

(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, 2025	30,528	(75,876)	(15,006)	159,442
Year ended December 31, 2024	47,344	(37,373)	(40,171)	214,391

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, 2024	–	45.00	–	60.00	105.00	15,000	40.9	4.4
Year ended December 31, 2025	–	50.00	–	65.00	115.00	16,271	42.6	4.3
Year ending December 31, 2026 (Forecast)	–	55.00	–	60.00	115.00		42.6	

Note: 1. The Company finalized provisional accounting treatment pertaining to business combination during the current fiscal year. Accordingly, each figure for the year ended December 31, 2024 reflects the finalization of the provisional accounting treatment.

2. The calculation of the payout ratio for the fiscal year ending December 31, 2026 (forecast) does not include the impact of the purchase of treasury shares resolved at the meeting of the Board of Directors held on February 13, 2026.

3. Forecast of consolidated financial results for the year ending December 31, 2026 (from January 1, 2026 to December 31, 2026)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Adjusted 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	%	Millions of yen	%	Yen
Full year	520,000	7.0	55,600	7.1	68,200	11.6	59,000	4.8	38,200	0.1	269.78

Note: The calculation of the earnings per share does not include the impact of the purchase of treasury shares resolved at the meeting of the Board of Directors held on February 13, 2026.

*Notes

(1) Significant changes in the scope of consolidation during the year ended December 31, 2025: Yes

Newly included: Structural Concepts Corporation, SC Holding Corp., and SC Real Estate Holdings, LLC

(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, (5) Notes to the consolidated financial statements, Notes on changes in accounting policies” on page 16 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, 2025	144,890,100 shares	As of December 31, 2024	144,890,100 shares
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b. Number of treasury shares at the end of the period

As of December 31, 2025	3,293,885 shares	As of December 31, 2024	2,628,100 shares
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c. Average number of shares during the period

Year ended December 31, 2025	141,470,997 shares	Year ended December 31, 2024	143,799,673 shares
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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, 2025.

(1) Overview of operating results during the fiscal year ended December 31, 2025

(Operating results during the fiscal year ended December 31, 2025)

During the fiscal year ended December 31, 2025, the Japanese economy continued to demonstrate a moderate recovery due to positive signs such as high levels of wage hikes implemented by companies amid stagnating personal consumption due to rising prices, and because inbound tourism demand has remained above the level prior to the COVID-19 pandemic. On the other hand, there were instances where exports and production activities struggled to grow due to the impact of U.S. tariff policies and weak overseas demand.

Overseas, while robust economic growth continued in India, the global economic outlook remains uncertain mainly due to the uncertainty surrounding tariff policies and other measures in the U.S., economic stagnation in Europe and China, and ongoing geopolitical risks in the Middle East region.

Amid such circumstances, the Group expanded sales in the restaurant market as well as in non-restaurant markets such as the retail industry and the food processing industry in Japan. Overseas, the Group focused on product supply to meet continued demand and worked to improve profitability, although it was affected by an intensifying competitive environment and other factors in some regions. Furthermore, in the current fiscal year, the negative impact on profits increased due to the amortization of goodwill and intangible assets, etc. related to acquired companies, as well as effect of applying hyperinflationary accounting in Türkiye.

As a result of the above initiatives, the Group reported operating results for the fiscal year under review with net sales of ¥485,890 million (up 9.1% year-on-year), operating profit of ¥51,932 million (up 1.7% year-on-year), ordinary profit of ¥56,305 million (down 1.9% year-on-year) due to impacts such as a decrease in foreign exchange gains, and profit attributable to owners of parent of ¥38,148 million (up 3.3% year-on-year) mainly due to the recording of loss on step acquisitions in the previous fiscal year.

The Group has decided to disclose “adjusted operating profit,” which is calculated by deducting amortization of investment differences from business combinations (such as goodwill and intangible assets) and the impact of hyperinflation accounting from operating profit, as one of the indicators of consolidated business performance. The adjusted operating profit for the current consolidated fiscal year was ¥61,094 million, an increase of 5.5% compared to the same period last year.

The operating results by segment are as follows.

For the adjusted operating profit for each segment, please refer to “Notes to segment information, etc.” in the notes to the consolidated financial statements.

a. Japan

In Japan, the Group expanded sales focusing on its flagship products such as refrigerators and ice machines using HFC-free natural refrigerants, 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 continued inbound tourism demand, 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 ¥234,125 million (up 3.9% year-on-year) and segment profit of ¥30,404 million (up 5.8% year-on-year).

b. Americas

In the Americas, we implemented sales expansion of ice machines, refrigerators, dispensers, dishwashers, and other products, focusing on initiatives that include customer development and relationship building. In addition, while there was a contribution to business performance from the consolidation of the acquired company starting in the fourth quarter of the current fiscal year, we were affected by cost increases in one-time costs related acquisitions and the implementation of the ERP system, as well as labor, among others. As a result, the Group generated net sales of ¥121,913 million (up 12.5% year-on-year) and segment profit of ¥11,006 million (down 2.6% year-on-year).

c. Europe

In Europe, while we focused our efforts on mainly strengthening collaboration between Group companies and expanded sales of its flagship products, such as ice machines and refrigerators, we were affected by the intensifying competitive environment and cost increases in labor, etc. In particular in Türkiye, we were affected not only by cost increases due to the hyperinflationary economic environment but also by the impact on profit or loss associated with the application of hyperinflation accounting. As a result, the Group generated net sales of ¥59,127 million (up 7.4% year-on-year) and segment profit of ¥1,461 million (down 54.6% year-on-year).

d. Asia

As for Asia, sales of refrigerators were strong mainly in India. As a result, the Group generated net sales of ¥81,719 million (up 18.1% year-on-year) and segment profit of ¥14,430 million (up 25.0% year-on-year).

(Outlook for the next fiscal year)

The IMF World Economic Outlook Update released in January 2026 forecasts a growth rate of 3.3%, indicating modest growth. However, uncertainty remains high regarding the outlook for global trade, investment trends, and inflation due to policy developments of the U.S., as well as ongoing geopolitical risks related to the Russia-Ukraine situation and the Middle East region.

In Japan, although there are concerns about the slowdown of the global economy, inflation, and continued labor shortages, the business environment in which the Group operates is expected to follow a path of gradual growth, supported not only by the resilience of service consumption but also by steady inbound demand, particularly from South Korea, Taiwan, Europe, the U.S., and Australia.

Overseas, although the business environment in each region is expected to remain challenging due to the impacts of macroeconomic trends and intensifying price competition with competing companies, demand for ice machines, refrigerators, dispensers, and other products is expected to remain solid. In addition, we aim for sustainable growth through the creation of synergies by strengthening collaboration between Group companies.

As a result, for the full-year earnings forecasts, net sales are expected to be ¥520,000 million (up 7.0% year-on-year), operating profit is expected to be ¥55,600 million (up 7.1% year-on-year), adjusted operating profit is expected to be ¥68,200 million (up 11.6% year-on-year), ordinary profit is expected to be ¥59,000 million (up 4.8% year-on-year), and profit attributable to owners of parent is expected to be ¥38,200 million (up 0.1% year-on-year).

The assumed foreign exchange rates in our earnings forecasts are ¥150 to the U.S. dollar and ¥170 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, 2025

a. Overview of assets, liabilities and net assets

Total assets as of December 31, 2025 increased by ¥28,007 million from December 31, 2024 to ¥575,646 million.

Current assets decreased by ¥47,994 million from December 31, 2024 to ¥342,313 million. The main factors were a decrease in cash and deposits mainly due to the purchase of shares of subsidiaries despite an increase in notes and accounts receivable - trade, and contract assets.

Non-current assets increased by ¥76,001 million from December 31, 2024 to ¥233,332 million. The main factor was an increase in goodwill.

Total liabilities as of December 31, 2025 decreased by ¥3,092 million from December 31, 2024 to ¥161,731 million.

Current liabilities increased by ¥5,675 million from December 31, 2024 to ¥135,598 million.

Non-current liabilities decreased by ¥8,767 million from December 31, 2024 to ¥26,133 million. The main factor was a decrease in retirement benefit liability.

Total net assets as of December 31, 2025 increased by ¥31,099 million from December 31, 2024 to ¥413,914 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, 2025 decreased by ¥54,949 million from December 31, 2024 to ¥159,442 million. The respective cash flow positions and the factors thereof in the fiscal year ended December 31, 2025 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥30,528 million (¥47,344 million provided in the previous fiscal year). The main factors were profit before income taxes of ¥56,249 million, income taxes paid of ¥18,197 million and contribution of securities to retirement benefit trust of ¥8,650 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥75,876 million (¥37,373 million used in the previous fiscal year). The main factors were purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥64,254 million, and purchase of short-term and long-term investment securities of ¥10,238 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥15,006 million (¥40,171 million used in the previous fiscal year). The main factor was dividends paid of ¥15,607 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 will provide dividends in accordance with profit growth, aiming to pay a continuous and stable dividend and achieve a payout ratio of 40% or more. In addition, we will consider the purchase of treasury shares in an adaptive and flexible manner, while maintaining an awareness of capital efficiency and comprehensively considering growth and strategic investments, the realization of the optimal cash position and other factors.

Based on the basic policy, the Company has set its year-end dividend at ¥65 per share for the fiscal year ended December 31, 2025. Combined with the interim dividend (¥50 per share), the annual dividend will be ¥115 per share, an increase of ¥10 from the dividend in the previous fiscal year.

In addition, the forecast of dividends for the next fiscal year includes an interim dividend of ¥55 and a year-end dividend of ¥60 per share.

2. Basic approach to the selection of accounting standards

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

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

3. Consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	239,035	177,089
Notes and accounts receivable - trade, and contract assets	70,253	76,736
Merchandise and finished goods	31,015	35,459
Work in process	8,694	8,256
Raw materials and supplies	29,455	37,218
Other	13,320	9,825
Allowance for doubtful accounts	(1,466)	(2,273)
Total current assets	390,307	342,313
Non-current assets		
Property, plant and equipment		
Buildings and structures	69,476	78,570
Accumulated depreciation	(35,695)	(37,630)
Buildings and structures, net	33,780	40,939
Machinery, equipment and vehicles	47,344	52,551
Accumulated depreciation	(35,217)	(37,627)
Machinery, equipment and vehicles, net	12,126	14,924
Tools, furniture and fixtures	29,411	30,209
Accumulated depreciation	(25,480)	(26,279)
Tools, furniture and fixtures, net	3,930	3,929
Land	18,958	19,242
Leased assets	6,700	10,037
Accumulated depreciation	(2,734)	(4,255)
Leased assets, net	3,966	5,781
Construction in progress	7,735	6,811
Total property, plant and equipment	80,498	91,630
Intangible assets		
Goodwill	18,958	76,352
Other	24,881	24,725
Total intangible assets	43,839	101,077
Investments and other assets		
Investment securities	11,272	16,712
Deferred tax assets	10,314	12,155
Long-term time deposits	9,397	7,916
Other	2,240	4,071
Allowance for doubtful accounts	(231)	(230)
Total investments and other assets	32,993	40,624
Total non-current assets	157,331	233,332
Total assets	547,638	575,646

	As of December 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,252	36,255
Short-term borrowings	4,901	6,390
Income taxes payable	6,750	5,787
Contract liabilities	42,131	44,276
Provision for bonuses	4,526	4,994
Provision for product warranties	4,044	4,602
Other	31,315	33,292
Total current liabilities	129,923	135,598
Non-current liabilities		
Deferred tax liabilities	10,947	13,349
Provision for retirement benefits for directors (and other officers)	272	297
Retirement benefit liability	18,460	6,580
Provision for product warranties	2,027	2,312
Other	3,192	3,593
Total non-current liabilities	34,900	26,133
Total liabilities	164,823	161,731
Net assets		
Shareholders' equity		
Share capital	8,138	8,138
Capital surplus	14,660	14,559
Retained earnings	295,327	317,873
Treasury shares	(14,514)	(18,527)
Total shareholders' equity	303,611	322,042
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	253	599
Foreign currency translation adjustment	57,863	65,636
Remeasurements of defined benefit plans	1,951	4,329
Total accumulated other comprehensive income	60,068	70,565
Non-controlling interests	19,134	21,306
Total net assets	382,815	413,914
Total liabilities and net assets	547,638	575,646

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

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	445,495	485,890
Cost of sales	279,046	304,449
Gross profit	166,449	181,441
Selling, general and administrative expenses	115,398	129,508
Operating profit	51,050	51,932
Non-operating income		
Interest income	5,023	3,837
Foreign exchange gains	1,911	46
Share of profit of entities accounted for using equity method	250	350
Gain on net monetary position	809	2,149
Other	891	1,174
Total non-operating income	8,886	7,559
Non-operating expenses		
Interest expenses	1,706	1,732
Other	836	1,453
Total non-operating expenses	2,542	3,185
Ordinary profit	57,394	56,305
Extraordinary income		
Gain on sale of investment securities	97	54
Gain on sale of non-current assets	36	73
Total extraordinary income	134	127
Extraordinary losses		
Loss on abandonment of non-current assets	50	40
Impairment losses	–	136
Loss on step acquisitions	2,550	–
Other	64	7
Total extraordinary losses	2,665	183
Profit before income taxes	54,863	56,249
Income taxes - current	17,490	15,969
Income taxes - deferred	(11)	1,551
Total income taxes	17,479	17,521
Profit	37,383	38,728
Profit attributable to non-controlling interests	447	579
Profit attributable to owners of parent	36,936	38,148

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit	37,383	38,728
Other comprehensive income		
Valuation difference on available-for-sale securities	36	346
Foreign currency translation adjustment	25,223	5,382
Remeasurements of defined benefit plans, net of tax	3,185	2,377
Share of other comprehensive income of entities accounted for using equity method	209	(151)
Total other comprehensive income	28,655	7,955
Comprehensive income	66,039	46,684
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	65,983	48,645
Comprehensive income attributable to non-controlling interests	55	(1,961)

(3) Consolidated statements of changes in equity

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,098	14,620	274,766	(8)	297,476
Changes during period					
Issuance of new shares	40	40			80
Dividends of surplus			(15,881)		(15,881)
Profit attributable to owners of parent			36,936		36,936
Purchase of treasury shares				(14,505)	(14,505)
Other			(494)		(494)
Net changes in items other than shareholders' equity					
Total changes during period	40	40	20,561	(14,505)	6,135
Balance at end of period	8,138	14,660	295,327	(14,514)	303,611

	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	216	32,038	(1,233)	31,021	4,439	332,937
Changes during period						
Issuance of new shares						80
Dividends of surplus						(15,881)
Profit attributable to owners of parent						36,936
Purchase of treasury shares						(14,505)
Other						(494)
Net changes in items other than shareholders' equity	36	25,825	3,185	29,047	14,694	43,742
Total changes during period	36	25,825	3,185	29,047	14,694	49,877
Balance at end of period	253	57,863	1,951	60,068	19,134	382,815

Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,138	14,660	295,327	(14,514)	303,611
Changes during period					
Dividends of surplus			(15,603)		(15,603)
Profit attributable to owners of parent			38,148		38,148
Purchase of treasury shares				(5,494)	(5,494)
Disposal of treasury shares		(95)		1,480	1,385
Other		(5)			(5)
Net changes in items other than shareholders' equity					
Total changes during period	–	(101)	22,545	(4,013)	18,431
Balance at end of period	8,138	14,559	317,873	(18,527)	322,042

	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	253	57,863	1,951	60,068	19,134	382,815
Changes during period						
Dividends of surplus						(15,603)
Profit attributable to owners of parent						38,148
Purchase of treasury shares						(5,494)
Disposal of treasury shares						1,385
Other						(5)
Net changes in items other than shareholders' equity	346	7,772	2,377	10,496	2,172	12,668
Total changes during period	346	7,772	2,377	10,496	2,172	31,099
Balance at end of period	599	65,636	4,329	70,565	21,306	413,914

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from operating activities		
Profit before income taxes	54,863	56,249
Depreciation	10,265	11,448
Impairment losses	–	136
Amortization of goodwill	1,300	3,074
Increase (decrease) in retirement benefit liability	1,019	614
Contribution of securities to retirement benefit trust	–	(8,650)
Increase (decrease) in provision for product warranties	688	680
Increase (decrease) in provision for bonuses	532	339
Increase (decrease) in allowance for doubtful accounts	542	730
Interest and dividend income	(5,050)	(3,879)
Interest expenses	1,706	1,732
Loss (gain) on step acquisitions	2,550	–
(Loss) gain on net monetary position	(809)	(2,149)
Share of loss (profit) of entities accounted for using equity method	(250)	(350)
Decrease (increase) in accounts receivable - trade, and contract assets	(6,080)	(5,680)
Decrease (increase) in inventories	(4,037)	(8,963)
Increase (decrease) in trade payables	806	(1,351)
Increase (decrease) in accounts payable - other	447	421
Increase (decrease) in accrued expenses	1,513	876
Increase (decrease) in contract liabilities	3,395	1,872
Increase (decrease) in accrued consumption taxes	(662)	(294)
Other, net	(1,156)	(213)
Subtotal	61,584	46,643
Interest and dividends received	5,375	3,880
Interest paid	(1,717)	(1,797)
Income taxes paid	(17,898)	(18,197)
Net cash provided by (used in) operating activities	47,344	30,528
Cash flows from investing activities		
Payments into time deposits	(32,888)	(13,783)
Proceeds from withdrawal of time deposits	27,275	22,143
Purchase of property, plant and equipment	(9,531)	(8,865)
Proceeds from sale of property, plant and equipment	82	304
Purchase of intangible assets	(1,136)	(2,192)
Purchase of short-term and long-term investment securities	(12,311)	(10,238)
Proceeds from sale of investment securities	6,928	6,960
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(15,536)	(64,254)
Purchase of long-term prepaid expenses	(276)	(2,652)
Payments for acquisition of businesses	–	(3,458)
Other, net	22	160
Net cash provided by (used in) investing activities	(37,373)	(75,876)

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,409)	1,085
Repayments of long-term borrowings	(1,631)	(244)
Repayments of lease liabilities	(595)	(527)
Proceeds from disposal of treasury shares	–	1,385
Purchase of treasury shares	(14,505)	(5,494)
Decrease (increase) in deposits for purchase of treasury shares	(5,684)	5,684
Dividends paid	(15,874)	(15,607)
Dividends paid to non-controlling interests	(67)	(1,167)
Dividends paid to former shareholders of newly consolidated subsidiaries	–	(774)
Proceeds from share issuance to non-controlling shareholders	–	644
Other, net	(402)	9
Net cash provided by (used in) financing activities	(40,171)	(15,006)
Effect of exchange rate change on cash and cash equivalents	15,252	1,974
Net increase (decrease) in cash and cash equivalents	(14,947)	(58,380)
Effect of hyperinflation	2,266	3,430
Cash and cash equivalents at beginning of period	227,072	214,391
Cash and cash equivalents at end of period	214,391	159,442

(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:

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Names of the significant consolidated subsidiaries

HOSHIZAKI SALES CO., LTD., HOSHIZAKI TOKYO CO., LTD., HOSHIZAKI TOKAI CO., LTD., HOSHIZAKI KEIHAN CO., LTD., HOSHIZAKI AMERICA, INC. and Western Refrigeration Private Limited

In the fiscal year under review, ASIA REFRIGERATION INDUSTRY JOINT STOCK COMPANY, Structural Concepts Corporation, SC Holding Corp., and SC Real Estate Holdings, LLC have been included in the scope of consolidation due to the new acquisition of shares. Additionally, due to the completion of liquidation of SERVICIOS LANCERMEX S.A. DE C.V. and the business integration of HOSHIZAKI SHANGHAI CO., LTD. into HOSHIZAKI CHINA CORPORATION, they have been excluded from the scope of consolidation.

(2) Names of non-consolidated subsidiaries

Non-consolidated subsidiaries

Haikawa Industries Private Limited and HOSHIZAKI SHANGHAI 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

Fogel Company Inc.

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

Haikawa Industries Private Limited and HOSHIZAKI SHANGHAI CO., LTD.

The above non-consolidated 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

With the exception of one domestic subsidiary, all our consolidated subsidiaries have the same fiscal year as the Company.

Furthermore, in preparing our consolidated financial statements, for a company with differing fiscal year, we use financial statements that are current as of September 30 and make the necessary adjustments in consolidation for important transactions that occur between fiscal year-end dates.

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.

However, revenues and expenses of subsidiaries in hyperinflationary economies are translated into Japanese yen at the spot exchange rate at the fiscal year-end date to apply hyperinflationary accounting.

(7) Amortization method and period of goodwill

Goodwill is amortized on a straight-line basis mainly over 10 to 18 years.

The goodwill recognized at consolidated subsidiaries in the U.S. is amortized on a straight-line basis over 10 years in accordance with the alternative accounting treatment for private companies under U.S. Generally Accepted Accounting Principles (GAAP) (ASU 2014-02) and ASBJ Practical Solution No. 18.

(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.

Notes on changes in accounting policies

Application of the “Accounting Standard for Current Income Taxes,” Etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the current fiscal year.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). This has no impact on the consolidated financial statements.

In addition, for revisions related to the revised treatment in the consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of current fiscal year. This change in accounting policies has been applied retrospectively and is reflected in the consolidated financial statements for the previous fiscal year. This has no impact on the consolidated financial statements for the previous fiscal year.

Additional information

Accounting practices under hyperinflationary economies

Due to the three-year cumulative inflation rate in Türkiye exceeding 100%, the Group has adjusted the financial statements of its subsidiary in Türkiye in accordance with IAS 29, “Financial Reporting in a Hyperinflationary Economies” before consolidation.

Notes to segment information, etc.

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

Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Millions of yen)

	Reportable segment					Reconciliation (Note 1) (Note 2)	Amount recorded in the consolidated financial statements
	Japan	Americas	Europe	Asia	Total		
Net sales							
Ice machines	19,294	40,612	21,082	6,101	87,090	–	87,090
Refrigerators	54,460	9,035	7,761	46,178	117,435	–	117,435
Dishwashers	16,267	9,912	3,648	334	30,162	–	30,162
Dispensers	5,923	31,733	40	1,028	38,725	–	38,725
Non Hoshizaki products	38,935	1,055	–	6,017	46,008	–	46,008
Maintenance and repairs	48,710	12,600	1,993	3,714	67,018	–	67,018
Other products	33,444	2,722	18,512	3,925	58,604	–	58,604
Revenue from contracts with customers	217,035	107,671	53,039	67,298	445,045	–	445,045
Other revenue	449	–	–	–	449	–	449
Sales to external customers	217,485	107,671	53,039	67,298	445,495	–	445,495
Intersegment sales or transfers	7,810	661	2,036	1,922	12,431	(12,431)	–
Total	225,296	108,333	55,076	69,221	457,926	(12,431)	445,495
Segment profit	28,729	11,306	3,219	11,548	54,802	(3,751)	51,050

- Notes
1. The reconciliation amount of negative ¥3,751 million for segment profit includes amortization of goodwill of negative ¥1,245 million, amortization of intangible assets, etc. of negative ¥2,624 million, ¥75 million from reconciliation of inventories, and ¥42 million from reconciliation of transactions with other segments.
 2. Segment profit has been reconciled with operating profit in the consolidated financial statements.
 3. The Company finalized provisional accounting treatment pertaining to business combination during the current fiscal year. Accordingly, segment profit reflects the content of the finalized provisional accounting treatment.

Reference information

Adjusted operating profit by reportable segment, which is based on segment profit, is as follows.

(Millions of yen)

	Reportable segment				Reconciliation	Amount recorded in the consolidated financial statements
	Japan	Americas	Europe	Asia		
Segment profit that includes amortization, etc. of investment differences from business combinations	28,595	11,306	260	10,771	117	51,050
Amortization of investment differences from business combinations	133	–	2,430	777	–	3,341
Effect of applying hyperinflationary accounting	–	–	3,508	–	–	3,508
Adjusted operating profit	28,729	11,306	6,199	11,548	117	57,901

Note “Segment profit that includes amortization, etc. of investment differences from business combinations” is the amount after including amortization of goodwill and amortization of intangible assets, etc. that are part of the reconciliation amount for segment profit allocated to each segment.

Additionally, “Effect of applying hyperinflationary accounting” includes the effects of such accounting related to the amortization of goodwill and amortization of intangible assets, etc. in our consolidated subsidiary in Türkiye.

Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Millions of yen)

	Reportable segment					Reconciliation (Note 1) (Note 2)	Amount recorded in the consolidated financial statements
	Japan	Americas	Europe	Asia	Total		
Net sales							
Ice machines	20,424	41,200	22,319	6,783	90,727	–	90,727
Refrigerators	58,079	18,609	8,291	51,647	136,627	–	136,627
Dishwashers	17,676	12,107	4,549	383	34,716	–	34,716
Dispensers	5,934	34,664	–	868	41,466	–	41,466
Non Hoshizaki products	38,398	895	–	10,267	49,561	–	49,561
Maintenance and repairs	51,366	10,866	2,656	6,193	71,083	–	71,083
Other products	34,387	2,839	19,831	4,176	61,234	–	61,234
Revenue from contracts with customers	226,267	121,183	57,648	80,319	485,419	–	485,419
Other revenue	471	–	–	–	471	–	471
Sales to external customers	226,739	121,183	57,648	80,319	485,890	–	485,890
Intersegment sales or transfers	7,385	730	1,479	1,399	10,995	(10,995)	–
Total	234,125	121,913	59,127	81,719	496,885	(10,995)	485,890
Segment profit	30,404	11,006	1,461	14,430	57,302	(5,370)	51,932

- Notes 1. The reconciliation amount of negative ¥5,370 million for segment profit includes amortization of goodwill of negative ¥2,831 million, amortization of intangible assets, etc. of negative ¥2,665 million, ¥91 million from reconciliation of inventories, and ¥35 million from reconciliation of transactions with other segments.
2. Segment profit has been reconciled with operating profit in the consolidated financial statements.

Reference information

Adjusted operating profit by reportable segment, which is based on segment profit, is as follows.

(Millions of yen)

	Reportable segment				Reconciliation	Amount recorded in the consolidated financial statements
	Japan	Americas	Europe	Asia		
Segment profit (loss) that includes amortization, etc. of investment differences from business combinations	30,276	9,648	(1,517)	13,396	127	51,932
Amortization of investment differences from business combinations	127	1,358	2,150	1,033	–	4,669
Effect of applying hyperinflationary accounting	–	–	4,493	–	–	4,493
Adjusted operating profit	30,404	11,006	5,126	14,430	127	61,094

- Note “Segment profit (loss) that includes amortization, etc. of investment differences from business combinations” is the amount after including amortization of goodwill and amortization of intangible assets, etc. that are part of the reconciliation amount for segment profit allocated to each segment.
- Additionally, “Effect of applying hyperinflationary accounting” includes the effects of such accounting related to the amortization of goodwill and amortization of intangible assets, etc. in our consolidated subsidiary in Türkiye.

Notes on business combination, etc.

Finalization of provisional accounting treatment pertaining to business combination

Regarding the business combination with TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION and HKR EQUIPMENT CORPORATION, acquired on May 29, 2024, provisional accounting treatment was applied to results of the previous fiscal year, but the provisional accounting treatment was finalized during the fiscal year ended December 31, 2025.

The comparative information presented in the consolidated financial statements for fiscal year ended December 31, 2025, reflects material revisions to amounts initially allocated to acquisition cost accompanying finalization of provisional accounting treatment.

As a result, goodwill previously calculated as ¥9,355 million on a provisional basis has been lowered by ¥5,411 million to ¥3,944 million due to finalization of accounting treatment. The decrease in goodwill is attributable to increases in other under intangible assets of ¥9,549 million, other under current liabilities of ¥1,332 million, other under non-current liabilities of ¥2,387 million, and non-controlling interests of ¥418 million. In addition, as of December 31, 2024, other under intangible assets increased by ¥8,895 million, other under current liabilities increased by ¥1,332 million, other under non-current liabilities increased by ¥2,223 million, and non-controlling interests increased by ¥380 million, while goodwill decreased by ¥5,201 million, retained earnings decreased by ¥234 million, and foreign currency translation adjustment decreased by ¥8 million.

In the consolidated statements of income for the fiscal year ended December 31, 2024, operating profit decreased by ¥428 million, ordinary profit decreased by ¥428 million, and profit attributable to owners of parent decreased by ¥234 million.

Business combination through acquisition of shares

On June 12, 2025, in accordance with Article 370 of the Companies Act and Article 26 of the Company's Articles of Incorporation, the Company passed a resolution of the Board of Directors in writing to acquire SC Holding Corp., the parent company of Structural Concepts Corporation based in Norton Shores, MI, U.S. (hereinafter referred to as "SCC"), through Hoshizaki USA Holdings, Inc., which is wholly owned by the Company. Accordingly, the Company acquired all shares of SC Holding Corp. on July 31, 2025, making it a subsidiary (sub-subsidiary of the Company).

1. Outline of business combination

(1) Name and business description of the acquired company

- | | | |
|-------|-----------------------|---|
| (i) | Name of the acquiree: | Structural Concepts Corporation |
| | Business description: | Manufacturing and sale of food display cases |
| (ii) | Name of the acquiree: | SC Holding Corp. |
| | Business description: | Holding company (wholly-owning parent company of SCC) |
| (iii) | Name of the acquiree: | SC Real Estate Holdings, LLC |
| | Business description: | Commercial real estate management company of SCC |

(2) Primary reasons for the business combination

SCC is a manufacturer of food display cases with manufacturing and sales bases in Michigan, U.S., and it has the technological capabilities to develop and produce high-quality products. SCC is also recognized for its strong profitability and growth driven by the sales of its food display cases and other products to a diverse range of customers, including supermarkets, convenience stores, cafes and restaurants primarily in the U.S. market.

By acquiring SCC, the Company expects to expand its current product lineup in the U.S. region, enabling sales to a broader range of customers, and anticipates a wide range of synergies, including joint purchase of production materials and sharing of an after-sale parts network.

(3) Date of the business combination

July 31, 2025 (Share acquisition date)
September 30, 2025 (Deemed acquisition date)

(4) Legal form of the business combination

Acquisition of shares for cash consideration through "reverse triangular merger"

- (5) Name of company after the business combination
No change
- (6) Percentage of voting rights acquired
100% (Of which, 100% is indirect ownership)
- (7) Primary basis for determining the acquiring company
The Company's subsidiary acquired shares for cash consideration.
2. The period in which the acquiree's results were recorded in the consolidated financial statements
From October 1, 2025 to December 31, 2025
3. Acquisition cost of the acquiree and components thereof by consideration type
- | | | |
|-------------------------------|------|-----------------|
| Consideration for acquisition | Cash | ¥56,099 million |
| Acquisition cost | | ¥56,099 million |
4. Details and amounts for main acquisition-related costs
- | | |
|--------------------|--------------|
| Advisory fee, etc. | ¥560 million |
|--------------------|--------------|
5. Amount of goodwill, reason for recognition, amortization method and amortization period
- (1) Amount of goodwill
¥54,040 million
The amount of goodwill was calculated on a provisional basis because the allocation of acquisition cost was not completed as of December 31, 2025.
- (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
The goodwill is amortized on a straight-line basis over 10 years in accordance with the alternative accounting treatment for private companies under U.S. Generally Accepted Accounting Principles (GAAP) (ASU 2014-02) and ASBJ Practical Solution No. 18.
6. Amount and breakdown of assets acquired and liabilities assumed as of the date of the business combination
- | | | |
|-------------------------|---|---------------|
| Current assets | ¥ | 5,964 million |
| Non-current assets | | 7,127 |
| Total assets | | 13,092 |
| Current liabilities | | 11,033 |
| Non-current liabilities | | 0 |
| Total liabilities | | 11,033 |

Notes on per share information

	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)	Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)
Net assets per share	¥2,556.41	¥2,772.73
Earnings per share	¥256.86	¥269.66

- Notes
1. Diluted earnings per share is not presented since no potential shares exist.
 2. The Company finalized provisional accounting treatment pertaining to business combination during the current fiscal year. Accordingly, amounts for the fiscal year ended December 31, 2024 reflect material revisions of amounts initially allocated to acquisition prices due to finalization of provisional accounting treatment.
 3. The basis of the calculation of earnings per share is as follows:

	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)	Fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)
Profit attributable to owners of parent (Millions of yen)	36,936	38,148
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	36,936	38,148
Average number of shares during the period (Thousands of shares)	143,799	141,470

Significant subsequent events

Purchase of treasury shares

The Company resolved, at a meeting of the Board of Directors held on February 13, 2026, 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, taking into account growth investments aimed at medium- to long-term profit growth, as well as our current cash position, in accordance with our capital policy.

(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
8,000,000 shares (upper limit)
(5.6% of total number of issued shares (excluding treasury shares))
- c. Total amount of the purchase price of shares
¥30,000 million (upper limit)
- d. Period of purchase
From February 17, 2026 to November 30, 2026
- e. Method of purchase
Market purchase on the Tokyo Stock Exchange