

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2024 (Based on Japanese GAAP)

August 7, 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 Semi-annual Securities Report: August 9, 2024
 Scheduled date to commence dividend payments: September 12, 2024
 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 six months ended June 30, 2024 (from January 1, 2024 to June 30, 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	%
Six months ended June 30, 2024	218,087	18.7	27,411	19.7	32,248	12.2	19,495	(2.0)
Six months ended June 30, 2023	183,791	22.3	22,901	72.7	28,737	18.9	19,896	19.9

Note: Comprehensive income Six months ended June 30, 2024 ¥51,773 million [36.8%]
 Six months ended June 30, 2023 ¥37,844 million [(8.4)%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended June 30, 2024	134.78		-	
Six months ended June 30, 2023	137.34		-	

Note: The Company finalized provisional accounting treatment pertaining to business combination during the third quarter of the previous fiscal year. Accordingly, each figure for the six months ended June 30, 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 June 30, 2024	552,030		381,686		65.8		2,529.77	
As of December 31, 2023	465,361		332,937		70.6		2,267.49	

Reference: Equity As of June 30, 2024 ¥363,403 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	–	45.00			
Year ending December 31, 2024 (Forecast)			–	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) Significant changes in the scope of consolidation during the six months ended June 30, 2024
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting for preparing semi-annual 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 June 30, 2024	144,890,100 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 June 30, 2024	1,239,029 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)

Six months ended June 30, 2024	144,645,384 shares	Six months ended June 30, 2023	144,864,222 shares
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* **Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.**

* **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 semi-annual financial results

The forward-looking matters stated herein are judgments made by HOSHIZAKI CORPORATION (the “Company”) as of June 30, 2024.

(1) Operating results

During the six months ended June 30, 2024, the Japanese economy continued to demonstrate a moderate recovery with the Nikkei Stock Average continuing to hit fresh highs against a backdrop of rising prices, greater wage hikes at companies, and changes in the Bank of Japan’s monetary policy. Inbound demand has also remained at 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 economy remained firm, while the IMF World Economic Outlook released in July maintained the view that the global economy would grow 3.2% in 2024 (flat from 3.2% in the previous outlook).

Amid such circumstances, the Group focused on expanding sales in the restaurant market and in non-restaurant markets such as retail industry and hospitals and welfare facilities 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 six months ended June 30, 2024 with net sales of ¥218,087 million (up 18.7% year-on-year), operating profit of ¥27,411 million (up 19.7% year-on-year), ordinary profit of ¥32,248 million (up 12.2% year-on-year) and profit attributable to owners of parent of ¥19,495 million (down 2.0% year-on-year) mainly due to the recording of loss on step acquisitions as extraordinary losses.

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 period of the previous fiscal year are based on figures for the same period of the previous fiscal year that have been reclassified into new segments. For details, please refer to “Notes (Notes to segment information, etc.)”

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 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 ¥114,554 million (up 9.6% year-on-year) and segment profit of ¥17,028 million (up 26.3% year-on-year).

b. Americas

In the Americas, we strove to expand sales of ice machines, dispensers, dishwashers, and other products, focusing on initiatives that include productivity enhancement in the manufacturing sector as well as customer development and relationship building. As a result, the Group generated net sales of ¥52,475 million (up 12.5% year-on-year) and segment profit of ¥5,376 million (up 17.3% year-on-year).

c. Europe

In Europe, despite the impacts of inflation in Türkiye, we focused our efforts on mainly strengthening collaboration between Group companies and endeavored to expand sales of its flagship products, such as ice machines and refrigerators. As a result, the Group generated net sales of ¥27,842 million (up 104.7% year-on-year) and segment profit of ¥1,420 million (down 26.9% 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 ¥29,758 million (up 24.1% year-on-year) and segment profit of ¥5,111 million (up 41.2% year-on-year).

(2) Financial position

Total assets as of June 30, 2024 increased by ¥86,669 million from December 31, 2023 to ¥552,030 million.

Current assets increased by ¥30,860 million from December 31, 2023 to ¥395,006 million. The main factors were increases in notes and accounts receivable - trade, and contract assets, and merchandise and finished goods.

Non-current assets increased by ¥55,808 million from December 31, 2023 to ¥157,024 million. The main factor was increases in property, plant and equipment and goodwill.

Total liabilities as of June 30, 2024 increased by ¥37,919 million from December 31, 2023 to ¥170,343 million.

Current liabilities increased by ¥30,714 million from December 31, 2023 to ¥135,352 million. The main factors were increases in short-term borrowings and income taxes payable.

Non-current liabilities increased by ¥7,204 million from December 31, 2023 to ¥34,990 million.

Total net assets as of June 30, 2024 increased by ¥48,749 million from December 31, 2023 to ¥381,686 million. The main factors were increases in retained earnings and 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. Semi-annual consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	254,530	239,652
Notes and accounts receivable - trade, and contract assets	52,026	76,447
Merchandise and finished goods	19,962	30,892
Work in process	7,324	8,657
Raw materials and supplies	24,977	29,999
Other	5,873	11,021
Allowance for doubtful accounts	(549)	(1,664)
Total current assets	364,145	395,006
Non-current assets		
Property, plant and equipment	53,034	78,043
Intangible assets		
Goodwill	9,382	25,150
Other	8,974	16,006
Total intangible assets	18,357	41,157
Investments and other assets	29,823	37,823
Total non-current assets	101,215	157,024
Total assets	465,361	552,030
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,308	35,062
Short-term borrowings	806	6,188
Income taxes payable	5,952	11,897
Other provisions	7,128	8,616
Other	60,442	73,588
Total current liabilities	104,638	135,352
Non-current liabilities		
Retirement benefit liability	21,451	22,518
Other provisions	1,780	2,268
Other	4,554	10,203
Total non-current liabilities	27,785	34,990
Total liabilities	132,424	170,343
Net assets		
Shareholders' equity		
Share capital	8,098	8,138
Capital surplus	14,620	14,660
Retained earnings	274,766	284,845
Treasury shares	(8)	(6,697)
Total shareholders' equity	297,476	300,946
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	322
Foreign currency translation adjustment	32,038	63,223
Remeasurements of defined benefit plans	(1,233)	(1,088)
Total accumulated other comprehensive income	31,021	62,457
Non-controlling interests	4,439	18,282
Total net assets	332,937	381,686
Total liabilities and net assets	465,361	552,030

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Net sales	183,791	218,087
Cost of sales	115,873	134,826
Gross profit	67,918	83,261
Selling, general and administrative expenses	45,016	55,850
Operating profit	22,901	27,411
Non-operating income		
Interest income	2,148	2,485
Foreign exchange gains	3,917	2,374
Gain on net monetary position	–	610
Other	322	511
Total non-operating income	6,388	5,982
Non-operating expenses		
Interest expenses	72	797
Share of loss of entities accounted for using equity method	360	–
Other	119	347
Total non-operating expenses	552	1,145
Ordinary profit	28,737	32,248
Extraordinary income		
Gain on sale of non-current assets	21	19
Gain on sale of investment securities	12	46
Total extraordinary income	34	65
Extraordinary losses		
Loss on step acquisitions	–	2,560
Other	22	24
Total extraordinary losses	22	2,584
Profit before income taxes	28,749	29,729
Income taxes - current	12,090	13,779
Income taxes - deferred	(3,666)	(3,682)
Total income taxes	8,424	10,097
Profit	20,325	19,632
Profit attributable to non-controlling interests	428	136
Profit attributable to owners of parent	19,896	19,495

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Profit	20,325	19,632
Other comprehensive income		
Valuation difference on available-for-sale securities	12	105
Foreign currency translation adjustment	17,778	31,607
Remeasurements of defined benefit plans, net of tax	124	145
Share of other comprehensive income of entities accounted for using equity method	(395)	282
Total other comprehensive income	17,519	32,141
Comprehensive income	37,844	51,773
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	37,087	50,931
Comprehensive income attributable to non-controlling interests	757	842

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	28,749	29,729
Depreciation	3,204	4,271
Amortization of goodwill	342	564
Increase (decrease) in allowance for doubtful accounts	84	723
Increase (decrease) in retirement benefit liability	374	552
Increase (decrease) in provision for product warranties	836	205
Increase (decrease) in provision for bonuses	829	945
Interest and dividend income	(2,165)	(2,503)
Interest expenses	72	797
Foreign exchange losses (gains)	(3,544)	(2,341)
Loss (gain) on step acquisitions	–	2,560
Loss (gain) on net monetary position	–	(610)
Decrease (increase) in trade receivables and contract assets	(6,397)	(10,362)
Decrease (increase) in inventories	(819)	(1,925)
Increase (decrease) in trade payables	877	(1,271)
Increase (decrease) in accounts payable - other	(4,005)	(3,077)
Increase (decrease) in accrued expenses	7,954	8,733
Increase (decrease) in contract liabilities	482	3,192
Increase (decrease) in accrued consumption taxes	(302)	(193)
Other, net	(931)	(2,183)
Subtotal	25,641	27,807
Interest and dividends received	1,896	2,854
Interest paid	(70)	(808)
Payment for business restructuring expenses	(1,122)	–
Income taxes paid	(6,706)	(9,087)
Net cash provided by (used in) operating activities	19,638	20,766
Cash flows from investing activities		
Payments into time deposits	(57,501)	(24,087)
Proceeds from withdrawal of time deposits	56,777	11,259
Purchase of property, plant and equipment	(2,731)	(3,978)
Purchase of intangible assets	(543)	(379)
Purchase of investment securities	(1,313)	(7,859)
Proceeds from sale of investment securities	12	1,696
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(15,536)
Other, net	165	(12)
Net cash provided by (used in) investing activities	(5,134)	(38,898)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	145	(545)
Repayments of long-term borrowings	–	(1,114)
Repayments of lease liabilities	(233)	(324)
Purchase of treasury shares	–	(6,688)
Decrease (increase) in deposits for purchase of treasury shares	–	(3,496)
Dividends paid	(5,795)	(9,416)
Other, net	(50)	(67)
Net cash provided by (used in) financing activities	(5,932)	(21,654)
Effect of exchange rate change on cash and cash equivalents	10,416	17,659
Net increase (decrease) in cash and cash equivalents	18,987	(22,127)
Effect of hyperinflation	–	1,150
Cash and cash equivalents at beginning of period	186,669	227,072
Cash and cash equivalents at end of period	205,656	206,096

(4)Notes to semi-annual consolidated financial statements

Notes on premise of going concern

Not applicable

Notes on significant changes in the amount of shareholders' equity

Pursuant to a resolution of the meeting of the Board of Directors held on May 10, 2024, the Company purchased 1,235,600 treasury shares during the six months ended June 30, 2024. As a result of this acquisition, the value of the Company's treasury shares increased by ¥6,688 million. As of June 30, 2024, the value of the Company's treasury shares was ¥6,697 million.

Application of special accounting for preparing semi-annual 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

From the six months ended June 30, 2024, Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi, which was previously an associate accounted for using the equity method, has been included in the scope of consolidation due to the additional acquisition of shares. TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION and HKR EQUIPMENT CORPORATION have also been included in the scope of consolidation due to the new acquisition of shares.

(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 six months ended June 30, 2024.

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 estimates

Not applicable

Notes to segment information, etc.

Segment information

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 six months ended June 30, 2023 is based on figures reflecting the segment change.

I. Six months ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

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

	Reportable segment					Reconciliation (Note 1)	Amount recorded in the semi- annual consolidated statements of income (Note 2)
	Japan	Americas	Europe	Asia	Total		
Net sales							
Ice machines	8,435	18,038	9,402	2,995	38,871	–	38,871
Refrigerators	24,686	3,964	2,258	17,092	48,001	–	48,001
Dishwashers	7,312	5,179	–	78	12,569	–	12,569
Dispensers	2,930	11,866	43	251	15,093	–	15,093
Non Hoshizaki products	20,095	460	–	149	20,705	–	20,705
Maintenance and repairs	22,595	5,650	948	1,152	30,346	–	30,346
Other products	15,083	1,104	261	1,535	17,985	–	17,985
Revenue from contracts with customers	101,138	46,264	12,914	23,255	183,572	–	183,572
Other revenue	218	–	–	–	218	–	218
Sales to external customers	101,357	46,264	12,914	23,255	183,791	–	183,791
Intersegment sales or transfers	3,153	394	684	715	4,947	(4,947)	–
Total	104,511	46,658	13,599	23,970	188,739	(4,947)	183,791
Segment profit	13,485	4,584	1,942	3,620	23,633	(731)	22,901

- Notes
1. The reconciliation amount of negative ¥731 million for segment profit includes amortization of goodwill of negative ¥311 million, amortization of intangible assets, etc. of negative ¥345 million, negative ¥85 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 semi-annual consolidated statements of income.
 3. The Company finalized provisional accounting treatment pertaining to business combination during the third quarter of 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.Six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

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 semi- annual consolidated statements of income (Note 2)
	Japan	Americas	Europe	Asia	Total		
Net sales							
Ice machines	9,871	19,972	11,171	2,932	43,947	–	43,947
Refrigerators	26,882	4,140	3,971	22,096	57,090	–	57,090
Dishwashers	8,844	5,202	1,666	146	15,861	–	15,861
Dispensers	3,022	14,978	22	524	18,547	–	18,547
Non Hoshizaki products	19,635	559	–	111	20,306	–	20,306
Maintenance and repairs	23,888	5,827	869	1,408	31,993	–	31,993
Other products	18,253	1,355	8,972	1,536	30,117	–	30,117
Revenue from contracts with customers	110,398	52,036	26,673	28,755	217,864	–	217,864
Other revenue	222	–	–	–	222	–	222
Sales to external customers	110,621	52,036	26,673	28,755	218,087	–	218,087
Intersegment sales or transfers	3,933	439	1,168	1,002	6,543	(6,543)	–
Total	114,554	52,475	27,842	29,758	224,631	(6,543)	218,087
Segment profit	17,028	5,376	1,420	5,111	28,936	(1,525)	27,411

Notes 1. The reconciliation amount of negative ¥1,525 million for segment profit includes amortization of goodwill of negative ¥536 million, amortization of intangible assets, etc. of negative ¥960 million, negative ¥43 million from reconciliation of inventories, and ¥15 million from reconciliation of transactions with other segments and miscellaneous items.

2. Segment profit has been reconciled with operating profit in the semi-annual consolidated statements of income.

2. Information about assets for each reportable segment

In the Asia segment, HOSHIZAKI SOUTHEAST ASIA HOLDINGS PTE. LTD. acquired the shares of TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION and HKR EQUIPMENT CORPORATION during the six months ended June 30, 2024, thereby making these companies consolidated subsidiaries. Accordingly, the amount of assets for this reportable segment in the six months ended June 30, 2024 increased by ¥23,501 million from December 31, 2023.

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

From the six months ended June 30, 2024, Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi, which was previously an associate accounted for using the equity method, has been made a consolidated subsidiary due to the additional acquisition of shares. TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION and HKR EQUIPMENT CORPORATION have also been made consolidated subsidiaries due to the new acquisition of shares. This has resulted in new goodwill of ¥14,201 million.

Significant gain on bargain purchase

Not applicable

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 for the six months ended June 30, 2024

From January 1, 2024 to June 30, 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
Acquisition cost:	15,535

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

Loss on step acquisitions: ¥2,560 million

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

(1) Amount of goodwill

¥4,846 million

Regarding this business combination, provisional accounting treatment was applied to results of the first quarter of the current fiscal year, but the provisional accounting treatment was finalized during the six months ended June 30, 2024.

With the finalization of this provisional accounting treatment, the goodwill calculated as ¥10,584 million on a provisional basis has been lowered by ¥5,738 million to ¥4,846 million. This reduced amount has been allocated to property, plant and equipment and other under intangible assets.

(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

Business combination through acquisition of shares

Based on the resolution at the Board of Directors' meeting held on April 11, 2024, the Company acquired all shares of TECHNOLUX 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 made TECHNOLUX and HKR the Company's consolidated subsidiaries.

1. Outline of business combination

(1) Name and business description of the acquired company

Name of the acquiree: TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION
HKR EQUIPMENT CORPORATION

Business description: Import and sale for foodservice equipment

(2) Primary reasons for the business combination

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 TECHNOLUX 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 TECHNOLUX and HKR to potential new customers throughout the region.

(3) Date of the business combination

June 30, 2024 (Deemed acquisition date)

May 29, 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

a. TECHNOLUX 100% (Of which, 100% is indirect ownership)

b. HKR 80% (Of which, 80% is indirect ownership)

(7) Primary basis for determining the acquired company

The Company's consolidated subsidiary, HOSHIZAKI SOUTHEAST ASIA HOLDINGS PTE. LTD., acquired shares for cash consideration.

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

a. TECHNOLUX

		(Millions of yen)
Consideration for acquisition	Cash	8,040
<hr/>		
Acquisition cost		8,040

b. HKR

		(Millions of yen)
Consideration for acquisition	Cash	3,684
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Acquisition cost		3,684

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

(1) Amount of goodwill

a. TECHNOLUX ¥6,534 million

b. HKR ¥2,820 million

The amount of goodwill was calculated on a provisional basis because the allocation of acquisition cost was not completed as of June 30, 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

a. TECHNOLUX Straight-line basis over 14 years

b. HKR Straight-line basis over 11 years

Finalization of provisional accounting treatment pertaining to business combination

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 six months ended June 30, 2023, 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 June 30, 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 semi-annual consolidated statements of income for the six months ended June 30, 2023, operating profit decreased by ¥92 million, ordinary profit decreased by ¥92 million, and profit attributable to owners of parent decreased by ¥34 million.

Significant subsequent events

Not applicable