

**Translation**

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## Summary of Consolidated Financial Results for the Year Ended December 31, 2020 (Based on Japanese GAAP)

February 8, 2021

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 of annual general meeting of shareholders: March 25, 2021  
 Scheduled date to file Securities Report: March 25, 2021  
 Scheduled date to commence dividend payments: March 8, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

#### (1) Consolidated operating results

(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	%
Year ended December 31, 2020	238,314	(17.9)	18,447	(43.5)	17,420	(49.1)	11,442	(53.2)
Year ended December 31, 2019	290,136	(0.9)	32,664	(10.4)	34,224	(5.9)	24,437	(5.0)

Note: Comprehensive income Year ended December 31, 2020 ¥5,671 million [(76.7)%]  
 Year ended December 31, 2019 ¥24,330 million [8.6%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended December 31, 2020	158.00	–	4.8	5.0	7.7
Year ended December 31, 2019	337.45	–	10.6	10.0	11.3

Reference: Share of profit (loss) of entities accounted for using equity method

Year ended December 31, 2020 ¥69 million  
 Year ended December 31, 2019 ¥– million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	343,393	239,711	69.3	3,288.35
As of December 31, 2019	351,887	242,038	68.4	3,321.31

Reference: Equity As of December 31, 2020 ¥238,143 million  
 As of December 31, 2019 ¥240,531 million

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2020	20,734	(1,229)	(8,281)	148,833
Year ended December 31, 2019	30,455	29,645	(5,908)	142,803

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2019	–	0.00	–	110.00	110.00	7,966	32.6	3.4
Year ended December 31, 2020	–	0.00	–	110.00	110.00	7,966	69.6	3.3
Year ending December 31, 2021 (Forecast)	–	0.00	–	110.00	110.00		55.7	

## 3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(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	250,000	4.9	20,000	8.4	20,500	17.7	14,300	25.0	197.46

### \*Notes

#### (1) Changes in significant subsidiaries during the year ended December 31, 2020

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

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

- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

#### (3) Number of issued shares (common shares)

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

As of December 31, 2020	72,421,650 shares	As of December 31, 2019	72,421,650 shares
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##### b. Number of treasury shares at the end of the period

As of December 31, 2020	1,230 shares	As of December 31, 2019	1,031 shares
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##### c. Average number of shares during the period

Year ended December 31, 2020	72,420,565 shares	Year ended December 31, 2019	72,419,346 shares
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## [Reference] Overview of non-consolidated financial results

### 1. Non-consolidated financial results for the year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

#### (1) Non-consolidated operating results

(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	%
Year ended December 31, 2020	63,181	(15.4)	9,952	(14.2)	10,730	(26.3)	8,049	(26.4)
Year ended December 31, 2019	74,645	(4.0)	11,595	(18.2)	14,569	(7.2)	10,939	(5.7)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended December 31, 2020	111.14	–
Year ended December 31, 2019	151.06	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	213,159	134,890	63.3	1,862.60
As of December 31, 2019	217,099	134,890	62.1	1,862.59

Reference: Equity As of December 31, 2020 ¥134,890 million

As of December 31, 2019 ¥134,890 million

\* **Financial results reports are exempt from audit 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.

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## 1. Overview of operating results

The forward-looking matters stated herein are judgments made by the Hoshizaki Group (the “Group”) as of December 31, 2020.

### (1) Overview of operating results during the fiscal year ended December 31, 2020

(Operating results during the fiscal year ended December 31, 2020)

The Japanese economy in the fiscal year ended December 31, 2020 saw adverse conditions due to a decrease in consumption and the deterioration of the employment situation as a result of the intermittent spread of the new coronavirus infections (COVID-19).

Overseas, economic activities were more affected by the implementation of city lockdowns to prevent the spread of COVID-19 than in Japan.

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 Group struggled.

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 business results for the fiscal year under review with net sales of ¥238,314 million (down 17.9% year-on-year). Operating profit was ¥18,447 million (down 43.5% year-on-year), despite implementing group-wide expense reduction measures. Ordinary profit was ¥17,420 million (down 49.1% year-on-year). In addition, profit attributable to owners of parent was ¥11,442 million (down 53.2% year-on-year).

Business results by segment are as follows.

#### a. Japan

In Japan, although the Group promoted sales expansion of refrigerators, ice machines, dishwashers, electrolyzed 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, due to the impact of the spread of COVID-19 and other factors, the Group generated net sales of ¥169,989 million (down 12.8% year-on-year) and segment profit of ¥14,329 million (down 34.1% year-on-year).

#### b. Americas

In the Americas, despite working to expand sales of products, such as ice makers and dispensers while continuing to reduce costs, 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 ¥46,570 million (down 28.1% year-on-year) and segment profit of ¥3,286 million (down 57.0% year-on-year).

#### c. Europe / Asia

In Europe and Asia, despite working to expand sales of flagship products while continuing to reduce costs, we were unable to absorb the effect of restrictions on sales and production activities due to the lockdown implemented in each country, and the Group generated net sales of ¥26,906 million (down 28.9% year-on-year) and segment profit of ¥1,173 million (down 68.0% year-on-year).

(Outlook for the next fiscal year)

Regarding the Japanese economy for the next fiscal year, there are concerns that the impact of the spread of infection on economic activity will be prolonged as there is still no projection for when the spread of COVID-19 will come under control despite anticipating a trend of recovery due to various economic measures by the Japanese government and the improvement of overseas economies. The overseas economies are expected to remain unclear despite bright signs, such as signs of economic recovery in the U.S., China, etc., and the start of vaccinations in some countries.

In this environment, the Company will continuously make efforts to acquire new customers and develop high-value-added products, while also continuing to reduce costs, streamline business operations and improve productivity. The Group will also further strengthen initiatives for the growth of the Group.

The assumed foreign exchange rates in our full-year earnings forecasts are ¥100 to the U.S. dollar and ¥120 to the euro as the yen is expected to appreciate approximately ¥7 against the U.S. dollar compared to the previous fiscal year.

For the full-year earnings forecasts, net sales are expected to be ¥250,000 million (up 4.9% year-on-year), operating profit is expected to be ¥20,000 million (up 8.4% year-on-year), ordinary profit is expected to be ¥20,500 million (up

17.7% year-on-year), and profit attributable to owners of parent is expected to be ¥14,300 million (up 25.0% year-on-year).

In Japan, the Group will make further efforts to acquire new customers by continuing sales promotion for existing customers such as those in the food service industry, who are major customers, strengthening hard business, which is centered on sales, in addition to soft business such as consulting that contributes to solving customers' issues, and providing higher-value-added technical services. In addition, the Group will strive to develop competitive high-value-added products and promote sales of cooking appliances such as flagship products, prefab refrigerators and steam convection ovens.

Overseas, in the Americas, the Group will enhance the product lineup, which includes flagship products such as ice makers and refrigerators, and will strive to promote sales of these products. In Europe, the Group will strive to promote sales of flagship products such as ice makers and refrigerators. In Asia and other regions where significant economic growth is expected to continue, the Group will continue to construct a business foundation to support that growth while promoting sales of flagship products such as refrigerators.

Furthermore, the Group will pursue the creation of synergy between acquired companies and other group companies.

Foreign exchange gains and losses are not taken into account for the financial results forecast as exchange rate trends are extremely uncertain.

\* The outlook for the next fiscal year is calculated based on certain assumptions and suppositions decided by the Company based on the information currently available to the Group, and as a result, actual business results may differ.

## **(2) Overview of financial position during the fiscal year ended December 31, 2020**

### a. Overview of assets, liabilities and net assets

Total assets as of December 31, 2020 decreased ¥8,493 million from December 31, 2019 to ¥343,393 million.

Current assets decreased ¥4,102 million from December 31, 2019 to ¥277,241 million. The main factors were decreases in notes and accounts receivable - trade and merchandise and finished goods.

Non-current assets decreased ¥4,390 million from December 31, 2019 to ¥66,152 million. The main factor was a decrease in Buildings and structures.

Total liabilities as of December 31, 2020 decreased ¥6,167 million from December 31, 2019 to ¥103,681 million.

Current liabilities decreased ¥6,613 million from December 31, 2019 to ¥80,265 million. The main factors were decreases in income taxes payable and advances received.

Non-current liabilities increased ¥446 million from December 31, 2019 to ¥23,416 million. The main factor was an increase in retirement benefit liability.

Total net assets as of December 31, 2020 decreased ¥2,326 million from December 31, 2019 to ¥239,711 million.

### b. Overview of cash flows

Cash and cash equivalents as of December 31, 2020 increased ¥6,029 million from December 31, 2019 to ¥148,833 million. The respective cash flow positions and the factors thereof in the fiscal year ended December 31, 2020 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥20,734 million (¥30,455 million provided in the previous fiscal year). The main factors were profit before income taxes of ¥17,288 million and a decrease in trade receivables of ¥5,384 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,229 million (¥29,645 million provided in the previous fiscal year). The main factors were purchases of investment securities of ¥4,683 million and proceeds from net decrease of time deposits of ¥3,714 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥8,281 million (¥5,908 million used in the previous fiscal year). The main factor was dividends paid of ¥7,961 million.

## **(3) Basic policy regarding profit distribution and dividend payments for the current and next fiscal year**

The Company recognizes the distribution of profits as an important management policy. The basic policy is to stably

distribute profits to shareholders upon comprehensively judging the financial conditions, profit conditions, dividend payout ratio, etc. of the Company and the Group, while increasing the retained earnings needed to respond to stable corporate growth for the future and changes in the business environment.

Regarding dividends, the Company aims for a consolidated dividend payout ratio of 35%, and strives to maintain continuous and stable dividends between roughly 30% and 40%. In addition, the Company is considering strategic share repurchase upon taking factors such as balance with growth investment and the value of Hoshizaki shares on the stock exchange into consideration.

Retained earnings will be appropriated for investment in order to increase corporate value in the future through activities such as strengthening the corporate structure, capital investment, research and development.

Based on the basic policy, the Company has set its year-end dividend at ¥110 per share for the fiscal year ended December 31, 2020.

In addition, the Company plans to pay a year-end dividend of ¥110 per share for the next fiscal year.

## **2. Basic approach to the selection of accounting standards**

The Group currently has a policy to prepare the consolidated financial statements based on the generally accepted accounting standards in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms.

With respect to the timing of application of International Financial Reporting Standards (IFRS), our policy is to respond appropriately while considering various domestic and overseas circumstances.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	215,093	217,212
Notes and accounts receivable - trade	31,708	27,122
Merchandise and finished goods	16,376	14,549
Work in process	3,495	3,642
Raw materials and supplies	10,464	10,214
Other	4,360	4,707
Allowance for doubtful accounts	(155)	(207)
Total current assets	281,343	277,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	45,083	43,580
Accumulated depreciation	(28,180)	(28,284)
Buildings and structures, net	16,902	15,295
Machinery, equipment and vehicles	34,033	33,717
Accumulated depreciation	(26,093)	(26,624)
Machinery, equipment and vehicles, net	7,939	7,092
Tools, furniture and fixtures	22,053	22,121
Accumulated depreciation	(19,752)	(20,215)
Tools, furniture and fixtures, net	2,300	1,906
Land	15,656	14,489
Leased assets	1,027	1,107
Accumulated depreciation	(160)	(420)
Leased assets, net	866	687
Construction in progress	636	2,874
Total property, plant and equipment	44,303	42,345
Intangible assets	4,695	3,510
Investments and other assets		
Investment securities	10,295	9,311
Deferred tax assets	9,434	9,112
Other	2,022	2,075
Allowance for doubtful accounts	(208)	(203)
Total investments and other assets	21,543	20,296
Total non-current assets	70,543	66,152
Total assets	351,887	343,393



(Millions of yen)

	As of December 31, 2019	As of December 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,555	16,052
Income taxes payable	3,519	1,632
Advances received	26,829	26,070
Provision for product warranties	1,671	1,823
Other provisions	3,348	2,849
Other	34,953	31,836
<b>Total current liabilities</b>	<b>86,878</b>	<b>80,265</b>
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	233	238
Retirement benefit liability	18,826	19,835
Provision for product warranties	1,244	994
Other	2,666	2,348
<b>Total non-current liabilities</b>	<b>22,970</b>	<b>23,416</b>
<b>Total liabilities</b>	<b>109,848</b>	<b>103,681</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,021	8,021
Capital surplus	14,543	14,543
Retained earnings	222,768	226,244
Treasury shares	(4)	(5)
<b>Total shareholders' equity</b>	<b>245,328</b>	<b>248,803</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	94	11
Foreign currency translation adjustment	(3,196)	(8,829)
Remeasurements of defined benefit plans	(1,695)	(1,841)
<b>Total accumulated other comprehensive income</b>	<b>(4,796)</b>	<b>(10,659)</b>
Non-controlling interests	1,506	1,568
<b>Total net assets</b>	<b>242,038</b>	<b>239,711</b>
<b>Total liabilities and net assets</b>	<b>351,887</b>	<b>343,393</b>

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

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	290,136	238,314
Cost of sales	180,671	149,261
Gross profit	109,464	89,053
Selling, general and administrative expenses	76,799	70,605
Operating profit	32,664	18,447
Non-operating income		
Interest income	1,821	719
Subsidy income	–	900
Other	507	584
Total non-operating income	2,329	2,204
Non-operating expenses		
Interest expenses	17	34
Foreign exchange losses	426	2,307
Temporary layoff expenses	–	671
Other	325	218
Total non-operating expenses	769	3,232
Ordinary profit	34,224	17,420
Extraordinary income		
Gain on sales of investment securities	98	77
Other	4	5
Total extraordinary income	103	83
Extraordinary losses		
Loss on abandonment of non-current assets	34	40
Loss on valuation of investment securities	–	125
Other	29	49
Total extraordinary losses	63	215
Profit before income taxes	34,263	17,288
Income taxes - current	10,039	5,144
Income taxes - deferred	(521)	519
Total income taxes	9,518	5,663
Profit	24,745	11,624
Profit attributable to non-controlling interests	307	181
Profit attributable to owners of parent	24,437	11,442

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Profit	24,745	11,624
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	(83)
Foreign currency translation adjustment	(1,182)	(3,740)
Remeasurements of defined benefit plans, net of tax	812	(146)
Share of other comprehensive income of entities accounted for using equity method	–	(1,983)
Total other comprehensive income	(414)	(5,952)
Comprehensive income	24,330	5,671
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,062	5,579
Comprehensive income attributable to non- controlling interests	268	91

**(3) Consolidated statements of changes in equity**

Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,008	14,530	204,123	(4)	226,659
Changes during period					
Issuance of new shares	12	12			24
Dividends of surplus			(5,793)		(5,793)
Profit attributable to owners of parent			24,437		24,437
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	12	12	18,644	(0)	18,668
Balance at end of period	8,021	14,543	222,768	(4)	245,328

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	139	(2,052)	(2,507)	(4,420)	1,272	223,510
Changes during period						
Issuance of new shares						24
Dividends of surplus						(5,793)
Profit attributable to owners of parent						24,437
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(44)	(1,143)	812	(375)	234	(141)
Total changes during period	(44)	(1,143)	812	(375)	234	18,527
Balance at end of period	94	(3,196)	(1,695)	(4,796)	1,506	242,038

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,021	14,543	222,768	(4)	245,328
Changes during period					
Issuance of new shares					—
Dividends of surplus			(7,966)		(7,966)
Profit attributable to owners of parent			11,442		11,442
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	3,476	(0)	3,475
Balance at end of period	8,021	14,543	226,244	(5)	248,803

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	94	(3,196)	(1,695)	(4,796)	1,506	242,038
Changes during period						
Issuance of new shares						—
Dividends of surplus						(7,966)
Profit attributable to owners of parent						11,442
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(83)	(5,633)	(146)	(5,862)	61	(5,801)
Total changes during period	(83)	(5,633)	(146)	(5,862)	61	(2,326)
Balance at end of period	11	(8,829)	(1,841)	(10,659)	1,568	239,711

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	34,263	17,288
Depreciation	4,643	5,001
Amortization of goodwill	510	469
Increase (decrease) in retirement benefit liability	931	791
Increase (decrease) in provision for product warranties	27	(225)
Increase (decrease) in provision for bonuses	(92)	(513)
Interest and dividend income	(1,838)	(730)
Foreign exchange losses (gains)	368	1,890
Subsidy income	-	(900)
Loss (gain) on valuation of investment securities	-	125
Decrease (increase) in trade receivables	(173)	5,384
Decrease (increase) in inventories	1,948	3,034
Increase (decrease) in trade payables	(1,427)	(892)
Increase (decrease) in accounts payable - other	(530)	(2,941)
Increase (decrease) in accrued expenses	(372)	(437)
Increase (decrease) in advances received	130	(758)
Increase (decrease) in accrued consumption taxes	136	113
Increase (decrease) in long-term accounts payable - other	(12)	161
Other, net	626	63
<b>Subtotal</b>	<b>39,139</b>	<b>26,923</b>
Interest and dividends received	2,038	901
Interest paid	(25)	(37)
Proceeds from subsidy income	-	900
Income taxes paid	(10,697)	(7,953)
<b>Net cash provided by (used in) operating activities</b>	<b>30,455</b>	<b>20,734</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(141,824)	(141,661)
Proceeds from withdrawal of time deposits	183,737	145,376
Net decrease (increase) in trust beneficiary right	307	288
Purchase of property, plant and equipment	(3,819)	(3,212)
Purchase of intangible assets	(526)	(199)
Purchase of investment securities	(9,682)	(4,683)
Proceeds from sales of investment securities	533	1,449
Proceeds from redemption of investment securities	1,000	1,711
Purchase of long-term prepaid expenses	(169)	(404)
Other, net	89	106
<b>Net cash provided by (used in) investing activities</b>	<b>29,645</b>	<b>(1,229)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(5,793)	(7,961)
Repayments of lease obligations	(36)	(281)
Other, net	(77)	(37)
<b>Net cash provided by (used in) financing activities</b>	<b>(5,908)</b>	<b>(8,281)</b>
Effect of exchange rate change on cash and cash equivalents	(645)	(5,193)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>53,546</b>	<b>6,029</b>
Cash and cash equivalents at beginning of period	89,256	142,803
<b>Cash and cash equivalents at end of period</b>	<b>142,803</b>	<b>148,833</b>

## **(5)Notes to the consolidated financial statements**

### **Notes on premise of going concern**

Not applicable

### **Significant matters forming the basis of preparing the consolidated financial statements**

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries:

50

Names of the significant consolidated subsidiaries

HOSHIZAKI TOKYO CO., LTD., HOSHIZAKI TOKAI CO., LTD., HOSHIZAKI KEIHAN CO., LTD.,  
HOSHIZAKI KITAKYU CO., LTD., HOSHIZAKI AMERICA, INC. and LANCER CORPORATION

##### (2) Names of non-consolidated subsidiaries

Non-consolidated subsidiaries

LANCER DO BRASIL INDUSTRIA E COMERCIO LTDA. and Haikawa Industries Private Limited

The non-consolidated subsidiaries are excluded from the scope of consolidation because their operations are relatively small, and their total assets, net sales, profit or loss (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others do not have a significant impact on the consolidated financial statements.

#### 2. Application of the equity method

##### (1) Number of non-consolidated subsidiaries and associates accounted for using the equity method:

1

Name of the equity-method company

Öztiryakiler Madeni Eşya Sanayi ve Ticaret Anonim Şirketi

##### (2) Names of non-consolidated subsidiaries not accounted for using the equity method

LANCER DO BRASIL INDUSTRIA E COMERCIO LTDA. and Haikawa Industries Private Limited

The above subsidiaries are excluded from the scope of the application of the equity method because such exclusion has an immaterial effect on the consolidated financial statements in terms of profit or loss (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others, and are not material as a whole.

#### 3. Fiscal years of consolidated subsidiaries

The fiscal year end of the consolidated subsidiaries is the same as the fiscal year end for the consolidated financial statements.

#### 4. Accounting policies

##### (1) Valuation basis and methods for significant assets

###### a. Securities

Held-to-maturity debt securities

Amortized cost method (using the straight-line method)

Available-for-sale securities

Securities with market value

Market value method based on the quoted market price at the fiscal year-end date (All valuation differences are accounted for as a component of net assets with the cost of securities sold determined using the moving-average method.)

Securities with no market value

Cost method using the moving-average method

###### b. Inventories

###### (i) Valuation basis:

primarily by the cost method (The amount carried on the balance sheet is calculated by writing down the book value based on lowered profitability.)

###### (ii) Valuation methods

Merchandise:

primarily by the specific identification method

Finished goods and work in process:  
primarily by the weighted average method

Raw materials and supplies:  
primarily by the first-in, first-out (FIFO) method

(2) Depreciation methods for significant depreciable assets

a. Property, plant and equipment (except for leased assets)

Buildings (except for facilities attached to buildings)

The Company has adopted the declining balance method while its consolidated subsidiaries have adopted the straight-line method.

Others

The Company and its domestic consolidated subsidiaries have adopted the declining balance method while its overseas consolidated subsidiaries have adopted the straight-line method.

However, a portion of its consolidated subsidiaries have adopted the straight-line method for facilities attached to buildings and structures acquired on or after April 1, 2016.

Useful lives of major assets

Buildings and structures: 5 to 50 years

Machinery, equipment and vehicles: 4 to 15 years

b. Intangible assets (except for leased assets)

The straight-line method

c. Leased assets

The Company has adopted the straight-line method using the lease term as the useful life, with a residual value of zero.

(3) Reporting basis for significant allowances and provisions

a. Allowance for doubtful accounts

To prepare for bad debt losses on trade receivables, loan receivables, etc., the Company and its domestic consolidated subsidiaries have provided for allowances for doubtful accounts at uncollectible amounts estimated based either on historical bad debt loss percentage in the case of general receivables, or on individual consideration of collectability in the case of specific receivables such as doubtful receivables. Its overseas consolidated subsidiaries have provided for allowances for doubtful accounts primarily for specific receivables at estimated uncollectible amounts.

b. Provision for bonuses

To prepare for the payment of bonuses to employees, the Company and its certain consolidated subsidiaries have recorded a portion to be borne during the current fiscal year out of the total estimated amount of payment.

c. Provision for product warranties

To prepare for costs of after-sales services, the Company and its certain consolidated subsidiaries have recorded an estimated amount of service costs to be incurred in the future.

d. Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits for directors and other officers, domestic consolidated subsidiaries of the Company have recorded an amount to be paid at the end of the current fiscal year based on the internal rules.

(4) Accounting for retirement benefits

To prepare for the payment of retirement benefits to employees, the Company and its certain consolidated subsidiaries have recorded an amount deemed accrued at the end of the current fiscal year based on the projected amounts of retirement benefit liability and pension assets as of the end of the current fiscal year.

a. Attribution method for estimated retirement benefits

In the calculation of retirement benefit liability, the benefit formula basis is used to attribute the estimated amount of retirement benefits to the period up to the end of the current fiscal year.

b. Accounting for actuarial gains and losses

Actuarial gains and losses are expensed on a straight-line basis at an amount allocated proportionally over a certain period within the average remaining service years of employees (mainly 10 years) as of the time of accrual in each fiscal year from the fiscal year following the respective fiscal year of recognition.



- (5) Basis for translation of significant assets and liabilities denominated in foreign currencies into Japanese yen  
Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate at the fiscal year-end date, and exchange rate differences are accounted for as gains or losses. In addition, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rate at the fiscal year-end date, and their revenues and expenses are translated into Japanese yen at the average exchange rate for the period. Exchange rate differences are included in foreign currency translation adjustment and non-controlling interests in the net assets section.
- (6) Amortization method and period of goodwill  
Goodwill is amortized on a straight-line basis mainly over 10 to 12 years.
- (7) Scope of funds in the consolidated statement of cash flows  
The scope of funds includes cash on hand, demand deposits and highly-liquid short-term investments with a maturity of three months or less at acquisition that are readily convertible to cash and are subject to an insignificant risk of changes in value.
- (8) Other significant matters for preparing the consolidated financial statements  
Accounting for consumption taxes  
Consumption taxes are accounted for using the net-of-tax method.

**Changes in accounting policies**

Not applicable

## Segment information, etc.

### Segment information

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

Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)

(Millions of yen)

	Reportable segment				Reconciliation (Note 1) (Note 2) (Note 3)	Amount recorded in the consolidated financial statements (Note 4)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	189,953	63,916	36,265	290,136	–	290,136
Intersegment sales or transfers	5,033	888	1,562	7,484	(7,484)	–
Total	194,987	64,805	37,827	297,620	(7,484)	290,136
Segment profit	21,760	7,647	3,667	33,074	(409)	32,664

- Notes
1. The reconciliation amount of negative ¥409 million for segment profit includes amortization of goodwill of negative ¥444 million, amortization of intangible assets, etc. of negative ¥28 million, ¥4 million from reconciliation of inventories, and ¥57 million from reconciliation of transactions with other segments and miscellaneous items.
  2. Segment profit has been reconciled with operating profit in the consolidated financial statements.

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Reportable segment				Reconciliation (Note 1) (Note 2) (Note 3)	Amount recorded in the consolidated financial statements (Note 4)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	166,117	45,945	26,250	238,314	–	238,314
Intersegment sales or transfers	3,872	625	655	5,153	(5,153)	–
Total	169,989	46,570	26,906	243,467	(5,153)	238,314
Segment profit	14,329	3,286	1,173	18,789	(341)	18,447

- Notes
1. The reconciliation amount of negative ¥341 million for segment profit includes amortization of goodwill of negative ¥404 million, amortization of intangible assets, etc. of negative ¥27 million, ¥78 million from reconciliation of inventories, and ¥11 million from reconciliation of transactions with other segments and miscellaneous items.
  2. Segment profit has been reconciled with operating profit in the consolidated financial statements.

### Related information

Fiscal year ended December 31, 2019 (from January 1, 2019 to December 31, 2019)

#### 1. Information by product and service

(Millions of yen)

	Ice makers	Refrigera- tors	Dish- washers	Dis- pensers	Non Hoshizaki goods	Mainte- nance and repair	Other	Total
Sales to external customers	51,528	75,038	20,104	26,139	37,799	50,763	28,763	290,136

#### 2. Information by region

##### Net sales

(Millions of yen)

Japan	Americas	Other regions	Total
190,027	55,821	44,287	290,136

Note Net sales are classified into countries or regions based on customers' location.

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

#### 1. Information by product and service

(Millions of yen)

	Ice makers	Refrigera- tors	Dish- washers	Dis- pensers	Non Hoshizaki goods	Mainte- nance and repair	Other	Total
Sales to external customers	40,491	58,564	14,723	16,530	30,986	47,072	29,946	238,314

2. Information by region  
Net sales

(Millions of yen)

Japan	Americas	Other regions	Total
166,161	40,737	31,415	238,314

Note Net sales are classified into countries or regions based on customers' location.

**Per share information**

	Fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)	Fiscal year ended December 31, 2020 (From January 1, 2020 to December 31, 2020)
Net assets per share	¥3,321.31	¥3,288.35
Earnings per share	¥337.45	¥158.00

Notes 1. Diluted earnings per share is not presented since no potential shares exist.

2. The basis of the calculation of earnings per share is as follows:

	Fiscal year ended December 31, 2019 (From January 1, 2019 to December 31, 2019)	Fiscal year ended December 31, 2020 (From January 1, 2020 to December 31, 2020)
Profit attributable to owners of parent (Millions of yen)	24,437	11,442
Amounts not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	24,437	11,442
Average number of shares during the period (Thousands of shares)	72,419	72,420

**Significant subsequent events**

Not applicable

**4. Other**

Not applicable