

Translation

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Summary of Consolidated Financial Results for the Three Months Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 2024

Company name: HOSHIZAKI CORPORATION
 Stock exchange listing: Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities code: 6465 URL: <http://www.hoshizaki.co.jp>
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Scheduled date to file Quarterly Securities Report: May 15, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

(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, 2024	106,340	17.4	15,162	29.1	17,895	41.5	9,206	5.7
Three months ended March 31, 2023	90,574	24.8	11,742	72.6	12,648	10.2	8,707	10.1

Note: Comprehensive income Three months ended March 31, 2024 ¥23,801 million [82.2%]
 Three months ended March 31, 2023 ¥13,062 million [(12.9)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2024	63.55		–	
Three months ended March 31, 2023	60.11		–	

Note: The Company finalized provisional accounting treatment pertaining to business combination during the previous fiscal year. Accordingly, each figure for the three months ended March 31, 2023 reflects the finalization of the provisional accounting treatment.

(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, 2024	504,066	352,774	68.0	2,365.24
As of December 31, 2023	465,361	332,937	70.6	2,267.49

Reference: Equity As of March 31, 2024 ¥342,657 million
 As of December 31, 2023 ¥328,497 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, 2023	–	30.00	–	65.00	95.00
Year ending December 31, 2024	–				
Year ending December 31, 2024 (Forecast)		45.00	–	50.00	95.00

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

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(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	410,000	9.8	44,000	1.1	46,000	(8.6)	33,000	0.5	227.79

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

*Notes

(1) Changes in significant subsidiaries during the three months ended March 31, 2024

(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, 2024	144,875,900 shares	As of December 31, 2023	144,875,900 shares
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b. Number of treasury shares at the end of the period

As of March 31, 2024	3,429 shares	As of December 31, 2023	3,182 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, 2024	144,872,569 shares	Three months ended March 31, 2023	144,860,822 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
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1. Qualitative information on the quarterly financial results

(1) Operating results

During the three months ended March 31, 2024, the Japanese economy continued on a mild recovery trend with the Nikkei Stock Average renewing its 34-year high, against a backdrop of rising prices, growing momentum for higher wages at companies, and changes in the Bank of Japan's monetary policy. Inbound demand has also recovered above the level prior to the COVID-19 pandemic due in part to the weak yen. Overseas, despite the prolonged inflation, the stagnant economy in China, concerns over the situation in the Middle East regions, and other impact on the economy, the United States showed an economic recovery and the IMF World Economic Outlook released in April indicated that the global economy would grow 3.2% in 2024, up from previously predicted 3.1%.

Amid such circumstances, the Group focused on expanding sales in the restaurant market and on expanding sales and developing new customers in non-restaurant markets such as retail industry and food processing industry in Japan. Overseas, the Group focused on product supply to meet continued demand and worked to improve profitability.

As a result of the above, the Group reported operating results for the three months ended March 31, 2024 with net sales of ¥106,340 million (up 17.4% year-on-year), operating profit of ¥15,162 million (up 29.1% year-on-year), ordinary profit of ¥17,895 million (up 41.5% year-on-year) and profit attributable to owners of parent of ¥9,206 million (up 5.7% year-on-year).

The operating results by segment are as follows:

The Group has changed reportable segments from the first quarter of the current fiscal year. The following comparisons with the same quarter of the previous fiscal year are based on figures for the same quarter of the previous fiscal year that have been reclassified into new segments. For details, please refer to "Notes (Segment information, etc.)."

a. Japan

In Japan, the Group expanded sales focusing on its flagship products such as refrigerators, ice machines, and dishwashers for the restaurant market with which it deepens engagement and the non-restaurant markets in which it proactively aims to develop. In the restaurant and service industries in particular, the Group focused on responding to rising demand for capital investment amid an inbound recovery, etc., although it continued to struggle with cost increases in raw materials, labor, etc., serious labor shortage, and other difficulties. As a result, the Group generated net sales of ¥57,781 million (up 8.1% year-on-year) and segment profit of ¥9,802 million (up 24.2% year-on-year).

b. Americas

In the Americas, we strove to expand sales of ice machines, dispensers, and other products, focusing on initiatives that include productivity enhancement in the manufacturing sector to address solid demand as well as customer development and relationship building. As a result, the Group generated net sales of ¥24,550 million (up 12.4% year-on-year) and segment profit of ¥2,139 million (up 8.5% year-on-year).

c. Europe

In Europe, we worked to expand sales of our flagship products such as ice machines and refrigerators, and a new consolidated subsidiary contributed to our business performance. As a result, the Group generated net sales of ¥11,829 million (up 92.8% year-on-year) and segment profit of ¥849 million (up 7.0% year-on-year).

d. Asia

As for Asia, sales of refrigerators were high in India and other countries. As a result, the Group generated net sales of ¥15,584 million (up 34.0% year-on-year) and segment profit of ¥2,829 million (up 63.7% year-on-year).

(2) Financial position

Total assets as of March 31, 2024 increased by ¥38,705 million from December 31, 2023 to ¥504,066 million.

Current assets increased by ¥14,278 million from December 31, 2023 to ¥378,423 million. The main factors were a decrease in cash and deposits due to the payment of dividends and an increase in notes and accounts receivable - trade, and contract assets.

Non-current assets increased by ¥24,427 million from December 31, 2023 to ¥125,643 million. The main factor was an increase in goodwill.

Total liabilities as of March 31, 2024 increased by ¥18,868 million from December 31, 2023 to ¥151,292 million.

Current liabilities increased by ¥16,533 million from December 31, 2023 to ¥121,171 million.

Non-current liabilities increased by ¥2,335 million from December 31, 2023 to ¥30,121 million.

Net assets as of March 31, 2024 increased by ¥19,836 million from December 31, 2023 to ¥352,774 million. The main factor was an increase in foreign currency translation adjustment.

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

There are currently no changes to the earnings forecasts announced on February 13, 2024.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	254,530	236,175
Notes and accounts receivable - trade, and contract assets	52,026	73,240
Merchandise and finished goods	19,962	26,808
Work in process	7,324	8,624
Raw materials and supplies	24,977	29,107
Other	5,873	5,449
Allowance for doubtful accounts	(549)	(981)
Total current assets	364,145	378,423
Non-current assets		
Property, plant and equipment	53,034	61,511
Intangible assets		
Goodwill	9,382	21,159
Other	8,974	9,367
Total intangible assets	18,357	30,526
Investments and other assets	29,823	33,605
Total non-current assets	101,215	125,643
Total assets	465,361	504,066
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,308	37,242
Short-term borrowings	806	5,732
Income taxes payable	5,952	6,456
Provision for bonuses	3,855	6,946
Other provisions	3,273	3,504
Other	60,442	61,289
Total current liabilities	104,638	121,171
Non-current liabilities		
Retirement benefit liability	21,451	22,600
Other provisions	1,780	2,138
Other	4,554	5,381
Total non-current liabilities	27,785	30,121
Total liabilities	132,424	151,292
Net assets		
Shareholders' equity		
Share capital	8,098	8,098
Capital surplus	14,620	14,620
Retained earnings	274,766	274,556
Treasury shares	(8)	(8)
Total shareholders' equity	297,476	297,266
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	271
Foreign currency translation adjustment	32,038	46,528
Remeasurements of defined benefit plans	(1,233)	(1,409)
Total accumulated other comprehensive income	31,021	45,391
Non-controlling interests	4,439	10,116
Total net assets	332,937	352,774
Total liabilities and net assets	465,361	504,066

(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, 2023	Three months ended March 31, 2024
Net sales	90,574	106,340
Cost of sales	57,168	64,795
Gross profit	33,405	41,545
Selling, general and administrative expenses	21,663	26,383
Operating profit	11,742	15,162
Non-operating income		
Interest income	926	1,230
Foreign exchange gains	252	1,820
Gain on net monetary position	–	331
Other	173	229
Total non-operating income	1,353	3,610
Non-operating expenses		
Interest expenses	22	708
Share of loss of entities accounted for using equity method	358	–
Other	66	168
Total non-operating expenses	447	877
Ordinary profit	12,648	17,895
Extraordinary income		
Gain on sale of non-current assets	11	15
Gain on sale of investment securities	6	20
Total extraordinary income	18	36
Extraordinary losses		
Loss on step acquisitions	–	2,507
Other	9	2
Total extraordinary losses	9	2,510
Profit before income taxes	12,657	15,421
Income taxes - current	5,543	6,970
Income taxes - deferred	(1,790)	(875)
Total income taxes	3,752	6,094
Profit	8,905	9,326
Profit attributable to non-controlling interests	197	119
Profit attributable to owners of parent	8,707	9,206

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit	8,905	9,326
Other comprehensive income		
Valuation difference on available-for-sale securities	(13)	55
Deferred gains or losses on hedges	–	–
Foreign currency translation adjustment	2,785	14,594
Remeasurements of defined benefit plans, net of tax	62	(175)
Share of other comprehensive income of entities accounted for using equity method	1,323	–
Total other comprehensive income	4,157	14,474
Comprehensive income	13,062	23,801
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,806	23,576
Comprehensive income attributable to non-controlling interests	256	224

(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 the scope of consolidation or scope of equity method to be applied

(1) Significant changes in the scope of consolidation

The Group has included Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi, which was previously an associate accounted for using the equity method, in the scope of consolidation through acquisition of additional shares, from the first quarter of the current fiscal year.

(2) Significant changes in the scope of equity method to be applied

The Group has excluded Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi, which was previously an associate accounted for using the equity method, from the scope of equity method to be applied as the company has been included in the scope of consolidation from the first quarter of the current fiscal year.

Also, the Group has included Fogel Company Inc. in the scope of entity method to be applied as it newly acquired a part of shares of Fogel Company.

Changes in accounting policies

Not applicable

Changes in accounting estimates

Not applicable

Segment information, etc.
Segment information

I. Three months ended March 31, 2023 (from January 1, 2023 to March 31, 2023)

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

(Millions of yen)

	Reportable segment					Reconcili- ation (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2) (Note 3)
	Japan	Americas	Europe	Asia	Total		
Net sales							
Ice machines	3,950	8,124	4,506	1,291	17,873	–	17,873
Refrigerators	12,651	2,075	898	8,687	24,312	–	24,312
Dishwashers	3,816	2,540	–	29	6,386	–	6,386
Dispensers	1,432	5,613	23	118	7,187	–	7,187
Non Hoshizaki products	10,589	180	–	52	10,821	–	10,821
Maintenance and repairs	11,025	2,620	321	612	14,579	–	14,579
Other products	8,197	494	129	483	9,305	–	9,305
Revenue from contracts with customers	51,663	21,648	5,879	11,273	90,465	–	90,465
Other revenue	108	–	–	–	108	–	108
Sales to external customers	51,772	21,648	5,879	11,273	90,574	–	90,574
Intersegment sales or transfers	1,696	187	254	359	2,498	(2,498)	–
Total	53,469	21,836	6,134	11,633	93,072	(2,498)	90,574
Segment profit	7,894	1,971	794	1,728	12,388	(645)	11,742

- Notes
1. The reconciliation amount of negative ¥645 million for segment profit includes amortization of goodwill of negative ¥172 million, amortization of intangible assets, etc. of negative ¥173 million, negative ¥308 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.
 3. The Company finalized provisional accounting treatment pertaining to business combination during the previous fiscal year. Accordingly, segment profit reflects the content of the finalized provisional accounting treatment.

2. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

Significant impairment losses pertaining to non-current assets

Not applicable

Significant changes in the amount of goodwill

Not applicable

Significant gain on bargain purchase

Not applicable

II.Three months ended March 31, 2024 (from January 1, 2024 to March 31, 2024)

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 quarterly consolidated statements of income (Note 2)
	Japan	Americas	Europe	Asia	Total		
Net sales							
Ice machines	4,480	9,095	4,589	1,373	19,538	–	19,538
Refrigerators	13,375	2,023	1,741	12,145	29,286	–	29,286
Dishwashers	4,628	2,314	780	72	7,795	–	7,795
Dispensers	1,450	6,836	19	186	8,492	–	8,492
Non Hoshizaki products	10,437	251	–	40	10,729	–	10,729
Maintenance and repairs	11,565	2,997	399	729	15,691	–	15,691
Other products	9,659	748	3,780	508	14,696	–	14,696
Revenue from contracts with customers	55,597	24,267	11,309	15,056	106,230	–	106,230
Other revenue	110	–	–	–	110	–	110
Sales to external customers	55,707	24,267	11,309	15,056	106,340	–	106,340
Intersegment sales or transfers	2,074	283	520	527	3,406	(3,406)	–
Total	57,781	24,550	11,829	15,584	109,747	(3,406)	106,340
Segment profit	9,802	2,139	849	2,829	15,621	(459)	15,162

Notes 1. The reconciliation amount of negative ¥459 million for segment profit includes amortization of goodwill of negative ¥374 million, amortization of intangible assets, etc. of negative ¥156 million, ¥59 million from reconciliation of inventories, and ¥12 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.

2. Information about assets for each reportable segment

In the reportable segment “Asia,” the amount of assets for the reportable segment in the first quarter of the current fiscal year increased by ¥26,975 million from December 31, 2023 mainly due to an increase in cash and deposits as a result of the increase in capital of HOSHIZAKI SOUTHEAST ASIA HOLDINGS PTE. LTD.

3. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

Significant impairment losses pertaining to non-current assets

Not applicable

Significant changes in the amount of goodwill

During the first quarter of the current fiscal year, the Company acquired additional shares of Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi and made that company a consolidated subsidiary, resulting in new goodwill of ¥10,584 million.

Significant gain on bargain purchase

Not applicable

4. Disclosure of changes, etc. in reportable segments

From the first quarter of the current fiscal year, the Group has separated the reportable segment “Europe / Asia” into two segments “Europe” and “Asia,” as the quantitative importance of both regions has increased. The segment information for the three months ended March 31, 2023 is based on figures reflecting the segment change.

Business combination

Business combination through acquisition of additional shares

Based on the resolution at the Board of Directors' meeting held on November 7, 2019, the Company acquired additional shares of Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi (hereinafter referred to as "Ozti") in the Republic of Türkiye, which had previously been an associate accounted for using the equity method, through the Company's consolidated subsidiary, Hoshizaki Europe Holdings B.V. (hereinafter referred to as "HEHD"), and made Ozti the Company's consolidated subsidiary.

1. Outline of business combination

(1) Name and business description of the acquired company

Name of the acquiree: Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi

Business description: Manufacturing and sale of commercial kitchen equipment

(2) Primary reasons for the business combination

Since investing in Ozti in November 2019, the Company has supported Ozti in strengthening its product development capabilities and improving its productivity and quality. Ozti has sales channels not only in Türkiye but also in other European countries, the Middle East, Africa, and Asia. By flexibly responding to the product specifications required in each market, it has steadily expanded export sales. The Company and Ozti are creating synergies by strengthening the lineup of commercial refrigerators for the Hoshizaki brand in Europe and developing dishwashers for Asia using the Company's sales channels.

By Ozti becoming a part of the Group, the Company will strengthen Ozti's role as a key base in the Group's global product supply strategy. The Company will promote the expansion of sales of the Group's products in the Turkish and global markets through further management participation from the Company and enhancement of Ozti's development and production capabilities.

(3) Date of the business combination

January 1, 2024 (Deemed acquisition date)

March 4, 2024 (Share acquisition date)

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of company after the business combination

No change

(6) Percentage of voting rights acquired

Percentage of voting rights owned immediately before acquisition: 39.79%
(Of which, 39.79% is indirect ownership)

Percentage of voting rights additionally acquired on the date of the business combination: 11.21%
(Of which, 11.21% is indirect ownership)

Percentage of voting rights after acquisition: 51.00%
(Of which, 51.00% is indirect ownership)

(7) Primary basis for determining the acquired company

The Company's consolidated subsidiary, HEHD, acquired shares for cash consideration.

2. The period in which the acquiree's results were recorded in the consolidated statements of income (cumulative) for the three months ended March 31, 2024

From January 1, 2024 to March 31, 2024

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

(Millions of yen)

Market value of shares of the acquiree owned immediately before the acquisition of additional shares as of the date of the business combination:	9,529
Cash consideration of shares of the acquiree additionally acquired on the date of the business combination:	6,006
<u>Acquisition cost:</u>	<u>15,535</u>

4. Differences between acquisition cost of the acquiree and the total acquisition costs of all transactions leading to the acquisition

Loss on step acquisitions: ¥2,507 million

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

(1) Amount of goodwill

¥10,584 million

The amount of goodwill was calculated on a provisional basis because the allocation of acquisition cost was not completed as of March 31, 2024.

(2) Reason for recognition

Since the acquisition cost 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 13 years

Finalization of provisional accounting treatment pertaining to business combination

Regarding the business combination with Brema Group S.p.A., acquired on July 1, 2022, provisional accounting treatment was applied to results of the first quarter of the previous fiscal year, but the provisional accounting treatment was finalized during the second quarter of the previous fiscal year.

The comparative information presented in the consolidated financial statements as of March 31, 2024, reflects material revisions to amounts initially allocated to acquisition cost accompanying finalization of provisional accounting treatment.

As a result, goodwill previously calculated as ¥14,593 million on a provisional basis has been lowered by ¥6,151 million to ¥8,442 million due to finalization of accounting treatment. The decrease in goodwill is attributable to increases in inventories of ¥127 million, property, plant and equipment of ¥1,673 million, other under intangible assets of ¥6,292 million, and other under non-current liabilities of ¥1,942 million. In the quarterly consolidated statements of income for the three months ended March 31, 2023, operating profit decreased by ¥35 million, ordinary profit decreased by ¥35 million, and profit attributable to owners of parent decreased by ¥6 million.

Regarding the business combination with Beijing Royalkitchen Science and Technology Co., Ltd., acquired on December 22, 2022, provisional accounting treatment was applied to results of the first quarter of the previous fiscal year, but the provisional accounting treatment was finalized during the third quarter of the previous fiscal year.

The comparative information presented in the consolidated financial statements as of March 31, 2024, reflects material revisions to amounts initially allocated to acquisition cost accompanying finalization of provisional accounting treatment.

As a result, goodwill previously calculated as ¥1,438 million on a provisional basis has been lowered by ¥260 million to ¥1,178 million due to finalization of accounting treatment. The decrease in goodwill is attributable to increases in other under intangible assets of ¥601 million, other under non-current liabilities of ¥90 million, and non-controlling interests of ¥250 million. In the quarterly consolidated statements of income for the three months ended March 31, 2023, operating profit decreased by ¥46 million, ordinary profit decreased by ¥46 million, and profit attributable to owners of parent decreased by ¥17 million.

Significant subsequent events

Company acquisition through acquisition of shares

At the Board of Directors' meeting held on April 11, 2024, the Company resolved to acquire all shares of TECHNO LUX EQUIPMENT AND SUPPLY CORPORATION (hereinafter referred to as "TECHNOLUX") and a part of shares of HKR EQUIPMENT CORPORATION (hereinafter referred to as "HKR"), both engaged in the business of import and sale for foodservice equipment in the Republic of the Philippines (hereinafter referred to as the "Philippines"), through the Company's consolidated subsidiary, HOSHIZAKI SOUTHEAST ASIA HOLDINGS PTE. LTD., and make TECHNO LUX and HKR consolidated subsidiaries, and concluded share transfer agreements as of the same day.

(1) Purpose of acquiring the shares

The Company, with an aim to increase its sales and presence in overseas—the core markets for future growth of the Company's business, has been concentrating to expand its business across the region of Southeast Asia including the Philippines, where the markets have high potential for growth.

TECHNOLUX and HKR are the largest import & sales company for foodservice equipment in the Philippines, and well recognized in the market for their long business experience in supplying a wide range of major global-brand products for various prestige local chain hotels and restaurants and good quality of after-sale service.

Receiving TECHNO LUX and HKR as a new member of the Group together with their experienced management team will enable the Company to expedite its penetration into the market in the Philippines and other countries in Southeast Asia with more effective promotion of business expansion not only with the Company's products to existing customers but also a line of equipment carried by TECHNO LUX and HKR to potential new customers throughout the region.

(2) Name of the other parties to the acquisition of shares

a. TECHNO LUX

TECHNO HOLDINGS CORPORATION and William A. Stelton

b. HKR

TECHNO HOLDINGS CORPORATION

(3) Name, business description and capital size of acquiree

a. TECHNO LUX

Name of the acquiree: TECHNO LUX EQUIPMENT AND SUPPLY CORPORATION

Business description: Import and sale for foodservice equipment

Paid-in capital: 200 million PHP

b. HKR

Name of the acquiree: HKR EQUIPMENT CORPORATION

Business description: Import and sale for foodservice equipment

Paid-in capital: 100 million PHP

(4) Timing of acquisition of shares

May 2024 (scheduled)

(5) Acquisition price and ownership ratio after acquisition

a. TECHNO LUX

Acquisition price: 2,913.092 million PHP

Ownership ratio after acquisition: 100% (Of which, 100% is indirect ownership)

b. HKR

Acquisition price: 1,334.803 million PHP

Ownership ratio after acquisition: 80% (Of which, 80% is indirect ownership)

(6) Method of procurement of payment fund and payment

Own funds

Purchase of treasury shares

The Company resolved, at a meeting of the Board of Directors held on May 10, 2024, to purchase treasury shares pursuant to the provisions of Article 459, paragraph (1) of the Companies Act and Article 34 of the Company's Articles of Incorporation.

(1) Reason for the purchase of treasury shares

To further improve corporate value by enhancing shareholder returns and improving capital efficiency.

(2) Details of the purchase

a. Type of shares to be purchased

Common shares of the Company

b. Total number of shares to be purchased

2,500,000 shares (upper limit)

(1.7% of total number of issued shares (excluding treasury shares))

c. Total amount of the purchase price of shares

¥10,000 million (upper limit)

d. Period of purchase

From May 14, 2024 to September 20, 2024

e. Method of purchase

Market purchase on the Tokyo Stock Exchange