



**HOKKAN HOLDINGS LIMITED**  
**2Q FYE Mar. 31, 2024 Financial Results**  
**Briefing Material**

**December 8, 2023**

Unit: Billions of yen

	2Q FY2024 Actual Results	2Q FY2023 Actual Results	YoY change	2Q FY2024 Beginning Estimate	Actual vs. Estimate
Net sales	46.2	48.0	-3.8%	49.0	-5.6%
Operating profit	4.1	2.1	+98.4%	3.4	+22.8%
Ordinary profit	4.5	2.5	+78.7%	3.6	+26.9%
Profit attributable to owners of the parent	3.2	1.5	+108.1%	2.3	+40.8%

## ■ Overview of 1H

Concurrently with the reclassification of COVID-19 to a Class 5 disease, economic activities began to revert back to their usual pattern, as shown by an increased flow of people and the recovery of inbound demand. After the second half of the Golden Week holidays and the onset of the rainy season, significant rainfall was experienced, particularly in western Japan, mainly due to the effects of typhoons. After the rainy season, the weather remained extremely hot until September, resulting in strong business performance.

The soft drink market saw a sales increase mainly in the mineral water category, largely attributed to the upturn in economic activities as a result of the high movement of people and the lengthy stretch of hot weather during the summer season. However, overall industry sales were slightly lower year-on-year due to sluggish consumption as a result of a reaction to last year's robust sales, as well as the effects of price hikes and a decline in demand for large-volume products caused by a decreased stay-at-home demand.

- Net sales: Despite increased flows of people and favorable weather conditions like extremely hot summer, all segments saw a decline in net sales for such factors as cautious consumer spending in the domestic market resulting from price hikes, in addition to a decrease in beverage cup products' unit price caused by lower raw material prices in the overseas market.
- Operating profit: Operating profit increased significantly due to the following reasons: Increases in energy costs continued, but only to an extent that was lower than the beginning estimate; high raw material costs came to a halt; the price optimization initiative made a progress; impairment losses incurred in the previous year were recognized; and depreciation expenses were reduced due to the discontinuance of the empty beverage can business.
- Ordinary profit: Non-operating profit was 0.6 billion yen, while non-operating expenses were 0.2 billion yen.
- Profit attributable to owners of parent: Income taxes of 1.1 billion yen and profit attributable to non-controlling shareholders of 0.1 billion yen.

# Net Sales and Operating Profit (Loss) by Segment

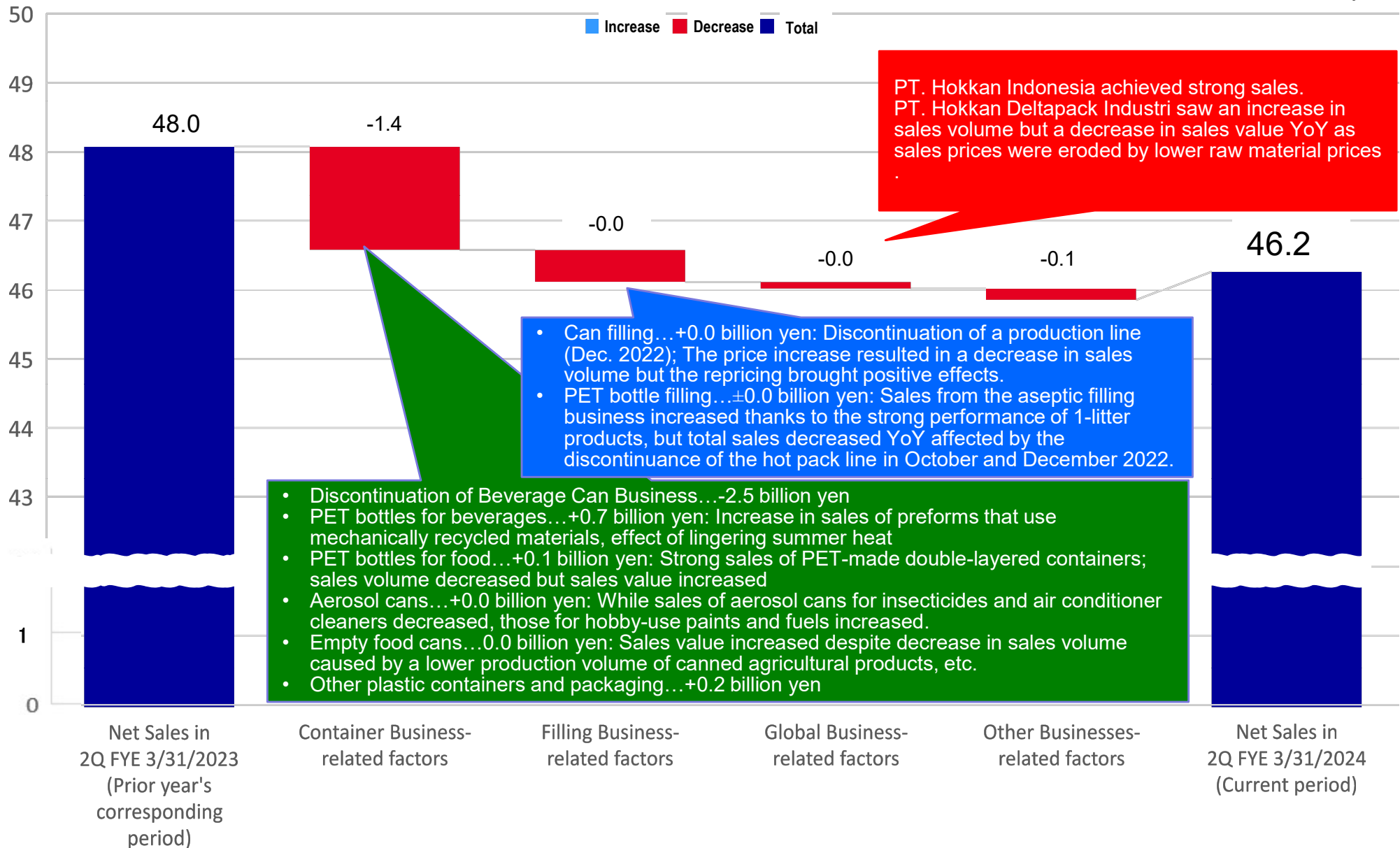


Unit: Billions of yen

	Net sales			Operating profit/loss		
	2Q FYE 3/31/2024	2Q FYE 3/31/2023	YoY change	2Q FYE 3/31/2024	2Q FYE 3/31/2023	YoY change
<b>Container Business</b>	15.0	16.5	-9.1%	0.7	-0.7	—
(Share of total sales)	(32.5%)	(34.4%)				
<b>Filling Business</b>	21.3	21.3	-0.2%	3.6	3.2	+10.0%
(Share of total sales)	(46.1%)	(44.5%)				
<b>Global Business</b>	8.0	8.1	-1.2%	0.5	0.5	+0.4%
(Share of total sales)	(17.5%)	(17.0%)				
<b>Other</b>	1.8	2.0	-8.7%	0	-0.1	—
(Share of total sales)	(3.9%)	(4.1%)				
<b>Adjustments (incl. intra-Group transactions)</b>	—	—	—	-0.7	-0.8	—
<b>Total</b>	46.2	48.0	-3.8%	4.1	2.1	+98.4%

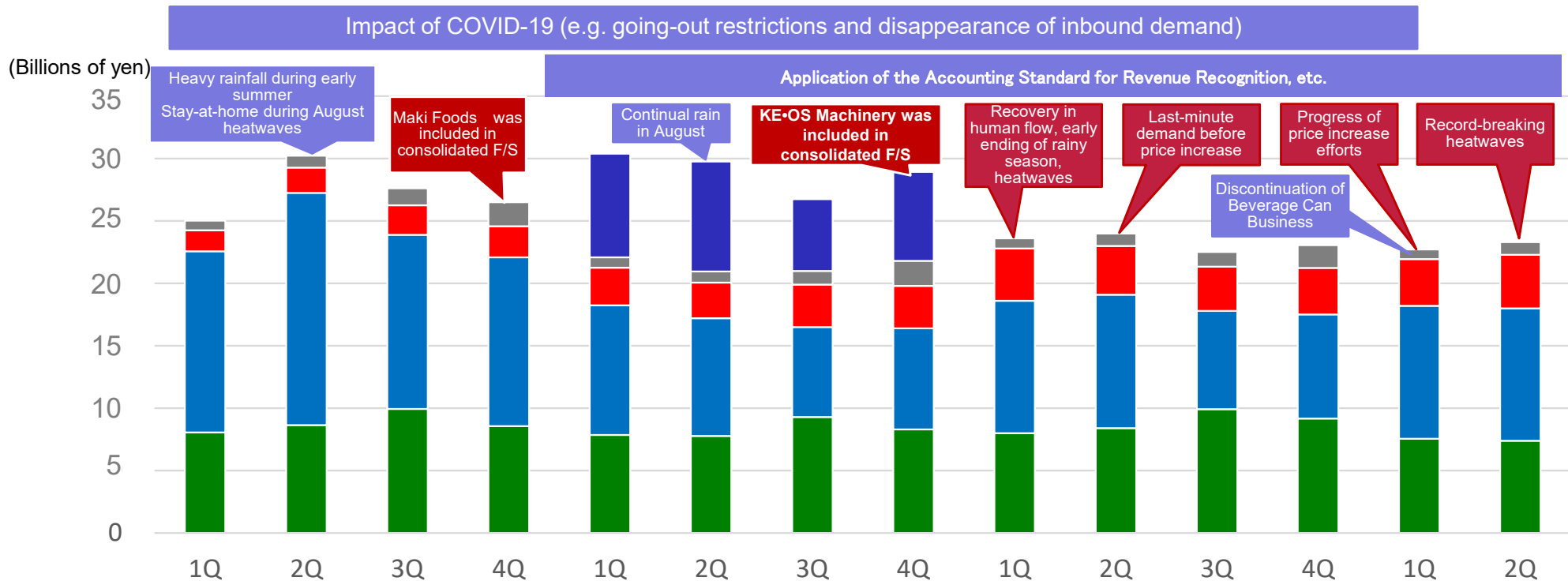
# Factors for Changes in Net Sales

Unit: Billions of yen



# Changes in Net Sales

The Hokkan Group's core businesses—filling business and drink container manufacturing business—are affected by climate temperature each year. In the first half of FYE3/31/2024, sales declined YoY due to lower sales resulted from the discontinuance of the beverage can business in the container segment. However, when the impact of the discontinuance of the beverage can business in the container segment is excluded, sales increased YoY by 0.6 billion yen (+1.5%) owing to the recovery of human flow, rising inbound demand, record-breaking heat wave, and the progress of the price increase efforts.

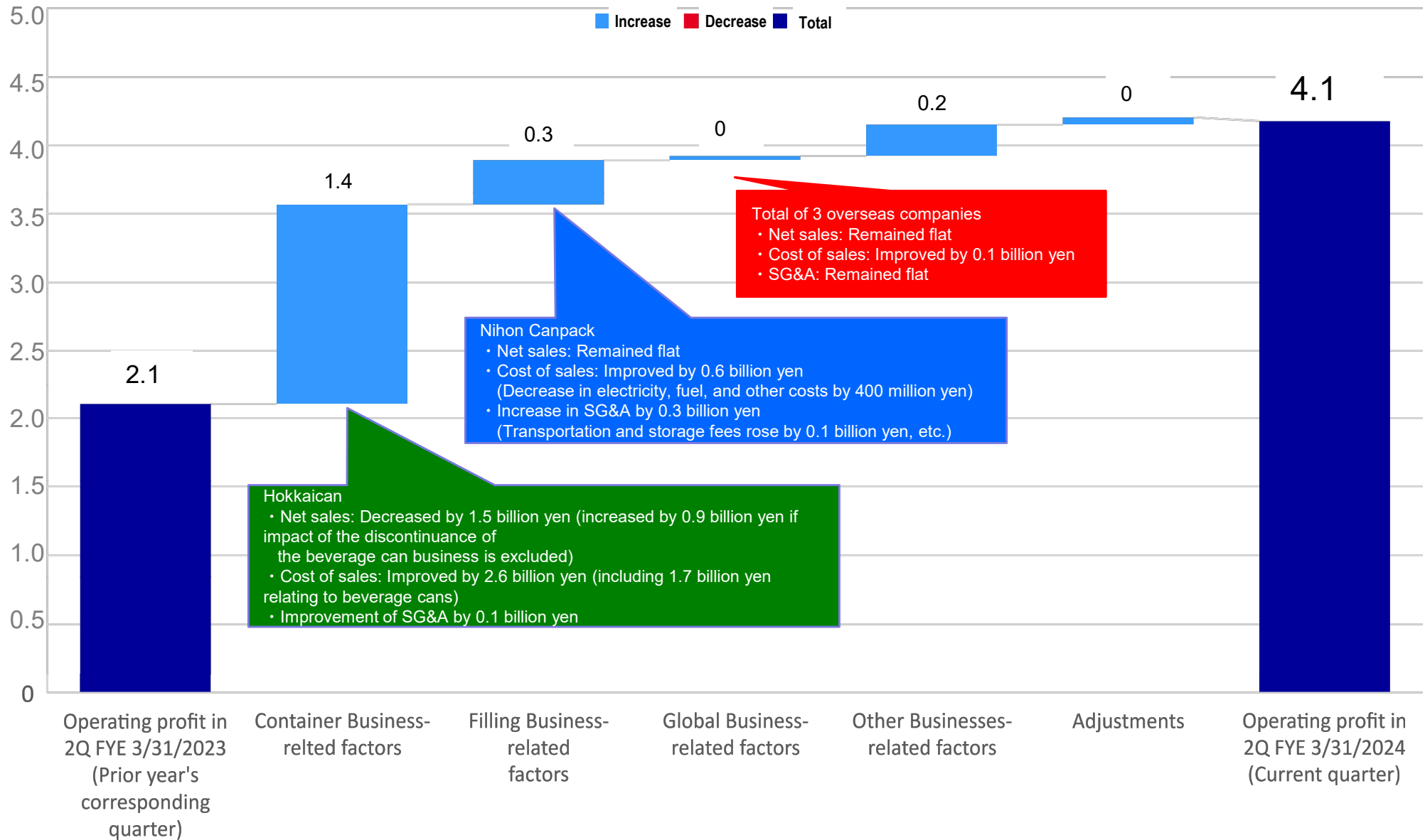


	FYE 3/31/2021		FYE 3/31/2022		FYE 3/31/2023		FYE 3/31/2024
	1H	Full year	1H	Full year	1H	Full year	1H
Consolidated net sales (Billions of yen)	55.2	109.3	43.0 (-17.1 billion yen)	86.3 (-29.9 billion yen)	48.0	93.6	46.2
YoY change (%)	-1.87	-1.44	YoY changes are not shown due to the adoption of the Accounting Standard for Revenue Recognition, etc., whose impact is stated in the parentheses.		+1.17	+0.85	-0.38

■ Container Biz.
 ■ Filling Biz.
 ■ Global Biz.
 ■ Others
 ■ Effects of Accounting Standard

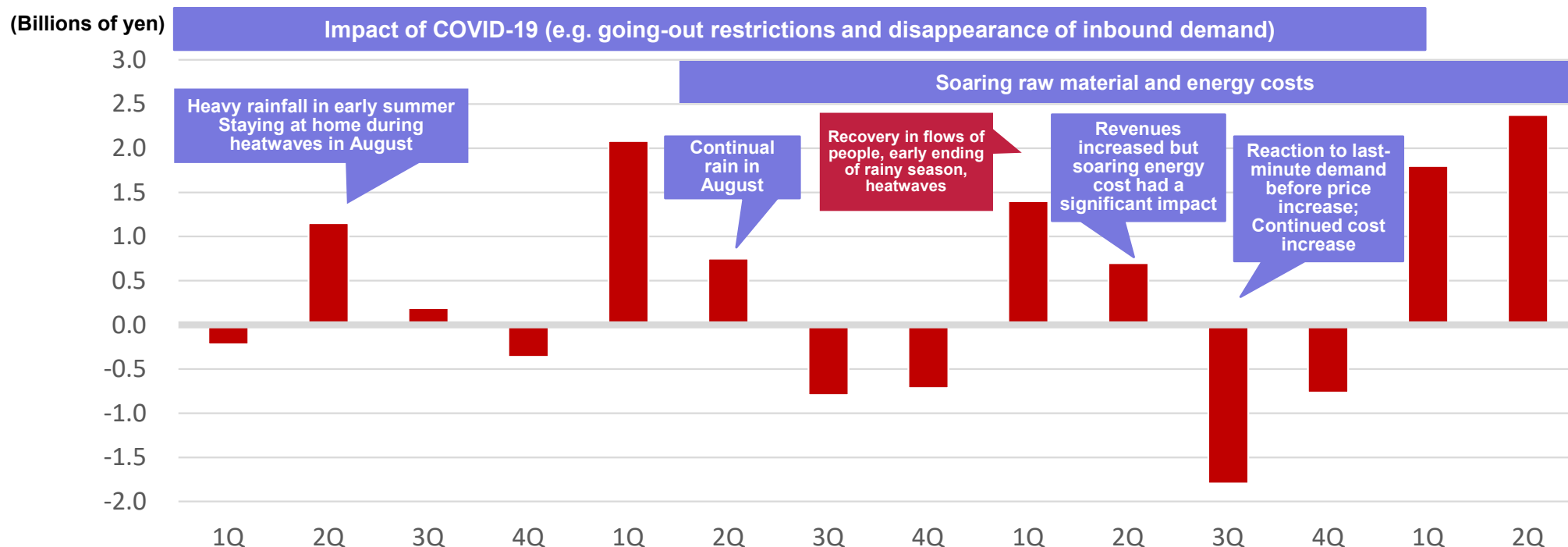
# Factors for Changes in Operating Profit

Unit: Billions of yen



# Operating Profit (Loss)

Significantly affected by the soft drink demand during summer season, the Group's operating profit is earned mainly within the first half. Despite continued high costs and yen's depreciation, operating profit for 1H FYE 3/31/2024 increased significantly due to the progress of price optimization and a reduction in the burden of depreciation expenses resulting from impairment losses recorded in the previous year and the discontinuation of the empty beverage can business.



	FYE 3/31/2021		FYE 3/31/2022		FYE 3/31/2023		FYE 3/31/2024
	1H	Full year	1H	Full year	1H	Full year	1H
Consolidated operating profit/loss (Billions of yen)	0.9	0.7	2.8 (±0.0 billion yen)	1.3 (+0.1 billion yen)	2.1	-0.4	4.1
YoY change (%)	-81.2	-88.0	+203.9	+74.4	-25.6	-	+98.4
Operating profit margin (%)	1.7	0.7	6.6	1.5	4.4	-	9.0

Note: Figures in parentheses denote the impact of the Accounting Standard for Revenue Recognition, etc.

# Consolidated Balance Sheet



Unit: Billions of yen

Item	9/30/2023	3/31/2023	Difference	Item	9/30/2023	3/31/2023	Difference
Current assets	53.2	50.9	+2.3	Liabilities	71.3	74.3	-2.9
Cash and deposits	6.7	10.1	-3.4	Current liabilities	40.4	40.5	0.0
Trade & other receivables	31.9	27.6	+4.2	Notes & accounts payable	17.8	16.6	+1.2
Inventories	10.4	9.5	+0.9	Short-term borrowings	14.4	13.6	+0.7
Other	4.1	3.5	+0.6	Other	8.1	10.2	-2.1
Non-current assets	79.0	78.2	+0.7	Non-current liabilities	30.9	33.8	-2.9
PP&E	56.8	57.9	-1.1	Long-term debt & bonds	24.2	27.3	-3.0
Buildings & structures	18.6	18.9	-0.2	Other	6.6	6.5	+0.1
Machinery & vehicles	16.6	17.4	-0.7				
Land	18.6	18.6	0.0	Net assets	60.9	54.8	+6.0
Other	2.8	2.7	0.0	Shareholders' equity	48.5	45.5	+2.9
Intangible fixed assets	7.0	6.6	+0.4	Accumulated other comprehensive income	7.7	5.0	+2.6
Investments & other assets	15.1	13.7	+1.4	Non-controlling interests	4.7	4.2	+0.4
Total assets	132.3	129.2	+3.1	Total liabilities & net assets	132.3	129.2	+3.1
				(Shareholders' equity ratio)		42.5%	+3.3% pts

## ■ Main sources of change

- (Assets) Decrease in cash and deposits (-3.4 billion yen), decrease in accounts receivable-other (included in "Other" current assets) (-0.6 billion yen), etc. Increase in accounts receivable, etc. (+4.2 billion yen), increase in investment securities (+1.9 billion yen), increase in inventories (+0.9 billion yen), etc.
- (Liabilities) Increase in notes and accounts payable-trade (+1.2 billion yen), decrease in loans payable (-2.3 billion yen), decrease in accounts payable-other (included in "Other" current liabilities) (-2.0 billion yen), etc.
- (Net assets) Increases in profit attributable to owners of parent (+3.2 billion yen), valuation difference on available-for-sale securities (+1.3 billion yen), foreign currency translation adjustment (+1.2 billion yen), and non-controlling interests (+0.4 billion yen), etc., and cash dividends paid (-0.2 billion yen), etc.



# Cash Flows

Unit: Billions of yen

	2Q FYE 3/31/2024	2Q FYE 3/31/2023	Difference	Main Components
Cash flows from operating activities	1.0	5.0	-4.0	Net income before income taxes 4.5 Depreciation 3.1 Increase in receivables -4.0 Increase in inventories -0.7 Increase in other assets -0.9 Increase in notes and accounts payable-trade 1.1 Business restructuring expenses paid -1.2 Income taxes paid -1.4 Income taxes refund 0.4
Cash flows from investing activities	-1.6	-1.9	0.3	Purchase of property, plant and equipment -1.2
Cash flows from financing activities	-3.2	-3.7	0.5	Net increase (decrease) in short-term borrowings 0.1 Net increase (decrease) in long-term borrowings -2.6 Repayment of lease obligations -0.3 Dividends paid -0.2
Effect of exchange rate change on cash and cash equivalents	0.4	0.4	0.0	
Net decrease in cash and cash equivalents	-3.4	-0.1	-3.2	
Cash and cash equivalents at end of period	6.7	9.9	-3.1	
Free cash flows	-0.6	3.1	-3.7	Operating CF + Investing CF

# Capital Expenditures

Unit: Billions of yen

	FYE 3/31/2020	FYE 3/31/2021	FYE 3/31/2022	FYE 31/3/2023	FEY 31/3/2024 plan (latest)
Capital expenditures	9.6	7.1	7.2	4.1	4.2
Depreciation	8.0	7.7	7.6	7.6	6.4

## 1H FYE 3/31/2024 Results

- Container Business: Renovation of empty can manufacturing facilities, etc. 0.5 billion yen
- Filling Business: Acquisition of PET bottle filling facilities, etc. 0.5 billion yen
- Global Business: Acquisition of beverage package manufacturing facilities, etc. 0.3 billion yen

## FYE 31/3/2024 Full-year Plan

- Container Business: Renovation of empty can manufacturing facilities, etc. 1.2 billion yen
- Filling Business: Acquisition of PET bottle filling facilities, etc. 1.4 billion yen
- Global Business: Acquisition of beverage package manufacturing facilities, etc. 1.0 billion yen

# FYE 31/3/2024 Full-year Projections



Unit: Billions of yen

	Business forecast revised on Nov. 9, 2023	FYE 3/31/2024 Beginning Projection	Rate of Change	FYE 3/31/2023 Actual Results	YoY change
Net sales	90.0	95.0	-5.3%	93.6	-3.9%
Operating profit/loss	3.0	2.4	+25.0%	-0.4	—
Ordinary profit	3.5	2.8	+25.0%	0.3	+951.9%
Profit attributable to owners of parent	1.6	1.3	+23.1%	-2.0	—

## ■ Second-half Outlook

While the recovery of people flows, especially inbound demand, is expected to continue in the post-COVID-19 era, a decline in consumer confidence due to rising prices may adversely affect our business performance. Energy costs have so far remained below expectations, and the raw material cost hike is considered to have passed its peak, but another surge may occur due to developments in international affairs and the yen's depreciation. We will strive to achieve the goals of our Medium-term Business Plan "VENTURE-5," which concludes in FY2026, by promoting the growth of the Global Business and further reducing fixed costs, as well as by reviewing our business portfolio with an eye to the future.

### ➤ Net sales

In the domestic market, there has been progress in price optimization, but reluctance to buy due to rising prices has had a significant impact. In the overseas market, PT. Hokkan Deltapack Industri has been affected by lower selling prices arising from declining raw material prices (an increase on a volume basis). As a result, consolidated sales are expected to be lower than the beginning forecast. However, excluding the decrease in sales due to the discontinuation of the beverage steel can business (approximately 6 billion yen), sales are expected to increase YoY.

### ➤ Operating profit

Although sales fell short of the beginning forecast, profits are expected to exceed the same thanks to the cost reduction efforts in the filling and container businesses, as well as to the lower-than-expected energy costs.

# Return to Shareholders

## Cash Dividends

	FYE 3/31/2021	FYE 3/31/2022	FYE 3/31/2023	FYE 3/31/2024
Interim dividend per share	18.75 yen	23.00 yen	23.00 yen	23.00 yen
Term-end dividend per share	13.50 yen	22.00 yen	22.00 yen	➤ Dividend forecast for FYE 3/31/2024
Annual dividend per share	32.25 yen	45.00 yen	45.00 yen	➤ Dividend forecast for FYE 3/31/2024
Total cash dividends	399 million yen	562 million yen	567 million yen	-
Dividend payout ratio (consolidated)	*	*	*	-
Ratio of dividends to net assets (consolidated)	0.7%	1.0%	1.1% (1.1%)	-

\* No data are provided about the dividend payout ratio for the periods from FYE 3/31/2021 to FYE 3/31/2023, as loss attributable to owners of parent was recorded in these periods.

➤ Interim dividend for FYE 3/31/2024

Based on the dividend policy during the VENTURE-5 period,

Interim dividend: **23 yen per share** (Payment start date: December 11th)

➤ Dividend forecast for FYE 3/31/2024

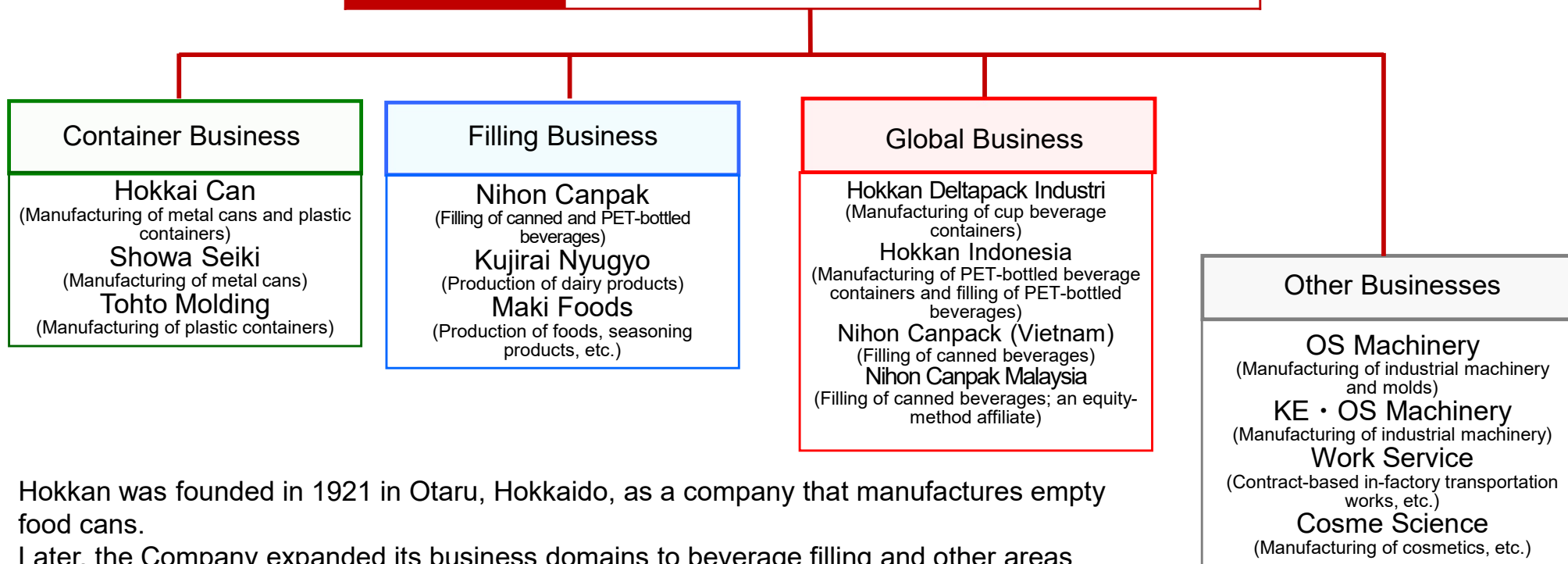
Year-end dividend: Scheduled to be decided at the Board of Directors meeting scheduled in May 2024, based on the dividend policy during the VENTURE-5 period



**HOKKAN HOLDINGS LIMITED**  
**2Q FYE Mar. 31, 2024**  
**Financial Results Briefing Material**  
**Appendix**

Pure holding company	
<b>Trade name</b>	Hokkan Holdings Limited
<b>Representative</b>	Kosuke Ikeda, President & Representative Director
<b>Date established</b>	October 23, 1921
<b>Capital</b>	11,086 million yen
<b>Listed markets</b>	Tokyo Stock Exchange Prime Market and Sapporo Securities Exchange (securities code: 5902)
<b>Head office address</b>	2-1-1 Nihonbashimuromachi, Chuo-ku, Tokyo

Consolidated subsidiaries: 13  
Equity-method affiliate: 1  
(As of Sep. 30, 2023)

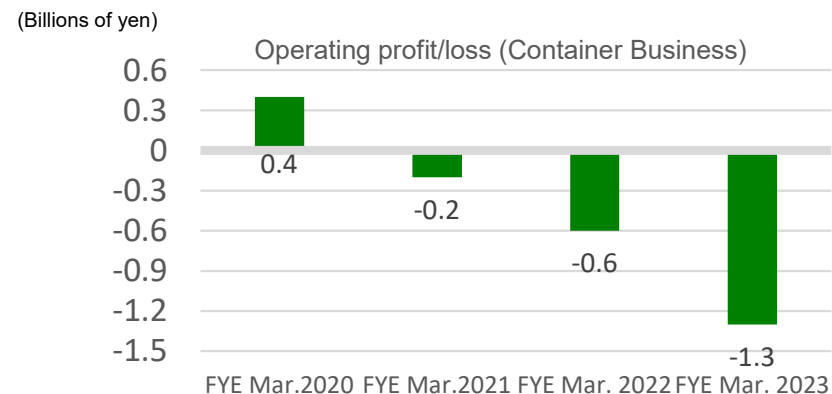
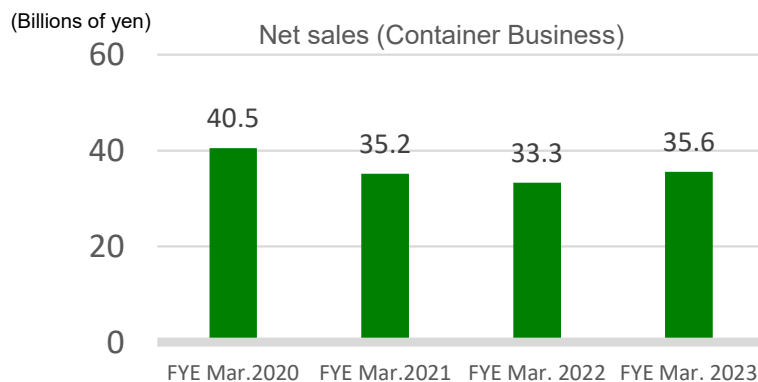


Hokkan was founded in 1921 in Otaru, Hokkaido, as a company that manufactures empty food cans.

Later, the Company expanded its business domains to beverage filling and other areas and entered into overseas markets including Indonesia and Vietnam.

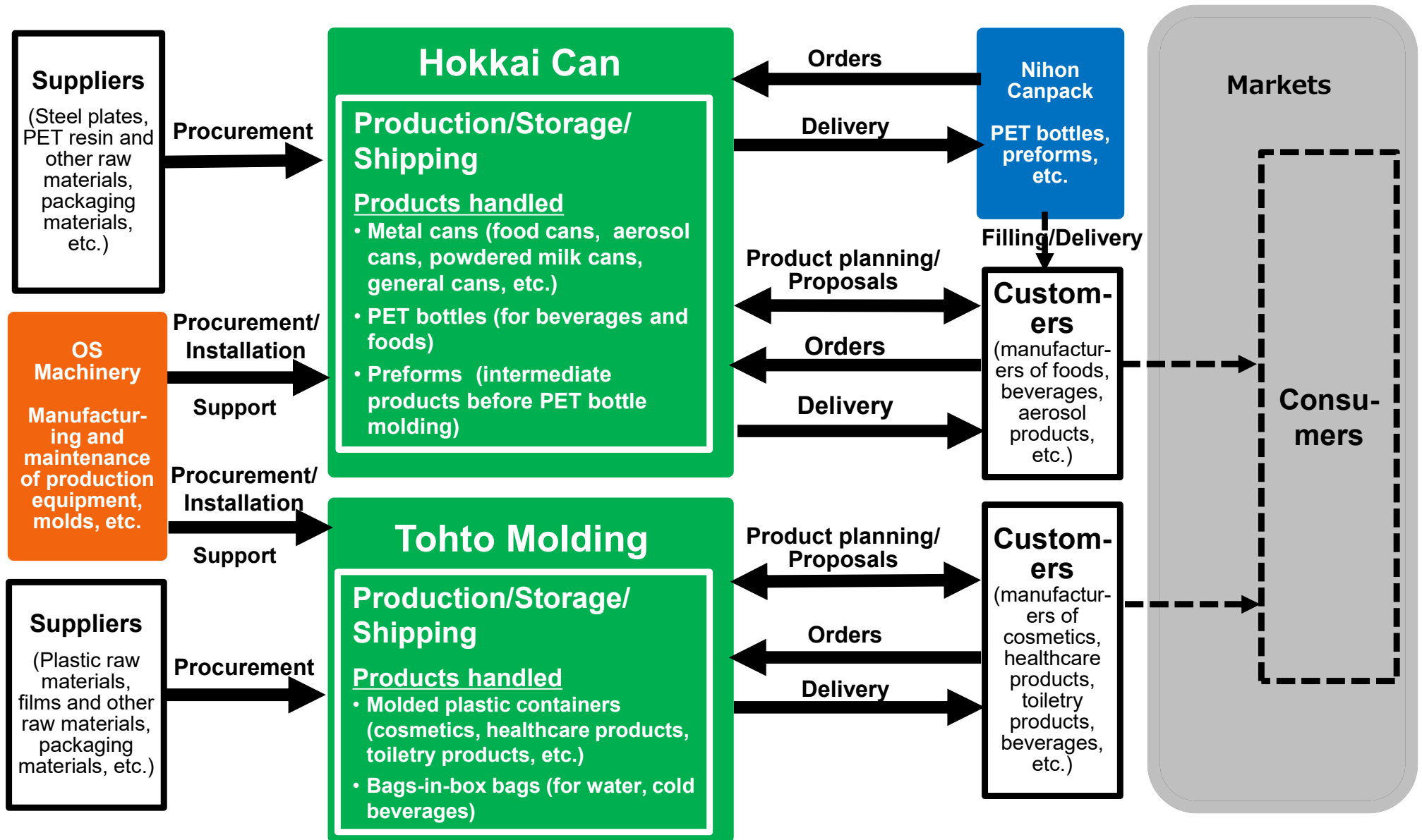
## Container Business

Main products and services	Operating companies (Consolidated subsidiaries)
<p><b>(1) Manufacturing of metal cans</b> Manufacturing and sale of steel containers and packaging, such as empty cans for foods and beverages, aerosol products, etc., and art cans with beautiful designs</p>	<p><b>Hokkai Can Co., Ltd.</b> Manufacturing of metal cans and plastic containers</p>
	<p><b>Showa Seiki Co., Ltd.</b> Manufacturing of metal cans (A subsidiary of Hokkai Can Co., Ltd.)</p>
<p><b>(2) Manufacturing of plastic containers</b> Manufacture and sale of PET bottles for foods and beverages, plastic containers and packaging for cosmetics, healthcare products, toiletries, etc.; sale of preforms (intermediate products before PET bottle molding)</p>	<p><b>Tohto Molding Co., Ltd.</b> Manufacturing of plastic containers (A subsidiary of Hokkai Can Co., Ltd.)</p>
	



Note: As a result of the adoption of the Accounting Standard for Revenue Recognition, etc. from the beginning of the FYE 3/31/2022.

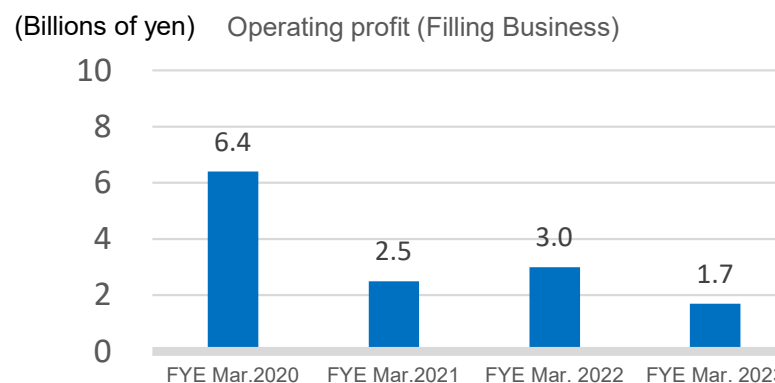
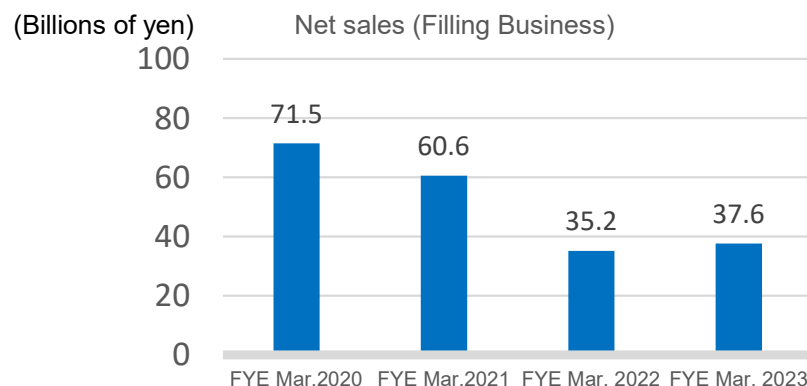
## Container Business (Value Chain of Hokkai Can + Tohto Molding)





## Filling Business

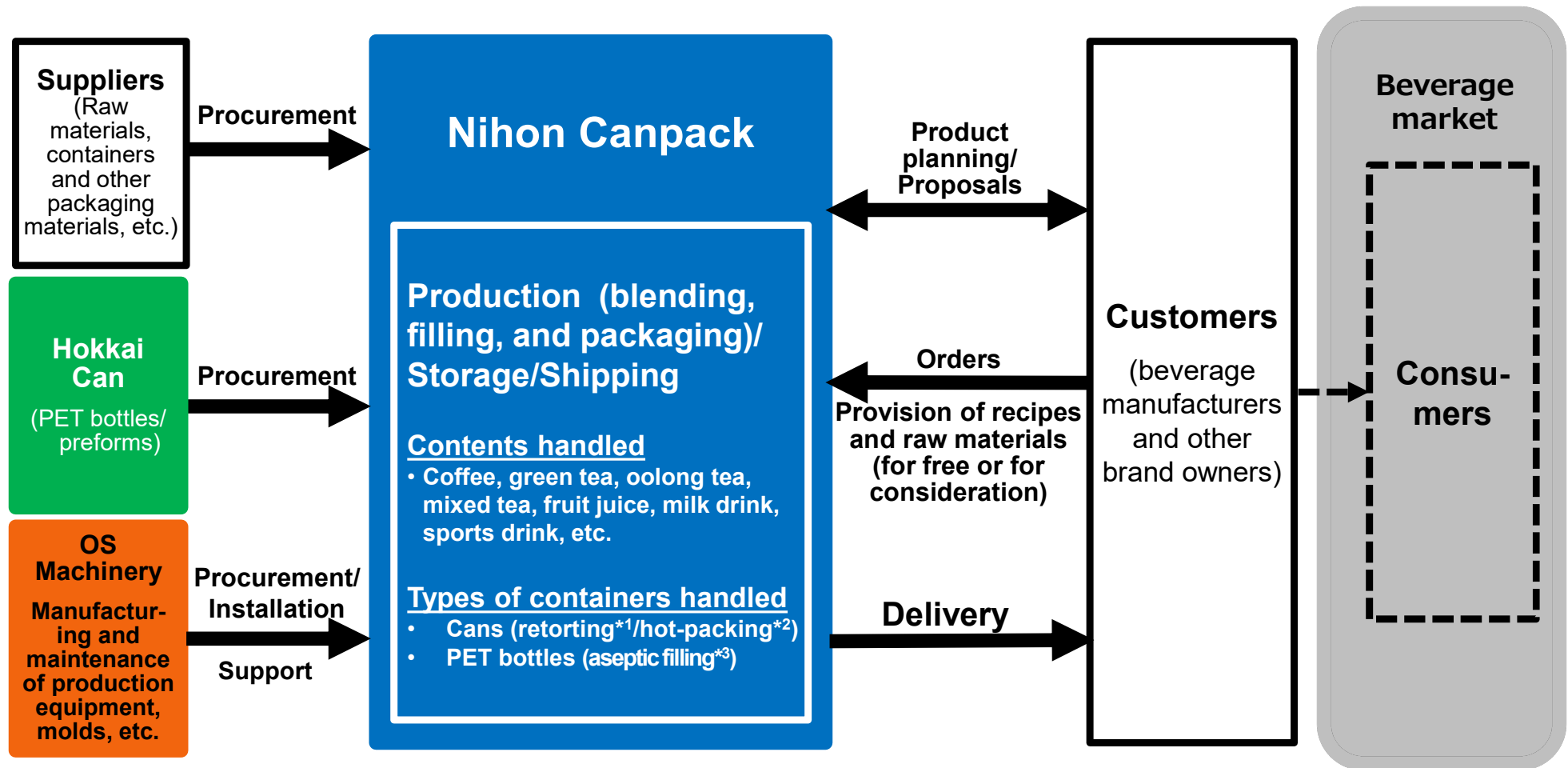
Main products and services	Operating companies (Consolidated subsidiaries)
<p><b>(1) Contract-based beverage filling</b> Contract-based canned and PET-bottled beverage filling</p>  <p><b>(2) Contract-based manufacturing of foods and dairy products</b> Contract-based manufacturing of dairy products, soups, sauces, health supplements, etc.</p> 	<p><b>Nihon Canpack Co., Ltd.</b> Contract-based beverage filling</p> <p><b>Kujirai Nyugyo Co., Ltd.</b> Contract-based manufacturing of dairy products (A subsidiary of Nihon Canpack Co., Ltd.)</p> <p><b>Maki Foods Co., Ltd.</b> Contract-based manufacturing of foods (A subsidiary of Nihon Canpack Co., Ltd.)</p>



Note: As a result of the adoption of the Accounting Standard for Revenue Recognition, etc. from the beginning of the FYE 3/31/2022.

# About the Hokkan Group

## ■ Filling Business (Value Chain of Nihon Canpack)



\*1 Retorting (pressurized heat sterilization): A method of heating and sterilizing a container as a whole after filling the content liquid

\*2 Hot-packing (high-temperature filling): A method of filling heat-sterilized contents into a heat-resistant container at a high temperature

\*3 Aseptic filling: A method of filling containers with aseptic contents at room temperature in an aseptic environment

⇒ Transportation costs and CO<sub>2</sub> emissions can be reduced as PET bottles are molded in-house from preforms

⇒ Because it is filled at room temperature, PET bottles can be made lighter and less resource-consuming compared to those for hot-packing

## ■ Filling Business

### Total Packaging System

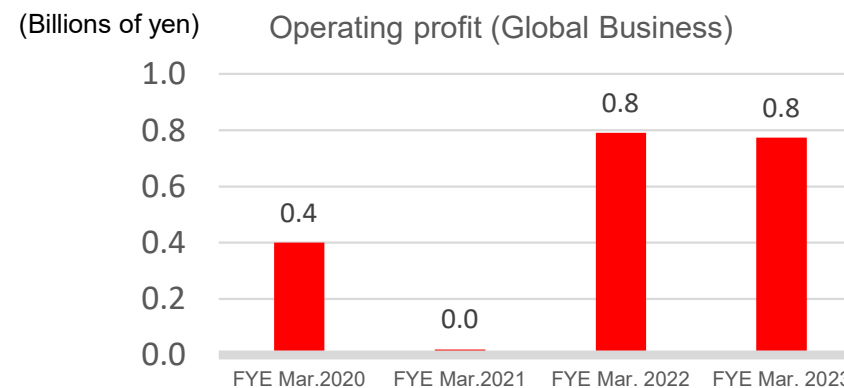
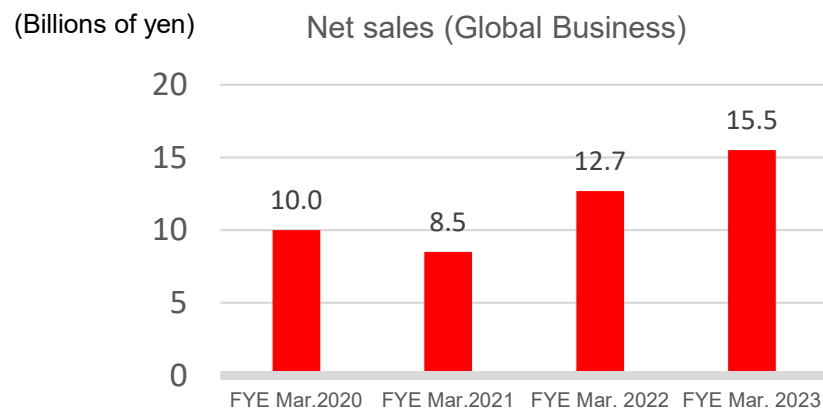
The beverage market in Japan has matured, so that it is difficult to expect more demand in the future. On the other hand, competition has been intensifying in the beverage market. In that situation, we put our priority to develop and introduce more attractive products than other competitors to take advantage in the market. Moreover, reduction of the cost will be another key to advance in the competitive market.

Because of that market situations, we implied total packaging system, which consistently performs procurement of raw materials, development of products, line inspection, manufacturing processes of mixing and filling, packing, and shipping. We implied this system ahead of the market, and the advantage of the system is to reduce the total product cost with high productivity and quality. As a result, we have earned customer's trust.






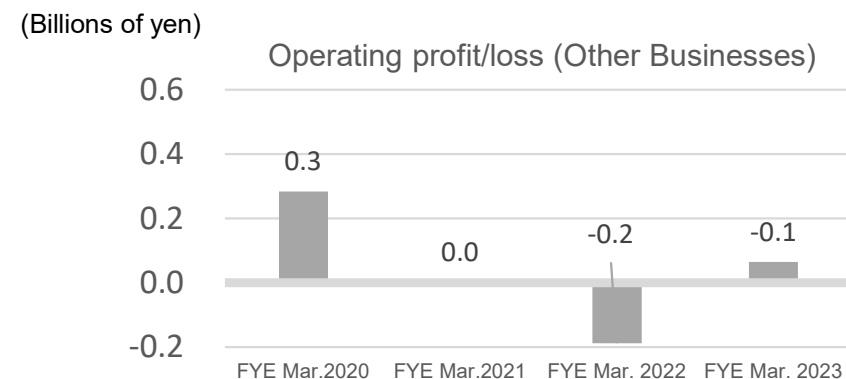
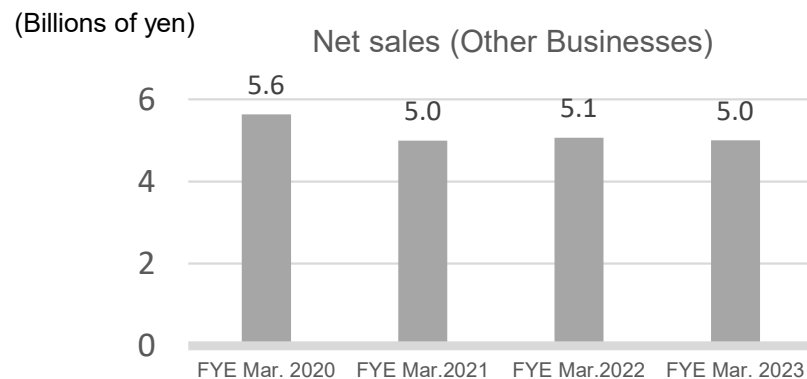
## Global Business

Main products and services	Operating companies (Consolidated subsidiaries)
<ul style="list-style-type: none"> <li>○ <b>Manufacturing and sale of beverage containers and contract-based beverage filling in Southeast Asia</b></li> </ul> 	<p><b>PT. Hokkan Deltapack Industri</b> Manufacturing of cup-beverage containers</p> <p><b>PT. Hokkan Indonesia</b> Manufacturing and contract-based filling of PET-bottled beverage containers (A subsidiary of Nihon Canpack Co., Ltd.)</p> <p><b>Nihon Canpack (Vietnam) Co., Ltd.</b> Contract-based filling of canned beverages (A subsidiary of Nihon Canpack Co., Ltd.)</p>



## Other Businesses

Main products and services	Operating companies (Consolidated subsidiaries)
<p><b>(1) Machinery Production Business</b> Manufacturing of various production equipment, machinery, molds, etc.</p> 	<p><b>OS Machinery Corp.</b> Manufacturing of Industrial machinery and molds</p> <p><b>KE · OS Machinery Co., Ltd.</b> Manufacturing of industrial machinery (A subsidiary of OS Machinery Corp.)</p>
<p><b>(2) Contract-based manufacturing of cosmetics, etc.</b></p> 	<p><b>Cosme Science Co., Ltd.</b> Manufacturing of cosmetics, etc. (A subsidiary of Hokkai Can Co., Ltd.)</p>
<p><b>(3) Contract-based in-factory transportation and other services</b></p> 	<p><b>Work Service Co., Ltd.</b> Contract-based in-factory transportation and other services (A subsidiary of Hokkai Can Co., Ltd.)</p>



Note: As a result of the adoption of the Accounting Standard for Revenue Recognition, etc. from the beginning of the FYE 3/31/2022. Machinery business is included in Other Business.

## ■ History

Year	Outline
1921	Hokkai Can Warehouse Co., Ltd. was established in Otaru City with 1 million yen in capital and began manufacturing and sales of cans as well as a warehousing business.
1941	Established Toyo Seikan Kaisha, Ltd. through a merger of eight can manufacturers; Hokkai Can continued to operate as the Otaru Plant of Toyo Seikan.
1948	Toyo Seikan was specified as a company that constitutes an excessive concentration of economic power based on the Act for Elimination of Excessive Concentration of Economic Power.
1950	Based on an Enterprise Reconstruction and Reorganization Plan, Toyo Seikan Otaru Plant and its accompanying facilities were separated from Toyo Seikan and reorganized into Hokkai Can (present Hokkan Holdings Limited) with 50 million yen in capital. Its head office was located in Tokyo. Showa Seiki Co., Ltd. (currently a consolidated subsidiary) was established. Hokkai Can was listed in Tokyo Stock Exchange.
1951	Listed on the Sapporo Stock Exchange
1955	Listed on the Osaka Securities Exchange (which was integrated with Tokyo Stock Exchange in 2013)
1961	Acquired capital in Tohto Molding Co., Ltd.
1973	Nihon Canpack Co., Ltd. was established and started to undertake contract filling of canned beverages.

## History

Year	Outline
1974	OS Machinery Corp. was established.
1985	Work Service Co., Ltd. was established.
1996	Nihon Canpack Malaysia SDN. BHD. (an equity-method affiliate) was established.
2005	Hokkai Can Co., Ltd. was established through incorporation-type company split. The former Hokkai Can renamed its trade name as Hokkan Holdings Limited and transformed into a pure holding company.
2007	Kian Joo Canpack (Vietnam) Co., Ltd. (current Nihon Canpack (Vietnam) Co., Ltd.) was established.
2011	PT. Hokkan Indonesia was established.
2012	KE · OS Machinery Co., Ltd. was established.
2013	All shares of Cosme Science Co., Ltd. were acquired.
2014	Capital participation in Kujirai Nyugyo Co., Ltd.
2018	PT. Hokkan Deltapack Industri was established in Indonesia.
2021	All shares of Maki Foods Co., Ltd. were acquired.

## ■ Group Mission and Vision

Upon reaching the 100th anniversary, in May 2021, we developed, building on the pioneering spirit inherited from our founders, our new Group Mission as well as the Group Vision, Group Strategy, and Basic Policy on Sustainability, to clarify our raison d'être and mission and lay out our path forward into the future.

The values and guidelines established in our new corporate philosophy system are the basis of all our business activities. We will enhance mid- to long-term corporate value by addressing various social issues and growing in each of our business fields.

### Group Mission

With the frontier spirit, we will keep challenging and providing products creating value to our society with our customers.

### Group Vision

1. To be an indispensable entity for our valued customers and society, in each business field, we will develop and provide products and service which we can clearly assert “No.1” in a certain aspect.
2. We will eagerly keep on establishing new business bases so that we can offer our products and services to people around the world.
3. We will continue to be a fair corporate group giving credits to those contributing to our business, regardless of nationality, gender, or age.



## Overview of Medium-Term Business Plan “VENTURE-5” (after May 2023 roll-out)

➤ We reviewed and updated our rolling medium-term business plan “VENTURE-5” (FY22-26) in May 2023.

[https://hokkanholdings.co.jp/wp/wp-content/themes/hokkan\\_hd/pdf/csr/venture-5.pdf](https://hokkanholdings.co.jp/wp/wp-content/themes/hokkan_hd/pdf/csr/venture-5.pdf)

Group-wide Strategy	Consolidated KPI	
<p><b>1. Optimization of Human Resources</b> In order to optimize our human resources, which is the source of growth, we will establish appropriate personnel and education system, and invest actively to secure the best human resources who can contribute to creating value.</p>	<p>Operating profit</p> <p>FYE 3/31/2022 1.3 billion yen</p>	<p>FYE 3/31/2027 <b>6.1 billion yen</b> (5.6 billion yen before rolling)</p>
<p><b>2. Restructuring of Domestic Business</b> We will sort our business in Japan by focusing on the earning power to provide high value to our customers.</p>	<p>Operating profit margin</p> <p>FYE 3/31/2022 1.5%</p>	<p>FYE 3/31/2027 <b>5% or over</b> (5.5% before rolling)</p>
<p><b>3. Expansion of Global Business</b> We will accelerate our business investment in emerging countries, primarily in Southeast Asia, to expand our sales and profit.</p>	<p>Debt-equity ratio</p> <p>FYE 3/31/2022 1.0 times</p>	<p>FYE 3/31/2027 <b>0.6 times or less</b> (less than 0.9 times before rolling)</p>
<p><b>4. New Business Development</b> Utilizing M&amp;A activities, we will globally penetrate new business fields, where we can take advantage of our expertise.</p>	<p>ROE</p> <p>FYE 3/31/2022 -2.3%</p>	<p>FYE 3/31/2027 <b>6.5%</b> (5.8% before rolling)</p>
	<p>Stock-related indicators (additional indicators)</p> <p>FYE 3/31/2025 <b>Achievement of dividend growth</b></p>	<p>FYE 3/31/2027 <b>Annual dividend of at least 100 yen</b></p>

## Overview of Medium-Term Business Plan “VENTURE-5” (after May 2023 roll-out)

Investment Policy during VENTURE-5 Period		After Roll-out
<b>Container Business</b>	Capital improvement investments, etc.	3.0 billion yen
	Investments in new container manufacturing facilities	1.0 billion yen
	Other investments	0.5 billion yen
<b>Filling Business</b>	Installation of a new aseptic filling line	8.0 billion yen
	Capital improvement investments, etc.	6.0 billion yen
	Construction of new warehouse	4.5 billion yen
	Other investments	4.0 billion yen
<b>Machinery Production Business</b>	Capital improvement investments, etc.	1.0 billion yen
<b>Global Business</b>	Expansion of manufacturing capacity, etc.	3.5 billion yen
<b>Other Businesses</b>	Capital improvement investments, etc.	0.5 billion yen
<b>Others</b>	M&A investments, etc.	5.0 billion yen
	<b>Total</b>	<b>37.0 billion yen</b>

		4.5 billion yen in total ⇒ 7.0 billion yen Factor for the increase: Transfer of manufacturing facilities associated with factory consolidation
		22.5 billion yen in total ⇒ 23.5 billion yen
		Transferred to Other Businesses category
		⇒ 4.5 billion yen
		1.5 billion yen in total ⇒ 1.0 billion yen (including Machinery Production Business)
		⇒ 5.0 billion yen
		⇒ 41.0 billion yen

# Medium-term Business Plan

## Dividend Policy during the VENTURE-5 Period (Enhancement of Return to Shareholders)

- First half of the VENTURE-5 period  
Business is expected to decline due to the increasingly severe external environment (including soaring energy prices).
- Second half of the VENTURE-5 period  
ROE will reach at least 5% and exceed the cost of shareholders' equity as a result of the steady implementation of measures in the Container Business and the Filling Business segments, discontinuance of the Beverage Can Business in the Container Business segment, and the growth of the Global Business, etc.
- The Company's share price has long been below the net asset value per share. As of the end of March 2023, its PBR is 0.33, which is far below the simple average PBR of 0.6 of the 31 metal product companies belonging to the prime market. In view of this, it is urgently necessary for the Company to take remedial measures.
- If earnings improve as a result of the progress of VENTURE-5, the Company's share price is expected to rise. Still, we will focus on shareholder returns in order to further improve shareholder value.

### Dividend policy during VENTURE-5 period

Consolidated dividend payout ratio of at least 35% AND annual dividend per share of at least 45 yen

- We need to commit to the achievement of VENTURE-5 while setting a lower limit on dividends so that shareholders can be assured of their continued holding of the Company's shares.

《VENTURE-5 Consolidated KPIs (Additional)》

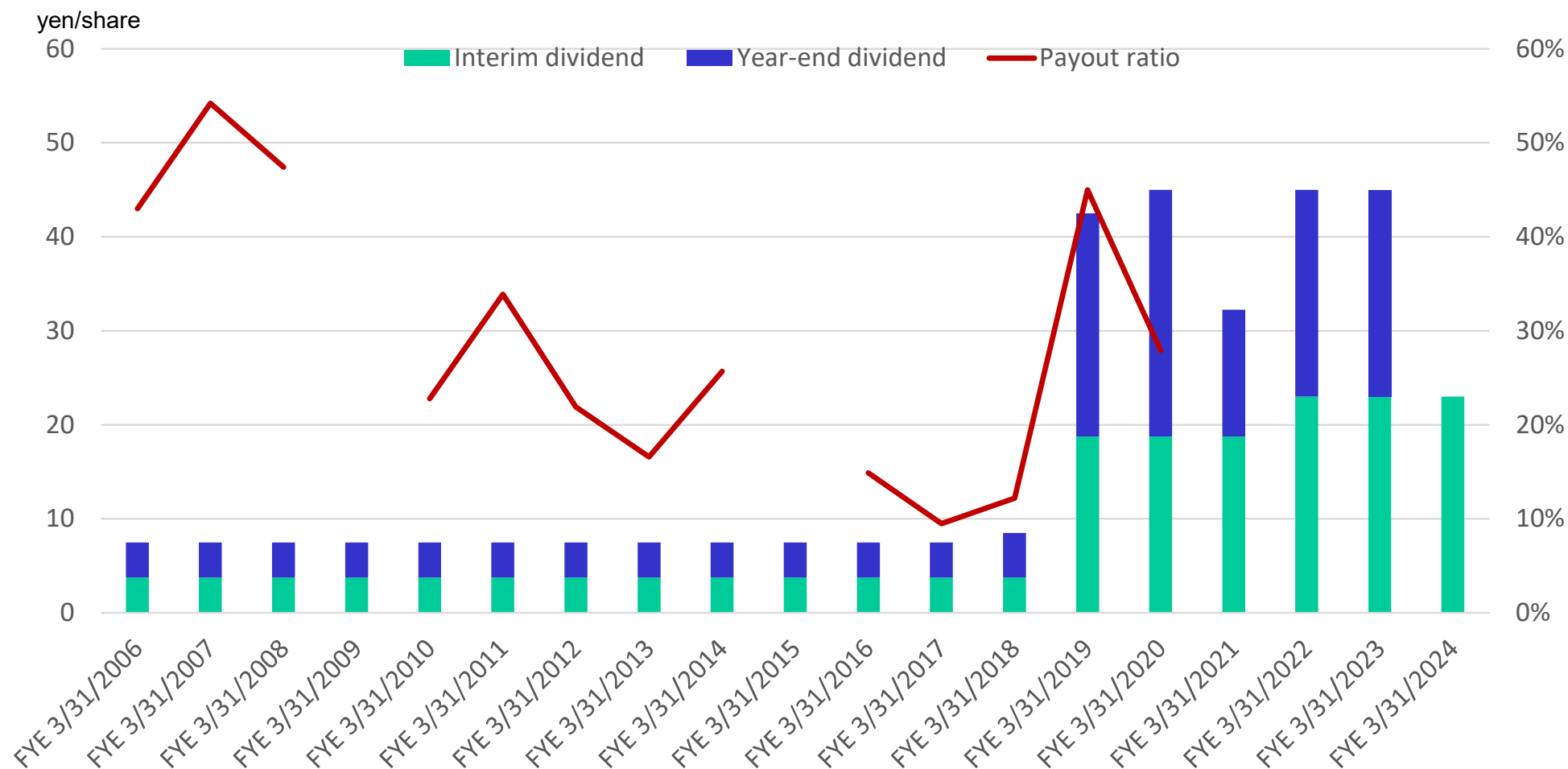
- |                   |   |
|-------------------|---|
| (1) FYE 3/31/2025 | <b>Increase in dividends</b>                      |
| (2) FYE 31/3/2027 | <b>Annual dividend per share of least 100 yen</b> |

## Status of Shares

Reference date	September 30, 2023	March 31, 2023
<b>Total number of authorized shares</b>	48,000,000 shares	48,000,000 shares
<b>Total number of issued shares (excl. treasury stock)</b>	13,469,387 shares (12,620,374 shares)	13,469,387 shares (12,620,452 shares)
<b>number of shareholders</b>	17,845	18,669
<b>Number of tradable shares</b>	80,388 units	79,373 units
<b>Tradable share market capitalization</b>	11,900 million yen (Average daily closing price in the last quarter: 1,486.6 yen/share)	10,800 million yen (Average daily closing price in the last quarter: 1,361.4 yen/share)
<b>Average daily trading value</b>	22 million yen (Oct. 1, 2023 through Sep. 30, 2023)	27 million yen (Apr. 1, 2022 through Mar. 31, 2023)
<b>Trading share ratio</b>	59.7%	58.9%

Note: Calculated based on the amount obtained by deducting the ToSTNeT trading value from the trading value in the Tokyo Stock Exchange's Monthly Quotations (Detailed Version).

## Cash Dividends



- The Company implemented a share consolidation effective as of October 1, 2018, at a ratio of one share for every five common shares. For comparison and convenience purposes, certain adjustments were made to the interim dividend per share for the FYE 3/31/2019, taking the share consolidation into account.
- The dividend payout ratio is not shown for the FYE 3/31/2009, FYE 3/31/2015, FYE 3/31/2021 through FYE 3/31/2023, when net loss attributable to owners of parent was recorded.

## Shareholder Benefit Program

We offer shareholder benefits to express appreciation to our shareholders for their daily support, to help them better understand our business, and to increase the number of shareholders who hold our shares for a medium- to long-term.

### Details of Shareholder Benefits

Once a year, we send a gift to shareholders\* who own at least 100 shares of the Company's stock for a continuous period of 12 months or more as of March 31st of the year. These shareholders can select the gift from the table on the right, according to the category of number of shares held (as shown in the table on the left).

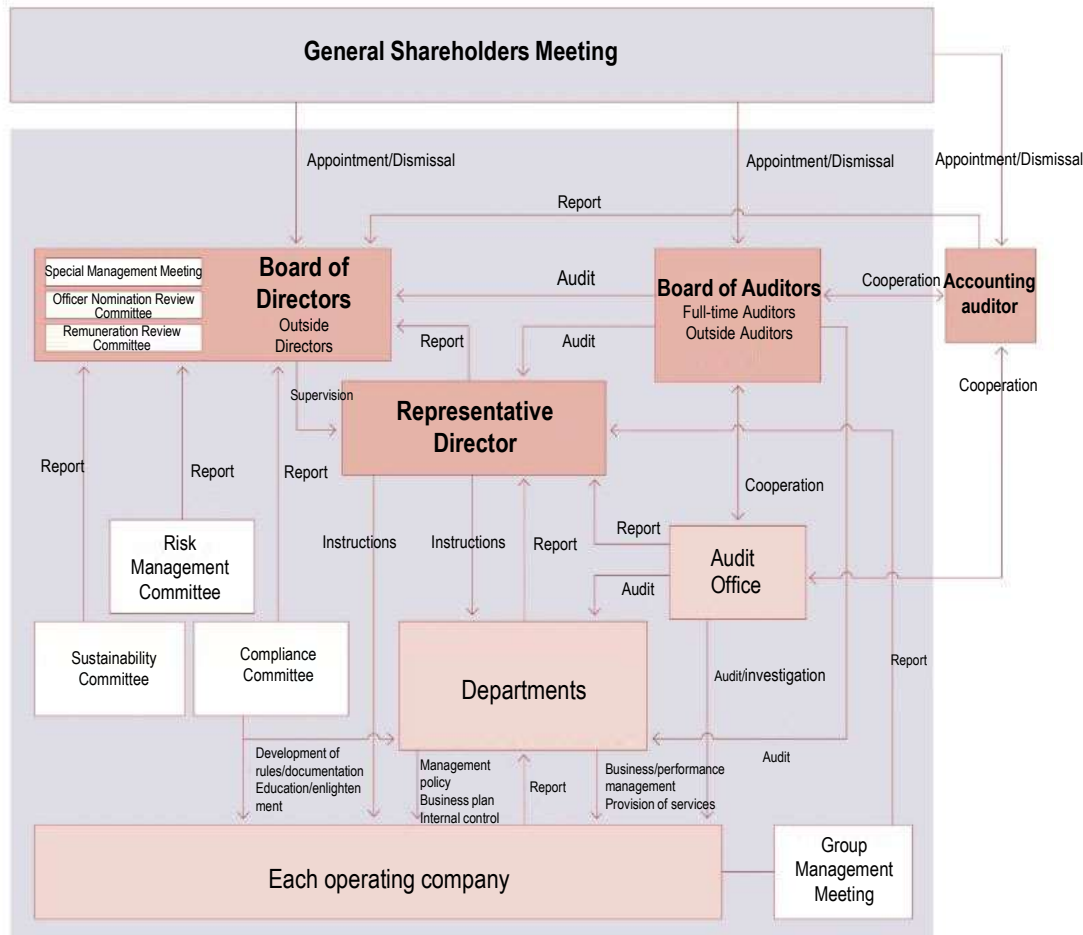
Number of shares held	Details of the gift
100 – 1,000	Assorted canned foods, etc. worth 3,000 yen
1,000 – 2,000	Assorted canned foods, etc. worth 6,000 yen
2,000 –	Assorted canned foods, etc. worth 8,000 yen

Note: Shareholders who are registered on all of the Company's stockholder lists as of the record dates (September 30 and March 31) of the current and previous years, with the holding of at least 100 shares and the same shareholder number.

Course	Outline
(1)	Assorted canned foods Canned foods filled in cans manufactured by the Hokkan Group
(2)	Assorted sweets Sweets in beautifully designed cans manufactured by the Hokkan Group
(3)	Variety set Canned foods filled in cans manufactured by the Hokkan Group, canned sweets, and PET bottles of water filled by the Hokkan Group (2 liters x 6 bottles)
(4)	Donations to food aid organizations Instead of sending a complimentary gift to a shareholder, we donate the amount equivalent to the gift to a food aid organization whose mission is to eradicate hunger.
(5)	Donations to natural environment protection organizations Instead of sending complimentary gifts to a shareholder, we donate the amount equivalent to the gift to natural environment protection organizations.

## Basic Approach to Corporate Governance

(Schematic diagram of corporate governance)



- We built a business management system centered on the **Board of Directors** and **Board of Auditors**, placing focus on strengthening management transparency and enhancing corporate governance as our priorities.
- In principle, the **Board of Directors** holds its meeting monthly to make decisions on important matters, supervise the business execution, establish internal control systems, review the status of operation of the systems, and receive reports from the **Compliance Committee**, **Risk Management Committee**, and the **Sustainability Committee** to supervise the Group's risk management practices.
- The **Board of Auditors** holds a meeting regularly to carry out a stringent audit of Directors' execution of duties.
- We have set out the Policy on Appointment and Removal of Directors and Auditors to ensure the transparency in the officer appointment process. The majority of the **Officer Nomination Review Committee** shall be independent outside directors.
- We established the Policy for Determining Officers' Remuneration so that executive remuneration can provide a healthy incentive towards maximizing corporate value. The majority of the **Remuneration Review Committee** shall be independent outside directors.
- **Accounting Auditor:** We appointed Moore Mirai & Co. to conduct the Companies Act audits and the Financial Instruments and Exchange Act audits of the Company and the Group.
- Under the holding company system, we established the **Audit Office** to strengthen internal auditing and ensure the regulatory compliance, fairness, and ethics in our business activities.

## Officers

### List of Officers and Directors Skills Matrix

In order for the Company's Board of Directors to fulfill its roles and responsibilities appropriately, we expect each Director to demonstrate the knowledge and abilities (skills) below.

The Company considers that its Board of Directors as a whole is equipped with necessary skills.

Name	Positions and responsibilities (Main profession, qualification, etc.)	Corporate management	Sustainability	Corporate planning, M&A	Global business	Group business	Finance & accounting, tax affairs	Legal, risk management, compliance	HR development
<b>Tsunenobu Kudo</b>	Chairman and Representative Director	●					●		
<b>Kosuke Ikeda</b>	President and Representative Director	●		●	●	●			
<b>Yasuhiro Sato</b>	Director and Executive Managing Officer		●			●			
<b>Hideaki Tada</b>	Director and Executive Managing Officer					●			
<b>Takuya Takeda</b>	Director and Managing Officer General Affairs Dept., Human Resources Dept.							●	●
<b>Toshiaki Sunahiro</b>	Director and Managing Officer Accounting & Finance Dept., Corporate Planning Dept.			●			●		
<b>Akiko Fujita</b>	Outside Director (university professor)						●		
<b>Kazuhide Koda</b>	Outside Director (certified public accountant)						●		
<b>Atsuko Watanabe</b>	Outside Director (lawyer)							●	
<b>Yuri Takeda</b>	Full-time Auditor	Note 1: Skills that the Company particularly expects each Director to demonstrate are determined by the Board of Directors with reference to the career summary of each Director. (Our criteria require Internal Directors to possess work experience of serving in the position of General Manager or higher for a certain period of time.) Note 2: The green-colored skills are those the Company particularly expects Outside Directors to demonstrate.							
<b>Motoki Watanabe</b>	Auditor								
<b>Masahiro Tajima</b>	Outside Auditor (lawyer)								
<b>Tetsuya Suzuki</b>	Outside Auditor (tax accountant)								



## Officers

### ■ Definitions of Skills to Be Held by the Company's Board Members

Skills	Definitions
(1) Corporate management	Skills to make managerial decisions from a broad perspective and to execute business management toward the enhancement of the Group's corporate value over a medium to long term, based on experience of corporate management in the position of the President or posts with responsibilities equivalent thereto, and with deep insight into and experience in corporate governance, management strategies, management planning, etc.
(2) Sustainability	Skills to promote sustainability management from the perspective of enhancing corporate value over a medium to long term based on issues of material importance for the Group
(3) Corporate planning, M&A	Skills to formulate and implement management strategies and management plans, inclusive of new business development and M&A, toward further development of the Group's businesses
(4) Global business	Skills to execute business operation toward further development, based on deep knowledge and experience in the Group's overseas operation and global business as a whole
(5) Group business	Skills to execute business operation toward further development, based on deep knowledge and experience in technical development, production, sales, etc. concerning the Group's mainstay businesses (container and filling businesses)
(6) Finance & accounting, tax affairs	Skills to execute business management toward the enhancement of the Group's corporate value over a medium to long term based on deep knowledge and experience regarding finance, accounting, and tax affairs, which are fundamental to management strategies and business management
(7) Legal, risk management, compliance	Skills to execute business management toward the enhancement of the Group's corporate value over a medium to long term based on deep knowledge and experience regarding legal affairs, risk management, and compliance, which are fundamental to management strategies and corporate governance
(8) Human resources development	Skills to promote human resource strategies such as retention of a diverse workforce and supporting their growth from the perspective of enhancing the Group's corporate value over a medium to long term

## Compliance with the Corporate Governance Code (CGC)

### ■ CGC Principles for Which the Company Selected the “Explain” Option

➤ We selected the “Comply” option for all CGC principles except for the following two supplementary principles:

CGC Principles for which the Company selected the “Explain” option		Our response
2.4.1	<p>Companies should present their policies and voluntary and measurable goals for ensuring diversity in the promotion to core human resources, such as the promotion of women, foreign nationals and midcareer hires to middle managerial positions, as well as disclosing their status.</p> <p>In addition, in light of the importance of human resource strategies for increasing corporate value over the mid- to long-term, companies should present its policies for human resource development and internal environment development to ensure diversity, as well as the status of their implementation.</p>	<p>We stated in our management vision that we continue to be a fair corporate group giving credits to those contributing to our business. The Company appoints managers based on the individuals’ ability and career formation, regardless of gender, nationality, and background, and discloses the current status of appointments.</p> <p>On the other hand, the Company hopes to hire and appoint people in a fair and just manner in line with its management vision, rather than based on a uniform numerical target. <b>As a result, the Company selected the “Explain” option.</b></p>
4.11.1	<p>The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with its view the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristics, etc., such as what is known as a “skills matrix.” When doing so, independent director(s) with management experience in other companies should be included.</p>	<ul style="list-style-type: none"> <li>• The Company disclosed directors’ skills matrix.</li> <li>• Currently, considerations are under way to select appropriate candidates for independent outside directors who have management experience in other companies.</li> </ul> <p>⇒ <b>As a result, the Company will continue to select the “Explain” option.</b></p>

➤ For details, please refer to the [Corporate Governance Report \(in Japanese\)](#).

## Cross-shareholdings

### ■ Policy on Cross-shareholdings

When a customer requests us to cross-hold shares, we accept the request only if the customer will continue to be our customer in the future, or is a company with which we need to strengthen relationships for strategic purposes. In addition, we assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the Company's cost of capital.

At least once a year, the Company's Board verifies the purpose and rationality of holding specific shares, and appropriately disposes of shares whose holding is determined to be irrational, by, for example, selling them in a sequential manner. In the FYE 3/31/2023, we disposed an unlisted stock (the amount recorded on B/S: 0 million yen).

### ■ Standards on Voting Rights

With respect to the voting rights associated with cross-shareholdings, the Company has a policy of determining whether the exercise of the voting rights will lead to the issuer's sustainable growth and the improvement of mid- to long-term corporate value. We may oppose proposals that may adversely affect the issuer's financial soundness or proposals to appoint as a director a person who is responsible for an illegal act.

	Mar. 2020	Mar. 2021	Mar.2022	Mar. 2023
Number of unlisted stocks held	11	11	10	9
Amount recorded on BS (billion yen)	0.2	0.1	0.1	0.1
Number of stocks held other than unlisted stocks	22	20	19	19
Amount recorded on BS (billion yen)	10.1	10.7	10.0	8.7

## Disclosure of Other Matters Concerning Corporate Governance

### ■ Corporate Governance Guidelines

- The Company discloses its Corporate Governance Guidelines based on the resolution of its Board of Directors, in order to summarize the concept of corporate governance that the Company and the Group should comply with in the business management, and to contribute to the promotion and enhancement of dialogue with shareholders, investors, and other stakeholders.

[https://hokkanholdings.co.jp/wp/wp-content/themes/hokkan\\_hd/pdf/ir/pdf/governance/cgguideline.pdf](https://hokkanholdings.co.jp/wp/wp-content/themes/hokkan_hd/pdf/ir/pdf/governance/cgguideline.pdf) (in Japanese)

### ■ Evaluation of the Board's Effectiveness

- Every year, we commission a third-party organization to conduct a questionnaire survey to all Directors and Auditors on the overall effectiveness of the Board of Directors. Based on the analysis results of the survey, issues that need to be addressed and corresponding solutions are discussed by the Board. For the results of the evaluation of the Board's effectiveness for FYE 3/31/2023, please visit:

[https://hokkanholdings.co.jp/en/wp-content/themes/hokkan\\_hd\\_eng/pdf/ir/pdf/governance/evaluation.pdf](https://hokkanholdings.co.jp/en/wp-content/themes/hokkan_hd_eng/pdf/ir/pdf/governance/evaluation.pdf)

**For details on other corporate governance initiatives, please visit our website.**

<https://hokkanholdings.co.jp/en/ir/governance/>

## Basic Approach to Sustainability

Hokkan Group clearly recognizes that our activities must be sustainable and in harmony with the environment and society in order for us to continue growing in each of our business fields. To this end, we will proactively work toward solving various social challenges directly and indirectly related to our business activities.

We implement our sustainability initiatives based on the eight basic policies to solve issues raised therein. In particular, we place importance on the achievement of a sustainable global environment, development of environmentally friendly products, and harmony with local communities.



## Hokkan Group's Materiality and KPI Setting

Materiality	Initiative theme	KPIs and targets
<b>Human rights</b>	Identify negative impact on human rights; create a human rights due diligence system	<ul style="list-style-type: none"> <li>By 2024, identify and prevent negative impacts on human rights; develop a human rights due diligence system that can mitigate such impacts</li> </ul>
<b>Employees</b>	Occupational accidents	<ul style="list-style-type: none"> <li>Rate of lost-worktime injuries: 1.20 or lower; Severity rate of occupational accidents: 0.00 (domestic companies only)</li> <li>Each group company acquires external certification for safety and health (e.g. ISO45001) by 2025.</li> </ul>
	Health and productivity management	<ul style="list-style-type: none"> <li>Efforts to be recognized as a Certified Health &amp; Productivity Management Outstanding Organization (less smoking rate, better diet, increased opportunities for exercise, prevention of infectious diseases)</li> </ul>
	Promotion of diversity	<ul style="list-style-type: none"> <li>Promotion of women's activities</li> <li>Achieve a rate of employees with disabilities equal to or higher than the statutory rate.</li> </ul>
	Achievement of a good work-life balance	<ul style="list-style-type: none"> <li>Enhance initiatives that support a balance between work and childcare/nursing care and achieve a higher retention rate</li> </ul>
<b>Compliance</b>	Development of various guidelines, implementation of education and training, and embedding of the code of conduct for officers and employees into the organization	<ul style="list-style-type: none"> <li>Ensure fair trade and eliminate anti-social forces.</li> <li>Ensure fair corporate activities and corporate ethics (including regulatory compliance) by continuing compliance training.</li> <li>Prevent various forms of harassment. Ensure early resolution by utilizing the whistleblowing system.</li> </ul>

## Hokkan Group's Materiality and KPI Setting

Materiality	Initiative Theme	KPIs and Targets
<b>Global environment</b>	Contribution to a decarbonized society	<ul style="list-style-type: none"> <li>Achieve Scope 1 and 2 carbon neutrality by 2050</li> <li>Reduce Scope 1 and 2 GHG emissions by 30% (from the FY2019 level) by 2030</li> <li>Reduce Scope 3 GHG emissions by 20% (from the FY2019 level) by 2030</li> </ul>
	Sustainable use of water resources	<ul style="list-style-type: none"> <li>Reduce water intensity by 7% (from the FY2019 level) by 2030</li> </ul>
	Contribution to resource-recycling society	<ul style="list-style-type: none"> <li>Reduce the use of exhaustible resources</li> <li>Achieve zero waste disposal by incineration or landfill by 2030</li> </ul>
<b>Products</b>	Environmentally friendly product development	<ul style="list-style-type: none"> <li>Develop sustainable products and services                             <ul style="list-style-type: none"> <li>Metal cans: Develop smaller and lighter containers according to customer needs</li> <li>PET bottles: Expand the use of recycled materials</li> <li>Contract filling: Ensure smooth production of environmentally friendly products supplied</li> </ul> </li> </ul>
	quality improvement	<ul style="list-style-type: none"> <li>Comply with laws and regulations</li> <li>Improve customer satisfaction</li> </ul>
<b>Information management</b>	Achievement and improvement of confidentiality, integrity, and availability of information assets	<ul style="list-style-type: none"> <li>No information leakage</li> </ul>
<b>Local communities</b>	Harmony with local communities	<ul style="list-style-type: none"> <li>Be a corporate group trusted by local communities</li> </ul>
<b>Stakeholders</b>	Sincere dialogue with stakeholders	<ul style="list-style-type: none"> <li>Understand and address social issues necessary to be solved for the realization of a sustainable society</li> <li>Work with suppliers and brand owners to solve decarbonization issues</li> <li>Ensure that sustainable procurement practices are embedded into the organization</li> </ul>

## Sustainability Initiatives

### ■ Third-party verification of greenhouse gas (GHG) emissions (December 2022)

- We underwent a third party verification by the Japan Management Association according to the ISO 14064-3 certification standard with regard to greenhouse gas emissions (Scope 1, 2, 3) for FY2021.

[Data Collection | Hokkan Holdings Co., Ltd. \(hokkanholdings.co.jp\)](https://hokkanholdings.co.jp)

### ■ Disclosure of non-financial information (environment-related: April 2023)

- Endorsement of TCFD recommendations and disclosure; environmental initiatives  
<https://hokkanholdings.co.jp/en/sustainability/>

### ■ Publication of the Sustainability Report 2023 (September 2023)

- We publish a summary of the Group's sustainability initiatives in a PDF format.

[https://hokkanholdings.co.jp/wp/wp-content/themes/hokkan\\_hd/pdf/csr/pdf/202309.pdf](https://hokkanholdings.co.jp/wp/wp-content/themes/hokkan_hd/pdf/csr/pdf/202309.pdf)

**For the details of our sustainability Initiatives,  
please visit our website at:**

<https://hokkanholdings.co.jp/en/sustainability/>





#### Business Forecast and Future Prospect

Of all the information included herein, business forecast, management plans, management strategies, management policies etc. that we disclose, information that is not historical facts represents forward looking statements prepared to reflect management's decisions based on information available to the Company at the time and on certain assumptions that it deems reasonable. Actual results may differ significantly from those discussed in the forward-looking statements due to various risks and uncertainties.