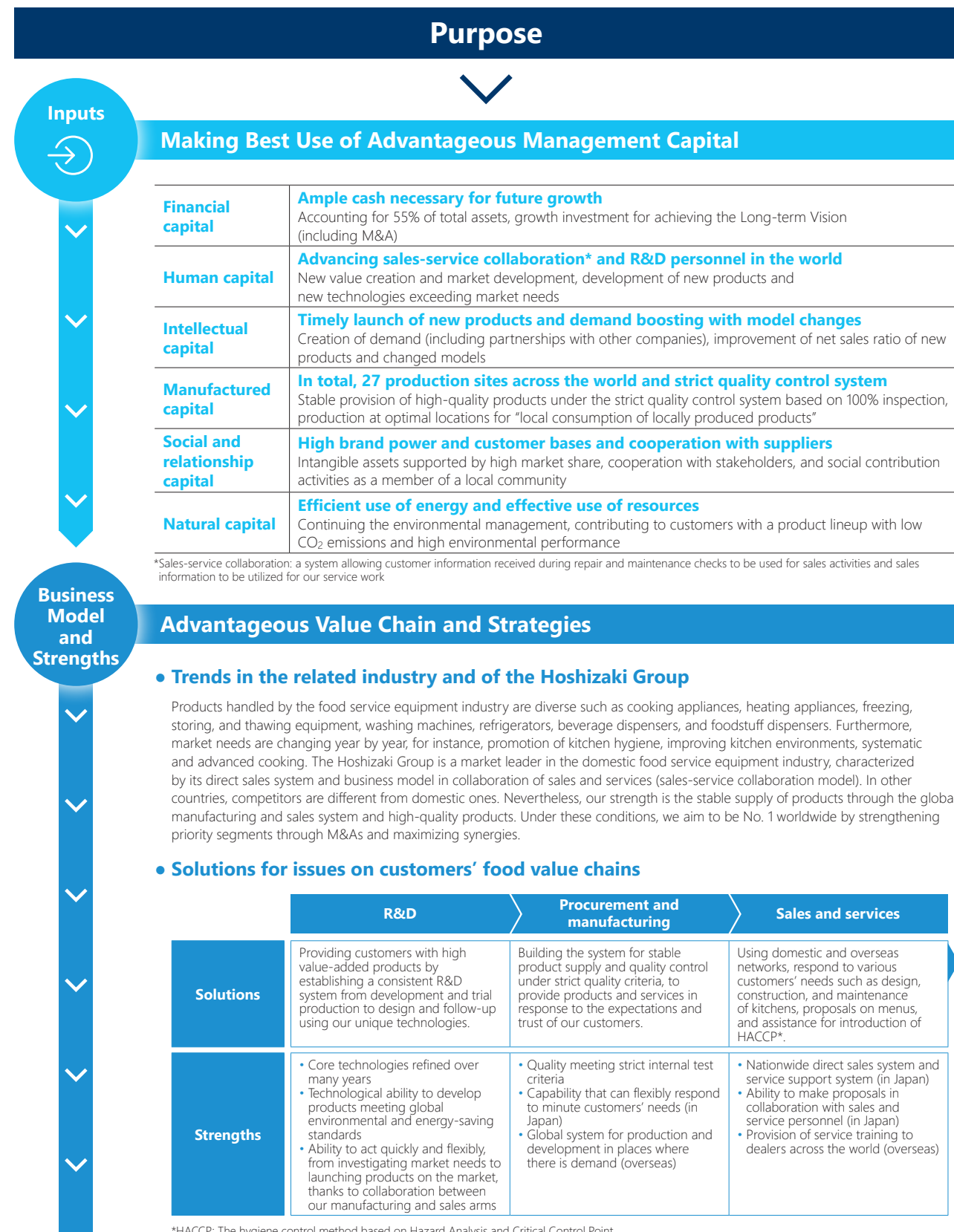
*SX (Sustainability Transformation): A management approach that values sustainability for both society and business

*GX (Green Transformation): Moving from industries and social structures centered around fossil fuels to structures centering around green energy

*Figure does not include overseas sales companies or associated companies accounted for by the equity method

Key Points of Value Creation Process

To realize the Long-term Vision based on the Hoshizaki Group's Purpose amidst an uncertain future business environment, we need to consider megatrends and other factors to identify risks and opportunities considering social issues and the business environment while leveraging management resources for conducting business activities mainly surrounding strategy for the five-year management vision to create not only economic value but also social and environmental value. To do so, we must resolve materiality and consider various initiatives accordingly.



Our Approach to Risks and Opportunities

The Hoshizaki Group conducts PEST analysis to identify risks and opportunities, considering the macro-environmental factors we have recognized as significant, along with their potential impacts. For risks that could materially affect our financial position, business results, or cash flows, we compile a comprehensive risk list. Each responsible department then maps and manages the risks within its remit in accordance with its duties. Risks assessed as highly critical, and those that expose the Group to greater vulnerability, are given priority, with countermeasures developed and implemented as necessary.

	PEST Analysis of Environmental Change Factors	Megatrends	Risks and Opportunities		Our Approach to These Risks and Opportunities	
Politics	- Increasing geopolitical risks (e.g., US tariffs and various countries' retaliatory measures) - Various changes to regulations and taxation (relating to the economy, environment, human rights, labor, etc.)	Changing global context and restructuring of economic systems	Risks	- Difficulties procuring components and materials and increased manufacturing costs as a result of supply chain disruption - Cost increases due to introduction of carbon taxes - Different countries and regions' legal systems and related responses to various government regulations	Governance Visualization of and timely responses to the Group-wide risks Financial and Capital Strategies Manufacturing and Quality Mitigating market volatility risk through cost reductions and IT investment Supply Chain Management Ensuring supply of parts by using alternative components internationally and establishing multiple sources of supply Financial and Capital Strategies Domestic Business Strategy Overseas Business Strategy Enhancing our business performance management and making price adjustments in response to rising costs	Environmental Strategy Supply Chain Management Greater adoption of renewable energies and preparations for calculating Scope 3 emissions Governance Respect for Human Rights Holding compliance training for all Group employees Overseas Business Strategy Transferring certain responsibilities to overseas regional headquarters and reacting quickly to local changes Environmental Strategy Increasing roll-out of energy-saving and natural refrigerant-based (see p.03) products
			Opportunities	- Increasing advantages of local production in areas of demand - Growing demand for eco-friendly products as a result of our and our customers' efforts to address Scope 3 emissions		
Economy	- Intensifying conflict between economic blocs - Growing inequalities - Rising commodity prices and inflation in various countries and regions, and their monetary and economic policies - Economic growth in emerging markets	Intensifying competition and diversifying markets and customer needs	Risks	- Soaring procurement costs due to market fluctuations - Intensifying competition in the market - Impact of exchange rate trends on manufacturing costs and net sales - Intellectual property infringement - Delayed progress on business plans following acquisitions - Increasing global financial risks (e.g., Türkiye)	Governance Financial and Capital Strategies Reducing M&A risks through due diligence and verification of business plans Governance Financial and Capital Strategies Lowering risk by monitoring exchange rates and reviewing our cash position Governance Overseas Business Strategy Human Resources Strategy Utilizing organizational strengths and promoting PMI (see p.14) to create synergies Overseas Business Strategy Product development and sales strategies tailored to the needs of each country and region in which we operate	Manufacturing and Quality Overseas Business Strategy Development and Technology Strategy Globally coordinated joint procurement of parts Governance Overseas Business Strategy Carrying out ongoing research and reviews of our M&A targets Governance Development and Technology Strategy Protecting and using our intellectual property
			Opportunities	- Increasing advantages of local production in areas of demand - Growing demand in emerging markets (sales growth in regions we are expanding into, increased M&A opportunities)		
Society & Culture	- Labor shortages and changing demographics - Aging populations in developed countries - Increasing interest in sustainability and ESG - Widening generation gap - Climate change, disasters, and emergence of infectious diseases - Increasing awareness of product quality, safety, and security	Making our planet sustainable and moving toward societies where no one is left behind	Risks	- Retaining excellent human resources on an ongoing basis - Environmental and human rights risks in our supply chains - Increased cost burden for R&D and capital investment aimed at labor-saving, workforce reduction, and further decarbonizing our products - Increase in costs associated with introduction of renewable energy and procurement of alternative fuels - Impacts of natural and man-made disasters on the operation of our equipment, information systems, business partners, etc. - Increasing costs from product and part replacements and inspections for faults sparked by quality issues beyond our expectations, stemming from customer complaints	Human Resources Strategy Engagement Evaluation and compensation commensurate with an individual's skills, a global human resources system, and reskilling Human Resources Strategy Engagement Creating working environments and changing mindsets such that our diverse human resources can thrive Governance Respect for Human Rights Supply Chain Management Expanding on our human rights due diligence throughout our supply chains and taking action on its shift into a legal requirement Manufacturing and Quality Overseas Business Strategy Reducing labor shortage risks through labor-saving solutions and local production in areas of demand Governance Financial and Capital Strategies Environmental Strategy Formulation of a BCP, insurance coverage, and savings set aside for the event of an earthquake Manufacturing and Quality Overseas Business Strategy Development and Technology Strategy Global quality improvement and management, and support for design and manufacturing Manufacturing and Quality Overseas Business Strategy Optimizing manufacturing sites and product flow	Governance Manufacturing and Quality Mitigating the effects of product-related incidents with public liability insurance Environmental Strategy Development and Technology Strategy Domestic Business Strategy Overseas Business Strategy Differentiating ourselves from competitors with our energy-saving products Overseas Business Strategy Environmental Strategy Development and Technology Strategy Expanding our cold chain product offering in hot-climate regions Environmental Strategy Utilizing natural refrigerants in all our products and expanding their sales Domestic Business Strategy Overseas Business Strategy Using lessons learned from the COVID-19 pandemic to prevent the spread of infection and create new demand Domestic Business Strategy Human Resources Strategy Capturing demand for maintenance and repair work in response to labor shortages and aging populations
			Opportunities	- Increasing demand for energy-saving and similar products, as a form of action on climate change - Growing demand for labor-saving and workforce-reduction solutions - Increasing importance of maintenance and repair work (labor shortages, aging populations) - Growing demand for eco-friendly products - Growing demand for hygiene maintenance, measures against heatstroke, and similar measures		
Technology	- Increasing productivity, changes in employment practices, and acceleration of automation through use of big data and AI - Progress of climate change solution technologies such as renewable energies and carbon capture - Development of the IoT and other digital technologies	Technologically driven business model reform	Risks	- Impact on net sales of slow adoption of AI and robotics - Increasing internet security risks, such as unauthorized access through cyberattack	Development and Technology Strategy Accelerating technical cooperation through collaborations with research institutions and start-ups Governance Enhancing security through multifaceted technological measures, internal control systems, and employee training Governance Financial and Capital Strategies Global cyber insurance coverage to minimize the impacts of any potential incident	Development and Technology Strategy Developing and expanding sales of products utilizing AI and robotics Domestic Business Strategy Increasing domestic sales and productivity through SFA (see p.13) and reinforcing sales-service collaboration (see p.19) Domestic Business Strategy Centralizing our call centers in Japan and making effective use of customer data
			Opportunities	- Growing demand for automation, robotics, and remotely operated products and services - Increased productivity and value creation through use of AI and other new technologies		

Five-year Management Vision

To strengthen our ability to respond to environmental changes from a long-term perspective, the Hoshizaki Group has established the Long-term Vision with our Purpose as a major policy. The five-year management vision (FY2022–FY2026) is formulated that sets respective targets for social and environmental value and economic value, aiming to enhance corporate value toward realizing our Long-term Vision.

Organizational activities are being engaged in with the formation of new working groups aiming to resolve six material issues toward increasing social and environmental value. To increase economic value, we strive to achieve numerical targets by executing “offensive” and “defensive” strategies through profit ratio improvement domestically and sales growth overseas.

Purpose

We aim to be an “Evolving Company”
contributing to society and customers

Long-term Vision

- We aim to be No. 1 globally by taking the initiative in new markets with growth prospects and in undeveloped markets to thereby further raise our market presence.
- We will contribute to the global future by resolving issues facing customers and society in connection with food through the provision of products and services.

Future strategic direction

Group-wide

- Strengthening active initiatives to meet diversifying customer needs and resolve issues as required by society
- Establishing global business bases and stable revenue bases to enable sustainable growth

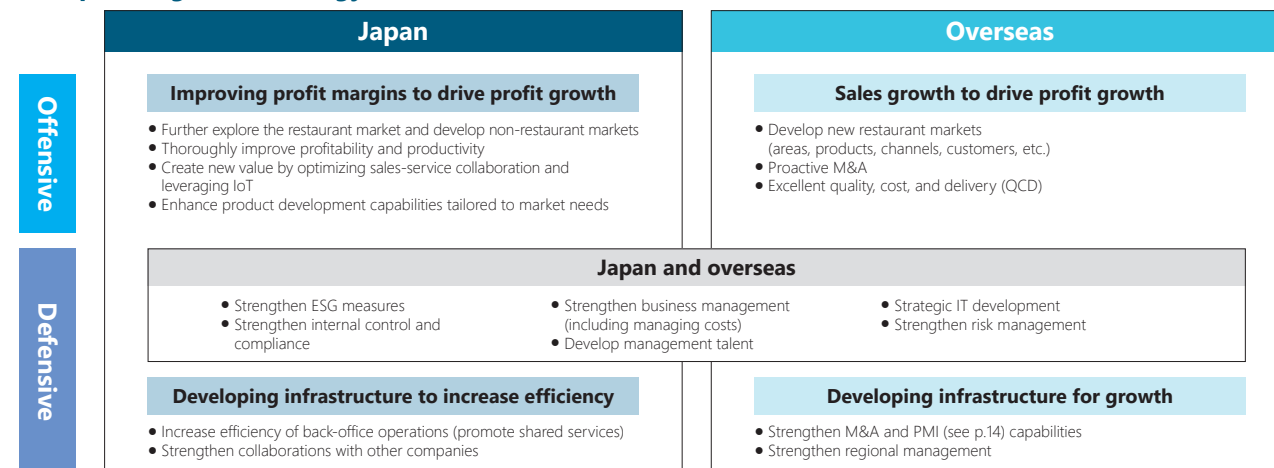
Japan

- Reinforce development in non-restaurant markets in pursuit of growth, while continuing to further explore our existing restaurant market
- Establish a new sales model (our sales-service collaboration model; see p.19) to accommodate the needs of customers in the rapidly-changing restaurant market and in non-restaurant markets with their diverse range of customers

Overseas

- Move ahead of our competitors to enter and expand businesses in emerging markets with growth prospects, while maximizing growth in existing markets

Group-wide growth strategy



Performance targets for FY2026

(Assumed exchange rates: USD 1 ≈ JPY 110; EUR 1 ≈ JPY 130)

- Consolidated net sales: 450 billion yen (including M&A 50 billion yen)
- Consolidated operating profit ratio: 14% or higher (before M&A goodwill amortization)
- Consolidated ROE (see p.11): 12% or higher
- Payout ratio: 40% or higher

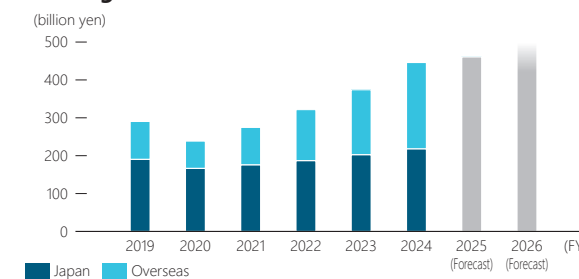
Status toward achieving the five-year management vision

Developments in FY2024, year three of our five-year management vision, included a recovery in inbound tourism in Japan, and we engaged proactively with the resultant strong demand for capital investment centered around the restaurant and service industries. Overseas, meanwhile, we set records for consolidated net sales and consolidated operating profit thanks in large part to our dispenser business in the Americas and our business in India, as well as the weak yen and newly consolidated companies. We also made progress on our ROE target, which we use as a measure of capital efficiency, achieving ROE of over 10%, while our payout ratio was more than 40%.

Changes in consolidated net sales

As a result of implementing our growth strategy both in Japan and overseas (including M&As), the progressive depreciation of the yen, and other factors, net sales showed a positive trend over FY2022–FY2024 with reference to our five-year management vision's numerical targets. We will continue to aim toward achieving the targets set for the final fiscal year of our vision through further efforts to expand sales, synergies with acquired companies, and other initiatives in all regions in which we operate.

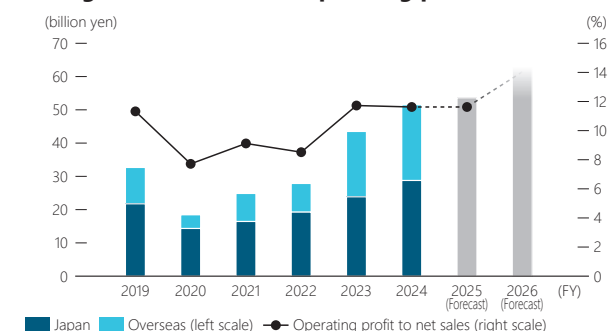
► Changes in consolidated net sales



Changes in consolidated operating profit

Our operating profit to net sales from FY2022 to FY2024 remained approximately on target as per the numerical targets set out in our five-year management vision, despite the effects of increases in material and labor costs, intensifying price competition with competitor companies, inflation accounting in Türkiye, and other factors. We will continue to aim toward achieving the targets set for the final fiscal year of our vision through further efforts to improve profitability, implementing strategic price adjustments, synergies with acquired companies, and other initiatives in all regions in which we operate.

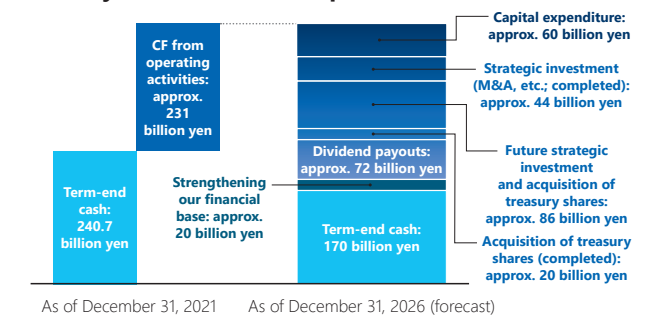
Changes in consolidated operating profit



Capital policy: cash allocation

We will proactively utilize our cash at bank and in hand with the aim of achieving a ROE of 12% or higher. Alongside accelerating our investment for business expansion and improving productivity (including M&As), we aim to deliver stable dividends on an ongoing basis and will pay dividends in line with profit growth with a target payout ratio of 40% or higher. We will also consider acquisition of treasury shares, with a flexible and agile approach and full consideration for factors such as making strategic investments and investment for growth and optimizing our cash position. For more details, see p.31

► Five-year cash allocation plan



As of December 31, 2021

As of December 31, 2026 (forecast)

*Initial cash allocation plan was revised in February 2025

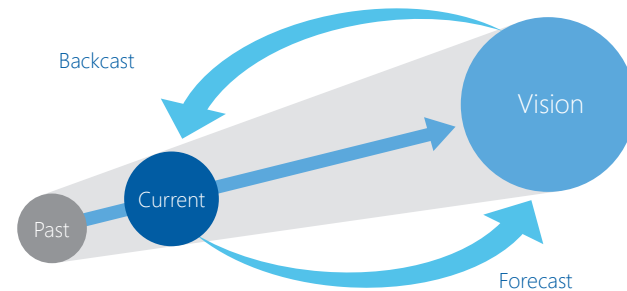
*Items marked “completed” were completed as of December 31, 2024

Measures to improve our social and environmental value

- Response to climate change (installing solar panels and making a full switch to LED lighting at our plants in Japan)
 - For more details, see p.55
- Sustainable supply chain management (continuing to conduct sustainability questionnaires, etc.)
 - For more details, see p.58
- Creation of new customer value (developing non-restaurant markets, expanding range of products using natural refrigerants [see p.03], etc.)
 - For more details, see p.36
- New proposals for the creation of a safe and secure food environment (including continued customer satisfaction surveys for recipients of maintenance and inspection services)
 - For more details, see p.60
- Improving employee engagement (strengthening initiatives to promote diversity, etc.)
 - For more details, see p.46
- Enhancement of management foundation (strengthening our Group governance structure, etc.)
 - For more details, see p.65

Materiality Toward Realization of Vision

The Hoshizaki Group has identified materiality toward achieving our Long-term Vision based on our Purpose and is undergoing various initiatives to resolve those issues. The five-year management vision backcasts from our Long-term Vision, and we aim not only to set targets for economic value and enhance them but also to improve social and environmental value.



Process of extracting/Identifying materiality

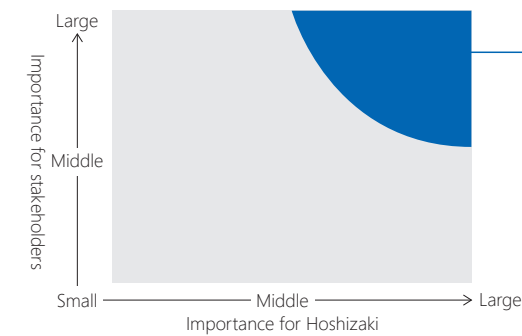
In 2022, the Hoshizaki Group discussed and considered various social issues with diverse employees and then extracted and identified six material issues, considering the opinions of Outside Directors and others.

Step 1	Extraction of themes for sustainability issues	Extract a candidate theme through reviews of competitors, ESG ratings agencies, economic trends, the industry, and experts as well as data analysis
Step 2	Evaluation of degree of importance and mapping	Work on a mapping through evaluations of the Hoshizaki axis (analysis of internal documents, interview with the management, internal workshop) and the stakeholders axis
Step 3	Verification of validity	Through discussion with Outside Directors, verify the properness from an outside perspective
Step 4	Identification, approval	Identify issues to be addressed first among candidate themes and approve them through discussions at the Board of Directors

Material issues, how they relate to sustainability, accountable executives, and KPIs

Material issues	Relevance to the Vision	Accountable executives	KPI	Target/Year	FY2024 results	Related pages
Response to climate change	In response to the global climate changes, contribute to resolution of environmental issues through the provision of comfortable food environment (business).	Kazuhiro Nagashima Executive Officer (in charge of Legal Department and General Affairs Department)	Reduction of CO ₂ emissions from our business activities with the aim of building a decarbonized society	Reduce CO ₂ emissions (Scope 1 and 2) 30% by 2030 (compared with 2023)	Scope 1 and 2 CO ₂ emissions: -2.4% (compared with 2023)* *Figure does not include overseas sales companies or associated companies accounted for by the equity method	pp.53-56
Sustainable supply chain management	With a supply chain considering the environment and human rights, minimize waste emissions and promote healthy and safe working conditions.	Hidehiko Furuhashi Executive Officer (in charge of Head Office Plant)	1. Supplier surveys on sustainability, including environmental protection (waste, etc.) and human rights and labor (safety) 2. Ongoing communication with suppliers to improve outcomes of related initiatives	1. Develop a questionnaire (in 2023) and achieve a 95% or more response rate among major suppliers (in 2026) (Hoshizaki) 2. Achieve 95% or more attendance rate of major suppliers at annual plant policy briefing (in 2026) (Hoshizaki)	1. Response rate among major suppliers: 100% 2. Attendance ratio of major suppliers to an annual plant policy briefing at 98%	p.58
Creation of new customer value	Manufacture products flexibly responding to changes and create a service business, quickly catching up with changes in the environment surrounding customers.	Makoto Sasaki Executive Officer (in charge of research and development)	1. Serving customers in the various non-restaurant markets into which we aim to expand 2. Providing eco-friendly and sustainable products and services to a diverse range of customers	1. Non-restaurant market sales: 100 billion yen (in 2026) (in Japan) 2. Sales of products using natural refrigerants (in Japan): 26 billion yen (in 2026)	1. Non-restaurant market sales (in Japan): 95.3 billion yen 2. Sales of products using natural refrigerants (in Japan): 11.3 billion yen	pp.36-38
New proposals for the creation of a safe and secure food environment	In response to changes in the diversifying food environment, provide safe and secure products and services to help people lead a good life.	Yasushi Ieta Director, Senior Managing Executive Officer (in charge of domestic sales)	Taking advantage of the Japan-wide coverage provided by our many business locations to deliver safety and security to our customers through product maintenance and service calls	Service sales: 52.2 billion yen (in 2026) (in Japan)	Service sales (in Japan): 49.3 billion yen	pp.36-38
Improving employee engagement	Evolve toward a vital workplace culture where all employees share diverse values, respect each other, and work with pride.	Toshikazu Tanjima Director, Senior Executive Officer (Head of R&D, in charge of manufacturing and Corporate Planning & Strategy Department)	1. Supporting development of women in managerial positions and developing and retaining future women candidates for managerial positions 2. Improving employee engagement on an ongoing basis 3. Continuing to expand participation in our employee engagement survey overseas	1. Women in positions at or above section manager level: 50 employees, and women in positions at or above assistant manager level: 300 employees (in 2025) (in Japan) 2. Improve scores in employee satisfaction surveys (in Japan) 3. Increase proportion of overseas sites taking part in employee engagement survey (global)	1. Women in positions at or above section manager level: 37; women in positions at or above assistant manager level: 251 2. Employee satisfaction survey scores (in Japan): +1.68 points 3. Carried out employee engagement surveys at five companies in the Americas and two in Europe	pp.43-49, p.59
Enhancement of management foundation	Implement socially reliable management, by enhancing corporate governance and thoroughly complying with laws and regulations.	Ryuichiro Seki Director, Senior Executive Officer (in charge of Accounting Department and Global Administration Department)	1. Strengthening of compliance management foundation 2. Continuation of extensive compliance education for employees	1. No substantial compliance violations (global) 2. Provision of compliance education for all employees (global)	Compliance and Risk Management Committee meetings held (11 times) Compliance training held for all Group companies in Japan and overseas (758 times, attended by all employees)	pp.65-76

► Materiality assessment



We identified six material issues based on social issues that are important for the Group and its stakeholders.

- Response to climate change
- Sustainable supply chain management
- Creation of new customer value
- New proposals for the creation of a safe and secure food environment
- Improving employee engagement
- Enhancement of management foundation

Materiality of the Hoshizaki Group

Taking into account shareholder and investor expectations emerging through dialogue and engagement with these groups and with the aim of responding more effectively to our material issues, the Hoshizaki Group has established a working group (WG) for each of these material issues. As a general rule, these WGs are chaired by Executive Officers, as appointed by our Sustainability Committee. Progress is regularly reported to the Committee, which engages in thorough discussions.

In 2024, with the aim of further enhancing sustainability initiatives in response to the changing business environment, and following discussions at the Sustainability Committee, the Hoshizaki Group introduced additional KPIs related to our material issues. Progress on these KPIs is assessed and monitored annually, allowing us to spread awareness of these issues within the Company and integrate them into our business strategies. We will also consider reviews of our material issues as necessary with reference to changing environments both within and beyond the Company.

The Hoshizaki Group aims to create value for our stakeholders through SX and GX (see p.18).

SPECIAL
FEATURE



Makoto Sasaki

Executive Officer, in charge of research and development
General Manager of R&D Center
General Manager of Development Department

Yasushi Ieta

Director, Senior Managing Executive Officer
In charge of domestic sales

Using our core technologies to solve issues for customers and society

Makoto Sasaki, the Executive Officer who also serves as General Manager of Hoshizaki's R&D Center, and Yasushi Ieta, the Director in charge of domestic sales, discussed the Hoshizaki Group's competitive advantage in development and technology and initiatives to solve issues for customers and ultimately for society through the creation of high added-value products leveraging this competitive advantage.

Leveraging our overwhelming market share, sales and R&D collaborate to develop market-driven technologies and products

Sasaki: Since its founding, the Group has operated with the motto "A company cannot grow without original products," focusing on the development of original products incorporating unique technologies. We developed Japan's first fully automatic ice maker. Consequently, we have very advanced technical capabilities in the area of cooling and ice-making, and the evaporators (heat exchangers) that make the ice are our particular strength in that other companies do not possess this technology. Technological progress is rapid, so we need to keep refining our technologies. However, the core technologies that I think we should particularly focus on at present are "freezing," "storing," "thawing," "dispensing," and "washing." We are further deepening and developing these core technologies using incubation, including collaboration with universities and others, while developing new core technologies to create products and services that generate new customer value utilizing AI among other technologies, with the hope of meeting the diversifying needs of customers.

Ieta: The Group has an overwhelming share of the market in Japan. In terms of the reasons for this, our sales and service capabilities certainly play a role. However, through my regular,

direct contact with customers, I feel they greatly value the high performance level and quality of products as well as their advanced functionality and refined design. We also offer a diverse range of products with extensive product lineups in the food value chain. Rather than specializing in a particular field, we have a wide-ranging lineup of products from other companies as well as Hoshizaki products, which means we can respond to customers' issues with one-stop solutions.

Furthermore, one of our strengths is the establishment of an end-to-end system in Japan that ranges from product development, manufacturing, and sales, to after-sales service, or a business model that integrates manufacturing and sales, providing a mechanism for customer feedback to reach development in a timely manner. As a result, the R&D Center can make product improvements that address customers' problems in a speedy and flexible manner.

Sasaki: One of the important roles of the R&D Center, where I serve as the General Manager, is the development of new technologies and products that meet diversifying customer needs looking several years into the future with a market-oriented perspective. In terms of existing products, I believe we are also responsible for adding new value and improving quality during model changes, as well as increasing profitability by focusing on cost reductions.

Ieta: Under the five-year management vision, we are also strengthening development of the non-restaurant market as a

new market. Our existing equipment may not meet the demands of customers, so the R&D Center and the Hoshizaki sales team hold regular meetings to explore product development.

Sasaki: We can gain insights into customers' circumstances from sales staff, which is very useful during the development process. In the non-restaurant market, there is a demand for larger equipment, an area in which we have not been very involved in the past, so we are now focusing efforts on development.

Addressing material issues and taking on the challenge of solving issues for customers and society through our core technologies

Ieta: Customers face a broad range of issues, including "labor shortages," "climate change," "food waste," "rising raw materials costs," "quality and freshness management," and "HACCP compliance" (see p. 19). However, we have identified "labor shortages," "climate change," and "food waste" as particularly important issues from both perspectives of risk and opportunity. For example, labor shortages are a profound issue not only in the restaurant market but also in the non-restaurant market, including lodging facilities and hospitals, and we expect business growth in the future through our efforts to develop products that meet the need for labor savings and automation. Furthermore, the way food is provided is changing as a result of labor shortages, and there is a marked shift toward standardization of cooking times and development of new cook-chill foods and central kitchens in conjunction with large-scale food preparation. It is also necessary to respond to this shift. In addition, as freezing technology continues to develop, there is a demand for high-quality freezing, storage, and thawing, which is also connected to the solution for food waste.

Sasaki: I believe that these kinds of customer issues are directly related to social issues. At the R&D Center, we believe it is important to solve social issues through our core technologies in a way that is connected to the material issues the Group has identified. The material issues we place particular importance on are "new proposals for the creation of a safe and secure food environment," "creation of new customer value," and "response to climate change." In new proposals for the creation of a safe and secure food environment, we have been utilizing our core technologies of freezing, storage, and thawing to develop products such as liquid freezers and deep freezers (ultra-low temperature freezers). We have also applied our core technologies

to developing products that realize labor savings and automation, as well as high-quality freezing and thawing in the creation of customer value and the pursuit of further energy conservation and promoting the introduction of products with low GWP* refrigerants in response to climate change.

*GWP: An abbreviation for Global Warming Potential

Responsibility to respond to climate change as an industry-leading company

Sasaki: As an industry-leading company, we have been working hard for many years on developing products to reduce environmental impacts. I am proud to say that we have always led the industry, particularly in the area of energy performance. Furthermore, we have been strongly promoting the development of natural refrigerant products over the past few years, and we introduced natural refrigerants for all the standard models of our commercial refrigerators in fiscal 2024. We plan to introduce natural refrigerants for all of our ice makers during fiscal 2025, except for some larger models. The R&D Center also provides global technical coordination and support by verifying the progress of overseas Group companies and the laws and regulations in each country and region and working with local engineers to design eco-friendly products. Our early adoption of natural refrigerants in Japan was made possible by our collaboration with overseas Group companies in environmentally advanced countries, particularly in Europe.

The question of how we can make products using fewer resources and less energy is also a point that I believe the R&D Center must consider. I think there is room for improvement in manufacturing processes as well as product design, so we will continue working with manufacturing departments to reduce greenhouse gas (GHG) emissions.

Ieta: We led the way in the introduction of natural refrigerants. We have also lobbied industry groups, and I feel that our efforts are finally paying off, as the awareness that such refrigerants are standard in Japan is becoming established among customers as well. As a result of the work of the R&D Center, natural refrigerants were introduced in December 2024 for all standard models of commercial refrigerators and in April 2025 for cube ice makers that were scheduled for model changes. We believe it is necessary to quickly create a situation in which a natural refrigerant model is available for whichever product a customer chooses.

► Six themes for developing core technologies

Freezing

Improve quality using high-quality freezing technology

Storing

Extend high-quality storage period using high-humidity cooling technology

Thawing

Minimize loss of taste and texture using vacuum microwave thawing technology

Dispensing

Explore quantitative extraction technology and automate aspects not supported by current technology

Washing

Launch sales of automatic washing systems based on fusion of washing and robot technologies

AI

Incorporate AI into Hoshizaki products to create new customer value



Utilizing core technologies to address labor savings and automation with a focus on responding to worsening labor shortages

Ieta: In Japan, there are quite a few customers whose operations are reaching the point where they can no longer continue due to labor shortages. For example, we see and hear about cases in which hospitals in mountainous regions are no longer able to provide meals, and so cannot continue operating. The environment is shifting toward meal preparation without manual labor. We must pursue labor-saving and automation solutions, even if it means passing the costs on to customers through higher prices. I think this is a major change.

Sasaki: The environment is such that customers must also change the way they do things in order to address labor shortages. In such an environment, we will support customers and make them aware of the value of the Group's products by proposing the optimal products to make providing meals easier using the machines proposed.

Our strength is that our engineers can easily go into the market. This is possible due to the existence of Hoshizaki Sales. We visit customers together, giving engineers from the R&D Center the opportunity to talk directly to customers. We are also allowed to go into the kitchens to check on the size

and flow, and we can share any issues with the customers. This means we can reflect feedback from customers in our development and design.

Ieta: I also mentioned it a little earlier, but labor shortages are connected to various issues, and one of these issues is food waste. Food waste is a major social issue. At the same time, it is gaining increasing attention as an important issue that also impacts our customers' operating costs.

Sasaki: Our core technologies of freezing, storing, and thawing are technologies that actually help to solve the problems of labor shortages and food waste. I think that high-quality freezing and thawing are becoming important points because the ability to extend the shelf life of food by freezing it is meaningless if we cannot restore the original taste of the food when we thaw it.

Our specific products include liquid freezers and deep freezers for high-quality freezing and warm-air thawing cabinets for high-quality thawing. However, as thawing takes time with warm-air thawing cabinets, we are switching to the vacuum microwave thawing machine, which can thaw food quickly.

The vacuum microwave thawing machine, which began shipping in July 2025, has achieved high-quality thawing and functionality through continuous efforts to improve the technology and reduce costs by addressing customer feedback, such as the previous model's size and price constraints, in addition to the issue of thawing time.

Among our core technologies, dispensing is also a technology that can contribute to labor-saving solutions. Using dispensers to automate the serving of side dishes prepared in large quantities in employee cafeterias can reduce the amount of human labor required. Working with the Group company Naomi, a specialist manufacturer of filling machines, we hope to reduce the manpower in food processing plants and places that prepare large volumes of food by developing machines that use dispensing technology to fill liquid and sticky foods.

Ieta: In the non-restaurant market in particular, technologies for bagging, packing, and filling food in fixed quantities are widely used. Combining the technology of Naomi with the flexibility of Hoshizaki is one of our strategies for business expansion.

In addition, over the past few years, the price of robots has fallen, and the need for automation has increased further. The kitchen environment is very cramped and only functions because people are moving around. We are also currently working on the automation of washers. This is something we regard as an important research topic in order to fully assess and understand what kitchen automation will look like and what the challenges are.

Creating new value through the potential of Hoshizaki Connect Wi-Fi and use of AI

Ieta: We commercialized Hoshizaki Connect Wi-Fi in January 2024. The ability to monitor temperature in real time in particular has been very well received by customers as it gives peace of mind when storing and managing food and beverages. There is also growing interest in equipment that can predict faults and provide preventative maintenance, and we believe that adding functions that solve customers' onsite issues will lead to such technology becoming more widespread around the world. Use in facilities such as hospitals, schools, and nurseries, where temperature management of food and beverages is needed, is also forecast to become more widespread in the future.

Sasaki: Hoshizaki Connect Wi-Fi makes it possible to predict breakdown by detecting errors using our microcomputers before the equipment reports errors. We are working to develop a new service that uses AI to provide notifications when equipment requires repairs in order to further upgrade the functionality of Hoshizaki Connect Wi-Fi. Going forward, we plan to approach the use of AI from two angles, both incorporating AI into our products and using it to increase our operational efficiency. Incorporating AI into our products holds unlimited potential. We believe it will enable us to enhance the automatic washers we are currently developing and pursue further energy savings, and will continue addressing these themes in alliances with specialized companies.



Ensuring our competitive advantage and providing firm support for the food value chain

Ieta: The Hoshizaki Group has accumulated unparalleled experience, information, and knowledge in the restaurant market, and we are leveraging this to advance into the non-restaurant market. We will continue pursuing innovation that creates products capable of solving social issues in order to strengthen the advantage we have cultivated so far. I hope you are looking forward to what is to come.

Sasaki: I think the role of the R&D Center is to think carefully about what we are trying to do and then follow through. Our strength lies in being closely connected to the market, and I hope we can effectively address our customers' diversifying needs by staying focused on our market-oriented perspective. We will also work to provide firm support for the food value chain by continuing to launch new products that meet the needs of customers with a sense of speed. While aiming to achieve the five-year management vision, we will continue working to develop technology with an eye on sustainable growth.

Vacuum microwave thawing machine enabling high-quality thawing tailored to the type of food

In July 2025, Hoshizaki began shipping the vacuum microwave thawing machine, the industry's only* thawing machine that combines vacuum cooling with microwave heating. Conventional thawing methods such as warm salt water (using approximately 40°C/104°F salt water) and running water often result in uneven thawing, with surfaces thawing quickly while the interior remains frozen. This product uses vacuum cooling to cool the surface of the food, where heating by microwaves tends to be most intense, thereby thawing the food without creating a temperature difference between the surface and interior. By minimizing the temperature gap between the surface and the interior, the process reduces cell damage that causes loss of umami flavor (drip), enabling more even, higher-quality thawing and better taste.

*As of May 13, 2025, based on research by Hoshizaki.



Vacuum microwave thawing machine

Hoshizaki Connect Wi-Fi makes it possible to manage equipment while controlling installation costs

Hoshizaki Connect Wi-Fi is a service that attaches a Wi-Fi module to equipment provided by the Company. It manages equipment operating data and records the temperature management required for HACCP compliance (see p. 19) using cloud servers. Customers can monitor equipment status in real time and integrate management of equipment in multiple stores remotely via the internet. The introduction of temperature management systems is usually expensive and requires installation work. However, this service provides and installs the Wi-Fi modules free of charge, and there are no initial costs, only a monthly usage fee. Therefore, it delivers a low-cost solution. The service also allows Hoshizaki to identify where any problems are before visiting the site when there is trouble, thereby streamlining and speeding up the repair process.

