

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Based on Japanese GAAP)

November 9, 2020

Company name: HOSHIZAKI CORPORATION
 Stock exchange listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities code: 6465 URL: <http://www.hoshizaki.co.jp>
 Representative: Representative Director, President & COO Yasuhiro Kobayashi
 Inquiries: Executive Officer Tadashi Mizutani TEL: +81-562-96-1320
 Scheduled date to file Quarterly Securities Report: November 11, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2020 (from January 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended September 30, 2020 | 183,499 | (19.5) | 16,766 | (42.9) | 15,978 | (45.8) | 10,553 | (48.7) |
| Nine months ended September 30, 2019 | 227,936 | 0.5 | 29,366 | (8.5) | 29,484 | (10.6) | 20,564 | (8.6) |

Note: Comprehensive income
 Nine months ended September 30, 2020 ¥5,781 million [(67.8)%]
 Nine months ended September 30, 2019 ¥17,957 million [(17.9)%]

| | Earnings per share | | Diluted earnings per share | |
|--------------------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| Nine months ended September 30, 2020 | 145.72 | | – | |
| Nine months ended September 30, 2019 | 283.97 | | – | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of September 30, 2020 | 344,621 | 239,822 | 69.1 | 3,290.07 |
| As of December 31, 2019 | 351,887 | 242,038 | 68.4 | 3,321.31 |

Reference: Equity
 As of September 30, 2020 ¥238,268 million
 As of December 31, 2019 ¥240,531 million

2. Cash dividends

| | Annual dividends per share | | | | |
|--|----------------------------|-----------------|-----------------|-----------------|--------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |
| | Yen | | | | |
| Year ended December 31, 2019 | – | 0.00 | – | 110.00 | 110.00 |
| Year ending December 31, 2020 | – | 0.00 | – | | |
| Year ending December 31, 2020 (Forecast) | | | | 110.00 | 110.00 |

Note: Revision of cash dividend forecast most recently announced: No

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Percentages indicate year-on-year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|-----------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|--------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 235,000 | (19.0) | 16,500 | (49.5) | 16,000 | (53.2) | 11,000 | (55.0) | 151.89 |

Note: Revision of consolidated financial results forecast most recently announced: Yes

Regarding revision of consolidated financial results forecast, please refer to the “Notice Regarding Revision of Financial Forecast” published today, on November 9, 2020.

*Notes

(1) Changes in significant subsidiaries during the nine months ended September 30, 2020

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

a. Changes in accounting policies due to revisions to accounting standards and other regulations: No

b. Changes in accounting policies due to other reasons: No

c. Changes in accounting estimates: No

d. Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

| | | | |
|--------------------------|-------------------|-------------------------|-------------------|
| As of September 30, 2020 | 72,421,650 shares | As of December 31, 2019 | 72,421,650 shares |
|--------------------------|-------------------|-------------------------|-------------------|

b. Number of treasury shares at the end of the period

| | | | |
|--------------------------|--------------|-------------------------|--------------|
| As of September 30, 2020 | 1,102 shares | As of December 31, 2019 | 1,031 shares |
|--------------------------|--------------|-------------------------|--------------|

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | | | |
|--------------------------------------|-------------------|--------------------------------------|-------------------|
| Nine months ended September 30, 2020 | 72,420,599 shares | Nine months ended September 30, 2019 | 72,418,959 shares |
|--------------------------------------|-------------------|--------------------------------------|-------------------|

* **Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

* **Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

**Attached Materials
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1. Qualitative information on the quarterly financial results

The forward-looking matters stated herein are judgments made by the Hoshizaki Group (the “Group”) as of September 30, 2020.

(1) Operating results

The Japanese economy during the nine months ended September 30, 2020 continued to see adverse conditions due to personal consumption decreasing as a result of the impact of the spread of the new coronavirus infections (COVID-19) on economic activity and people refraining from going outside. However, signs of movement toward recovery are emerging due to economic activity gradually restarting and the government’s emergency economic measures.

Overseas, economic activities were more affected by the implementation of city lockdowns to prevent the spread of COVID-19 than in Japan. Although there were signs of economic recovery in the U.S., Europe and China particularly in the third quarter of the fiscal year under review, the economic environment remained severe, with signs of re-emergence of COVID-19 in some regions.

Amid such circumstances, in Japan, while working to prevent the spread of COVID-19, the Group focused on expanding sales of flagship products, and reaching new customers. However, the effect of COVID-19 on the food service industry was particularly significant, and the market environment surrounding the Group continued to be challenging.

Overseas, despite our efforts to expand sales of our flagship products, the situation remained largely affected by the global spread of the COVID-19, with restrictions on sales and production activities due to lockdowns, etc.

As a result of the above initiatives, the Group reported operating results for the nine months ended September 30, 2020 with net sales of ¥183,499 million (down 19.5% year-on-year). Operating profit was ¥16,766 million (down 42.9% year-on-year), despite implementing company-wide expense reduction measures. In addition, ordinary profit was ¥15,978 million (down 45.8% year-on-year) and profit attributable to owners of parent was ¥10,553 million (down 48.7% year-on-year).

Operating results by segment are as follows.

a. Japan

In Japan, although the Group promoted sales expansion of refrigerators, ice machines, dishwashers, electrolytic water generators, and other products, cultivated new customers while providing support to customers seeking to expand into the take-out and delivery business in response to the COVID-19 crisis, and continued to reduce costs, the Group generated net sales of ¥132,353 million (down 14.8% year-on-year) and segment profit of ¥13,404 million (down 33.7% year-on-year).

b. Americas

In the Americas, the Group worked to expand sales of ice makers, dispensers and other products, while continuing to reduce costs. Additionally, although the order environment showed a recovery trend, particularly in the third quarter of the fiscal year under review, we were unable to absorb the effect of restrictions on sales and production activities due to the lockdown implemented in the U.S., and the Group generated net sales of ¥35,613 million (down 29.3% year-on-year) and segment profit of ¥2,652 million (down 60.5% year-on-year).

c. Europe / Asia

In Europe and Asia, the Group promoted sales of its main products while continuing to reduce costs. Additionally, although the order environment showed a recovery trend, particularly in the third quarter of the fiscal year under review, we were unable to absorb the effect of restrictions on sales and production activities due to the lockdowns implemented in India and Europe, and the Group generated net sales of ¥19,343 million (down 31.2% year-on-year) and segment profit of ¥933 million (down 67.4% year-on-year).

(2) Financial position

Total assets as of September 30, 2020 decreased ¥7,265 million from December 31, 2019 to ¥344,621 million.

Current assets decreased ¥4,624 million from December 31, 2019 to ¥276,719 million. The main factor was decreases in cash and deposits, and merchandise and finished goods.

Non-current assets decreased ¥2,640 million from December 31, 2019 to ¥67,902 million. The main factor was a decrease in property, plant and equipment.

Total liabilities as of September 30, 2020 decreased ¥5,049 million from December 31, 2019 to ¥104,799 million.

Current liabilities decreased ¥5,115 million from December 31, 2019 to ¥81,762 million. The main factor was a

decrease in notes and accounts payable - trade.

Non-current liabilities increased ¥66 million from December 31, 2019 to ¥23,036 million. The main factor was an increase in retirement benefit liability.

Total net assets as of September 30, 2020 decreased ¥2,215 million from December 31, 2019 to ¥239,822 million.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

We have revised our forecast of consolidated financial results for the year ending December 31, 2020, which was released on August 7, 2020.

For details, please refer to the “Notice Regarding Revision of Financial Forecast” published today, on November 9, 2020.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

| | As of December 31, 2019 | As of September 30, 2020 |
|---|-------------------------|--------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 215,093 | 212,552 |
| Notes and accounts receivable - trade | 31,708 | 31,984 |
| Merchandise and finished goods | 16,376 | 12,906 |
| Work in process | 3,495 | 3,475 |
| Raw materials and supplies | 10,464 | 10,131 |
| Other | 4,360 | 5,905 |
| Allowance for doubtful accounts | (155) | (236) |
| Total current assets | 281,343 | 276,719 |
| Non-current assets | | |
| Property, plant and equipment | 44,303 | 42,837 |
| Intangible assets | 4,695 | 3,850 |
| Investments and other assets | 21,543 | 21,214 |
| Total non-current assets | 70,543 | 67,902 |
| Total assets | 351,887 | 344,621 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 16,555 | 14,238 |
| Provision for bonuses | 3,348 | 7,748 |
| Other provisions | 1,671 | 1,748 |
| Other | 65,302 | 58,027 |
| Total current liabilities | 86,878 | 81,762 |
| Non-current liabilities | | |
| Retirement benefit liability | 18,826 | 19,047 |
| Other provisions | 1,477 | 1,353 |
| Other | 2,666 | 2,635 |
| Total non-current liabilities | 22,970 | 23,036 |
| Total liabilities | 109,848 | 104,799 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,021 | 8,021 |
| Capital surplus | 14,543 | 14,543 |
| Retained earnings | 222,768 | 225,355 |
| Treasury shares | (4) | (5) |
| Total shareholders' equity | 245,328 | 247,914 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 94 | 15 |
| Foreign currency translation adjustment | (3,196) | (8,193) |
| Remeasurements of defined benefit plans | (1,695) | (1,467) |
| Total accumulated other comprehensive income | (4,796) | (9,646) |
| Non-controlling interests | 1,506 | 1,554 |
| Total net assets | 242,038 | 239,822 |
| Total liabilities and net assets | 351,887 | 344,621 |

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

| | Nine months ended September 30, 2019 | Nine months ended September 30, 2020 |
|--|---|---|
| Net sales | 227,936 | 183,499 |
| Cost of sales | 140,806 | 113,622 |
| Gross profit | 87,129 | 69,877 |
| Selling, general and administrative expenses | 57,762 | 53,110 |
| Operating profit | 29,366 | 16,766 |
| Non-operating income | | |
| Interest income | 1,455 | 596 |
| Subsidy income | – | 863 |
| Other | 428 | 650 |
| Total non-operating income | 1,884 | 2,109 |
| Non-operating expenses | | |
| Interest expenses | 8 | 26 |
| Foreign exchange losses | 1,556 | 2,040 |
| Temporary layoff expenses | – | 671 |
| Other | 201 | 159 |
| Total non-operating expenses | 1,767 | 2,897 |
| Ordinary profit | 29,484 | 15,978 |
| Extraordinary income | | |
| Gain on sales of investment securities | 64 | 58 |
| Other | 3 | 2 |
| Total extraordinary income | 67 | 61 |
| Extraordinary losses | | |
| Loss on abandonment of non-current assets | 13 | 37 |
| Loss on valuation of investment securities | – | 84 |
| Other | 11 | 5 |
| Total extraordinary losses | 24 | 128 |
| Profit before income taxes | 29,526 | 15,911 |
| Income taxes - current | 11,187 | 6,860 |
| Income taxes - deferred | (2,463) | (1,656) |
| Total income taxes | 8,724 | 5,203 |
| Profit | 20,802 | 10,707 |
| Profit attributable to non-controlling interests | 238 | 154 |
| Profit attributable to owners of parent | 20,564 | 10,553 |

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

| | Nine months ended September 30, 2019 | Nine months ended September 30, 2020 |
|--|---|---|
| Profit | 20,802 | 10,707 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (55) | (79) |
| Foreign currency translation adjustment | (2,973) | (2,833) |
| Remeasurements of defined benefit plans, net of tax | 184 | 227 |
| Share of other comprehensive income of entities accounted for using equity method | – | (2,241) |
| Total other comprehensive income | (2,844) | (4,926) |
| Comprehensive income | 17,957 | 5,781 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 17,786 | 5,703 |
| Comprehensive income attributable to non- controlling interests | 171 | 77 |

(3)Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable

Application of special accounting for preparing quarterly consolidated financial statements

Omitted due to immateriality.

Changes in accounting policies

Not applicable

Changes in accounting estimates

Not applicable

Additional information

Accounting estimates associated with the spread of the new coronavirus infections (COVID-19)

Even though the impact of COVID-19 on economic activity differs by region, accounting estimates made in regard to impairment accounting for non-current assets, assessing the collectability of deferred tax assets and so forth are calculated under the assumption that the impact of COVID-19 will continue for a certain period of time until the fiscal year ending December 31, 2021, despite it gradually coming under control from the latter half of the fiscal year ending December 31, 2020. However, as the economic impact of COVID-19 is highly uncertain, the Group's financial position and operating results may differ from current estimates due to changes in the situation going forward.

Segment information, etc.

Segment information

I. Nine months ended September 30, 2019 (from January 1, 2019 to September 30, 2019)

Information related to net sales, and profit or loss for each reportable segment

(Millions of yen)

| | Reportable segment | | | | Reconciliation (Note 1) | Amount recorded in the quarterly consolidated statements of income (Note 2) |
|---------------------------------|--------------------|----------|------------------|---------|----------------------------|--|
| | Japan | Americas | Europe / Asia | Total | | |
| Net sales | | | | | | |
| Sales to external customers | 151,400 | 49,704 | 26,830 | 227,936 | – | 227,936 |
| Intersegment sales or transfers | 3,967 | 684 | 1,297 | 5,949 | (5,949) | – |
| Total | 155,367 | 50,389 | 28,128 | 233,885 | (5,949) | 227,936 |
| Segment profit | 20,211 | 6,708 | 2,858 | 29,778 | (411) | 29,366 |

- Notes
1. The reconciliation amount of negative ¥411 million for segment profit includes amortization of goodwill of negative ¥335 million, amortization of intangible assets, etc. of negative ¥21 million, negative ¥102 million from reconciliation of inventories, and ¥47 million from reconciliation of transactions with other segments and miscellaneous items.
 2. Segment profit has been reconciled with operating profit in the quarterly consolidated statements of income.

II. Nine months ended September 30, 2020 (from January 1, 2020 to September 30, 2020)

Information related to net sales, and profit or loss for each reportable segment

(Millions of yen)

| | Reportable segment | | | | Reconciliation (Note 1) | Amount recorded in the quarterly consolidated statements of income (Note 2) |
|---------------------------------|--------------------|----------|------------------|---------|----------------------------|--|
| | Japan | Americas | Europe / Asia | Total | | |
| Net sales | | | | | | |
| Sales to external customers | 129,493 | 35,157 | 18,848 | 183,499 | – | 183,499 |
| Intersegment sales or transfers | 2,859 | 456 | 495 | 3,811 | (3,811) | – |
| Total | 132,353 | 35,613 | 19,343 | 187,310 | (3,811) | 183,499 |
| Segment profit | 13,404 | 2,652 | 933 | 16,990 | (223) | 16,766 |

- Notes
1. The reconciliation amount of negative ¥223 million for segment profit includes amortization of goodwill of negative ¥304 million, amortization of intangible assets, etc. of negative ¥20 million, ¥87 million from reconciliation of inventories, and ¥13 million from reconciliation of transactions with other segments and miscellaneous items.
 2. Segment profit has been reconciled with operating profit in the quarterly consolidated statements of income.