



**Summary of business performance
The first quarter of fiscal year ending
December 31, 2020**

~ The world's No. 1 Brand Across the five continents ~

HOSHIZAKI CORPORATION
(Stock code: 6465 Tokyo Stock Exchange First Section
and Nagoya Stock Exchange First Section)

May 11, 2020

HOSHIZAKI

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I . Financial results for FY 2020 1Q

HOSHIZAKI

Foreign exchange rates

	FY 2019		FY 2020			
	Results		Results		Forecast, Feb 10th, 2020	
	Average of period	End of period	Average of period	End of period	Average of period	End of period
US dollar	110.2	110.9	108.8	108.8	105.0	105.0
Pound	143.6	144.9	139.4	133.3	137.0	137.0
Euro	125.1	124.5	120.1	119.5	120.0	120.0
Singapore dollar	81.3	81.8	78.6	76.3	80.0	80.0
Chinese yuan	16.3	16.4	15.5	15.3	15.7	15.7
Denmark krone	16.7	16.6	16.0	16.0	16.4	16.4
Taiwan dollar	3.5	3.6	3.6	3.6	3.5	3.5
Hong Kong dollar	14.0	14.1	14.0	14.0	13.8	13.8
Indian rupee	1.58	1.61	1.52	1.46	1.50	1.50
South Korean won	0.0981	0.0980	0.0914	0.0892	0.0920	0.0920
Brazilian real	29.2	28.4	24.5	20.9	27.9	27.9
Indonesian Rupiah	0.0078	0.0078	0.0077	0.0067	0.0076	0.0076
Thai Baht	3.4	3.4	3.4	3.3	3.5	3.5
Malaysia Ringgito	26.9	27.2	26.0	25.1	26.0	26.0
Viet Nam Dong	0.0048	0.0048	0.0046	0.0046	0.0046	0.0046
Philippine Peso	2.12	2.12	2.16	2.16	2.11	2.11



Summary of financial results for FY 2020 1Q

■ Sales: 72.5 billion yen (4.6% decreased year-on-year)

- Japan: 49.4 billion yen (2.2% decreased)
- Overseas: 23.1 billion yen (9.3% decreased) Overseas sales ratio: 31.8% (1.6% decreased)
*Calculated based on reporting segments: "Americas" and "Europe and Asia"
- In Japan: Our sales activity had slowed down by correspondence for misconduct survey in previous year, but it has been recovered now. And we got the last-minute demand before price increase from April. However, sales decreased due to the fact that the spread of new coronavirus infections caused our customers to curb their capital investment. By customers, Agricultural/Fishery Industries and Mercantile store and Food processing were lower although Restaurant and School/Kindergarten were stronger than the previous fiscal year.
- In Overseas: Sales decreased in all segments due to the spread of new coronavirus infections.

■ Operating income: 9.5 billion yen (0.9% decreased)

- Japan: 7.2 billion yen (1.2% increased, Operating income percentage 14.6%)
- Overseas: 2.4 billion yen (11.5% decreased, Operating income percentage 10.6%)
*Calculated based on reporting segments: "Americas" and "Europe and Asia"
- In Japan: Main factors of increase are improvement of gross margin through product mix and decrease in SG&A such as misconduct survey costs in previous year.
- Overseas: Main factor of decrease is sales reduction effect despite decrease of SGA such as misconduct survey costs in HOSHIZAKI AMERICA in the previous year.
- Operating income percentage was exceeded that of previous fiscal year to 13.2%. (In the previous fiscal year, operating income percentage was 12.7%)

■ Ordinary income: 8.3 billion yen (18.8% decreased)

- Foreign exchange losses of 1.5 billion yen from deposits in foreign currencies were recorded as non-operating expense. (19 million yen of foreign exchange gains were recorded in the previous fiscal year.)

■ Profit attributable to owners of parent: 5.5 billion yen (21.8% decreased)



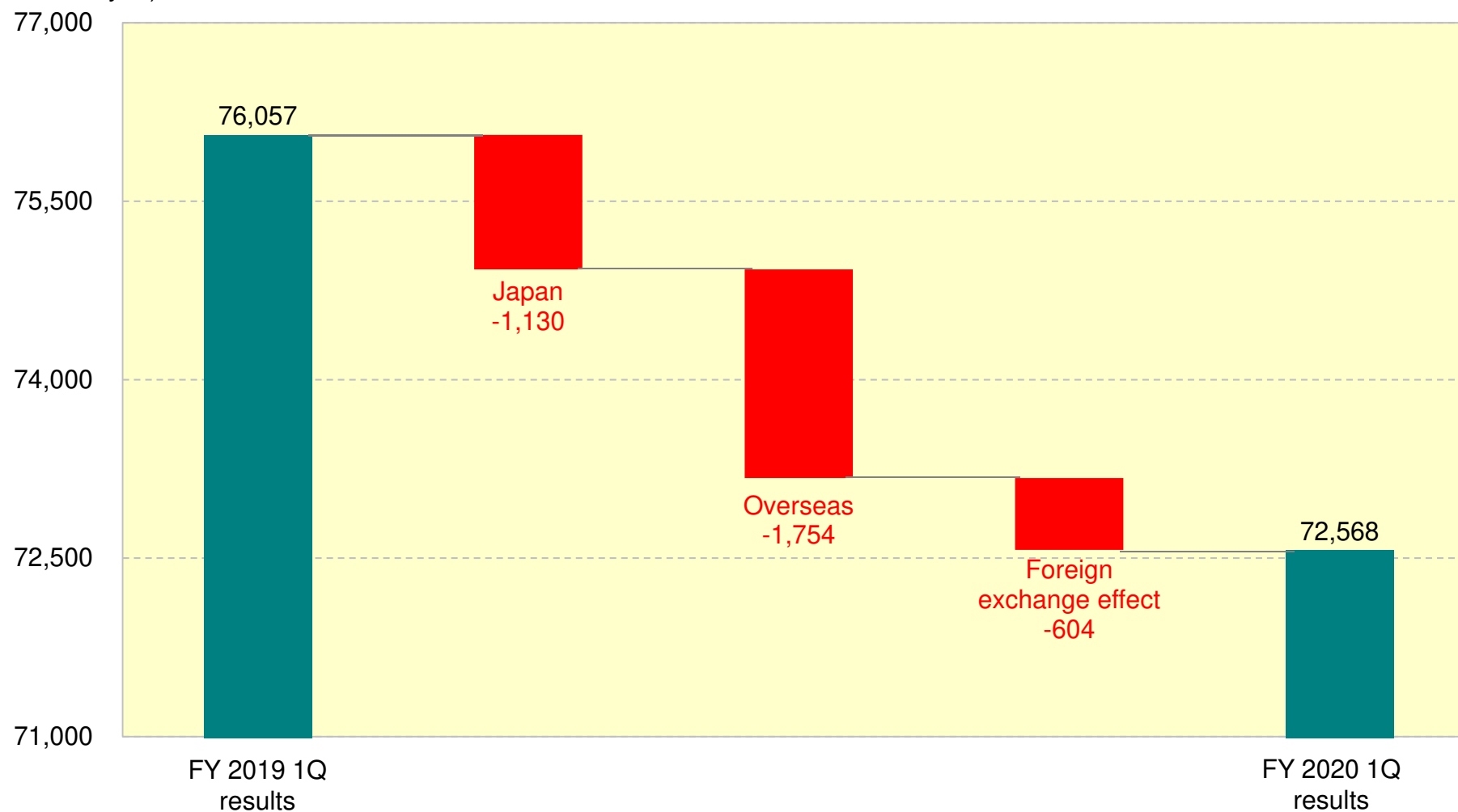
Consolidated business performance

	FY 2019 1Q results		FY 2020 1Q results			
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year	
					Change (Millions of yen)	Percentage (%)
Sales	76,057	100.0	72,568	100.0	-3,488	95.4
Cost of sales	47,566	62.5	44,482	61.3	-3,083	93.5
Gross profit	28,491	37.5	28,086	38.7	-405	98.6
Selling, general and administrative expenses	18,842	24.8	18,526	25.5	-316	98.3
Operating income	9,649	12.7	9,559	13.2	-89	99.1
Ordinary income	10,271	13.5	8,345	11.5	-1,926	81.2
Profit attributable to owners of parent	7,041	9.3	5,503	7.6	-1,537	78.2

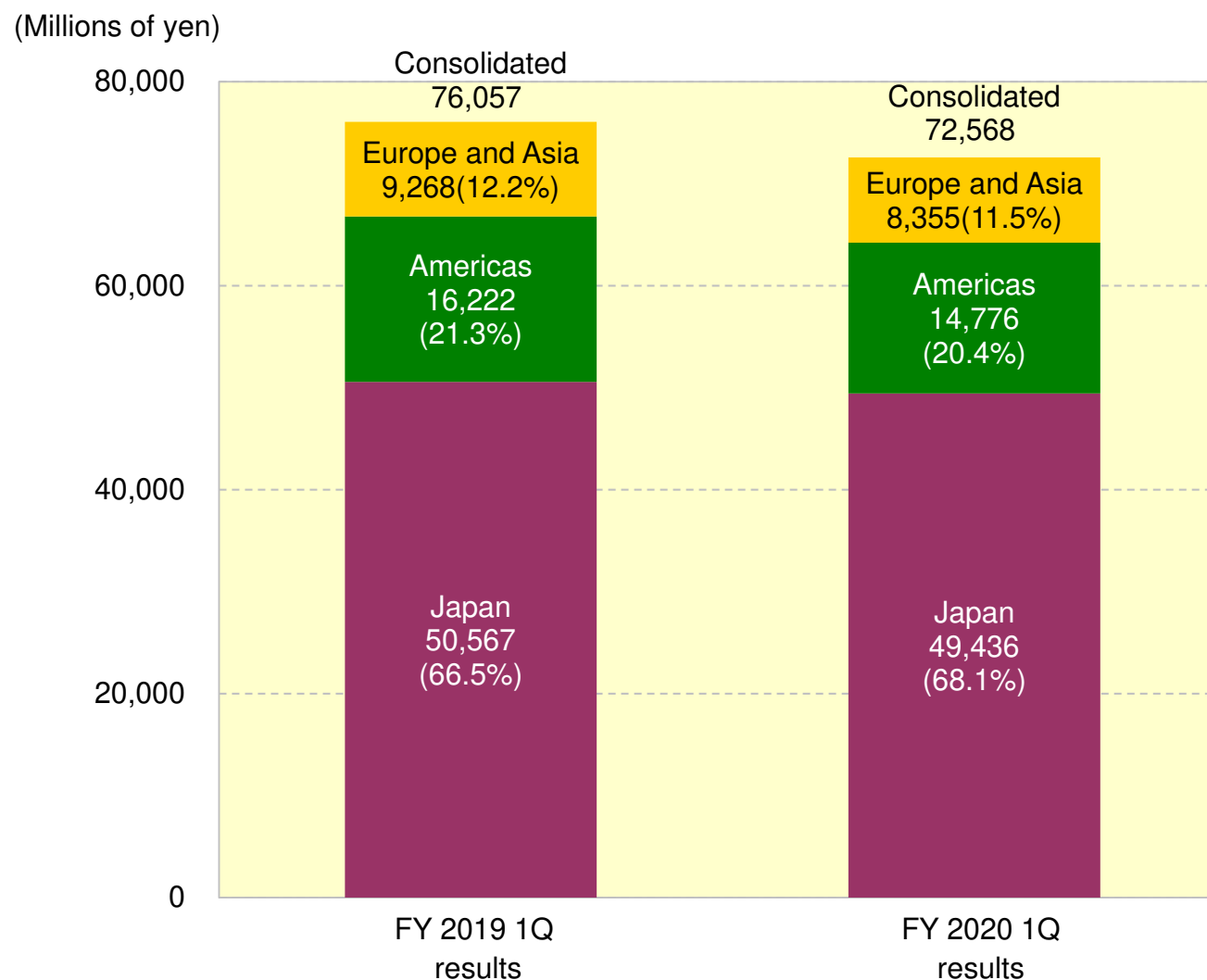


Factors for change in consolidated sales by Japan and overseas

(Millions of yen)



Year-on-year comparison of sales by reporting segments



*Figures in parenthesis indicate component percentages.

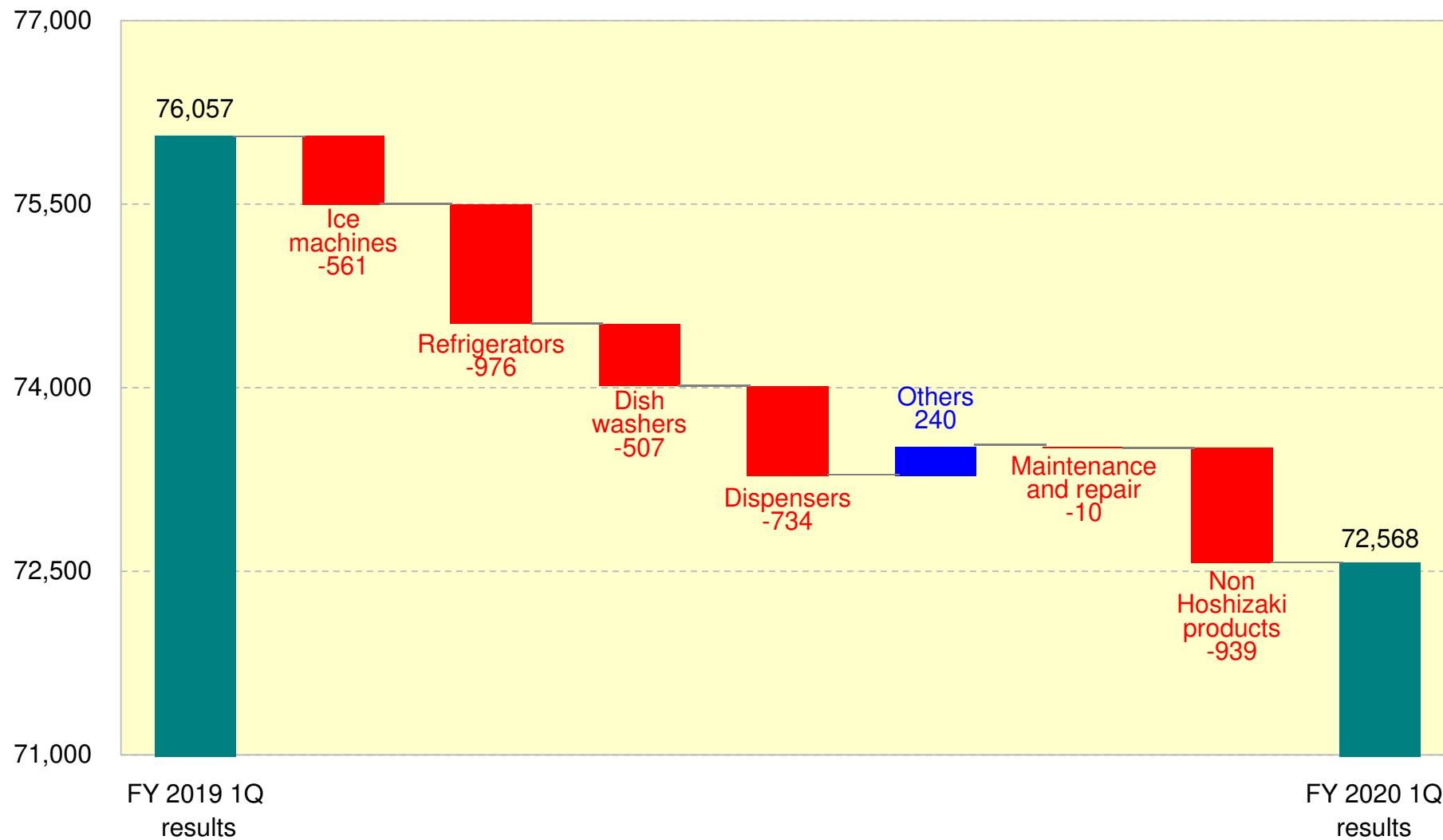
Classified according to the location of the head offices. (e.g. Lancer Europe is included in "Americas")

(This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)

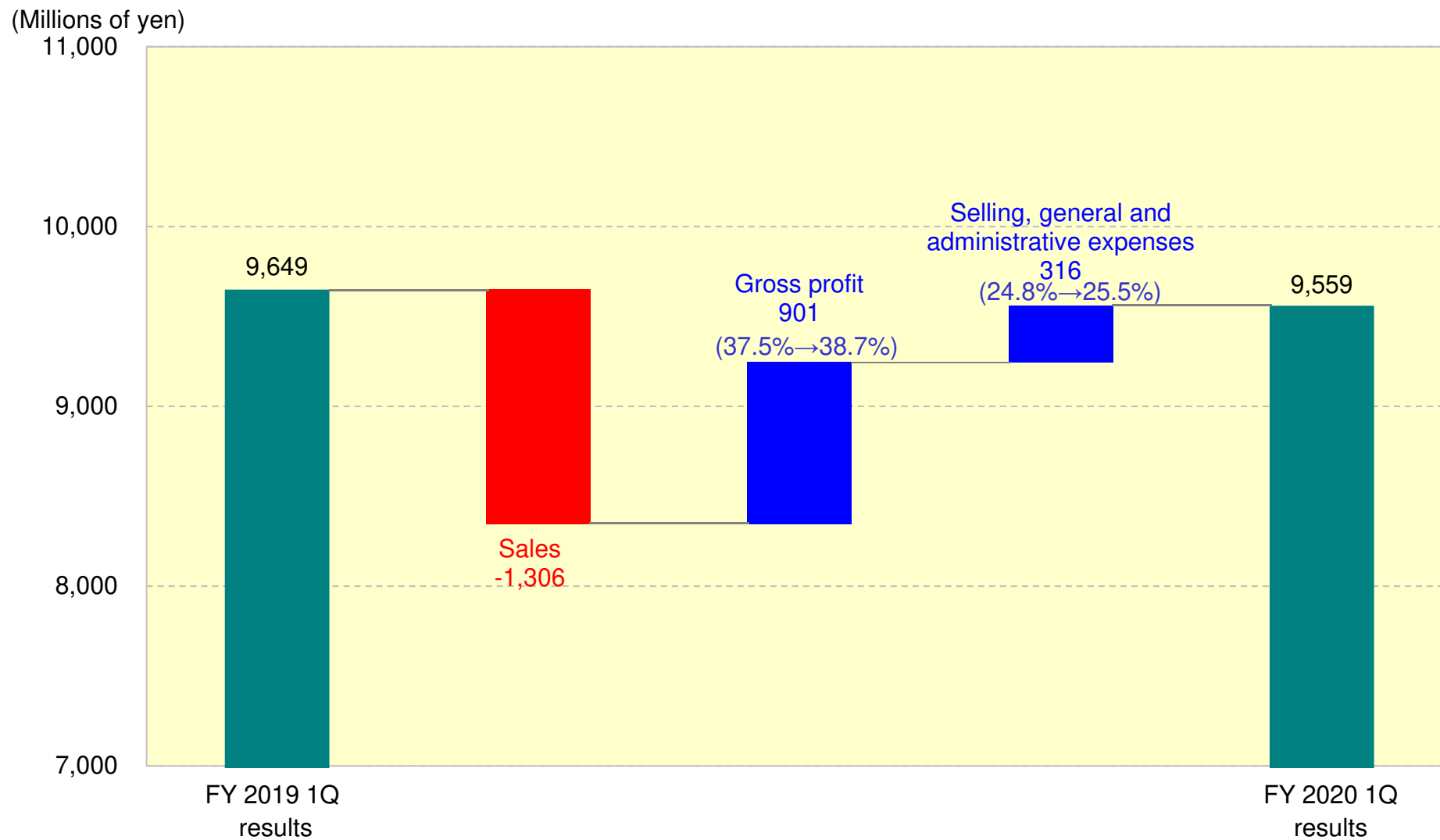


Factors for change in consolidated sales by product groups

(Millions of yen)



Factors for change in consolidated operating income

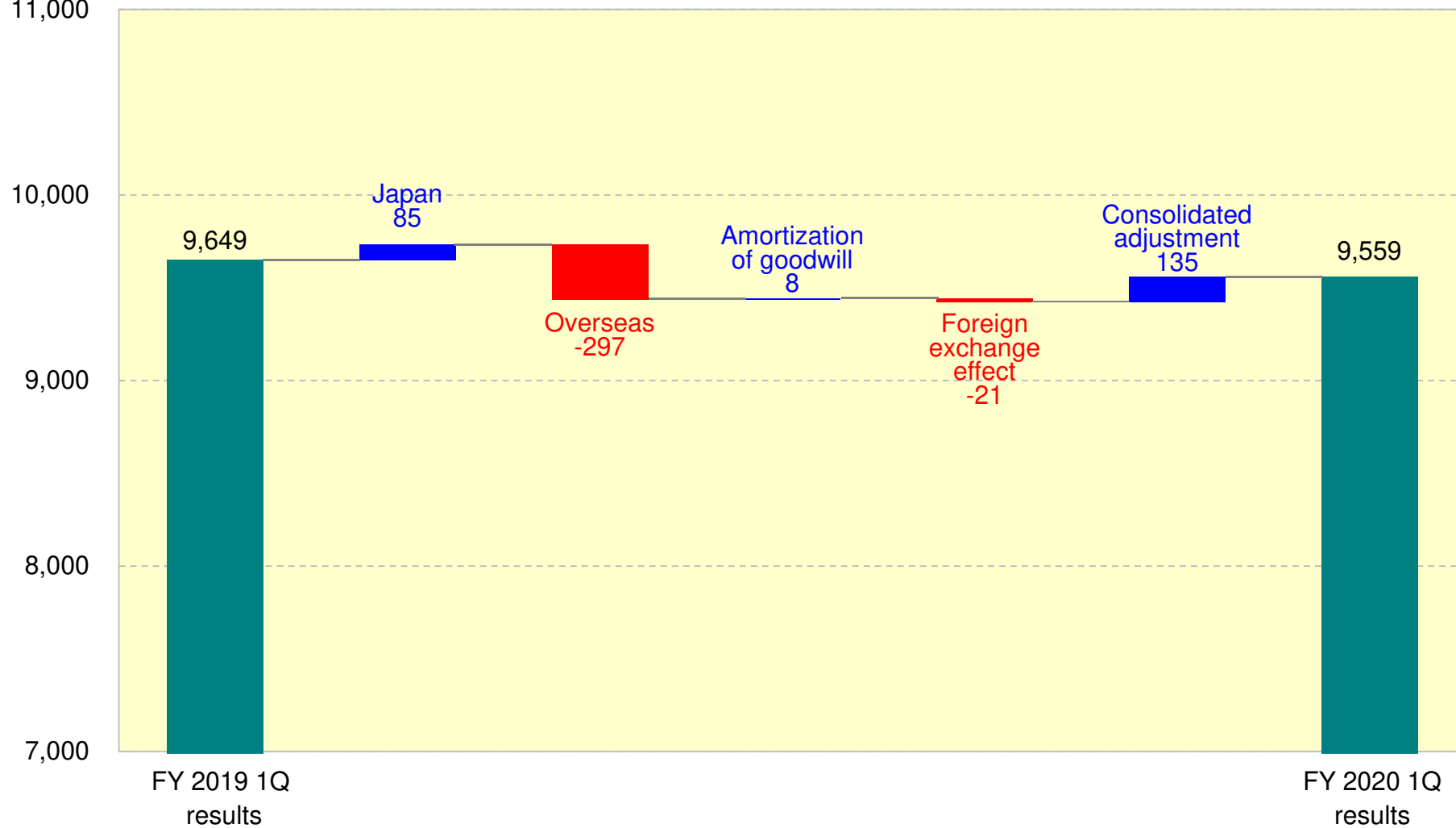


*Percentages in parenthesis indicates the ratio to sales.

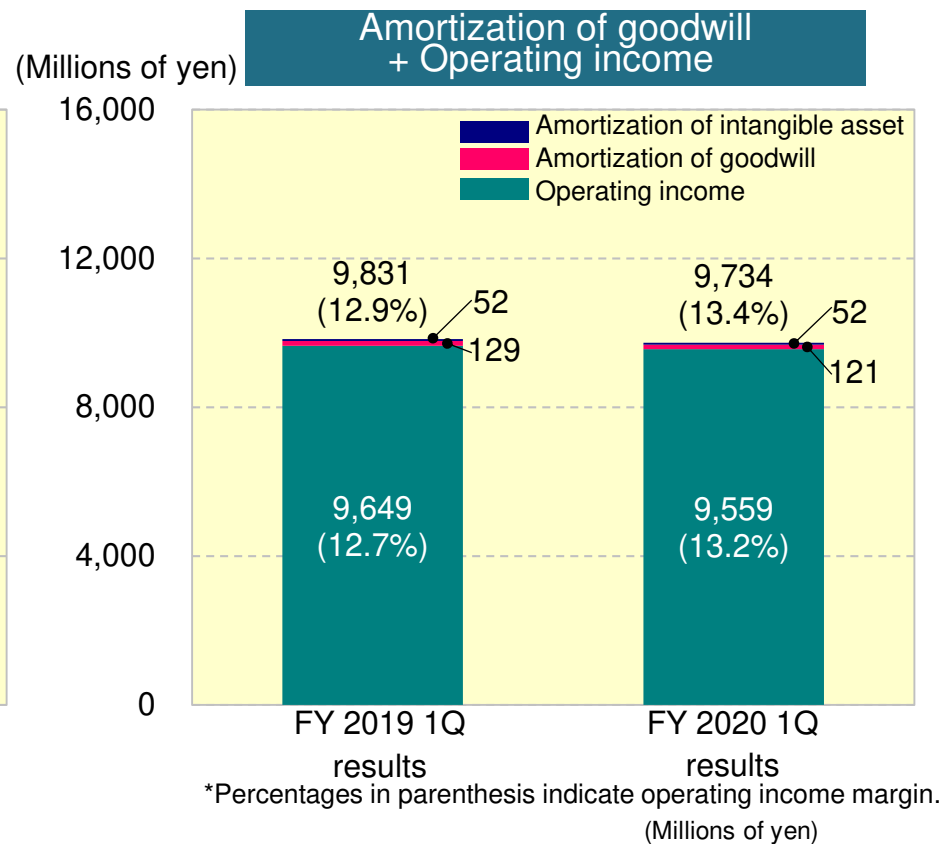
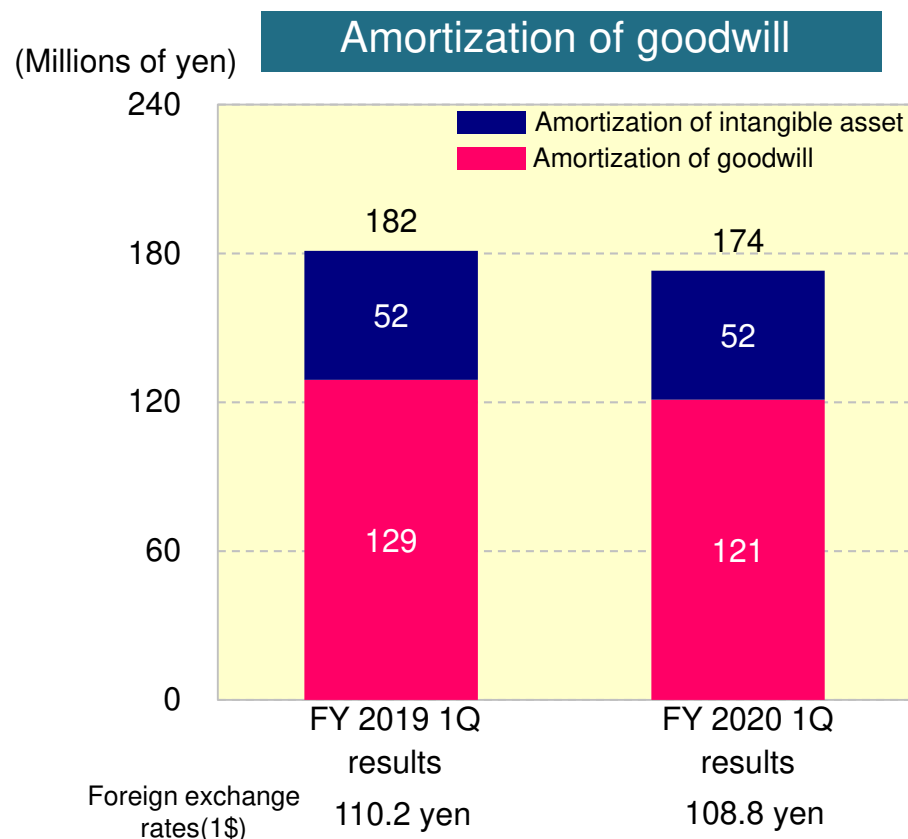


Factors for change in consolidated operating income by Japan and overseas

(Millions of yen)
11,000



Impact of goodwill amortization



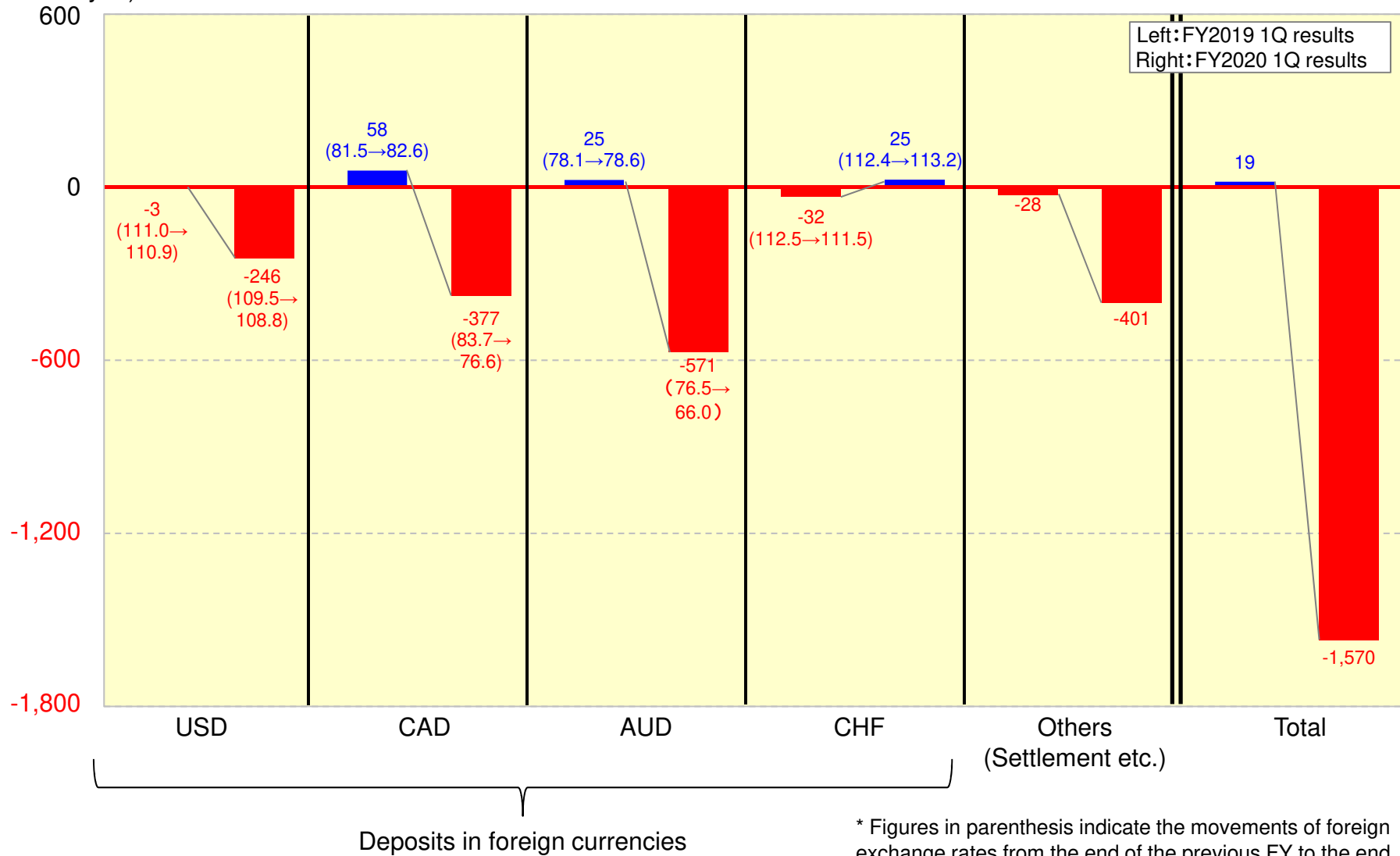
The recognition of goodwill and intangible assets	Amortization of goodwill and intangible assets imparment
• LANCER (Feb.2006 M&A : 17,451 Amortized over 10-year period)	• Macom (in 2014 : 3,186)
• GRAM (Sep.2008 M&A : 6,759 Amortized over 12-year period)	(in 2015 : 1,791)
• Western (Jan.2013 M&A : 2,198 Amortized over 10-year period)	• GRAM (in 2017 : 1,800)
" (" : 2,439 One-time amortization)	
" (" : 473 One-time amortization)	
• JACKSON (Jan.2013 M&A : 1,006 One-time amortization)	
" (" : 2,020 Amortized over 12-year period)	
• Macom (Jul.2013 M&A : 6,690 Amortized over 15-year period)	

※The amount of goodwill and intangible assets are calculated using the foreign exchange rates at the time of the acquisitions



Breakdown of foreign exchange gain and loss

(Millions of yen)



* Figures in parenthesis indicate the movements of foreign exchange rates from the end of the previous FY to the end of the current FY 1Q.



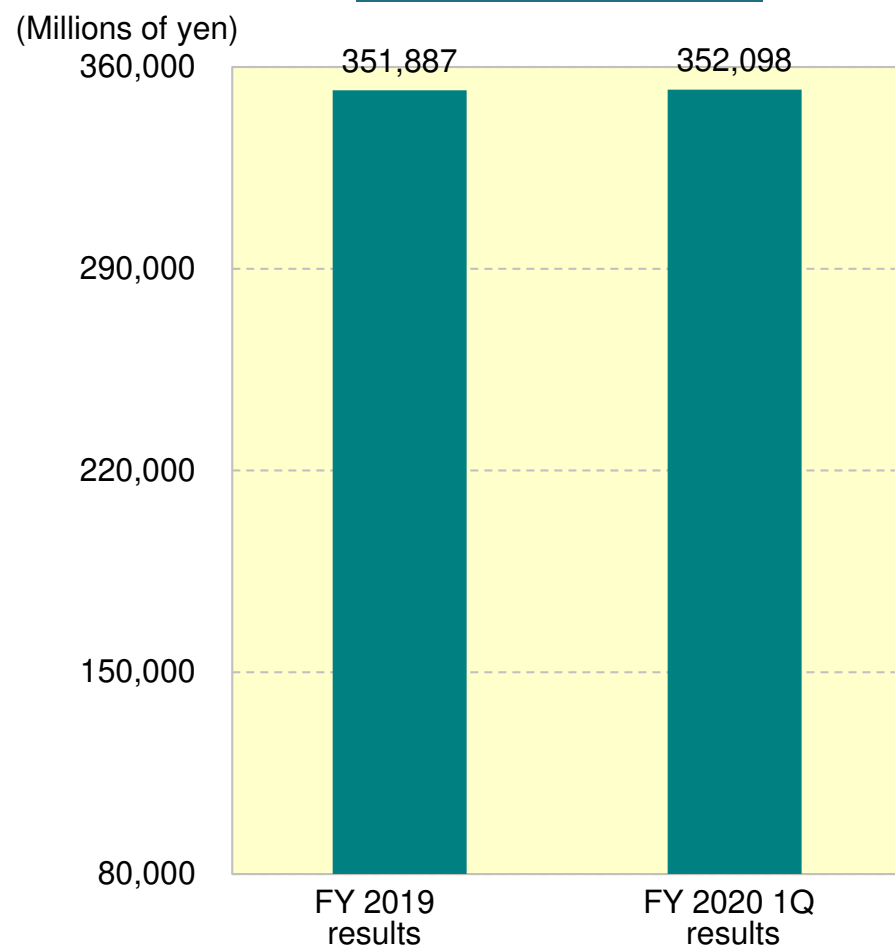
Consolidated balance sheet

	FY 2019 results		FY 2020 1Q results		
	Amount (Millions of yen)	Component percentage (%)	Amount (Millions of yen)	Component percentage (%)	Change (Millions of yen)
Current assets	281,343	80.0	279,792	79.5	-1,551
(Cash and cash equivalents)	215,314	61.2	208,088	59.1	-7,225
(Notes and accounts receivable-trade)	31,708	9.0	37,887	10.8	6,179
(Inventories)	30,336	8.6	29,956	8.5	-379
Non-current assets	70,543	20.0	72,306	20.5	1,763
Total assets	351,887	100.0	352,098	100.0	211
Current liabilities	86,878	24.7	91,447	26.0	4,568
(Notes and accounts payable-trade)	16,555	4.7	20,086	5.7	3,531
(Advances received)	26,829	7.6	26,416	7.5	-413
Non-current liabilities	22,970	6.5	22,727	6.5	-242
Total liabilities	109,848	31.2	114,174	32.4	4,325
Total net assets	242,038	68.8	237,924	67.6	-4,113
Total liabilities and net assets	351,887	100.0	352,098	100.0	211
Cash and deposits (including long-term time	215,093		207,873		-7,219

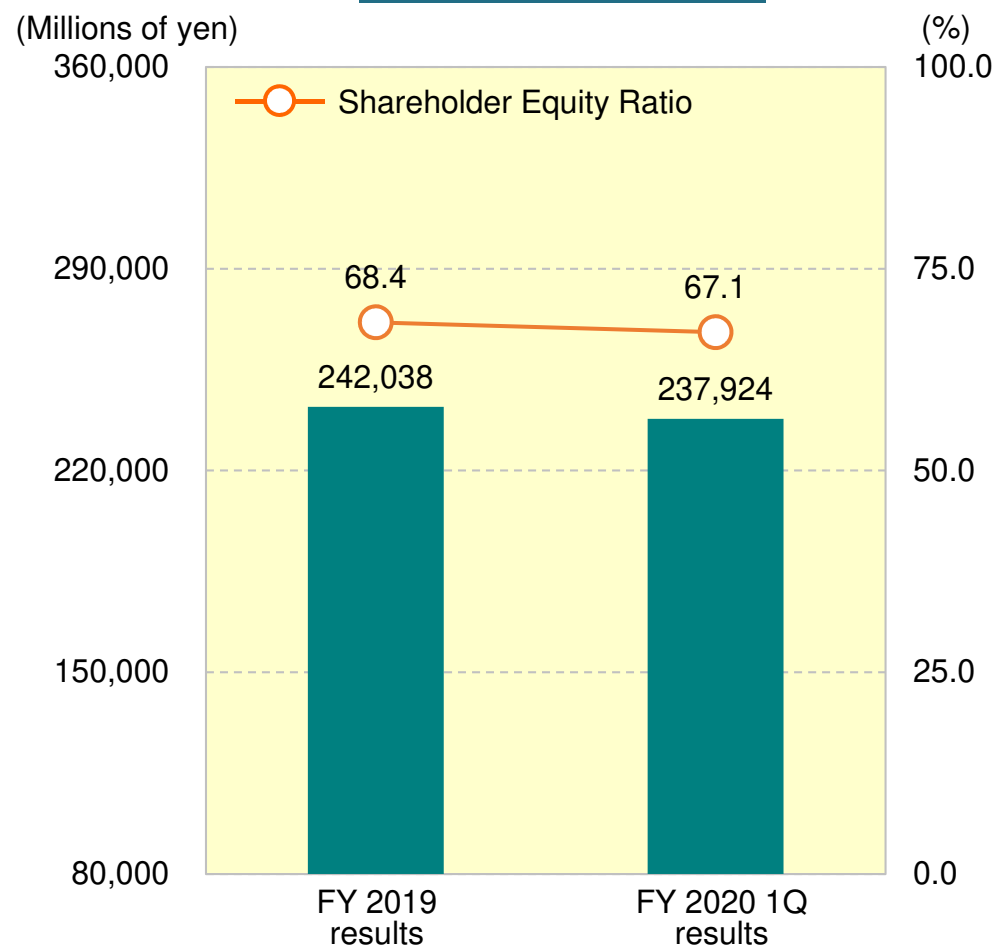


Comparison of consolidated total assets and net assets

Total assets



Net assets

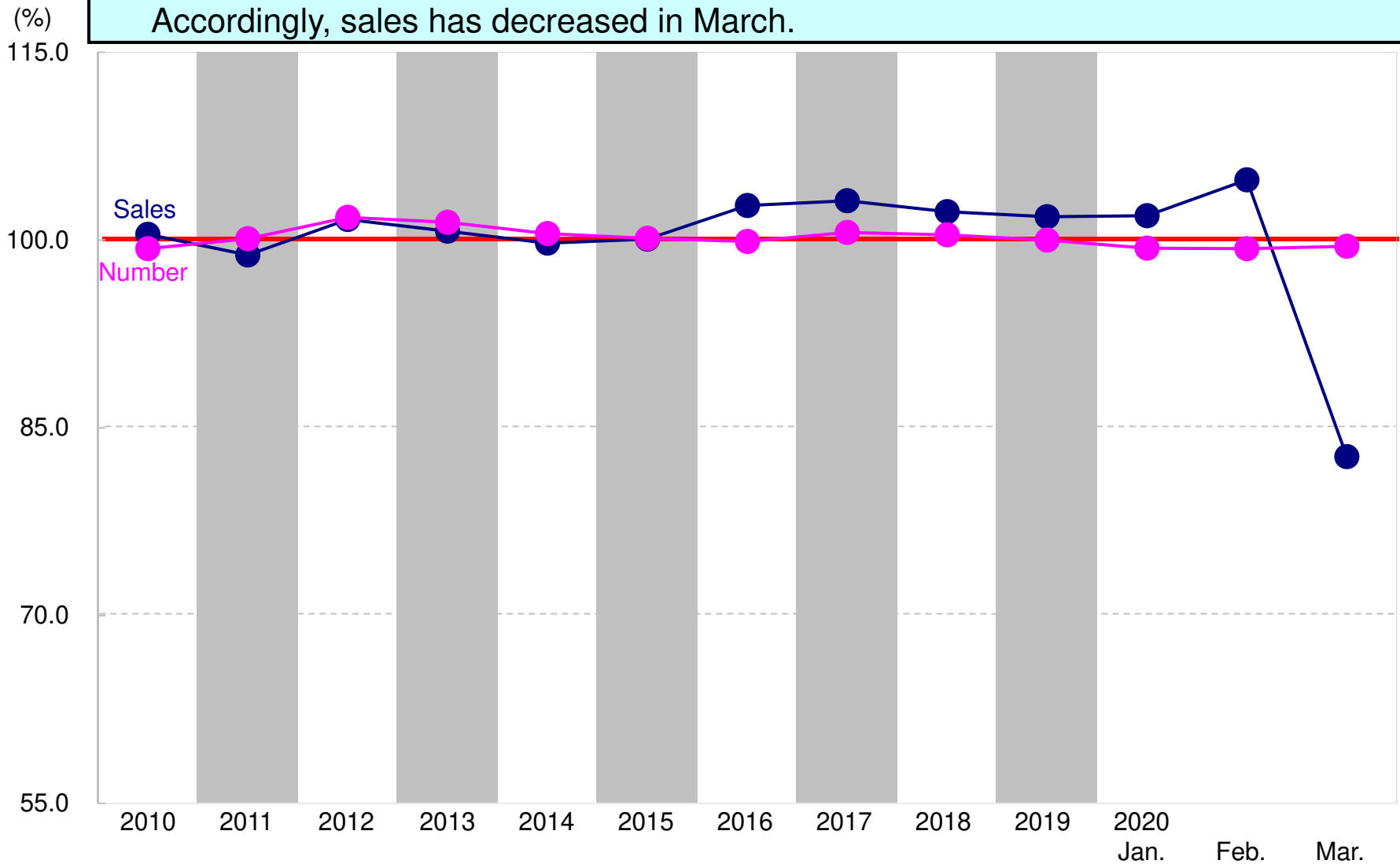




Ⅱ. Key factors of financial results for FY 2020 1Q

In Japan: Year-on-year change in sales and the number of major restaurant chains

● In the last week of February, the government called for self-restraint on major events and other. Since then, the number of customers has decreased significantly. Accordingly, sales has decreased in March.

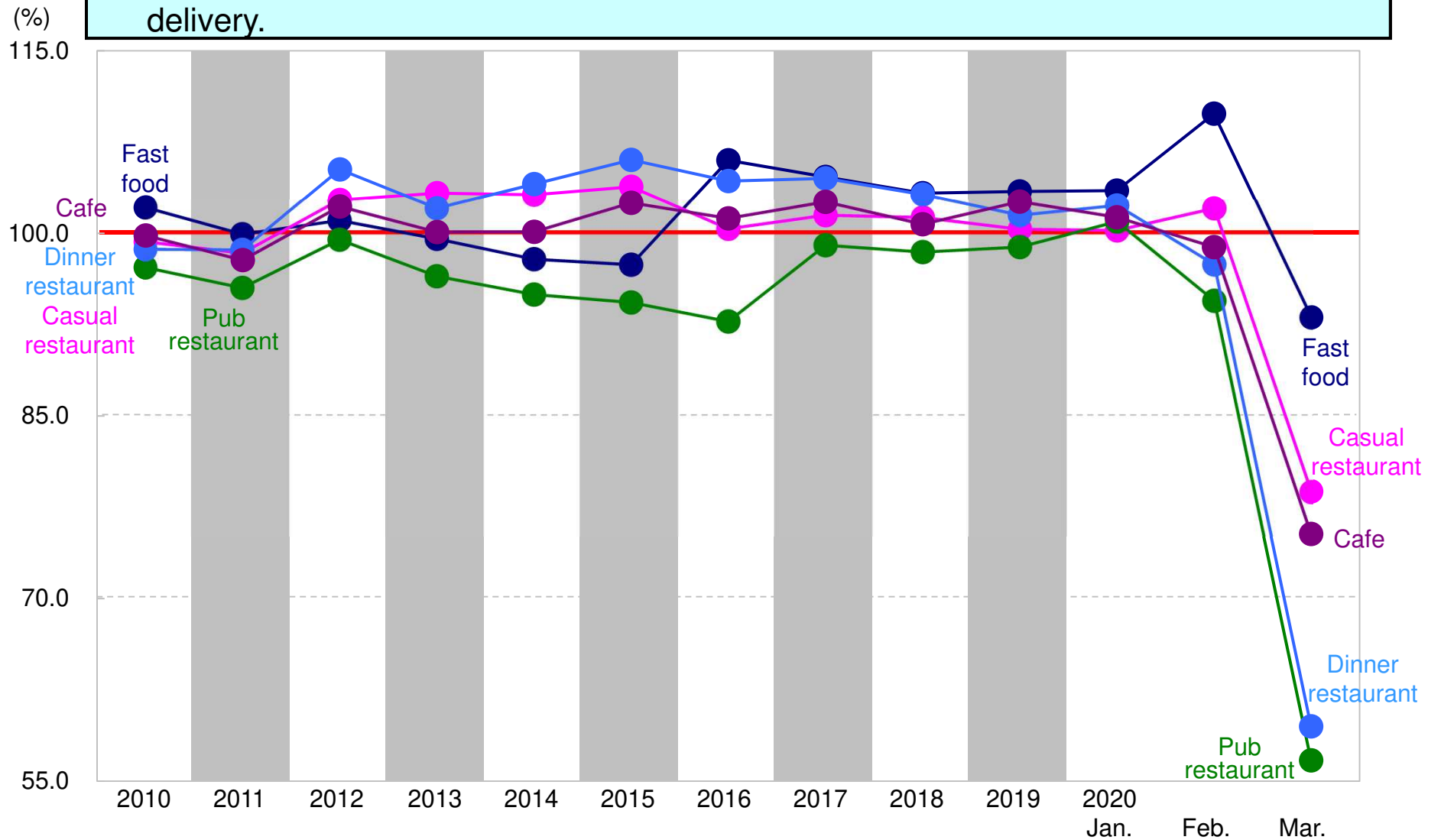


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



In Japan: Year-on-year change in sales by type of business in major restaurant chains

● Sales in dinner restaurant and pub restaurant decreased significantly. On the other hand, sales in fast food and casual restaurant are better than others by take-out and delivery.



(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



In Japan: Year-on-year change in sales

- Sales decreased due to the spread of new coronavirus infections, despite the recovery in sales activity and the last-minute demand before price increase from April.

(%)

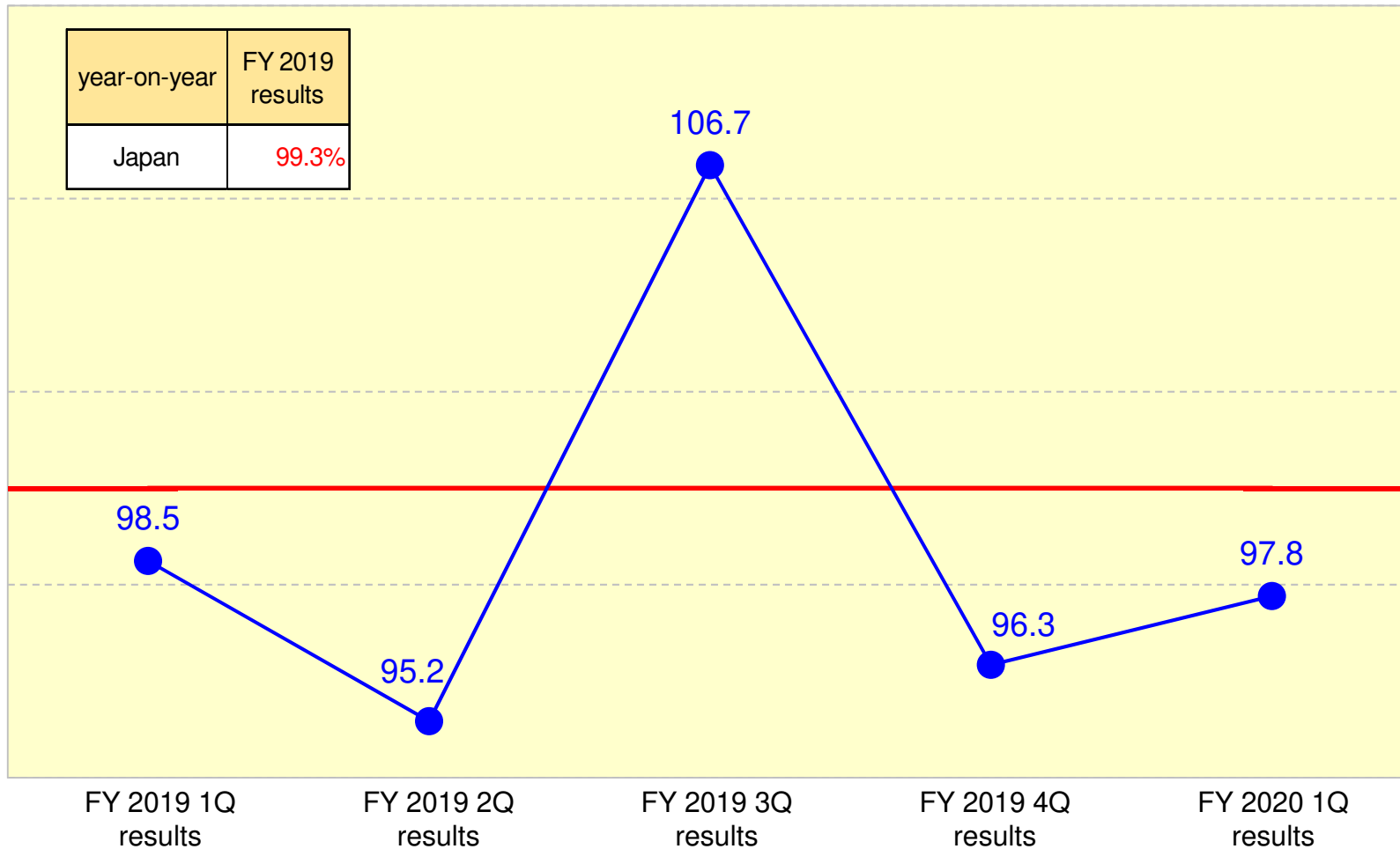
110.0

106.0

102.0

98.0

94.0



In Japan: New products and strategic products that are expected to increase profitability

Expanding business in existing markets



Carbonated water dispenser

- Eliminate labor shortages by automatic extraction
- Significantly reduced foaming with newly designed extraction nozzle
- Released in December 2019



Small display case refrigerator

- Improved energy saving performance (Reduced power consumption by 39% on average)
- For all models, achieved the standard values in energy conservation law
- Released in January 2020



Steam convection oven

- Added lineups of luxury model (6 shelves type)
- Equipped with 12 new functions, such as automatic cleaning and a touchscreen
- Released in December 2019



Dishwasher system

- Automatic operation from washing to storage
- Automatic detection of empty shelves (First in the industry)
- Storage without touching after cleaning
- Released in August 2019

Developing new markets



Blast Chiller

- Equipped with an automatic cleaning function to save labor (20 shelves type)
- Fastest washing time in the industry by "speedy course"
- Released in October 2019



"Thickened" tea dispenser

- Extracts "thickened" tea preventing mischewing for old people.
- Makes uniform "thickening" with the push of a button
- Reduces the work load for hospitals and nursing home staff
- Will be released in spring of 2020



Designed refrigerator

- Added beautiful stainless steel design
- Assumed to be sold to restaurants and hotels with open kitchens
- Released in October 2019



AGV hot & cold meal serving cart

- Labor saving equipment using automatic guided vehicles
- Automatic delivery of meals at hospitals and nursing homes
- Will be released in August 2020



Products suitable for the current market conditions

Sanitary equipment

- The water electrolyzer is currently attracting attention. Hypochlorous acid water, which is produced by electrolysis of saline water, has proven to be effective in disinfecting bacteria.



Water electrolyzer
"WOX-40WA"

Can be applied in various places



Table



Handrail



Doorknob



Faucet lever

Other products

- Expected to increase demand for the following products for restaurants that are strengthening take-out sales



Blast chiller

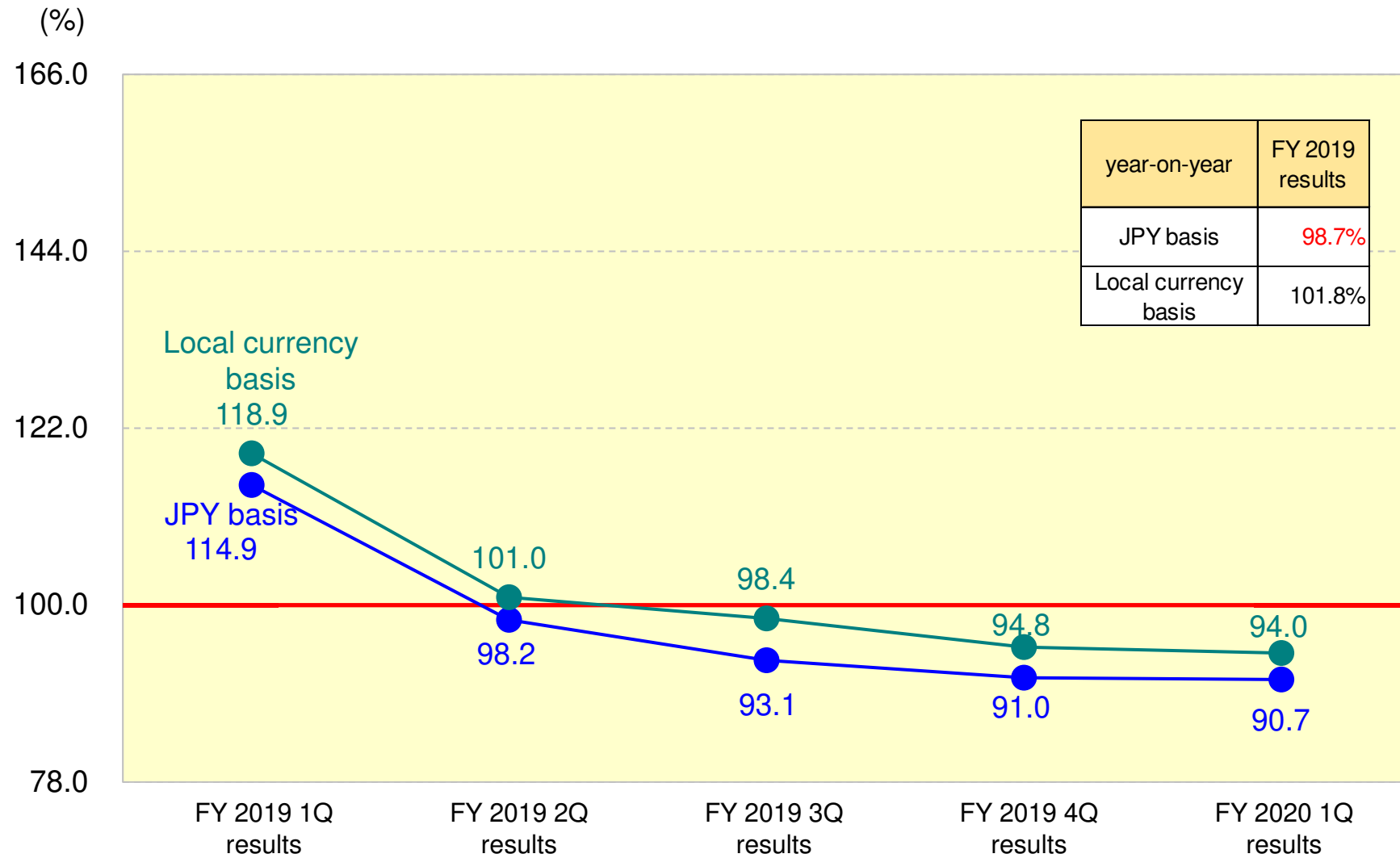


Vacuum packing machine

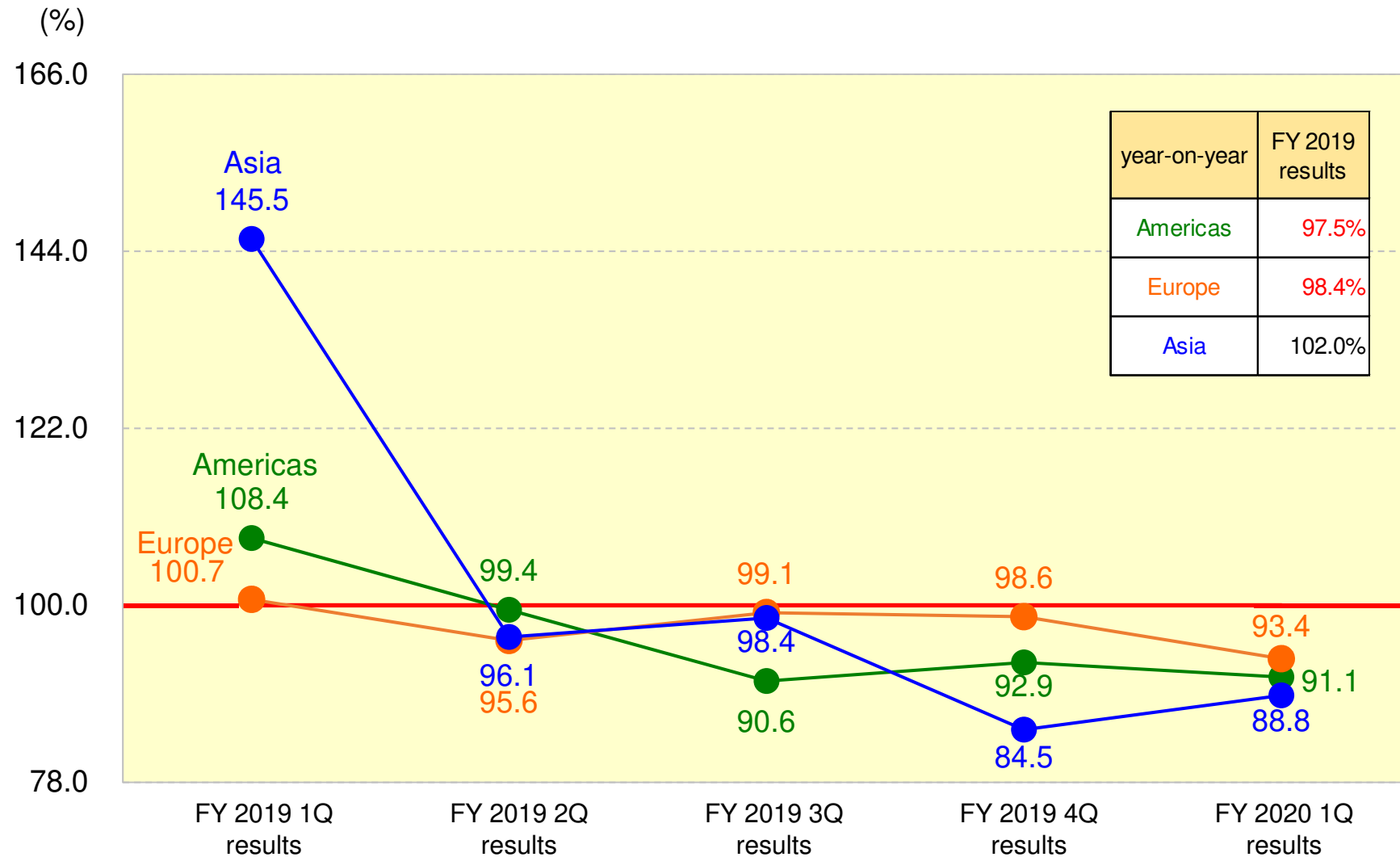


Flyer

In overseas: Year-on-year change in sales on Japanese yen basis and local currency basis



In overseas: * Year-on-year change in sales by area on Japanese yen basis

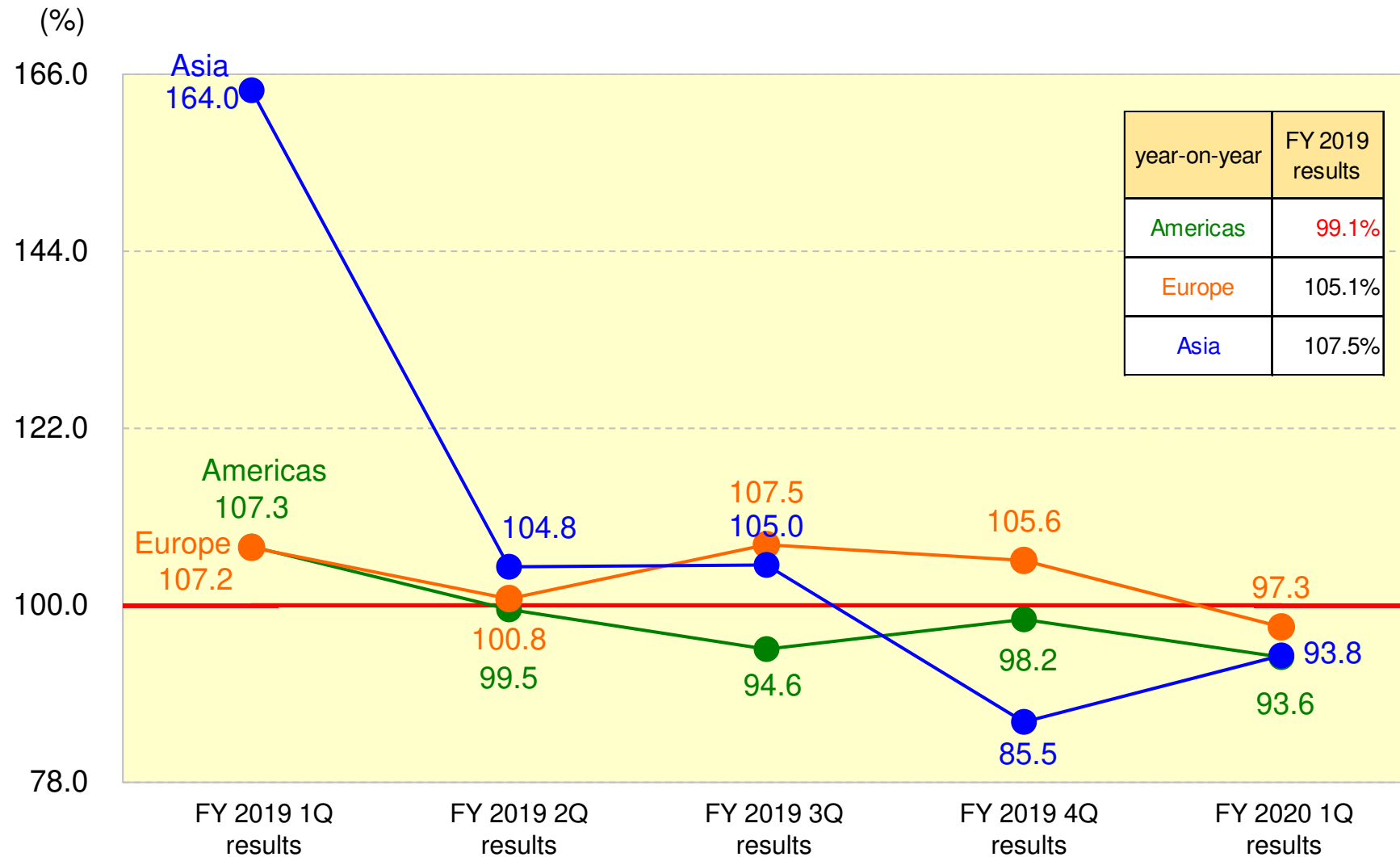


year-on-year	FY 2019 results
Americas	97.5%
Europe	98.4%
Asia	102.0%

* : Classified according to the location of the head offices. (e.g. Lancer Europe is included in American States)
 (This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)



In overseas: * Year-on-year change in sales by area on local currency basis



* : Classified according to the location of the head offices. (e.g. Lancer Europe is included in American States)
 (This is a classification for internal management control, and we use the same classification for reporting segments in the quarterly report.)



In overseas: New products and strategic products that are expected to increase profitability

Americas



Ice machine

- Launch of ball ice machine for US market
- Expanded ice machine lineups for hotels and casinos
- Will be released in April 2020



Multi dispenser

- Provide drink for 2 customers at the same time
- Select 266 kinds of drink on the touch panel
- Released in November 2018

Europe



Non-Freon Ice machine

- Compliance with EU Environmental Policy
- Good energy-saving performance and lowest running cost in the industry
- Expanded product lineups using non-fluorocarbon refrigerants



Refrigerator

- OEM products by a manufacturer "Özti", Turkey
- Targets the low-end market
- Released in July 2017

Asia



Refrigerator

- Models for the Indian market
- Achieved efficient cold air circulation and excellent durability
- Released in October 2019



Dishwasher (Door type)

- Models for the Southeast Asian market
- Washing performance and energy-saving are the same as Japanese products
- Achieved high spec and competitive price
- Released in August 2019





III. Business forecast for FY 2020

HOSHIZAKI

Business forecast for FY 2020

- It is fairly difficult to calculate rational business forecast due to the uncertain timing of the end of new coronavirus infections. Therefore we have not yet decided on full-year consolidated earnings forecasts for the fiscal year ending December 31, 2020. We will announce it as soon as we can reasonably calculate the consolidated forecast.

	FY 2019 results		FY 2020 forecast, Feb 10th, 2020		FY 2020 forecast, May 11th, 2020	
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)
Sales	290,136	100.0	302,500	100.0	-	-
Gross profit	109,464	37.7	116,000	38.3	-	-
Selling, general and administrative expenses	76,799	26.5	80,000	26.4	-	-
Operating income	32,664	11.3	36,000	11.9	-	-
Ordinary income	34,224	11.8	37,800	12.5	-	-
Profit attributable to owners of parent	24,437	8.4	26,300	8.7	-	-



Status of major production and sales office in each region

- Sales companies in Japan started Home office, although their activities are somewhat limited.
- Against factory closure, we are trying to minimize the impact of production suspension by alternative procurement from other factories and rearrangement of inventory.
- Production and sales office other than the below list are operating normally, complying with the government policies of each country and implementing infection prevention measures.

	Segment (Country)	Status
Sales companies in Japan	Japan (Japan)	Started Home office in the prefecture where the emergency declaration was issued
HOSHIZAKI AMERICA,INC.	Americas (USA)	Factory close (March 26-April 27)
HOSHIZAKI EUROPE LIMITED	Europe and Asia (UK)	Factory close (March 24-April 19)
Western Refrigeration Private Ltd	Europe and Asia (India)	Factory close (March 23-early May)
Sales companies in Europe and South East Asia	Europe and Asia	Started Home office from March to May





IV. Company profile and overview business

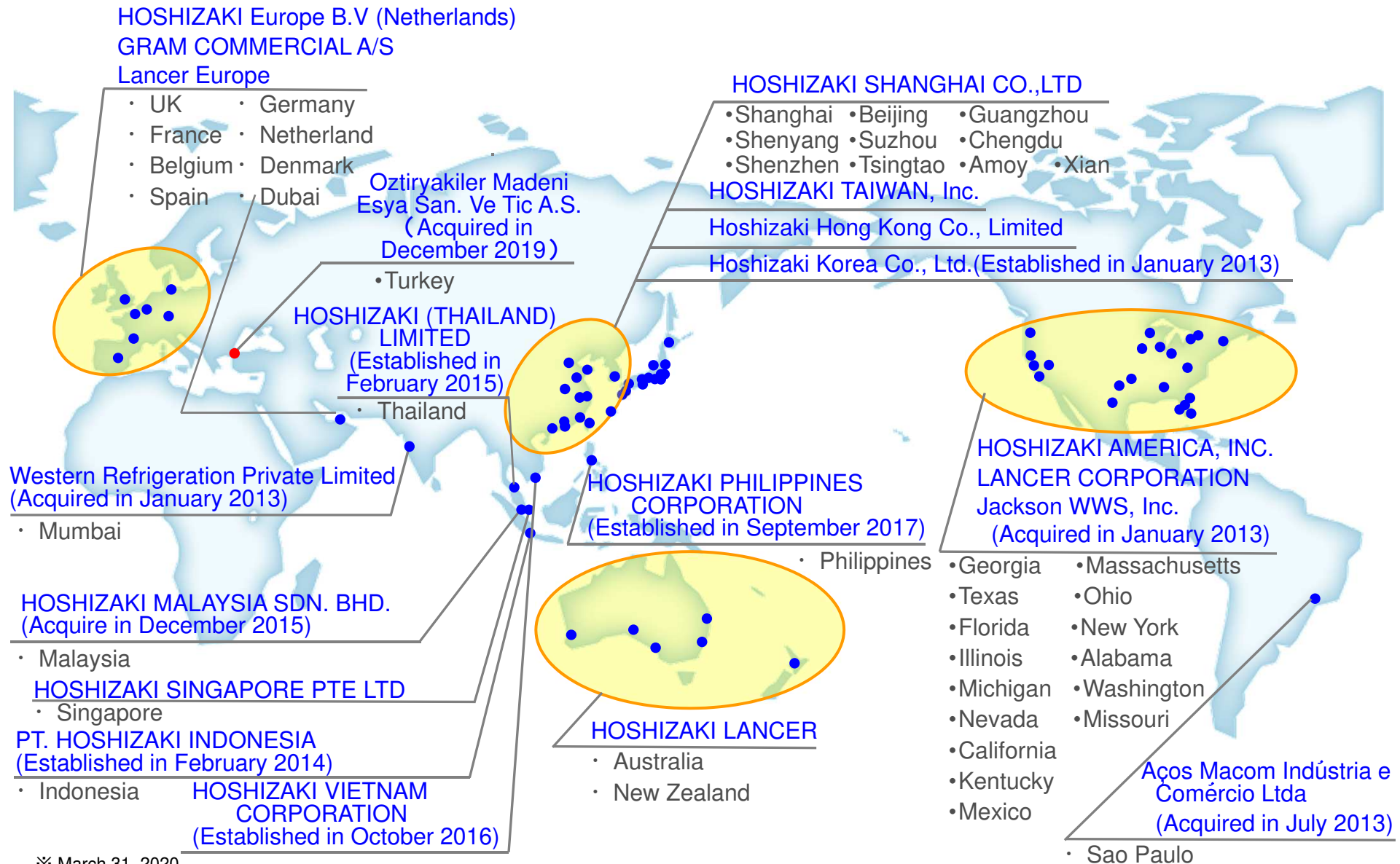
HOSHIZAKI

Company profile

- Company name : HOSHIZAKI CORPORATION
- Head Office : 3-16 Minamiyakata, Sakae-cho, Toyoake-shi, Aichi
- Representative : Yasuhiro Kobayashi,
Representative Director, President & COO
- Establishment : February 1947
- Business : Research and development, manufacturing and sales of commercial kitchen appliances & equipment.
- Capital stock : 8,021 million yen (fiscal year ended March 31, 2020)
- Consolidated business performance : Sales : 290,136 million yen
(fiscal year ended December 31, 2019) Operating profit : 32,664 million yen
Profit attributable to owners of parent : 24,437 million yen
- Number of consolidated group companies : 51 companies
(18 companies in Japan, 13 companies in Americas, 20 companies in Europe and Asia)
(fiscal year ended March 31, 2020 *Including HOSHIZAKI CORPORATION)
- Number of employees : 1,170 persons (HOSHIZAKI CORPORATION)
12,905 persons (Group total) (fiscal year ended March 31, 2020)
- Number of sales offices in Japan : 436 places (fiscal year ended March 31, 2020)



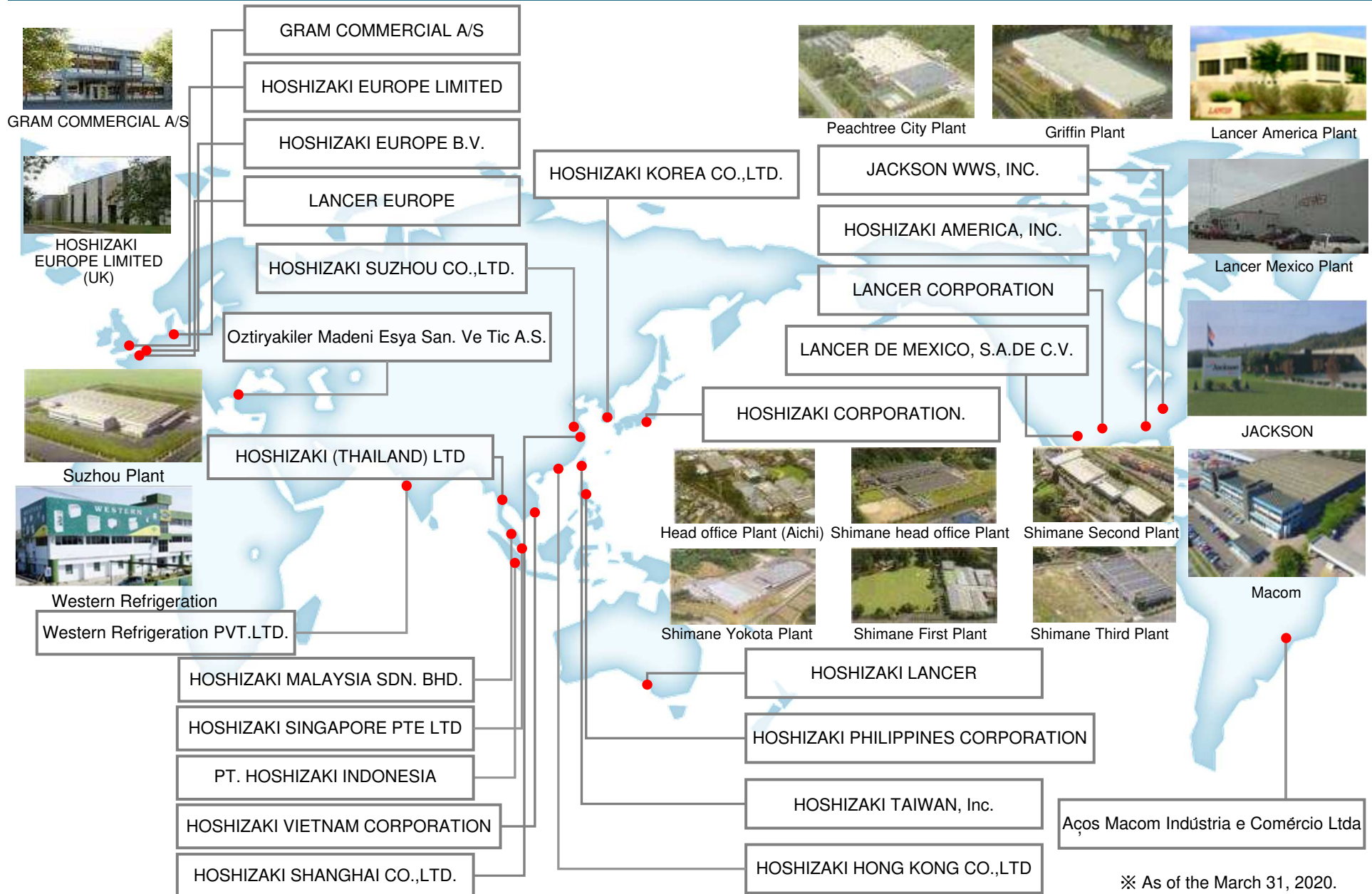
In overseas : Expanding the sales network



※ March 31, 2020.



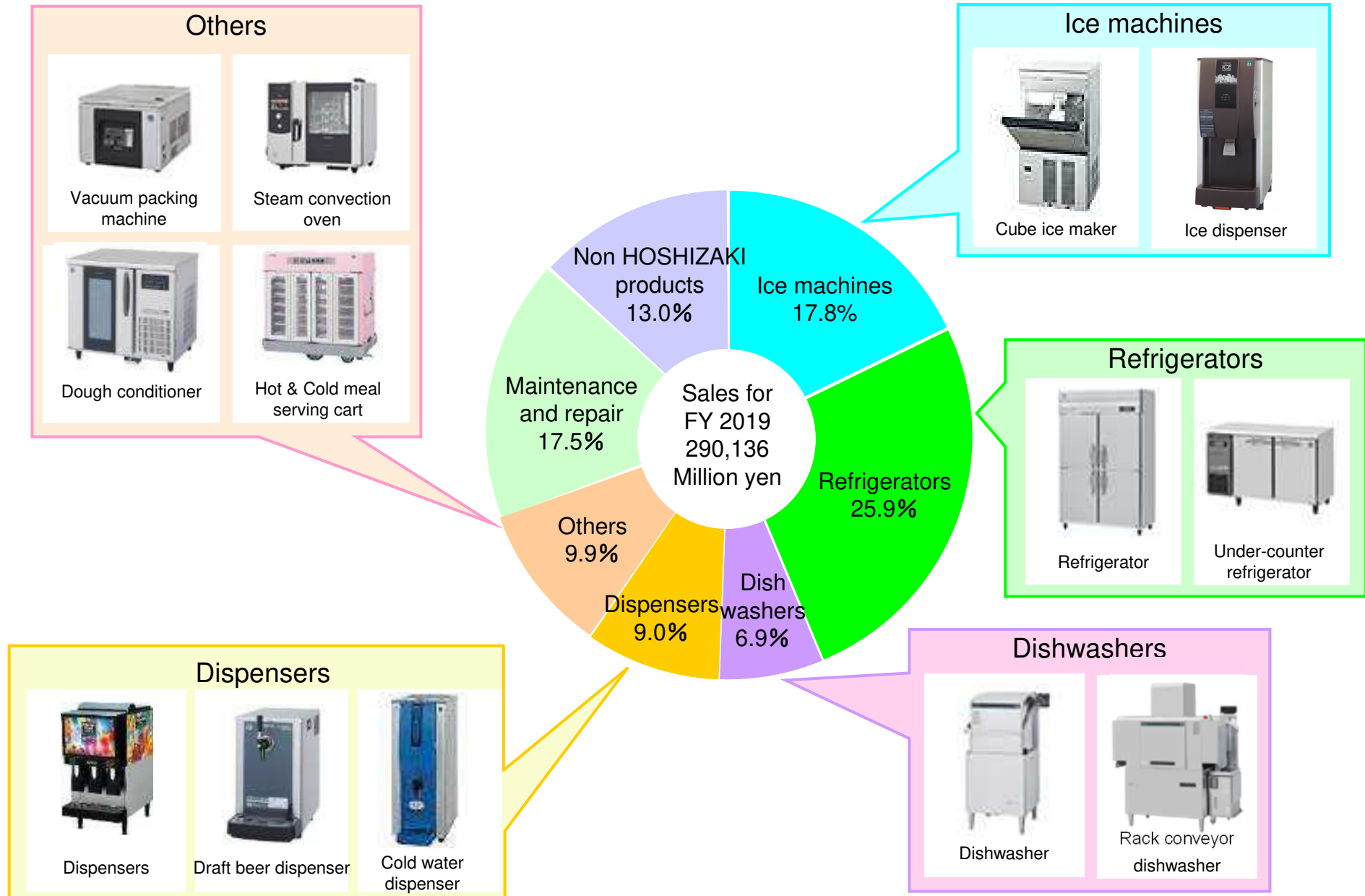
Global network, production and sales offices



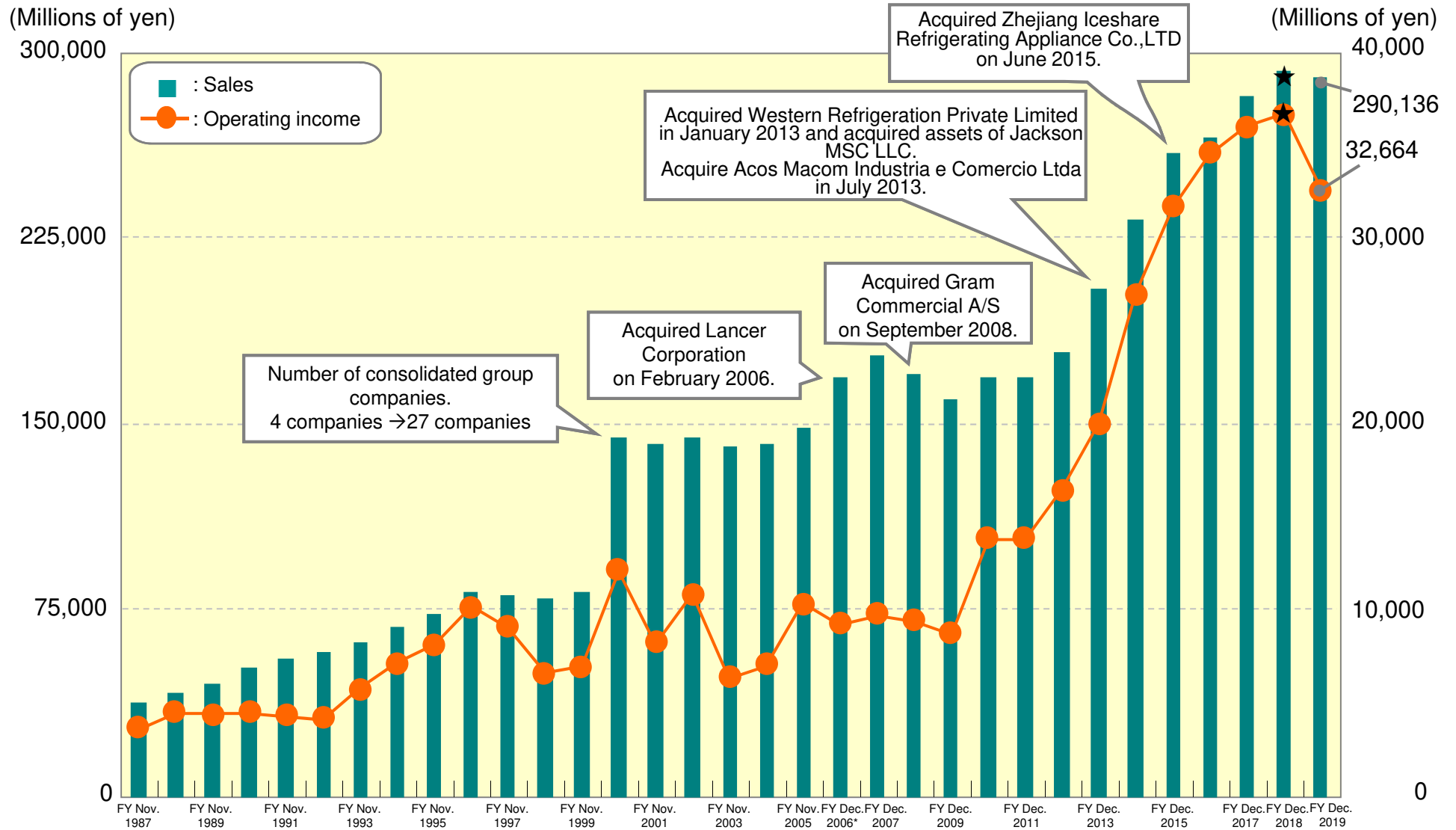
※ As of the March 31, 2020.



Main product group and sales breakdown



Long-term business performance consolidated basis



★ Recorded a record sales and operating income.

* 12-month equivalent



Notes on the appropriate use of this document

- This document includes the forward-looking statements and data concerning business performances, strategies, and business plans of HOSHIZAKI CORPORATION (“the Company”).
- The forward-looking statements and data in this document are not historical facts, but the Company’s forecast based on currently available information.
- Because potential risks and uncertain factors, such as economic trends, competition with other companies, are included in this document, please be noted that actual business performance, business development, and financial situation of the Company may differ significantly from the forecast due to various factors, such as future economic trends, competition in the industry, market demand, other economic, social, and political situations.
- This presentation is an English translation of the material initially written in Japanese, which should be considered to be the primary version.

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