

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2021 (Based on Japanese GAAP)

August 6, 2021

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: Executive Officer Tadashi Mizutani TEL: +81-562-96-1320
 Scheduled date to file Quarterly Securities Report: August 10, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2021	136,643	12.9	14,189	34.6	18,229	81.7	12,683	95.6
Six months ended June 30, 2020	121,078	(19.1)	10,543	(43.4)	10,031	(45.6)	6,484	(49.3)

Note: Comprehensive income Six months ended June 30, 2021 ¥18,009 million[452.0%]
 Six months ended June 30, 2020 ¥3,262 million [(69.9)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2021	175.13	–
Six months ended June 30, 2020	89.55	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	369,769	249,816	67.1	3,424.33
As of December 31, 2020	343,393	239,711	69.3	3,288.35

Reference: Equity As of June 30, 2021 ¥248,011 million
 As of December 31, 2020 ¥238,143 million

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2020	–	0.00	–	110.00	110.00
Year ending December 31, 2021	–	0.00			
Year ending December 31, 2021 (Forecast)			–	110.00	110.00

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

3. Forecast of consolidated financial results for the year ending December 31, 2021 (from January 1, 2021 to December 31, 2021)

(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	265,000	11.2	23,000	24.7	27,000	55.0	18,900	65.2	260.97

Note: Revision of consolidated financial results forecast most recently announced: Yes

Regarding revision of consolidated financial results forecast, please refer to the “Notice Regarding Revision of Financial Forecast” published today, on August 6, 2021.

*Notes

(1) Changes in significant subsidiaries during the six months ended June 30, 2021

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

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

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

a. Changes in accounting policies due to revisions to accounting standards and other regulations: No

b. Changes in accounting policies due to other reasons: No

c. Changes in accounting estimates: No

d. Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 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 June 30, 2021	1,279 shares	As of December 31, 2020	1,230 shares
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c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2021	72,422,099 shares	Six months ended June 30, 2020	72,420,613 shares
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* **Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

* **Proper use of earnings forecasts, and other special matters**

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

**Attached Materials
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1. Qualitative information on the quarterly financial results

The forward-looking matters stated herein are judgments made by Hoshizaki Corporation (the “Company”) as of June 30, 2021.

(1) Operating results

The Japanese economy during the six months ended June 30, 2021 saw adverse conditions due to the impact of measures against the spread of the new coronavirus infections (COVID-19), such as a state of emergency declaration and priority measures to prevent the spread of disease due to intermittent resurgences of COVID-19, primarily in urban areas.

Overseas, although the global economy as a whole saw adverse conditions due to the impact of the COVID-19 pandemic on economic activity, there were signs of a recovery. In particular, the recovery trend is becoming more pronounced in some regions, such as the U.S. and China.

Amid such circumstances, in Japan, while working to prevent the spread of COVID-19, the Company focused on expanding sales in the restaurant market, and reaching new customers, in addition to striving to obtain customers other than restaurants, such as medical institutions, nursing houses, agricultural and marine food industries.

Overseas, despite the impact of restrictions on sales and production activities in some regions due to the COVID-19 crisis, sales gradually recovered due to the economic recovery mainly in Europe and the U.S., where COVID-19 vaccination is progressing.

As a result of the above initiatives, the Company reported operating results for the six months ended June 30, 2021 with net sales of ¥136,643 million (up 12.9% year-on-year). Operating profit was ¥14,189 million (up 34.6% year-on-year). In addition, owing to the recording of foreign exchange gains of ¥3,575 million from translation of foreign-currency assets to Japanese yen, ordinary profit was ¥18,229 million (up 81.7% year-on-year) and profit attributable to owners of parent was ¥12,683 million (up 95.6% year-on-year).

Operating results by segment are as follows.

a. Japan

In Japan, the Company continued to promote sales expansion of refrigerators, ice machines, dishwashers, and other products, and cultivate new customers while providing support to customers seeking to expand into other businesses such as the take-out and delivery business in response to the COVID-19 crisis. In addition, the Company proactively worked to obtain customers other than restaurants by taking advantage of support for hygiene management, etc. As a result, the Company generated net sales of ¥92,958 million (up 5.1% year-on-year) and segment profit of ¥9,980 million (up 8.3% year-on-year).

b. Americas

In the Americas, despite the impact of rising raw materials expenses and other factors, but as a result of working to expand sales for ice makers, dispensers, etc. due to economic recovery, net sales were ¥28,779 million (up 25.1% year-on-year), and segment profit was ¥2,951 million (up 174.0% year-on-year).

c. Europe / Asia

In Europe and Asia, despite the impact of restrictions on sales and production activities and the deteriorating order environment due to the lockdowns in some regions and other factors, the Company generated net sales of ¥18,318 million (up 46.6% year-on-year) and segment profit of ¥1,578 million (up 248.3% year-on-year) as a result of our efforts to expand sales of flagship products.

(2) Financial position

Total assets as of June 30, 2021 increased ¥26,375 million from December 31, 2020 to ¥369,769 million.

Current assets increased ¥23,361 million from December 31, 2020 to ¥300,602 million. The main factors were increases in cash and deposits and notes and accounts receivable - trade.

Non-current assets increased ¥3,014 million from December 31, 2020 to ¥69,167 million. The main factor was an increase in investments and other assets.

Total liabilities as of June 30, 2021 increased ¥16,270 million from December 31, 2020 to ¥119,952 million.

Current liabilities increased ¥16,349 million from December 31, 2020 to ¥96,614 million. The main factors were increases in notes and accounts payable - trade and income taxes payable.

Non-current liabilities decreased ¥78 million from December 31, 2020 to ¥23,338 million.

Net assets as of June 30, 2021 increased ¥10,104 million from December 31, 2020 to ¥249,816 million.

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

We have revised our forecast of consolidated financial results for the year ending December 31, 2021, which was released on February 8, 2021. For details, please refer to the “Notice Regarding Revision of Financial Forecast” published today, on August 6, 2021.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	217,212	233,320
Notes and accounts receivable - trade	27,122	34,944
Merchandise and finished goods	14,549	12,597
Work in process	3,642	3,987
Raw materials and supplies	10,214	12,233
Other	4,707	3,808
Allowance for doubtful accounts	(207)	(289)
Total current assets	277,241	300,602
Non-current assets		
Property, plant and equipment	42,345	42,638
Intangible assets	3,510	3,132
Investments and other assets	20,296	23,395
Total non-current assets	66,152	69,167
Total assets	343,393	369,769
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,052	24,366
Income taxes payable	1,632	8,374
Provision for bonuses	2,837	3,760
Other provisions	1,835	2,231
Other	57,906	57,881
Total current liabilities	80,265	96,614
Non-current liabilities		
Retirement benefit liability	19,835	19,930
Other provisions	1,232	1,238
Other	2,348	2,168
Total non-current liabilities	23,416	23,338
Total liabilities	103,681	119,952
Net assets		
Shareholders' equity		
Share capital	8,021	8,052
Capital surplus	14,543	14,574
Retained earnings	226,244	230,961
Treasury shares	(5)	(6)
Total shareholders' equity	248,803	253,583
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11	20
Foreign currency translation adjustment	(8,829)	(3,920)
Remeasurements of defined benefit plans	(1,841)	(1,671)
Total accumulated other comprehensive income	(10,659)	(5,571)
Non-controlling interests	1,568	1,805
Total net assets	239,711	249,816
Total liabilities and net assets	343,393	369,769

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	121,078	136,643
Cost of sales	75,472	85,607
Gross profit	45,606	51,036
Selling, general and administrative expenses	35,062	36,846
Operating profit	10,543	14,189
Non-operating income		
Interest income	479	188
Foreign exchange gains	-	3,575
Other	1,223	374
Total non-operating income	1,703	4,138
Non-operating expenses		
Interest expenses	17	28
Foreign exchange losses	1,434	-
Temporary layoff expenses	672	-
Other	91	69
Total non-operating expenses	2,215	98
Ordinary profit	10,031	18,229
Extraordinary income		
Gain on sales of investment securities	44	54
Other	6	2
Total extraordinary income	51	57
Extraordinary losses		
Loss on abandonment of non-current assets	32	17
Loss on valuation of investment securities	84	-
Other	4	0
Total extraordinary losses	121	18
Profit before income taxes	9,960	18,268
Income taxes - current	6,049	9,000
Income taxes - deferred	(2,671)	(3,566)
Total income taxes	3,377	5,434
Profit	6,583	12,834
Profit attributable to non-controlling interests	98	150
Profit attributable to owners of parent	6,484	12,683

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit	6,583	12,834
Other comprehensive income		
Valuation difference on available-for-sale securities	(83)	8
Foreign currency translation adjustment	(2,227)	5,568
Remeasurements of defined benefit plans, net of tax	151	169
Share of other comprehensive income of entities accounted for using equity method	(1,162)	(571)
Total other comprehensive income	(3,320)	5,175
Comprehensive income	3,262	18,009
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,254	17,771
Comprehensive income attributable to non-controlling interests	7	237

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	9,960	18,268
Depreciation	2,452	2,442
Amortization of goodwill	237	208
Increase (decrease) in retirement benefit liability	371	349
Increase (decrease) in provision for product warranties	(143)	257
Increase (decrease) in provision for bonuses	318	910
Interest and dividend income	(486)	(193)
Foreign exchange losses (gains)	984	(3,343)
Decrease (increase) in trade receivables	3,694	(6,838)
Decrease (increase) in inventories	2,997	842
Increase (decrease) in trade payables	(4,354)	7,935
Increase (decrease) in accounts payable - other	(4,102)	(7,548)
Increase (decrease) in accrued expenses	6,380	7,644
Increase (decrease) in advances received	(1,275)	(924)
Increase (decrease) in long-term accounts payable - other	2	(106)
Other, net	(779)	(97)
Subtotal	16,257	19,806
Interest and dividends received	555	501
Interest paid	(17)	(31)
Income taxes paid	(4,212)	(1,894)
Net cash provided by (used in) operating activities	12,583	18,382
Cash flows from investing activities		
Payments into time deposits	(61,879)	(72,701)
Proceeds from withdrawal of time deposits	75,610	70,432
Net decrease (increase) in trust beneficiary right	95	658
Purchase of property, plant and equipment	(1,865)	(1,541)
Purchase of investment securities	(3,364)	(1,137)
Proceeds from sales of investment securities	1,350	968
Purchase of long-term prepaid expenses	(213)	(120)
Other, net	(146)	24
Net cash provided by (used in) investing activities	9,586	(3,416)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	154	444
Repayments of lease obligations	(205)	(216)
Dividends paid	(7,960)	(7,959)
Other, net	(14)	61
Net cash provided by (used in) financing activities	(8,026)	(7,670)
Effect of exchange rate change on cash and cash equivalents	(3,404)	4,504
Net increase (decrease) in cash and cash equivalents	10,739	11,799
Cash and cash equivalents at beginning of period	142,803	148,833
Cash and cash equivalents at end of period	153,542	160,632

(4)Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable

Notes on significant changes in the amount of shareholders' equity

Not applicable

Application of special accounting for preparing quarterly consolidated financial statements

Omitted due to immateriality.

Changes in accounting policies

Not applicable

Changes in accounting estimates

Not applicable

Segment information, etc.

Segment information

I. Six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

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

(Millions of yen)

	Reportable segment				Reconciliation (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	86,254	22,691	12,133	121,078	–	121,078
Intersegment sales or transfers	2,161	306	364	2,832	(2,832)	–
Total	88,415	22,997	12,497	123,911	(2,832)	121,078
Segment profit	9,214	1,077	453	10,745	(201)	10,543

Notes 1. The reconciliation amount of negative ¥201 million for segment profit includes amortization of goodwill of negative ¥204 million, amortization of intangible assets, etc. of negative ¥13 million, negative ¥2 million from reconciliation of inventories, and ¥18 million from reconciliation of transactions with other segments and miscellaneous items.

2. Segment profit has been reconciled with operating profit in the quarterly consolidated statements of income.

II. Six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

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

(Millions of yen)

	Reportable segment				Reconciliation (Note 1)	Amount recorded in the quarterly consolidated statements of income (Note 2)
	Japan	Americas	Europe / Asia	Total		
Net sales						
Sales to external customers	90,262	28,478	17,902	136,643	–	136,643
Intersegment sales or transfers	2,696	300	416	3,413	(3,413)	–
Total	92,958	28,779	18,318	140,057	(3,413)	136,643
Segment profit	9,980	2,951	1,578	14,511	(321)	14,189

Notes 1. The reconciliation amount of negative ¥321 million for segment profit includes amortization of goodwill of negative ¥187 million, amortization of intangible assets, etc. of negative ¥13 million, negative ¥127 million from reconciliation of inventories, and ¥6 million from reconciliation of transactions with other segments and miscellaneous items.

2. Segment profit has been reconciled with operating profit in the quarterly consolidated statements of income.