

## Introduction

This year is the third year since the Hoshizaki Group published its first integrated report in 2022. The Group positions its integrated report as an important tool for communication with its stakeholders. We have not only fed back many opinions and requests we received from our shareholders and investors in stakeholder dialogue and engagement to the management but also leveraged them to enhance our information disclosure. In this report also, we have strived to convey things clearly so as to further enhance future communications with our stakeholders.

In this post pandemic era, the food service industry, which is the Hoshizaki Group's customer, is facing numerous social issues including energy conservation, reduction of environmental burden, and labor shortage, and the roles expected of us have been also increasing. In Japan, we are rapidly shifting towards natural refrigerant-based products. Along with expediting the enhancement of the lineup of refrigerators/freezers, we have been promoting adoption of natural refrigerant in ice makers, and this has been highly popular among customers.

Overseas, we are further promoting the switch to natural refrigerant-based products, which is at a more advanced stage than in Japan, and are also working on development of products that reduce greenhouse gas emissions by improving their energy-saving performance.

In 2024, the five-year management vision entered the third year, which is the halfway point.

While making progress in our sincere pursuit of the numerical targets, we are also seeing issues in capital efficiency, etc. We need to grow sustainably and improve corporate values to become an "Evolving Company" that contributes to society as well as customers, which represents the Purpose of the Hoshizaki Group.

We hope that this Integrated Report 2024 will help our stakeholders, including shareholders and investors, to understand the Hoshizaki Group. Thank you for your continuing support.

July 2024

**Seishi Sakamoto**, Chairman

**Yasuhiro Kobayashi**, Representative Director, President & CEO



## The Hoshizaki Group Corporate Philosophy

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 values 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.

# Contents

## About Hoshizaki

- Introduction ..... 01
- The Hoshizaki Group Corporate Philosophy ..... 02
- Contents ..... 03
- The History of Growth ..... 05
- Business Overview ..... 07
- Financial/ESG Information Highlights ..... 09

## Vision & Stories

- Message from Top Management ..... 11
- Value Creation Process ..... 19
- Key Points of Value Creation Process ..... 21
- Five-year Management Vision ..... 23
- Materiality Toward Realization of Vision ..... 25
- Materiality Working Group Roundtable ..... 27

## Strategy Toward Realization of Vision

- Financial and Capital Strategies ..... 31
- Human Capital Strategy ..... 35
- Intellectual Capital Strategy ..... 38
- Manufactured Capital ..... 41
- Social and Relationship Capital ..... 42
- Domestic Business Strategy ..... 43
- Overseas Business Strategy ..... 46
- M&A Policy and Track Record ..... 50

## Sustainability Management That Supports Strategies

- Sustainability Management ..... 51
- Initiatives for the Environment ..... 53
- Response to Climate Change ..... 54
- Information Disclosure Based on TCFD Framework ..... 55
- Creation of New Customer Value ..... 57
- New Proposals for the Creation of a Safe and Secure Food Environment ..... 58
- Sustainable Supply Chain Management ..... 59
- Respect for Human Rights ..... 60
- Increasing Employees' Job Satisfaction ..... 61
- Roundtable of Outside Directors ..... 65
- Corporate Governance ..... 69
- Enhancement of Management Foundation ..... 76
- Introduction of Officers ..... 79

## Data Section

- Financial Data in Past Decade ..... 81
- Consolidated Financial Statements ..... 83
- Corporate and Stock Profiles ..... 85

### About the cover

The penguin mark symbolizing Hoshizaki is an Adélie penguin that only lives in and around Antarctica. The sea ice cover in Antarctica is shrinking, said to be caused in part by global warming. By using a photo of Antarctica, we express our desire to promote initiatives to combat global warming and address other environmental issues as a company contributing to the earth and society.

## Key points of the Hoshizaki Integrated Report 2024

We have worked to ensure that Hoshizaki Integrated Report 2024 considers the opinions and wishes of our stakeholders, which we learned through dialogue and engagement with them to enhance our information disclosure in a way that deepens understanding of the Hoshizaki Group's activities. To build a sustainable future, we will provide value to our stakeholders and work on various initiatives to realize our Long-term Vision.

### Vision & Stories (p.11-30)

The message from top management talks about the significance of becoming No.1 in the global food service equipment industry, Hoshizaki Group's value creation, and sustainability activities with efficacy, taking into account the business environment and progress of our five-year management vision. At the materiality working group roundtable, representatives with diverse backgrounds gathered to discuss current activities, results and issues, as well as future outlook.

### Strategy Toward Realization of Vision (p.31-50)

Management capital that should be strengthened, along with domestic and overseas business strategies aiming for long-term growth are introduced along with messages from those in charge. Working to enhance financial capital, human capital, intellectual capital, manufactured capital, social and relationship capital, and natural capital, we will promote domestic and overseas business strategies.

### Sustainability Management That Supports Strategies (p.51-80)

The association between materiality and sustainability strategy is explained in an easy-to-understand manner, with input from those in charge on a practical level and from our stakeholders. The securing of profitability and growth that puts capital costs into consideration as well as results and issues of sustainability activities, including human capital, are also presented through a roundtable of outside directors.

### In Response to Main Opinions from Shareholders and Investors

- Initiatives for return on investment capital ..... p.31-34
- Link of materiality and sustainable activities to management ..... p.27-30, 51-52
- Effectiveness of M&As ..... p.50
- Human rights risk management for the Group's human rights, labor issues, and supply chains ..... p.60
- Specific KPIs (financial, ESG) for performance-linked compensation for officers ..... p.69-75
- Response to issues identified with the Board effectiveness evaluation ..... p.69-75
- Functions of the individual discussion meeting\*(see p.71) ..... p.69-75
- Establish measures for information security risks and IT governance system ..... p.76-78

### Editorial Policy

Hoshizaki Integrated Report 2024 has been compiled for the purpose of explaining the Hoshizaki Group's vision, business model and various capital held, business strategies, ESG promotion structure, etc., aimed at increasing not only economic but also social and environmental value over the medium to long term, and for use in dialogue with stakeholders. In compiling the report, we referred to the International Integrated Reporting Framework by the IFRS Foundation, the Guidance for Collaborative Value Creation 2.0 by the Japanese Ministry of Economy, Trade and Industry, Ito Review 3.0 and Ito Report on Human Capital Management 2.0, and the Task Force on Climate-related Financial Disclosures (TCFD), among others, as guides.

### Scope of Reporting

**Entities in scope:** Hoshizaki and the group companies included in its scope of consolidation and those accounted for using the equity method  
**Period:** The report mainly covers fiscal 2023 (from January 1, 2023 to December 31, 2023). Notes are added to indicate whenever any different periods are referred to.  
**Target readers:** All stakeholders who have relationship with the Hoshizaki Group  
**Corporate name:** In this report, "Hoshizaki" and "the Company" refer to HOSHIZAKI CORPORATION on an unconsolidated basis, while "Hoshizaki Group" and "the Group" refer collectively to HOSHIZAKI CORPORATION and its Group companies.

### Note on Future Outlook

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

### Disclaimer

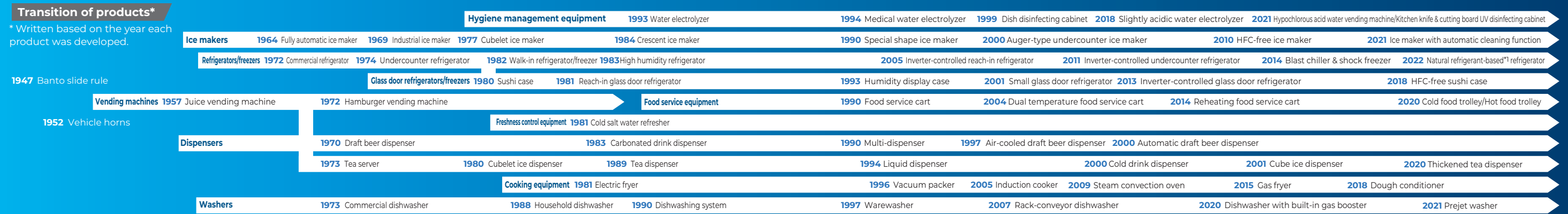
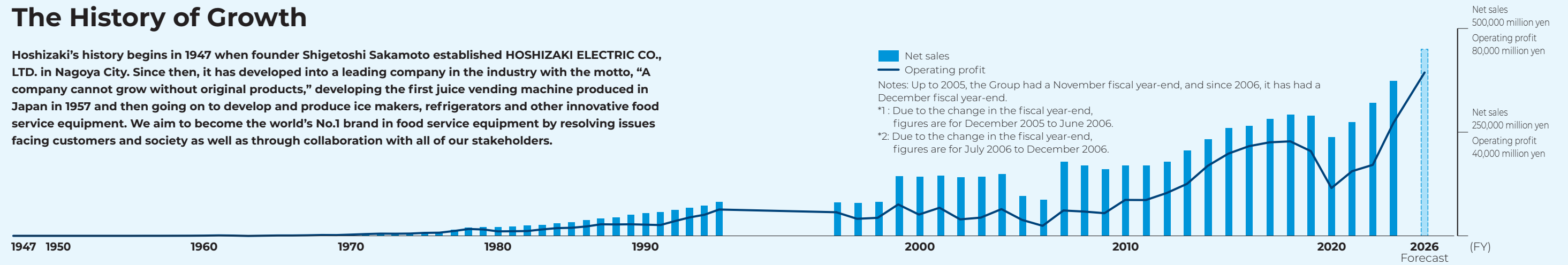
In case of doubt or difference of interpretation, the Japanese version shall prevail over the English version.

### Information Structure

Financial Information	 <b>Integrated Report</b> (booklet, PDF)	<ul style="list-style-type: none"> <li>• Financial Results</li> <li>• Securities Report/Quarterly Report</li> <li>• Fact Book</li> <li>• The Hoshizaki Group Report</li> <li>• Investor Relations (website)</li> </ul>
ESG Information	 <b>Corporate Site</b> (website)	<ul style="list-style-type: none"> <li>• ESG Information (website)</li> <li>• Corporate Governance Report</li> </ul>

# The History of Growth

Hoshizaki's history begins in 1947 when founder Shigetoshi Sakamoto established HOSHIZAKI ELECTRIC CO., LTD. in Nagoya City. Since then, it has developed into a leading company in the industry with the motto, "A company cannot grow without original products," developing the first juice vending machine produced in Japan in 1957 and then going on to develop and produce ice makers, refrigerators and other innovative food service equipment. We aim to become the world's No.1 brand in food service equipment by resolving issues facing customers and society as well as through collaboration with all of our stakeholders.



## 1947-1964 Creation period

**Shigetoshi Sakamoto, a 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 caused by Kennedy shock

## 1965-1980 Domestic infrastructure development

**Produced and sold the 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 Research & Development 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. ("Hoshizaki" from kanji notation to kana notation in Japanese)
- 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 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 Yukihiko 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 our domestic sales companies

## 2022- Further evolution with acceleration of M&A overseas

**Implemented growth strategy for realizing the five-year management vision**

**five-year management vision (FY2022 to FY2026)**  
▶ For more details, see Pages 23 to 24

- 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 Started selling Hoshizaki Connect Wi-Fi\*2
- 2024 Ozti in Türkiye became a consolidated subsidiary
- 2024 Acquired TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION and HKR EQUIPMENT CORPORATION in the Philippines
- 2026 Final fiscal year of the five-year management vision  
Sales Target: 450,000 million yen  
Operating Profit Target: 63,000 million yen (before M&A goodwill amortization)

### External environment

- 1954 The spread of television set, washing machine, and refrigerator
- 1960 The income-doubling plan announced
- 1964 Tokyo Olympic and Paralympic Games
- 1967 The Osaka Expo
- 1970 Family restaurants emerged
- 1965-1970 Izanagi boom
- 1987 The bubble economy in full swing
- 1989 From Showa to Heisei era
- 1991 Burst of the bubble economy
- 1980s-1990s Prosperity of the restaurant industry
- 1998 Olympic and Paralympic Winter Games Nagano 1998
- 2008 Lehman shock
- 2000s In the restaurant industry, prices lowered and opening of overseas restaurants accelerated
- 2019 From Heisei to Reiwa era
- 2020 The global COVID-19 pandemic
- 2021 Olympic and Paralympic Games Tokyo 2020
- 2022 Russo-Ukraine conflict
- 2023 Expecting a recovery in inbound tourism
- 2024 Renewal of the Bank of Japan notes
- 2025 Expo 2025 Osaka, Kansai, Japan

\*1 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).  
\*2 Hoshizaki Connect Wi-Fi: A new service to manage operational and temperature data on a cloud server by installing Wi-Fi modules on equipment such as commercial refrigerators.

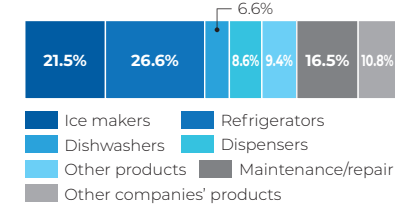


# Business Overview

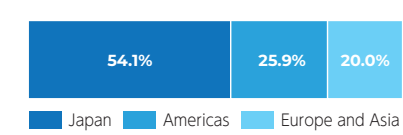
As a general food service equipment manufacturer, the Hoshizaki Group provides products and services around the world to resolve issues facing customers and society, aiming to realize its Purpose of a more comfortable and efficient eating environment.

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.

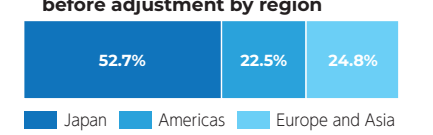
### Composition of net sales by product



### Composition of net sales by region



### Composition of operating profit before adjustment by region



#### Product category

#### Main products

#### Composition of net sales

#### Ratio of net sales by region

#### Changes in net sales

#### Business Overview

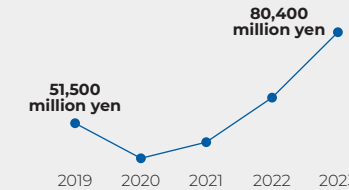
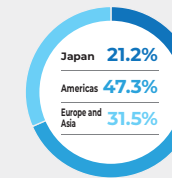
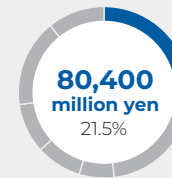


#### Ice makers

In 1964, Hoshizaki developed Japan's first fully automatic ice makers, establishing Hoshizaki's solid foundation. 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
- Special shape ice makers, etc.



In 2023, the performance of Brema in Italy (consolidated since the second half of 2022), and HOSHIZAKI AMERICA in the Americas largely contributed to the net sales increasing by 34.8% over the previous year. The competition in the ice maker business is limited, but the Group's market share both in Japan and globally is top-class.

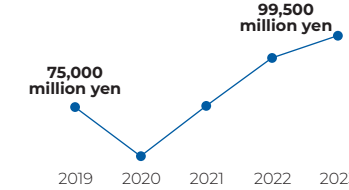
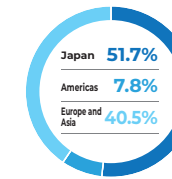
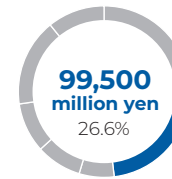


#### Refrigerators

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\*(see Page 06) in 2023 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/freezer
- Undercounter refrigerator/freezer
- Glass door refrigerator
- High humidity refrigerator
- Walk-in refrigerator/freezer, etc.



In 2023, the strong performance in Japan due to economic recovery and an increase in inbound demand and by Western in India, with the effects of market growth, contributed to the net sales increasing by 8.0% over the previous year. Hoshizaki boasts a top-class share of the domestic market, and growth overseas is also expanding. Production sites in Europe will also be optimized, and we are aiming to develop the volume zone of the market.

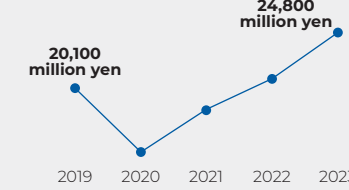
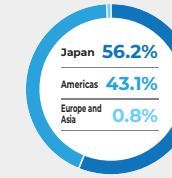
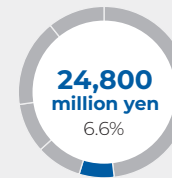


#### Dishwashers

Although the Group developed a dishwasher in 1973, it stopped its production due to sluggish sales. In light of the growth of the restaurant industry, needs of improvement in operational efficiency, and labor-saving, the Group resumed the production of dishwashers in 1981. 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.



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



Dishwashers are being manufactured and sold in Japan and mainly by Jackson in the Americas. In 2023, an increase in the sales of dishwashers to customers, mainly major detergent manufacturers overseas, contributed to the net sales increasing by 18.4% over the previous year.

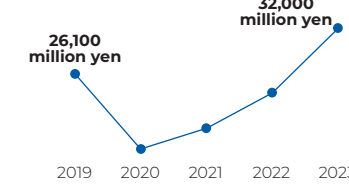
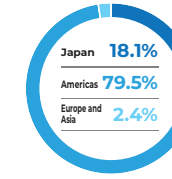
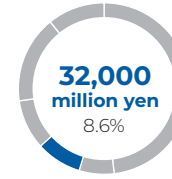


#### Dispensers

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



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



Dispensers are being manufactured and sold in Japan and mainly by Lancer in the Americas. In 2023, an increase in the sales of beverage dispensers to customers, mainly major beverage manufacturers overseas, recovery of the market in Japan, etc., contributed to the net sales increasing by 34.7% over the previous year.

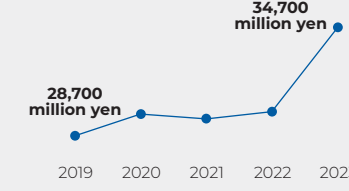
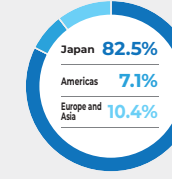
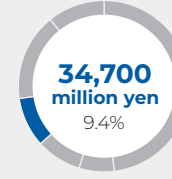


#### Other products

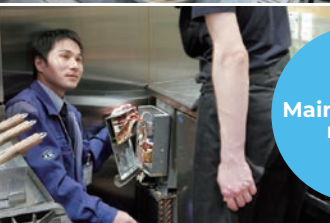
We provide systems and solutions meeting customers' needs, including cooking devices such as steam convection ovens, as well as hygienic control using electrolyzed water.



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



In 2023, with contribution from Royalkitchen (consolidated since 2023) in developing the kitchen set business in China, the net sales increased by 15.1% over the previous 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.

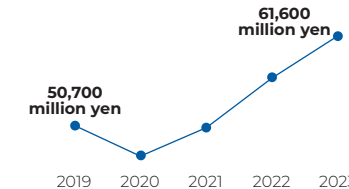
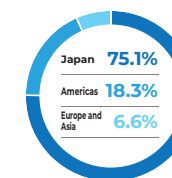
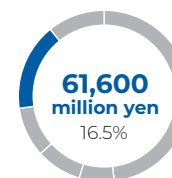


#### Maintenance/repair

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 the revenue, accounting for approximately 17% of consolidated net sales.



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



Net sales in 2023 rose by 8.8% over the previous year. There are roughly 430 sales offices in Japan, and we are expanding our own service business overseas, such as in Southeast Asia. In Japan, we will also place emphasis on creating new services using IoT with the provision of Hoshizaki Connect Wi-Fi\*(see Page 06), a new service, and support the efficient operations of our customers.

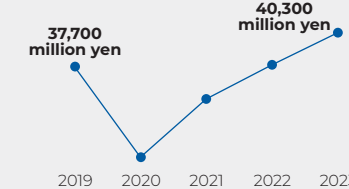
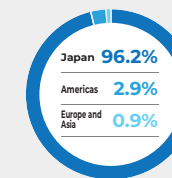
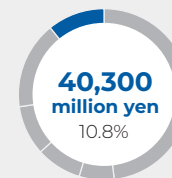


#### Other companies' products

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 sink
- Kitchen work table
- Kitchen shelf, etc.

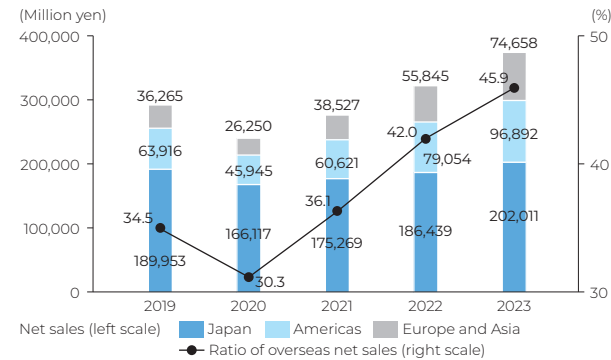


For the new construction and renovation of largescale projects down to those for individual shop owners, we make proposals and accept orders for full kitchens that include products outside of the company's manufacturing lineup.

# Financial/ESG Information Highlights

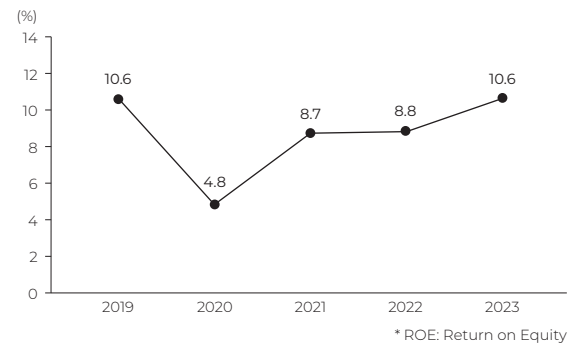
## Financial Information Highlights

### Net Sales Breakdown by Region and Ratio of Overseas Net Sales



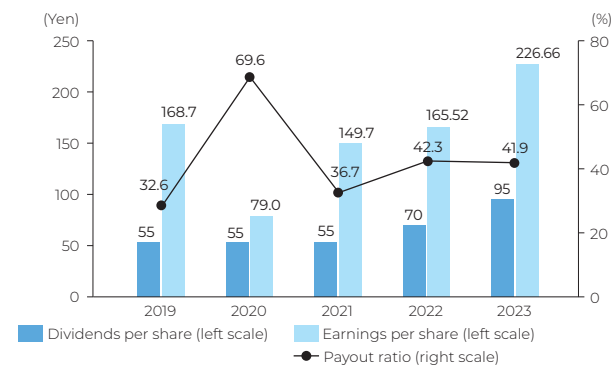
The consolidated net sales were 373,500 million yen, up by 16.3% year-on-year. The domestic net sales rose by 8.4% year-on-year to 202,000 million yen, while the overseas net sales significantly grew to 171,500 million yen, up 27.2% year-on-year (up 22.6% year-on-year in the Americas, and up 33.7% year-on-year in Europe and Asia). As a result, the ratio of overseas net sales was 45.9% (up 3.9 points year-on-year), hitting a record high.

### Consolidated ROE\*



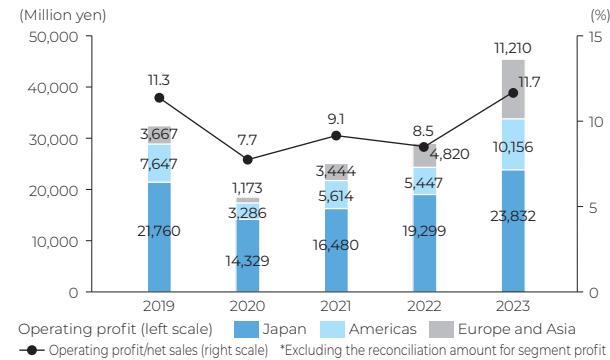
Consolidated ROE increased to 10.6% (up 1.8 points year-on-year). This is because while profit attributable to owners of parent grew by 36.9% year-on-year to 32,800 million yen due to the recovery in operating profit and other factors, the average net assets over the past two years increased by only 13.2% year-on-year to 312,700 million yen.

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



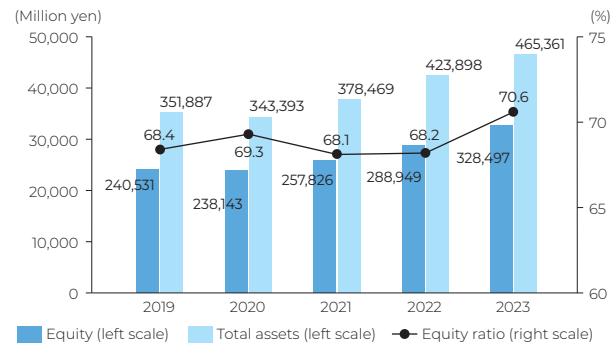
Annual dividends per share were 95 yen, a 25 yen increase year-on-year, and the payout ratio was 41.9%. For the shareholder return policy, we will provide shareholder return that is proportionate to profit growth, with a target of at least 40% in total payout ratio, while trying to maintain continuous 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/Net Sales



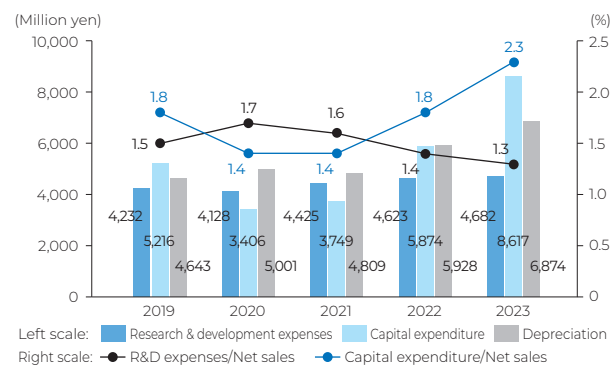
The consolidated operating profit was 43,500 million yen, up 59.0% year-on-year, and operating profit/net sales was 11.7% (up 3.1 points year-on-year). The domestic operating profit was 23,800 million yen, up 23.5% year-on-year, and the overseas operating profit was 21,300 million yen, up 108.1% year-on-year. Accordingly, the domestic operating profit/net sales was 11.8% (up 1.4 points year-on-year), and the overseas operating profit/net sales was 12.5% (up 4.8 points year-on-year).

### Total Assets, Equity, and Equity Ratio



The equity ratio was 70.6% (up 2.4 points year-on-year). The total assets increased to 465,300 million yen, up by 9.8% 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 328,400 million yen, up by 13.7% from the end of the previous fiscal year. Cash and deposits at the end of the fiscal year reached 254,500 million yen (54.7% of total assets), increasing by 28,500 million yen from the end of the previous fiscal year.

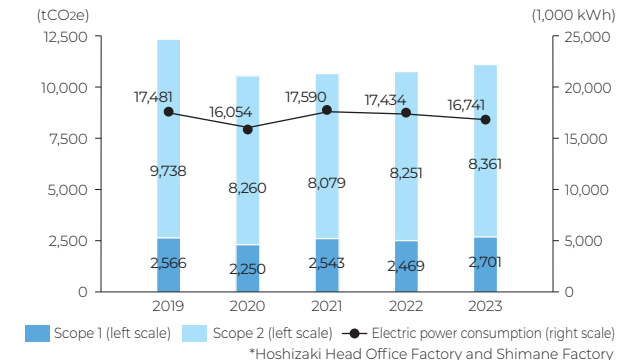
### Capital Expenditure, Depreciation, and R&D Expenses



The capital expenditure increased by 2,700 million yen year-on-year to 8,600 million yen (capital expenditure/net sales at 2.3%). Depreciation increased by 900 million yen year-on-year to 6,800 million yen. The R&D expenses remained flat at 4,600 million yen (R&D expenses/net sales at 1.3%), showing a stable growth. The major capital expenditure was the renewal of facilities at the Head Office and Shimane Factory.

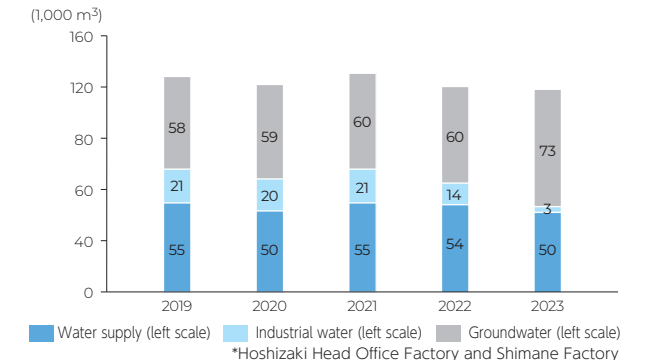
## ESG Information Highlights

### CO2 Emissions and Electric Power Consumption at Domestic Locations



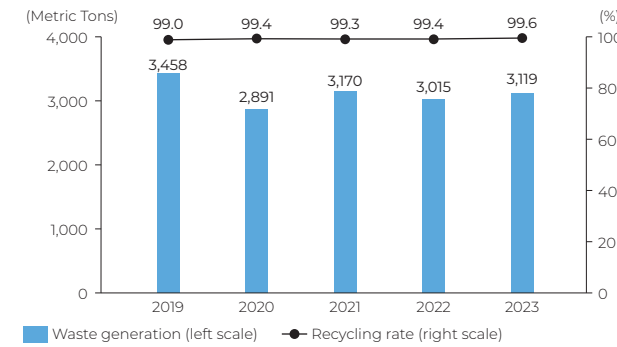
CO2 emissions at domestic locations (Scope 1 & 2) were 11,062 tCO2e, up 3.2% year-on-year. The electric power consumption was 16,741,000 kWh, down by 4.0% year-on-year with the promotion of efforts, such as using devices to monitor demand and upgrading to high-efficiency equipment. However, with impact from an increase in the CO2 emission factor of the electricity retailer, emissions rose slightly against the previous fiscal year.

### Water Intake at Domestic Locations



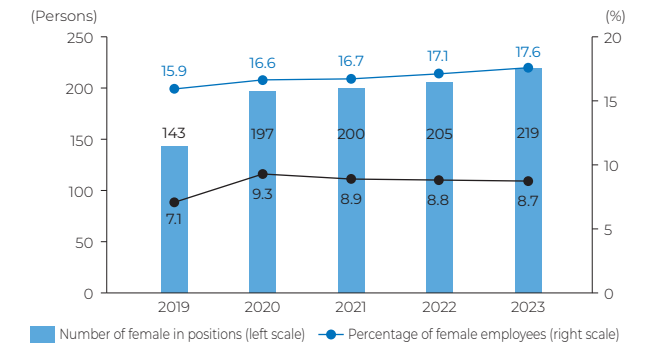
The water intake at domestic locations decreased by 1.7% year-on-year to 126,000 m<sup>3</sup>. Even as the production volume increased, we were able to lower the water intake with initiatives undertaken to improve productivity.

### Waste Generation and Recycling Rate at Domestic Locations



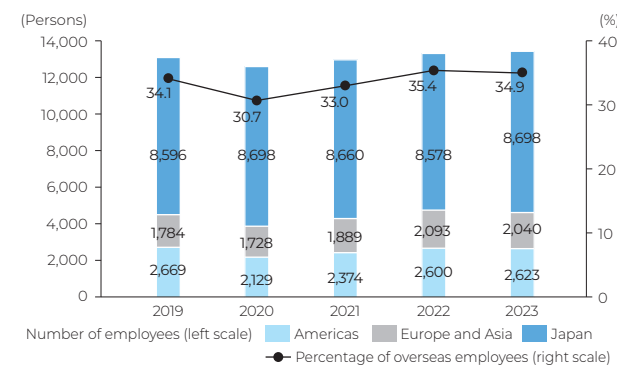
The waste generated at domestic locations increased by 3.4% year-on-year to 3,119 metric tons. Although the rate increased year-on-year due to an increase in the production volume, by promoting the separation and recycling of waste, the waste recycling rate reached 99.6%, almost reaching 100%.

### Number and Percentage of Female in Positions, and Percentage of Female Employees



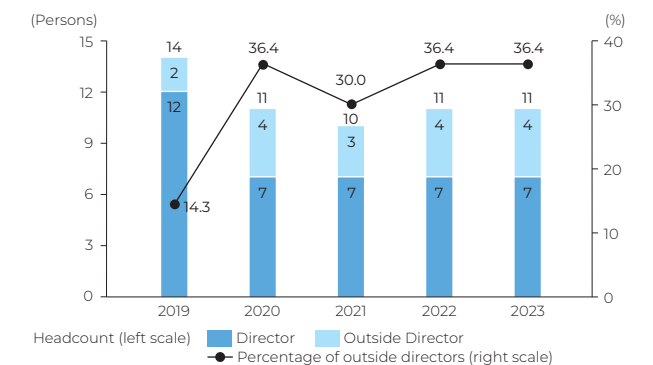
The total number of employees of HOSHIZAKI CORPORATION and domestic sales companies is 7,725. Of these, 1,359 are female employees, and the percentage of which increased by 2.1 points from 5 years ago to 17.6%. In addition, the number of female in positions at or above assistant manager level is 219, increasing by 103 from five years ago. The percentage of female in positions at or above assistant manager level also increased to 8.7%.

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



The number of employees of 57 consolidated group companies is 13,361, up 0.7% year-on-year. The numbers of employees are 2,623 for 16 companies in the Americas (up 23 year-on-year) and 2,040 for 22 companies in Europe and Asia (down 53 year-on-year).

### 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).