

**Translation**

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## Summary of Consolidated Financial Results for the Year Ended December 31, 2021 (Based on Japanese GAAP)

February 9, 2022

Company name: HOSHIZAKI CORPORATION  
 Stock exchange listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange  
 Securities code: 6465 URL: <http://www.hoshizaki.co.jp>  
 Representative: Representative Director, President & COO Yasuhiro Kobayashi  
 Inquiries: General Manager of Accounting Tomio Toyama TEL: +81-562-96-1112  
 Department  
 Scheduled date of annual general meeting of shareholders: March 23, 2022  
 Scheduled date to file Securities Report: March 23, 2022  
 Scheduled date to commence dividend payments: March 4, 2022  
 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, 2021 (from January 1, 2021 to December 31, 2021)

#### (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, 2021	274,419	15.2	24,931	35.1	31,165	78.9	21,679	89.5
Year ended December 31, 2020	238,314	(17.9)	18,447	(43.5)	17,420	(49.1)	11,442	(53.2)

Note: Comprehensive income Year ended December 31, 2021 ¥28,054 million[394.7%]  
 Year ended December 31, 2020 ¥5,671 million [(76.7)%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
	Yen	Yen	%	%	%
Year ended December 31, 2021	299.35	–	8.7	8.6	9.1
Year ended December 31, 2020	158.00	–	4.8	5.0	7.7

Reference: Share of profit (loss) of entities accounted for using equity method

Year ended December 31, 2021 ¥141 million  
 Year ended December 31, 2020 ¥69 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, 2021	378,469	259,862	68.1	3,559.85
As of December 31, 2020	343,393	239,711	69.3	3,288.35

Reference: Equity As of December 31, 2021 ¥257,826 million  
 As of December 31, 2020 ¥238,143 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, 2021	27,343	5,238	(8,122)	181,615
Year ended December 31, 2020	20,734	(1,229)	(8,281)	148,833

## 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, 2020	–	0.00	–	110.00	110.00	7,966	69.6	3.3
Year ended December 31, 2021	–	0.00	–	110.00	110.00	7,966	36.7	3.2
Year ending December 31, 2022 (Forecast)	–	60.00	–	30.00	–		46.0	

Note: The Company plans to split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date.

For the fiscal year ending December 31, 2022 (forecast), the amounts before the split at the end of the second quarter and after the split at the end of the fiscal year are indicated. Annual dividends per share forecasts are not displayed because they cannot be simply totaled by the implementation of stock split. Total annual dividends per share before the stock split will be 120.00 yen per share, an increase of 10.00 yen in real terms.

## 3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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	290,000	5.7	26,500	6.3	27,200	(12.7)	18,900	(12.8)	130.48

Note: The Company plans to split its shares at a ratio of two-for-one common share with July 1, 2022 as the effective date, and the estimated earnings per share represents the amount taking into account the stock split.

### \*Notes

#### (1) Changes in significant subsidiaries during the year ended December 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

#### (2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

- a. Changes in accounting policies due to revisions to accounting standards and other regulations: 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, 2021	72,427,650 shares	As of December 31, 2020	72,421,650 shares
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##### b. Number of treasury shares at the end of the period

As of December 31, 2021	1,279 shares	As of December 31, 2020	1,230 shares
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##### c. Average number of shares during the period

Year ended December 31, 2021	72,424,071 shares	Year ended December 31, 2020	72,420,565 shares
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## [Reference] Overview of non-consolidated financial results

### 1. Non-consolidated financial results for the year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

#### (1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended December 31, 2021	66,625	5.5	10,392	4.4	17,303	61.3	12,603	56.6
Year ended December 31, 2020	63,181	(15.4)	9,952	(14.2)	10,730	(26.3)	8,049	(26.4)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended December 31, 2021	174.03	–
Year ended December 31, 2020	111.14	–

(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, 2021	227,977	139,583	61.2	1,927.25
As of December 31, 2020	213,159	134,890	63.3	1,862.60

Reference: Equity      As of December 31, 2021      ¥139,583 million  
                                 As of December 31, 2020      ¥134,890 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.

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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, 2021.

### (1) Overview of operating results during the fiscal year ended December 31, 2021

(Operating results during the fiscal year ended December 31, 2021)

The Japanese and global economy in the fiscal year ended December 31, 2021, showed signs of a gradual recovery for various reasons including the number of new coronavirus infections (COVID-19) leveling off as vaccination is progressing. This was, in Japan, despite restrictions on economic activities due to multiple declarations of a state of emergency as COVID-19 spread. Overseas, too, economic conditions were generally on a recovery trend despite some regions seeing an increase in the number of new COVID-19 infections. However, there continue to be problems with parts and material procurement due to supply chain disruptions, prices throughout the world are still rising for several reasons including higher material costs, and there is a resurgence of infection due to new COVID-19 variants. Thus, the outlook for the future remains unclear.

As for the food service industry, there was a limited recovery in the Japanese market because of restrictions on sales activities as a state of emergency was declared three times in response to the spread of COVID-19. Overseas, there was firm demand due to capital investments by restaurants as economic activity improved mainly in the U.S., but there continued to be restrictions on supply amid difficulties in procurement due to materials and component shortages globally, and restricted supply due to labor shortages, and conditions remained uncertain.

Amid such circumstances, in Japan, while working to prevent the spread of COVID-19, the Group strove to promote sales of not only flagship products such as ice makers and refrigerators, but also cooking and sanitation appliances that meet the changing needs of markets and customers, including a shift toward ready-made meals and delivered meals in response to the COVID-19 crisis. The Group also focused on developing markets other than the restaurant market.

Overseas, the business environment remained harsh in terms of both product supply and profit as a result of increases in material prices, supply chain disruptions, and labor shortages, but sales of the Group’s flagship products were firm due to greater demand of restaurants as economic activity recovered mainly in the U.S.

As a result of the above initiatives, the Group reported business results for the fiscal year under review with net sales of ¥274,419 million (up 15.2% year-on-year), operating profit of ¥24,931 million (up 35.1% year-on-year) and ordinary profit of ¥31,165 million (up 78.9% year-on-year). In addition, profit attributable to owners of parent was ¥21,679 million (up 89.5% year-on-year).

Business results by segment are as follows.

#### a. Japan

In Japan, the Group promoted sales expansion of flagship products such as refrigerators, ice makers, and dishwashers for restaurants, in addition to supporting business conversions for customers seeking to expand into take-out and delivery businesses in response to the shift toward ready-made meals and delivered meals because of the COVID-19 pandemic. The Group also promoted sales expansion of sanitation appliances such as electrolyzed water generators by capturing new demand for preventing COVID-19 infection and strengthening health management. In addition, the Group proactively worked to develop markets other than the restaurant market. As for production, despite restrictions on procurement due to materials and component shortages globally, the Group maintained production by quickly carrying out procurement of substitute parts and making appropriate and necessary design changes for substitute parts. In addition, cost controls were flexibly implemented in response to various developments including restrictions on sales activities under a declared state of emergency. As a result, the Group generated net sales of ¥180,949 million (up 6.4% year-on-year) and segment profit of ¥16,480 million (up 15.0% year-on-year).

#### b. Americas

In the Americas, despite strong demand, there have been restrictions on supply and increases in not only the price of raw materials but also worker retention costs due to difficulties in procurement due to materials and component shortages globally, which deteriorated the profitability. However, for the full year, sales of refrigerators, dispensers, dishwashers and other products for restaurants were firm due to demand associated with restaurants reopening. As a result, the Group generated net sales of ¥61,112 million (up 31.2% year-on-year) and segment profit of ¥5,614 million (up 70.8% year-on-year).

c. Europe / Asia

In Europe and Asia, the Group worked to promote sales of flagship products for especially restaurants as economic activity in the Greater China area and Europe recovered. In India, sales of deep freezers for supermarkets and similar customers, flagship product of WESTERN REFRIGERATION PVT. LTD. were firm due to increased purchases as people spent more time at home during strict lockdowns. As a result, the Group generated net sales of ¥39,456 million (up 46.6% year-on-year) and segment profit of ¥3,444 million (up 193.6% year-on-year).

(Outlook for the next fiscal year)

As of January 2022, the IMF downwardly revised its forecasts announced in October 2021 for global economic growth in 2022 to 4.4%. In addition to risk factors such as continuing material price hikes and restrictions on supply, the appearance of a new COVID-19 variant has resulted in a larger number of infections in countries throughout the world, and there are concerns about what impact these would have on the economies of all countries. Regarding in particular the spread of new variant, in Japan, the Company's key segment, there are no signs that the spread of infections has peaked out similarly in the European and American countries and priority measures to prevent the spread of disease have been recently imposed in many regions. There are concerns that this could impact the Company's business environment.

The assumed foreign exchange rates in our full-year earnings forecasts are ¥110 to the U.S. dollar and ¥130 to the euro.

For the full-year earnings forecasts, net sales are expected to be ¥290,000 million (up 5.7% year-on-year), operating profit is expected to be ¥26,500 million (up 6.3% year-on-year), ordinary profit is expected to be ¥27,200 million (down 12.7% year-on-year), and profit attributable to owners of parent is expected to be ¥18,900 million (down 12.8% year-on-year).

\* 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, 2021**

a. Overview of assets, liabilities and net assets

Total assets as of December 31, 2021 increased ¥35,075 million from December 31, 2020 to ¥378,469 million.

Current assets increased ¥33,404 million from December 31, 2020 to ¥310,645 million. The main factors were an increase in cash and deposits due to greater profit and an increase in raw materials and supplies to respond to increased production.

Non-current assets increased ¥1,670 million from December 31, 2020 to ¥67,823 million. The main factor was an increase in construction in progress due to construction of a plant in India and other activities.

Total liabilities as of December 31, 2021 increased ¥14,925 million from December 31, 2020 to ¥118,607 million.

Current liabilities increased ¥14,183 million from December 31, 2020 to ¥94,448 million. The main factors were an increase in notes and accounts payable - trade due to an increase in purchases and an increase in income taxes payable due to greater profit.

Non-current liabilities increased ¥742 million from December 31, 2020 to ¥24,159 million.

Total net assets as of December 31, 2021 increased ¥20,150 million from December 31, 2020 to ¥259,862 million.

b. Overview of cash flows

Cash and cash equivalents as of December 31, 2021 increased ¥32,782 million from December 31, 2020 to ¥181,615 million. The respective cash flow positions and the factors thereof in the fiscal year ended December 31, 2021 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥27,343 million (¥20,734 million provided in the previous fiscal year). The main factors were profit before income taxes of ¥31,231 million and foreign exchange gains of ¥5,226 million.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥5,238 million (¥1,229 million used in the previous fiscal

year). The main factors were purchases of investment securities of ¥5,598 million, while proceeds from net decrease of time deposits of ¥11,501 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥8,122 million (¥8,281 million used in the previous fiscal year). The main factor was dividends paid of ¥7,968 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.

Regarding dividends, the Company aims for a consolidated dividend payout ratio of 35%, and has striven to maintain continuous and stable dividends between roughly 30% and 40%.

Based on the basic policy, the Company has set its year-end dividend at ¥110 per share for the fiscal year ended December 31, 2021.

Regarding shareholder returns from FY2022 onward, as stated in the “Notice Regarding Revision of Basic Policy on Shareholder Returns” announced today (February 9, 2022), we aim to achieve a total return ratio of 40% or more, and we will return profits to shareholders in accordance with profit growth while maintaining a continuous and stable dividend. The Company will also consider the acquisition of treasury stock in an adaptive and flexible manner, taking into consideration the stock price level, investment plans, and capital efficiency. Based on the basic policy, the Company plans to pay an interim dividend of ¥60 and year-end dividend of ¥30 per share (after the stock split) for the next fiscal year.

In addition, in order to improve the liquidity of shares and expand the investor base, the Company plans to conduct a stock split at a ratio of two-for-one common share with July 1, 2022 as the effective date. On a pre-stock split basis, the annual dividend of 120 yen per share will be increased by 10 yen in real terms. For details, please refer to the “Notice Regarding Common Stock Split and Partial Amendment to the Articles of Incorporation” released today (February 9, 2022).

## **2. Basic approach to the selection of accounting standards**

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

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

### 3. Consolidated financial statements

#### (1) Consolidated balance sheet

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	217,212	240,723
Notes and accounts receivable - trade	27,122	31,120
Merchandise and finished goods	14,549	14,806
Work in process	3,642	4,775
Raw materials and supplies	10,214	15,974
Other	4,707	3,477
Allowance for doubtful accounts	(207)	(232)
Total current assets	277,241	310,645
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,580	44,783
Accumulated depreciation	(28,284)	(29,627)
Buildings and structures, net	15,295	15,156
Machinery, equipment and vehicles	33,717	34,965
Accumulated depreciation	(26,624)	(28,316)
Machinery, equipment and vehicles, net	7,092	6,649
Tools, furniture and fixtures	22,121	22,547
Accumulated depreciation	(20,215)	(20,757)
Tools, furniture and fixtures, net	1,906	1,790
Land	14,489	14,692
Leased assets	1,107	1,255
Accumulated depreciation	(420)	(502)
Leased assets, net	687	753
Construction in progress	2,874	4,132
Total property, plant and equipment	42,345	43,174
Intangible assets	3,510	2,766
Investments and other assets		
Investment securities	9,311	10,057
Deferred tax assets	9,112	9,927
Other	2,075	2,105
Allowance for doubtful accounts	(203)	(206)
Total investments and other assets	20,296	21,883
Total non-current assets	66,152	67,823
Total assets	343,393	378,469



	As of December 31, 2020	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,052	26,070
Income taxes payable	1,632	6,502
Advances received	26,070	28,014
Provision for product warranties	1,823	2,146
Other provisions	2,849	2,986
Other	31,836	28,729
<b>Total current liabilities</b>	<b>80,265</b>	<b>94,448</b>
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	238	246
Retirement benefit liability	19,835	19,995
Provision for product warranties	994	1,264
Other	2,348	2,652
<b>Total non-current liabilities</b>	<b>23,416</b>	<b>24,159</b>
<b>Total liabilities</b>	<b>103,681</b>	<b>118,607</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,021	8,052
Capital surplus	14,543	14,574
Retained earnings	226,244	239,958
Treasury shares	(5)	(6)
<b>Total shareholders' equity</b>	<b>248,803</b>	<b>262,579</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	4
Foreign currency translation adjustment	(8,829)	(3,361)
Remeasurements of defined benefit plans	(1,841)	(1,395)
<b>Total accumulated other comprehensive income</b>	<b>(10,659)</b>	<b>(4,752)</b>
Non-controlling interests	1,568	2,035
<b>Total net assets</b>	<b>239,711</b>	<b>259,862</b>
<b>Total liabilities and net assets</b>	<b>343,393</b>	<b>378,469</b>

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

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	238,314	274,419
Cost of sales	149,261	174,727
Gross profit	89,053	99,691
Selling, general and administrative expenses	70,605	74,760
Operating profit	18,447	24,931
Non-operating income		
Interest income	719	394
Foreign exchange gains	–	5,373
Other	1,484	741
Total non-operating income	2,204	6,509
Non-operating expenses		
Interest expenses	34	42
Donations	82	73
Foreign exchange losses	2,307	–
Temporary layoff expenses	671	–
Other	135	158
Total non-operating expenses	3,232	275
Ordinary profit	17,420	31,165
Extraordinary income		
Gain on sale of investment securities	77	116
Other	5	4
Total extraordinary income	83	120
Extraordinary losses		
Loss on abandonment of non-current assets	40	51
Loss on valuation of investment securities	125	–
Other	49	3
Total extraordinary losses	215	54
Profit before income taxes	17,288	31,231
Income taxes - current	5,144	10,166
Income taxes - deferred	519	(937)
Total income taxes	5,663	9,229
Profit	11,624	22,002
Profit attributable to non-controlling interests	181	322
Profit attributable to owners of parent	11,442	21,679

**Consolidated statement of comprehensive income**

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	11,624	22,002
Other comprehensive income		
Valuation difference on available-for-sale securities	(83)	(6)
Foreign currency translation adjustment	(3,740)	8,866
Remeasurements of defined benefit plans, net of tax	(146)	445
Share of other comprehensive income of entities accounted for using equity method	(1,983)	(3,253)
Total other comprehensive income	(5,952)	6,052
Comprehensive income	5,671	28,054
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,579	27,586
Comprehensive income attributable to non-controlling interests	91	467

**(3) Consolidated statement of changes in equity**

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,021	14,543	222,768	(4)	245,328
Changes during period					
Issuance of new shares					–
Dividends of surplus			(7,966)		(7,966)
Profit attributable to owners of parent			11,442		11,442
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	3,476	(0)	3,475
Balance at end of period	8,021	14,543	226,244	(5)	248,803

	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	94	(3,196)	(1,695)	(4,796)	1,506	242,038
Changes during period						
Issuance of new shares						–
Dividends of surplus						(7,966)
Profit attributable to owners of parent						11,442
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(83)	(5,633)	(146)	(5,862)	61	(5,801)
Total changes during period	(83)	(5,633)	(146)	(5,862)	61	(2,326)
Balance at end of period	11	(8,829)	(1,841)	(10,659)	1,568	239,711

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,021	14,543	226,244	(5)	248,803
Changes during period					
Issuance of new shares	31	31			63
Dividends of surplus			(7,966)		(7,966)
Profit attributable to owners of parent			21,679		21,679
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	31	31	13,713	(0)	13,776
Balance at end of period	8,052	14,574	239,958	(6)	262,579

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11	(8,829)	(1,841)	(10,659)	1,568	239,711
Changes during period						
Issuance of new shares						63
Dividends of surplus						(7,966)
Profit attributable to owners of parent						21,679
Purchase of treasury shares						(0)
Net changes in items other than shareholders' equity	(6)	5,468	445	5,907	466	6,373
Total changes during period	(6)	5,468	445	5,907	466	20,150
Balance at end of period	4	(3,361)	(1,395)	(4,752)	2,035	259,862

**(4) Consolidated statement of cash flows**

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	17,288	31,231
Depreciation	5,001	4,809
Amortization of goodwill	469	421
Increase (decrease) in retirement benefit liability	791	828
Increase (decrease) in provision for product warranties	(225)	333
Increase (decrease) in provision for bonuses	(513)	127
Interest and dividend income	(730)	(404)
Foreign exchange losses (gains)	1,890	(5,226)
Share of loss (profit) of entities accounted for using equity method	(69)	(141)
Loss (gain) on sale of investment securities	(77)	(116)
Loss (gain) on valuation of investment securities	125	-
Decrease (increase) in trade receivables	5,384	(2,472)
Decrease (increase) in inventories	3,034	(5,157)
Increase (decrease) in trade payables	(892)	9,119
Increase (decrease) in accounts payable - other	(2,941)	(3,910)
Increase (decrease) in accrued expenses	(437)	781
Increase (decrease) in advances received	(758)	1,943
Increase (decrease) in accrued consumption taxes	113	(200)
Increase (decrease) in long-term accounts payable - other	161	(230)
Other, net	211	(336)
Subtotal	27,824	31,401
Interest and dividends received	901	652
Interest paid	(37)	(45)
Income taxes paid	(7,953)	(4,663)
Net cash provided by (used in) operating activities	20,734	27,343
<b>Cash flows from investing activities</b>		
Payments into time deposits	(141,661)	(108,969)
Proceeds from withdrawal of time deposits	145,376	120,470
Net decrease (increase) in trust beneficiary right	288	658
Purchase of property, plant and equipment	(3,212)	(3,225)
Purchase of intangible assets	(199)	(206)
Purchase of investment securities	(4,683)	(5,598)
Proceeds from sale of investment securities	1,449	1,820
Proceeds from redemption of investment securities	1,711	549
Purchase of long-term prepaid expenses	(404)	(294)
Other, net	106	33
Net cash provided by (used in) investing activities	(1,229)	5,238
<b>Cash flows from financing activities</b>		
Dividends paid	(7,961)	(7,968)
Repayments of lease obligations	(281)	(215)
Other, net	(37)	61
Net cash provided by (used in) financing activities	(8,281)	(8,122)
Effect of exchange rate change on cash and cash equivalents	(5,193)	8,323
Net increase (decrease) in cash and cash equivalents	6,029	32,782
Cash and cash equivalents at beginning of period	142,803	148,833
Cash and cash equivalents at end of period	148,833	181,615

## **(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:

50

Names of the significant consolidated subsidiaries

HOSHIZAKI TOKYO CO., LTD., HOSHIZAKI TOKAI CO., LTD., HOSHIZAKI KEIHAN CO., LTD.,  
HOSHIZAKI KITAKYU CO., LTD., HOSHIZAKI AMERICA, INC. and LANCER CORPORATION

##### (2) Names of non-consolidated subsidiaries

Non-consolidated subsidiaries

LANCER DO BRASIL INDUSTRIA E COMERCIO LTDA. and Haikawa Industries Private Limited

The non-consolidated subsidiaries are excluded from the scope of consolidation because their operations are relatively small, and their total assets, net sales, profit or loss (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others do not have a significant impact on the consolidated financial statements.

#### 2. Application of the equity method

##### (1) Number of non-consolidated subsidiaries and associates accounted for using the equity method:

1

Name of the equity-method company

Öztiryakiler Madeni ESYA Sanayi ve Ticaret Anonim Sirketi

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

LANCER DO BRASIL INDUSTRIA E COMERCIO LTDA. and Haikawa Industries Private Limited

The above subsidiaries are excluded from the scope of the application of the equity method because such exclusion has an immaterial effect on the consolidated financial statements in terms of profit or loss (amount corresponding to equity interest), retained earnings (amount corresponding to equity interest) and others, and are not material as a whole.

#### 3. Fiscal years of consolidated subsidiaries

The fiscal year end of the consolidated subsidiaries is the same as the fiscal year end for the consolidated financial statements.

#### 4. Accounting policies

##### (1) Valuation basis and methods for significant assets

###### a. Securities

Held-to-maturity debt securities

Amortized cost method (using the straight-line method)

Available-for-sale securities

Securities with 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.)

Securities 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) 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.
- (6) Amortization method and period of goodwill  
Goodwill is amortized on a straight-line basis mainly over 10 years.
- (7) 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.
- (8) Other significant matters for preparing the consolidated financial statements  
Accounting for consumption taxes  
Consumption taxes are accounted for using the net-of-tax method.

**Changes in accounting policies**

Not applicable

## Segment information, etc.

### Segment information

Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment  
Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Millions of yen)

	Reportable segment				Reconciliation (Note 1)	Amount recorded in the consolidated financial statements (Note 2)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	166,117	45,945	26,250	238,314	–	238,314
Intersegment sales or transfers	3,872	625	655	5,153	(5,153)	–
Total	169,989	46,570	26,906	243,467	(5,153)	238,314
Segment profit	14,329	3,286	1,173	18,789	(341)	18,447

- Notes
1. The reconciliation amount of negative ¥341 million for segment profit includes amortization of goodwill of negative ¥404 million, amortization of intangible assets, etc. of negative ¥27 million, ¥78 million from reconciliation of inventories, and ¥11 million from reconciliation of transactions with other segments and miscellaneous items.
  2. Segment profit has been reconciled with operating profit in the consolidated financial statements.

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

(Millions of yen)

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

- Notes
1. The reconciliation amount of negative ¥607 million for segment profit includes amortization of goodwill of negative ¥379 million, amortization of intangible assets, etc. of negative ¥27 million, negative ¥212 million from reconciliation of inventories, and ¥11 million from reconciliation of transactions with other segments and miscellaneous items.
  2. Segment profit has been reconciled with operating profit in the consolidated financial statements.

### Related information

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

#### 1. Information by product and service

(Millions of yen)

	Ice makers	Refrigerators	Dish- washers	Dis- pensers	Non Hoshizaki goods	Mainte- nance and repair	Others	Total
Sales to external customers	40,491	58,564	14,723	16,530	30,986	47,072	29,946	238,314

#### 2. Information by region

##### (1) Net sales

(Millions of yen)

Japan	Americas	Other regions	Total
166,161	40,737	31,415	238,314

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

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

1. Information by product and service

(Millions of yen)

	Ice makers	Refrigerators	Dish-washers	Dis-pensers	Non Hoshizaki goods	Maintenance and repair	Others	Total
Sales to external customers	45,725	75,528	18,300	19,243	35,321	50,578	29,721	274,419

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Americas	Other regions	Total
175,313	53,511	45,595	274,419

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

**Per share information**

	Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)	Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)
Net assets per share	¥3,288.35	¥3,559.85
Earnings per share	¥158.00	¥299.35

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, 2020 (from January 1, 2020 to December 31, 2020)	Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)
Profit attributable to owners of parent (Millions of yen)	11,442	21,679
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	11,442	21,679
Average number of shares during the period (Thousands of shares)	72,420	72,424

## Significant subsequent events

(Company acquisition through acquisition of shares and equity)

By written resolution of the Board of Directors on January 18, 2022, the Company decided to acquire all shares of Brema Group S.p.A., an Italian manufacturer of commercial icemakers, and the entire equity stake of Finimma Srl, making it a subsidiary (sub-subsidiary of the Company) through its consolidated subsidiary Hoshizaki Europe Holding B.V., and concluded a share transfer agreement on the same day. For details, please refer to “Notice Concerning share and quota acquisition by the subsidiary” announced on January 18, 2022.

(Stock Split and Partial Amendment to the Articles of Incorporation due to Stock Split)

Based on a resolution of the Board of Directors held today (February 9, 2022), the Company plans to conduct a stock split and to partially amend the Articles of Incorporation due to the stock split with an effective date of July 1, 2022. For details, please refer to the “Notice Regarding Common Stock Split and Partial Amendment to the Articles of Incorporation” released today.

## 4. Other

### (1) Changes in Directors

#### a. Change in Representative Director

Not applicable

#### b. Changes in other Directors

- New candidates for Director

Director (Outside Director)

Masahiko Goto

Director who is an Audit and Supervisory Committee Member

Tadashi Mizutani

Note Subject to approval of the 76th Ordinary General Meeting of Shareholders to be held on March 23, 2022.

- Directors scheduled to retire

Director who is an Audit and Supervisory Committee Member

Yoshihiko Seko

Note At the conclusion of the 76th Ordinary General Meeting of Shareholders scheduled to be held on March 23, 2022, he will resign.

#### c. Scheduled date of assumption of office and retirement

March 23, 2022

### (2) Other

Not applicable