



For Website

Summary of business performance
The second 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)

August 7, 2020

HOSHIZAKI

Table of contents

I . Financial results for FY 2020 2Q : P.2-15

II . Key factors of financial results for FY 2020 2Q : P.16-25

III . Business forecast for FY 2020 : P.26-27

III . Company profile and overview of business : P.28-34



I . Financial results for FY 2020 2Q

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Foreign exchange rates

	FY 2019 2Q		FY 2019		FY 2020 2Q		Forecast of FY 2020, Aug 7th, 2020	
	Results		Results		Results			
	Average of period	End of period	Average of period	End of period	Average of period	End of period	Average of period	End of period
US dollar	110.0	107.7	109.0	109.5	108.2	107.7	107.0	107.0
Pound	142.4	136.5	139.1	143.4	136.5	132.5	135.0	135.0
Euro	124.3	122.4	122.0	122.5	119.3	121.0	120.0	120.0
Singapore dollar	80.9	79.6	79.9	81.0	77.4	77.3	77.0	77.0
Chinese yuan	16.2	15.6	15.7	15.6	15.3	15.2	15.3	15.3
Denmark krone	16.6	16.4	16.3	16.4	15.9	16.2	16.1	16.1
Taiwan dollar	3.5	3.4	3.5	3.6	3.6	3.6	3.6	3.6
Hong Kong dollar	14.0	13.7	13.9	14.0	13.9	13.9	13.8	13.8
Indian rupee	1.58	1.57	1.56	1.54	1.47	1.44	1.45	1.45
South Korean won	0.0962	0.0933	0.0937	0.0946	0.0899	0.0900	0.0890	0.0890
Brazillian real	28.6	28.1	27.6	27.1	22.3	19.6	21.2	21.2
Indonesian Rupiah	0.0078	0.0077	0.0077	0.0079	0.0075	0.0076	0.0074	0.0074
Thai Baht	3.4	3.5	3.5	3.6	3.4	3.4	3.4	3.4
Malaysia Ringgito	26.7	26.0	26.3	26.5	25.4	25.1	25.3	25.3
Viet Nam Dong	0.0047	0.0046	0.0047	0.0047	0.0046	0.0046	0.0046	0.0046
Philippine Peso	2.13	2.12	2.12	2.17	2.16	2.18	2.17	2.17

Summary of financial results for FY 2020 2Q

■ Sales: 121 billion yen (19.1% decreased year-on-year)

- ☐ Japan: 86.2 billion yen (11.9% decreased)
- ☐ Overseas: 34.8 billion yen (32.7% decreased) Overseas sales ratio: 28.7% (5.8% decreased)

*Calculated based on reporting segments: "Americas" and "Europe and Asia"

- ☐ In Japan: Sales decreased due to limited sales activities caused by the spread of new coronavirus infections. By customers, many industries, including restaurants as our main customers were lower than the previous fiscal year.
- ☐ In Overseas: Sales decreased in all segments due to the spread of new coronavirus infections.

■ Operating income: 10.5 billion yen (43.4% decreased, Operating income percentage 8.7%)

- ☐ Japan: 9.2 billion yen (27.5% decreased, Operating income percentage 10.7%)
- ☐ Overseas: 1.5 billion yen (76.3% decreased, Operating income percentage 4.4%)

*Calculated based on reporting segments: "Americas" and "Europe and Asia"

- ☐ In Japan and Overseas: Implemented thorough cost reduction measures in response to the significant decline in profit caused by new coronavirus infections.

■ Ordinary income: 10 billion yen (45.6% decreased)

- ☐ Foreign exchange losses of 1.4 billion yen from deposits in foreign currencies were recorded as non-operating expense.
(1.2 billion yen of foreign exchange gains were recorded in the previous fiscal year.)

■ Profit attributable to owners of parent: 6.4 billion yen (49.3% decreased)



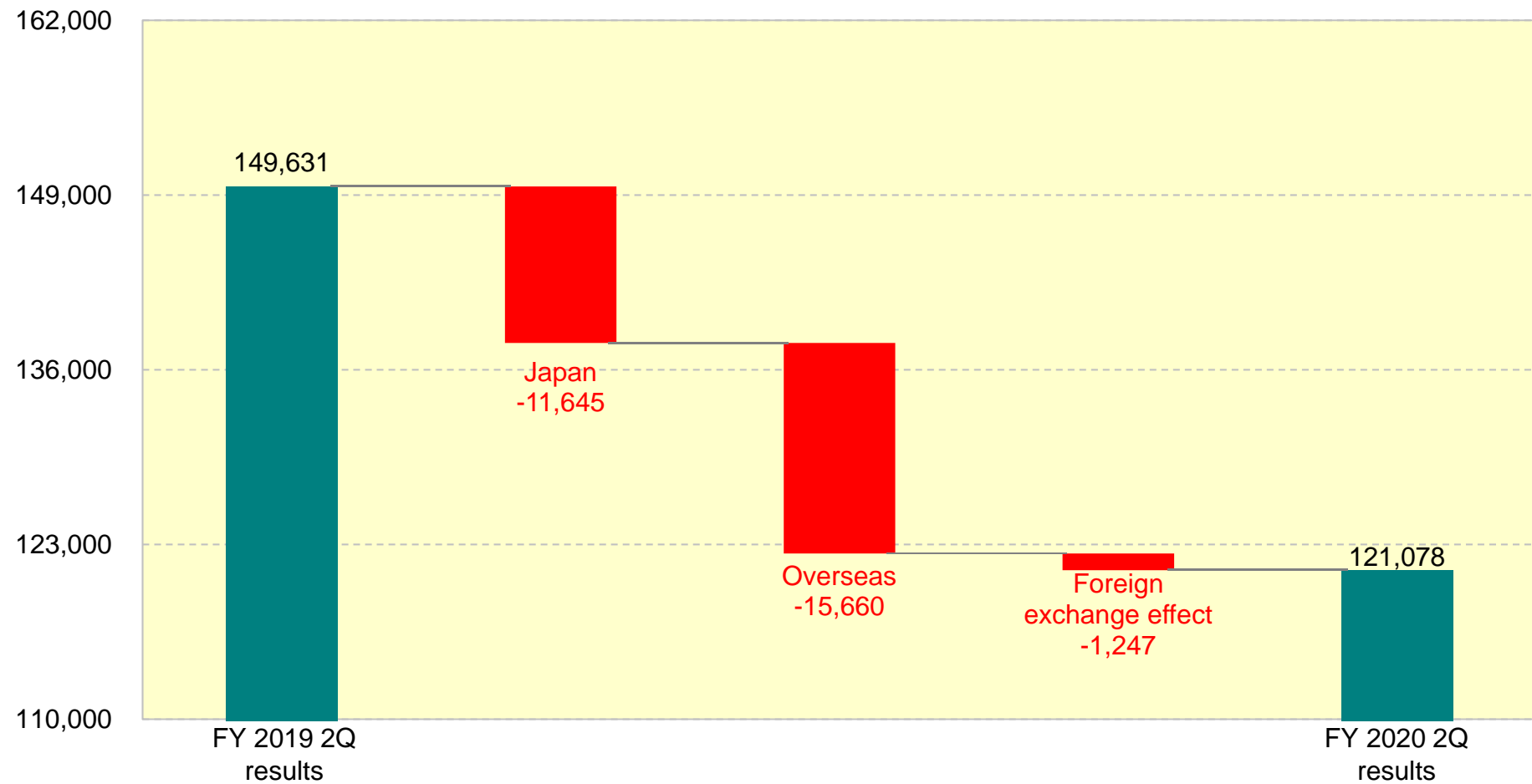
Consolidated business performance

	FY 2019 2Q results		FY 2020 2Q results			
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year	
					Change (Millions of yen)	Percentage (%)
Sales	149,631	100.0	121,078	100.0	-28,553	80.9
Cost of sales	92,642	61.9	75,472	62.3	-17,170	81.5
Gross profit	56,988	38.1	45,606	37.7	-11,382	80.0
Selling, general and administrative expenses	38,357	25.6	35,062	29.0	-3,294	91.4
Operating income	18,631	12.5	10,543	8.7	-8,087	56.6
Ordinary income	18,451	12.3	10,031	8.3	-8,420	54.4
Profit attributable to owners of parent	12,800	8.6	6,484	5.4	-6,315	50.7

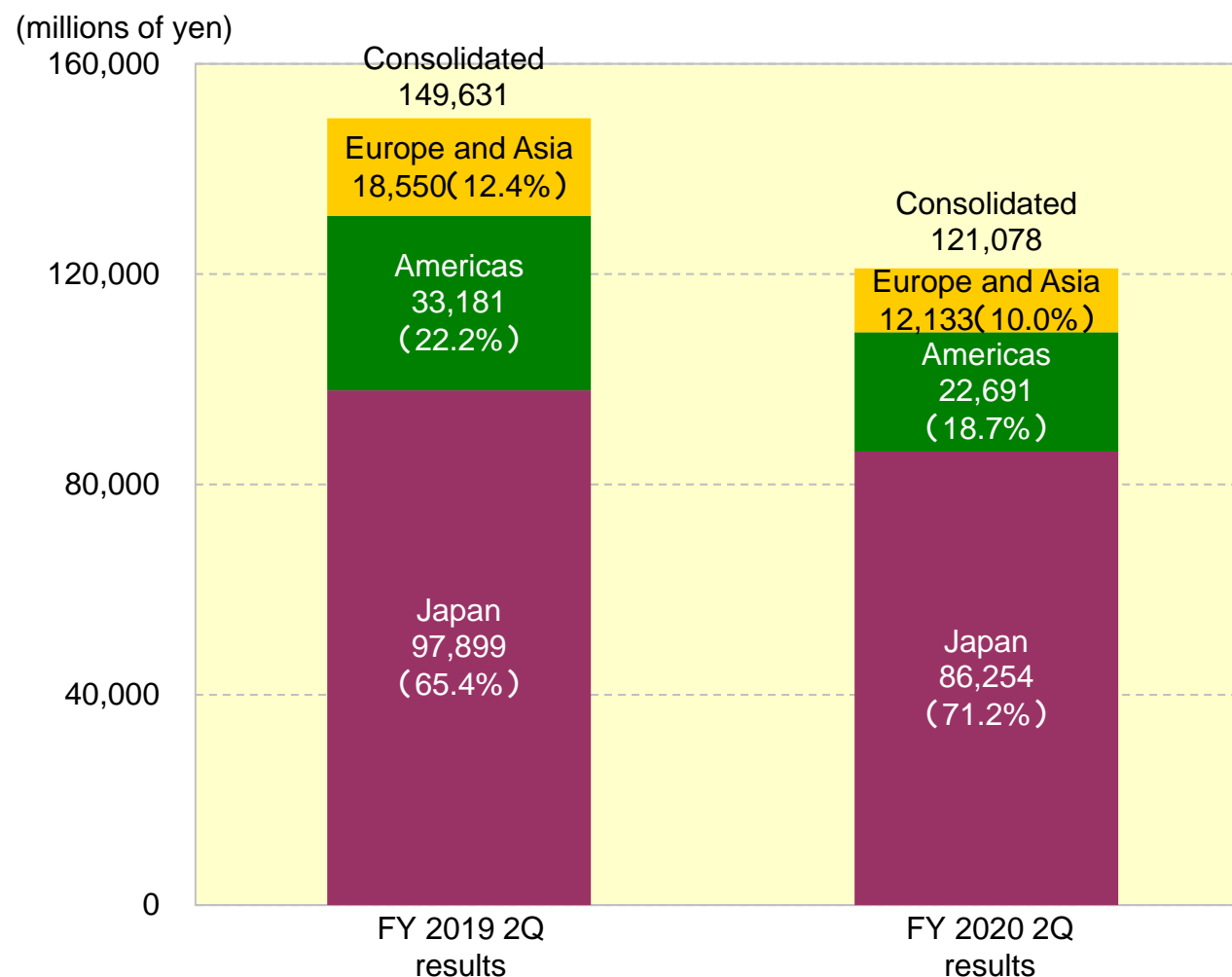


Factors for change in consolidated sales by Japan and overseas

(Millions of yen)



Year-on-year comparison of sales by reporting segments



*Figures in parenthesis indicate component percentages.

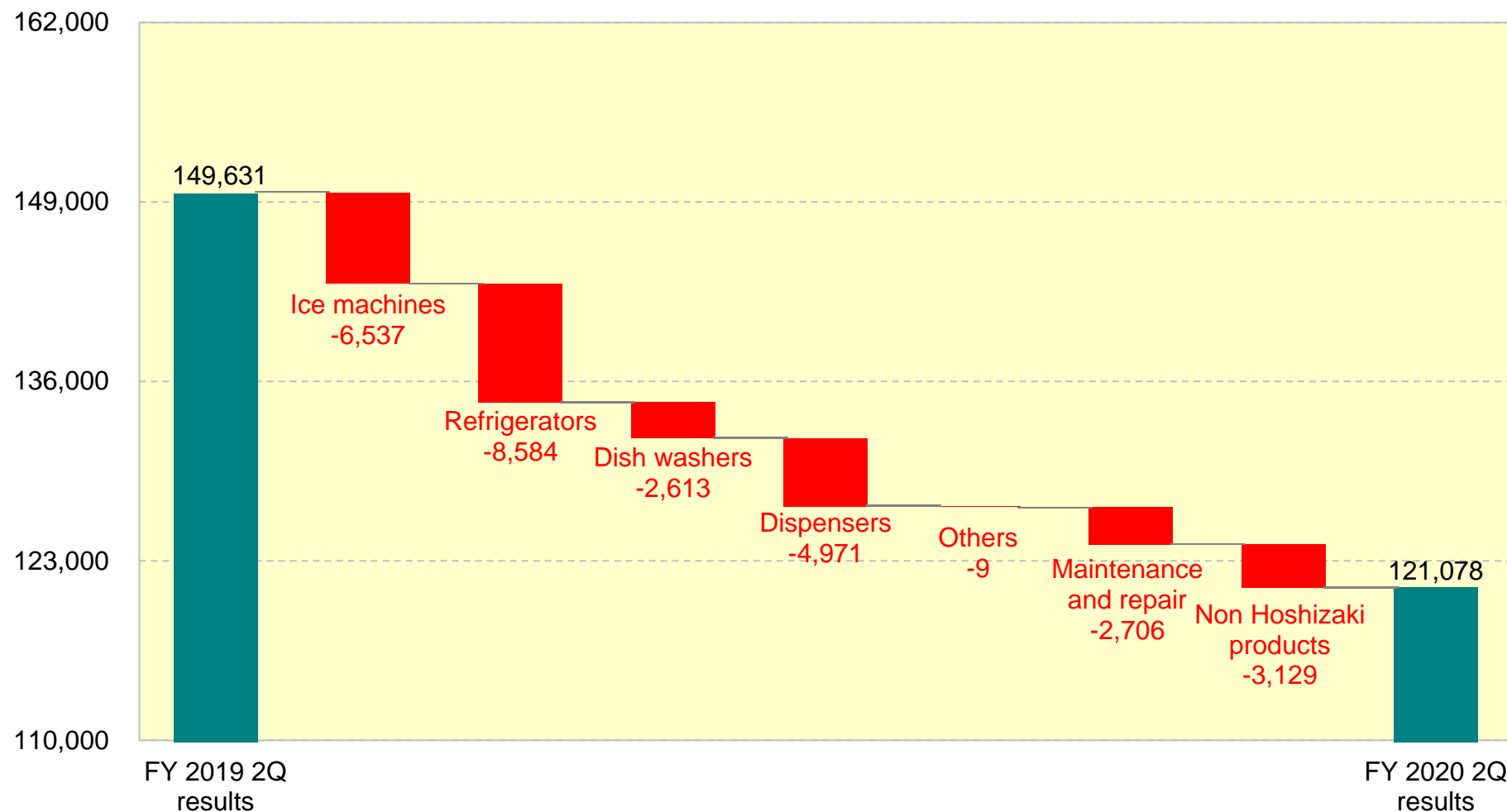
Classified according to the location of the head offices. (e.g. Lancer Europe is included in "Americas")

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

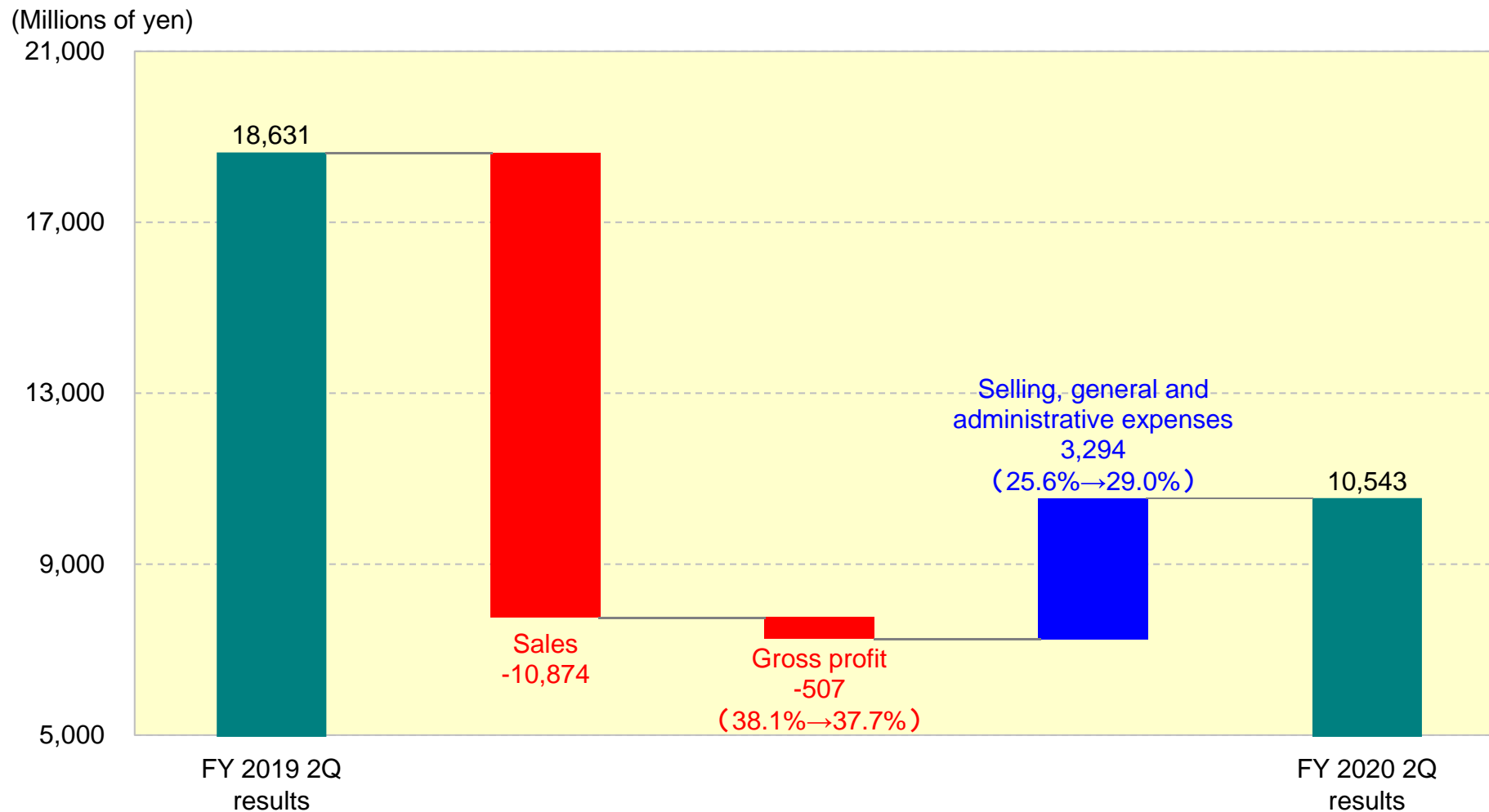


Factors for change in consolidated sales by product groups

(Millions of yen)



Factors for change in consolidated operating income

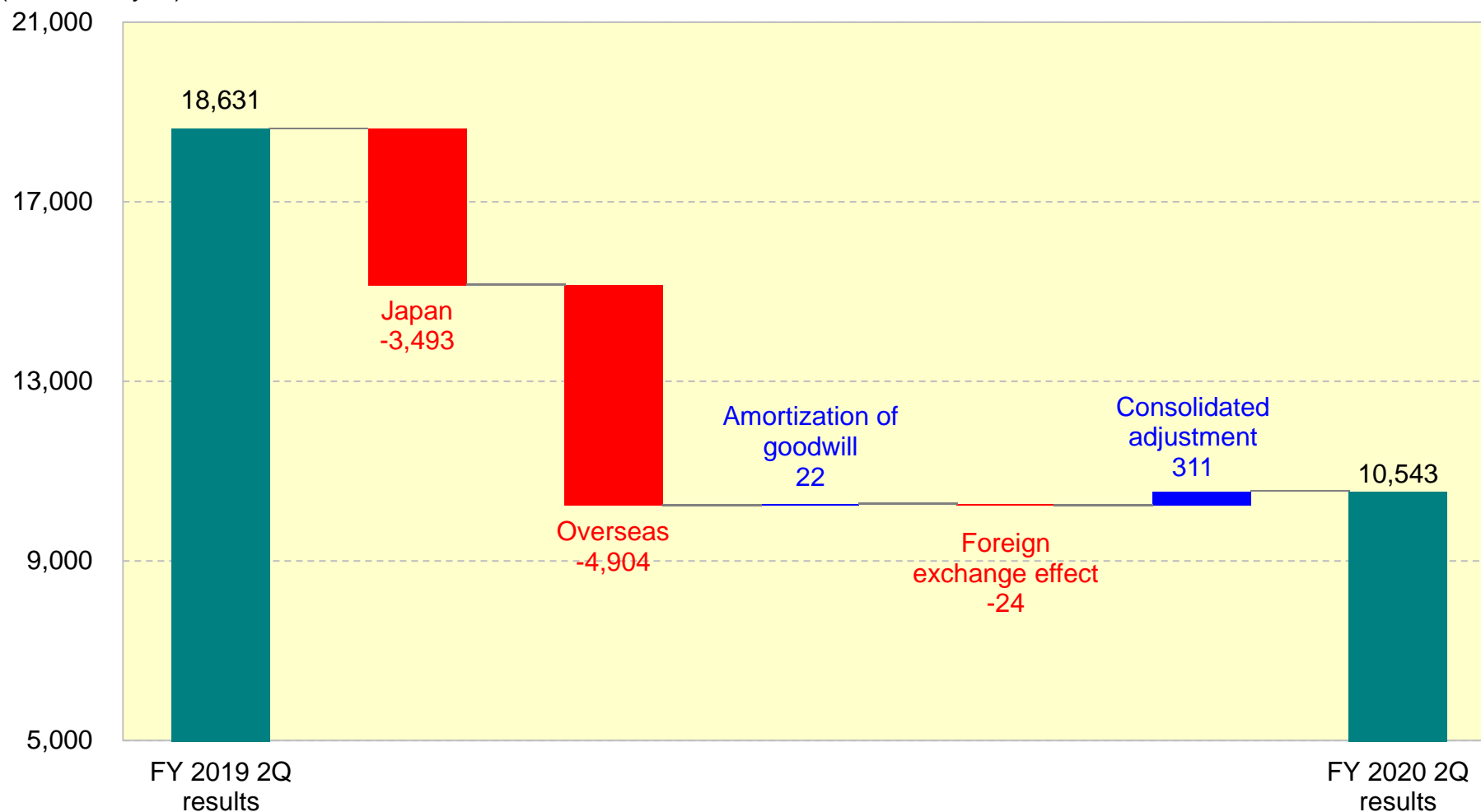


*Percentages in parenthesis indicates the ratio to sales.

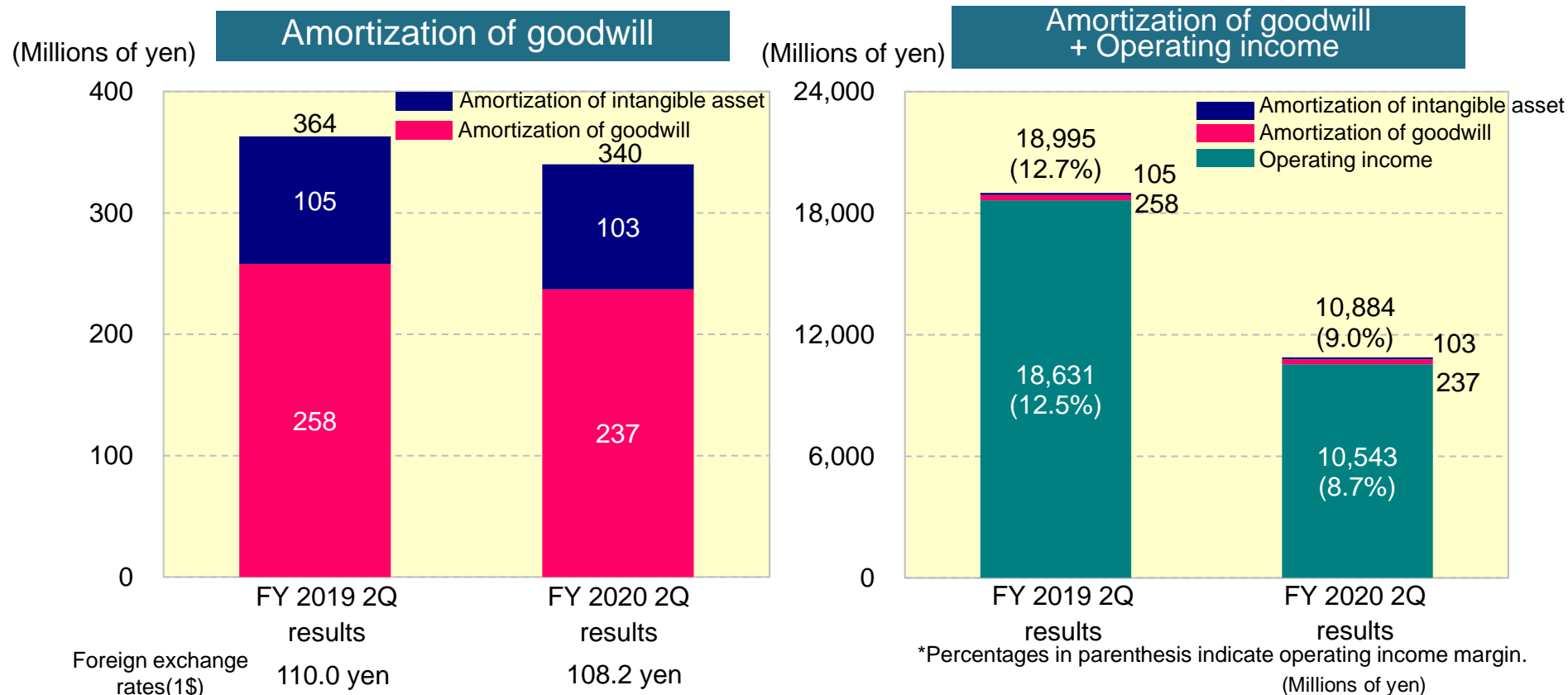


Factors for change in consolidated operating income by Japan and overseas

(Millions of yen)



Impact of goodwill amortization



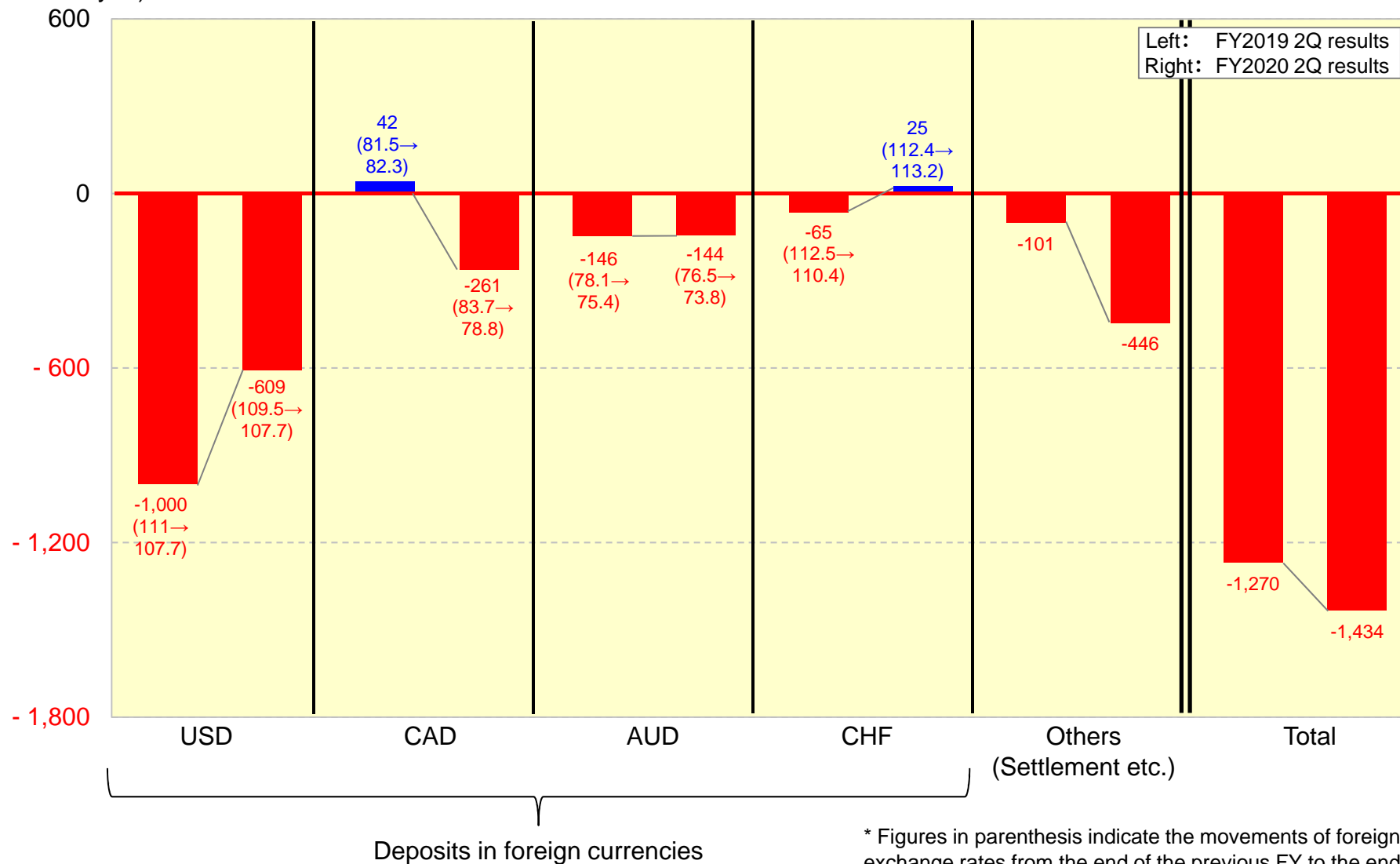
The recognition of goodwill and intangible assets		Amortization of goodwill and intangible assets imparment	
• LANCER	(Feb.2006 M&A : 17,451 Amortized over 10-year period)	• Macom	(in 2014 : 3,186)
• GRAM	(Sep.2008 M&A : 6,759 Amortized over 12-year period)		(in 2015 : 1,791)
• Western	(Jan.2013 M&A : 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 2Q.



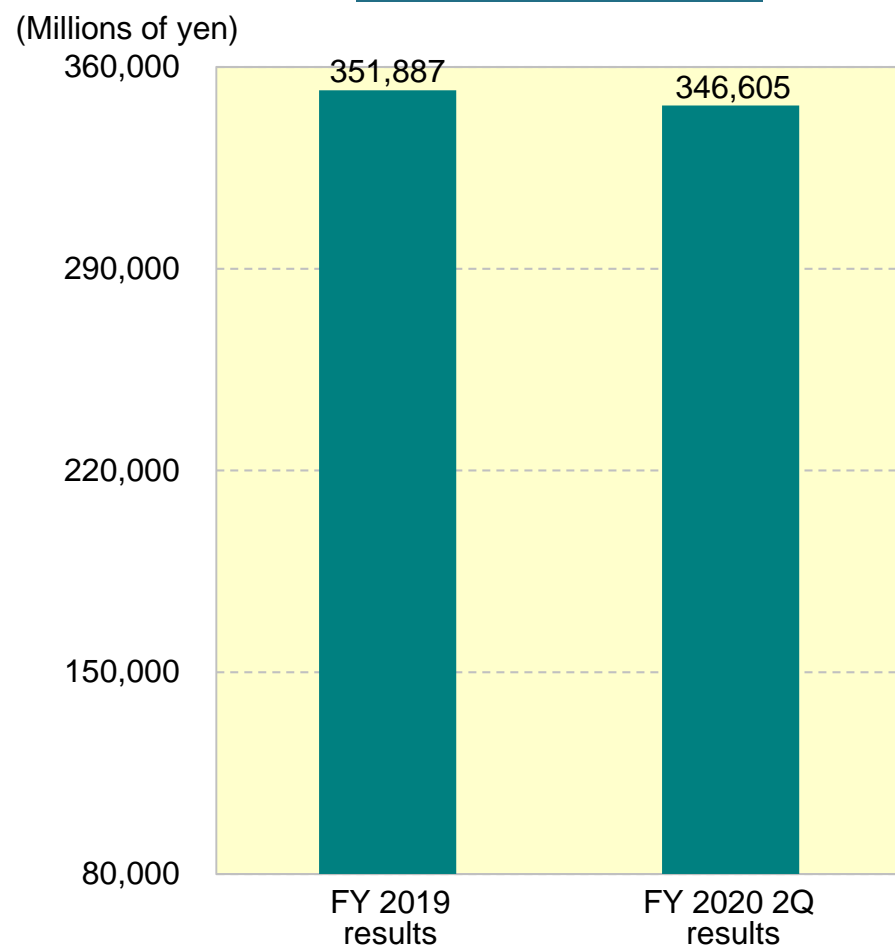
Consolidated balance sheet

	FY 2019 results		FY 2020 2Q results		
	Amount (Millions of yen)	Component percentage (%)	Amount (Millions of yen)	Component percentage (%)	Change (Millions of yen)
Current assets	281,343	80.0	275,615	79.5	-5,728
(Cash and cash equivalents)	215,314	61.2	214,274	61.8	-1,039
(Notes and accounts receivable-trade)	31,708	9.0	28,569	8.2	-3,139
(Inventories)	30,336	8.6	28,132	8.1	-2,204
Non-current assets	70,543	20.0	70,989	20.5	446
Total assets	351,887	100.0	346,605	100.0	-5,281
Current liabilities	86,878	24.7	86,413	24.9	-464
(Notes and accounts payable-trade)	16,555	4.7	12,481	3.6	-4,073
(Advances received)	26,829	7.6	25,553	7.4	-1,275
Non-current liabilities	22,970	6.5	22,871	6.6	-98
Total liabilities	109,848	31.2	109,285	31.5	-563
Total net assets	242,038	68.8	237,319	68.5	-4,718
Total liabilities and net assets	351,887	100.0	346,605	100.0	-5,281
Cash and deposits (including long-term time	215,093		212,562		-2,531

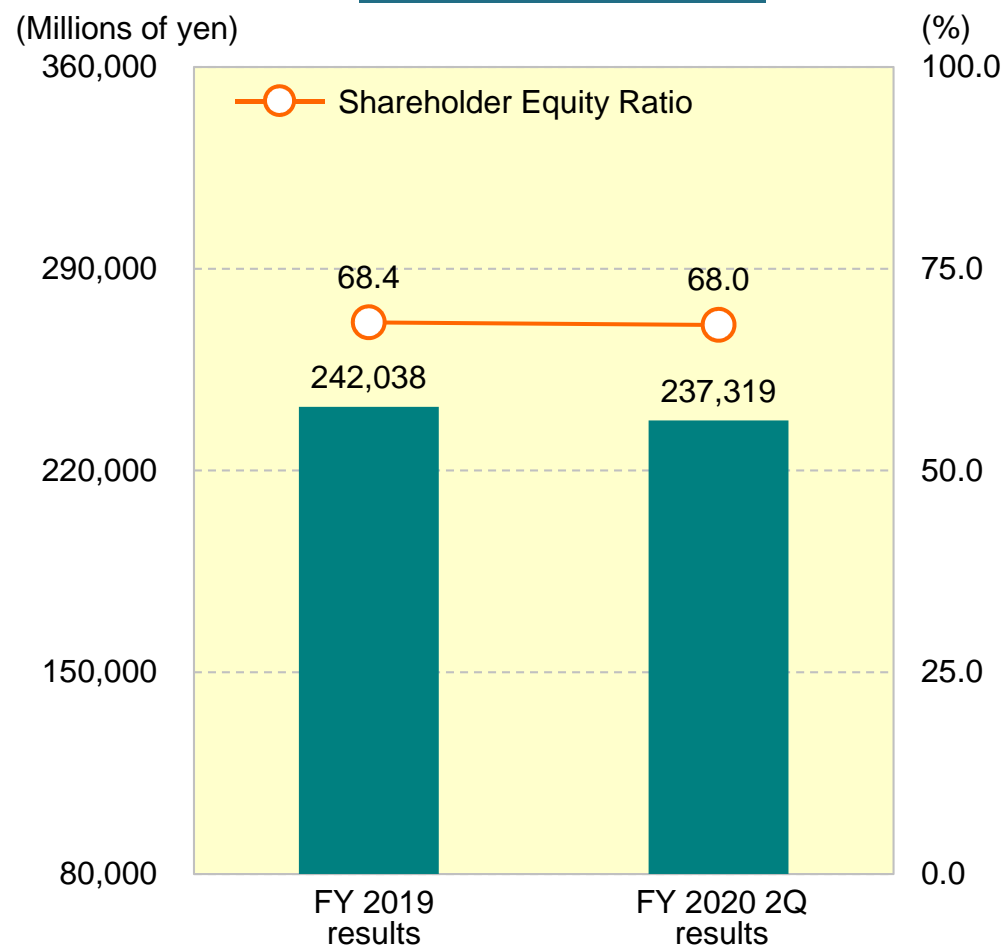


Comparison of consolidated total assets and net assets

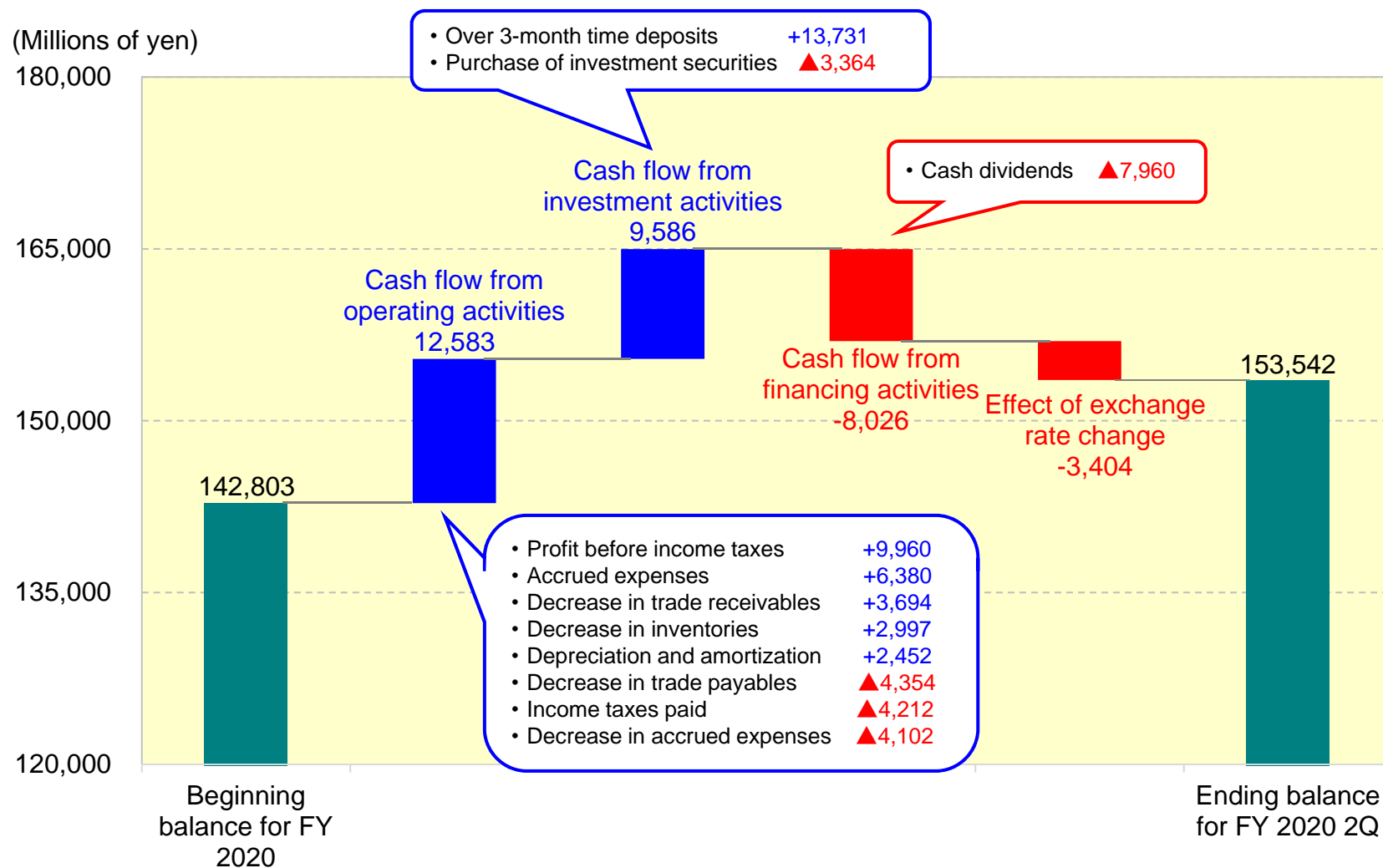
Total assets



Net assets



Factors for change in consolidated cash flow



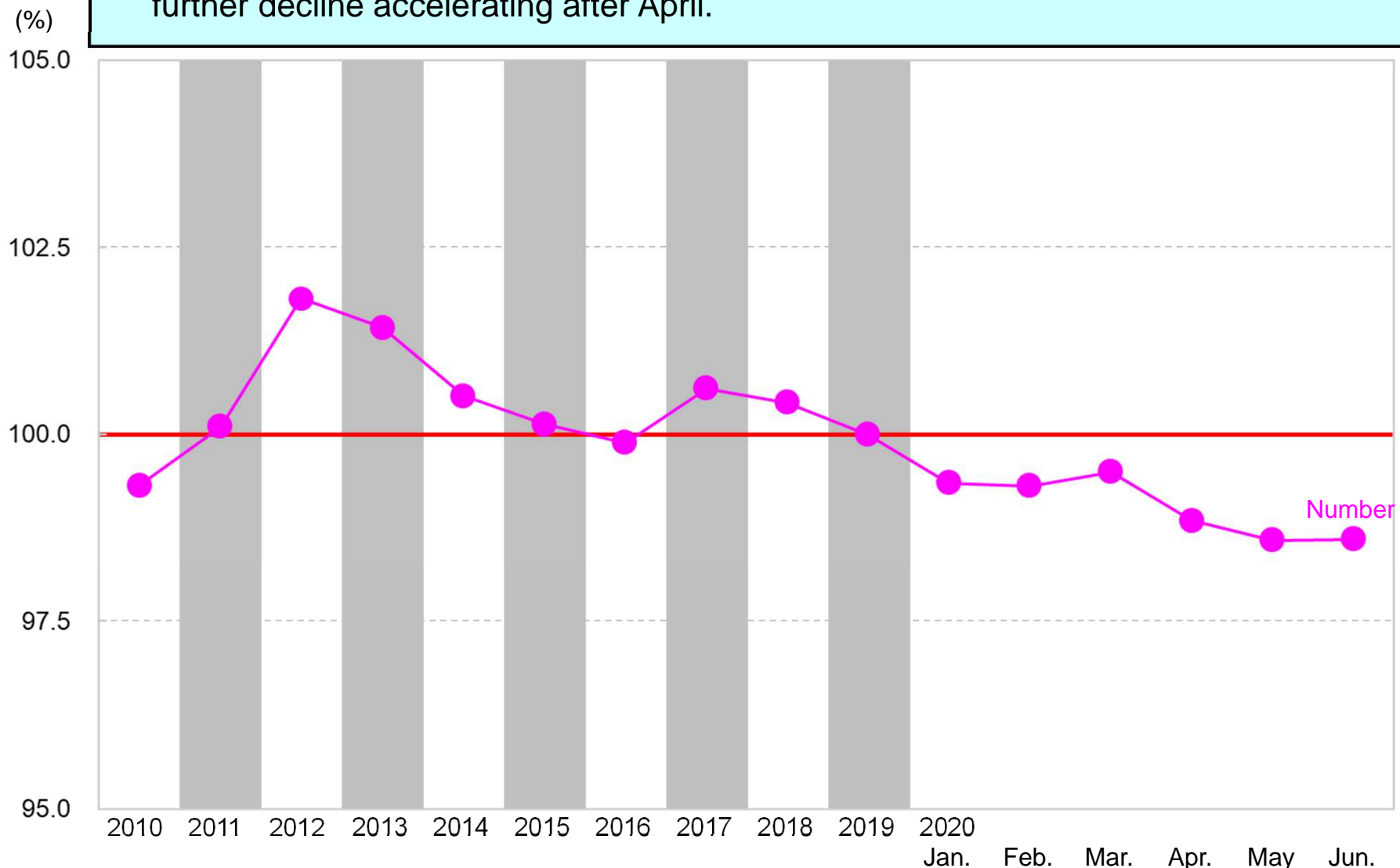


Ⅱ . Key factors of financial results for FY 2020 2Q

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

- The number of main restaurant chains is on a downward trend from 2020, with a further decline accelerating after April.

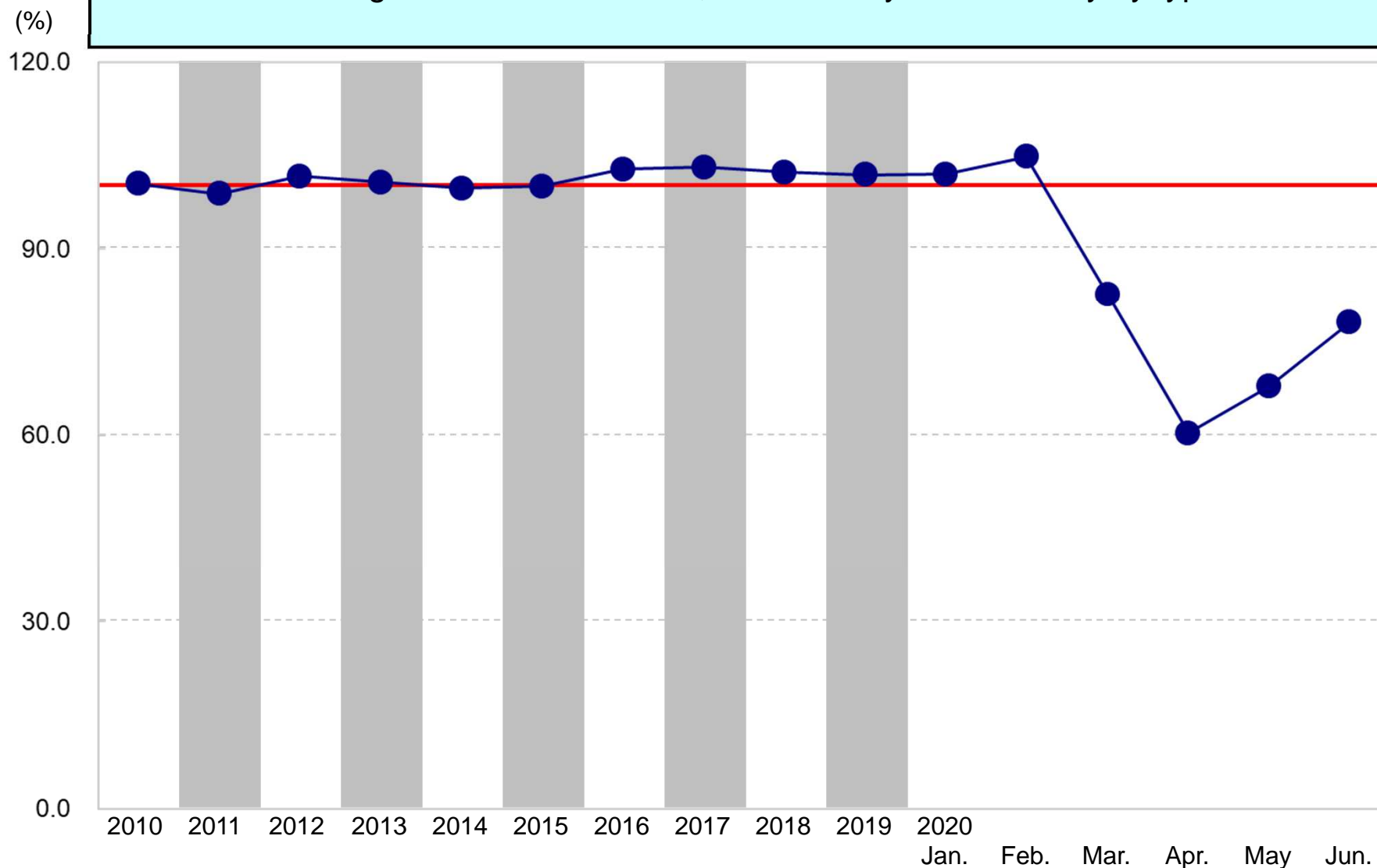


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



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

- While sales began to recover in June, the recovery varied widely by type of business.

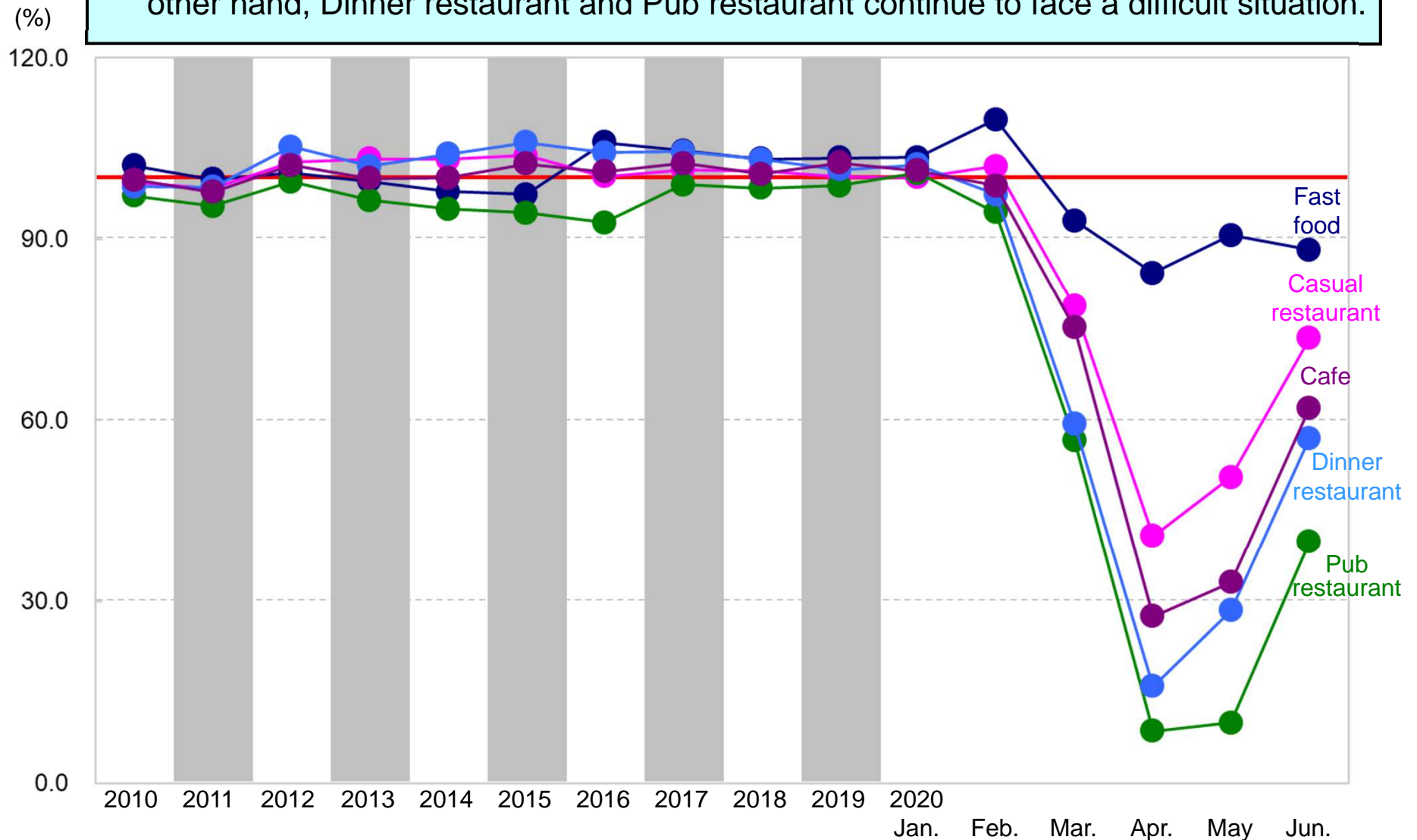


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



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

- Fast food and family restaurant are recovering due to demand for take-out. On the other hand, Dinner restaurant and Pub restaurant continue to face a difficult situation.

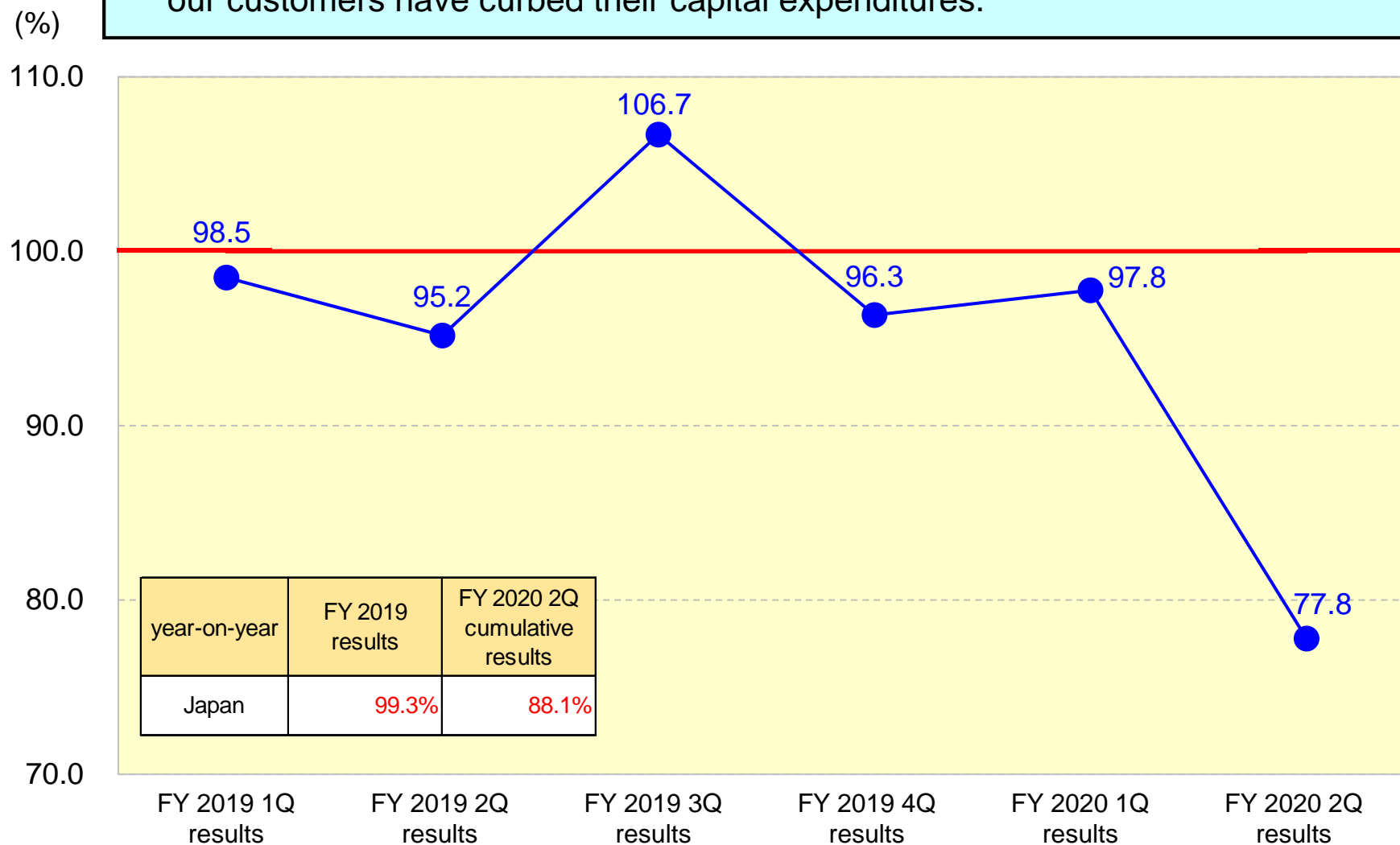


(Source: Japan Food Service Association "Trend Survey on the Food-Service Industry Annual Data")



In Japan: Year-on-year change in sales

- After the declaration of a state of emergency, our sales activities were limited and our customers have curbed their capital expenditures.



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

Expanding business in existing markets



Ice machine

- Model changes to our flagship
- Anti-bacterial handle
- Will be released in October 2020



Reach-in display case refrigerator

- Eliminate door gaskets and make them maintenance free "First in the industry"
- Improved energy-saving performance
- Control of condensation on top of the chamber
- Will be started mass production in November 2020



Steam convection oven

- Added lineups of luxury model (10 shelves type)
- Automatic cleaning function, touch panel, and other automatic cooking functions
- Will be started mass production in September 2020



Dishwasher

- Compact and space-saving with a built-in high-efficiency gas booster
- No. 1 in the industry in terms of number of racks processed
- Model with low heat dissipation in the kitchen
- Make-to-order production

Developing new markets



Rapid chiller

- Dryer function with automatic opening and closing door "First in the industry"
- Improved operability and sanitairiness
- Will be released in September 2020



"Thickened" tea dispenser

- Extracts "thickened" tea preventing miswallowing for old people.
- Makes uniform "thickening" with the push of a button
- Reduces the work load for hospitals and nursing home staff
- Released in July 2020



Water electrolyzer

- Certified as designated controlled medical "class II" devices
- Be effective in disinfecting bacteria
- Used for hand washing by medical personnel
- Will be started to Order in October 2020

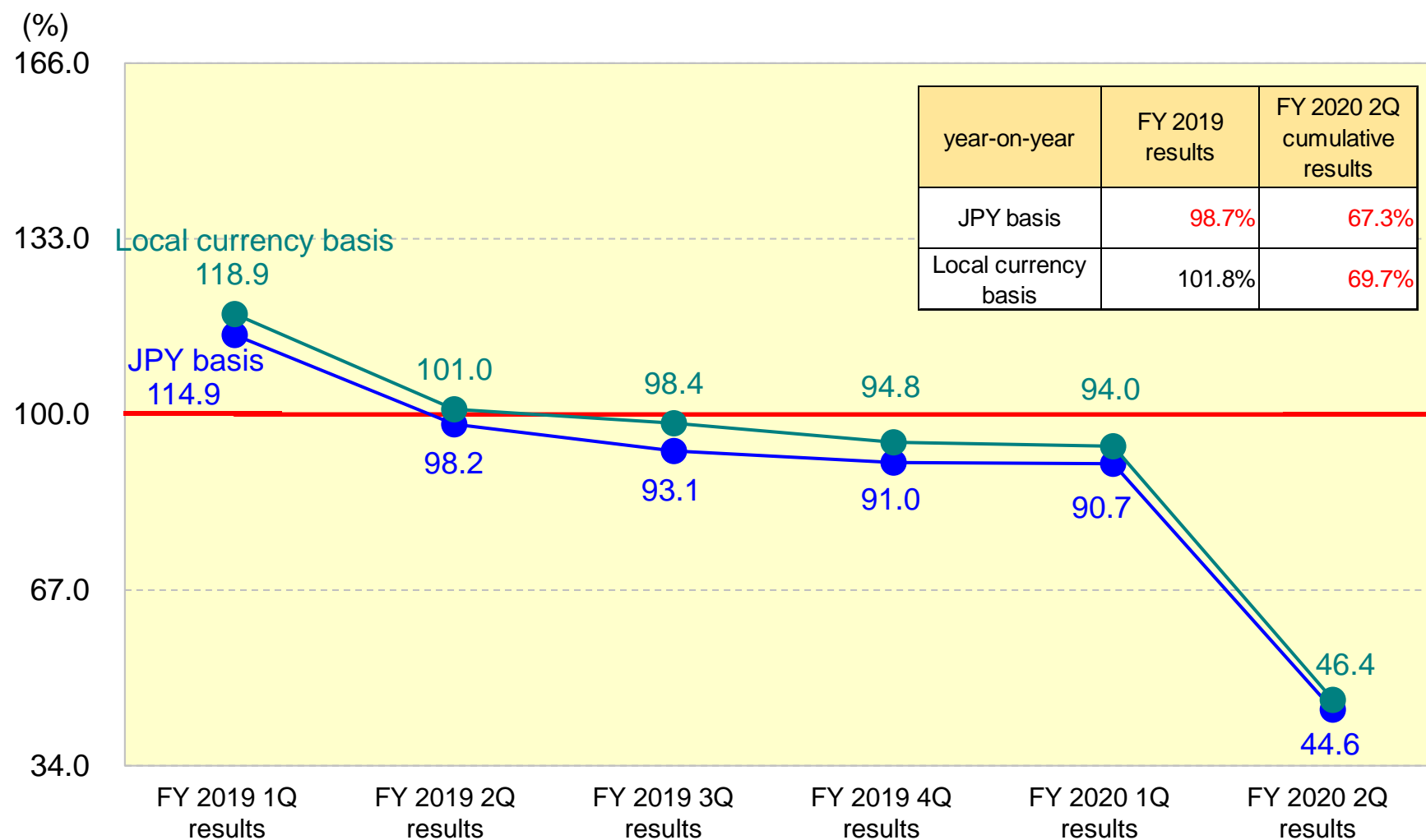


Cold cart

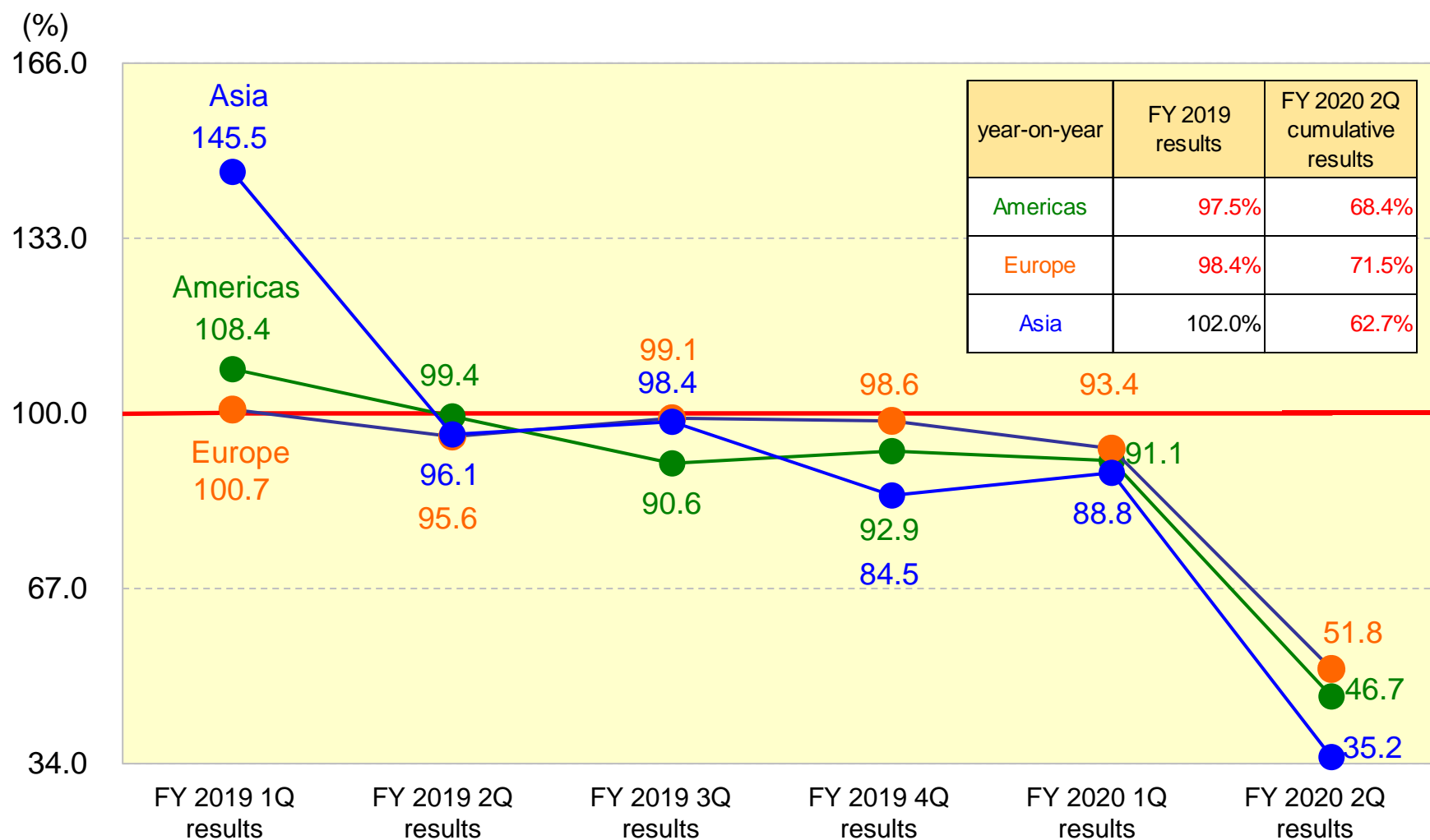
- Easy to handle and the shelf spacing can be changed to suit the items being stored
- Used in hotels and restaurants for serving food
- Started to Order in April 2020



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



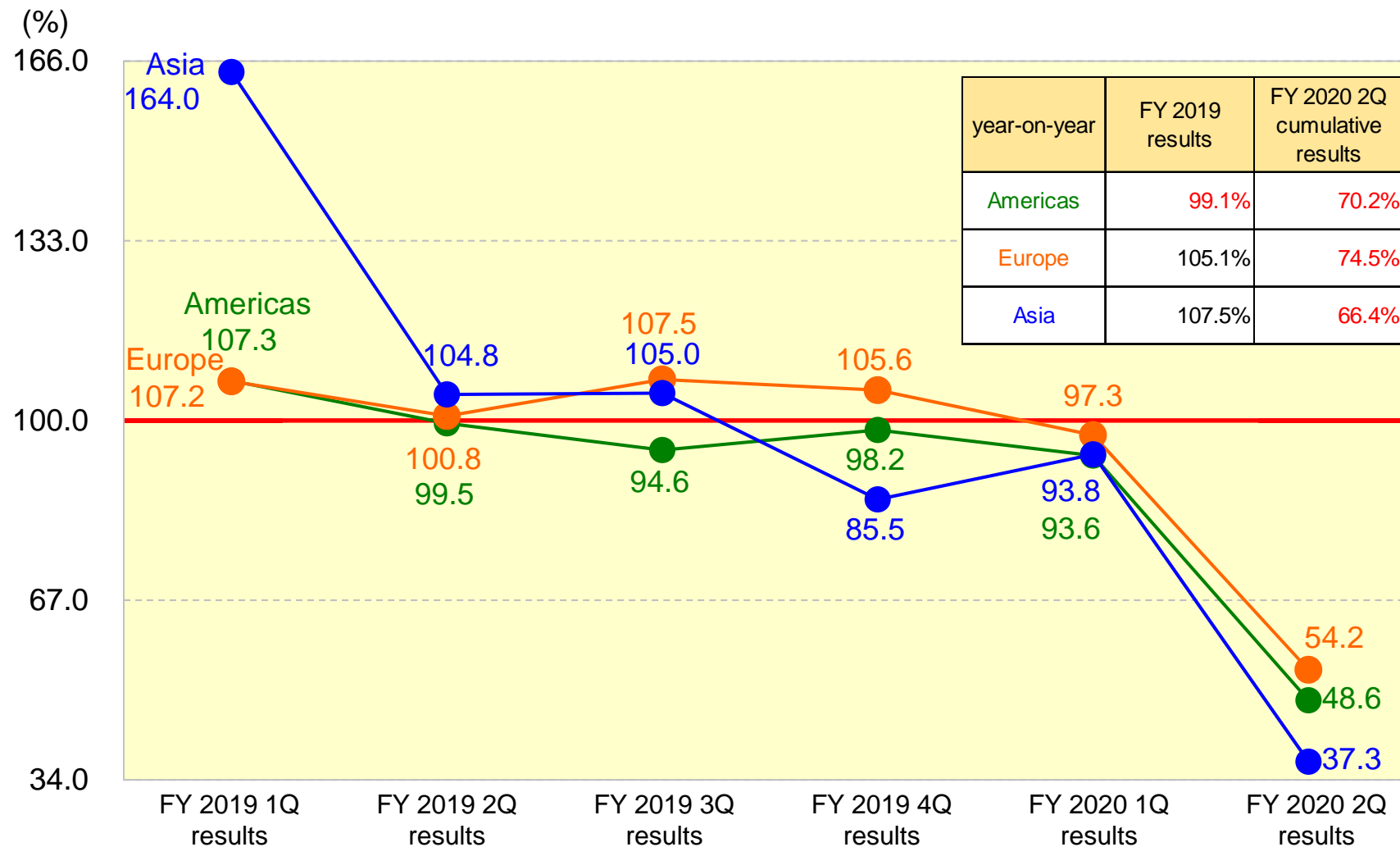
In overseas: * Year-on-year change in sales by area on Japanese yen basis



* : 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
- Released in July 2020



Touchless dispenser

- Extract ice and cold water without touching the machine
- Can be used widely in hotel lobbies, nurses' stations, cafeterias, etc.
- Released in July 2020

Europe



Non-Freon Ice machine

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



Automatic beer dispenser

- Adjustment of jug stand operation and cup count function
- The included cover enhances the design of the control panel, making it suitable for self-service use
- Will be started mass production in September 2020

Asia



Refrigerator

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



Ice machine

- Models for India and abroad
- Competitive pricing
- Ice can be made from bottled water as well as tap water
- Will be released in September 2020





Ⅲ. Business forecast for FY 2020

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Business forecast for FY 2020

- The consolidated financial forecast for the fiscal year ending December 31, 2020, has been undetermined, as it is difficult to make a reasonable forecast due to the impact of the spread of new coronavirus infections. However, we announces its consolidated financial forecast based on the information and forecasts available at this time.

	FY 2019 results		FY 2020 forecast: Aug 7 th , 2020			
	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)	Percentage (%)	Year-on-year	
					Change (Million of yen)	Percentage (%)
Sales	290,136	100.0	230,000	100.0	-60,136	79.3
Gross profit on sales	109,464	37.7	86,400	37.6	-23,064	78.9
Selling, general and administrative expenses	76,799	26.5	71,400	31.0	-5,399	93.0
Operating income	32,664	11.3	15,000	6.5	-17,664	45.9
Ordinary income	34,224	11.8	15,300	6.7	-18,924	44.7
Profit attributable to owners of parent	24,437	8.4	10,000	4.3	-14,437	40.9





IV. Company profile and overview business

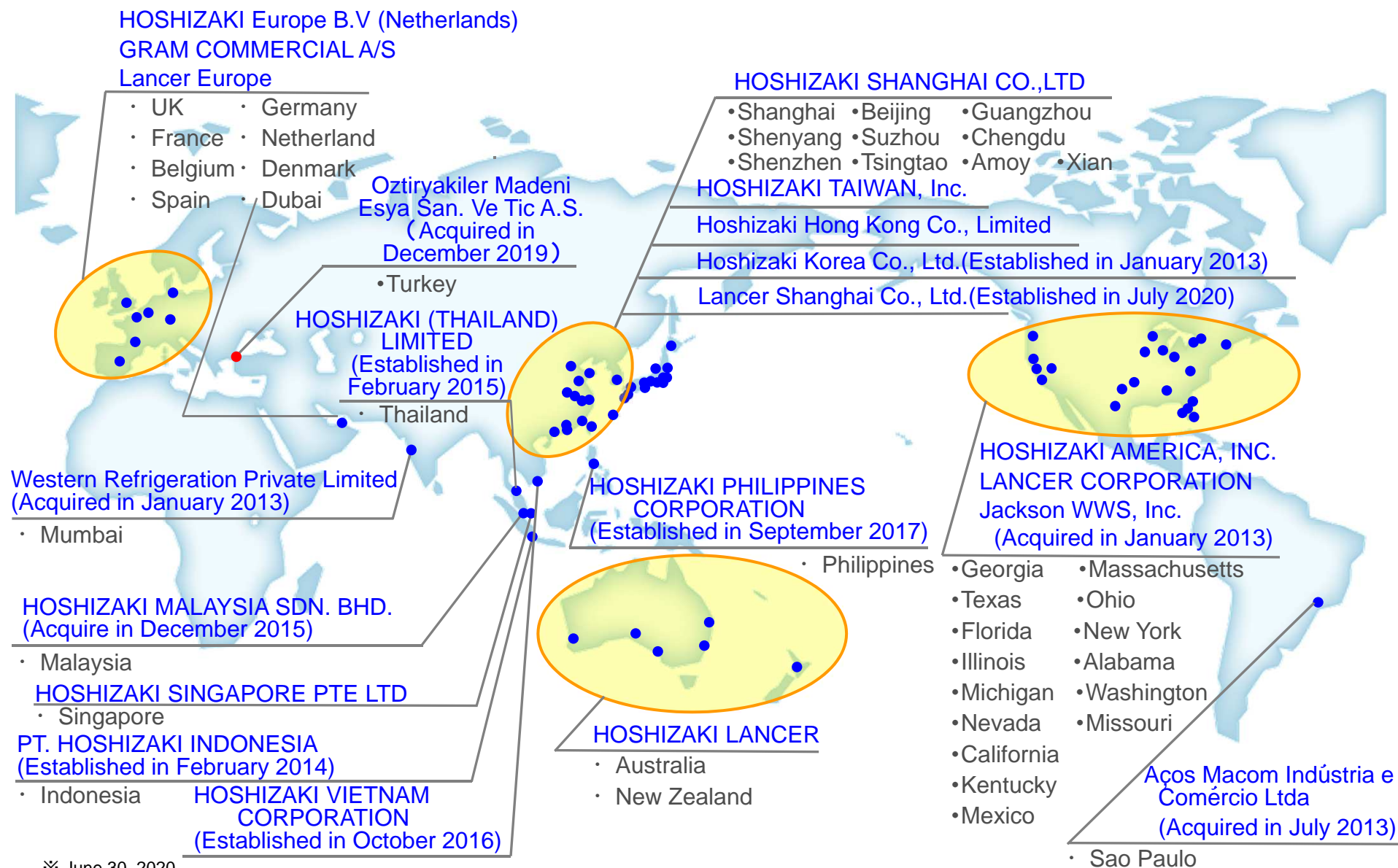
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Company profile

- 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 (June 30, 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 : 52 companies
(18 companies in Japan, 13 companies in Americas, 21 companies in Europe and Asia)
(June 30, 2020 *Including HOSHIZAKI CORPORATION)
- Number of employees : 1,203 persons (HOSHIZAKI CORPORATION)
12,704 persons (Group total) (June 30, 2020)
- Number of sales offices in Japan : 436 places (June 30, 2020)



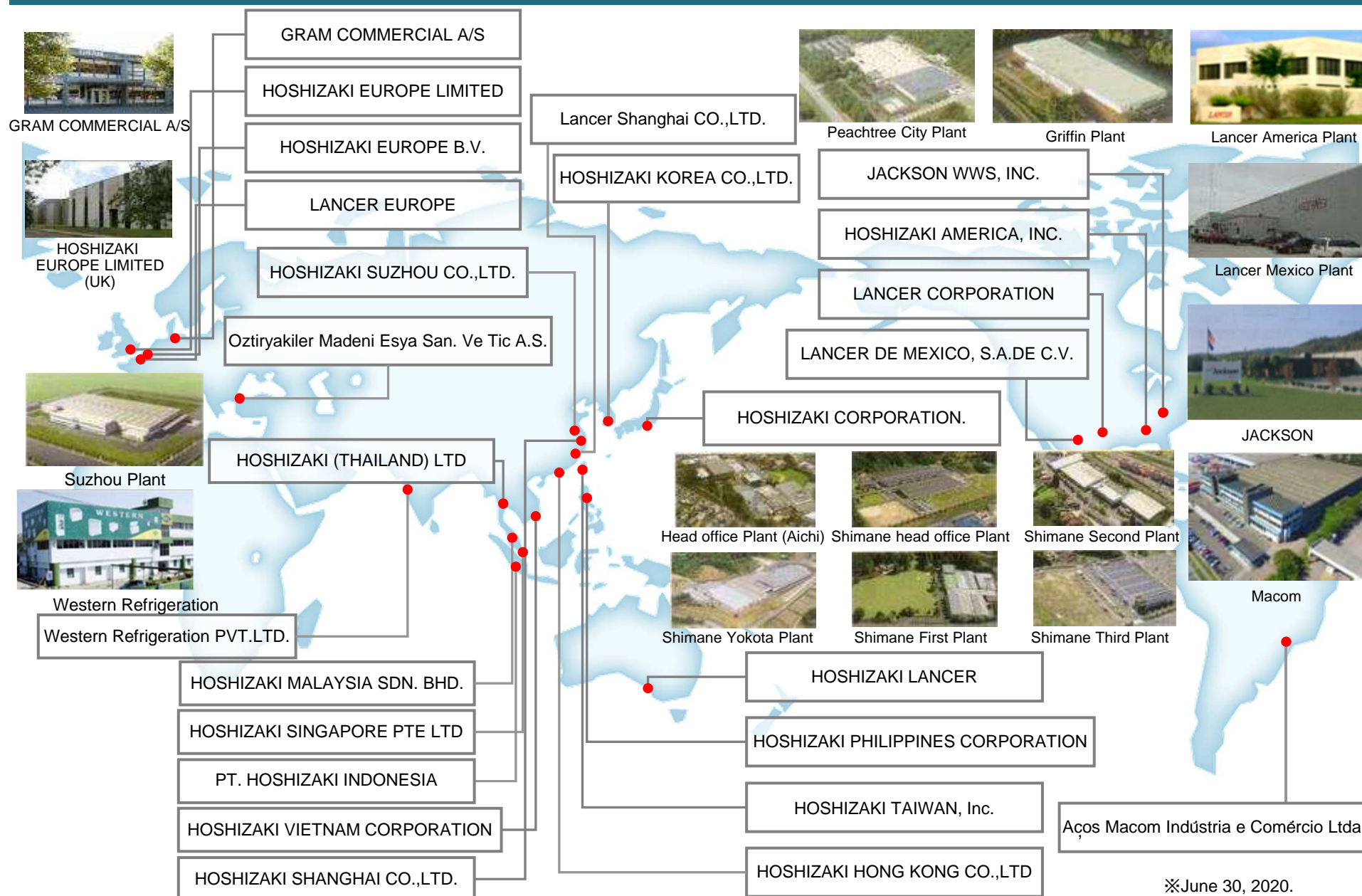
In overseas : Expanding the sales network



※ June 30, 2020.



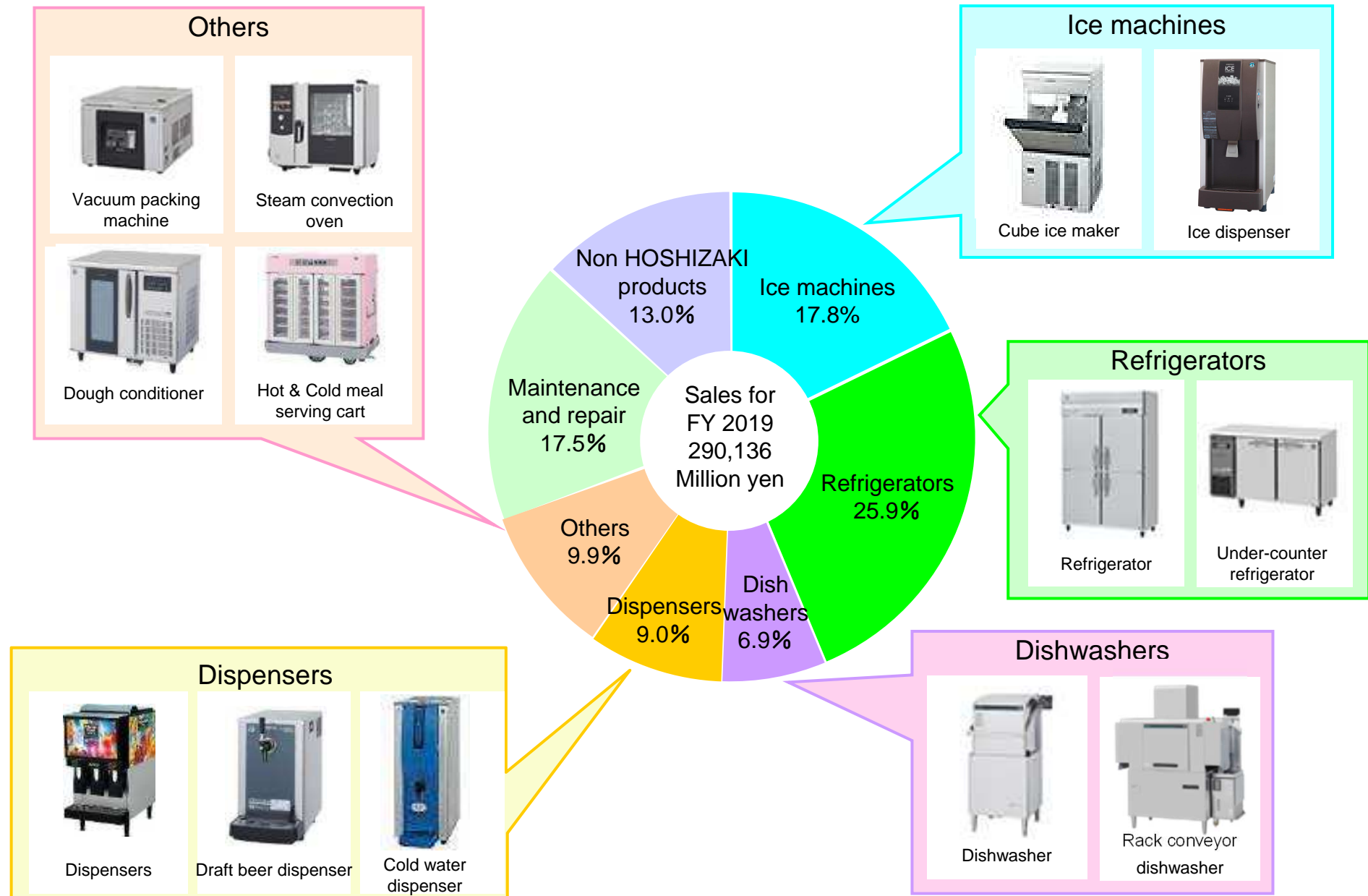
Global network, production and sales offices



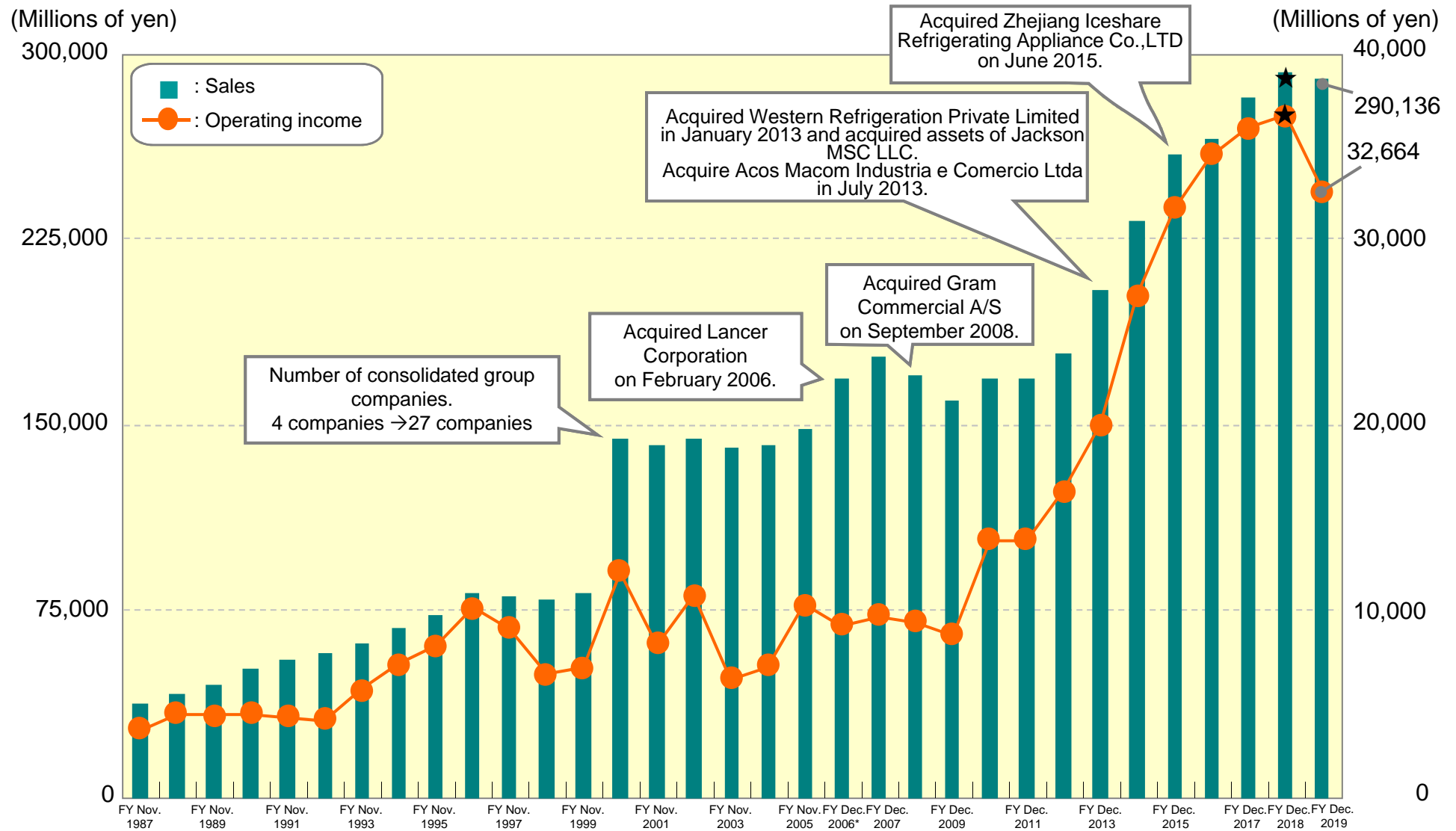
※June 30, 2020.



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.

If you have any inquiries concerning this document and our IR activities, please contact the following:

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URL <http://www.hoshizaki.co.jp/>

