



Integrated Report 2025

Fiscal Year Ended December 2024

HOSHIZAKI

On the Publication of the Hoshizaki Group Integrated Report 2025

Since 2022, the Hoshizaki Group has published its Integrated Report as a key tool for engagement with stakeholders. The 2025 edition outlines the Group's approach to risks and opportunities in pursuit of its five-year management vision, and articulates materiality within its business, human capital, and other strategies. Through this, the report presents a roadmap for enhancing corporate value by addressing social issues.

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. We affirm that this report has been prepared with integrity, through due process involving members across the organization and executive leadership.

We will continue to incorporate stakeholder feedback—including that of shareholders and investors—not only into management practices, but also to further enhance the quality of our disclosures.

July 2025

Seishi Sakamoto, Chairman

Yasuhiro Kobayashi, Representative Director, President & CEO



In Response to Main Opinions from Shareholders and Investors

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Scope of Reporting

Entities in scope: The scope of this report covers Hoshizaki, the Group companies included in its scope of consolidation, and those accounted for using the equity method. Where the boundary differs, this is explicitly indicated each time.

Period: The report mainly covers fiscal 2024 (from January 1, 2024, to December 31, 2024). Notes are added to indicate whenever any different periods are referred to.

Target readers: All stakeholders who have a 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 a possibility that actual achievements and business performance may differ from the content in this report.

Information Structure

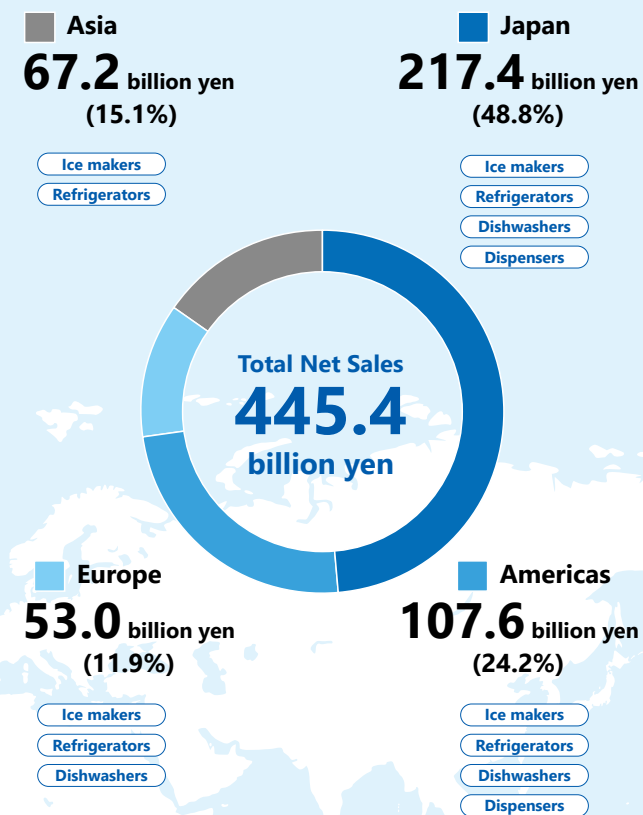
Financial Information		• Financial Results • Securities Report/Semi-annual Securities Report • Fact Book • The Hoshizaki Group Report • Investor Relations (website)
		• ESG Information (website) • Corporate Governance Report

At a Glance

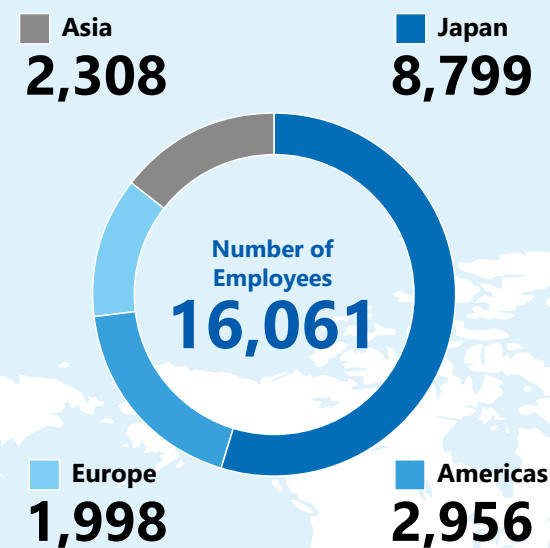
As a general food service equipment manufacturer, the Hoshizaki Group provides products and services globally that support every stage of our customers' food value chain.

Global

Net Sales by Region / Key Products



Number of Employees by Region



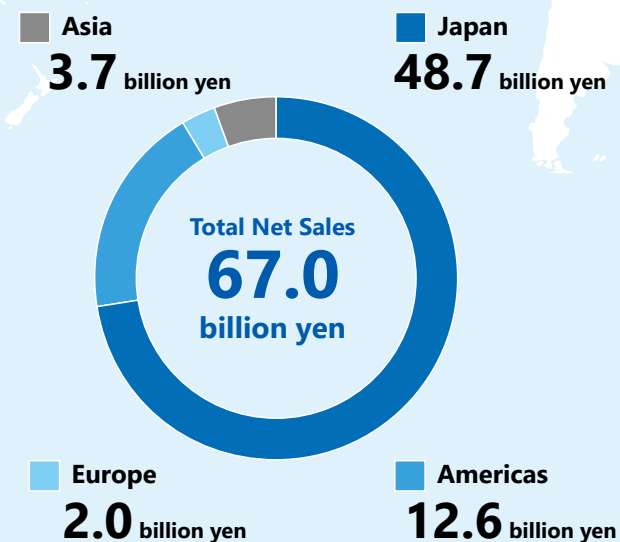
Natural refrigerant*-based products sold

Number of products sold with natural refrigerants (ice makers, refrigerators, sushi display cases, and Visi Coolers for beverage storage) globally 2009–2024

Total of **2.38 million units**

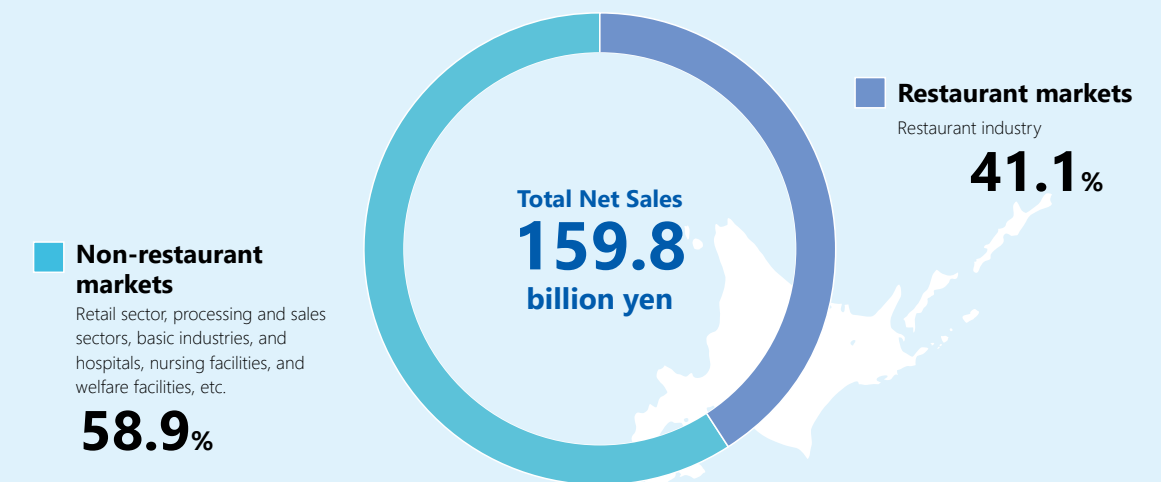
*Natural refrigerants: Substances that naturally exist and can be used as refrigerants for freezing and air conditioning. They are environmentally friendly refrigerants with no ozone depletion potential (ODP) and very low global warming potential (GWP).

Net Sales of Maintenance and Repair



Japan

Proportion of Restaurant and Non-restaurant Markets

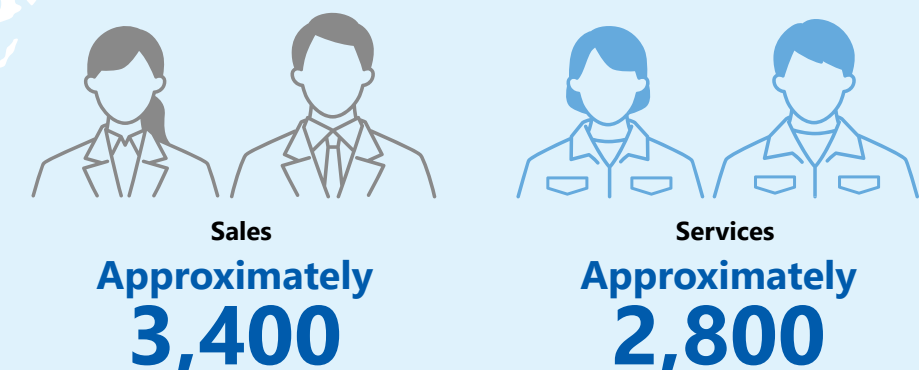


Total Net Sales of Natural Refrigerant-based Products

11.3 billion yen



Number of Sales and Service Personnel



Values and DNA of Transformation

To grow into a truly global company with sound corporate management, we have set forth the following corporate philosophy.
It is the starting point of all business activities including the management plan, and all employees of the Group will put it into practice so as to create value for society.

Purpose

It states why the Hoshizaki Group exists and how it should contribute to society.

We, Hoshizaki Group, aim to be an “Evolving Company” contributing to society as well as customers, meeting the changing needs and demands for diversified “Eating.”
To achieve the above, we develop original products incorporating original technology.
And we present innovative proposals for a more comfortable and efficient eating environment and offer responsive, high quality services.

Management philosophy

Promise of the Company that the management makes and the employees bring to life

Dedicated:
To realizing harmonization of business activities with the environment, and a good environment to work.
To practicing a management with transparency and discussion.
To compliance with the laws, and to making the Company trusted by society and its employees.

“Good product comes from a good environment.”

Hoshizaki-ism

Action guidelines for all Group employees that support the Purpose and Management philosophy

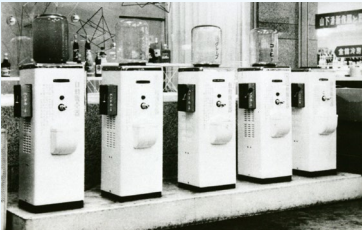
Dream
Have a dream to begin with. Results are sure to follow.
Do things differently from others.
See a ‘profitable’ state as the norm.
A profitable company has a culture that generates profit Change is the only way to evolve
Staying ‘as is’ brings you down.
Do not use Money to make Money
We make money from what we produce and sell
Broaden your horizons
Something that seems wasteful could help you later on

History of transformation and evolution

Emergence

Searching for original products

Hoshizaki's history begins with the manufacturing of machine components in the post-war reconstruction era. With a strong desire to compete with original products some day, the Company worked on a variety of products, including the Banto slide rule and vehicle horns. Then in 1957, Hoshizaki launched Japan's first juice vending machine, inspired by a water cooler Shigetoshi Sakamoto, the founder, had seen in the USA. This marked the Company's first major success.



Japan's first juice vending machine (1957)

Developing the market

First domestically produced fully automatic ice maker

In 1960, during a visit to the USA to explore the vending machine industry for new opportunities, Seishi Sakamoto, the current Chairman, noticed that ice makers—then unavailable in Japan—were extremely popular. This led him to focus on their future potential. For Hoshizaki with its strengths in refrigeration technology, “ice” emerged as the next challenge after the development of the juice vending machine as a field where this technology could be further applied.



First Japanese-made fully automatic ice maker (1964)

Turning tough times into opportunity

Establishing a direct sales system

Sales activities for ice makers, which were unheard of in Japan, were very challenging. Therefore, in the second half of the 1960s, the Company moved away from the conventional agency system and established a direct sales system out of a need for sales expertise and a comprehensive maintenance system. The business style which involved the Company being responsible for product development, production, sales, and after sales service created customer trust, and the Company won a large volume of orders at Expo 1970 Osaka.



Fully automatic ice maker (1970)

Going with the times

Becoming a comprehensive food service equipment manufacturer

Boosted by the flourishing restaurant industry from the 1970s onward, Hoshizaki developed a diverse range of products, including dispensers, dishwashers, and cooking equipment, in addition to ice makers and commercial refrigerators, and it grew into a comprehensive food service equipment manufacturer.



Draft beer dispenser (1970 -)



Commercial refrigerators (1972 -)

Moving away from low-priced sales

Earning income through high added-value

After the collapse of the so-called bubble economy at the beginning of the 1990s, the restaurant market slowed due to the economic downturn. Therefore, Hoshizaki put forward a campaign to increase the gross profit margin by 1% to avoid unproductive competition on prices and place more importance on gross profit than sales. This strategy achieved an improvement in the gross margin without a significant fall in sales as a result of differentiation from the products of other companies, emphasis on delivery of high-quality service, and more proactive communication with customers than in the past.



Service vehicles of Hoshizaki sales companies

Becoming the world's No. 1

Selling the Hoshizaki brand to the world

To meet the challenge of becoming No. 1, set in 2005, Hoshizaki began expanding the scale of its business, mainly based on an M&A strategy. In addition to further strengthening overseas expansion, Hoshizaki places importance on ensuring compliance and addressing environmental issues, as well as actively working on the development of related products.



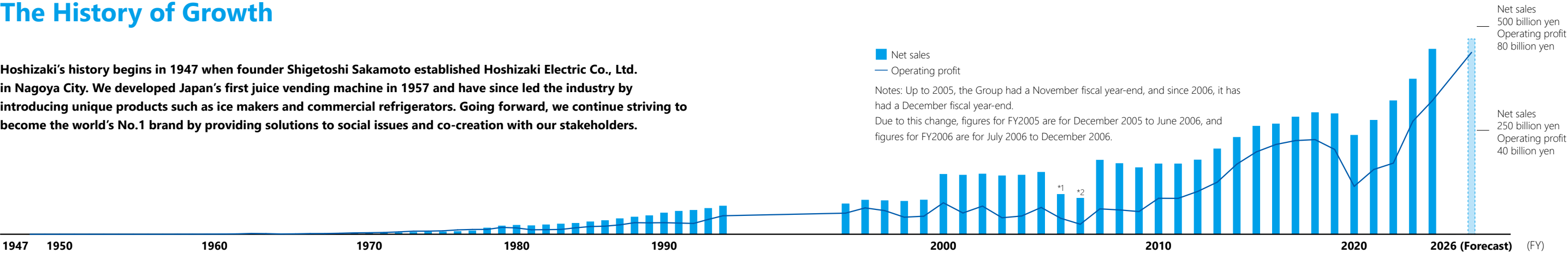
Hoshizaki America's Griffin Factory (2001)



Natural refrigerant-based products

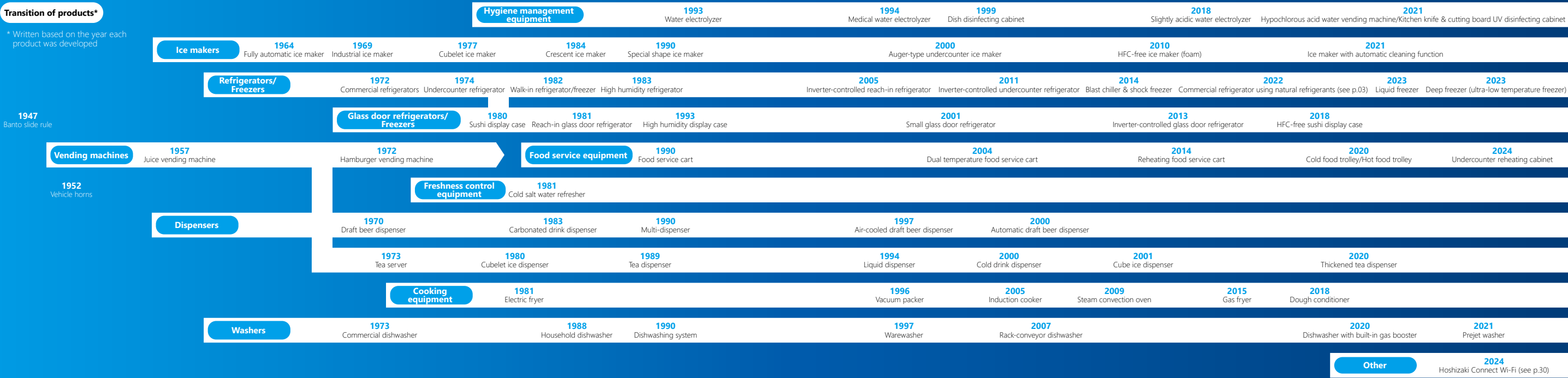
The History of Growth

Hoshizaki’s history begins in 1947 when founder Shigetoshi Sakamoto established Hoshizaki Electric Co., Ltd. in Nagoya City. We developed Japan’s first juice vending machine in 1957 and have since led the industry by introducing unique products such as ice makers and commercial refrigerators. Going forward, we continue striving to become the world’s No.1 brand by providing solutions to social issues and co-creation with our stakeholders.



Transition of products*

* Written based on the year each product was developed



1947-1964

Creation period

Shigetoshi Sakamoto, the founder, established HOSHIZAKI ELECTRIC CO., LTD. in 1947

- 1956 Opened Toyoake Factory at the location of the current head office
- 1957 Developed the first domestically produced juice vending machine
- 1964 In danger of bankruptcy due to the economic downturn triggered by US trade policy and the recession following President Kennedy's death

1965-1980

Domestic infrastructure development

Produced and sold Japan’s first domestically produced ice maker, enhanced product lineup

- 1965 Started selling the first domestically produced fully automatic ice maker
- 1966 Established HOSHIZAKI TOKYO CO., LTD.
- 1968 Established Sakamoto Shoji Co., Ltd. (merged to HOSHIZAKI ELECTRIC CO., LTD. in December 2005)
- 1969 Established HOSHIZAKI TOKAI CO., LTD., HOSHIZAKI KEIHAN CO., LTD., and HOSHIZAKI KITAKYU CO., LTD.
- 1970 Established Shimane Factory
- 1970 Started selling draft beer dispensers
- 1972 Started selling commercial refrigerators
- 1973 Developed a commercial dishwasher (entered the market in full swing eight years later)
- 1974 Established Shimane No. 2 Factory

1981-1995

Overseas infrastructure development

Actively developed overseas sites including HOSHIZAKI AMERICA, INC.

- 1981 Established R&D Center in head office location
- 1981 Established HOSHIZAKI AMERICA, INC.
- 1986 Established Shimane Head Office Factory
- 1986 HOSHIZAKI AMERICA established its main factory
- 1988 Established HOSHIZAKI OKINAWA CO., LTD. with which the system of 15 sales companies nationwide was completed
- 1989 Changed company name to HOSHIZAKI ELECTRIC CO., LTD. (The Japanese spelling of “Hoshizaki” is changed)
- 1990 Established Hoshizaki Green Foundation
- 1992 Established Hoshizaki Europe B. V. in Netherlands
- 1994 Established HOSHIZAKI EUROPE LTD. in UK

1996-2008

Conversion to a public company

Realized listing of stock and actively merged and acquired overseas companies

- 1999 Obtained ISO 9001 certification
- 2001 Obtained ISO 14001 certification
- 2003 Soichiro Inamori took office as Representative Director, President & COO
- 2005 Seishi Sakamoto took office as Representative Director, President & COO
- 2006 Established HOSHIZAKI SUZHOU CO., LTD.
- 2006 Acquired LANCER CORPORATION, a beverage dispenser manufacturer in USA
- 2008 Acquired GRAM COMMERCIAL A/S, a manufacturer of commercial refrigerators in Denmark
- 2008 Listed on the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange

2009-2021

Accelerated globalization and reconstruction of growth foundation

Changed company name to HOSHIZAKI and rebuilt the management foundation toward becoming No. 1 in the world

- 2011 Seishi Sakamoto took office as Representative Director, Chairman & CEO, and Yukihiro Suzuki took office as Representative Director, President & COO
- 2013 Acquired Western Refrigeration Pvt. Ltd., a commercial glass door refrigerator manufacturer in India
- 2013 Acquired ACOS MACOM INDUSTRIA E COMERCIO LTDA, a commercial food service equipment manufacturer in Brazil
- 2013 Acquired Jackson MSC, Inc. (currently Jackson WWS, Inc.), a dishwasher manufacturer in USA
- 2014 Seishi Sakamoto took office as Representative Director, Chairman & CEO and President & COO
- 2016 Changed the company name to HOSHIZAKI CORPORATION
- 2017 Seishi Sakamoto took office as Representative Director, Chairman & CEO, and Yasuhiro Kobayashi took office as Representative Director, President & COO
- 2017 Established Hoshizaki Training Center
- 2018 Discovered improper transactions at one of our domestic sales companies

2022-

Further evolution with acceleration of M&A overseas

Implemented growth strategy for realizing the five-year management vision

- 2022 Acquired Brema Group S.p.A, a manufacturer of commercial ice makers in Italy
- 2022 Acquired entire shares of filling machine manufacturer, NAOMI Co., Ltd.
- 2022 Acquired Royalkitchen, a kitchen design and installation company in China
- 2023 Established HOSHIZAKI SALES CO., LTD
- 2024 Ozti in Türkiye became a consolidated subsidiary
- 2024 Acquired TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION and HKR EQUIPMENT CORPORATION in the Philippines
- 2025 Restructured our sites in China
- 2025 Acquired ASIA REFRIGERATION INDUSTRY JOINT STOCK COMPANY (ARICO) in Vietnam
- 2026 Sales target of 450 billion yen and operating profit target of 63 billion yen (before amortization of goodwill from M&A) for this final fiscal year of our five-year management vision

Five-year Management Vision (FY2022 to FY2026)
For more details, see p.23

Message from Top Management



Yasuhiro Kobayashi

Representative Director, President & CEO
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.

Message from Top Management

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.

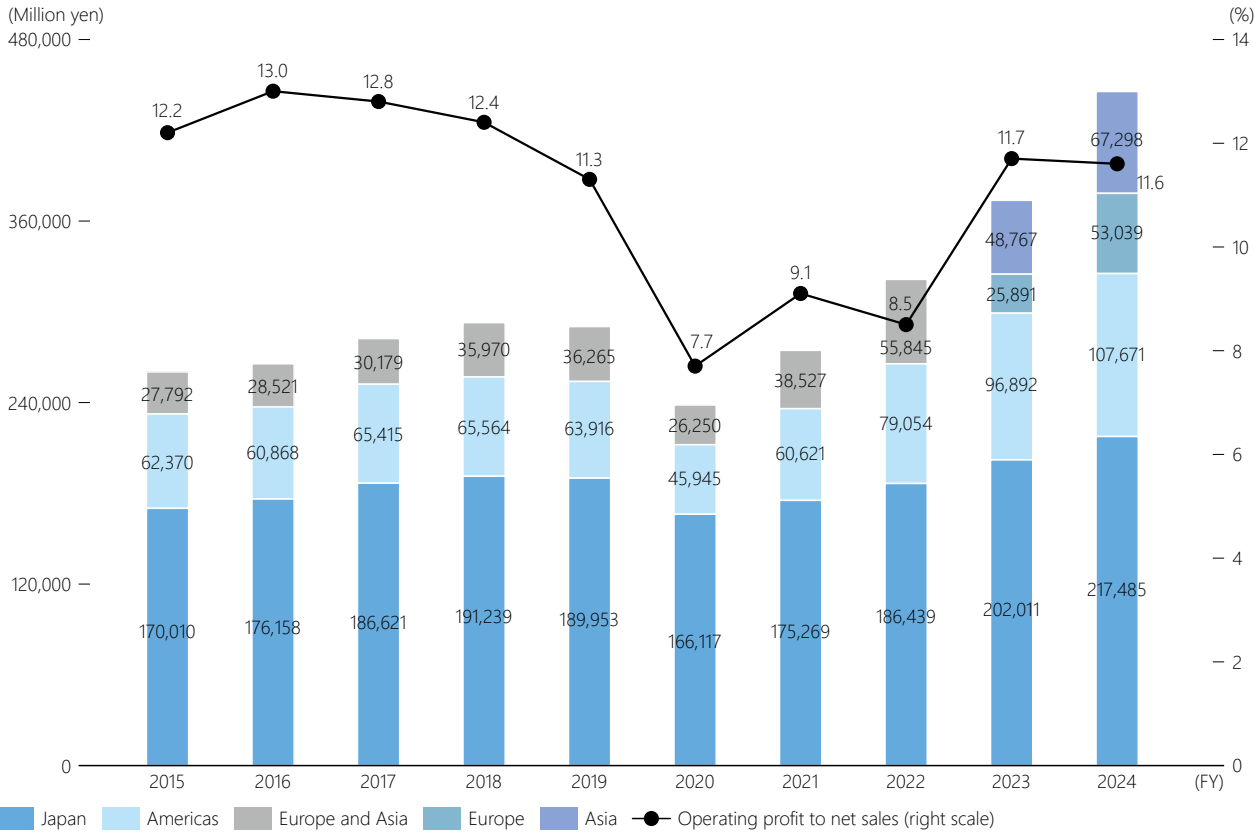
Looking ahead to our Long-term Vision, we have set out global growth and expanding our business in emerging markets, in particular, as a priority policy within our

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

Message from Top Management

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

Message from Top Management

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

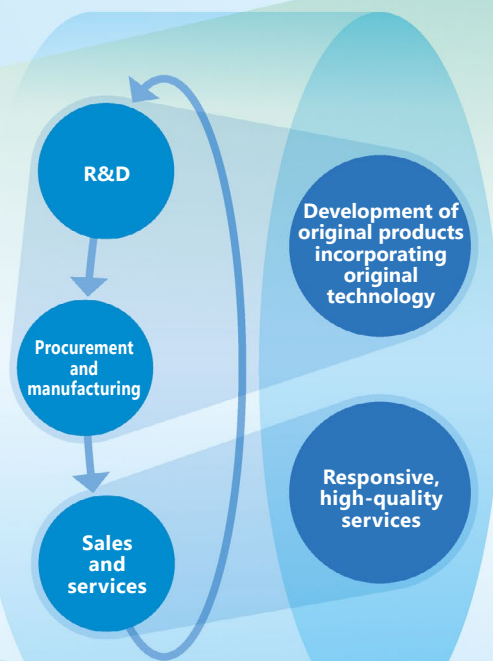
Changing global context and restructuring of economic systems

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

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

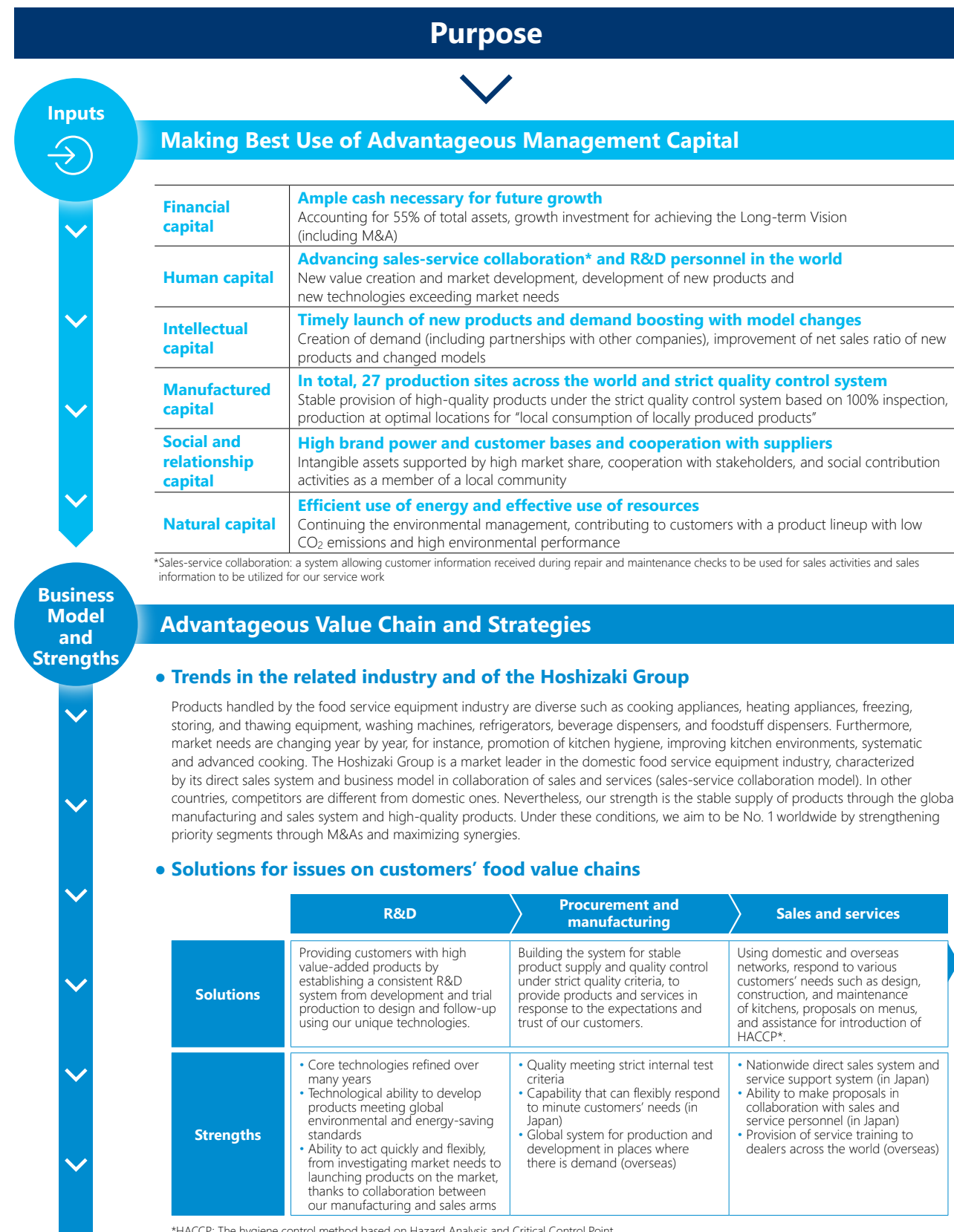
*SX (Sustainability Transformation): A management approach that values sustainability for both society and business

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

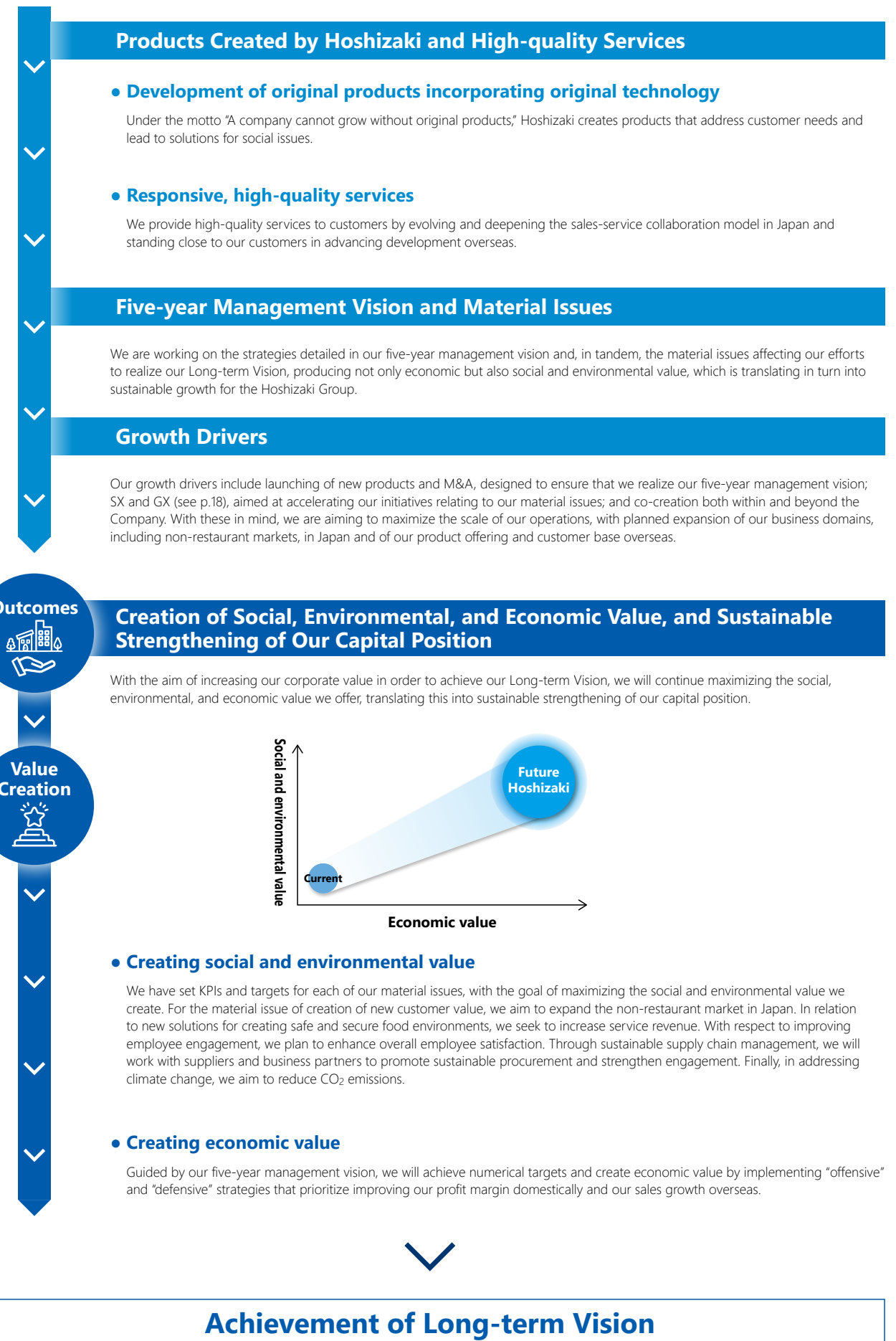
*Figure does not include overseas sales companies or associated companies accounted for by the equity method

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.



*HACCP: The hygiene control method based on Hazard Analysis and Critical Control Point



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

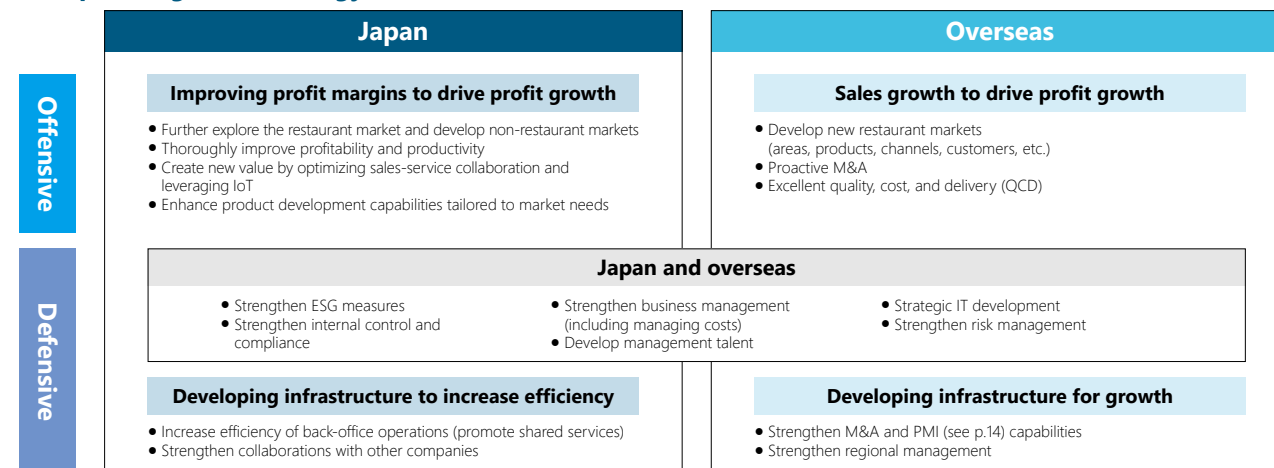
Japan

- 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

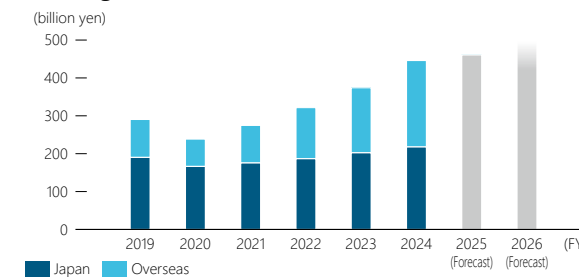
Status toward achieving the five-year management vision

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.

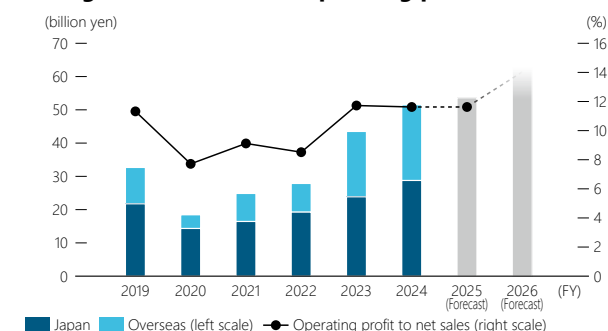
► Changes in consolidated net sales



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.

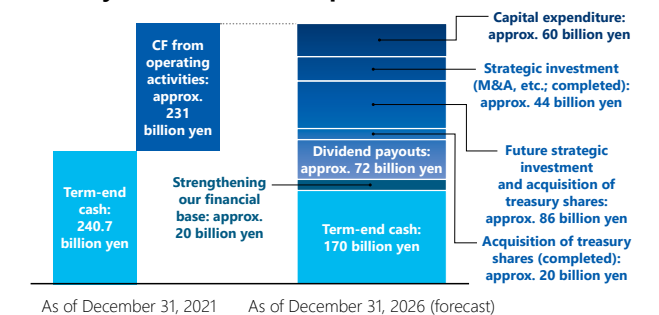
Changes in consolidated operating profit



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



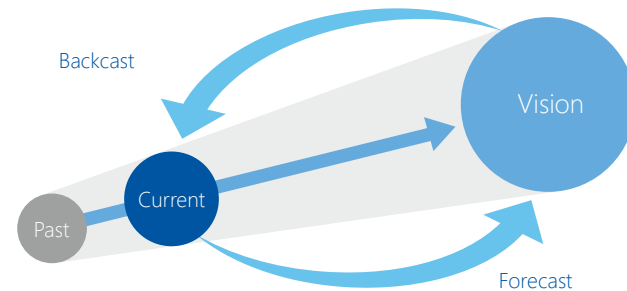
As of December 31, 2021 As of December 31, 2026 (forecast)
 *Initial cash allocation plan was revised in February 2025
 *Items marked “completed” were completed as of December 31, 2024

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

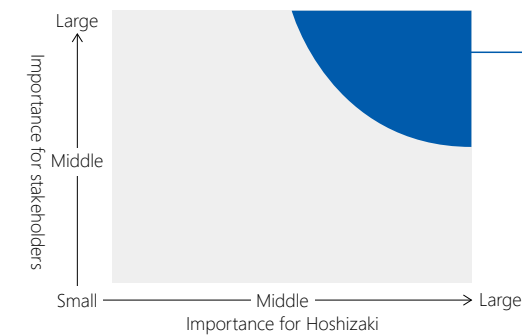
In 2022, the Hoshizaki Group discussed and considered various social issues with diverse employees and then extracted and identified six material issues, considering the opinions of Outside Directors and others.

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.

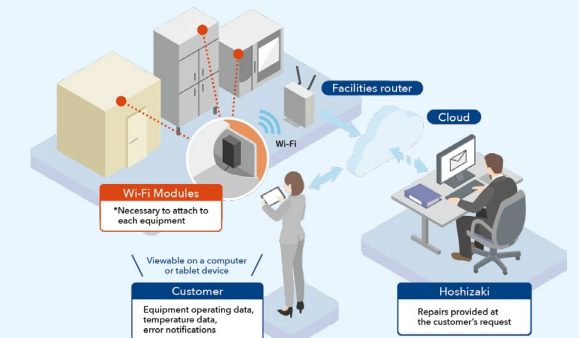
*As of May 13, 2025, based on research by Hoshizaki.



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.



Financial and Capital Strategies

Message from the Officer in Charge of Finance

We will further strengthen our initiatives to improve profit margins and capital efficiency with the aim of realizing our five-year management vision, which is currently on track.

Ryuichiro Seki

Director, Senior Executive Officer
In charge of Accounting Department
and Global Administration Department



Progress of financial strategy in line with five-year management vision

The Hoshizaki Group has established the five-year management vision aimed at enhancing economic value as well as social and environmental value and is currently working toward its realization. To enhance economic value, the Group is implementing a growth strategy with the key management indicators as net sales of 450.0 billion yen, consolidated operating profit to net sales of 14% or higher (before amortization of goodwill from M&A), and consolidated ROE (see p. 11) of 12% or more. In particular, we are committed to increasing the operating profit to net sales and ROE. Although progress on the operating profit to net sales in fiscal 2024 was largely on track, excluding the impact of approximately a negative 1% due to inflation accounting applied to Ozti in Türkiye, we believe further improvement is needed to achieve the target.

For fiscal 2024, the third year of the five-year management vision, net sales and operating profit reached all-time highs, outperforming initial forecasts. The factors behind this strong performance included our ability to meet strong capital expenditure demand in Japan and the contribution of newly acquired companies overseas, in addition to organic growth in business results in India and the Americas, mainly in the dispenser business. In fiscal 2025, the fourth year of the five-year management vision, we are likely to achieve the target for net sales under the vision one year ahead of schedule, as we expect the positive impact from consumption of services and inbound tourist demand will continue in Japan, and we also anticipate continued demand in addition to the contribution of newly consolidated companies overseas.

For shareholder returns, we aim to pay consistent and stable dividends and have set a target of 40% or more for the payout ratio with a policy of providing dividends in line with profit growth. We will also consider acquisition of treasury shares, with a flexible and agile approach while being conscious of capital efficiency and fully considering factors such as making strategic investments and investment for growth and optimizing our cash position.

Financial strategies aimed at further enhancing corporate value

1) Increasing capital efficiency/ROE

We set the target for ROE in fiscal 2026, the final year of the five-year management vision, at 12% or more, a level which we believe will consistently and adequately exceed the expected cost of capital (6-7%). We verify the cost of capital based on regular updates from a number of external experts. We will continue working to reduce the cost of capital through measures such as the following:

- Strengthening the management base through various forms of risk management, including ensuring rigorous management of business performance, and Group governance (pp. 65-76)
- Engagement with shareholders and investors (p. 60)
- Appropriate disclosure of financial and non-financial information, including sustainability information

ROE has been steadily improving up to and including fiscal 2024. Of the three elements that make up ROE, financial leverage is roughly in line with the plan. Total assets turnover has increased slightly, due in part to the results of CCC* management, but the increase in the net profit margin has slowed somewhat due to the impact of rising costs and inflation accounting.

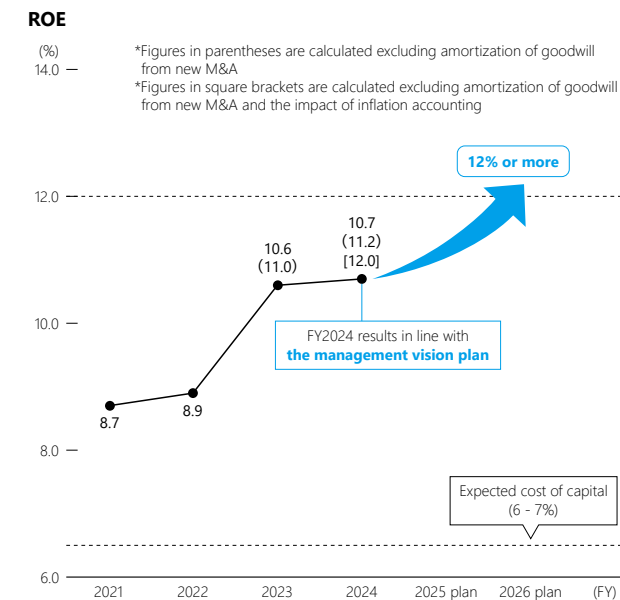
*CCC: An abbreviation of cash conversion cycle, which is one the financial indicators that show funding efficiency

2) Measures to increase capital efficiency

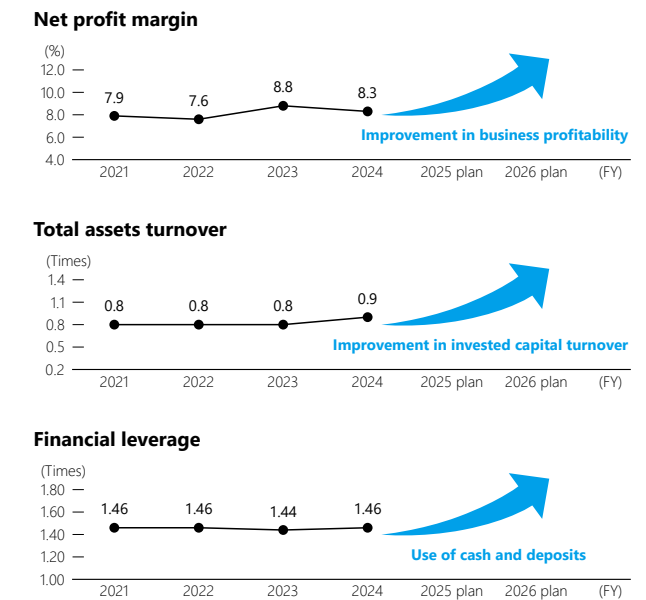
Of the three elements that make up ROE, the Group, which has relatively low financial leverage, considers improvement of business profitability (net profit margin) and increasing invested capital turnover (total assets turnover) as important for reaching the ROE target.

To achieve our five-year management vision, we are already working to increase net sales, operating profit, and the operating profit to net sales ratio and to improve the CCC. We are also ensuring execution of economically disciplined investment, promoting awareness about increasing capital

► Approach to increasing capital efficiency/ROE



efficiency within the Group, and steadily implementing steps to further improve it. More specifically, we have set ROIC (see p. 11) as an internal management indicator for Hoshizaki and the group companies, which we break down into operating profit to net sales ratio and invested capital turnover to enable us to understand the issues at individual companies and businesses. We expect this will lead to bottom-up improvement while striking a balance between growth investment and profitability. Although ROIC in the domestic business is generally high at present, there are major disparities between areas and companies in the overseas business where invested capital is increasing due to growth investment, and we believe there is still room for improvement, primarily in the operating profit to net



sales ratio. Consequently, we plan to prioritize overseas business for the implementation of ROIC initiatives. Going forward, as each department and the group company continue taking action to make improvements, we will further refine our unique Hoshizaki ROIC framework by building up case studies, which we will apply across our organization.

Through the internal application of ROIC, I believe that the managers of each group company will gain the same level of awareness about capital efficiency and the balance sheet as investors. As a result, they will work persistently and steadily to improve the profitability and capital efficiency of each business and speed up actions aimed at further enhancing corporate value.

► Measures in Japan and overseas to increase ROE and ROIC

	Japan	Overseas
Improvement in business profitability	• Further raise productivity of sales and services • Consolidate shared functions and strengthen cross-functional operations in the sales business • Implement VA activities* and reduce costs of overseas procurement • Reduce processing costs through optimization of production sites • Reduce costs by standardizing and streamlining indirect operations	• Optimize global supply system in the refrigerator business • Strengthen cost competitiveness by establishing manufacturing sites • Make radical cost reductions through global procurement, etc. • Tighten control of expenses and implement structural reform in accordance with circumstances • Develop and launch more competitive products • Capture large-scale demand such as global and local restaurant chain customers
	• Implement M&A with commitment to profitability • Promote cost reduction activities through review of components between Japan and overseas • Implement strategic price revision • Strengthen IT support for improving work efficiency	

*VA activities: An abbreviation for Value Analysis Activities to reduce costs, including reducing the number of components, modifying designs, and reviewing materials and components



	Japan and overseas	
	Increase working capital turnover	Increase fixed asset turnover
Improve invested capital turnover	• Shortening of CCC ▶ Strengthen management of trade receivables ▶ Set appropriate payment terms based on profitability ▶ Reduce inventory by improving PSI* and shortening lead times ▶ Obtain advances from customers	• Implement capital expenditure to improve production efficiency and increase capacity • Invest in new products that identify market needs • Strengthen economic feasibility verification before and after implementing capital expenditure • Realize synergies after acquisitions with awareness of goodwill

*PSI: Optimization of production, sales, and inventories

Financial and Capital Strategies

3) Cash allocation and strong financial capital

Operating cash flow in fiscal 2024 was 47.3 billion yen, up approximately 10.0 billion yen year on year, mainly due to growth in operating profit, which demonstrates our strength in generating strong cash flows. Investment cash flow recorded an outflow of 37.3 billion yen, mainly growth investment including M&A and capital expenditure in Japan and overseas. As a result, free cash flow in fiscal 2024 was approximately 10.0 billion yen. Furthermore, financing cash flow recorded an outflow of 40.1 billion yen, as a result of shareholder returns, including acquisition of treasury shares. As a result of these factors and the impact of exchange rates, the balance of cash and deposits at the end of fiscal 2024 decreased by approximately 15.0 billion yen from the end of the previous fiscal year to 239.0 billion yen.

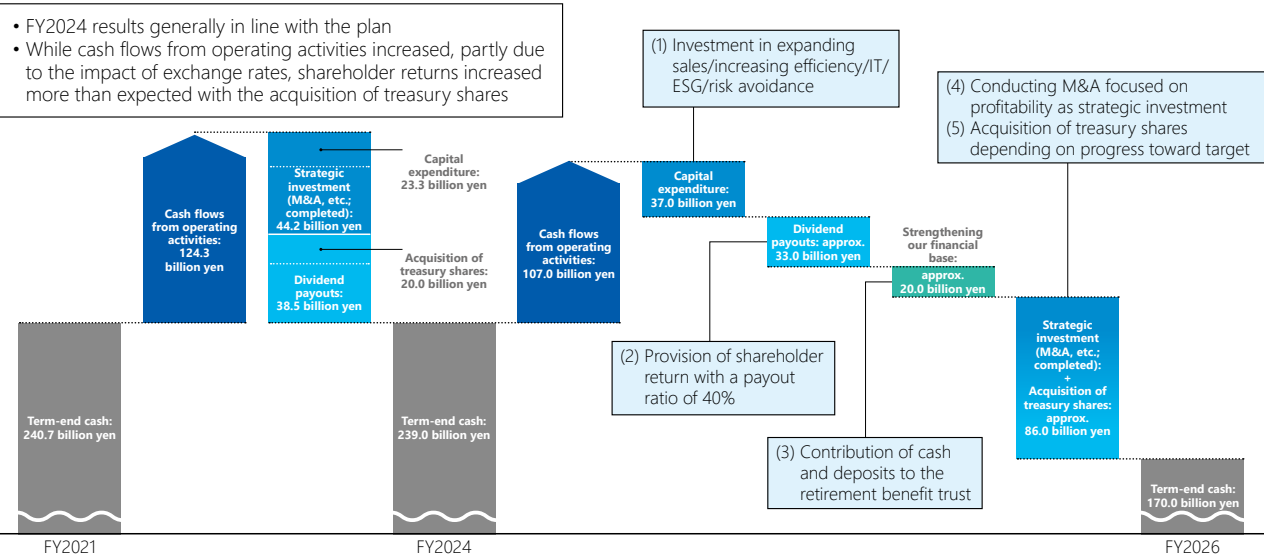
We plan to use cash and deposits for active strategic investment and other activities aimed at achieving ROE of 12% or more. More specifically, in addition to capital expenditure, shareholder returns (payment of dividends), strategic investment (M&A, etc.), and acquisition of treasury shares, we plan to use cash and deposits for contributions to

the retirement benefit trust as a measure to strengthen our financial base.

We will provide dividends in accordance with profit growth with a target payout ratio of 40% or more. In fiscal 2024, we paid a dividend of 105 yen per share, an increase of 10 yen per share from the dividend in the previous fiscal year.

We will continue to consider acquisition of treasury shares as necessary with a flexible and agile approach looking to further increase capital efficiency, and we plan to reduce the balance of cash and deposits to 170.0 billion yen by the end of fiscal 2026. The breakdown of cash and deposits of 170.0 billion yen comprises cash for working capital and funds to be used for growth investment, including M&A, and for talent retention in emergency situations, among others. Furthermore, in addition to working to maintain an appropriate level of cash and deposits, we will establish a global cash management system between Hoshizaki Head Office and regional headquarters to be used to consolidate funds, strengthen control, and address any imbalances between regions in funding demands.

► Use of cash and deposits (cash allocation through to FY2026)



4) Active growth investment and capital expenditure

The Group plans to further step up capital expenditure aimed at business growth and improving profitability with a focus on its ability to propose appropriate solutions and develop suitable products and services in order to build more long-

lasting and solid relationships with customers. For example, the standard models of refrigerators and freezers went through a model change at the end of fiscal 2024 and were switched completely to natural refrigerants. Going forward, we plan to continue our focus on deeper penetration of the

► Active capital expenditure in Japan and overseas

Capital expenditure	Expand sales	- Strengthen development of new products to capture the market - Newly establish and extend warehouses in preparation for sales growth	- Update equipment in preparation for model changes - Newly establish kitchen showrooms	Update equipment to increase production capacity
	Increase efficiency	- Restructure factories to optimize production centers - Transfer production between companies with a focus on efficiency	- Reduce the number of processes through the introduction of new equipment or updating of equipment - Streamline production lines	
	IT	- Update core systems for manufacturing and sales - Utilize generative AI	- Introduce tools to streamline indirect operations - Introduce and update ERP systems	- Refurbish SFA (see p. 13) - Update core systems
	ESG	Invest in reducing greenhouse gases		
	Avoid risk	- Strengthen earthquake countermeasures - Update equipment for ensuring employee safety	- Address risk of production stoppages, including updating aging equipment - Address cyber risks	

restaurant market and development of the non-restaurant market. In addition, we will continue to actively invest management resources in raising the productivity of sales and services at sales companies. We will also carry out active capital expenditure in Japan and overseas for expanding sales, improving efficiency, IT, ESG, and avoiding risk. In fiscal 2024, company-wide capital expenditure was around 14.0 billion yen, and we expect this figure will increase to around 20.0 billion yen in fiscal 2025.

5) Continuing to conduct M&A focused on profitability and investment discipline

We will continue M&A investment driven by our growth strategy in accordance with our five M&A principles. More specifically, we will set priority targets and conduct active investment in new M&A focused on profitability and investment discipline (acquisition at an appropriate price). Our overall policy emphasizes “selecting high-profit targets with business scale,” “selecting targets with renewed focus on Europe and the USA,” and “selecting targets that will become a third pillar following ice makers and commercial refrigerators.”

We also regard sales and profit growth through the implementation of the post-merger integration (PMI)

process (see p. 14) to realize synergy effects as an important management issue, and we intend to continue strengthening this process. When implementing PMI, we set PMI targets before acquisitions. We promote the manufacture of Hoshizaki brand products using the acquired company and expand and promote sales of the acquired company's products using our Group network. We also focus on establishing business promotion structures that suit local characteristics and the scale of the company. Through PMI, the Company and the regional headquarters will play a leading role to realize synergy effects in the supply chain, sales, governance, and other areas.

Led by Hoshizaki's Accounting Department and Global Administration Department, as well as regional CFOs, we are also strengthening the global accounting and financial management system for new group companies added through M&A in addition to existing group companies. While respecting the independent management of each group company, we work in close communication with regional headquarters and the CFOs of each company to ensure Group-wide awareness and compliance with common management policies, and to continually maintain and improve financial reporting systems and governance.

► Priority targets and reason for target selection

Priority targets	Reason for selecting target
Commercial refrigerator manufacturer Ice maker manufacturer	- Strengthening lineup of products that existing group companies do not yet have - Increasing market share and profitability of Hoshizaki brand products leveraging high-profit structure and flexible product development capabilities of local company
Coffee machine manufacturer Thermal equipment and food preparation assistance equipment manufacturer Dishwasher manufacturer	Creating mainstay products to follow ice makers and refrigerators with the presence of many large-scale, high-profit companies with strong brands
Manufacturer with high brand value	Generating synergy effects with the Company's sales network leveraging the commercial products of a company with a high share of the global market and an extensive product lineup
Distributor Leading local dealer Commercial kitchen installer	- Increasing profitability through establishment of direct sales system - Capture business from restaurant chains, hotels, etc. utilizing major local dealers and commercial kitchen installers

Aiming to continuously enhance economic value as well as social and environmental value

Our current PBR and PER levels reflect shareholder and investor confidence in the Group, meaning that capital costs are low and future growth is expected. However, we are not satisfied with the status quo and remain committed to meeting these expectations by realizing growth with an emphasis on profits and profit margins. To achieve this, in addition to short-term profits, it is crucial to take measures that will enhance corporate value over the medium to long term, including the allocation of management resources to growth investment. As part of this, we will work to continuously improve business profit margins and increase capital efficiency. We believe improvement of TSR*, which is an indicator of shareholder returns, will follow on from this.

We consider ROIC (see p. 11) to be a shared language expressing corporate value and enterprise value that connects shareholders and investors with internal stakeholders. To

push forward with improving capital efficiency across all our business departments, we will quantitatively analyze business issues based on ROIC and foster a culture that is dedicated to profit margins and turnover.

As I mentioned at the beginning, we have established a policy of enhancing not only our economic value but also our social and environmental value under our five-year management vision. We believe that reducing social and environmental risks with a focus on ESG in order to enhance social and environmental value can also lead to lower capital costs. At present, we have set KPIs for each material issue and manage the targets. However, in the future, we believe it will also be important to visualize financial economic value impacts, including opportunities, through these initiatives, so that all stakeholders understand the true value of the Group.

*TSR: An abbreviation for Total Shareholder Returns

Domestic Business Strategy

To achieve sustainable growth, we aim to further explore the restaurant market and to strategically develop non-restaurant markets through stronger collaboration between sales and services and effective new product launches, while improving profitability.

SWOT analysis

Strengths	1. Overwhelming direct sales capability with some 430 sales offices across Japan 2. Products/systems/solution-proposing power eclipsing competitors 3. Service and maintenance system with highly satisfactory to customers (with approximately 2,800 service staff in Japan)	Growth strategy	1. Maintaining and further strengthening direct sales capability through sales-service collaboration model (see p.19) 2. Promoting delivery of new customer value through products with natural refrigerants (see p.03), etc. 3. Creating new services through Hoshizaki Connect Wi-Fi (see p.30)
Weaknesses (issues)	1. Displaying agility through organizational collaboration between manufacturing and sales 2. Standardizing skills of sales staff and sharing information 3. Product lineup for non-restaurant markets	Strategies / Measures	1. Strengthening collaboration through organizational restructuring and persistence to results 2. Enhancing talent development and improved information sharing through Hoshizaki Sales 3. Strengthening in-house development capabilities via manufacturing-sales collaboration and enhancing product lineup in partnership with other companies
Business opportunities	1. High growth potential of non-restaurant markets 2. Actualizing potential demand for switching to eco-friendly products 3. Need to improve operational efficiency and productivity due to labor shortages	Future initiatives	1. Proactive strategy for developing untapped markets 2. Gradually standardizing products with natural refrigerants (refrigerators and ice makers) 3. Offering solutions through products that contribute to reducing manpower and saving labor, and researching the use of AI
Threats	1. Intensified competition in non-restaurant markets 2. Structural contraction of domestic restaurant market from population decline 3. Demands for action and stronger initiatives covering Scope 1 through Scope 3	Responses and preparedness	1. Building a growing track record of successful organizational sales through partnerships with other companies 2. Further expanding into non-restaurant markets and introducing new products to meet labor-saving needs 3. Reducing CO₂ emissions by strengthening energy- and resource-saving measures in manufacturing and further pursuing energy savings in product use

M&A Policy and Track Record

To achieve the targets of the five-year management vision, which ends in 2026, we will set priority targets and actively promote investment in M&A with a focus on profitability. Overseas, we aim to step up acquisitions with a view to investing in manufacturers of food service peripheral equipment, sales channels, and other areas while strengthening our research into high added-value brands. In Japan, we will advance acquisitions and strengthen business partnerships to enhance our product lineups.

Aiming to build optimal portfolio in line with five M&A principles

At the Group, we select candidate companies that meet the criteria outlined in the five M&A principles and conduct due diligence. While working to expand business scale through M&A, we promote optimization of our production network and our regional and product portfolio. We also pursue maximization of synergy effects and work to ensure such effects contribute to business performance by steadily implementing PMI* (see p. 14) after acquisition. We proceed with scaling down M&As or withdrawing from them if unexpected changes in the market environment occur or if it is determined that creating anticipated synergy effects is challenging. In 2018, we sold our stake in Zhejiang Aixue Refrigeration Electric Appliance Co. in China, and in 2022, we closed the Gram factory in Denmark (owned by Gram Commercial A/S acquired in 2008).

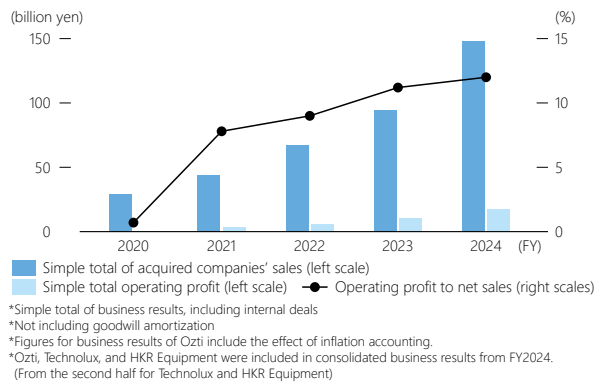
Hoshizaki Group's five M&A principles

- 1 Profitable companies
(operating profit to net sales ratio of 10% or higher)
- 2 Companies with excellent executives
- 3 Companies with which we can expect synergies
- 4 Companies over of a certain size
(sales of several billions of yen or higher)
- 5 Companies with desire for more (not satisfied with status quo)

Contribution of acquired companies to business performance

The combined business results (simple total, including internal deals) of nine major overseas subsidiaries – Lancer, Jackson, Hoshizaki Macom, Brema, Ozti, Western, Royalkitchen, Technolux, and HKR Equipment – in fiscal 2024 came to 148 billion yen in net sales, 17.8 billion yen in operating profit, and 12.0% in the operating profit to net sales ratio. In fiscal 2024, Ozti (Türkiye), which was newly consolidated, and Technolux and HKR Equipment (both in the Philippines), which were consolidated from the second half, pushed up net sales and operating profit.

► Changes in performance of nine acquired companies (simple total, including internal deals)



► Main M&A results and expected synergies

	Timing of acquisition	Main products and services	Synergy effects
Lancer (USA)	February 2006	Beverage dispensers	• Market share expansion through synergy effects based on overseas production and sales bases
Western (India)	January 2013	Glass door refrigerators Glass door freezers Refrigerators	• Manufacture and sales in India of Hoshizaki Group products, including commercial refrigerators • Enhancement of Western product development, productivity, and quality with support from Hoshizaki
Jackson (USA)	January 2013	Dishwashers	• Use of Hoshizaki Group's global sales channels, mutual introduction of customers, and joint sales of products • Enhancement of Jackson's product development, productivity, and quality with support from Hoshizaki
Macom* (Brazil)	July 2013	Refrigerators, thermal equipment (complete kitchen set)	• Manufacture and sales in Brazil of Hoshizaki Group products, including ice makers • Enhancement of Macom's product development, productivity, and quality with support from Hoshizaki
Ozti (Türkiye)	December 2019 (made equity method affiliate) March 2024 (turned into consolidated subsidiary)	Thermal equipment Dishwashers Refrigerators	• Expanding Hoshizaki's market share by leveraging Ozti's sales channels in Middle East, Europe, and Africa • Expanding Hoshizaki Group's product lineup through Ozti's development and manufacture of refrigerators for Europe, dishwashers for Asia, etc. • Creating synergies such as enhancement of Ozti's product development, productivity, and quality with support from Hoshizaki
Brema (Italy)	July 2022	Ice makers	• Market share expansion in Europe and the Middle East of commercial ice makers based on local production and sales bases
Naomi (Japan)	October 2022	Filling machines	• Market expansion for filling machines by leveraging Naomi's product strength and consulting sales capabilities along with our sales and service network • Strengthening Naomi's business functions in development, manufacturing, sales, service, and management with support from Hoshizaki
Royalkitchen (China)	December 2022	Design and construction of complete kitchen set	• Expansion of sales channels to luxury hotels, major companies' cafeterias, chain restaurants, supermarkets, etc. • Acquisition of expertise in kitchen set business and its enhancement
Fogel (Panama/Guatemala)	February 2024 (made equity method affiliate)	Refrigerators Glass door refrigerators	• Expanding product lineup in volume zone of US refrigerator business • Expanding business in Latin American region by leveraging Fogel's sales and service network for major beverage manufacturers
Technolux, HKR Equipment (both in the Philippines)	May 2024	Importer, distributor	• Market expansion for Hoshizaki products by leveraging both companies' extensive delivery records to hotels and restaurant chains • Enhancing added value through sharing of Hoshizaki's after-sales service expertise and strengthening service infrastructure in the Philippines
Cannon Marketing (USA)	January 2025 (acquisition)	Food service equipment wholesaler	• Expanding sales of Hoshizaki products in the south eastern USA by leveraging extensive product knowledge • Increasing U.S. market share by strengthening direct sales to dealers from our own distribution center
ARICO (Vietnam)	February 2025	Industrial refrigeration and refrigerators for food processing equipment	• Strengthening ability to supply products in Southeast Asia by combining ARICO's market knowledge and cold chain-related equipment manufacturing technology with Hoshizaki's technology in the development and production of commercial refrigerators • Expanding business territory in Southeast Asia by establishing a new refrigerator factory
Living Technology (Japan)	April 2025 (acquisition)	Water electrolyzer	• Accelerating non-restaurant market food-related businesses in the region by providing high-flow water electrolyzers

*Macom: Currently Hoshizaki Macom

Basic policies of management vision and FY2024 results/issues

Basic policies	FY2024 results	Issues
Further explore the restaurant market and develop non-restaurant markets • Strengthen exploration of four non-restaurant markets: retail sector, processing and sales sectors, primary industries, and hospitals, nursing facilities, and welfare facilities	• Captured strong equipment investment demand, mainly from restaurants and the service industry • Secured revenue growth in both the restaurant and non-restaurant markets; in the non-restaurant market, sales grew particularly for hospitals, nursing facilities, welfare facilities, and lodging facilities • Expanded sales of natural refrigerant based products	• Business expansion of local chains in the restaurant market • Further new product launches and lineup expansion in non-restaurant market
Thoroughly improve profitability and productivity • Implement strategic price revision • Reduce cost ratio and work to improve productivity • Additional structural reforms to improve Selling, General and Administrative expenses (SG&A) ratio	• Focused on management practices that improve gross profit margin and strictly control fixed costs to ensure profitability • Implemented rapid horizontal deployment of successful cases across sales companies • Advanced optimization of personnel and compensation at sales companies • Fully implemented shared use of call centers, etc.	• Further strengthening in-house development capabilities through promotion of manufacturing-sales collaboration • Standardizing and streamlining indirect Group operations (improve SG&A ratio)
Create new value by optimizing sales-service collaboration and use of IoT • Optimally allocate direct sales, corporate sales, and service resources and strengthen customer response • More advanced customer response and service operations through use of IoT	• Enhancement and greater efficiency achieved in sales and service capabilities through cross-functional unit Hoshizaki Sales • Fully utilized the SFA (see p.13) system, Dynamics • Direct sales capabilities enhanced through regionally focused sales efforts • Commercialized Hoshizaki Connect Wi-Fi	• Reducing workload in service operations • Strengthening coordination between customer responsiveness and service operations through use of the SFA system, Dynamics • Improving strategic efficiency through the use of the customer database
Enhance product development capabilities tailored to market needs • Shorten lead times for proprietary product development and strengthen strategic partnerships with other companies	• Net sales of our own products increased by 2.1 percentage points year-on-year, reaching 71% • Development lead times shortened and new product launches accelerated	• Enhancing sales of our own products and engaging in strategic partnerships with other companies • Timely launch of new products for non-restaurant markets • Reducing cost of sales to improve profitability

Domestic Business Strategy

Message from the Officer in Charge of Domestic Business

Captured strong demand for capital investment, achieving higher sales and profit

Yasushi Ieta

Director, Senior Managing Executive Officer
(in charge of domestic sales)



Trends and overview of the domestic market in FY2024

In fiscal 2024, the restaurant market continued its recovery trend, surpassing pre-COVID-19 levels. While inbound demand remained strong, rising construction material, labor, raw material, and energy costs, along with a chronic labor shortage, led to a tendency among major and local chains to scale back store opening plans. In the non-restaurant market, strong inbound demand supported favorable performance, including higher room rates at lodging facilities. In addition, the labor shortage has accelerated moves toward new cook-chill methods and central kitchen operations, driving increased demand from hospitals, nursing facilities, and the food processing and sales sector.

Amid these conditions, we actively captured strong demand for capital investment in fiscal 2024, achieving a 7.7% year-on-year increase in domestic net sales. Although materials and labor costs continued to rise, we rigorously improved gross profit margins and strictly controlled fixed costs in each region, resulting in a 21% year-on-year increase in operating profit. As a result, the operating profit to net sales improved by 1.4 points year on year to 13.2%.

For fiscal 2025, we plan to achieve higher sales and profit by further exploring the restaurant market and strategically developing non-restaurant markets, against a backdrop of continued service consumption and sustained inbound demand.

Domestic strategic policy for realizing the five-year management vision

While further exploring the existing restaurant market, we will seek new growth by developing non-restaurant markets. A particular focus for improving operational efficiency will be strengthening the sales-service collaboration model (see p.19). We are currently promoting the use of tools such as the CRM system, Dynamics, and going forward we plan to devise various measures to further strengthen coordination between customer responsiveness and service operations. In

addition, by utilizing new sales models and other means, we will also focus on acquiring customers in the rapidly changing restaurant market and the diverse non-restaurant market.

“Proactive” strategy for deep penetration into restaurant market

To further explore the restaurant market, we will strengthen our proposal capabilities to help resolve the increasingly serious labor shortage. For example, in dishwashers, we will actively propose pre-jet washers that eliminate the need for pre-washing and improve washing efficiency, and in cooking equipment, we will promote steam convection ovens that cook using the convection of steam and hot air.

In addition, the use of Hoshizaki Connect Wi-Fi (see p.30), commercialized in January 2024, will be one solution for alleviating labor shortages. We are also developing a machine diagnosis app as a sales tool to meet the growing customer need for early resolution of equipment problems. For individual stores, we will strengthen support for the use of subsidies and grants to meet customer needs.

“Proactive” strategy for developing untapped non-restaurant markets

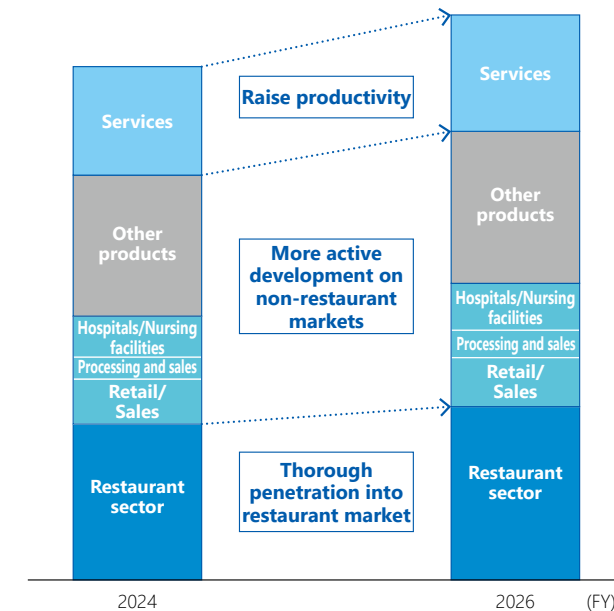
The labor shortage is also becoming more pronounced in the non-restaurant market. As mentioned in the restaurant market strategy, we will also promote the use of the machine diagnosis app in the non-restaurant market to enhance services for customers. In addition, we will actively promote labor-saving proposals using products unique to the Hoshizaki Group, such as vacuum microwave thawing machines that leverage our proprietary thawing technology to achieve high-quality thawing, and reheating cabinets that enable chilled storage, reheating, and keeping warm in a single unit.

Furthermore, under the national MIDORI Strategy for Sustainable Food Systems, as government initiatives advance the creation of a sustainable food system, the aforementioned moves toward new cook-chill methods and central kitchen operations are becoming more prominent. We see this as a

significant business opportunity for the Group, and we will utilize our core technologies in freezing, storage, and thawing to help address issues in customers’ food value chains.

To further expand in the non-restaurant market, we are also looking to increase sales of large-scale electrolyzed water generators. While viewing collaboration with related companies as an important option, we will actively make proposals to primary industries and the food processing and sales sector.

► Sales growth plan



“Defensive” strategy for achieving goals

One aspect of our defensive strategy is improving service quality. A hallmark of the Hoshizaki Group's sales style is having our well-trained service staff and sales staff work together as one to create an environment where each customer can use our products with confidence. For our customers, we believe it is important not simply to sell a single product, but to provide various proposals and support tailored to each customer's stage of growth.

It is also important to enhance employee satisfaction and maintain high motivation. To this end, we have been working to reform our personnel and compensation systems, including revising the compensation of contract employees who have reached retirement age, with the revised system coming into effect from fiscal 2025.

Initiatives for materiality

To realize “creation of new customer value,” we have developed the aforementioned reheating cabinets and a vacuum microwave thawing machine. In “creation of new customer value” and “response to climate change,” we are working to further promote sales of products using natural refrigerants (see p.03), such as commercial refrigerators and ice makers, and are steadily progressing with our plans. In fiscal 2025, we will continue expanding the use of natural refrigerants, aiming for domestic sales of products using natural refrigerants to reach ¥26 billion by fiscal 2026.

Strengthening the sales-service collaboration model

Takashi Akita

Director, Senior Managing Executive Officer
HOSHIZAKI SALES CO., LTD.



Strengthening the sales-service collaboration model is not only about enhancing our direct sales capabilities through locally focused sales that are closely aligned with each customer, but also holds the key to further improving productivity going forward. Given the limited number of sales and service staff, it is necessary to streamline labor-intensive administrative tasks that rely heavily on manpower and secure more time for productive work.

In addition, sharing information held by the sales and service divisions can lead to the creation of new business opportunities. The rapid horizontal deployment of successful cases across sales companies in fiscal 2024 has produced good results, and we will now move forward with strategic efficiency improvements by leveraging the customer database. Our initiatives to turn information into value are finally moving into full swing.

Global Business Strategy

In line with our Long-term Vision, while maximizing growth in existing businesses, we will accelerate investment in growing emerging markets and retail to expand our business, with the aim of becoming the world’s No. 1 over the long term.

In addition, by expanding intercompany transactions across regions, we will maximize Group synergies and strive to survive amid an uncertain trade environment.

SWOT analysis

Strengths	1. Strong brand power in global market 2. Top-class share of global ice maker market (in number, FY2024) 3. Global expansion of production, sales, and after-sales services 4. Market launch of new products tailored to applications, regions, and customer needs	Growth strategy	1. Enhancing brand strength by launching high-performance, high-quality, and differentiated products not offered by competitors 2. Further increase in market share through M&As, regional strategies, and tiered product development 3. Enhancing organizational structure through M&As and establishing strategic supply bases with overseas Group companies 4. Accelerating joint development with overseas Group companies and evolution of core technologies originating in the region
Weaknesses (issues)	1. Speed and profitability of expanding sales of commercial refrigerators 2. Product lineup and price competitiveness in mid-price range (volume zone) 3. Shortage of globally capable talent	Strategies / Measures	1. Maximizing synergy effects with consolidated companies and advancing global cost reduction activities 2. Formulating strategies for each region to address market needs through new product launches, sales channel development, and expansion of second brand 3. Enhancing talent development and mid-career recruitment and improving employee exchanges
Business opportunities	1. Mid-price range (volume zone), which has a large market 2. M&As focused on overseas markets 3. Maximizing synergy effects with consolidated companies	Future Initiatives	1. Improving expansion speed through brand and sales channel strategies 2. M&A effects: ¥50 billion sales gain (FY2026) 3. Improving profitability through expanded cross-selling
Threats	1. Intensified competition with competitors (cost, functional enhancements, product portfolio) 2. Economic security risks 3. Rising material costs, procurement risks, and rising labor costs 4. Uncertain trade environment due to U.S. tariff policies	Responses and preparedness	1. Development and proactive launch of differentiated products 2. Early risk identification and prompt countermeasures 3. Appropriate price adjustments, design changes, search for new material suppliers (strengthening global procurement), and securing logistics 4. Accelerate localization of parts procurement

Basic policies of management vision and FY2024 results/issues

Basic policies	FY2024 results	Issues
Active forays into new markets ● Pursuing growth opportunities for different areas, products, channels, and customer segments	● Steady progress in developing new customers, new product development (such as ice makers), and cost reduction in the Americas ● Steady progress in developing next-generation ice makers in Europe, with sales to begin in 2025 ● Launched a new ice maker lineup in India under the "by Hoshizaki" brand	● Global slowdown in growth of commercial refrigerators (excluding India) ● Expanding customer base for chocolate and ice cream in India ● Developing new customers in China ● Promoting market penetration of ice makers in Southeast Asia
Clarify area strategies ● Americas: Pursue optimal balance between sales growth and profit ratio improvement for sustainable profit growth ● Europe/China: Execute major business model reforms in Europe and China. Strengthen growth and profitability improvement in cooperation with acquired companies ● China: Aggressively pursue growth on the strength of product lineup enhancement, using high brand power	● Strengthened regional coordination in the Americas under the leadership of the Regional Headquarters (RHQ), including internal controls, targeting global chains, M&A/PMI (see p.14), and multi-brand strategy ● Coordinated product development processes between Ozti and Hoshizaki Europe B.V. ● Promoted initiatives to reduce manufacturing costs in China through review of components and improvement of production processes	● Promoting commercial refrigerator supply strategy in the Americas ● Further strengthening collaboration with Ozti in Europe and promoting integrated manufacturing and sales management (expand sales through cost reductions in commercial refrigerators) ● Expanding sales of the Ozti brand in Türkiye ● Generating synergies through integration of operations in China
Strengthen QCD ● QCD is the core of the Hoshizaki brand, and we will steadily reinforce QCD through collaboration among Japan and other areas ● Reducing costs and shortening delivery times through supply chain optimization	● Launched global strategies led by each function at Hoshizaki Head Office, achieving results such as cost reductions	● Strengthening price competitiveness against competitors (particularly Chinese manufacturers)
Strengthen area management ● Delegating authority to area heads and accelerating decision-making ● Efficient business support from Hoshizaki's Head Office by strengthening functional axes (across all overseas areas)	● Established a six-region overseas structure through making Ozti a consolidated Group company (East Asia under direct control of Hoshizaki Head Office) ● Established a new company in China integrating development, manufacturing, and sales ● Expanded synergies in Southeast Asia through the consolidation of new companies in the Philippines into the Group	● Promoting new M&A to achieve the FY2026 net sales target
Strengthen organizational ability related to M&A ● Planning to actively invest in M&A and strengthen organizational capabilities from project development to PMI	● Achieved performance recovery at Hoshizaki Macom in Brazil ● Consolidated Ozti and acquired new companies in the Philippines	● Strengthening the structure for promoting PMI activities at new group companies ● Promoting PMI at newly acquired M&A companies

Message from the Officer in Charge of Global Business

We will further strengthen cross-functional collaboration at Hoshizaki Head Office, promote our global strategy, and aim for growth in each region

Shiro Nishiguchi

Director, Senior Managing Executive Officer (in charge of global business)



Trends and overview of the global market in FY2024

Global nominal GDP reached approximately US\$110 trillion in fiscal 2024, representing a 3.9% increase from the previous year (meaning a real growth rate of +3.3%). The Hoshizaki Group's global (outside Japan) net sales for fiscal 2024 rose 32.9% year on year to ¥228.0 billion, outpacing global GDP growth, driven by contributions from three newly consolidated companies and strong performance centered on India. Net sales reached a record high for the third consecutive year and, partly due to exchange rate effects, exceeded 50% of total net sales for the first time. Operating profit was ¥26.1 billion, up 22.2% year on year, despite a ¥3.5 billion negative impact from the application of inflation accounting at Ozti, a Türkiye food service equipment manufacturer that became a consolidated subsidiary in March 2024.

By region, in the Americas, amid an increasingly competitive environment, we focused on improving productivity in manufacturing as well as on developing and strengthening relationships with new customers. While we achieved results such as expanding sales of ice makers, commercial refrigerators, dispensers, and dishwashers, and developing new customers, sales of commercial refrigerators struggled. In Europe, we worked to strengthen collaboration among group companies and to expand sales of mainstay products such as ice makers and commercial refrigerators, but sales of commercial refrigerators faced the same challenges as in the Americas. In Asia, sales of commercial refrigerators and other products remained strong, particularly in India.

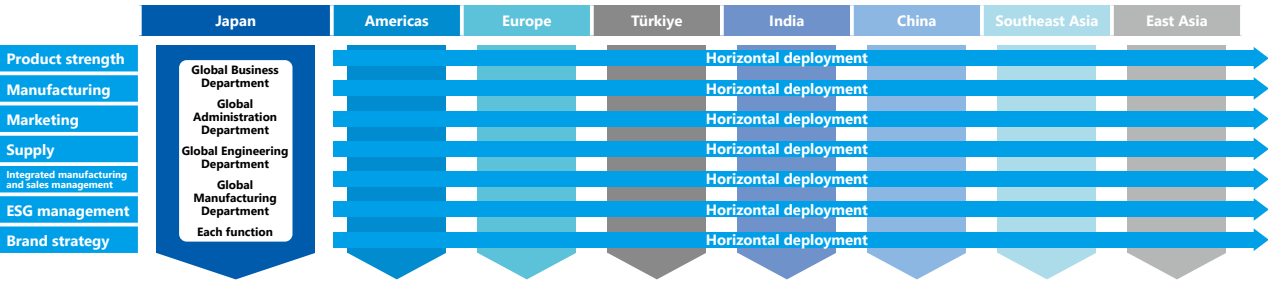
Promotion of the global strategy

In the global strategy for fiscal 2025, we will focus on the following five areas: (1) product strength, (2) manufacturing, (3) marketing, (4) supply, and (5) integrated manufacturing and sales management. In addition, we will position Ozti as one of the key bases in the Group's global product supply strategy, strengthening the lineup of commercial refrigerators for the European market and promoting the rollout of dishwashers for the Asian market by leveraging the Group's sales channels.

(1) Product strength	Improve development efficiency and strengthen cost competitiveness by standardizing core components of commercial refrigerators for new products and promoting global procurement
(2) Manufacturing	Strengthen communication to achieve high-level standardization of efficiency and quality
(3) Marketing	Target global chain accounts with significant growth potential worldwide
(4) Supply	Leverage sales channels to efficiently expand sales across regions and the group companies to maximize the Group sales and profit
(5) Integrated manufacturing and sales management	Build frameworks for manufacturing and sales collaboration across regions to expand the Group earnings

At the Head Office functional level, we have newly added ESG management and brand strategy, and by adding East Asia (under the direct control of the Head Office) to the regions of deployment, we are working to further strengthen the promotion of the global strategy.

► Cross-functional global collaboration by Head Office functions



Global Business Strategy

Growth strategies by region

Americas market

Although the macroeconomic outlook for the Americas remains uncertain, conditions continue to be firm. Amid intensifying competition, we are focusing on improving productivity in manufacturing and on developing and strengthening customer relationships, with particular emphasis on enhancing the refrigerator business through collaboration with Fogel.

We also believe it is necessary to closely monitor tariff trends and consider the localization of component procurement.

Europe and Türkiye market

The macroeconomic outlook for Europe remains uncertain, and in Türkiye in particular, a hyperinflationary economic environment continues. Under these conditions, we will continue to develop markets while focusing on strengthening collaboration among group companies.

In particular, we will focus on building product development processes with Ozti, promoting speedy collaboration in product development, cost reduction, and market responsiveness.

In the ice maker business, we will launch new products to further solidify our market position.

India market

In India, the macroeconomic environment remains favorable. Anticipating demand, we have expanded production capacity, and the plant established in 2022 is now operating at nearly full capacity. Looking ahead, we will consider building new plants and work to expand our business domains for further growth. For Visi Coolers (for beverage storage), we will focus on expanding a low-priced product lineup to compete with Chinese manufacturers, broadening our customer base, developing new markets in the Middle East, and increasing sales in Africa. For ice makers, we will expand the product lineup to create demand. In addition, we will work to develop new customers by approaching large, untapped facilities such as hospitals and schools, and expand our product range with new product groups developed to meet local needs based on regional characteristics.

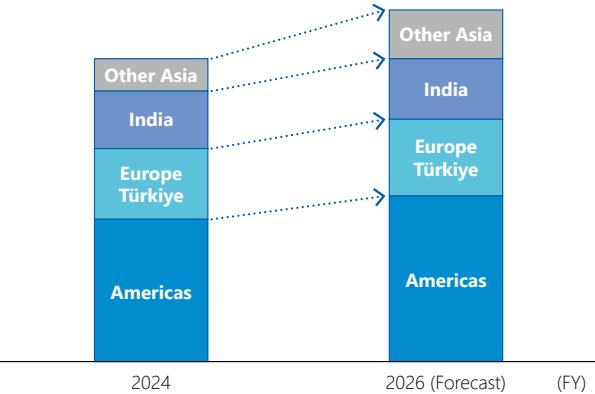
China market

In China, despite a challenging macroeconomic environment, we integrated the three functions of development, manufacturing, and sales into a single company in January 2025. By strengthening collaboration among functions, we will accelerate decision-making and development processes while maintaining the high quality that is a strength of the Hoshizaki Group. From a market-in perspective, we will build a structure that can quickly develop, mass-produce, and deliver made-to-order products that meet the specifications and price ranges demanded by restaurants. At the same time, we will promote streamlining through functional integration, strengthen price competitiveness, and work to develop new customers, including major chains.

Southeast Asia market

In Southeast Asia, we will strengthen sales of commercial refrigerators through product enhancement and direct sales, and for ice makers, we will work to reduce costs and shorten delivery times by starting shipments from our Suzhou Factory in China, as well as create demand through the launch of small ice makers. We will also aim to generate synergies with the two Philippine food service equipment distributors that became consolidated subsidiaries in May 2024. In the first half of fiscal 2026, ARICO in Vietnam—now a consolidated group company—will establish the first production base in Southeast Asia, close to the markets. This will serve as a growth driver going forward and contribute to further enhancing customer satisfaction.

► Forecast of global sales breakdown by region



Initiatives for materiality

To realize the materiality “creation of new customer value,” we are focusing on the development and sale of new ice makers. In Europe, we launched a next-generation ice maker with the latest IoT functions in January 2025. In the Americas, we are developing ice makers with competitive advantages such as industry-leading cube ice quality, intuitive electronic control interfaces, and wireless connectivity. These products also have high environmental performance, including energy saving, and contribute to the materiality “response to climate change.”

Going forward, since there are differences in regulations and initiatives across various countries and regions, we aim to focus on enhancing economic value while contributing to social and environmental value, taking regional characteristics into account. Currently, the KPIs for achieving our targets are primarily focused on domestic operations. However, overseas, where advanced initiatives such as the empowerment of women are already in place, we are starting to consider setting target values and other aspects as part of our review.



Next-generation ice maker with the latest IoT functions launched in Europe in January 2025

Interview with the Chairman and CEO of Technolux (Philippines)

Capturing demand in the Philippine market through collaboration with Hoshizaki and aiming for further growth

William A. Stelton

Chairman and CEO
Technolux Equipment and Supply Corporation
Philippines



Q. Please tell us about the characteristics and strengths of Technolux’ business.

Technolux has built its business on a foundation of trust and long-standing relationships with our customers. For nearly 50 years, clients have relied on our commitment to provide spare parts, qualified technicians, and a dependable inventory of equipment to meet their needs—whenever and wherever required.

Our strength lies in our responsiveness and customer-centric approach. We listen carefully to our clients, act promptly on their feedback, and ensure we are available for meetings or urgent concerns at any time. By solving problems as they arise, we earn the trust that leads to the next order. For us, it’s not just about the sale—it’s about being a reliable partner in our customers’ success.

Q. What kind of synergy effects do you plan to create by joining the Hoshizaki Group?

By joining the Hoshizaki Group, we aim to create strong synergy through integration and knowledge sharing. Our plan includes incorporating Hoshizaki equipment across our full range of products while ensuring compatibility with the various brands we serve.

We are committed to providing technical training and sharing operational techniques with our partners in the region. This will help enhance efficiency, elevate service quality, and drive profitability for all parties involved.

Moreover, we see great value in the exchange of ideas. We hope to contribute insights from our market experience while also learning from Hoshizaki’s expertise to address challenges that remain unresolved in our market.

Q. Please tell us about the current market environment in the Philippines and medium to long-term market trends.

The current market environment in the Philippines is highly dynamic, marked by renewed business activity and expansion, particularly in the food service and hospitality sectors.

Looking at the medium to long term, the outlook remains very promising. Numerous provinces are actively investing in infrastructure and business development, signaling robust regional growth.

This decentralization is creating fresh opportunities beyond the major urban centers. Given these trends, we are highly confident that the coming years will be record-breaking for our business in food and hotel equipment, as we continue to support the evolving needs of a rapidly expanding market.

Q. How do you plan to expand your global chain account business in the future? (Any suggestions for Hoshizaki?)

Our immediate priority is to address domestic challenges to build a stronger foundation. We believe Hoshizaki’s global expertise can be instrumental in helping us make our service more responsive and reliable.

Long-term, building stronger relationships with our existing global chain customers is critical. Focusing on chain accounts with simpler expansion models will allow us to scale more effectively. To support this, we suggest that Hoshizaki establish dedicated management teams focused on partnering with us to grow sales across our various brands.

These teams should work closely with us to:

- Reduce costs through operational efficiencies,
- Improve service responsiveness,
- Drive continuous innovation.

While ambitious, we believe this collaborative approach is achievable and will position us for sustained global growth.

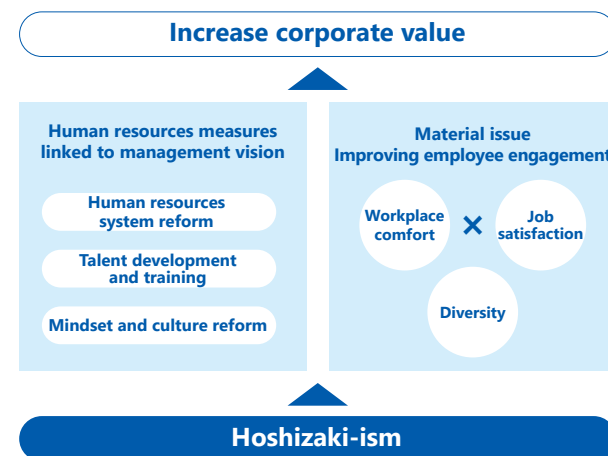
Human Resources Strategy

In the Hoshizaki Group, each employee is encouraged to embody the “Hoshizaki-ism,” our action guidelines, starting with “Have a Dream.” We aim to achieve our Purpose of being an “evolving company” that contributes to society by being aware of and acting on these values.

Basic policies

For the Group, improving the quality of human capital represents one of the most important issues for achieving sustainable growth. Based on this recognition, we have set “improving employee engagement” as a material issue, and by balancing “workplace comfort” with “job satisfaction,” we are creating a corporate environment where talented human resources with diverse backgrounds can thrive.

Additionally, to link our management vision with our human resources measures, we have formulated the Human Resources Policy and Medium-Term Human Resources Strategy. By strategically promoting efforts in an integrated manner along three axes—human resources system reform, talent development and training, and mindset and culture reform—we will create an environment where employees can demonstrate their full potential and support the sustainable growth of the Group.



Our human capital

At the end of fiscal 2024 (December 31, 2024), the number of employees of 60 consolidated Group companies was 16,061, showing a year-on-year increase of 2,700. The total comprised 8,799 in Japan (Hoshizaki and 20 Group companies), up 101; 2,956 in the Americas (18 Group companies), up 333; 1,998 in Europe (5 Group companies), up 1,553; and 2,308 in Asia (17 Group companies), up 713. At Hoshizaki Corporation alone, the average length of service is 17.6 years, the average age 44.5 years, and the average annual salary 7.68 million yen, up 2.3% from the previous year. The proportion of employees who are women among the 7,787 employees of Hoshizaki and its domestic sales companies has increased by 1.2 percentage points from five years before to 17.8%. The ratio of women among new graduates is 25.3%. The number of women in positions at or above assistant manager level was 233, up 36 from five years before, which accounts for 9.0% of all employees in such managerial posts.

Human capital	- Number of employees: 16,061 - Number of domestic sales and service personnel (sales: approximately 3,400, service: approximately 2,800) - Number of R&D personnel: Approximately 670 (consolidated) - Ratio of employees who are women: 17.8% (total of Hoshizaki and its domestic sales companies) - Percentage of managers who are women (assistant manager level and above): 9.0% (Hoshizaki and its domestic sales companies) - Average annual salary: 7.68 million yen (Hoshizaki) - Investment in personnel education: 96.561 million yen, training hours per person: 15 hours (Hoshizaki)
Outcomes of human capital	- Employee satisfaction survey: 39.3 points (out of a total of 55 points [Japan]) - Average service years: 17.6 years (Hoshizaki) - Creating new value and generating revenue through products and services - High customer satisfaction & reliability - Hoshizaki Brand - Diversity in human resources

Characteristics of Hoshizaki Group's human capital

In order to meet the diverse needs for food, the Group not only focuses on manufacturing, but also operates 15 independent sales companies in each region of Japan, resulting in a system that allows us to respond to the requests of each individual customer in fine detail. We value dialogue with each customer in each region and provide support from every angle possible.

The Group's human resources can best be described as diligent and honest. Our people have the ability to find sincere and reliable answers to any given problem, and each has extremely high potential. As such, we believe that by effectively drawing on this potential, we can achieve even greater performance as an organization.

Message from the Person in Charge of Human Resources Strategy

We will implement human resources measures linked to our management vision, focusing on HR system reform, talent development and training, and mindset and culture reform, in order to achieve sustainable growth

Yasuko Shimizu

General Manager, Human Resources Department



Human resources measures linked to our five-year management vision

Five-year management vision	Human resource measures	Roadmap (FY2026 to FY2028)
Strategy in Japan - Seeking growth, further strengthen development of non-restaurant markets while also continuing to explore the existing restaurant market. - Establishing a new sales model (sales-service collaboration model; see p.19) to accommodate the needs of customers in the restaurant market, whose conditions are fast changing, and in non-restaurant markets, which have a diverse range of customers.	HR system reform - Initiating and promoting HR system reform at sales companies in Japan (job grades, bonuses, etc.) Talent development and training - Providing career design opportunities for each employee Mindset and culture reform - Developing women managers and promoting women's empowerment in the workplace	HR system reform - Introducing new evaluation and compensation systems at sales companies in Japan Talent development and training / Mindset and culture reform - Developing programs to foster an environment to attract and retain right talent
Overseas strategy Surpassing our competitors our competitors to enter and expand business into emerging markets with growth prospects, while maximizing growth in existing markets	HR system reform - Exploring the need to introduce systems and measures that should be introduced globally - Considering global activity management and target setting, including compliance with legal disclosure requirements in each country Talent development and training - Promoting global talent development	HR system reform - Implementing the system from a global perspective Talent development and training - Launching language training incentive program at Hoshizaki
Japan and overseas - 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.	Talent development and training - Formulating the Talent Development Policy based on other policies - Building a training framework in line with the Talent Development Policy Mindset and culture reform - Promoting the next phase of diversity initiatives to foster a culture that embraces different cultures and different ways of thinking	Talent development and training - Formulating the Talent Development Policy and Medium-Term Human Resources Strategy - Implementing a training framework in line with the Talent Development Policy Mindset and culture reform - Improving global coverage of engagement surveys

Financial impact generated by human capital

Human capital is the Group's greatest and most important asset, and the key to management is how effectively it can be utilized. To strengthen human capital over the medium to long term in order to achieve sustainable growth, we are forecasting long-term trends in the number and age composition of employees at sales companies in Japan and have begun discussions on measures based on an analysis of anticipated future risks. Specifically, we anticipate that the total number of employees will decrease and that middle-

aged employees who currently make up the majority of the workforce will transition to senior employees. Given this, to maintain and improve our sales and service capabilities, we will consider introducing a contract work system with differentiated positions for each job type and establishing a human resources system (such as a promotion and advancement system) to facilitate the delegation of authority, which will help to secure and grow sales.

Human Resources Strategy

We will also work with business divisions to visualize a human resources map for the future. Through the optimal allocation of personnel based on this human resources map, we will accurately identify regions and business areas with business opportunities and steadily promote initiatives aimed at growth.

In addition, by improving employee engagement and a sense of belonging to the company, we intend to improve each employee's capabilities and encourage a positive approach to work, thereby improving net sales per employee and productivity per employee.

FY2024 results and issues

In fiscal 2024, we steadily advanced our efforts to reform the HR system (contract work system, promotion and advancement system, etc.) of our sales companies in Japan.

We also began conducting engagement surveys at overseas Group companies, modifying the questions to reflect overseas labor practices. In 2023, we conducted the engagement survey in the Americas (Hoshizaki America, etc.) and in 2024 in Europe (Hoshizaki Europe, etc.). As our overseas business grows, we will further expand the number of overseas Group companies where we conduct the survey and strengthen our human resources foundation as a global company. We will also work to further improve "workplace comfort" and "job satisfaction" within the Hoshizaki Group worldwide.

Meanwhile, with regard to efforts for talent development, we have begun full-scale discussions in 2025 to clarify the type of human resources we will need in the future and to formulate basic policies and guidelines for talent development to achieve this.

Employee satisfaction survey

At our Group companies in Japan, we conduct an anonymous employee satisfaction survey once a year. The survey consists of questions about the Company as a whole, the organization, the work environment, supervisors, work, activity targets, and personnel evaluations. The survey results are analyzed, and an action plan is created and implemented to improve the workplace comfort and job satisfaction.

The average score on the fiscal 2024 survey for the entire Group in Japan was 3.57 points (an increase of 0.09 points compared to the previous year). Scores in all categories improved from the previous year, with those for the "Company-wide evaluation," "employee satisfaction activities," and "compliance with standards" reaching record highs. On the other hand, in light of the results showing that improvements have been slow in the areas of "paid leave/time of leaving work" and "activity targets," we will review our HR system and work to better manage working hours.

Future approaches

In order to attract and retain talented human resources for the future of the Group, we will formulate the Human Resources Policy and Medium-Term Human Resources Strategy. Under this, we will implement measures based on three pillars: HR system reform, talent development and training, and mindset and culture reform.

In terms of HR system reform, the Group's ratio of overseas net sales rose to 51.2% by fiscal 2024, requiring different approaches for each country and region. As we need to expand our HR scope, which has focused primarily on Japan until now, to include other countries, we will explore the need to introduce systems with a global perspective.

Regarding talent development and training, we will formulate a Human Resources Development Policy based on our Talent Development Policy and improve our training framework. We will also focus on discovering and developing global talent to support the growth of our overseas business.

Looking at mindset and culture reform, we are promoting diversity initiatives, primarily through the Diversity Promotion Center, which was established in fiscal 2022, in order to foster a culture that embraces different cultures and ways of thinking. Promoting diversity is not an end in itself, but a prerequisite for doing business in countries and regions around the world. On the other hand, as employees of the Hoshizaki Group, we have goals to achieve in every country and region, and we believe that striking a balance between "diversity" and "consistency" is important in human resources management.

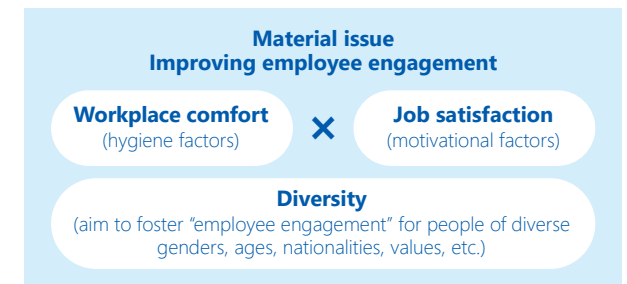
To promote women's empowerment in the workplace, we have set a goal of having 50 managers who are women (4 times the number in fiscal 2020) and 300 women in positions at or above the assistant manager level (1.5 times the number in fiscal 2020) at Hoshizaki, Hoshizaki Sales, and domestic sales companies by fiscal 2025. In fiscal 2024, these numbers totaled 34 and 233, respectively. We aim to achieve our targets for fiscal 2025 and will also formulate policies for our efforts from fiscal 2026 onwards. Furthermore, in order to develop women managers, we will identify any obstacles that emerge from the initiatives of each Group company, improve our activities based on those findings, and advance our plans.

Materiality: Improving Employee Engagement

The Hoshizaki Group will achieve its vision by evolving toward the vital workplace culture in which all employees share diverse values, respect each other, and work with pride

Initiatives toward realizing materiality

In order to improve employee engagement, we intend to achieve a balance between "workplace comfort (hygiene factors)" and "job satisfaction (motivational factors)." Furthermore, we are creating a corporate environment where talented human resources can thrive and continue working by ensuring that employees with diverse backgrounds, including gender, age, nationality, and values, respect each other and can work to their full potential by leveraging diversity.



Workplace comfort

To improve "workplace comfort," we are reviewing our HR system and working hours management, and promoting initiatives such as establishing a system that allows for flexible work styles.

Review of HR system and working hours

The Group is reviewing its HR system so that employees feel that their performance is reflected in their compensation and benefits. In fiscal 2024, our sales companies in Japan began reviewing the current system and introduced a new job grade system and method for determining individual bonus amounts. We will continue to review the system further, aiming to introduce a new evaluation system (e.g., reflecting evaluations in wages) and compensation system (e.g., salary determination method) in 2026.

Regarding working hours, we have taken steps such as increasing the number of holidays per year and eliminating potential unpaid overtime (domestic sales companies), as well as making indirect department working hours visible

and preparing quarterly reports (Hoshizaki). Going forward, we plan to continue activities aimed at eliminating potential unpaid overtime for improving employee satisfaction (domestic sales companies).

In addition, we provide detailed support to our employees, such as a mentorship system for new employees for the first three years after joining the company (Hoshizaki and domestic sales companies) and annual personnel interviews for employees seconded overseas (Hoshizaki).

As part of our efforts to expand work style options, we have introduced teleworking at Hoshizaki and its sales companies in Japan. We are also conducting research to increase work style options and strive to improve "workplace comfort."

Childbirth and childcare support

Hoshizaki introduced various systems as assistance measures for employees' life events and established an environment to encourage them to use such systems, thus actively supporting in the achievement of a good work-life balance. To facilitate the smooth return to work of employees who are women after childcare leave, employees undergo interviews with their department heads about their future careers before

taking leave and before and after their return to work. We have introduced online courses to support childcare and skill development that they can complete from home while they are on childcare leave. We have raised awareness of parental leave of employees who are men and worked to encourage them to use parental leave. We will continue to improve such systems and promote support for employee life events.

► Status of childcare leave use by gender (Hoshizaki)

	FY	2020	2021	2022	2023	2024
Men	Number of employees who use leave	14	11	16	36	27
	Rate of leave use	30%	36%	50%	63%	73%
	Average days taken	28	32	29	32	42
Women	Number of employees who use leave	5	7	8	4	11
	Rate of leave use	100%	100%	100%	100%	100%
	Average days taken	388	395	322	389	391

Note: The average days taken by women was calculated on the basis of the average days taken by employees who returned to work in the relevant year.

Human Resources Strategy

Job satisfaction

We create job satisfaction by providing career design support and growth opportunities, including education and training that supports employee growth.

Creating opportunities for individual employee growth

To create opportunities for individual employee growth, we have worked to provide opportunities and places where employees feel themselves growing by proceeding with

ability development through Off-JT, such as training for next-generation managers, logical thinking enhancement training, English proficiency enhancement training, and career development to help each and every employee realize their vision in the future.

► Status of investment in education and training

FY	2021	2022	2023	2024
Investment in education or training (1,000 yen)	69,411	72,739	83,468	96,561
Total number of training participants (persons)	2,726	5,543	6,600	5,736
Training hours per participant	15	10	10	15

Investment in education or training is the amount spent by Hoshizaki on a non-consolidated basis and Hoshizaki Sales, which does not include the amount of training independently planned by sales companies in Japan but includes domestic Group companies in terms of the number of participants.

► Three education or training program categories

Position-specific training To develop capabilities or skills required for specific positions	Selective skills development training To improve specific skills and awareness	Customized training for specific needs Based on plans designed by group companies and departments
• Training for employees newly appointed to managerial positions • 360° evaluation training • Service training (review training up to the 3rd year after employment) • Service training (employees in general) • Sales training (review training up to the 5th year after employment) • Sales training (employees in general) • Training for new graduate and mid-career hires (review training up to the 3rd year after employment)	• Training for next-generation managers • Global talent development • Training to develop women managers	• Unconscious bias • Marketing • Teaching techniques • Anger management • Career design • Boosting motivation • Communication • Business skills

Of the three education or training program categories, we recently strengthened selective skill development training to foster next-generation leaders.

We support employees’ autonomous career options by offering motivated employees opportunities to develop their abilities through programs such as training for next-generation

managers at Hoshizaki and sales companies around the country, global talent development for those aiming to have smooth communication and to play active roles at overseas divisions or at the group companies outside Japan, and training to develop women managers.

► Selective skills development training

Training for next-generation managers	We have a program that selects executives and executive candidates for Hoshizaki and sales companies in Japan who demonstrate excellence and work on business case study and in-house issues to thoroughly develop their logical thinking and problem-solving skills and, in doing so, strengthen their strategic conceptualization and strategic planning abilities.
Global talent development	We are conducting various programs including logical thinking enhancement and language training to improve the abilities required of a global workforce.
Training to develop women managers	We provide training for managers who are women to build a network in which employees support each other’s growth through awareness of anticipated roles and deepening self-understanding and to acquire the skills necessary for management.

► Number of participants in the selective skills development training (persons)

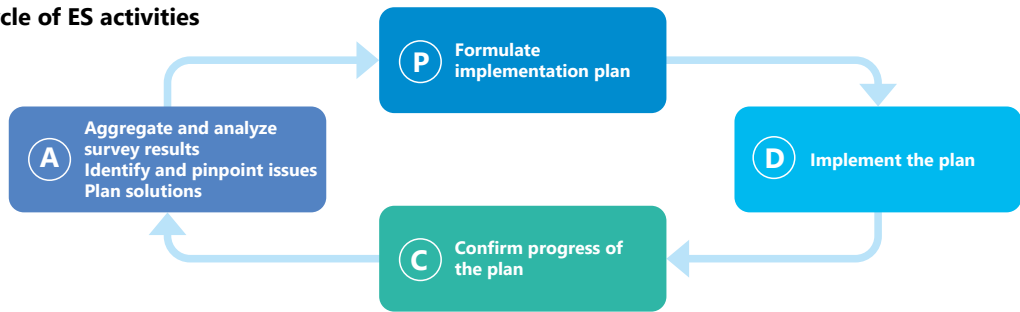
Program focus/year	2019	2020	2021	2022	2023	2024
Training for next-generation managers	45	45	39	42	49	40
Global talent development	18	16	293	243	265	124
Training to develop women managers	—	—	—	69	169	103

Improving employee engagement and job satisfaction

We have established a HR system to help employees in different life stages and lifestyles work comfortably and have worked to further enhance communication within the workplace and create a corporate culture in which everyone respects each

other. We analyze the results of the employee satisfaction (ES) Survey that we conduct annually for all employees of the Group companies in Japan, identify issues from the free comments of employees, grasp and specify them as management issues, and continually work on reforms for their resolution.

► PDCA cycle of ES activities



► ES survey response rates and free comments (surveys at 19 Group companies in Japan)

FY	2020	2021	2022	2023	2024
Survey questions	59	59	59	59	59
Employees surveyed	8,614	8,556	8,443	8,451	8,443
Response rate	99.9%	100%	99.9%	98.9%	98.0%
Free comments	5,964	5,632	5,597	1,725*	1,882

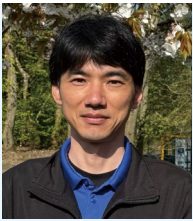
*We changed the free-comment column format in 2023 (from a comment section for each item to one combined comment section).

► Trend in ES scores

FY	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total score (perfect score: 55 points)	36.5	36.5	38.4	38.5	38.6	39.9	40.1	39.6	38.2	39.3
Average	3.32	3.32	3.49	3.50	3.51	3.62	3.65	3.60	3.48	3.57

For all Group companies in Japan in fiscal 2024, the total score was 39.3 points (up 1.1 points from the previous year), with an average score of 3.57 points (up 0.09 points). The survey identified issues in the personnel evaluation items, primarily in domestic sales companies, and we are working to establish a new HR system, including revisions to the evaluation and

compensation systems and promotion requirements. For overseas Group companies (some covered companies), we have started conducting engagement surveys (questions have been modified to reflect overseas labor practices) from fiscal 2023. In the future, we will identify and pinpoint issues globally, and implement activities aimed at improving employee engagement.



Shunji Tsubouchi
Hoshizaki Europe Limited

Thoughts on global talent development

I have engaged in design and development work at the R&D Center for 25 years. I joined Hoshizaki because I wanted to do design work, and was enjoying a fulfilling career, but one day, I suddenly wondered if my perspective had become too narrow. It was at this time that I participated in the global talent development. I struggled with the task of deciding on issues logically and independently from a high perspective, something I had never experienced before. In spring 2024, I was assigned to work in the UK. Although I’m struggling with English and cultural differences, I feel that the basic way of thinking I learned in training is the same everywhere. I’m working together to solve problems with the same members who took the training with me in Europe. I will continue to take on new challenges to find new fulfillment in my work.

Development and Technology Strategy

Message from the Officer in Charge of Development and Technology

We aim for sales growth with profitability by enhancing product functions and environmental performance and introducing new technologies

Toshikazu Tanjima
Director and Senior Executive Officer
(Head of R&D, in charge of manufacturing and Corporate Planning & Strategy Department
General Manager of Corporate Planning & Strategy Department)



FY2024 results and issues

In fiscal 2024, we promoted initiatives based on the following activity plans: (1) natural refrigerant adoption for commercial refrigerators, (2) commercialization of Hoshizaki Connect Wi-Fi (see p.30), (3) planned model changes, (4) new product planning, (5) incubation, (6) support for overseas Group companies, (7) establishing shorter development lead times, and (8) activities to reduce material costs.

Key achievements included (1) strengthening the lineup of natural refrigerant products by concentrating development personnel on the design and development of refrigerators, thereby achieving a full lineup as planned; and (6) supporting

overseas Group companies by entering into joint development agreements with Group companies for ice makers and commercial refrigerators, thereby helping to accelerate and optimize global development.

For (7) establishing shorter development lead times, we developed 26 product groups, including product series such as refrigerators/freezers and ice makers, increasing the number of product groups developed to 1.6 times that of the past.

On the other hand, a key issue was that although we conducted industry-academia-government collaborative research and development as part of our incubation efforts, this did not result in commercialization.

► Development and technology strategy aligned with the five-year management vision

Five-year management vision	Development and technology strategy
Domestic strategy - Seeking growth, further strengthen development of non-restaurant markets while also continuing to explore the existing restaurant market - Establishing a new sales model (sales-service collaboration model*; see p.19) to accommodate the needs of customers in the restaurant market, whose conditions are fast changing, and in non-restaurant markets, which have a diverse range of customers	- Prioritizing the development of products that contribute to labor saving and manpower reduction - Promoting the adoption of natural refrigerants, aiming to increase the natural refrigerant ratio from 46% at the end of FY2024 to 87% at the end of FY2027, while improving profitability and contributing to higher margins
Overseas strategy Expanding business into emerging markets with growth prospects ahead of other companies while maximizing growth in existing markets	Strengthening technical support for overseas Group companies, contributing to the expansion of overseas sales
Domestic and overseas - 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	- Continuing to launch products with overwhelming quality and performance in the food supply chain with speed - Strengthening collaboration with divisions with manufacturing functions further to reduce material costs and contribute to higher margins

Financial impact generated by intellectual capital

At Hoshizaki's development and technology division, we focus on profitability while working toward the realization of the five-year management vision by enhancing functionality and energy efficiency through the creation of new products and model changes.

In terms of profitability, we develop products with specified

target profit margins and set region-specific profit targets overseas. This accelerates our activities to achieve the numerical targets outlined in our management vision.

In fiscal 2024, the ratio of domestic net sales from new products and remodeled products launched within the last three years reached 53.6%, surpassing the target by approximately 8.1 percentage points. In addition to launching

new products, the introduction of new functions and design modifications of existing products contributed both to expanding net sales and reducing material procurement costs. The reduction in material procurement costs over the past two years totaled approximately 1.1 billion yen for Hoshizaki.

Initiatives for materiality

As initiatives related to the material issues “response to climate change” and “creation of new customer value,” we have focused on developing natural refrigerant products and energy efficiency products, and in Japan, we completed the full transition of standard commercial refrigerators to natural refrigerants in fiscal 2024.

In addition, with respect to the material issues “creation of new customer value” and “new proposals for the creation of a safe and secure food environment,” this is a field in which the development and technology division can fully leverage its strengths and experience, and in recent years we have focused on the freezing and thawing of food using our proprietary control technologies. While freezing food is relatively straightforward, thawing food in a way that preserves quality is difficult and presents many challenges. If advances in thawing technologies make it possible to transport food in frozen form instead of at room temperature, this will reduce the frequency of shipments. Furthermore, if only the amount to be sold can be thawed and returned to room temperature, it will enable convenience stores and restaurants to operate even in remote areas, thereby contributing to the reduction of food waste. In this context, we have developed the industry's only vacuum microwave thawing machine, which realizes high-quality, short-time thawing through vacuum cooling and microwave heating, with shipments scheduled to begin in July 2025. Going forward, we will continue to strengthen product development that contributes to enhancing social and environmental value, while also expanding profitability.

Future strategies

(1) Launch products in a timely manner and contribute to expanding net sales

We will contribute to expanding net sales by launching products in a timely manner through new market-oriented product themes, evolution of core technologies, and model

changes that include natural refrigerant adoption in line with our roadmap. New product themes are created in collaboration with the sales division, with a market-oriented approach, aiming to create new markets through innovative products. In particular, in light of labor shortages in both the restaurant and non-restaurant industries, we will focus on development under the key themes of “automation,” “efficiency,” and “larger scale.”

To evolve our core technologies, we will place emphasis not only on freezing, storing, thawing, and washing (labor saving and automation), but also on dispensing (portion control) and AI, targeting sales expansion through timely product launches.

For model changes, we will advance the adoption of natural refrigerants in line with our development roadmap, promoting their penetration in the Japanese market, while also improving product profitability and enhancing margins. Adoption of natural refrigerants for products equipped with refrigeration circuits, such as commercial refrigerators and ice makers, has already reached 100% in Europe and 50% in the Americas (with a target of 100% by 2026). As a leading company, the Hoshizaki Group plans to raise the adoption rate of natural refrigerants for all commercial refrigerators and ice makers sold in Japan from 46% at the end of fiscal 2024 to 87% at the end of fiscal 2027. By replacing non-natural refrigerant products with higher energy efficiency natural refrigerant products, we aim to generate replacement demand and increase market share.

(2) Reducing cost of sales to improve profitability

We will improve profit margins by reducing material procurement costs through reviewing designs, processes, and components, rationalizing product lineups, and collaborating with divisions with manufacturing functions. We will also accelerate joint product development on a global scale, focusing on specific regions and applications.

(3) Business expansion of overseas Group companies

To support the business expansion of overseas group companies, we will further strengthen technical support to increase refrigerator sales, while also establishing an overwhelming No.1 position in ice makers to build a stable earnings base.

Strengthening product development that contributes to enhancing social and environmental value

Material issues	Relevance to our Vision	Technological perspective	Product examples
Response to Climate Change	In response to the global climate changes, contribute to resolution of environmental issues through provision of comfortable food environment (business).	Pursuit of energy efficiency, shift to low-GWP (see p. 28)	Natural refrigerant-based products, etc.
Creation of New Customer Value	Manufacture products flexibly responding to changes and create service business, quickly catching up with changes in environment surrounding customers.	Labor saving, automation High-quality freezing, high-quality thawing	Prejet washer Vacuum microwave thawing machine, etc.
New Proposals for the Creation of a Safe and Secure Food Environment	In response to changes in diversifying food environment, provide safe and secure products and services to help people lead a good life.	Freezing, storing, thawing	Liquid freezer Deep freezer, etc.

Environmental Strategy

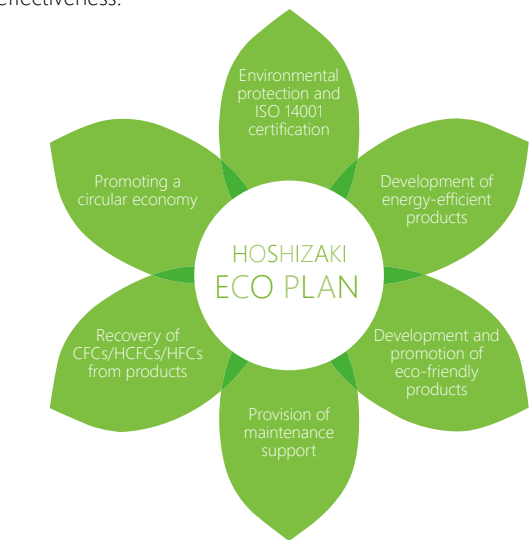
Guided by the management philosophy “Good product comes from a good environment,” the Hoshizaki Group has pursued harmonization of business activities with the environment. At the same time, because we use large amounts of metal materials and refrigerants and consume energy during both the manufacturing and use stages, we have identified “response to climate change” as a material issue, and under the Hoshizaki Eco Plan, we are promoting various initiatives to reduce environmental impact.

- Please see Hoshizaki’s website for the Hoshizaki Environmental Policy.
<https://www.hoshizaki.co.jp/en/esg/environment/>

Please see Hoshizaki’s website for details of the materials flow.
https://www.hoshizaki.co.jp/en/esg/environment/material_flow.html

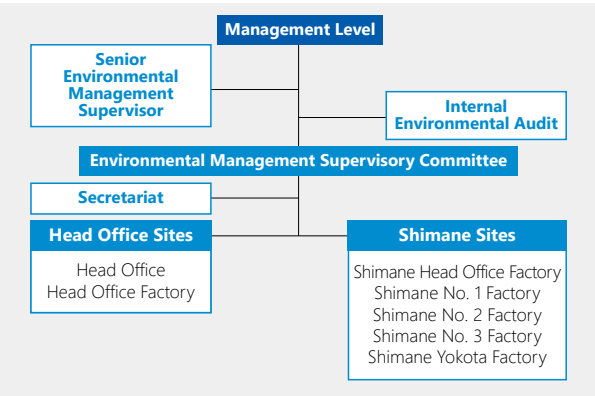
Hoshizaki Eco Plan

The Hoshizaki Eco Plan is promoted under a rigorous environmental management system, systematizing a wide range of environmental conservation initiatives—including the development of eco-friendly products, promotion of recycling, and recovery of CFCs/HCFCs/HFCs—to maximize their effectiveness.



Environmental management system promotion organization structure (Hoshizaki)

We have in place a structure where all departments of our domestic factories participate in activities to reduce environmental impacts, with the Executive Officer in charge of the General Affairs Department, the Executive Officer in charge of the Shimane Plant as management, and the General Manager of the General Affairs Department acting as the Senior Environmental Management Supervisor. For the priority items set by the system, each department plans specific tasks, regularly evaluates their implementation status, and adds new tasks, as necessary.



► Environmental priority goals and results

	FY2024 goals	Results	Comments	FY2025 goals
Response to climate change	Energy consumption rate 1% reduction compared to FY2023 at all sites	◎	Goal achieved	Energy consumption rate 1% reduction compared to FY2024 at all sites
	Loading size (loading rate) improvement Goal values set for each site	◎	Goal achieved	Loading size (loading rate) improvement Goal values set for each site
Development and design of eco friendly products	Development of products using refrigerants with low global warming potential	◎	Completed the shift to natural refrigerants for all standard upright and undercounter refrigerators and freezers Worked on adopting natural refrigerants for small and medium-sized cube ice makers Worked on switching some ice makers to refrigerant R-448A	Development of products using refrigerants with low global warming potential
	Improvement in product energy efficiency	◎	In working to shift products to natural refrigerants, we ensured energy efficiency equivalent to that of conventional models.	—
Promotion of effective use of resources	Rate of yield on metal materials Goal values set for each department and each relevant process	△	Due to the product mix of production models and difficulties in procuring sketching materials, some departments were unable to achieve their targets.	Rate of yield on metal materials Goal values set for each department and each relevant process
	Internal failure costs of plastic materials Goal values set for each department	◎	We have achieved the target value for the annual cumulative amount.	Internal failure costs of plastic materials Goal values set for each department
	Suppressing waste product generation Goal values set for each department, each relevant process, and each root cause	△	We worked to reduce assembly defect rates, internal failure costs, and product returns from the market, but were unable to achieve the target for reducing market returns.	Suppressing waste product generation Goal values set for each department, each relevant process, and each root cause
	Zero emissions	◎	We continue to maintain zero emissions with a recycling rate of 99.4%.	Zero emissions
Compliance with efforts for legal obligations	Communicated the direction of initiatives to comply with the Act for Promotion of Recycling of Plastic Materials	◎	At the Environmental Management Supervisory Committee meeting in January 2024, it was reported that activities to promote the effective use of resources would continue.	—
Conservation of the natural environment	Execution of activities for the conservation of the natural environment	◎	We cooperated with and participated in nature conservation activities and local cleanup activities.	—

Scope: Hoshizaki Head Office Plant and Shimane Plant

Materiality: Response to climate change

The Hoshizaki Group aims to contribute to solving environmental issues related to global climate change through our provision of comfortable food environment (business). During the period of the five-year management vision, we are focusing particularly on reducing GHG emissions by shifting to natural refrigerants.

Leading the industry in the shift to HFC-free natural refrigerants

The Hoshizaki Group has been promoting and leading the transition from HFCs to natural refrigerants as a global manufacturer supplying products that use refrigerant gases, including the development of commercial natural refrigerant refrigerators ahead of the industry both in Japan and overseas. In Japan, we announced the transition to natural refrigerants in 2023.

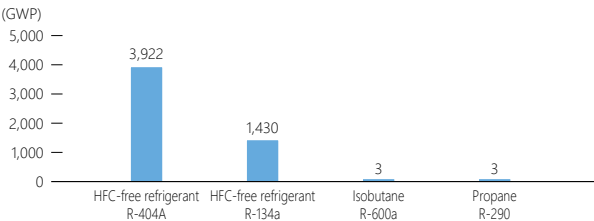
While HFCs do not destroy the ozone layer, they are greenhouse gases with global warming potentials (GWPs) (see p.28) tens to over ten thousand times higher than that of carbon dioxide (CO₂). As a result, international calls to switch from HFCs to HFC-free refrigerants are increasing.

Among HFC-free refrigerants with low global warming potential, we are actively adopting natural refrigerants—substances such as isobutane and propane that exist naturally



in the environment rather than being man-made—which can reduce GWP by 99% compared with HFCs. This contributes significantly to reducing environmental impact by lowering GHG emissions across the entire product lifecycle.

► GWP comparison*



*Source of GWP values: United Nations Environment Programme (UNEP), OzonAction Kigali Fact Sheet No. 3 (released in 2017)

Compliance with the Fluorocarbon Emission Control Act

Hoshizaki is working to prevent any leakage by identifying equipment using CFCs/HCFCs/HFCs to be monitored at factories and offices, preparing the management record, and performing regular and simple inspections and maintenance according to equipment capacity. It is required under the law to report any leakage of 1,000 metric tons or more of CO₂. The amount of leakage at Hoshizaki in fiscal 2024 was below that level.

Progress of natural refrigerant adoption

Rate of natural refrigerant adoption in Japan

In Japan, Hoshizaki released 68 models of commercial natural refrigerant-based refrigerators and freezers in the value price range in May 2023. By the end of fiscal 2024, we had expanded to a full lineup of natural refrigerant-based refrigerators and freezers, totaling 364 models, resulting in a natural refrigerant adoption rate of 46% for our products in Japan. We will continue to promote natural refrigerant adoption for all refrigeration equipment, aiming to reach a rate of 87% by the end of fiscal 2027.

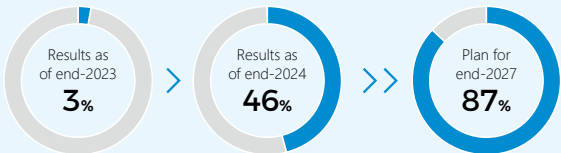
Through these initiatives, we have achieved significant acceleration of our original HFC reduction plan. Before launching natural refrigerant products, we ensure thorough testing, evaluation, and risk assessment, and confirm compliance with Japan’s safety standards (JIS standards) and international standards (IEC standards).

Creating new customer value through natural refrigerants

Products in the Hoshizaki Group that use natural refrigerants bear the “NATURAL REFRIGERANTS” mark, clearly emphasizing their reduced environmental impact. In addition, since products using natural refrigerants do not use HFC gases, they are exempt from legally mandated inspections or leakage reports, helping customers reduce labor requirements.

Furthermore, because their environmental impact is lower than that of products using HFC, adoption has been increasing among companies promoting ESG and the SDGs, contributing to improved profitability.

► Natural refrigerant adoption rate for Hoshizaki products



Environmental Strategy

Information disclosure based on TCFD framework

In February 2022, the Hoshizaki Group expressed its support for the TCFD recommendations and has been proceeding with information disclosure based on the TCFD framework. In 2024, we also responded to CDP. Toward achieving net zero CO₂ emissions (Scope 1 and 2) from business activities by 2050, we established a Group* reduction target in 2024: “Reduce CO₂ emissions (Scope 1 and 2) by 30% by 2030 compared with 2023 levels” as an interim target. We will continue to promote initiatives across the entire Group under this target.

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

Governance

The Group has established the Sustainability Committee as an organization for promoting initiatives for materiality including responses to climate change, with the Representative Director, President & CEO as Chair. The climate change working group (WG) is conducting activities under this committee to promote measures against climate change. Progress in the results of activities by the WG is reviewed regularly by the Sustainability Committee

For more details, see p.73

Strategy: Scenario analysis for climate change

We conduct scenario analysis for 2030 and 2050 based on two potential future temperature rise scenarios: 1.5°C and 4°C. We evaluate the financial impact on a three-point scale for each risk and opportunity based on its impact on periodical profit and its probability.

*See the following page for details on the scenario analysis.

Scenarios for reference
World Bank “State and Trends of Carbon Pricing 2021” IEA
World Energy Outlook (WEO) 2021
IPCC AR5, RCP2.6 (Under 2°C Scenario), RCP8.5 (4°C Scenario)

Risk management

The Sustainability Committee conducts planning, formulation and management related to climate change, promoting the Company-wide measures for climate change. Specifically, the Sustainability Committee evaluates and identifies impacts (risks and opportunities) of climate change on the Company and then proposes and conducts countermeasures.

Metrics and targets

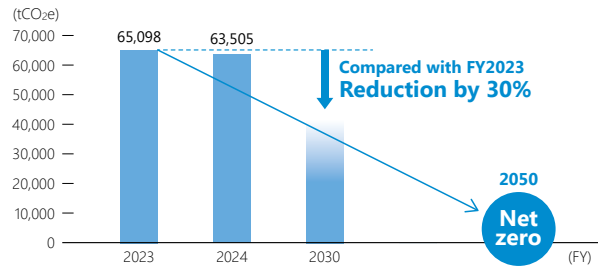
Toward reducing CO₂ emissions from business activities (Scope 1 and 2) to net zero in 2050, the Hoshizaki Group will promote thorough energy-saving activities and proactive utilization of renewable energy. The Hoshizaki Group has set as an interim goal for 2030 (including overseas), a target aiming for 30% reduction compared with 2023.

Hoshizaki Group: Interim (2030) Target to Reduce CO₂ Emission (Scope 1 and 2)

Reduction by 30% CO₂ emission in 2030 compared with the result in 2023



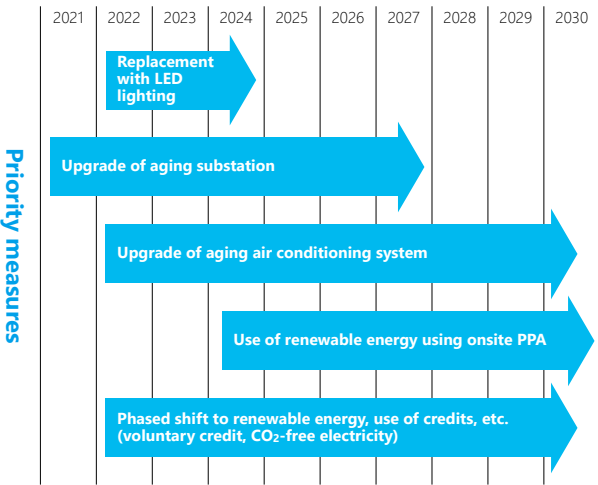
► Changes in CO₂ emissions (Scope 1 and 2)* and target for 2030 (tCO₂e)



*As Ozti became a consolidated subsidiary in 2024, its 2023 actual results were retroactively calculated and added, and the 2023 figure was revised accordingly.

For CO₂ emissions Scope 3, we plan to disclose actual results in Japan and overseas in 2026 and to disclose target values from 2027 onward. We are also considering obtaining SBT certification for our targets.

► Priority measures for achieving target



In 2024, we completed the installation of solar panels at the Head Office Plant and Shimane Plant, with expected annual power generation of 1.54 million kWh, which is anticipated to reduce CO₂ emissions by 754 tCO₂e per year. Overseas as well, renewable energy power generation facilities have been introduced at Western in India, Ozti in Türkiye, and Brema in Italy, and we plan to further expand such efforts going forward.

► Financial impact of climate change risks and opportunities, and countermeasures

Category	Item	Relevant scenario		Period of occurrence	Financial impact		Countermeasures	FY2024 Results
		1.5°C	4°C		Amount	Probability		
Transition risks	Policy and legal						• Planned investment in R&D and product design • Installation of energy-saving facilities • Utilization of support programs such as national and municipal subsidies	• Installation of solar power generation facilities in the Head Office Plant and Shimane Plant • Completion of replacement with LED lighting in Head Office
							• Increasing procurement of renewable energy to reduce Scope 2 emissions • Emissions for supply chains for the Company's business (Scope 3 emissions) will be calculated going forward and measures considered for them	• Preparations for calculating Scope 3 emissions • In Japan, all standard models of commercial refrigerators and ice makers (14 models) have been shifted to natural refrigerants (see p. 03)
	Markets						Value analysis (VA)*, cost-saving activities (reduction of number of parts, change in design, review of materials and parts), decentralization of suppliers, strategic pricing revision	• Preparation of questionnaire for suppliers • Secure appropriate parts inventory, optimize global supply chain
							Activities to reduce electric power consumption of factories, planned investment in off-grid power facilities such as solar panels, raising the ratio of external electric power from renewable energy sources	• Installation of solar power generation facilities in the Toyake Head Office Plant and Shimane Plant
Physical risks	Acute						• Decentralization of suppliers and development of new suppliers • Procurement from suppliers in close proximity to manufacturing sites, optimization of parts inventory for procurement risks	• Non-restaurant market sales: approximately 95.3 billion yen (in Japan) • Undergo cost saving and price revision.
							• Clarification of BCP* at global locations (manufacturing and sales) • Enhancement of cooperation with suppliers for stable procurement in times of emergency	
	AAA						Expansion of customer channels (non-restaurant markets, focusing especially on retail sector, processing and sales sector, basic industries, hospitals, nursing facilities)	
Opportunities	Products and services						• Expansion of lineup for products using natural refrigerants • Reduction of electric power consumption of products and water consumption of products that use water, such as ice makers and dishwashers • Increase in qualified inflammable gas handlers, arrangement of repair tools and equipment, service development	• In Japan, all standard models of commercial refrigerators and ice makers (14 models) have been shifted to natural refrigerants • Introduction of Hoshizaki Connect Wi-Fi (see p. 30), a service to manage operational and temperature data on a cloud server (SaaS)
	Markets						• Expansion and entry of cold chain products in areas with greater impact from temperature rise • Expansion of sales of cold chain products into countries where we have no presence yet and development of service network in proportion to expansion of sales areas	• Promotion of overseas expansion (M&A) • Ratio of overseas net sales: 51.2% (+5.3 points year on year)
							• Improved lineup and services of sanitary products • Expansion of automation, robotics, development of remotely operated products and services, labor-saving products	• Introduction of Hoshizaki Connect Wi-Fi, a service to manage operational and temperature data on a cloud server (SaaS) • Collaboration with Connected Robotics

*BCP (business continuity plan) refers to how to continue business in emergency situations

Manufacturing and Quality

We aim to establish a production system that is mindful of the environment and meets customer needs while achieving absolute quality, optimizing production systems in Japan and abroad, and enhancing production capacity.

Basic policies

Guided by our founder’s belief “good product comes from a good environment,” we make it a basic policy to ensure the stable supply of high-quality products that meet all customers’ needs. During the product development and design stages, we set stringent quality standards and conduct acceptance inspections of externally sourced materials and 100% inspections of finished products. Leveraging our unique technologies for processing ice making and refrigeration mechanisms during manufacturing, we have realized small-lot production of approximately 6,000 different models for the domestic market. We are committed to pursuing uncompromising quality. Simultaneously, we are restructuring our production systems in Japan while enhancing production capacity in Europe and India.

Our manufactured capital

Manufactured Capital	- A total of 27 production sites (9 domestic sites, 18 overseas sites, including equity method affiliate Fogel) - Capital expenditure: 13.8 billion yen (results in FY2024), 21.9 billion yen (planned in FY2025)
Outputs and Outcomes of Manufactured Capital	- Actual output: 267.9 billion yen (FY2024), up 23.8% year-on-year - Global cumulative shipments of products with natural refrigerants (see p.03): Approximately 2,380,000 units* - Planned lead time: 23.5% reduction (Over FY2022) - Realization of limited production of diversified products - Optimum production system friendly to environment and employees

* Number of products sold with natural refrigerants (ice makers, refrigerators, sushi display cases, and Visi Coolers for beverage storage) globally 2009–2024

FY2024 initiative results and issues

Results

- We pursued initiatives to reduce material and processing costs by reducing the number of components, modifying designs, and reviewing materials. We also engaged new suppliers in Japan and overseas and supported cost reduction initiatives at the group companies.
- We created significant value by rebuilding our domestic manufacturing system through capacity expansion, restructuring, and production transfers.
- To improve quality, we introduced a remote monitoring system for key overseas processes into the refrigerant charging and performance test process for Hoshizaki products manufactured by Western.
- To expand production capacity and improve productivity, we modified the production line for large ice machine models at Hoshizaki America’s plants, added new production lines at Brema, and introduced low-cost, high-performance equipment at Ozti and Western.

Issues

- We reinforce internal evaluations and test criteria with a greater focus on the customer perspective, aiming to further improve customer satisfaction.
- We maximize results through the rapid launch of new products and factory restructuring.
- We systematically need to update component equipment at Hoshizaki America’s plants

Future strategies

In the manufacturing division, we will implement the following initiatives with the goal of becoming “a mother plant that

supports sales and profit growth.”

Pursuing cost optimization

We will implement measures such as expanding overseas procurement to optimize costs, using new manufacturers, insourcing high value-added or complex components, and conducting projects focused on reducing costs at the R&D Center.

Reduce processing cost ratio through optimization of domestic manufacturing sites

At the Head Office Plant, Shimane Plant, Nestor, Sansei, we will restructure and expand production capacity to build an optimal production system. More specifically, we will work to increase profit through collaboration among the manufacturing Group companies. The Head Office Plant will promote the release of new products through collaboration among sales, design, and manufacturing, the Shimane Plant will reduce costs for mass-produced products and provide manufacturing support for manufacturing Group companies. Nestor will establish itself as a mass production factory with productivity equivalent to Hoshizaki, and Sansei will help improve overall Group profitability by expanding component processing and contract manufacturing.

Building a fundamental framework for product quality and manufacturing

We will further strengthen proactive prevention of issues for products scheduled for sale by evaluating products from the customer’s perspective. More specifically, we will enhance the final verification of products by confirming how products will be used in the market through market research and market monitoring and revising our internal test criteria based on that usage.

Combine greater efficiency and high quality at overseas manufacturing companies

At overseas manufacturing companies, we aim to achieve both greater efficiency and high quality. We will focus on designing and supporting production lines to improve production efficiency and expand capacity, applying design, equipment, and management methods that will lead to cost reductions and quality improvements, providing support from Japan, and promoting coordination across the group companies.

Initiatives for materiality

With regard to the material issue of “sustainable supply chain management,” the manufacturing division will conduct a sustainability questionnaire of suppliers that include environmental protection (waste, etc.) and human rights and labor (safety) as well as plant policy briefings for ongoing communication with suppliers.

Supply Chain Management

Hoshizaki Group considers the suppliers to be important partners and is striving to build trusting relationships through open, fair and equitable transactions while also pursuing responsible procurement in the supply chain, including suppliers, to earn the trust of society as a global company.

Material issues: Sustainable supply chain management

With a supply chain considering the environment and human rights, we will minimize waste emissions and promote healthy and safe working conditions.

Basic policies

When commencing transactions with suppliers, we ensure that such suppliers understand Hoshizaki’s Basic Policy on Procurement, and we use certain criteria to evaluate them. To carry out procurement under consistent standards, we

also use a Supplier Checklist based on ISO 9001 to select suppliers based on an evaluation of factors such as human rights, occupational health and safety, compliance, and environmental protection in addition to quality, stable supply, and soundness of management.

► Hoshizaki’s Basic Procurement Policy

Human rights and labor	Compliance	Environmental protection
- Eradication of discrimination - Prohibition of forced labor and child labor - Prevention of inhumane treatment and harassment - Fair working hours and payment of wages	- Fair competition - Prohibition of abuse of a dominant bargaining position - Elimination of all relationships with antisocial forces - Protection of intellectual property - Responsible procurement	- Environmental activities - Efficient energy use - Advancement of the three R s (Reduce, Reuse, Recycle) and proper waste management - Prevention of air, water, soil, and other environmental pollution

- Please see Hoshizaki’s website for details on its Basic Policy on Procurement.
<https://www.hoshizaki.co.jp/en/esg/social/supply-chain/supply-procurement.html>

Sustainability questionnaire conducted

We hold regular plant policy briefings for suppliers to promote understanding of Hoshizaki’s Procurement Policy. At a briefing held in February 2024, we requested cooperation with our sustainability questionnaire, which is designed with consideration of the global norms related to supply chains.

After collecting the surveys, we communicated the results of evaluation to our suppliers to enhance their understanding of their standing. In the following fiscal year and thereafter, we will continue to conduct this survey, establishing and embedding a PDCA cycle for responsible procurement to build a sustainable supply chain.

*Scope of aggregation: Hoshizaki’s suppliers in Japan

Survey results and future actions

► Sustainability questionnaire: five survey categories (a total of 50 questions) and average scores*

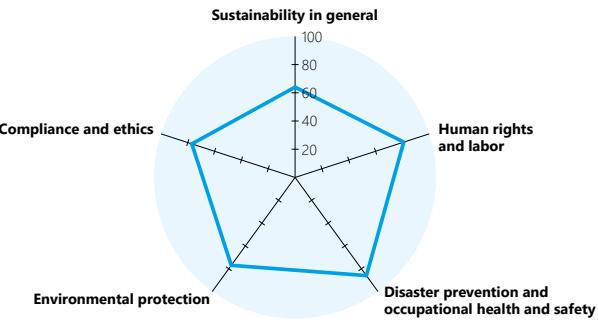
Sustainability in general Four questions Average score 64 points	Compliance and ethics 14 questions Average score: 77 points	Human rights and labor 13 questions Average score: 81 points	Environmental protection Nine questions Average score: 77 points	Disaster prevention and occupational health and safety 10 questions Average score: 86 points
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Results

- The highest scores were in the “disaster prevention and occupational health and safety” category, and the lowest scores were in the “sustainability in general” category. With regard to sustainability in general, some companies were found to have little awareness of sustainability activities and need to further strengthen initiatives such as policy formulation and the establishment of promotion systems, taking into account global trends.
- No violations were found, and there was no need for action, such as corrective measures.

*Evaluation criteria for each category
100 points.....Fully addressed. Initiatives are adequate and there are no issues.
60 points.....Addressed to a certain degree. Or measures are planned.
There are no major issues, but there are areas for improvement in current practices.
20 points.....Not yet addressed or there are issues.

► Average scores of Hoshizaki’s domestic suppliers based on the questionnaire



FY2025 activities

- In the area of sustainability activities, we will carry out the activities below to raise awareness with the aim of increasing understanding about the activities in general.
Feb.: Plant policy briefings
Apr.: Hoshizaki sustainability activities summary report
Send out questionnaire

Respect for Human Rights

The Hoshizaki Group, as a globally operating company, recognizes respect for human rights as one of the critical elements in its business activities. It has established principles regarding respect for fundamental human rights and is committed to creating a workplace environment with high psychological safety.

Basic policies

At the Hoshizaki Group, we ensure respect for the human rights of each employee. Through compliance training for all employees, we disseminate our fundamental policy of human rights respect widely among them, seeking to foster a corporate culture of (1) prohibition of discrimination, (2) prohibition of harassment, and (3) mutual respect. The importance of respecting human rights and addressing related risks is emphasized and communicated through the Message from Management distributed regularly to management teams across the Hoshizaki Group, including those abroad.

As part of its efforts to respect human rights within its

supply chain, Hoshizaki began conducting a sustainability questionnaire in 2024 (see p. 58) to investigate its suppliers' awareness and efforts concerning human rights and improvement of labor practices. We continued to conduct the questionnaire in 2025 and will work in partnership with suppliers to raise awareness.

In terms of our policy for the future, with human rights education and the complaint settlement mechanism as the foundation for respecting human rights, we will strengthen our framework for identifying, assessing, preventing, and mitigating human rights risks in our relationships with all stakeholders.

► Hoshizaki's initiatives for human rights

FY	Details
2007	Launch of the whistleblowing system and commencement of helpline (see p.76) operation
2007	Launch of harassment prevention training (as part of compliance training)
2010	Establishment of a counseling desk for mental health
2014	Launch of a supplier check list that refers to human rights protection and working conditions
2022	Launch of training for supervisors with subordinates who are women
2023	Understanding of unconscious bias promoted at lecture seminars to promote participation by women
2024	Execution of a sustainability questionnaire on human rights and improvement in labor conditions for suppliers

► No. of training sessions on human rights and that of participants (2024)

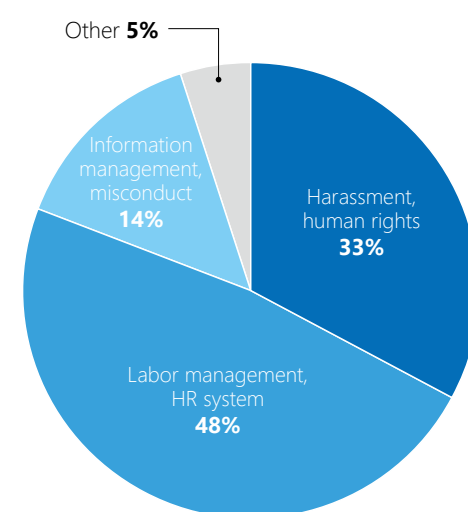
Details of training	No. of sessions	No. of participants
Harassment prevention training (as part of compliance training)	758	Attended by all Group company employees
Understanding of unconscious bias (lecture seminars to promote participation by women)	1	639
Training for supervisors with subordinates who are women	29	584

Harassment prevention training conducted globally, including overseas, while other training programs conducted domestically within the Group

Operation of the complaint settlement mechanism

A helpline (consultation and reporting desk) is in place for the Group employees, including those overseas. Besides, in the Americas and Europe, helplines using region-specific common platforms have also been in operation since around 2020. About 30% of the consultations and whistleblowing cases involve issues related to harassment and other human rights concerns. These are reviewed by the Compliance and Risk Review Committee, as is the case with other reports, and appropriate corrective actions and measures to prevent recurrence are implemented. Any matters reported via phone or other means are treated as risk information, reviewed similarly, and corrective actions and preventive measures are taken before reporting to the Compliance and Risk Management Committee.

► Breakdown of consultations and whistleblowing cases by content type (2024)



Engagement

We aim to achieve a sustainable society and further enhance corporate value by striving to build trust with our customers, suppliers, local communities, shareholders, and investors.

Basic policies

The Hoshizaki Group is committed to building trust through continuous and constructive dialogue with our customers who use our products and services, our suppliers who support the production of high-quality products and their stable supply, local communities including those around our manufacturing sites and sales offices, our valued shareholders and investors, and the broader general public.

Activities for engagement with customers

Hoshizaki and its domestic sales companies leverage strengths in proposal-based sales closely aligned with customer needs and in a business model that integrates sales and services, enabling the provision of rapid and careful services. We not only provide products and services to our customers but also actively seek their feedback. As part of this effort, we conducted a customer satisfaction (CS) survey following maintenance inspections, reaching approximately 80,000 customers between May 2023 and October 2024. In the CS survey, approximately 80% of responses that customers selected for each question showed high ratings.

Activities for engagement with suppliers

As a global company's responsibility, the Hoshizaki Group considers its suppliers around the world as partners, conducting procurement with a focus on openness, fairness, and equity while also emphasizing respect for human rights and environmental considerations. Hoshizaki regularly conducts plant policy briefings and surveys with key suppliers. In 2024, we conducted a sustainability questionnaire with domestic suppliers to achieve our materiality of "sustainable supply chain management."

Activities for engagement with local communities

Founder Shigetoshi Sakamoto not only worked on the development of the business but also established various foundations and provided a range of support, bearing in mind the belief that "the purpose of a company is to make the world a better place." The activities started by the founder have been passed down to each of our employees, and we

continue to carry out environmental and social contribution activities, which include providing support for organizations that promote the independence of people with disabilities, supporting recovery efforts after natural disasters, and voluntary activities by employees.

Activities for engagement with shareholders and investors

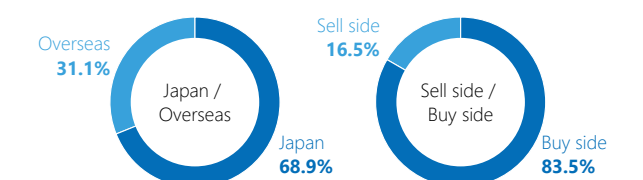
Hoshizaki holds financial results briefings for institutional investors each quarter. In addition to in-person explanations from the Representative Director, President and CEO, we conduct individual meetings, and we also attend various briefings organized by securities companies. In response to requests for dialogue from shareholders and investors, we hold meetings conducted by relevant personnel, primarily the President and CEO, top management, or the Corporate Planning & Strategy Department, in accordance with the wishes and shareholding of the applicant, unless there are unavoidable circumstances such as scheduling issues.

Shareholder and investor feedback and concerns that are identified through dialogue are reported to the Board of Directors in a timely and appropriate manner, which helps us to accurately understand the demands of the market and to engage in management with an awareness of enhancing corporate value.

► Investor relations activities (FY2024)

Activity details	No. of times
Financial results briefing	4
Individual meetings with institutional investors	278
Including ESG-related meetings	5
Attendance at conferences organized by Japanese securities companies	1

► Attributes of counterparty



Main External Evaluations in FY2024

- Ozti of Türkiye was awarded first place last year in the industrial kitchen product category at the "Metallic Stars of Export Award," organized by the Istanbul Ferrous and Non-Ferrous Metal Exporters' Association. It is the 15th successive year that Ozti was given the top rank.
- Hoshizaki was given the highest "A rank" for the second year in a row in the 2024 "antifluorocarbon rating," an independent assessment of compliance with the "Fluorocarbon Emission Control Act," announced by the Japan Refrigerants and Environment Conservation Organization.



Roundtable of Outside Directors

To Achieve the Five-year Management Vision and Enhance Corporate Value

Strengthening governance across the Hoshizaki Group is essential to ensuring its sustainable and sound growth in the years ahead. In this roundtable, four outside directors share their perspectives on the progress of the five-year management vision and raise key issues regarding the effectiveness of the Board of Directors and the Nomination and Compensation Committee.



(From left)

Masanao Tomozoe
Outside Director
Nomination and Compensation
Committee Chair

Satoe Tsuge
Outside Director (Audit and
Supervisory Committee Member)
Nomination and Compensation
Committee Member

Yoshimi Horinishi
Outside Director (Audit and
Supervisory Committee Member)
Nomination and Compensation
Committee Member

Masahiko Goto
Outside Director
Nomination and Compensation
Committee Member

For more details on their profile, see pp.77-78.

To Achieve the Five-year Management Vision

How would you assess the Company's current position in achieving the five-year management vision*?

Tomozoe: We outside directors are actively involved in reviewing and engaging in in-depth discussions on the progress of the five-year management vision and future initiatives—not only through Board of Directors meetings, but also via Focused Issue Discussion Meetings (see p.69). As seen in the capital policy update in February 2025, the vision undergoes regular review. I believe the Company is making steady progress. Various initiatives under investment plans—including M&A, which is central to the Group's overseas growth strategy—are being executed in line with the cash allocation policy outlined in the five-year management vision. We also monitor progress toward the ROE target (see p.11) using a backcasting approach, assessing both current performance and the measures in place to achieve it. Looking ahead, I plan to closely monitor progress toward achieving the vision's targets, with particular attention to the effectiveness of policies and strategies across the four growth areas. They are as follows: expanding into non-food service markets in Japan; advancing regional strategies to capture overseas growth opportunities; strengthening the Group's overseas foundation across the food value chain—including the service business, a key strength in Japan; and broadening customer segments in coordination with product development, a shared priority

across both Japanese and international markets.

Goto: The fiscal 2024 business performance was satisfactory, with net sales and operating profit reaching record highs. As a result, the numerical targets set forth in the five-year management vision are now within reach. When it comes to M&A, the Company relies on the Hoshizaki Group's five M&A principles, which reflect a sound strategic approach. Currently, however, acquisitions have focused primarily on companies with manufacturing facilities, leading to a notable increase in the number of factories. Investors will likely be looking at how well the Company is maintaining the businesses it has already built and expanded—whether it's successfully driving cost reductions and improving efficiency. We are actively overseeing these aspects as well.

Tsuge: In Japan, a key challenge lies in streamlining the back-office operations of the 15 sales companies. While each has developed its own distinct practices, this diversity has also led to inconsistencies in operational procedures across Japan, resulting in inefficiencies. In recent years, Hoshizaki Sales has begun to play a cross-functional role across these companies, facilitating the consolidation and integration of indirect operations. As labor costs continue to rise, we will remain focused on further streamlining back-office functions.

*Five-year management vision: A management vision through 2026, formulated in 2022

Materiality and Management Challenges with a Medium- to Long-Term Perspective

How do you view the progress on sustainability management and the goals and KPIs related to materiality?

Tsuge: In 2022, the Company identified six material issues, followed by the establishment of a Sustainability Committee in 2023. These are commendable developments. However, it is essential to ensure the Group-wide engagement and translate these initiatives into concrete actions—something I have consistently emphasized at Board meetings. Now that the KPIs have been set for each goal, I feel the PDCA cycle is beginning to function.

Among the six material issues, I observe that the progress on DE&I* is lagging slightly. Promoting women's participation will require a broader shift in awareness across the organization, including employees who are men. The Company is still midway in building the necessary frameworks for that. I'll continue advocating for improvements going forward.



Horinishi: I see that, probably thanks to Ms. Tsuge's efforts, the Hoshizaki Group is one of the more progressive companies in terms of sustainability initiatives—including the SDGs. Each issue has been addressed through a dedicated, executive-led working group, resulting in greater visibility. On climate change, I give high marks for the Company's proactive shift toward natural refrigerants (see p.03), positioning itself as a top runner in the industry. Still, disclosure on Scope 3 emissions is lagging behind. The current target is to compile and disclose Scope 3 data in fiscal 2027, and that's something I'll be watching closely.

What do you see as the key challenges to enhancing corporate value over the medium to long term?

Goto: Among our material issues, I'm particularly focused on sustainable supply chain management and climate action. If anything were to go wrong in either area, it could be fatal for the Company. M&A with overseas manufacturers often comes with human rights and environmental risks linked to their raw material suppliers. In Europe especially, where concern for environmental issues is particularly strong, there is a clear trend toward selecting companies with a solid track record on environmental issues. That is why I will continue to monitor climate and supply chain risks with care.

Tomozoe: The Hoshizaki Group has identified six material issues in line with the globally advancing SDGs and has built out a solid structure—including the Sustainability Committee and its working groups—to steadily drive measures that address these challenges. I really commend the Company for what it is doing here. The next step will be to assess how each initiative impacts the business and its financials, and to embed these efforts into individual roles in a way that aligns with Hoshizaki's core philosophy. This is a crucial step toward making sustainability part of the company's day-to-day fabric. In today's increasingly uncertain business environment, I hope the Company can build a framework that reflects Hoshizaki's character—one where every employee is actively engaged and empowered to pursue sustainability in a consistent, self-directed way.

Horinishi: You are absolutely right. Having a clear guiding principle is essential for enhancing corporate value over the medium to long term. As the Company accelerates growth through M&A, one key challenge will be how to instill the Hoshizaki-ism—cultivated in Japan—across its global operations. At the same time, with labor shortages becoming more pronounced both in Japan and elsewhere, securing talent is increasingly critical. Strengthening human capital—including promoting diversity through greater participation of women and employees of diverse nationalities—will have a significant financial impact over the medium to long term. I see this as a vital issue for the Company.

*DE&I: Diversity, Equity, and Inclusion

Effectiveness of the Board of Directors

Could you share any distinctive features or thoughtful practices you have observed in the structure and operation of Hoshizaki's Board of Directors?

Horinishi: A Focused Issue Discussion meeting is held in principle during the week prior to each Board meeting. These sessions have proven highly effective, providing a valuable forum for exhaustive deliberation on proposals from management without time constraints. In these meetings,

directors have a chance to review upcoming Board agenda items in advance and share questions or suggestions. Board discussions proceed with all prior questions and suggestions already taken into account. Any item deemed insufficiently developed during a Focused Issue Discussion Meeting is not submitted to the Board, ensuring both efficiency and substantive effectiveness.

Tomozoe: At Hoshizaki, we have three key forums that work in balance: the Compliance and Risk Management Committee, which includes outside directors; the Focused Issue Discussion Meeting (see p.69); and the Board of Directors. As Ms. Horinishi mentioned, the Focused Issue Discussion Meeting allows for in-depth discussion of important matters without time constraints. By the time proposals reach the Board, they have been thoroughly refined, incorporating any outstanding issues raised during the prior discussions. That is why I believe it is fair to say the Board operates with a high level of effectiveness.



The fiscal 2023 evaluation of Board effectiveness highlighted several areas for improvement: insufficient time for deliberation, the need to strengthen group governance, enhanced Group-wide risk management, and promotion of diversity. Has progress been made in addressing these areas?

Tsuge: Discussions around group governance and risk management still are not quite where they need to be, but we have started to narrow down what needs to be done, and I believe the Company is making progress. Strengthening group governance is especially critical. With overseas net sales now accounting for more than half of total revenue, the importance of the overseas Group companies continues to grow. While efforts like enhancing regional oversight functions

are underway, there is concern that the available talent pool may not be sufficient to sustain these initiatives. In particular, there is room to improve communication with overseas Group companies. Board diversity remains insufficient. While promoting women is undoubtedly important, the Company should also take active steps to appoint exceptional talent from its overseas Group companies, as globalization advances. On the risk management side, I appreciate the Company's continued commitment to preventing a recurrence of past improper transactions. The fact that a Compliance and Risk Management Committee is held before every Board meeting, where risk information is shared and discussed as needed, is a very positive practice.

Tomozoe: When it comes to group governance, I believe that the Company has been steadily building a solid framework and operational processes, drawing on past compliance issues. However, further discussion is needed on how to enhance and streamline systems and processes for information sharing and oversight with the Group companies and partners, both in Japan and overseas, as their numbers continue to grow. The Compliance and Risk Management Committee operates under the Legal Department, which also consolidates and reports risk information from overseas Group companies. I think this setup works reasonably well.

Goto: With that in mind, if an executive in charge of overseas operations is already familiar with the details of a particular risk, it would be more efficient—and more appropriate from a risk management standpoint—for that person to report those details directly. It would also allow for faster and more accurate information sharing. Understanding the status of newly acquired Group companies is also critical. Leveraging the Compliance and Risk Management Committee to grasp the overall risk landscape remains essential.

developing homegrown executives within each division. That is already producing results. At the same time, bringing in external knowledge and expertise can further strengthen Hoshizaki's management. When selecting the next generation of leadership, it is important to strike a balance between internally developed talent and executives recruited from outside—and to leverage the strengths of that diversity to enhance management. As for compensation, the Company is moving toward increasing the weight of performance-linked components. That said, as a manufacturer, maintaining teamwork and a sense of unity is also critical. Too much disparity can be problematic. So, the Company is working to design a system that ensures overall consistency and coherence.

Goto: I do think it is important to continue developing homegrown candidates for future leadership. As Mr. Tomozoe pointed out, I would like each division to continue nurturing

internal talent. At the same time, strong performance from externally recruited executives should be actively encouraged—and the partnership between Chairman Sakamoto and President Kobayashi is functioning effectively.

Horinishi: I also believe that the company should seriously consider increasing the weight of performance-linked compensation. We are seeing a clear shift toward performance-based pay in CEO compensation across the industry. The Company needs to find the right balance while listening closely to institutional investors.



Capital Policy and Share Price

Could you share what kind of advice or recommendations you have offered regarding capital policy and cash allocation?

Tomozoe: President Kobayashi has been leading the initiative on shareholder-focused capital policy with a strong sense of purpose, managing the Company with a good balance between short-term capital allocation and medium- to long-term value creation. At the same time, with the business environment becoming increasingly uncertain, securing funds to prepare for unforeseen circumstances is becoming more important. That is why it is essential to keep updating the capital policy on an ongoing basis. As outside directors, we should continue discussing what the best possible solution looks like—one that stakeholders can truly understand and support.

Goto: There are two schools of thought: one that emphasizes maximizing capital efficiency; and the other—like Mr. Tomozoe's—that stresses the importance of maintaining internal reserves to prepare for unforeseen events. To know which approach is ultimately right, I suspect we will have to wait 10 or 20 years. I believe investors will understand and accept the decision to hold appropriate internal reserves—provided the rationale is clearly explained.



Tsuge: I did not have any particular objections to the Company's capital policy, but when it comes to capital investment, I did suggest that more detailed disclosure would be helpful—especially around areas like cybersecurity measures and AI-related investment. As Mr. Tomozoe pointed out, President Kobayashi is highly committed to capital policy, and I hope investors feel reassured by that.

The Tokyo Stock Exchange has called on companies to improve corporate value by being more mindful of capital costs and share price. How do you view Hoshizaki's share price?

Goto: One of the key sources of value in the Hoshizaki Group is its extensive sales and service network, which spans more than 400 locations across Japan. With the establishment of Hoshizaki Sales to oversee our sales companies, that value has grown even further. The Group is also accelerating its global expansion and has seen success with M&A activity. As synergies across the Group companies begin to take shape—and as the Group continues to drive efficiency through digital transformation—we will start to see a meaningful upside in the share price.

Tomozoe: The Hoshizaki Group has tremendous growth potential. You can expect sustainable growth. That is why we are keeping a close eye on how the strategy to realize its medium- to long-term plans is being executed, and how governance structures are being built—ensuring that everything aligns with Hoshizaki's core objectives. We also believe that by communicating progress—including capital policy—with sincerity and care through ongoing engagement with stakeholders, Hoshizaki's management and business will be more widely recognized and reflected in its share price.

Horinishi: Improving capital efficiency is something institutional investors have clearly expressed interest in—we have received a lot of feedback on that front. It is a priority for me personally as well, and I have confirmed that the company is making steady progress internally while listening closely to our shareholders and investors. Recent trends are shifting from defensive governance, which focuses on risk mitigation, toward proactive governance that supports growth. However, I believe it is crucial to strike the right balance between the two. As an outside director, I remain fully committed to overseeing governance with a clear understanding of its true purpose—ensuring that Hoshizaki continues to grow sustainably and soundly.

Corporate Governance

Materiality: Enhancement of management foundation

The Hoshizaki Group is committed to earning public trust by reinforcing corporate governance and ensuring thorough compliance.

Basic Policy

To ensure management with transparency and to increase efficiency, the Company has made maximizing corporate profits and value from the standpoint of shareholders and other stakeholders its basic corporate governance policy and objective.

Reason for becoming a Company with an Audit and Supervisory Committee

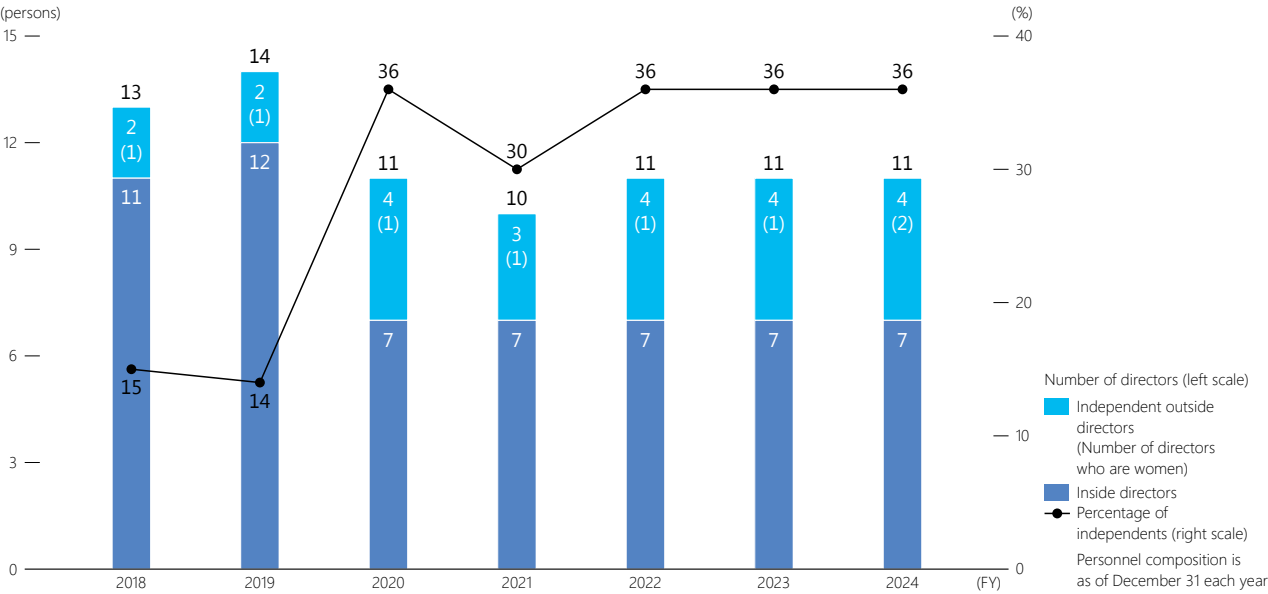
Hoshizaki has adopted the governance structure of a Company with an Audit and Supervisory Committee. We believe that granting voting rights at the meetings of the

Board of Directors to several highly independent outside directors who are Audit and Supervisory Committee members will strengthen the supervisory function over the Board of Directors and enhance its corporate governance further.

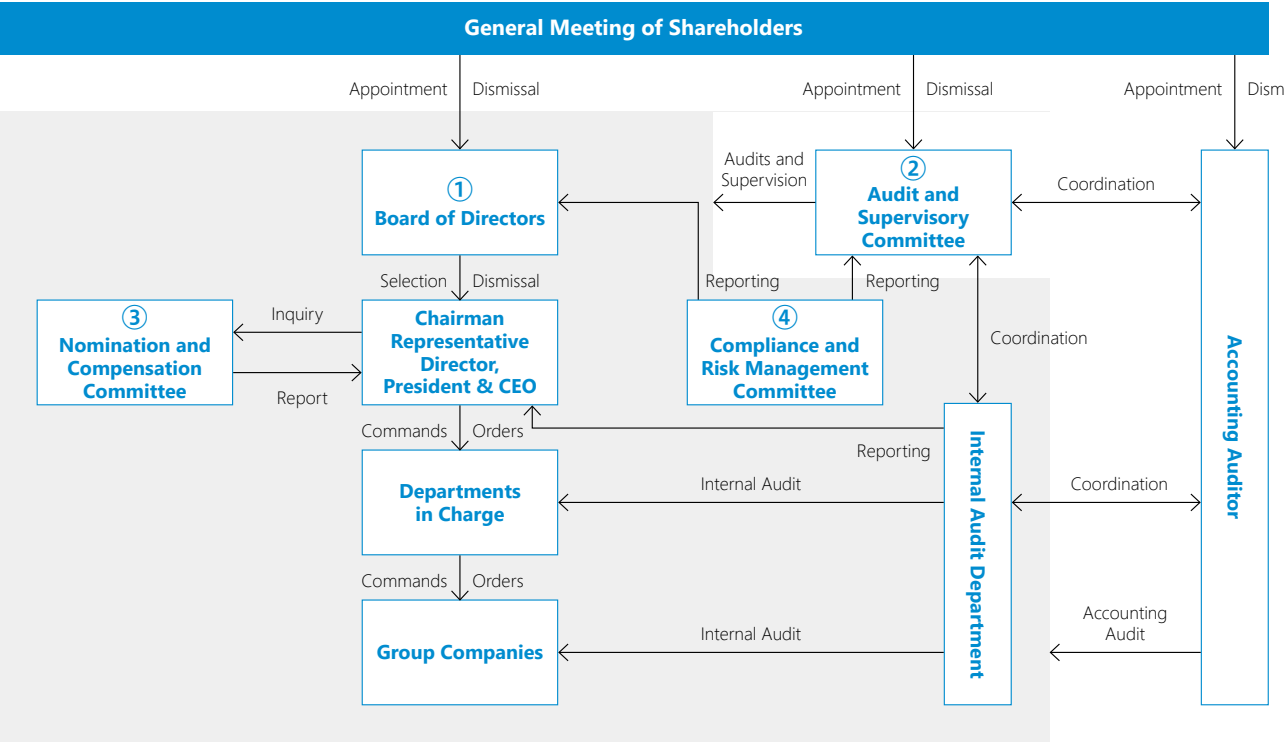
History of strengthening corporate governance

2005	Establishing the Internal Audit Department
2006	Selecting outside audit and supervisory board members, formulating Basic Policy on Internal Control Systems
2007	Establishing the Compliance and Risk Management Committee, formulating Basic Policy on Compliance
2016	Transitioning to a Company with an Audit and Supervisory Committee
2018	Abolishing the provision for retirement benefits for directors (and other officers) system, implementation of transfer-restricted stock compensation system
2019	Implementing the executive officer system
2020	Appointing outside directors who are not members of the Audit and Supervisory Committee (outside directors at one-third or more), establishment of the Management Committee
2021	Establishing the individual discussion meeting (see p.69)
2022	Establishing the Nomination and Compensation Committee, establishment of the Sustainability Committee

Changes in proportion of independent outside directors in the Board of Directors



Corporate governance structure



Roles and composition of organizations

Organization	① Board of Directors	② Audit and Supervisory Committee	③ Nomination and Compensation Committee	④ Compliance and Risk Management Committee
Composition	Inside (7) + Outside (4) Chair: Representative Director, President & CEO	Inside (1) + Outside (2) Chair: Inside Director	Inside (2) + Outside (4) Chair: Independent Outside Director	Inside (7) + Outside (4) Chair: Representative Director, President & CEO
Purpose and authority	- Resolution on basic management policy and other matters - Supervision of the execution of duties by directors - Supervision of the execution of duties by executive officers	- Monitoring and supervising of the duties of directors and executive officers - Preparing audit reports - Drawing up items for resolution concerning the appointment and dismissal of accounting auditors and other matters	- Deliberating matters concerning appointment and dismissal of directors and executive officers - Deliberating matters concerning selection and dismissal of Representative Director and other directors with special titles - Deliberating matters concerning individual compensation, etc. for directors (excluding outside directors, and directors who are Audit and Supervisory Committee members) - Deliberating matters concerning succession planning	- Maintaining and improving internal control systems and development of compliance systems - Assessing and identifying risks concerning business execution and development of risk avoidance and mitigation measures
Percentage of outside directors	36%	67%	67%	36%
Number of meetings held in 2024	14	14	6	11
Secretariat	General Affairs Department	Audit and Supervisory Committee assistants	Human Resources Department	Legal Department

Corporate Governance

Members of the Board of Directors (as of March 31, 2025)

Name	Current position and responsibilities	Attendance (in 2024) in Board of Directors meetings (Audit and Supervisory Committee)	First appointment	Number of shares held	Primary areas of expertise and experience									Committee membership		
					Corporate management (SDGs)	International business/global knowledge	Sales/marketing/new market development	Financial strategy/accounting	IT	Compliance/risk management	Human resource development/diversity management	Global supply chain	Engineering and technology	Audit and Supervisory Committee	Nomination and Compensation Committee	Compliance and Risk Management Committee
Seishi Sakamoto	Chairman	14 / 14	February 2002*	7,100	●	●	●				○		●		○	○
Yasuhiro Kobayashi	Representative Director, President & CEO	14 / 14	March 2012	21,000	●	○		●	○	●	○		●		○	Chair
Outside Independent Masanao Tomozoe	Outside Director	14 / 14	March 2020	0	●	●	●			○	○	○			Chair	○
Outside Independent Masahiko Goto	Outside Director	14 / 14	March 2022	0	●	●	●				○		○		○	○
Yasushi Ieta	Director, Senior Managing Executive Officer (in charge of domestic sales)	14 / 14	March 2019	8,800	○	●	●		○			●	●			○
Shiro Nishiguchi	Director, Senior Managing Executive Officer (in charge of global business)	14 / 14	March 2023	2,100	○	●	●					●				○
Ryuichiro Seki	Director, Senior Executive Officer (in charge of Accounting Department and Global Administration Department)	– (–)	March 2025	1,700	●	●		●	○	●	○					○
Toshikazu Tanjima	Director, Senior Executive Officer (Head of R&D, in charge of manufacturing and Corporate Planning & Strategy Department General Manager of Corporate Planning & Strategy Department)	– (–)	March 2025	400	○	○		○			●	●	●			○
Tadashi Mizutani	Director (Full-time Audit and Supervisory Committee Member)	14 / 14 (14 / 14)	March 2022**	1,800				●		●				Chair		○
Outside Independent Satoe Tsuge	Outside Director (Audit and Supervisory Committee Member)	14 / 14 (14 / 14)	March 2017	0				●		●	○			○	○	○
Outside Independent Yoshimi Horinishi	Outside Director (Audit and Supervisory Committee Member)	10 / 10 (10 / 10)	March 2024	0						●				○	○	○

* Served from 1960 to 2000 ** Served from 2019 to 2020

●: Working experience ○: Expertise

Primary areas of expertise and experience (Skills Matrix)

The reasons for the selection of each item in the skills matrix are as follows:

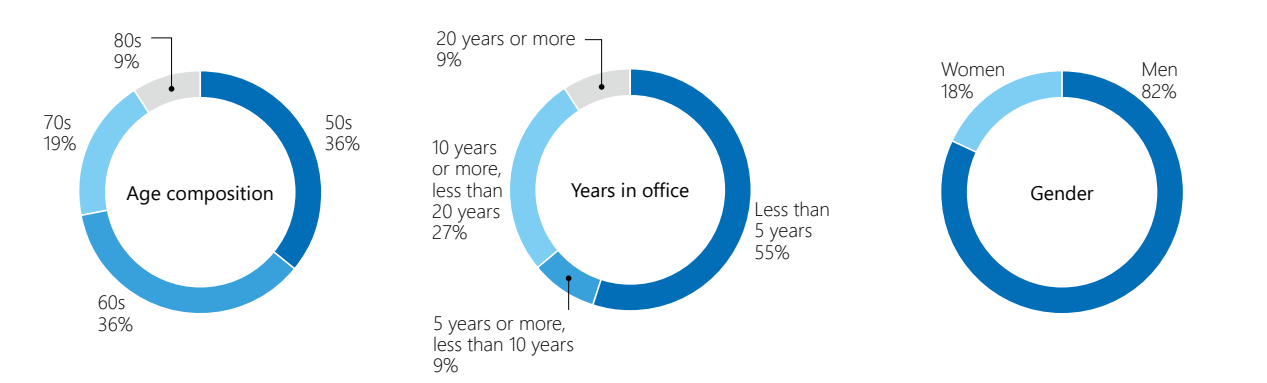
Skill items	Reasons for selection of skill items
Corporate management (SDGs)	As a listed company, it is important to grow profits and increase corporate value with consideration for sustainability (SDGs) in addition to smooth communication with the capital markets, growth of existing businesses, and development of new markets, and directors with the management experience and track record required to execute or supervise such efforts are needed.
International business/global knowledge	In the global business which we plan to further expand, it is important to formulate and implement growth strategies, strategically allocate management resources, manage and supervise overseas subsidiaries, acquire companies overseas, and conduct PMI (see p.14), etc., and directors with the management experience and track record required to execute or supervise such efforts are needed.
Sales/marketing/new market development	Both domestically and overseas, in addition to digging deep into existing markets, we will also take the initiative in new and undeveloped markets (areas, products, channels, and customer segments) where we can achieve growth going forward, and to enhance our presence it will be important for us to swiftly catch changes in the environment, and create new customer value, and directors with the management experience and track record required to execute or supervise such efforts are needed.
Financial strategy/accounting	In addition to accurate financial reporting, it is important to build a strong financial foundation, invest in growth (M&A) to sustainably increase corporate value, and realize the enhancement of shareholder returns, and directors with the management experience and track record required to execute or supervise such efforts are needed.
IT	As a foundation for supporting growth in the global market, it is important to utilize IT and strengthen cyber security for the purpose of implementing core business operations, business management, improving operational efficiency, and creating new business models, etc., and directors with the management experience and track record required to execute or supervise such efforts are needed.
Compliance/risk management	For the Group companies in Japan and overseas that need to strengthen the management foundation, it is important to strengthen corporate governance, and reinforce the structures for internal control, compliance and risk management, and directors with the management experience and track record required to execute or supervise such efforts are needed.
Human resource development/diversity management	It is important to not only secure and develop excellent human resources in each market but also to create a workplace culture brimming with vitality in which all employees can share their diverse values, show each other mutual respect and work with pride, and directors with the management experience and track record required to execute or supervise such efforts are needed.
Global supply chain	For sustainable growth in the global market, it is important to establish a sustainable supply chain management (development - procurement - manufacturing - logistics, etc.) that respects the environment and human rights and realize its appropriate augmentation in line with growth, and directors with the management experience and track record required to execute or supervise such efforts are needed.
Engineering and technology	In order to solve issues faced by customers and society relating to “food” through the provision of products and services and, on top of that, offer comfortable food environments that address the global climate change problem as a global citizen, it is important to create differentiated original products, services and business models based on cutting-edge and proprietary technologies, and directors with the management experience and track record required to execute or supervise such efforts are needed.

Reasons for the appointment of the outside directors and their anticipated roles

Masanao Tomozoe	He has many years of experience as a corporate manager at Toyota Motor Corporation and Central Japan International Airport Co., Ltd. With his abundant experience and extensive insight in such overall management, he is enhancing Hoshizaki's corporate governance and appropriately carrying out the execution of duties as an outside director. As Chair of the Nomination and Compensation Committee, he will further enhance the corporate governance system by strengthening fairness, transparency, and objectivity in the appointment and dismissal of directors and executive officers and for procedures related to the compensation system for directors (excluding outside directors, and directors who are Audit and Supervisory Committee members) and executive officers, etc.
Masahiko Goto	He has many years of experience as a corporate manager at Makita Corporation and with his abundant experience and extensive insight in such overall management, he is enhancing Hoshizaki's corporate governance and appropriately carrying out the execution of duties as an outside director. As a member of the Nomination and Compensation Committee, he will continue enhancing the corporate governance system by strengthening fairness, transparency, and objectivity for procedures related to the appointment and dismissal of directors and executive officers and to the compensation system for directors (excluding outside directors, and directors who are Audit and Supervisory Committee members), executive officers, etc.
Satoe Tsuge (Audit and Supervisory Committee Member)	She has specialized knowledge of finance and accounting as a certified public accountant and tax accountant, and is enhancing Hoshizaki's corporate governance and appropriately carrying out the execution of duties as an outside director who is an Audit and Supervisory Committee member. As a member of the Nomination and Compensation Committee, she will continue enhancing the corporate governance system by strengthening fairness, transparency, and objectivity for procedures related to the appointment and dismissal of directors and executive officers and to the compensation system for directors (excluding outside directors, and directors who are Audit and Supervisory Committee members), executive officers, etc.
Yoshimi Horinishi (Audit and Supervisory Committee Member)	She has specialized knowledge of the law as an attorney-at-law, and is deemed able to appropriately carry out the execution of duties as an outside director who is an Audit and Supervisory Committee member, including contributing to the enhancement of the Company's corporate governance. As a member of the Nomination and Compensation Committee, she will continue enhancing the corporate governance system by strengthening fairness, transparency, and objectivity for procedures related to the appointment and dismissal of directors and executive officers and to the compensation system for directors (excluding outside directors, and directors who are Audit and Supervisory Committee members), executive officers, etc.

Corporate Governance

Diversity in the Board of Directors



Main agenda items of the Board of Directors (2024)

- Matters for resolution under the Companies Act and other laws (determining proposals for the General Meeting of Shareholders, etc.)
 - Status of implementation of the Basic Policy on Internal Control Systems
 - Executive structure for the new fiscal year and the next medium-term management targets
 - Transfer-restricted stock compensation
- Evaluation of the Board effectiveness and periodic review of cross-shareholdings
 - Revisions to executive compensation-related regulations
 - Reports from the Audit and Supervisory Committee and Internal Audit Office
 - Individual investment proposals and business progress management

Individual discussion meetings

For efficient operations and an improved decision-making process for the Board of Directors, individual discussion meetings are held as necessary to explain in detail and discuss management issues that are particularly important, mainly proposals to be put forth to the Board of Directors. Attendees

of the individual discussion meetings are, in principle, the same as those of Board of Directors meetings, with outside directors included for more open discussions. Deliberations take place for one hour or even more for each agenda. (Held 8 times in 2024, with each meeting lasting 2 to 3 hours.)

Efforts to Increase the Overall Effectiveness of the Board of Directors

We have been working to enhance overall effectiveness of the Board of Directors, with strengthening the corporate governance system and enhancing its effectiveness as our most important management issues.

Evaluation of the overall effectiveness of the Board of Directors for FY2024

To evaluate the overall effectiveness of the Board of Directors for fiscal 2024, we conducted a questionnaire to all 11 directors (4 of them are independent outside directors) including directors who are Audit and Supervisory Committee members. The questionnaire covered the following six categories: (1) Effectiveness of discussions and examination of the Board of Directors, (2) Effectiveness of the supervisory function of the Board of Directors, (3) Whether the Board of Directors serves as a sound place for discussing sustainable growth of the

Company, (4) Effectiveness of the environmental improvement status of the Board of Directors, (5) Effectiveness of responses to shareholders and stakeholders, and (6) Effectiveness regarding the composition of the Board of Directors.

As a result of deliberations by the Board of Directors based on the results of the above, it was determined that the overall effectiveness of the Board of Directors in fiscal 2024 had been ensured. We will address the issues identified through this effectiveness evaluation for future improvements.

Key areas for improvement identified in the process of the Board overall effectiveness evaluation for FY2024

- **Information Sharing to Stimulate Deliberation**
Opportunities to be provided upon request for observer participation in various meetings, exhibition visits, and reporting of deliberation summaries from the Nomination and Compensation Committee
- **Sustainability Initiatives**
Exchanges of views with outside directors and the Human Resources Department regarding diversity efforts, and continued periodic reporting on sustainability initiatives
- **Advance Information Provision**
Standardization of document formats for clarity, and efforts to ensure materials are distributed at least four business days in advance
- **Survey Questionnaire Design**

Functions and Roles of the Nomination and Compensation Committee

In January 2022, the Company established a voluntary Nomination and Compensation Committee to further strengthen its corporate governance framework by enhancing the fairness, objectivity, and transparency of procedures related to the nomination and compensation of directors and executive officers. The Committee is chaired by an independent outside director, with a majority of its members also comprising independent outside directors. Compensation for directors (excluding outside directors, and directors who are Audit and Supervisory Committee members) is determined after consultation with, and reporting from, the Nomination and Compensation Committee.

Main agenda items of the Nomination and Compensation Committee (held 6 times in 2024)

- FY2024 Structure of Directors, Audit and Supervisory Board members, executive officers
 - New officer candidates for FY2025
 - Changes in scope of responsibility for officers
 - Revision of Nomination and Compensation Committee regulations
- Compensation structure and verification of levels for directors and executive officers
 - FY2023 performance evaluation and results confirmation for officers
 - FY2024 performance evaluation and target setting for officers
 - FY2024 officer compensation and stock compensation provision

Breakdown of directors' compensation

1. Basic compensation

The Company provides to its directors basic compensation every month at a fixed amount according to their position, for their qualities and abilities required to fulfill the responsibilities as a director.

2. Variable compensation

To promote company-wide optimization, the achievement of performance targets, and the sustainable enhancement of corporate value, variable compensation is paid monthly in monetary form based on the degree of achievement of performance indicators aligned with medium-term management goals. These indicators include: a) consolidated operating profit for the previous fiscal year; b) financial and non-financial targets tailored to each director's area of responsibility; and c) other qualitative evaluations.

3. Transfer-restricted stock compensation

Non-monetary compensation is determined and provided at a certain timing annually as transfer-restricted stock compensation based on the position and role of directors to provide incentives for sustainable corporate value improvement and sharing of shareholder value.

Policy on delegation of compensation composition and determination authority

The approximate ratio of basic compensation, variable compensation, and restricted stock compensation is 6:2:2 for the Representative Director, President and CEO, and 7:2:1 for other directors. Outside directors and directors who are Audit and Supervisory Committee members receive basic (fixed) compensation only. The Board of Directors has delegated the authority to determine individual compensation to the Representative Director, President and CEO, Yasuhiro Kobayashi, on the grounds that he is best positioned to evaluate each director's responsibilities in accordance with internal regulations while maintaining a comprehensive view of the Company's overall performance.

To ensure the proper exercise of this authority, decisions are made based on recommendations from the Nomination and Compensation Committee.

Corporate Governance

Performance evaluation indicators and compensation structure for directors and executive officers

Basic compensation (fixed compensation) Transfer-restricted stock compensation (RS) Variable compensation (performance-linked compensation)

► Representative Director, President & CEO

Non-performance-linked		Performance-linked
60%		20%
20%		20%
Evaluation indicator		Weight
Targets according to scope of responsibility	Common to all officers	Consolidated operating profit amount
	Financial	Consolidated net sales
		Consolidated ROE (see p.11)
	Share price / corporate value	TSR (see p.34)
	Strategy / measures	KPIs for strategy and measures of each business (rate of achievement, progress, etc.)
	ESG	Response to climate change, developing women managers, employee satisfaction, Board effectiveness evaluation, etc.

► Other Directors (excluding Outside Directors and Audit and Supervisory Committee members) / Executive Officers

Non-performance-linked		Performance-linked
70%		10%
20%		20%
Evaluation indicator		Weight
Targets according to scope of responsibility	Common to all officers	Consolidated operating profit amount
	Financial	KPIs for financial items according to scope of responsibility (net sales / gross profit / SG&A / operating profit / ROIC, etc.)
		KPIs according to scope of responsibility (number of products sold / sales ratio of proprietary products / productivity / quality, etc.)
	Strategy / measures	KPIs for strategy and measures of each business division (rate of achievement, progress, etc.)
	ESG	Response to climate change, developing women managers, employee satisfaction, occupational health and safety, turnover, compliance, strengthening internal control, etc.

*Indicators and weights above may vary according to the scope of responsibility of officers, etc.

Total compensation amount by officer type

Officer type	Total compensation amount (millions of yen)	Breakdown of compensation by category (millions of yen)			Number of applicable officers (persons)
		Basic compensation	Variable compensation	Transfer- restricted stock compensation, etc.	
Director (excluding Audit and Supervisory Committee members) (excluding outside directors)	297	164	86	46	6
Director (Audit and Supervisory Committee members) (excluding outside directors)	18	18	—	—	1
Outside director	32	32	—	—	5

Successor plan

Regarding the development plan for candidates as future Presidents as well as directors and executive officers, based on deliberation and advisement at the Nomination and Compensation Committee, opportunities are provided for each candidate to face challenges necessary for growth according to

the issues they face, and they are evaluated and given advice as they gain experience. The Committee also deliberates on material issues including ensuring diversity in the Board of Directors so that it can continuously fulfill its function, and also supervises appointment of executive officers.

Functions and Roles of the Audit and Supervisory Committee

The Audit and Supervisory Committee meets once a month in principle and holds meetings as necessary when required. Meetings were held a total of 14 times in 2024, with deliberation of 15 resolutions and 64 items reported. Cooperation with Audit and Supervisory Board members of the Group companies in Japan is strengthened and opportunities for study are provided, with audit liaison meetings held twice a year in principle with participation by Audit and Supervisory Board members of the Group companies in Japan. Audit and Supervisory Committee members attend the Board of Directors meetings and the Compliance and Risk Management Committee meetings to monitor and supervise the execution of duties by directors while monitoring status of compliance and risk management for the Group overall.

Major audit themes in FY2024

Audit themes	Scope of audit
Suitability of compliance and risk management	All internal control systems including compliance and risk management
Effectiveness of the whistleblowing system	Operation of the whistleblowing system and status of response to consultation cases
Status of sustainability management	Status of initiatives for sustainability management including activities of the Sustainability Committee
Status of ESG information disclosure	Enhancement of ESG information disclosure including managing progress of KPIs for materiality

Cooperation with the Internal Audit Department

The Company has set up the Internal Audit Department as an organization directly under control of the president to audit the entire Group, comprised of nine individuals as dedicated staff including the head. The Audit and Supervisory Committee undergoes information exchange as necessary with the Internal

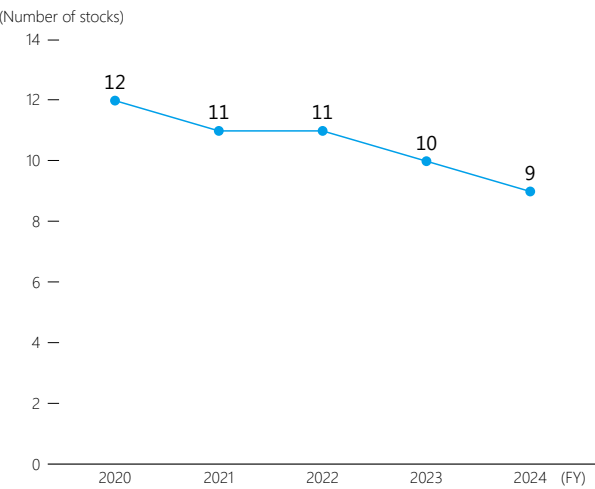
Audit Department and Accounting Auditors, including periodic meetings such as for annual schedules and reporting on audit results. This ensures deepening of mutual cooperation and making effort into securing and improving effectiveness of internal control.

Audit themes	Frequency in 2024	Purpose and overview
Report on progress of internal audits	4	Receive reporting once every quarter regarding progress of internal audits and overview of results.
Report on internal audits conducted	Each time	Full-time Audit and Supervisory Committee members attend reporting sessions related to results of internal audits and listen in on the details.
Opinion exchange with head of the Internal Audit Department	Once a month	Conduct opinion exchange with full-time Audit and Supervisory Committee members and head of the Internal Audit Department as needed to align awareness of audit issues.
Cooperation in three-way audit system	2	Share status of progress in three-way audit system, etc. and conduct opinion exchange regarding issues recognized.

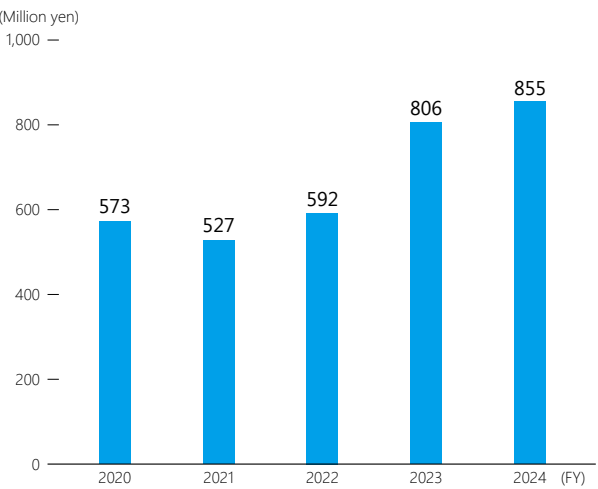
Cross-Shareholdings

As a general principle, the Company does not hold cross-shareholdings. When such shares are maintained, they are held only for purposes such as advancing business strategy, fostering partnerships, or strengthening transactional relationships. The Board of Directors reviews annually the appropriateness of each individual shareholding. Voting rights associated with these shares are exercised after considering whether the relevant proposals contribute to enhancing the corporate value of the company concerned and to improving shareholder value.

► Number of designated investment stocks



► Balance sheet amount of designated investment stocks



Sustainability Governance

At Hoshizaki, we have established the Sustainability Committee as a meeting for discussing the Group’s sustainability initiatives, reviewing achievements and progress, and implementing countermeasures. The Sustainability Committee strengthens and promotes initiatives to solve the material issues identified by Hoshizaki in order to realize its Long-term Vision.

Please see Hoshizaki’s website for details of the Hoshizaki Group’s Sustainability Principle.
<https://www.hoshizaki.co.jp/en/esg/sustainability/management.html>

Sustainability Management

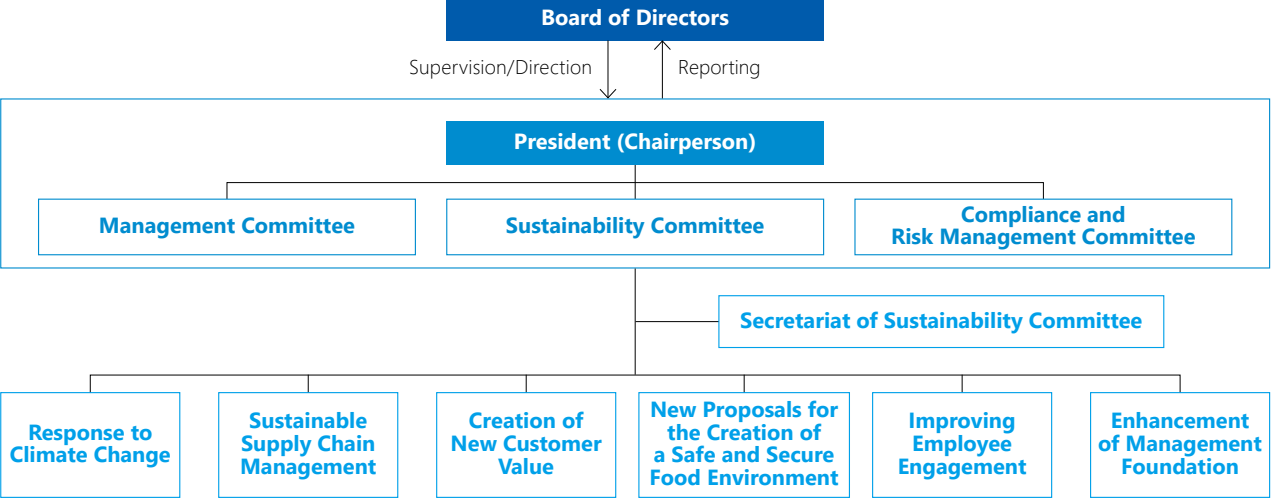
Governance

In June 2022, Hoshizaki established the Sustainability Committee, chaired by the Representative Director, President & CEO. The Sustainability Committee, which meets on a quarterly basis, regularly reports on the progress of each meeting, including deliberation results, to the Board of Directors (once in every quarter in principle). The business risks related to sustainability are shared with the Compliance and Risk Management Committee and reported to the Board

of Directors as needed.

Under the Sustainability Committee, working groups (WGs) have been established for each material issue to promote solutions to these material issues. Each WG is headed by an executive officer in principle, and the details of their initiatives and the status of progress are reported to the Sustainability Committee, as needed.

► Organization chart



Person responsible for each material issue: Executive Officer; WG leader for each material issue: Department Head

► Details of deliberations by the Sustainability Committee in FY2024

January 2024	- Report on materiality WG activities - Execution of the supplier survey - Target to reduce CO₂ emissions (Scope 1 and 2), etc. - Progress report on compliance with Europe’s CSRD - Disclosure of sustainability information in the securities report
March 2024	- Report on materiality WG activities - Analysis of climate-related scenarios (update to 1.5°C scenario, etc.) - Decided global target to reduce CO₂ emissions (Scope 1 and 2) - Customer satisfaction survey conducted for recipients of maintenance and inspection services - Status of sustainability initiatives at overseas Group companies - Progress report on compliance with Europe’s CSRD - Disclosure contents of Integrated Report 2024
June 2024	- Report on materiality WG activities - Activities related to employee engagement - Progress report on compliance with Europe’s CSRD - Disclosure contents of Integrated Report 2024
November 2024	- Report on materiality WG activities - Initiatives to create new customer value - Progress report on compliance with Europe’s CSRD - Feedback on investor engagement activities

Sustainability strategy

The Hoshizaki Group discussed and examined various social issues, identifying six material issues. We will realize our management vision and Long-term Vision by setting targets and KPIs for each material issue, as well as implementing measures for solving issues.

To integrate efforts for addressing the identified six material issues and achieving our management vision, in principle, the materiality WGs each led by an executive officer have set goals and indicators, and are actively promoting activities.

For more details, see pp.25-26

Risk management

In consideration of the risks and opportunities related to each materiality, we will timely monitor the KPIs in place and take measures considering the strengths and weaknesses of relevant department and the Company to minimize the risks and maximize the opportunities. In terms of the risk management associated with business activities, the Compliance and Risk Management Committee seeks to ensure risk management and take prompt measures at its monthly meeting.

Metrics and targets

As for metrics and indicators related to the promotion of sustainability initiatives, we are evaluating the progress of our activities and enhancing their effectiveness by setting goals and target values aimed at solving the six material issues.

For more details, see pp.25-26

Development of future sustainability initiatives

Toward the final year of our management vision in 2026, we will focus on the following activities to synchronize with our management strategy:

- Integrate sustainability strategy with management strategy
- Globalize sustainability activities
- Increase and enhance sustainability disclosure

► Development of future sustainability initiatives



Group Governance

To strengthen the Group governance, we have established activity guidelines for both domestic and overseas operations. In domestic governance, we are pursuing further efficiency in the control environment of domestic sales companies, including initiating efforts to standardize indirect operations among sales companies, which serve as the foundation for operational efficiency. In overseas governance, we are advancing the development of the global control environment by strengthening Head Office functions and making full use of regional headquarters functions.

► Activity guidelines and results

	Activity guidelines	FY2024 results
Strengthening domestic governance	Further enhanced efficiency in the control environment of domestic sales companies	- Expanded scope of audits (audit items, Group companies) - Initiated standardization of indirect operations among sales companies, forming the basis for operational efficiency
Strengthening overseas governance	Enhanced the global control environment by strengthening Head Office and regional headquarters functions	- Expanded scope of audits (audit items, Group companies) - Supported introduction of overseas ERP systems - Strengthened functions such as placement of regional headquarters functions and internal controls

Sustainability Governance

Strengthening overseas governance

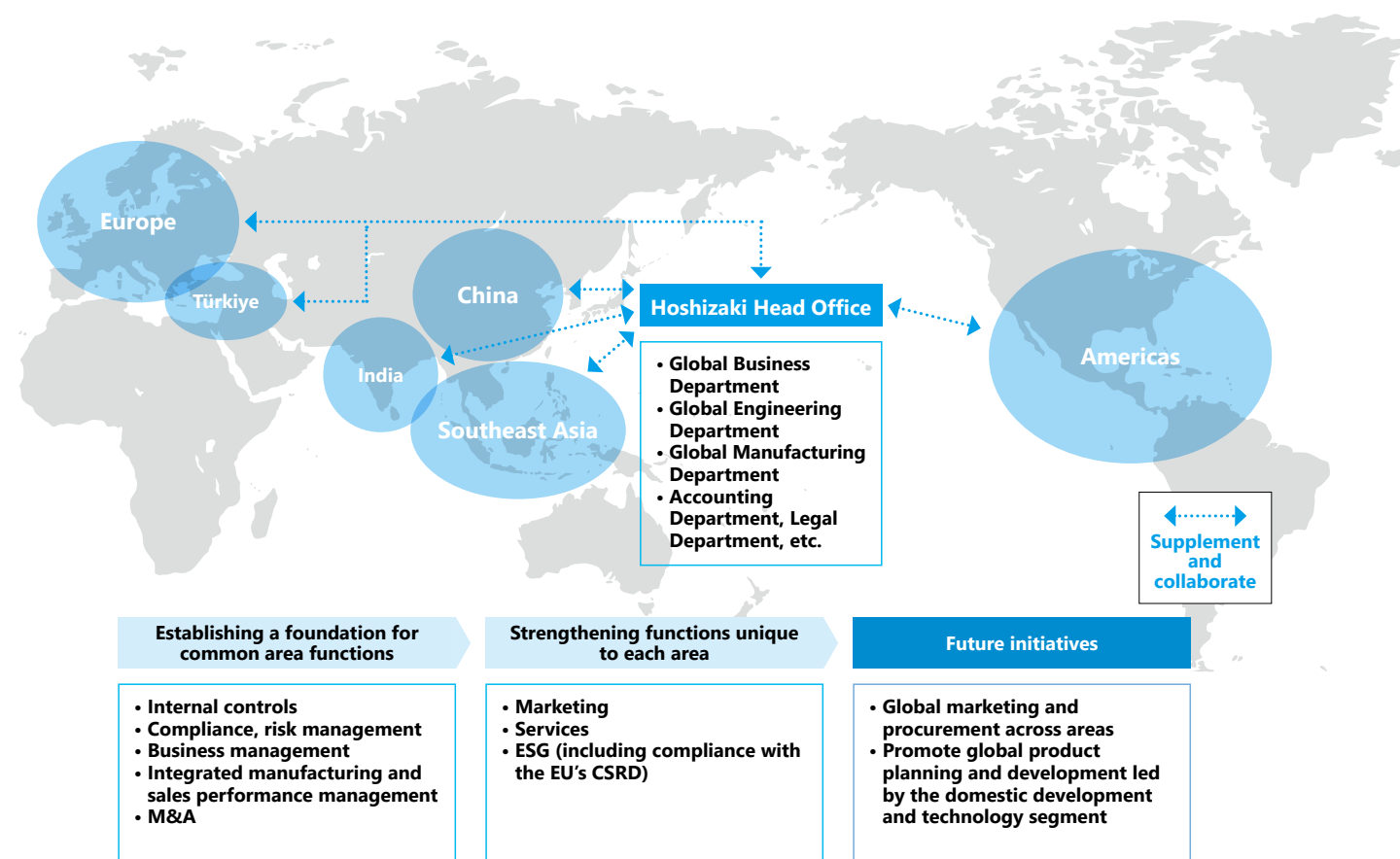
The Hoshizaki Group conducts oversight and management on a regional basis to enhance the effectiveness of governance and internal controls at overseas Group companies. We monitor the Group companies across six regions, and take corrective measures for operational and internal control-related issues identified in the process. In addition, by delegating certain authority to each region, we are working to accelerate decision-making within their respective jurisdictions. Regional headquarters have been established in the Americas, Europe, China, and Southeast Asia, where a head of administration for each area is appointed to oversee Group companies in their region, while also strengthening the functions of these headquarters.

In addition to this regional-based management, we also

conduct management on a functional basis. The Global Administration Department at the Head Office oversees internal controls at overseas Group companies, while the Global Engineering Department and Global Manufacturing Department take the lead in technical and manufacturing aspects, supplementing regional headquarters functions.

In this way, we have introduced a matrix-type management method with regional and functional aspects to strengthen governance at overseas Group companies. Looking ahead, in addition to enhancing common functions across regions, we will also strengthen functions unique to each region, while pursuing cross-regional initiatives such as global marketing and procurement centered on the Americas, and product planning coordinated between China and Southeast Asia.

Strengthening regional headquarters functions overseas



IT Governance

The Hoshizaki Group has established common rules, manuals, and IT guidelines related to IT governance and information security, ensured their dissemination, and enforced strict compliance, thereby managing security across the entire Group.

In 2022, we compiled countermeasures for computer security incidents and, based on the results of current-state analysis, implemented both hardware and software measures

while identifying medium- to long-term issues. Regarding compliance with the revised J-SOX standards to be applied from 2025, we are strengthening internal controls related to IT governance and information security by responding to the increase in Group companies, launching IT operational audits, and conducting theme-based audits.

Compliance and Risk Management System

Compliance and Risk Management Committee

Under Hoshizaki's Board of Directors, the Compliance and Risk Management Committee has been established to manage the progress of the compliance program. It is chaired by the Representative Director, President and CEO, and it consists of all directors and relevant personnel as members. Its role is to maintain and enhance the internal control system and compliance framework, assess and identify risks related to business execution, and formulate measures to avoid and mitigate those risks.

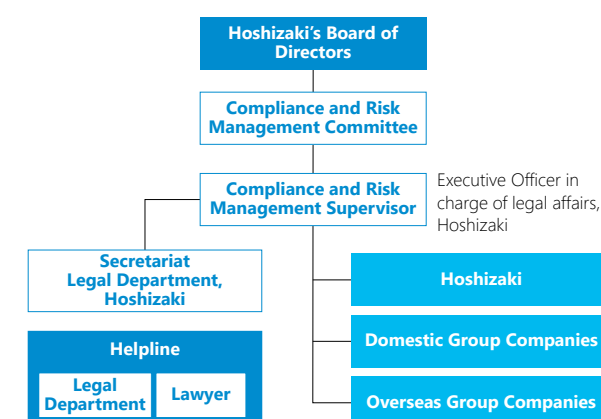
Risk reports and internal whistleblowing reported by domestic and overseas Group companies are reviewed individually at the Compliance and Risk Review Meeting (held 17 times in 2024), where causal analysis and recurrence prevention measures are discussed, including whether a detailed investigation by the group company is necessary. These matters are reported to the Compliance and Risk Management Committee and lead to necessary actions, drawing on the insights of outside directors. In addition, the primary information from risk reports and internal whistleblowing is shared in real time with full-time Audit and Supervisory Committee members and accounting auditors, enabling them to provide input during the review process.

Compliance and Risk Management Committee Secretariat

The secretariat plans and develops general compliance-related initiatives and supervises implementation across the Hoshizaki Group. Hoshizaki's Legal Department acts as the Committee Secretariat, and the executive officer in charge of legal affairs serves as the compliance and risk management supervisor.

Compliance and risk management system

Each of Hoshizaki's departments and the Group companies appoints a compliance and risk management manager and a deputy manager, who works to ensure that all employees are informed of the Group's compliance initiatives with guidance and advice from the secretariat.



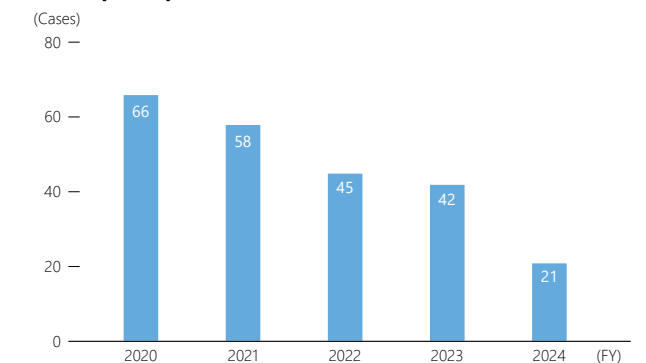
Operation of the helpline (Contact for consultation and whistleblowing)

As part of the compliance and risk management system, we have established and operate a global helpline for Group employees, including those overseas, in accordance with the principles set forth in the Whistleblower Protection Act. The helpline handles consultations and whistleblowing via email, postal mail, fax, or telephone. Although we recommend that helpline users identify themselves when reporting to enable a more accurate understanding of facts, consultations and reports can also be made anonymously.

Whistleblowers may choose either an in-house contact point (the Legal Department) or a lawyer other than the retained counsel as an external contact point, depending on the content of the consultation or whistleblowing.

Each whistleblowing case will be deliberated on by the Compliance and Risk Review Committee. The Compliance and Risk Review Committee consists of full-time officers and heads of involved divisions. Appropriate corrective and recurrence prevention measures, including disciplinary actions, are taken for each case, and the results are reported to the Compliance and Risk Management Committee and the Management Committee. The number of reports made to the helpline has been declining each year, partly due to ongoing awareness-raising activities such as compliance training.

► Number of consultations and whistleblowing cases in the past 5 years (Hoshizaki Group including overseas Group companies)



Introduction of Officers

Board of Directors (as of March 31, 2025)

Seishi Sakamoto Chairman Nomination and Compensation Committee Member  Mar. 1959 Joined the Company Feb. 1960 Director Jun. 1965 Executive Director Jul. 1988 Director Jul. 2000 Retired from the position of Director Feb. 2002 Director Feb. 2003 Director and Advisor Jan. 2005 Representative Director and Advisor Feb. 2005 Representative Director, President & COO	Yasuhiro Kobayashi Representative Director, President & CEO Chairperson of the Board of Directors Nomination and Compensation Committee Member  Sep. 2008 Joined the Company Oct. 2008 Head of Corporate Planning Office Jan. 2010 General Manager of Accounting Department Mar. 2012 Director Mar. 2012 In charge of Accounting Department and General Affairs Department, and General Manager of Accounting Department Jan. 2015 In charge of Accounting Department, Human Resources Department, and General Affairs Department, and General Manager of Accounting Department	Ryuichi Seki Director  Nov. 2021 Retired from MITSUI & CO., LTD. Dec. 2021 Joined the Company Mar. 2022 Executive Officer Mar. 2022 In charge of Accounting Department (current position) Mar. 2025 Director (current position) Mar. 2025 Senior Executive Officer (current position) Mar. 2025 In charge of Global Administration Department	Toshikazu Tanjima Director  May 2014 General Manager of Second Manufacturing Department, Head Office Plant Apr. 2017 General Manager of Production Control Department, Shimane Plant Jan. 2019 General Manager of Cost Planning Department, Head Office Plant Jan. 2021 General Manager of Engineering Promotion Department, R&D Center Jan. 2023 General Manager of Corporate Planning & Strategy Department (current position)
Masanao Tomozoe Independent Outside Director Nomination and Compensation Committee Chair  Jun. 2005 Managing Officer of Toyota Motor Corporation Apr. 2011 Senior Managing Officer of Toyota Motor Corporation, Senior Vice President of Toyota Motor North America, Inc. Jun. 2012 President and Representative Director of Toyota Motor Sales & Marketing Corporation Jun. 2015 President and CEO of Central Japan International Airport Co., Ltd. Jun. 2019 Outside Audit and Supervisory Board Member of Daihatsu Motor Co., Ltd.	Masahiko Goto Independent Outside Director Nomination and Compensation Committee Member  May 1984 Director, Manager of Corporate Planning Department of Makita Corporation Jul. 1987 Managing Director, General Manager of Administration Headquarters May 1989 President and Representative Director	Tadashi Mizutani Director Full-time Audit and Supervisory Committee Member Audit and Supervisory Committee Chair  Jan. 2017 Joined the Company Jan. 2017 General Manager of General Affairs Department Mar. 2019 Director in charge of General Affairs Department and Group Management Department, and General Manager of General Affairs Department Mar. 2020 Retired from the position of Director. Executive Officer in charge of General Affairs Department and General Manager of General Affairs Department	Satoe Tsuge Independent Outside Director Audit and Supervisory Committee Member Nomination and Compensation Committee Member  Apr. 1995 Registered as Certified Public Accountant Dec. 1998 Retired from Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) Jan. 1999 Representative of Tsuge Certified Public Accountant Office (current position) Sep. 2001 Registered as Certified Public Tax Accountant Jun. 2007 Representative Director of La Vida
Yasushi Ieta Director  Apr. 2018 Joined the Company Sep. 2018 General Manager of Cost Planning Department Jan. 2019 Head Office Plant Manager Mar. 2019 Director (current position) Mar. 2019 In charge of Value Enhancement Research Institute, Head Office Plant, Cost Planning Department, and Purchase Department	Shiro Nishiguchi Director  Apr. 2008 Executive Officer of Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation) Apr. 2014 Senior Vice President of Appliances Company, in charge of Planning and Overseas Business Apr. 2015 Corporate Advisor Jun. 2015 Representative Director, Deputy President of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. Jun. 2022 Corporate Advisor Jan. 2023 Advisor of the Company Mar. 2023 Retired from the position of Advisor of Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.	Yoshimi Horinishi Independent Outside Director Audit and Supervisory Committee Member Nomination and Compensation Committee Member  Apr. 2000 Registered as an attorney-at-law Apr. 2000 Joined Nagoya Bar Association Dec. 2004 Joined Asahikawa Bar Association Apr. 2007 Re-admitted to Aichi Bar Association (formerly Nagoya Bar Association) Nov. 2009 Representative of Horinishi Law Office (current position) Apr. 2014 Member of Nagoya City Architectural Dispute Mediation Committee	Kazuhiro Nagashima Executive Officer, in charge of Legal Department and General Affairs Department  Oct. 2014 Civil Mediator of Nagoya Summary Court Jun. 2016 Outside Director (Audit Committee Member) of Menicon Co., Ltd. (current position) Jun. 2020 Outside Director (Chairperson of the Compensation Committee) (current position) Mar. 2024 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Executive Officers (as of March 31, 2025)

Kyo Yaguchi Senior Executive Officer, in charge of Americas administration	Teruyuki Kai Executive Officer, in charge of China	Akira Kamiya Executive Officer, in charge of Global Manufacturing Department	Makoto Sasaki Executive Officer, in charge of research and development	Fumio Maruyama Executive Officer, in charge of Legal Engineering Department	Kazuhiro Nagashima Executive Officer, in charge of Legal Department and General Affairs Department
Hidehiko Furuhashi Executive Officer, in charge of Head Office Plant	Jun Kimura Executive Officer, in charge of Shimane Plant	Masayoshi Ogawa Executive Officer, in charge of Information Systems Department and BPR			

Business Overview

As a general food service equipment manufacturer, the Hoshizaki Group provides products and services around the world to resolve issues facing customers and society, aiming to realize its Purpose of a more comfortable and efficient eating environment.

The Group is using its unique technologies to expand its portfolio of high-quality products, such as ice makers, commercial refrigerators, dishwashers, dispensers, cooking devices, hygiene management equipment, etc. as well as enhancing domestic sales networks and strengthening the global business operations by merging and acquiring overseas companies.

Product category

Main products

Ice makers

In 1964, Hoshizaki developed Japan's first fully automatic ice makers, establishing Hoshizaki's solid foundation. In 2024, Hoshizaki launched sales of ice makers using natural refrigerants (see p. 03) in the Japanese market and has been gradually expanding the product lineup. The products are highly capable of making ice, durable, and user-friendly, have excellent energy-saving performance, and are being developed overseas as a main product for the Group.



- Cube ice maker
- Cubelet ice maker
- Flake ice maker
- Pecial shape ice makers, etc.

Commercial refrigerators

In 1972, the Group started the sale of refrigerators based on the cooling technology developed in ice makers. In 2005, the Group launched the industry's first* inverter-controlled commercial refrigerator. In the Japanese market, the Group also began the sale of refrigerators using natural refrigerants in 2022 and announced a switch to such refrigerators for a full lineup by 2024, striving to provide energy-saving and eco-friendly products. *Based on internal research



- Commercial refrigerator
- Undercounter refrigerator/freezer
- Glass door refrigerator
- High humidity refrigerator
- Walk-in refrigerator/freezer, etc.

Dishwashers

Although production was temporarily discontinued following development of a dishwasher in 1973, the Group resumed the production of dishwashers in 1981, identifying the growth of the restaurant industry and need for improvement in operational efficiency and labor saving. The product is recognized for its high ability and speed of washing that can only come from a commercial-use machine. It also reduced environmental burdens by saving water, etc. In addition, the Group's undercounter dishwasher (in 2023) and compact dishwasher (in 2024) won the Good Design Award.



- Dishwashers
- Rack-conveyor dishwasher
- Warewasher, etc.

Dispensers

Hoshizaki handled tea servers using tea leaves developed in 1973, as well as cubelet ice dispensers using ice maker technology and draft beer dispensers. The tea dispenser using powdered tea leaves (in 2009) and the cubelet ice dispenser (in 2021) won the Good Design Award.



- Cubelet ice dispenser
- Draft beer dispenser
- Tea dispenser
- Liquid dispenser
- Carbonated drink dispenser, etc.

Other products

We provide systems and solutions meeting customers' needs, including cooking devices such as steam convection ovens, as well as hygienic control using electrolyzed water.



- Water electrolyzer
- Induction cooker
- Steam convection oven
- Blast chillers and shock freezer
- Dual-temperature food service cart
- Reheating food service cart
- Liquid freezers
- Deep freezers
- Vacuum packer
- Sushi display case
- Supplies, etc.

Maintenance/Repair

In addition to product sales, the complete service system for maintenance and repair has been in place to ensure that products can be used with peace of mind. Maintenance/repair has contributed to stabilizing revenue, accounting for approximately 15% of consolidated net sales.



- Maintenance contracts
- Periodic inspection/maintenance
- Recovery of CFCs/HCFCs/HFCs
- Repair parts supply, etc.

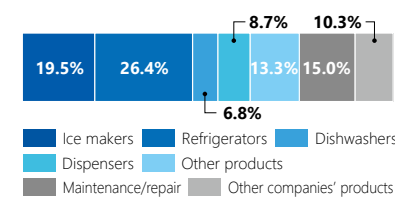
Other companies' products

Based on the Purpose, "we present innovative proposals for a more comfortable and efficient eating environment and offer responsive, high quality services," we are selling other companies' products in response to customers' needs.

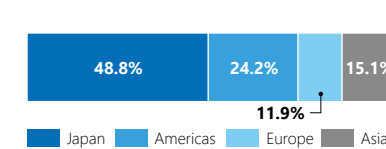


- Gas equipment
- Kitchen sinks
- Kitchen work tables
- Kitchen shelves, etc.

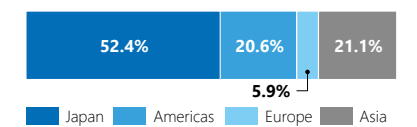
Composition of net sales by product



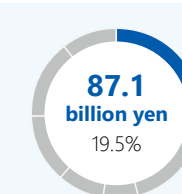
Composition of net sales by region



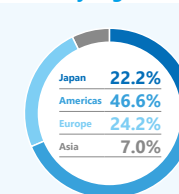
Composition of operating profit before adjustment by region



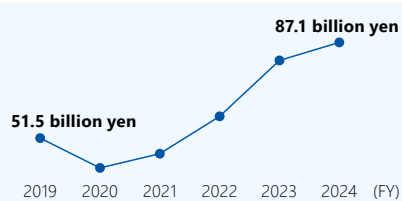
Composition of net sales



Ratio of net sales by region

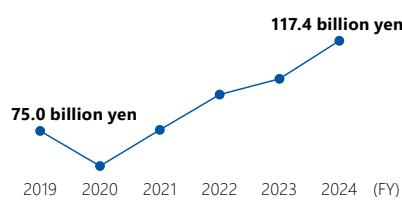
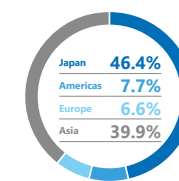
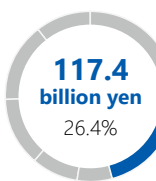


Changes in net sales

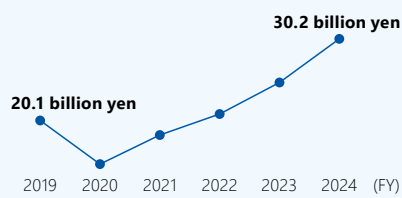
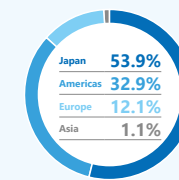
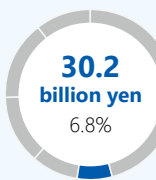


Business overview

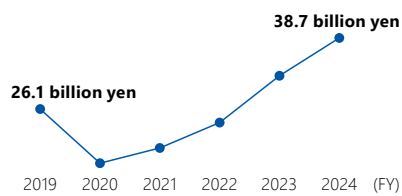
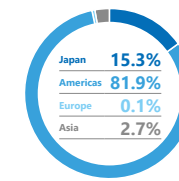
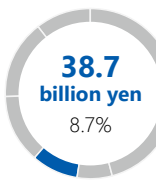
In 2024, the strong performance in Japan due to an increase in inbound demand and the business performance of Hoshizaki America contributed significantly to net sales increasing by 8.2% compared to the previous fiscal year. The competition in the ice maker business is limited, but the Group's market share both in Japan and globally is top-class.



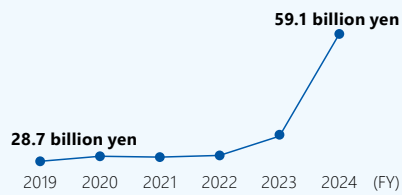
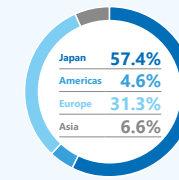
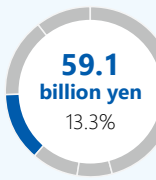
In 2024, the strong performance in Japan due to an increase in inbound demand and by Western in India, with the effects of market growth, contributed to net sales increasing by 18.0% compared to the previous fiscal year. Hoshizaki boasts a top-class share of the domestic market, and growth overseas is also expanding. Coordination between Group companies in Europe will also be strengthened, and we are aiming to develop the volume zone of the market.



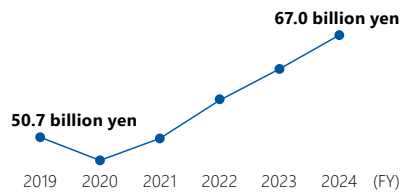
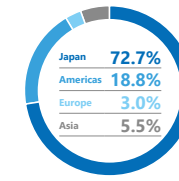
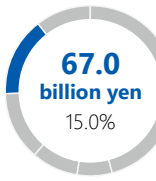
Dishwashers are being manufactured and sold in Japan and mainly by Jackson in the Americas. In 2024, an increase in sales due to the rising need for labor-saving products to address labor shortages, particularly in Japan, among other factors contributed to sales increasing by 21.4% compared to the previous fiscal year.



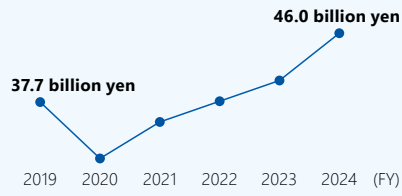
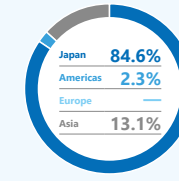
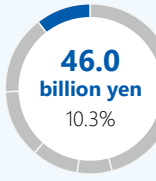
Dispensers are being manufactured and sold in Japan and mainly by Lancer in the Americas. In 2024, an increase in the sales of beverage dispensers to customers, mainly major beverage manufacturers overseas, contributed to net sales increasing by 20.8% compared to the previous fiscal year.



In 2024, with the contribution from Öztiryakiler (an equity method affiliate since 2019 and consolidated since 2024) of Türkiye, which manufactures and sells food service equipment, net sales increased by 69.9% compared to the previous fiscal year. In Japan, products contributing to labor-saving are being offered, and steam convection ovens, dual-temperature food service carts, etc., are contributing to the performance.



Net sales in 2024 rose by 8.8% compared to the previous fiscal year. There are roughly 430 sales offices in Japan, and we are expanding our own service business through the acquisition of sales channels overseas, such as in Southeast Asia. In Japan, we will also place emphasis on creating new services using IoT and supporting the efficient operations of our customers.

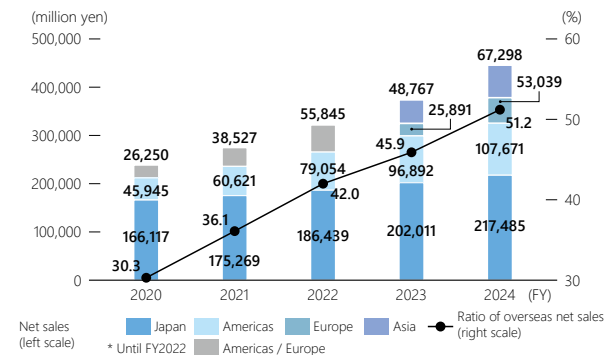


For the new construction and renovation of largescale projects down to those for individual shop owners, we make proposals and accept orders for full kitchens that include products outside of the company's manufacturing lineup.

Financial/ESG Information Highlights

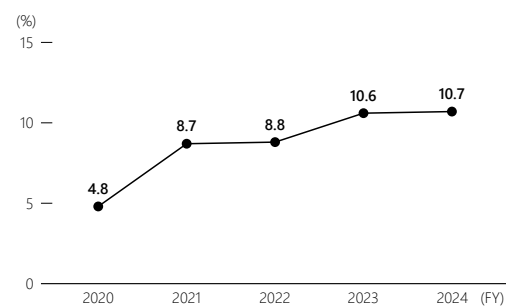
Financial Information Highlights

► Net Sales by Region and Ratio of Overseas Net Sales



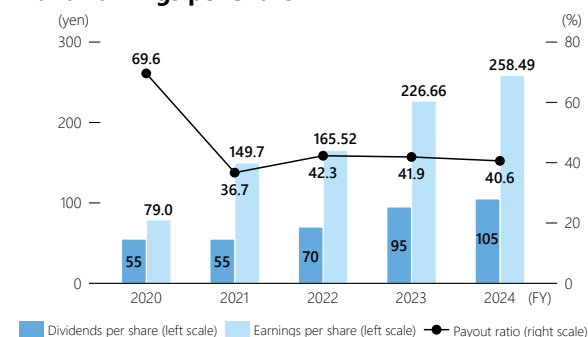
The consolidated net sales were 445.4 billion yen, up by 19.3% year-on-year. The domestic net sales rose by 7.7% year-on-year to 217.4 billion yen, while the overseas net sales significantly grew to 228.0 billion yen, up 32.9% year-on-year (up 11.1% year-on-year in the Americas, up 104.9% year-on-year in Europe, and up 38.0% year-on-year in Asia). As a result, the ratio of overseas net sales was 51.2% (up 5.3 points year-on-year), hitting a record high.

► Consolidated ROE (see p. 11)



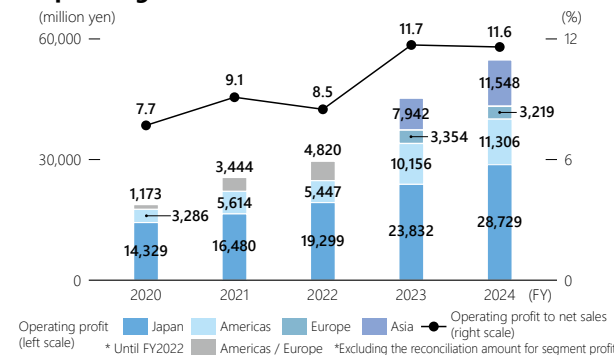
Consolidated ROE increased to 10.7% (up 0.1 points year-on-year). This is because while profit attributable to owners of parent grew by 13.2% year-on-year to 37.1 billion yen due to the recovery in operating profit and other factors, the average net assets over the past two years increased by only 14.4% year-on-year to 357.8 billion yen.

► Annual Dividends per Share, Payout Ratio, and Earnings per Share



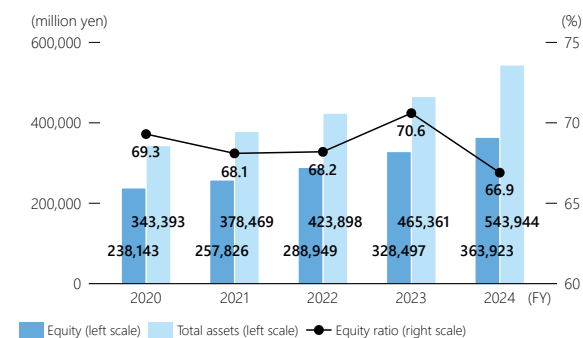
Annual dividends per share were 105 yen, a 10 yen increase year-on-year, and the payout ratio was 40.6%. For the shareholder return policy, we will provide a shareholder return that is proportionate to profit growth, with a target of at least 40% in total payout ratio, while trying to maintain continuous and stable dividends. We performed a two-for-one stock split of common shares on July 1, 2022, and retroactively adjusted the dividends per share and earnings per share.

► Operating Profit by Region and Operating Profit to Net Sales



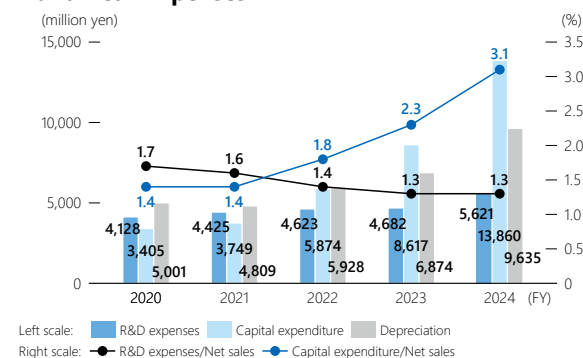
The consolidated operating profit was 51.4 billion yen, up 18.3% year-on-year, and operating profit to net sales was 11.6% (down 0.1 points year-on-year). The domestic operating profit was 28.7 billion yen, up 20.5% year-on-year, and the overseas operating profit was 26.1 billion yen, up 22.2% year-on-year. Accordingly, the domestic operating profit to net sales was 13.2% (up 1.4 points year-on-year), and overseas operating profit to net sales was 11.4% (down 1.0 point year-on-year).

► Total Assets, Equity, and Equity Ratio



The equity ratio was 66.9% (down 3.7 points year-on-year). The total assets increased to 543.9 billion yen, up by 16.9% from the end of the previous fiscal year with the increase in the working capital caused by the recovery of business results. The equity was 363.9 billion yen, up by 10.8% from the end of the previous fiscal year. Cash and deposits at the end of the fiscal year reached 239.0 billion yen (43.9% of total assets), decreasing by 15.4 billion yen from the end of the previous fiscal year.

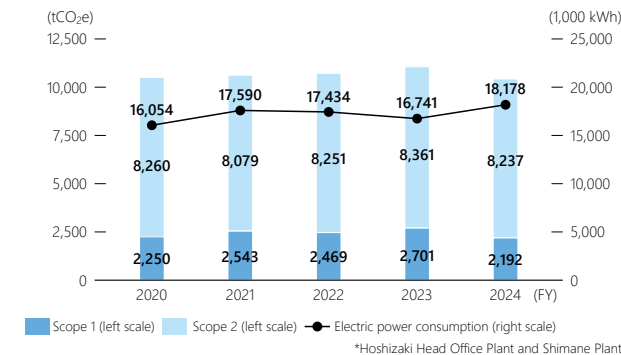
► Capital Expenditure, Depreciation, and R&D Expenses



The capital expenditure increased by 5.2 billion yen year-on-year to 13.8 billion yen (capital expenditure/net sales at 3.1%). Depreciation increased by 2.7 billion yen year-on-year to 9.6 billion yen. The R&D expenses remained flat at 5.6 billion yen (R&D expenses/net sales at 1.3%), showing a stable growth. The major capital expenditures were the rationalization and renewal of production facilities in Japan and overseas and the construction of a new warehouse in the USA.

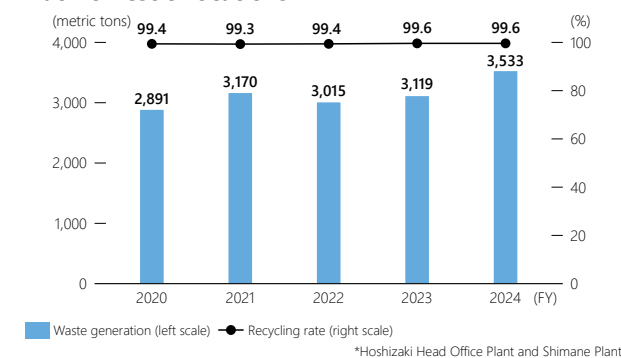
ESG Information Highlights

► CO₂ Emissions and Electric Power Consumption at Domestic Locations



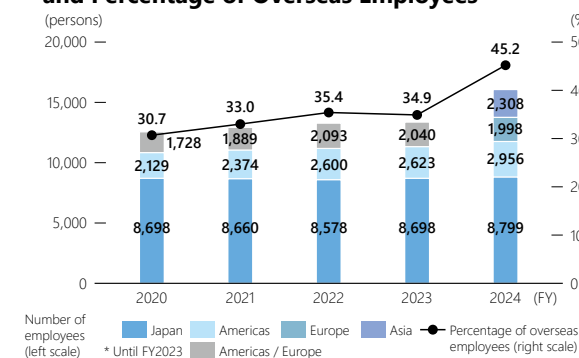
CO₂ emissions at domestic locations (Scope 1 and 2) were 10,429 tCO₂e, down 5.7% year-on-year. Electric power consumption was 18,178,000 kWh, up by 8.6% year-on-year due to the increase in the supply of components for use overseas. However, emissions were lower than in the previous fiscal year because of the introduction of solar power and a decrease in the CO₂ emission factor of the electricity retailer.

► Waste Generation and Recycling Rate at Domestic Locations



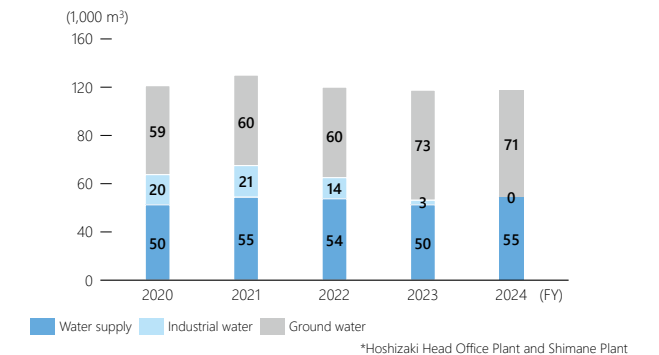
The waste generated at domestic locations increased by 13.2% year-on-year to 3,533 metric tons. Although the rate increased year-on-year due to an increase in the production volume, by promoting the separation and recycling of waste, the waste recycling rate reached 99.6%, almost reaching 100%.

► Number of Employees of Consolidated Companies, Number of Employees by Region, and Percentage of Overseas Employees



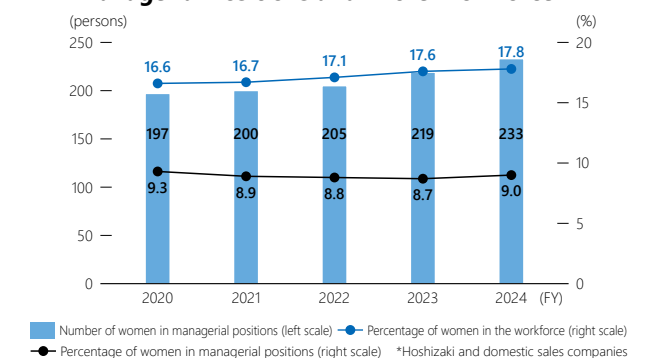
The number of employees of 60 consolidated Group companies is 16,061, up 20.2% year-on-year. The number of overseas employees increased by 2,266 in Europe and Asia and 333 in the Americas.

► Water Intake at Domestic Locations



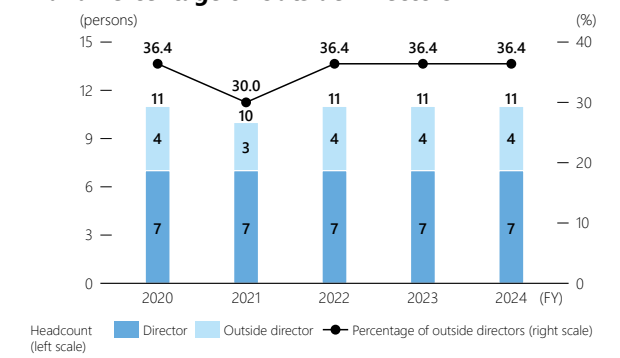
The water intake at domestic locations was 126,000 m³, the same level as in the previous year. Even as the production volume increased, we were able to lower the water intake with the success of initiatives undertaken to raise productivity.

► Number and Percentage of Women in Managerial Positions and in the Workforce



The total number of employees of Hoshizaki Corporation and domestic sales companies is 7,787. Of these, 1,385 are employees who are women, and the percentage of which increased by 1.2 points from five years ago to 17.8%. In addition, the number of women in positions at or above assistant manager level is 233, increasing by 36 from five years ago. The percentage of women in positions at or above assistant manager level also increased to 9.0%.

► Numbers of Directors and Outside Directors, and Percentage of Outside Directors



There are four outside directors out of 11 directors. The percentage of outside directors is 36.4%, fulfilling the requirement of the corporate governance code stipulated by the Tokyo Stock Exchange (one-third or more).

Financial Data in Past Eleven Years

Unit: Million yen

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Business Performance	Net sales	233,252	260,174	265,548	282,215	292,774	290,136	238,314	274,419	321,338	373,563	445,495
	Cost of sales	142,161	159,319	161,918	173,849	182,224	180,671	149,261	174,727	209,642	237,501	279,046
	Gross profit	91,090	100,854	103,630	108,365	110,549	109,464	89,053	99,691	111,695	136,062	166,449
	Selling, general and administrative expenses	64,106	69,135	69,054	72,299	74,103	76,799	70,605	74,760	84,317	92,541	114,969
	Operating profit	26,984	31,719	34,575	36,065	36,446	32,664	18,447	24,931	27,378	43,520	51,479
	Ordinary profit	31,235	30,864	34,140	37,086	36,372	34,224	17,420	31,165	37,226	50,322	57,823
	Profit before income taxes	26,678	29,077	33,737	35,302	36,090	34,263	17,288	31,231	34,095	48,378	55,291
	Profit attributable to owners of parent	15,011	16,971	21,430	23,144	25,717	24,437	11,442	21,679	23,977	32,835	37,170
	Earnings per share (Yen)*	207.65	234.47	295.95	319.62	355.14	337.45	158.00	299.35	165.52	226.66	258.49
Key financial indicators	Operating profit to net sales (%)	11.6	12.2	13.0	12.8	12.4	11.3	7.7	9.1	8.5	11.7	11.6
	Gross profit to net sales (%)	39.1	38.8	39.0	38.4	37.8	37.7	37.4	36.3	34.8	36.4	37.4
	Net income to net sales (%)	6.4	6.5	8.1	8.2	8.8	8.4	4.8	7.9	7.5	8.8	8.3
	ROA (%)	5.9	6.2	7.4	7.3	7.7	6.9	3.3	5.7	5.7	7.1	6.8
	ROE (%)	9.7	10.1	11.9	11.9	12.0	10.6	4.8	8.7	8.8	10.6	10.7
	Total assets turnover (Times)	0.91	0.95	0.92	0.89	0.87	0.82	0.69	0.73	0.76	0.80	0.82
Revenue breakdown by region	Japan	159,416	170,010	176,158	186,621	191,239	189,953	166,117	175,269	186,439	202,011	217,485
	Americas	51,377	62,370	60,868	65,415	65,564	63,916	45,945	60,621	79,054	96,892	107,671
	Europe	Combined total for Europe and Asia up to FY2022	27,792	28,521	30,179	35,970	36,265	26,250	38,527	55,845	25,891	53,039
	Asia											
	Total	233,252	260,174	265,548	282,215	292,774	290,136	238,314	274,419	321,338	373,563	445,495
	Ratio of overseas net sales (%)	31.6	34.6	33.6	33.8	34.7	35.3	30.8	36.1	42.0	45.9	51.2
Net sales by product	Ice makers	40,379	46,203	46,563	49,578	51,007	51,528	40,491	45,725	59,689	80,455	87,090
	Refrigerators	59,359	66,220	68,474	71,471	76,306	75,038	58,564	75,528	92,153	99,514	117,435
	Dishwashers	15,337	17,646	17,760	23,716	21,387	20,104	14,723	18,300	20,980	24,836	30,162
	Dispensers	27,134	32,320	30,016	29,379	28,744	26,139	16,530	19,243	23,798	32,045	38,725
	Other companies' products	27,958	30,713	31,932	33,512	37,620	37,799	30,986	35,321	37,892	40,337	46,008
	Maintenance/Repair	39,757	42,874	44,865	47,132	49,560	50,763	47,072	50,579	56,631	61,620	67,018
	Other products	23,326	24,194	25,935	27,424	28,146	28,763	29,946	29,721	30,192	34,754	59,053
Financial position	Total assets	256,412	273,655	289,967	315,981	334,879	351,887	343,393	378,469	423,898	465,361	543,944
	Net assets	164,533	176,545	187,179	206,900	223,510	242,038	239,711	259,862	292,500	332,937	382,677
	Equity	162,835	173,864	185,573	204,967	222,238	240,531	238,143	257,826	288,949	328,497	363,923
	Net cash	129,334	147,854	162,641	186,655	204,103	214,203	216,508	239,966	224,168	251,792	229,981
	Equity ratio (%)	63.5	63.5	64.0	64.9	66.4	68.4	69.3	68.1	68.2	70.6	66.9
	Net assets per share (Yen)*	2,250.99	2,400.96	2,562.66	2,830.48	3,068.86	3,321.31	3,288.35	3,559.85	1,994.67	2,267.49	2,558.12
Dividends	Dividends per share (Yen)	25	30	35	35	40	55	55	55	70	95	105
	Total cash dividends	3,616	4,344	5,069	5,069	5,793	7,966	7,966	7,966	10,140	13,762	15,000
	Payout ratio (%)	24.1	25.6	23.7	21.9	22.5	32.6	69.6	36.7	42.3	41.9	40.6
Capital expenditure, etc.	Capital expenditure	4,529	5,482	6,387	5,827	4,246	5,216	3,405	3,749	5,874	8,617	13,860
	Depreciation	5,343	5,631	4,892	5,104	5,122	4,643	5,001	4,809	5,928	6,874	9,635
	R&D expenses	3,862	3,894	3,906	4,000	4,130	4,232	4,128	4,425	4,623	4,682	5,621
Cash flows	Cash flows from operating activities	22,002	30,424	30,611	34,877	30,203	30,455	20,734	27,343	5,170	37,698	47,344
	Cash flows from investing activities	(21,888)	(11,306)	(34,865)	(34,066)	16,478	29,645	(1,229)	5,238	1,941	3,286	(37,373)
	Free cash flow	114	19,118	(4,254)	811	46,681	60,100	19,505	32,581	7,111	40,984	9,971
	Cash flows from financing activities	(2,042)	(4,665)	(5,010)	(4,966)	(5,047)	(5,908)	(8,281)	(8,122)	(13,349)	(10,355)	(40,171)
	Cash and cash equivalents at end of period	51,769	64,822	53,733	49,906	89,256	142,803	148,833	181,615	186,669	227,072	214,391

* The Company conducted a stock split at a ratio of two-for-one stock with July 1, 2022 as the effective date. Net assets per share are calculated based on the assumption that the stock split took place at the beginning of FY2014.

Corporate and Stock Profiles

Corporate Profile (as of December 31, 2024)

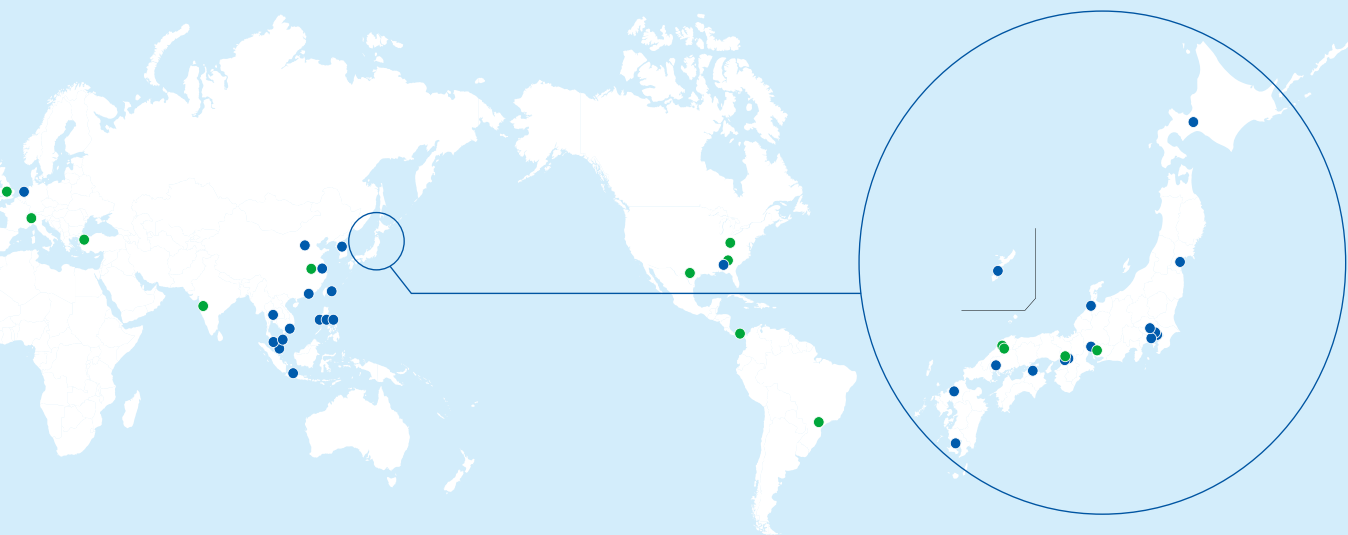
Company Name:	HOSHIZAKI CORPORATION
Address:	Head Office 3-16 Sakae-cho Minamiyakata, Toyoake, Aichi, 470-1194, Japan
Phone:	+81-(0)562-97-2111
Date of Founding:	February 5, 1947
Exchange Listing:	The Prime Market of Tokyo Stock Exchange and the Premier Market of Nagoya Stock Exchange
Paid-in Capital:	¥8,138 million
Business Description:	Research, development, manufacture, sales and maintenance of food service equipment
Fiscal Year-end:	December 31
Number of Employees:	16,061 (consolidated) 1,155 (non-consolidated)
Number of Consolidated Subsidiaries:	19 domestic 40 overseas (59 total)
Method Affiliate:	1 overseas



Global Network (as of December 31, 2024)

Japan

- HOSHIZAKI CORPORATION (the Company)
- HOSHIZAKI SALES CO., LTD.
- HOSHIZAKI HOKKAIDO CO., LTD.
- HOSHIZAKI TOHOKU CO., LTD.
- HOSHIZAKI KITAKANTO CO., LTD.
- HOSHIZAKI KANTO CO., LTD.
- HOSHIZAKI TOKYO CO., LTD.
- HOSHIZAKI SHONAN CO., LTD.
- HOSHIZAKI HOKUSHINETSU CO., LTD.
- HOSHIZAKI TOKAI CO., LTD.
- HOSHIZAKI KEIHAN CO., LTD.
- HOSHIZAKI HANSHIN CO., LTD.
- HOSHIZAKI CHUGOKU CO., LTD.
- HOSHIZAKI SHIKOKU CO., LTD.
- HOSHIZAKI KITAKYU CO., LTD.
- HOSHIZAKI NANKYU CO., LTD.
- HOSHIZAKI OKINAWA CO., LTD.
- NESTOR CORPORATION
- SANSEI ELECTRIC CO., LTD.
- NAOMI Co., Ltd.



Europe

- Hoshizaki Europe Holdings B.V.
- HOSHIZAKI EUROPE LIMITED
- Hoshizaki Europe B.V.
- Brema Group S.p.A.
- Öztiryakiler Madeni Eşya Sanayi ve Ticaret Anonim Şirketi

Asia

- Western Refrigeration Private Limited
- HOSHIZAKI SOUTHEAST ASIA HOLDINGS PTE. LTD.
- HOSHIZAKI (THAILAND) LIMITED
- HOSHIZAKI MALAYSIA SDN. BHD.
- HOSHIZAKI SINGAPORE PTE LTD.
- HOSHIZAKI VIETNAM CORPORATION
- PT. HOSHIZAKI INDONESIA
- HOSHIZAKI PHILIPPINES CORPORATION
- TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION

Americas

- HKR EQUIPMENT CORPORATION
- HOSHIZAKI HONG KONG CO., LTD.
- HOSHIZAKI (CHINA) HOLDINGS CO., LTD.
- HOSHIZAKI SHANGHAI CO., LTD.
- HOSHIZAKI CHINA CORPORATION
- Beijing Royalkitchen Science and Technology Co., Ltd
- HOSHIZAKI TAIWAN, INC.
- Hoshizaki Korea Co., Ltd.
- HOSHIZAKI USA HOLDINGS, INC.
- HOSHIZAKI AMERICA, INC.
- Jackson WWS, Inc.
- LANCER CORPORATION
- HOSHIZAKI MACOM Ltda.
- Fogel Company Inc.

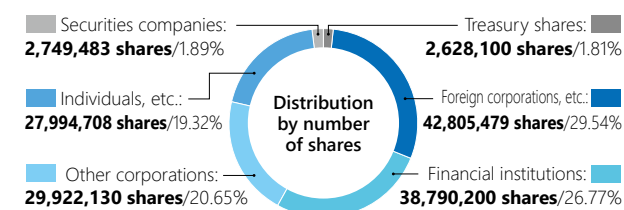
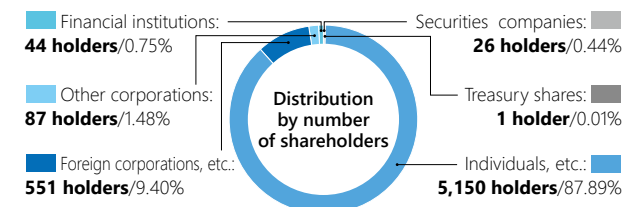
• Companies with manufacturing functions

Stock Profile (as of December 31, 2024)

Share status

Authorized number of shares: 500,000,000 shares
Total number of issued shares: 144,890,100 shares
Number of shareholders: 5,859

Distribution of shares

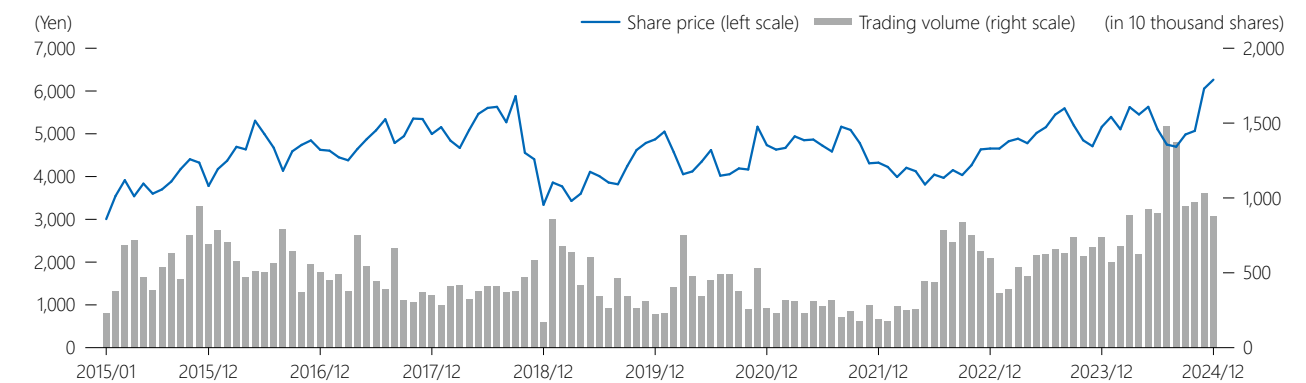


Major shareholders

Shareholder Name	Number of Shares Held (thousand shares)	Percentage Stake (%)
The Master Trust Bank of Japan, Ltd. (trust account)	19,485	13.69
Sakamoto Donation Foundation	12,406	8.72
Hoshizaki Green Foundation	11,900	8.36
JP MORGAN CHASE BANK 380055 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	8,978	6.31
Custody Bank of Japan, Ltd. (trust account)	6,649	4.67
Hoshizaki Group Employees Stock Ownership Plan	4,562	3.20
Hoshizaki Shinsei Foundation	3,398	2.38
State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,445	1.71
Miyuki Sakamoto	2,271	1.59
State Street Bank West Client Treaty 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,013	1.41

Notes 1. The Company holds 2,628,100 treasury shares but is not included in the above list of major shareholders.
2. Treasury shares were excluded in the calculation of the percentage stake figures.

Historical Share Prices and Trading Volume in the Past Decade (January 2015 to December 2024)



Share Price Performance Comparison (TSR (p. 34)/unit: %, including dividends)

	Past 1 year (December 2023 to December 2024)	Past 3 years (December 2021 to December 2024)	Past 5 years (December 2019 to December 2024)	Past 10 years (December 2014 to December 2024)
Hoshizaki	23.2	50.8	36.4	133.9
TOPIX	20.5	50.7	82.5	148.8
Machinery Index	22.8	49.6	91.0	146.7

ESG-Related External Recognition



**FTSE Blossom
Japan Sector
Relative Index**

HOSHIZAKI CORPORATION

Head office: 3-16, Sakae-cho Minamiyakata, Toyoake, Aichi, 470-1194, Japan
www.hoshizaki.co.jp/en