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, 2022 (Based on Japanese GAAP)

February 10, 2023

Company name: HOSHIZAKI CORPORATION
Stock exchange listing: 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 (in charge of Accounting Department) Ryuichiro Seki TEL: +81-562-96-1112
Scheduled date of annual general meeting of shareholders: March 29, 2023
Scheduled date to file Securities Report: March 29, 2023
Scheduled date to commence dividend payments: March 8, 2023
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, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	321,338	17.1	27,915	12.0	37,763	21.2	24,345	12.3
Year ended December 31, 2021	274,419	15.2	24,931	35.1	31,165	78.9	21,679	89.5

Note: Comprehensive income Year ended December 31, 2022 ¥43,883 million [56.4%]
Year ended December 31, 2021 ¥28,054 million [394.7%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended December 31, 2022	168.06	–	8.9	9.4	8.7
Year ended December 31, 2021	149.67	–	8.7	8.6	9.1

Reference: Share of profit (loss) of entities accounted for using equity method
Year ended December 31, 2022 ¥(871) million
Year ended December 31, 2021 ¥141 million

Notes:
1. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year. Accordingly, each figure for the year ended December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.
2. The Company has split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date. Earnings per share is calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(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, 2022	422,227	292,627	68.5	1,997.27
As of December 31, 2021	378,469	259,862	68.1	1,779.92

Reference: Equity As of December 31, 2022 ¥289,326 million
As of December 31, 2021 ¥257,826 million

Notes:
1. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year. Accordingly, each figure as of December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.
2. The Company has split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date. Net assets per share is calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(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, 2022	5,170	1,941	(13,349)	186,669
Year ended December 31, 2021	27,343	5,238	(8,122)	181,615

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, 2021	–	0.00	–	110.00	110.00	7,966	36.7	3.2
Year ended December 31, 2022	–	60.00	–	40.00	–	10,140	41.7	3.7
Year ending December 31, 2023 (Forecast)	–	30.00	–	40.00	70.00		43.5	

Note: The Company has split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date.
Second quarter-end of the year ended December 31, 2022 shows the amount before the split and fiscal year-end of the year ended December 31, 2022 shows the amount after the split. Annual dividends per share are not displayed because they cannot be simply totaled by the implementation of stock split.
Total annual dividends per share for 2022 before the stock split will be ¥140.00 per share, an increase of ¥30.00 in real terms from the year ended December 31, 2021.

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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	350,000	8.9	34,000	21.8	35,100	(7.1)	23,300	(4.3)	160.84

*Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2022
(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

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

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

c. Changes in accounting estimates: No

d. Restatement of prior period financial statements: No

Note: For details, please refer to "3. Consolidated financial statements, Changes in accounting policies" of the attached material.

(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, 2022	144,864,000 shares	As of December 31, 2021	144,855,300 shares

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

As of December 31, 2022	3,178 shares	As of December 31, 2021	2,558 shares

c. Average number of shares during the period

Year ended December 31, 2022	144,857,780 shares	Year ended December 31, 2021	144,848,142 shares

Note: The Company has split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date. The number of shares is presented on the assumption that the split was conducted at the beginning of the previous fiscal year.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	68,249	2.4	9,746	(6.2)	21,337	23.3	17,764	40.9
Year ended December 31, 2021	66,625	5.5	10,392	4.4	17,303	61.3	12,603	56.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended December 31, 2022	122.64	–
Year ended December 31, 2021	87.01	–

Notes: 1. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year. Accordingly, each figure for the year ended December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.

2. The Company has split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date. Earnings per share is calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(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, 2022	236,397	145,130	61.4	1,001.86
As of December 31, 2021	227,977	139,583	61.2	963.62

Reference: Equity As of December 31, 2022 ¥145,130 million

As of December 31, 2021 ¥139,583 million

Notes: 1. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year. Accordingly, each figure as of December 31, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.

2. The Company has split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date. Net assets per share is calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* **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.

Attached Materials
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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, 2022.

(1) Overview of operating results during the fiscal year ended December 31, 2022

(Operating results during the fiscal year ended December 31, 2022)

The fiscal year ended December 31, 2022 began with a resurgence of COVID-19 due to the emergence of new variants of the virus, and was subsequently hit by a challenging environment in the form of soaring prices and fluctuations in the foreign exchange markets, but the Japanese economy showed signs of normalization in socio-economic activities as people increasingly sought to live with COVID-19. Overseas, although the economic recovery progressed more rapidly than it did in Japan, the outlook remained uncertain due to the prolongation of the Russian invasion of Ukraine, the raising of interest rates in Europe and the U.S. to address historical levels of inflation, and the slowing of economic growth in China due to the impact of the zero-COVID policy.

Amid such circumstances, in Japan, the Group focused on expanding sales in the gradually recovering restaurant market and on expanding sales and developing new customers in non-restaurant markets such as retail industry and food processing industry. Although we faced constraints in supplying products in the first half of the year due to difficulties in procuring materials and parts mainly as a result of supply chain disruptions worldwide and lockdowns in China, those constraints have gradually eased from July onward. However, since prices of materials and parts have continued to rise, we determined that it would be difficult to improve profitability through only our efforts, and therefore, conducted a product price revision in June.

Overseas, while we focused on responding to the recovery in demand that has accompanied the pickup in the global economy, our supply of certain products was constrained due to difficulties in procuring materials and parts. Amid the impact of the rising prices for materials, parts and logistics worldwide, as well as manpower shortages, rising labor costs, etc. particularly in the U.S., we implemented product price revisions as needed and worked to maintain profitability.

As a result of the above initiatives, the Group reported business results for the fiscal year under review with net sales of ¥321,338 million (up 17.1% year-on-year) and operating profit of ¥27,915 million (up 12.0% year-on-year). Odinary profit was ¥37,763 million (up 21.2% year-on-year) mainly due to the recording of foreign exchange gains of ¥9,032 million from translation of foreign-currency assets to Japanese yen. In addition, profit attributable to owners of parent was ¥24,345 million (up 12.3% year-on-year) mainly due to the recording of business restructuring expenses of ¥3,122 million as extraordinary losses.

Business results by segment are as follows.

a. Japan

In Japan, the first half of the year was characterized by difficulties in procuring materials and parts, which resulted in longer lead times for deliveries of products despite our efforts to secure alternative parts and take other steps to continue production activities. Prices of our products were revised in June amid the cost of procuring alternative parts and surging prices of materials and parts having a significant impact on profits. During the second half of the year, the difficulties in procuring materials and parts gradually eased, normal production became possible for almost all products, and we particularly strived to expand sales of refrigerators, ice machines, dishwashers and other flagship products. As a result, the Group generated net sales of ¥193,407 million (up 6.9% year-on-year) and segment profit of ¥19,299 million (up 17.1% year-on-year).

b. Americas

Amid constraints on supply of our products occurring as a result of difficulties in procuring materials and parts in the Americas, we strived to expand sales of ice machines, dispensers and other products in the face of the strong demand that followed the economic recovery. In addition, although we worked to maintain profitability by implementing product price revisions, there was an impact of surging prices of materials and parts and labor costs due to soaring inflation. There was also the effect of weaker yen on foreign currency translation and, as a result, the Group generated net sales of ¥79,703 million (up 30.4% year-on-year), whereas segment profit was ¥5,447 million (down 3.0% year-on-year).

c. Europe / Asia

As for Europe and Asia, although in Europe there were difficulties in procuring materials and parts and supply constraints for ice machines, we worked to expand sales of our flagship products, primarily to restaurants, and in India sales of refrigerators were strong. There was also the effect of weaker yen on foreign currency translation and, as a result, the Group generated net sales of ¥57,158 million (up 44.9% year-on-year) and segment profit of ¥4,820 million (up 39.9% year-on-year).

(Outlook for the next fiscal year)
The IMF is projecting growth of 2.9% for the global economy in 2023, which is the weakest rate of growth in recent years if one excludes the periods during which the global financial crisis and the COVID-19 pandemic were at their peak. There are concerns about the impact on the global economy of the continuation of rising prices, drastic monetary tightening in many countries, including Europe and the U.S., the Russian invasion of Ukraine, and other factors. On the other hand, although there are concerns about the impact of the slowing of the global economy, the continuing rise in prices of materials and parts and other issues in the Company's key segment of Japan, the business environment in which the Company operates is also showing some positive signs, such as a recovery in consumption of services and in inbound tourist traffic.

As a result, for the full-year earnings forecasts, net sales are expected to be ¥350,000 million (up 8.9% year-on-year), operating profit is expected to be ¥34,000 million (up 21.8% year-on-year), ordinary profit is expected to be ¥35,100 million (down 7.1% year-on-year), and profit attributable to owners of parent is expected to be ¥23,300 million (down 4.3% year-on-year).

The assumed foreign exchange rates in our full-year earnings forecasts are ¥125 to the U.S. dollar and ¥135 to the euro.

* The forward-looking statements, including earnings forecasts, contained in this material are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company does not guarantee that they will be achieved. Actual business and other results may differ substantially due to various factors.

(2) Overview of financial position during the fiscal year ended December 31, 2022

a. Overview of assets, liabilities and net assets

Total assets as of December 31, 2022 increased ¥43,757 million from December 31, 2021 to ¥422,227 million.

Current assets increased ¥17,594 million from December 31, 2021 to ¥328,240 million. The main factor was an increase in raw materials and supplies to respond to increased production.

Non-current assets increased ¥26,162 million from December 31, 2021 to ¥93,986 million. The main factor was an increase in goodwill.

Total liabilities as of December 31, 2022 increased ¥10,992 million from December 31, 2021 to ¥129,600 million.

Current liabilities increased ¥8,538 million from December 31, 2021 to ¥102,987 million. The main factor was an increase in notes and accounts payable - trade due to an increase in purchases.

Non-current liabilities increased ¥2,453 million from December 31, 2021 to ¥26,612 million.

Total net assets as of December 31, 2022 increased ¥32,765 million from December 31, 2021 to ¥292,627 million. The main factors were increases in retained earnings and foreign currency translation adjustment.

b. Overview of cash flows

Cash and cash equivalents as of December 31, 2022 increased ¥5,053 million from December 31, 2021 to ¥186,669 million. The respective cash flow positions and the factors thereof in the fiscal year ended December 31, 2022 are as follows.

(Cash flows from operating activities)
Net cash provided by operating activities amounted to ¥5,170 million (¥27,343 million provided in the previous fiscal year). The main factors were profit before income taxes of ¥34,632 million, while an increase in inventories of ¥16,925 million and income taxes paid of ¥13,594 million.

(Cash flows from investing activities)
Net cash provided by investing activities amounted to ¥1,941million (¥5,238 million provided in the previous fiscal year). The main factors were purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥18,748 million and purchase of property, plant and equipment of ¥5,156 million, while proceeds from net decrease of time deposits of ¥27,048 million.

(Cash flows from financing activities)
Net cash used in financing activities amounted to ¥13,349 million (¥8,122 million used in the previous fiscal year). The main factor was dividends paid of ¥12,306 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 and profit conditions, 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.

With regard to shareholder returns, we aim to achieve a total return ratio of 40% or more, and we will return profits to shareholders in accordance with profit growth while maintaining a continuous and stable dividend. The Company will also consider the acquisition of treasury stock in an adaptive and flexible manner, taking into consideration the stock price level, investment plans, and capital efficiency.

Based on the basic policy, the Company has set its year-end dividend at ¥40 per share for the fiscal year ended December 31, 2022.

In addition, in order to improve the liquidity of shares and expand the investor base, the Company conducted a stock split at a ratio of two-for-one common share with July 1, 2022 as the effective date. Combined with the interim dividend (¥60 per share), on a pre-stock split basis, the annual dividend of ¥140 per share increased by ¥30 in real terms from the dividend in the previous fiscal year.

In addition, the Company plans to pay an interim dividend of ¥30 and a year-end dividend of ¥40 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 sheet

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	240,723	226,065
Notes and accounts receivable - trade	31,120	–
Notes and accounts receivable - trade, and contract assets	–	45,783
Merchandise and finished goods	14,806	17,806
Work in process	4,775	6,797
Raw materials and supplies	15,974	27,222
Other	3,477	5,055
Allowance for doubtful accounts	(232)	(489)
Total current assets	310,645	328,240
Non-current assets		
Property, plant and equipment		
Buildings and structures	44,783	48,630
Accumulated depreciation	(29,627)	(31,503)
Buildings and structures, net	15,156	17,126
Machinery, equipment and vehicles	34,965	38,162
Accumulated depreciation	(28,316)	(30,846)
Machinery, equipment and vehicles, net	6,649	7,316
Tools, furniture and fixtures	22,547	24,113
Accumulated depreciation	(20,757)	(22,144)
Tools, furniture and fixtures, net	1,790	1,969
Land	14,692	15,256
Leased assets	1,255	2,270
Accumulated depreciation	(502)	(884)
Leased assets, net	753	1,386
Construction in progress	4,132	4,845
Total property, plant and equipment	43,174	47,900
Intangible assets		
Goodwill	623	15,752
Other	2,142	2,094
Total intangible assets	2,766	17,846
Investments and other assets		
Investment securities	10,057	15,279
Deferred tax assets	9,927	10,968
Other	2,105	2,206
Allowance for doubtful accounts	(206)	(214)
Total investments and other assets	21,883	28,239
Total non-current assets	67,823	93,986
Total assets	378,469	422,227

(Millions of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,070	32,714
Income taxes payable	6,502	4,066
Contract liabilities	–	36,376
Provision for product warranties	2,146	2,434
Other provisions	2,986	3,486
Other	56,743	23,908
Total current liabilities	94,448	102,987
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	246	226
Retirement benefit liability	19,995	21,560
Provision for product warranties	1,264	1,881
Other	2,652	2,943
Total non-current liabilities	24,159	26,612
Total liabilities	118,607	129,600
Net assets		
Shareholders’ equity		
Share capital	8,052	8,070
Capital surplus	14,574	14,593
Retained earnings	239,958	252,508
Treasury shares	(6)	(8)
Total shareholders’ equity	262,579	275,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	65
Foreign currency translation adjustment	(3,361)	15,923
Remeasurements of defined benefit plans	(1,395)	(1,826)
Total accumulated other comprehensive income	(4,752)	14,162
Non-controlling interests	2,035	3,300
Total net assets	259,862	292,627
Total liabilities and net assets	378,469	422,227

(2)Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	274,419	321,338
Cost of sales	174,727	209,519
Gross profit	99,691	111,819
Selling, general and administrative expenses	74,760	83,903
Operating profit	24,931	27,915
Non-operating income		
Interest income	394	1,469
Foreign exchange gains	5,373	9,032
Other	741	549
Total non-operating income	6,509	11,051
Non-operating expenses		
Interest expenses	42	42
Share of loss of entities accounted for using equity method	–	871
Other	232	289
Total non-operating expenses	275	1,203
Ordinary profit	31,165	37,763
Extraordinary income		
Gain on sale of investment securities	116	54
Gain on sale of non-current assets	4	26
Other	0	0
Total extraordinary income	120	81
Extraordinary losses		
Business restructuring expenses	–	3,122
Other	54	90
Total extraordinary losses	54	3,212
Profit before income taxes	31,231	34,632
Income taxes - current	10,166	11,161
Income taxes - deferred	(937)	(1,421)
Total income taxes	9,229	9,739
Profit	22,002	24,892
Profit attributable to non-controlling interests	322	546
Profit attributable to owners of parent	21,679	24,345

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	22,002	24,892
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	60
Foreign currency translation adjustment	8,866	14,166
Remeasurements of defined benefit plans, net of tax	445	(430)
Share of other comprehensive income of entities accounted for using equity method	(3,253)	5,194
Total other comprehensive income	6,052	18,991
Comprehensive income	28,054	43,883
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,586	43,260
Comprehensive income attributable to non-controlling interests	467	622

(3)Consolidated statement of changes in equity

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(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	226,244	(5)	248,803
Cumulative effects of changes in accounting policies					–
Restated balance	8,021	14,543	226,244	(5)	248,803
Changes during period					
Issuance of new shares	31	31			63
Dividends of surplus			(7,966)		(7,966)
Profit attributable to owners of parent			21,679		21,679
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	31	31	13,713	(0)	13,776
Balance at end of period	8,052	14,574	239,958	(6)	262,579

	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	11	(8,829)	(1,841)	(10,659)	1,568	239,711
Cumulative effects of changes in accounting policies						–
Restated balance	11	(8,829)	(1,841)	(10,659)	1,568	239,711
Changes during period						
Issuance of new shares						63
Dividends of surplus						(7,966)
Profit attributable to owners of parent						21,679
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(6)	5,468	445	5,907	466	6,373
Total changes during period	(6)	5,468	445	5,907	466	20,150
Balance at end of period	4	(3,361)	(1,395)	(4,752)	2,035	259,862

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,052	14,574	239,958	(6)	262,579
Cumulative effects of changes in accounting policies			518		518
Restated balance	8,052	14,574	240,476	(6)	263,097
Changes during period					
Issuance of new shares	18	18			36
Dividends of surplus			(12,312)		(12,312)
Profit attributable to owners of parent			24,345		24,345
Purchase of treasury shares				(2)	(2)
Net changes in items other than shareholders' equity					
Total changes during period	18	18	12,032	(2)	12,066
Balance at end of period	8,070	14,593	252,508	(8)	275,164

	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	4	(3,361)	(1,395)	(4,752)	2,035	259,862
Cumulative effects of changes in accounting policies						518
Restated balance	4	(3,361)	(1,395)	(4,752)	2,035	260,380
Changes during period						
Issuance of new shares						36
Dividends of surplus						(12,312)
Profit attributable to owners of parent						24,345
Purchase of treasury shares						(2)
Net changes in items other than shareholders' equity	60	19,285	(430)	18,915	1,264	20,180
Total changes during period	60	19,285	(430)	18,915	1,264	32,246
Balance at end of period	65	15,923	(1,826)	14,162	3,300	292,627

(4)Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	31,231	34,632
Depreciation	4,809	5,349
Amortization of goodwill	421	866
Increase (decrease) in retirement benefit liability	828	860
Increase (decrease) in provision for product warranties	333	473
Increase (decrease) in provision for bonuses	127	462
Interest and dividend income	(404)	(1,490)
Foreign exchange losses (gains)	(5,226)	(8,679)
Share of loss (profit) of entities accounted for using equity method	(141)	871
Business restructuring expenses	–	3,122
Decrease (increase) in trade receivables	(2,472)	–
Decrease (increase) in trade receivables and contract assets	–	(5,445)
Decrease (increase) in inventories	(5,157)	(16,925)
Increase (decrease) in trade payables	9,119	3,382
Increase (decrease) in accounts payable - other	(3,910)	976
Increase (decrease) in accrued expenses	781	338
Increase (decrease) in advances received	1,943	(332)
Increase (decrease) in accrued consumption taxes	(200)	(116)
Increase (decrease) in contract liabilities	–	(629)
Other, net	(683)	(324)
Subtotal	31,401	17,391
Interest and dividends received	652	1,419
Interest paid	(45)	(45)
Income taxes paid	(4,663)	(13,594)
Net cash provided by (used in) operating activities	27,343	5,170
Cash flows from investing activities		
Payments into time deposits	(108,969)	(161,785)
Proceeds from withdrawal of time deposits	120,470	188,833
Net decrease (increase) in trust beneficiary right	658	-
Purchase of property, plant and equipment	(3,225)	(5,156)
Purchase of intangible assets	(206)	(444)
Purchase of investment securities	(5,598)	(4,925)
Proceeds from sale of investment securities	1,820	4,335
Proceeds from redemption of investment securities	549	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(18,748)
Purchase of long-term prepaid expenses	(294)	(331)
Other, net	33	164
Net cash provided by (used in) investing activities	5,238	1,941
Cash flows from financing activities		
Dividends paid	(7,968)	(12,306)
Repayments of lease liabilities	(215)	(325)
Repayments of long-term borrowings	–	(690)
Other, net	61	(27)
Net cash provided by (used in) financing activities	(8,122)	(13,349)
Effect of exchange rate change on cash and cash equivalents	8,323	11,290
Net increase (decrease) in cash and cash equivalents	32,782	5,053
Cash and cash equivalents at beginning of period	148,833	181,615
Cash and cash equivalents at end of period	181,615	186,669

(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:
   54

   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 Western Refrigeration Private Limited

   During the current fiscal year, the Company acquired the shares of Brema Group S.p.A. and Beijing Royalkitchen Science and Technology Co., Ltd., which resulted in these companies being included in the scope of consolidation.

   (2) Names of non-consolidated subsidiaries
   Non-consolidated subsidiaries
   LANCER DO BRASIL INDUSTRIA E COMERCIO LTDA., Haikawa Industries Private Limited and NAOMI Co., Ltd.

   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 Esya Sanayi ve Ticaret Anonim Sirketi

   (2) Names of non-consolidated subsidiaries not accounted for using the equity method
   LANCER DO BRASIL INDUSTRIA E COMERCIO LTDA., Haikawa Industries Private Limited and NAOMI Co., Ltd.

   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 other than shares, etc. with no 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.)

   Shares, etc. 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) Reporting basis for significant revenue and expenses
The business activities of the Company and its consolidated subsidiaries mainly consist of the manufacture and sale of food service equipment, and the provision of maintenance services.

・Sale of products, installation work, etc.

Regarding the sale of products (excluding contract work), the provision of products and installation work are each identified as a performance obligation. For the provision of products, revenue is recognized upon delivery of the products to the customer because that is when legal ownership, physical possession, and the significant risks and rewards of ownership of the products are transferred to the customer and it is judged that the performance obligation has been satisfied. For installation work, revenue is recognized as the performance obligation is satisfied over a certain period. Regarding the measurement of the progress, the progress is reasonably measured using the input method based on the proportion of the costs actually incurred to the estimated total costs, and revenue is recognized in accordance with the measured progress.

On the other hand, regarding contract work, the construction work as a whole is identified as a single performance obligation, and revenue is recognized as the performance obligation is satisfied over a certain period based on the progress. Regarding the measurement of the progress, the progress is reasonably measured using the input method based on the proportion of the costs actually incurred to the estimated total costs, and revenue is recognized in accordance with the measured progress.

・Maintenance services

For maintenance services, the provision of services to maintain products is identified as a performance obligation. Regarding the provision of maintenance services, the services are provided over the contract period, and revenue is recognized as the Company judges that its performance obligation is satisfied over that period.

The consideration related to the sale of these products and the provision of services is primarily received within one year after recognition of the revenue and does not include a significant financing component.

(6) 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.

(7) Amortization method and period of goodwill
Goodwill is amortized on a straight-line basis mainly over 18 years.

(8) 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.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, Etc.
The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the current fiscal year. Under this accounting standard and relevant ASBJ regulations, the Company has recognized revenue at the time of transfer of control of promised goods or services to the customer at the price expected to be received in exchange for those goods or services. The main changes resulting from the above are as follows.

- Sales transactions involving inspection upon receipt by the customer
Previously revenue from sales transactions involving contracts with customers specifying product delivery, or installation work for those products, etc., were previously recognized on a one-lump-sum basis when the customer completed the inspection upon receipt. However, the method for those sales transactions with contracts deemed to require goods or services with regard to the delivery of the product or installation work for the product, etc. to be recognized as separate performance obligations, has changed to a method of recognizing revenue when the respective performance obligation has been fulfilled. Moreover, the method for those sales transactions involving contracts deemed to require revenue recognition to be based on a single performance obligation for the construction work as a whole has changed to a method of recognizing revenue based on the progress over the time corresponding to the fulfillment of the performance obligation.

- Consideration payable to customers
Consideration payable to the customer was previously accounted for as selling, general and administrative expenses, but the accounting method has been changed to one that deducts them from the transaction price, except in cases where consideration is payable upon exchange of distinct goods or services received from the customer.

Pursuant to the transitional provisions of the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of the retrospective application assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year was added to or subtracted from the opening balance of retained earnings of the current fiscal year, and thus the new accounting policy is applied from such opening balance.
Furthermore, by applying the method set forth in item (1) of the supplementary provisions of paragraph 86 of the Accounting Standard for Revenue Recognition, modifications to contracts carried out prior to the beginning of the current fiscal year were accounted for based on the contractual terms after all contract modifications were reflected. Consequently, this cumulative effect was added to or deducted from the opening balance of retained earnings of the current fiscal year.

As a result of this change, for the fiscal year ended December 31, 2022, net sales increased by ¥1,454 million, cost of sales increased by ¥1,524 million, and selling, general and administrative expenses decreased by ¥323 million. Operating profit, ordinary profit and profit before income taxes each increased by ¥253 million. In addition, the opening balance of retained earnings increased by ¥518 million. The impact on the per share information is immaterial.
As a result of the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, “notes and accounts receivable – trade,” which was presented in the “current assets” in the consolidated balance sheet for the previous fiscal year, is presented as part of “notes and accounts receivable – trade, and contract assets” from the current fiscal year, and “advances received,” which was presented in the “current liabilities” in the consolidated balance sheet for the previous fiscal year, is presented as part of “contract liabilities” and “other” in the current fiscal year. In addition, “decrease (increase) in trade receivables,” which was presented in the “cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year, is presented as part of “decrease (increase) in trade receivables and contract assets” from the current fiscal year, and a potion of “increase (decrease) in advances received,” which was presented in the “cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year, is presented as part of “increase (decrease) in contract liabilities” in the current fiscal year. In accordance with the transitional provisions of paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new presentation method.

Accounting Standard for Fair Value Measurement, Etc.
The Company applied the Accounting Standard for Fair Value Measurement, etc. (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations effective from the beginning of the current fiscal year, and will apply the new accounting policy set forth by the accounting standard for fair value measurement, etc. prospectively in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement, etc. and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no effect on the consolidated financial statements.

Additional information

Accounting practices under hyperinflationary economies
Effective from the second quarter of the current fiscal year, due to the three-year cumulative inflation rate in Turkey exceeding 100%, the financial statements of the Company’s affiliated company in Turkey have been adjusted in accordance with IAS 29, “Financial Reporting in a Hyperinflationary Economies,” and the Company has applied the equity method of accounting for the affiliated company.

In addition, the financial statements of the said affiliated company were converted using the foreign exchange rate on the fiscal year-end date, and reflected in the Group’s consolidated financial statements.
Furthermore, no revisions have been made to the comparative information for the current fiscal year.

Segment information, etc.

Segment information

I. Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

1. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment

(Millions of yen)

	Reportable segment				Reconciliation (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	175,269	60,621	38,527	274,419	–	274,419
Intersegment sales or transfers	5,679	490	928	7,098	(7,098)	–
Total	180,949	61,112	39,456	281,517	(7,098)	274,419
Segment profit	16,480	5,614	3,444	25,539	(607)	24,931

Notes 1. The reconciliation amount of negative ¥607 million for segment profit includes amortization of goodwill of negative ¥379 million, amortization of intangible assets, etc. of negative ¥27 million, negative ¥212 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.

II. Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

1. Information related to net sales, and profit or loss and revenue breakdown for each reportable segment

(Millions of yen)

	Reportable segment				Reconciliation (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Ice machines	15,338	28,417	15,934	59,689	–	59,689
Refrigerators	46,536	10,526	35,090	92,153	–	92,153
Dishwashers	12,519	8,379	82	20,980	–	20,980
Dispensers	4,392	19,033	372	23,798	–	23,798
Non Hoshizaki products	36,779	858	255	37,892	–	37,892
Maintenance and repairs	44,231	9,381	3,018	56,631	–	56,631
Other Products	26,216	2,458	1,092	29,767	–	29,767
Revenue from contracts with customers	186,014	79,054	55,845	320,913	–	320,913
Other revenue	424	–	–	424	–	424
Sales to external customers	186,439	79,054	55,845	321,338	–	321,338
Intersegment sales or transfers	6,968	649	1,312	8,930	(8,930)	–
Total	193,407	79,703	57,158	330,268	(8,930)	321,338
Segment profit	19,299	5,447	4,820	29,567	(1,652)	27,915

Notes 1. The reconciliation amount of negative ¥1,652 million for segment profit includes amortization of goodwill of negative ¥817 million, amortization of intangible assets, etc. of negative ¥28 million, negative ¥814 million from reconciliation of inventories, and ¥9 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.

3. As described in "Changes in accounting policies," the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations effective from the beginning of the current fiscal year, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of reportable segments for which this change is applicable. As a result, compared with the figures obtained by the previous method, net sales in "Japan" for the fiscal year ended December 31, 2022 increased by ¥1,454 million. In addition, segment profit increased by ¥253 million in "Japan."

Related information

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)
1. Information by product and service

(Millions of yen)

	Ice machines	Refrigera-tors	Dish-washers	Dis-pensers	Non Hoshizaki products	Mainte-nance and repairs	Others	Total
Sales to external customers	45,725	75,528	18,300	19,243	35,321	50,579	29,721	274,419

2. Information by region

(Millions of yen)

Japan	Americas	Other regions	Total
175,269	60,621	38,527	274,419

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

Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)
1. Information by product and service

(Millions of yen)

	Ice machines	Refrigera-tors	Dish-washers	Dis-pensers	Non Hoshizaki products	Mainte-nance and repairs	Others	Total
Sales to external customers	59,689	92,153	20,980	23,798	37,892	56,631	30,192	321,338

2. Information by region

(Millions of yen)

Japan	Americas	Other regions	Total
186,524	72,268	62,545	321,338

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

Business combination

(Business combination through acquisition)

1. Outline of business combination
   (1) Name and business description of the acquired company
      (i) Name of the acquiree: Brema Group S.p.A.
      Business description: Manufacturing and sales of commercial ice machines
      (ii) Name of the acquiree: Finimma S.r.l.
      Business description: Holding Company (wholly-owning parent company of Imma Immobiliare S.p.A.)
      (iii) Name of the acquiree: Imma Immobiliare S.p.A.
      Business description: Commercial real estate management company of Brema Group S.p.A.
   (2) Primary reasons for the business combination
      Brema Group S.p.A. is an Italy based manufacturer and sales company of commercial ice machines. It has strong name recognition also outside Italy, particularly in the countries of Southern and Eastern Europe and the countries of the Middle East, and it actively supplies its products to other food service equipment manufacturers. In this business combination, Brema Group S.p.A. will become a second-tier subsidiary of the Company. Using that company's production bases and sales network, the Company plans to expand its sales share of commercial ice machines in Europe and the Middle East.
   (3) Date of the business combination
      July 1, 2022
   (4) Legal form of the business combination
      (i) Brema Group S.p.A.: Through acquisition of its shares
      (ii) Finimma S.r.l.: Through equity acquisition
      (iii) Imma Immobiliare S.p.A.: Through equity acquisition
   (5) Name of company after the business combination
      (i) Brema Group S.p.A.
      (ii) Finimma S.r.l.
      (iii) Imma Immobiliare S.p.A.
   (6) Percentage of voting rights acquired
      100% (Of which, 100% is indirect ownership)
   (7) Primary basis for determining the acquired companies
      Basis for determining the acquired companies shall be by acquisition by the Company's subsidiary of shares and equity using cash as the consideration.
2. The period in which the acquiree's results were recorded in the consolidated financial statements
   From July 1, 2022 to December 31, 2022
3. Acquisition cost of acquiree and components thereof by consideration type
   Due to the Company's obligation of confidentiality under the share transfer agreement, the information on this matter is not disclosed.
4. Details and amounts for main transaction-related costs
   Advisory fee, etc. ¥415 million
5. Amount of goodwill, reason for recognition, amortization method and amortization period
   (1) Amount of goodwill
      ¥14,593 million
   (2) Reason for recognition
      Since the cost of acquisition exceeded the net amount of assets acquired and liabilities assumed, the excess amount was recorded as goodwill.
   (3) Amortization method and amortization period
      Straight-line basis over 18 years

6. Amount and breakdown of assets acquired and liabilities assumed as of the date of the business combination

Current assets	¥13,116 million
Non-current assets	¥1,943 million
Total assets	¥15,059 million
Current liabilities	¥3,317 million
Non-current liabilities	¥745 million
Total liabilities	¥4,062 million

7. Allocation of acquisition cost
Because the processes of determining identifiable assets and liabilities as of the date of the business combination and assessing fair value were unfinished, and the allocation of acquisition cost was incomplete at the end of the current fiscal year, provisional accounting treatment has been applied based on reasonable information available at that time.

8. Approximate amount of the impact on the consolidated statement of income for the current fiscal year assuming that the business combination was completed on the first day of the current fiscal year, and calculation methods used thereof

Net sales	¥5,159 million
Operating profit	¥585 million
Ordinary profit	¥606 million
Profit before income taxes	¥636 million
Profit	¥350 million
Earnings per share	¥2.41

(Method of calculating the approximate amount)

a. The approximate amount of the impact is the difference between the net sales and profit and loss information calculated on the assumption that the business combination had been completed on the first day of the current fiscal year, and the net sales and profit and loss information on the consolidated statement of income of the acquiring company.

b. This includes items such as amortization of an amount of goodwill arising at the time of acquisition equivalent to the amount for the period from the first day of the current fiscal year to the date of the business combination.

(Business combination through acquisition)

1. Outline of business combination

(1) Name and business description of the acquired company

Name of the acquiree:	Beijing Royalkitchen Science and Technology Co., Ltd.
Business description:	Design and construction of commercial kitchen

(2) Primary reasons for the business combination

Beijing Royalkitchen Science and Technology Co., Ltd. (“Royalkitchen”), based in Beijing, China, is a commercial kitchen design and construction company with its strength in design and construction of kitchens for luxury hotels, canteens of large-sized offices and factories, and enjoys a good reputation in the market. In addition to its existing customer base, Royalkitchen has expanded its business to target chain restaurants, supermarkets, and convenience stores, and its prospects for increased earnings are promising.
Until now, the Company has focused on the sales of its commercial ice machines and refrigerators through dealer sales channels in the market in China. By acquiring Royalkitchen, the Company will expand its business to the new area of commercial kitchen design and construction.

(3) Date of the business combination

December 22, 2022

(4) Legal form of the business combination

Beijing Royalkitchen Science and Technology Co., Ltd.: Through acquisition of its shares

(5) Name of company after the business combination

Beijing Royalkitchen Science and Technology Co., Ltd.

(6) Percentage of voting rights acquired

51% (Of which, 51% is indirect ownership)

(7) Primary basis for determining the acquired company

Basis for determining the acquired company shall be by acquisition by the Company's subsidiary of shares using cash as the consideration.

2. The period in which the acquiree's results were recorded in the consolidated financial statements
Because the deemed date of acquisition is December 31, 2022, only the balance sheet has been consolidated, and the results of the acquiree have not been included in the consolidated statement of income for the current fiscal year.

3. Acquisition cost of acquiree and components thereof by consideration type

Type of consideration for acquisition	Cash	¥2,132 million
Acquisition cost		¥2,132 million

4. Details and amounts for main transaction-related costs
Advisory fee, etc. ¥110 million

5. Amount of goodwill, reason for recognition, amortization method and amortization period
(1) Amount of goodwill

¥1,438 million

(2) Reason for recognition

Since the cost of acquisition exceeded the amount equivalent to the equity interest of the Company in the net assets of the acquiree, the excess amount was recorded as goodwill.

(3) Amortization method and amortization period

Straight-line basis over 14 years

6. Amount and breakdown of assets acquired and liabilities assumed as of the date of the business combination

Current assets	¥2,607 million
Non-current assets	¥95 million
Total assets	¥2,702 million
Current liabilities	¥1,341 million
Total liabilities	¥1,341 million

7. Allocation of acquisition cost
Because the processes of determining identifiable assets and liabilities as of the date of the business combination and assessing fair value were unfinished, and the allocation of acquisition cost was incomplete at the end of the current fiscal year, provisional accounting treatment has been applied based on reasonable information available at that time.

8. Approximate amount of the impact on the consolidated statement of income for the current fiscal year assuming that the business combination was completed on the first day of the current fiscal year, and calculation methods used thereof
Omitted due to immateriality.

Per share information

	Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)	Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)
Net assets per share	¥1,779.92	¥1,997.27
Earnings per share	¥149.67	¥168.06

Notes 1. The Company has split its shares at a ratio of two-for-one common share on July 1, 2022. Net assets per share and earnings per share are calculated assuming that the share split was conducted at the beginning of the previous fiscal year.
2. Diluted earnings per share is not presented since no potential shares exist.
3. The basis of the calculation of earnings per share is as follows:

	Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)	Fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)
Profit attributable to owners of parent (Millions of yen)	21,679	24,345
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	21,679	24,345
Average number of shares during the period (Thousands of shares)	144,848	144,858

Note The Company has split its shares at a ratio of two-for-one common share on July 1, 2022. Average number of common shares during the period is calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

Significant subsequent events

(Company split)

Based on the resolution at the Board of Directors' meeting held on October 14, 2022, the Company established an interim holding company, HOSHIZAKI SALES CO., LTD., in a company split (hereinafter the "Incorporation-Type Company Split") on January 5, 2023.

1. Summary of the company split

(1) Schedule for the Incorporation-Type Company Split

October 14, 2022	Approval by the Board of Directors of the plan for the incorporation-type company split
January 5, 2023	Effective date of the Incorporation-Type Company Split

Note The Incorporation-Type Company Split was conducted without obtaining approval at the Company's General Meeting of Shareholders, because it satisfied the requirements for a simplified company split under Article 805 of the Companies Act of Japan.

(2) Method of the Incorporation-Type Company Split

This is an incorporation-type company split (simplified incorporation-type company split) in which the Company is the splitting company and the newly established company is the succeeding company, and the newly established company is a wholly-owned subsidiary of the Company.

(3) Share allotment involved in the Incorporation-Type Company Split

The newly established company issued 20,000 common shares in the Incorporation-Type Company Split, the entirety of which were allocated to the Company.

(4) Treatment of share options and bonds with share options in the Incorporation-Type Company Split

Not applicable

(5) Increase or decrease in the paid-in capital of the Company due to the Incorporation-Type Company Split

There was no increase or decrease in the paid-in capital of the Company due to the Incorporation-Type Company Split.

(6) Rights and obligations succeeded by the newly established company

The newly established company, in accordance with the incorporation-type company split plan, succeeded the assets and liabilities, as well as the relevant rights and obligations related to the business administration operations of Hoshizaki Hokkaido Co., Ltd. and 14 other sales companies owned by the Company on the effective date of the Incorporation-Type Company Split. The employment contracts, related rights and obligations pertaining to employees transferred from the Company to the newly established company shall be assumed by the newly established company, and the treatment of the employment contract, related rights and obligations pertaining to employees seconded by the Company to the newly established company was determined by the splitting company and the newly established company upon mutual consultation. The transfer of liabilities shall be undertaken based on the concomitant assumption method.

(7) Prospects about the payment of liabilities

The Company deems there to be no problem concerning the prospects of payment of liabilities by the succeeding company in the Incorporation-Type Company Split.

2. Outline of the parties involved in the Incorporation-Type Company Split

Splitting company

Name	HOSHIZAKI CORPORATION
Location	3-16 Sakae-cho Minamiyakata, Toyoake, Aichi
Representative	Yasuhiro Kobayashi, Representative Director, President & COO
Business description	Research and development, manufacture and sales of various food service equipment including ice machines, refrigerators and dishwashers
Paid-in capital	¥8,070 million
Date of incorporation	February 5, 1947
Number of issued shares	144,864,000 shares
Fiscal year-end	December 31

Newly established company

Name	HOSHIZAKI SALES CO., LTD.
Location	1-1-1, Nishishinagawa, Shinagawa-ku, Tokyo
Representative	Yasuhiro Kobayashi, Representative Director, President & COO
Business description	Management of sales companies of the Group
Paid-in capital	¥100 million
Date of incorporation	January 5, 2023
Number of issued shares	20,000 shares
Fiscal year-end	December 31

3. Outline of the accounting treatment to be applied
In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the Company accounted for the transactions as transactions, etc. under common control.

4. Other

(1) Changes in Directors

a. Change in Representative Director
Not applicable

b. Changes in other Directors
・New candidates for Director
Director Shiro Nishiguchi
・Directors scheduled to retire
Director Katsuhiro Kurimoto
Note Subject to approval of the 77th Ordinary General Meeting of Shareholders to be held on March 29, 2023.

c. Scheduled date of assumption of office and retirement
March 29, 2023

(2) Other
Not applicable