

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2021 (Based on Japanese GAAP)

May 12, 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 to file Quarterly Securities Report: May 14, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2021 (from January 1, 2021 to March 31, 2021)

(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	%
Three months ended March 31, 2021	68,556	(5.5)	7,722	(19.2)	11,297	35.4	7,790	41.5
Three months ended March 31, 2020	72,568	(4.6)	9,559	(0.9)	8,345	(18.8)	5,503	(21.8)

Note: Comprehensive income Three months ended March 31, 2021 ¥13,178 million[242.1%]
 Three months ended March 31, 2020 ¥3,852 million [(48.2)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2021	107.57		–	
Three months ended March 31, 2020	76.00		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	357,255	244,923	68.1	3,357.67
As of December 31, 2020	343,393	239,711	69.3	3,288.35

Reference: Equity As of March 31, 2021 ¥243,163 million
 As of December 31, 2020 ¥238,143 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2020	–	0.00	–	110.00	110.00
Year ending December 31, 2021	–				
Year ending December 31, 2021 (Forecast)		0.00	–	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, 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

Note: Revision of consolidated financial results forecast most recently announced: No

*Notes

- (1) Changes in significant subsidiaries during the three months ended March 31, 2021
(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 March 31, 2021	72,421,650 shares	As of December 31, 2020	72,421,650 shares
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b. Number of treasury shares at the end of the period

As of March 31, 2021	1,279 shares	As of December 31, 2020	1,230 shares
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c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2021	72,420,395 shares	Three months ended March 31, 2020	72,420,619 shares
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* **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
Index**

1. Qualitative information on the quarterly financial results	2
(1) Operating results.....	2
(2) Financial position	2
(3) Explanation of consolidated earnings forecasts and other forward-looking statements.....	3
2. Quarterly consolidated financial statements	4
(1) Consolidated balance sheets.....	4
(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative).....	5
Consolidated statements of income (cumulative)	5
Consolidated statements of comprehensive income (cumulative)	6
(3) Notes to quarterly consolidated financial statements	7
Notes on premise of going concern.....	7
Notes on significant changes in the amount of shareholders' equity	7
Application of special accounting for preparing quarterly consolidated financial statements.....	7
Changes in accounting policies.....	7
Changes in accounting estimates	7
Segment information, etc.	7

1. Qualitative information on the quarterly financial results

(1) Operating results

The Japanese economy during the three months ended March 31, 2021 saw adverse conditions due to the impact of the state of emergency covering 11 prefectures that was declared in January as a measure against the spread of the new coronavirus infections (COVID-19) that has continued to spread, primarily in urban areas.

Overseas, despite signs of recovery in some regions, such as the U.S., where COVID-19 vaccinations are progressing, the global economy saw adverse conditions due to factors such as lockdowns in response to the spread of COVID-19 in Europe.

Amid such circumstances, in Japan, while working to prevent the spread of COVID-19, the Group focused on expanding sales in the restaurant market, and reaching new customers, in addition to striving to obtain customers other than restaurants, such as medical institutions, long-term care health facilities and nursery schools.

Overseas, despite the gradual recovery of sales due to the economic recovery of the Americas and Asia, the situation remained largely affected by the re-emergence of COVID-19, with restrictions on sales and production activities due to lockdowns, etc in Europe.

As a result of the above initiatives, the Group reported operating results for the three months ended March 31, 2021 with net sales of ¥68,556 million (down 5.5% year-on-year). Operating profit was ¥7,722 million (down 19.2% year-on-year). In addition, owing to the recording of foreign exchange gains of ¥3,355 million arising from the translation of foreign-currency assets held to Japanese yen, ordinary profit was ¥11,297 million (up 35.4% year-on-year) and profit attributable to owners of parent was ¥7,790 million (up 41.5% year-on-year).

Operating results by segment are as follows.

a. Japan

In Japan, the Group continued to promote sales expansion of refrigerators, ice machines, dishwashers, electrolytic water generators, and other products, and cultivate new customers while providing support to customers seeking to expand into the take-out and delivery business in response to the COVID-19 crisis. In addition, despite proactively working to obtain customers other than restaurants by taking advantage of support for hygiene management, etc., the Group generated net sales of ¥48,021 million (down 5.1% year-on-year) and segment profit of ¥6,095 million (down 15.8% year-on-year) as a result of the impact of the spread of COVID-19 and other factors.

b. Americas

In the Americas, despite working to expand sales of products, such as ice makers and dispensers while continuing to reduce costs, the Group generated net sales of ¥12,948 million (down 13.5% year-on-year) and segment profit of ¥1,167 million (down 33.3% year-on-year) as a result of the decline in the order environment due to the impact of the spread of COVID-19.

c. Europe / Asia

In Europe and Asia, the Group promoted sales of flagship products while continuing to reduce costs. Despite the impact of restrictions on sales and production activities and the deteriorating order environment due to the lockdowns implemented in Europe and other factors, the Group generated net sales of ¥9,127 million (up 7.0% year-on-year) and segment profit of ¥691 million (down 0.3% year-on-year) as a result of the recovery of demand due to economic recovery in some regions in Asia.

(2) Financial position

Total assets as of March 31, 2021 increased ¥13,861 million from December 31, 2020 to ¥357,255 million.

Current assets increased ¥11,585 million from December 31, 2020 to ¥288,826 million. The main factor was an increase in notes and accounts receivable - trade.

Non-current assets increased ¥2,275 million from December 31, 2020 to ¥68,428 million. The main factor was an increase in investments and other assets.

Total liabilities as of March 31, 2021 increased ¥8,649 million from December 31, 2020 to ¥112,331 million.

Current liabilities increased ¥8,688 million from December 31, 2020 to ¥88,953 million. The main factor was an increase in notes and accounts payable - trade.

Non-current liabilities decreased ¥38 million from December 31, 2020 to ¥23,377 million. The main factor was a

decrease in other provisions.

Net assets as of March 31, 2021 increased ¥5,211 million from December 31, 2020 to ¥244,923 million.

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

There are currently no changes to the earnings forecasts announced on February 8, 2021.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	217,212	220,218
Notes and accounts receivable - trade	27,122	35,674
Merchandise and finished goods	14,549	13,375
Work in process	3,642	4,080
Raw materials and supplies	10,214	11,300
Other	4,707	4,448
Allowance for doubtful accounts	(207)	(271)
Total current assets	277,241	288,826
Non-current assets		
Property, plant and equipment	42,345	42,764
Intangible assets	3,510	3,408
Investments and other assets	20,296	22,255
Total non-current assets	66,152	68,428
Total assets	343,393	357,255
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,052	22,938
Income taxes payable	1,632	5,757
Provision for bonuses	2,837	6,061
Other provisions	1,835	2,203
Other	57,906	51,994
Total current liabilities	80,265	88,953
Non-current liabilities		
Retirement benefit liability	19,835	19,899
Other provisions	1,232	1,137
Other	2,348	2,341
Total non-current liabilities	23,416	23,377
Total liabilities	103,681	112,331
Net assets		
Shareholders' equity		
Share capital	8,021	8,021
Capital surplus	14,543	14,543
Retained earnings	226,244	226,068
Treasury shares	(5)	(6)
Total shareholders' equity	248,803	248,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	61
Foreign currency translation adjustment	(8,829)	(3,767)
Remeasurements of defined benefit plans	(1,841)	(1,756)
Total accumulated other comprehensive income	(10,659)	(5,462)
Non-controlling interests	1,568	1,759
Total net assets	239,711	244,923
Total liabilities and net assets	343,393	357,255

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	72,568	68,556
Cost of sales	44,482	43,032
Gross profit	28,086	25,523
Selling, general and administrative expenses	18,526	17,801
Operating profit	9,559	7,722
Non-operating income		
Interest income	289	94
Foreign exchange gains	-	3,355
Subsidy income	-	10
Other	131	167
Total non-operating income	420	3,628
Non-operating expenses		
Interest expenses	7	9
Foreign exchange losses	1,570	-
Donations	22	14
Other	34	28
Total non-operating expenses	1,634	52
Ordinary profit	8,345	11,297
Extraordinary income		
Gain on sales of investment securities	24	24
Other	0	2
Total extraordinary income	24	26
Extraordinary losses		
Loss on abandonment of non-current assets	28	12
Other	3	-
Total extraordinary losses	32	12
Profit before income taxes	8,338	11,312
Income taxes - current	4,106	5,259
Income taxes - deferred	(1,367)	(1,826)
Total income taxes	2,738	3,433
Profit	5,599	7,879
Profit attributable to non-controlling interests	95	89
Profit attributable to owners of parent	5,503	7,790

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit	5,599	7,879
Other comprehensive income		
Valuation difference on available-for-sale securities	(126)	50
Foreign currency translation adjustment	(1,696)	5,474
Remeasurements of defined benefit plans, net of tax	75	84
Share of other comprehensive income of entities accounted for using equity method	-	(310)
Total other comprehensive income	(1,746)	5,299
Comprehensive income	3,852	13,178
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,834	12,987
Comprehensive income attributable to non- controlling interests	17	191

(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

Segment information, etc.

Segment information

I. Three months ended March 31, 2020 (from January 1, 2020 to March 31, 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	49,436	14,776	8,355	72,568	–	72,568
Intersegment sales or transfers	1,180	196	172	1,548	(1,548)	–
Total	50,616	14,973	8,527	74,117	(1,548)	72,568
Segment profit	7,238	1,750	693	9,681	(121)	9,559

Notes 1. The reconciliation amount of negative ¥121 million for segment profit includes amortization of goodwill of negative ¥105 million, amortization of intangible assets, etc. of negative ¥6 million, negative ¥17 million from reconciliation of inventories, and ¥8 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. Three months ended March 31, 2021 (from January 1, 2021 to March 31, 2021)

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	46,931	12,755	8,869	68,556	–	68,556
Intersegment sales or transfers	1,089	192	258	1,540	(1,540)	–
Total	48,021	12,948	9,127	70,096	(1,540)	68,556
Segment profit	6,095	1,167	691	7,954	(232)	7,722

Notes 1. The reconciliation amount of negative ¥232 million for segment profit includes amortization of goodwill of negative ¥92 million, amortization of intangible assets, etc. of negative ¥6 million, negative ¥133 million from reconciliation of inventories, and ¥0 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.