Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Summary of Consolidated Financial Results for the Year Ended December 31, 2024 (Based on Japanese GAAP)

February 13, 2025

Company name: HOSHIZAKI CORPORATION
Stock exchange listing: Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code: 6465 URL: http://www.hoshizaki.co.jp
Representative: Representative Director, President & CEO Yasuhiro Kobayashi
Inquiries: Executive Officer (in charge of Accounting Department) Ryuichiro Seki TEL: +81-562-96-1112

Scheduled date of annual general meeting of shareholders: March 26, 2025
Scheduled date to commence dividend payments: March 6, 2025
Scheduled date to file Securities Report: March 26, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Consolidated operating results (Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2024	445,495	19.3	51,479	18.3	57,823	14.9	37,170	13.2
Year ended December 31, 2023	373,563	16.3	43,520	59.0	50,322	35.2	32,835	36.9

Note: Comprehensive income Year ended December 31, 2024 ¥66,319 million [31.0%]
Year ended December 31, 2023 ¥50,642 million [16.4%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended December 31, 2024	258.49	–	10.7	11.5	11.6
Year ended December 31, 2023	226.66	–	10.6	11.3	11.7

Reference: Share of profit (loss) of entities accounted for using equity method
Year ended December 31, 2024 ¥250 million
Year ended December 31, 2023 ¥(1,316) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	543,944	382,677	66.9	2,558.12
As of December 31, 2023	465,361	332,937	70.6	2,267.49

Reference: Equity As of December 31, 2024 ¥363,923 million
As of December 31, 2023 ¥328,497 million

(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, 2024	47,344	(37,373)	(40,171)	214,391
Year ended December 31, 2023	37,698	3,286	(10,355)	227,072

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, 2023	–	30.00	–	65.00	95.00	13,762	41.9	4.4
Year ended December 31, 2024	–	45.00	–	60.00	105.00	15,000	40.6	4.4
Year ending December 31, 2025 (Forecast)	–	50.00	–	55.00	105.00		38.8	

3. Forecast of consolidated financial results for the year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(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	460,000	3.3	53,500	3.9	55,900	(3.3)	38,300	3.0	270.84

Note: The Company resolved to purchase treasury shares at the Board of Directors' meeting held on November 12, 2024. The figure for "Earnings per share" in the forecast of consolidated financial results for the year ending December 31, 2025 takes into account the impact of the purchase of treasury shares.

*Notes

(1) Significant changes in the scope of consolidation during the year ended December 31, 2024: Yes

Newly included: Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi, TECHNOLUX EQUIPMENT AND SUPPLY CORPORATION, and HKR EQUIPMENT CORPORATION

(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: 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

(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, 2024	144,890,100 shares	As of December 31, 2023	144,875,900 shares

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

As of December 31, 2024	2,628,100 shares	As of December 31, 2023	3,182 shares

c. Average number of shares during the period

Year ended December 31, 2024	143,799,673 shares	Year ended December 31, 2023	144,868,144 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2024	80,092	9.9	12,212	22.3	16,318	(4.0)	13,489	6.2
Year ended December 31, 2023	72,866	6.8	9,987	2.5	16,992	(20.4)	12,706	(28.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended December 31, 2024	93.81	–
Year ended December 31, 2023	87.71	–

(2)Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	237,862	131,121	55.1	921.69
As of December 31, 2023	240,673	147,901	61.5	1,020.91

Reference: Equity As of December 31, 2024 ¥131,121 million
As of December 31, 2023 ¥147,901 million

* **Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

* **Proper use of earnings forecasts, and other special matters**
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors.

Attached Materials
Index

1. Overview of operating results

The forward-looking matters stated herein are judgments made by the Hoshizaki Group (the "Group") as of December 31, 2024.

(1) Overview of operating results during the fiscal year ended December 31, 2024

(Operating results during the fiscal year ended December 31, 2024)
During the fiscal year ended December 31, 2024, the Japanese economy continued to demonstrate a moderate recovery with the Nikkei Stock Average recording 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 a record-high level due in part to the weak yen. Overseas, despite underlying strength of business conditions in the United States, robust economic growth in India, and a trend of slowing inflation except in some countries, uncertainty in the economic outlook persisted mainly due to economic stagnation in Europe and China and continuing concerns over the situation in the Middle East region.

Amid such circumstances, the Group expanded sales in the restaurant market and in non-restaurant markets such as accommodation facilities, 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. In addition, there was an impact on business performance from companies acquired by the Group.

As a result of the above initiatives, the Group reported operating results for the fiscal year under review with net sales of ¥445,495 million (up 19.3% year-on-year), operating profit of ¥51,479 million (up 18.3% year-on-year), ordinary profit of ¥57,823 million (up 14.9% year-on-year), and profit attributable to owners of parent of ¥37,170 million (up 13.2% year-on-year).

The operating results by segment are as follows:

The Group has changed reportable segments from the fiscal year under review. The following comparisons with the previous fiscal year are based on figures for the previous fiscal year that have been reclassified into new reportable 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 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 ¥225,296 million (up 8.0% year-on-year) and segment profit of ¥28,729 million (up 20.5% year-on-year).

b. Americas
In the Americas, amid an intensifying competitive environment, we strove to expand sales of ice machines, refrigerators, 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 ¥108,333 million (up 10.8% year-on-year) and segment profit of ¥11,306 million (up 11.3% year-on-year).

c. Europe
In Europe, 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. On the other hand, as a result of the impact of the hyperinflationary economy in Türkiye on profits and other factors, the Group generated net sales of ¥55,076 million (up 101.6% year-on-year) and segment profit of ¥3,219 million (down 4.0% year-on-year).

d. Asia
As for Asia, sales of refrigerators were high mainly in India. As a result, the Group generated net sales of ¥69,221 million (up 37.8% year-on-year) and segment profit of ¥11,548 million (up 45.4% year-on-year).

(Outlook for the next fiscal year)
Whereas the IMF anticipates solid growth in forecasting a 3.3% global economic growth rate in 2025, uncertainties have been mounting. Concerns have accordingly emerged regarding global economic effects of stagnating international trade and investment, resurging inflation, and other such developments potentially caused by policies of the new U.S. administration such as additional tarrifs, along with continuing concerns over the situation in Russia, Ukraine, and the Middle East region.

In Japan, although there are concerns about the impact of the global economy stagnation, inflation, and labor shortages, the business environment in which the Group operates is expected to continue to follow a path of gradual growth in terms of service consumption and inbound demand.

Overseas, despite the increasingly challenging business environment in each region mainly due to concerns over macroeconomic impacts and intensifying price competition with competing companies, continued solid demand is expected for ice machines, refrigerators, dispensers, and other products.

As a result, for the full-year earnings forecasts, net sales are expected to be ¥460,000 million (up 3.3% year-on-year), operating profit is expected to be ¥53,500 million (up 3.9% year-on-year), ordinary profit is expected to be ¥55,900 million (down 3.3% year-on-year), and profit attributable to owners of parent is expected to be ¥38,300 million (up 3.0% year-on-year).

The assumed foreign exchange rates in our earnings forecasts are ¥148 to the U.S. dollar and ¥160 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, 2024

a. Overview of assets, liabilities and net assets

Total assets as of December 31, 2024 increased by ¥78,583 million from December 31, 2023 to ¥543,944 million.

Current assets increased by ¥26,162 million from December 31, 2023 to ¥390,307 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 ¥52,421 million from December 31, 2023 to ¥153,637 million. The main factors were increases in property, plant and equipment and goodwill.

Total liabilities as of December 31, 2024 increased by ¥28,843 million from December 31, 2023 to ¥161,267 million.

Current liabilities increased by ¥23,952 million from December 31, 2023 to ¥128,590 million. The main factors were increases in contract liabilities and notes and accounts payable - trade.

Non-current liabilities increased by ¥4,890 million from December 31, 2023 to ¥32,676 million.

Total net assets as of December 31, 2024 increased by ¥49,740 million from December 31, 2023 to ¥382,677 million. The main factors were increases in retained earnings, foreign currency translation adjustment and non-controlling interests.

b. Overview of cash flows

Cash and cash equivalents as of December 31, 2024 decreased by ¥12,680 million from December 31, 2023 to ¥214,391 million. The respective cash flow positions and the factors thereof in the fiscal year ended December 31, 2024 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥47,344 million (¥37,698 million provided in the previous fiscal year). The main factors were profit before income taxes of ¥55,291 million, while income taxes paid of ¥17,898 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥37,373 million (¥3,286 million provided in the previous fiscal year). The main factors were purchase of shares of subsidiaries resulting in change in scope of consolidation of

¥15,536 million, purchase of short-term and long-term investment securities of ¥12,311 million, and payments for net increase of time deposits of ¥5,613 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥40,171 million (¥10,355 million used in the previous fiscal year). The main factors were dividends paid of ¥15,874 million and purchase of treasury shares of ¥14,505 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 ¥60 per share for the fiscal year ended December 31, 2024. Combined with the interim dividend (¥45 per share), the annual dividend will be ¥105 per share, an incease of ¥10 from the dividend in the previous fiscal year. Regarding the purchase of treasury shares, the Company announced the acquisition of treasury shares up to a total of ¥20,000 million based on the resolutions at the Board of Directors' meetings held on May 10, 2024 and November 12, 2024.

In addition, the forecast of dividends for the next fiscal year includes an interim dividend of ¥50 and a year-end dividend of ¥55 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, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	254,530	239,035
Notes and accounts receivable - trade, and contract assets	52,026	70,253
Merchandise and finished goods	19,962	31,015
Work in process	7,324	8,694
Raw materials and supplies	24,977	29,455
Other	5,873	13,320
Allowance for doubtful accounts	(549)	(1,466)
Total current assets	364,145	390,307
Non-current assets		
Property, plant and equipment		
Buildings and structures	52,512	69,476
Accumulated depreciation	(33,169)	(35,695)
Buildings and structures, net	19,343	33,780
Machinery, equipment and vehicles	41,050	47,344
Accumulated depreciation	(32,550)	(35,217)
Machinery, equipment and vehicles, net	8,500	12,126
Tools, furniture and fixtures	26,072	29,411
Accumulated depreciation	(23,532)	(25,480)
Tools, furniture and fixtures, net	2,539	3,930
Land	15,621	18,958
Leased assets	3,499	6,700
Accumulated depreciation	(1,613)	(2,734)
Leased assets, net	1,886	3,966
Construction in progress	5,142	7,735
Total property, plant and equipment	53,034	80,498
Intangible assets		
Goodwill	9,382	24,160
Other	8,974	15,986
Total intangible assets	18,357	40,146
Investments and other assets		
Investment securities	17,067	11,272
Deferred tax assets	10,723	10,314
Long-term time deposits	–	9,397
Other	2,245	2,240
Allowance for doubtful accounts	(211)	(231)
Total investments and other assets	29,823	32,993
Total non-current assets	101,215	153,637
Total assets	465,361	543,944

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,308	36,252
Income taxes payable	5,952	6,750
Contract liabilities	35,959	42,131
Provision for product warranties	3,273	4,044
Other provisions	3,855	4,526
Other	25,289	34,884
Total current liabilities	104,638	128,590
Non-current liabilities		
Deferred tax liabilities	3,053	8,723
Provision for retirement benefits for directors (and other officers)	215	272
Retirement benefit liability	21,451	18,460
Provision for product warranties	1,564	2,027
Other	1,501	3,192
Total non-current liabilities	27,785	32,676
Total liabilities	132,424	161,267
Net assets		
Shareholders’ equity		
Share capital	8,098	8,138
Capital surplus	14,620	14,660
Retained earnings	274,766	295,561
Treasury shares	(8)	(14,514)
Total shareholders’ equity	297,476	303,846
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	216	253
Foreign currency translation adjustment	32,038	57,872
Remeasurements of defined benefit plans	(1,233)	1,951
Total accumulated other comprehensive income	31,021	60,077
Non-controlling interests	4,439	18,754
Total net assets	332,937	382,677
Total liabilities and net assets	465,361	543,944

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

Consolidated statements of income

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	373,563	445,495
Cost of sales	237,501	279,046
Gross profit	136,062	166,449
Selling, general and administrative expenses	92,541	114,969
Operating profit	43,520	51,479
Non-operating income		
Interest income	4,826	5,023
Foreign exchange gains	3,027	1,911
Share of profit of entities accounted for using equity method	–	250
Gain on net monetary position	–	809
Other	640	891
Total non-operating income	8,494	8,886
Non-operating expenses		
Interest expenses	80	1,706
Share of loss of entities accounted for using equity method	1,316	–
Other	295	836
Total non-operating expenses	1,692	2,542
Ordinary profit	50,322	57,823
Extraordinary income		
Gain on sale of investment securities	59	97
Gain on sale of non-current assets	37	36
Total extraordinary income	96	134
Extraordinary losses		
Impairment losses	1,999	–
Loss on step acquisitions	–	2,550
Other	41	115
Total extraordinary losses	2,040	2,665
Profit before income taxes	48,378	55,291
Income taxes - current	15,720	17,490
Income taxes - deferred	(889)	146
Total income taxes	14,830	17,637
Profit	33,547	37,654
Profit attributable to non-controlling interests	712	484
Profit attributable to owners of parent	32,835	37,170

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Profit	33,547	37,654
Other comprehensive income		
Valuation difference on available-for-sale securities	151	36
Foreign currency translation adjustment	14,402	25,233
Remeasurements of defined benefit plans, net of tax	592	3,185
Share of other comprehensive income of entities accounted for using equity method	1,949	209
Total other comprehensive income	17,095	28,664
Comprehensive income	50,642	66,319
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,703	66,226
Comprehensive income attributable to non-controlling interests	939	92

(3)Consolidated statements of changes in equity

Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,070	14,593	252,140	(8)	274,795
Changes during period					
Issuance of new shares	27	27			54
Dividends of surplus			(10,140)		(10,140)
Profit attributable to owners of parent			32,835		32,835
Purchase of treasury shares				(0)	(0)
Change in scope of consolidation			(69)		(69)
Net changes in items other than shareholders' equity					
Total changes during period	27	27	22,625	(0)	22,680
Balance at end of period	8,098	14,620	274,766	(8)	297,476

	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	65	15,914	(1,826)	14,153	3,550	292,500
Changes during period						
Issuance of new shares						54
Dividends of surplus						(10,140)
Profit attributable to owners of parent						32,835
Purchase of treasury shares						(0)
Change in scope of consolidation						(69)
Net changes in items other than shareholders' equity	151	16,124	592	16,867	889	17,756
Total changes during period	151	16,124	592	16,867	889	40,436
Balance at end of period	216	32,038	(1,233)	31,021	4,439	332,937

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			37,170		37,170
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	20,795	(14,505)	6,369
Balance at end of period	8,138	14,660	295,561	(14,514)	303,846

	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						37,170
Purchase of treasury shares						(14,505)
Other						(494)
Net changes in items other than shareholders' equity	36	25,834	3,185	29,056	14,314	43,370
Total changes during period	36	25,834	3,185	29,056	14,314	49,740
Balance at end of period	253	57,872	1,951	60,077	18,754	382,677

(4)Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	48,378	55,291
Depreciation	6,874	9,635
Impairment losses	1,999	–
Amortization of goodwill	676	1,502
Increase (decrease) in retirement benefit liability	771	1,019
Increase (decrease) in provision for product warranties	261	688
Increase (decrease) in provision for bonuses	324	532
Increase (decrease) in allowance for doubtful accounts	25	542
Interest and dividend income	(4,851)	(5,050)
Interest expenses	80	1,706
Foreign exchange losses (gains)	(2,675)	(2,294)
Loss (gain) on step acquisitions	–	2,550
Loss (gain) on net monetary position	–	(809)
Share of loss (profit) of entities accounted for using equity method	1,316	(250)
Decrease (increase) in accounts receivable - trade, and contract assets	(3,821)	(6,080)
Decrease (increase) in inventories	3,133	(4,037)
Increase (decrease) in trade payables	(4,251)	806
Increase (decrease) in accounts payable - other	247	447
Increase (decrease) in accrued expenses	525	1,513
Increase (decrease) in contract liabilities	(416)	3,395
Increase (decrease) in accrued consumption taxes	(315)	(662)
Other, net	377	1,138
Subtotal	48,658	61,584
Interest and dividends received	4,348	5,375
Interest paid	(70)	(1,717)
Payment for business restructuring expenses	(1,007)	–
Income taxes paid	(14,229)	(17,898)
Net cash provided by (used in) operating activities	37,698	47,344
Cash flows from investing activities		
Payments into time deposits	(67,430)	(32,888)
Proceeds from withdrawal of time deposits	81,643	27,275
Purchase of property, plant and equipment	(6,132)	(9,531)
Purchase of intangible assets	(916)	(1,136)
Purchase of short-term and long-term investment securities	(4,964)	(12,311)
Proceeds from sale of investment securities	1,051	6,928
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(15,536)
Purchase of long-term prepaid expenses	(217)	(276)
Other, net	252	104
Net cash provided by (used in) investing activities	3,286	(37,373)

(Millions of yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	287	(1,409)
Repayments of long-term borrowings	–	(1,631)
Repayments of lease liabilities	(453)	(595)
Purchase of treasury shares	–	(14,505)
Decrease (increase) in deposits for purchase of treasury shares	–	(5,684)
Dividends paid	(10,138)	(15,874)
Other, net	(50)	(469)
Net cash provided by (used in) financing activities	(10,355)	(40,171)
Effect of exchange rate change on cash and cash equivalents	8,673	15,252
Net increase (decrease) in cash and cash equivalents	39,301	(14,947)
Effect of hyperinflation	–	(2,266)
Cash and cash equivalents at beginning of period	186,669	227,072
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,101	–
Cash and cash equivalents at end of period	227,072	214,391

(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:
   59

   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, 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) Names of non-consolidated subsidiaries

   Non-consolidated subsidiaries

   Haikawa Industries Private Limited

   In the fiscal year under review, the Group completed liquidation of LANCER DO BRASIL INDUSTRIA E COMERCIO LTDA., which had been a non-consolidated subsidiary.

   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.

   In the fiscal year under review, the Group included Fogel Company Inc. in the scope of equity method to be applied due to the acquisition of part of its shares.

   Also, in the fiscal year under review, the Group excluded Oztiryakiler Madeni Esya Sanayi ve Ticaret Anonim Sirketi, which had previously been an associate accounted for using the equity method, from the scope of equity method to be applied as the company was included in the scope of consolidation due to the additional acquisition of shares.

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

   Haikawa Industries Private Limited

   The above subsidiary is 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 companies with differing fiscal years, 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 11 to 18 years.

(8) Scope of funds in the consolidated statement of cash flows
The scope of funds includes cash on hand, demand deposits and highly-liquid short-term investments with a maturity of three months or less at acquisition that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Additional information

Accounting practices under hyperinflationary economies

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

Segment information, etc.

From 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 fiscal year ended December 31, 2023 is based on figures reflecting the segment change.

I. Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

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

(Millions of yen)

	Reportable segment					Reconciliation (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Japan	Americas	Europe	Asia	Total		
Net sales							
Ice machines	17,040	38,051	18,898	6,463	80,454	–	80,454
Refrigerators	51,469	7,744	4,625	35,674	99,514	–	99,514
Dishwashers	13,947	10,694	–	194	24,836	–	24,836
Dispensers	5,797	25,485	83	678	32,045	–	32,045
Non Hoshizaki products	38,800	1,176	–	360	40,337	–	40,337
Maintenance and repairs	46,298	11,256	1,673	2,391	61,620	–	61,620
Other products	28,217	2,482	611	3,004	34,314	–	34,314
Revenue from contracts with customers	201,571	96,892	25,891	48,767	373,123	–	373,123
Other revenue	439	–	–	–	439	–	439
Sales to external customers	202,011	96,892	25,891	48,767	373,563	–	373,563
Intersegment sales or transfers	6,566	907	1,432	1,473	10,379	(10,379)	–
Total	208,577	97,800	27,323	50,240	383,942	(10,379)	373,563
Segment profit	23,832	10,156	3,354	7,942	45,285	(1,765)	43,520

Notes 1. The reconciliation amount of negative ¥1,765 million for segment profit includes amortization of goodwill of negative ¥624 million, amortization of intangible assets, etc. of negative ¥729 million, negative ¥434 million from reconciliation of inventories, and ¥23 million from reconciliation of transactions with other segments.
2. Segment profit has been reconciled with operating profit in the consolidated financial statements.

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

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 consolidated financial statements (Note 2)
	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	(3,323)	51,479

Notes 1. The reconciliation amount of negative ¥3,323 million for segment profit includes amortization of goodwill of negative ¥1,447 million, amortization of intangible assets, etc. of negative ¥1,993 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.

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 financial statements
From January 1, 2024 to December 31, 2024

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

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 million
Cash consideration of shares of the acquiree additionally acquired on the date of the business combination:	¥6,006 million
Acquisition cost:	¥15,535 million

4. Details and amounts for main transaction-related costs
The transaction-related costs pertaining to this business combination were immaterial.

5. Differences between acquisition cost of the acquiree and the total acquisition costs of all transactions leading to the acquisition
Loss on step acquisitions: ¥2,550 million

6. Amount of goodwill, reason for recognition, amortization method and amortization period
(1) Amount of goodwill
¥4,846 million

(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

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

Current assets	¥ 16,381 million
Non-current assets	21,474
Total assets	37,856
Current liabilities	12,262
Non-current liabilities	4,634
Total liabilities	16,896

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. The period in which the acquiree's results were recorded in the consolidated financial statements
   From July 1, 2024 to December 31, 2024

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

a. TECHNOLUX

Consideration for acquisition Cash	¥8,040 million
Acquisition cost	¥8,040 million

b. HKR

Consideration for acquisition Cash	¥3,684 million
Acquisition cost	¥3,684 million

4. Details and amounts for main transaction-related costs
   Advisory fee, etc. ¥148 million

5. 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 December 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

a. TECHNOLUX	Straight-line basis over 14 years
b. HKR	Straight-line basis over 11 years

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

a. TECHNOLUX

Current assets	¥ 3,494 million
Non-current assets	308
Total assets	3,802
Current liabilities	2,163
Non-current liabilities	133
Total liabilities	2,297

b. HKR

Current assets	¥ 1,994 million
Non-current assets	197
Total assets	2,191
Current liabilities	1,054
Non-current liabilities	58
Total liabilities	1,112

Per share information

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Net assets per share	¥2,267.49	¥2,558.12
Earnings per share	¥226.66	¥258.49

Notes 1. Diluted earnings per share is not presented since no potential shares exist.
2. The basis of the calculation of earnings per share is as follows:

	Fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)	Fiscal year ended December 31, 2024 (from January 1, 2024 to December 31, 2024)
Profit attributable to owners of parent (Millions of yen)	32,835	37,170
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	32,835	37,170
Average number of shares during the period (Thousands of shares)	144,868	143,799

Significant subsequent events

Not applicable

4. Other

Changes in Directors

a. Change in Representative Director

Not applicable

b. Changes in other Directors

・New candidates for Director

Director	Ryuichiro Seki
Director	Toshikazu Tanjima

Note Subject to approval of the 79th Annual General Meeting of Shareholders to be held on March 26, 2025.

・Directors scheduled to retire

Director	Satoru Maruyama
Director	Kyo Yaguchi

Note Their terms of office will expire at the conclusion of the 79th Annual General Meeting of Shareholders to be held on March 26, 2025.

c. Scheduled date of assumption of office and retirement

March 26, 2025