

May 12, 2022

Notice Concerning Medium-Term Business Plan

Company Name: HOKKAN HOLDINGS LIMITED
Listing: Tokyo Stock Exchange/Sapporo Securities Exchange
Security code: 5902
URL: <https://hokkanholdings.co.jp/>
Representative: Kosuke Ikeda, President and Representative Director
Inquiries: Toshiaki Sunahiro, Director and Executive Officer
Telephone: +81-3-3213-5110

We are pleased to announce that Hokkan Holdings Group has formulated a new medium-term business plan, VENTURE-5, for fiscal years 2022 to 2026. We have already disclosed our mission, vision, environmental policy, and company-wide strategy in the previous fiscal year, and we will touch on those again as we now report on our new numerical and investment plans by business segment.

1. Mission

Since its birth in Otaru, Hokkaido, Hokkan Holdings Group has been in business for 100 years, and as we enter the next 100 years, we have decided to revamp our mission to express our targets more clearly. We have formulated this plan with our thoughts and feelings about what we ourselves have been and what we should be in the future.

Mission: With a frontier spirit, we will enthusiastically continue to take on challenges for growth, and, together with our customers, we will provide products needed by society.

2. Vision

Our mission is the target for the next 100 years and our vision expresses what our group should be like in the year 2030.

1. Strongly in demand by our business partners and society, we will develop and provide products and services with outstanding features that can be clearly stated to be "No. 1 in this respect" in each business field.
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 group that fairly assesses our staff members contributing to our business regardless of nationality, gender, or age.

3. Basic Sustainability Policy

In order to realize our mission and vision, we have formulated our basic sustainability policy, which expresses our basic corporate stance and principles of action. In order to continue to grow in each of our business field and improve our corporate value over the medium to long term, we are deeply aware that our activities must be sustainable and in harmony with the environment and society, and to put this into practice, we will actively work to resolve various social issues that are directly or indirectly related to our business activities.

We have established a new basic sustainability policy, as well as an environmental policy, a manufacturing safety policy, an occupational health and safety policy, and a sustainability procurement policy, and have set a new climate change action target to achieve carbon neutrality by 2050.

4. VENTURE-5 Company-Wide Strategy

In order to realize our mission and vision, we have formulated a company-wide strategy as a mean to ensure that our group works as one team and implements it.

1. Optimization of human resources

To optimize human resources, which is the company's source of growth, we will establish appropriate personnel and education systems and actively invest in securing human resources that can contribute to value creation.

2. Restructuring of domestic business

We will work to select businesses placing the utmost importance on whether or not we can provide high value to our customers.

3. Global business expansion

We will accelerate business investment in emerging countries, especially in Southeast Asian countries, aiming to expand the scale and profits of our business.

4. New business development

We will actively utilize M&A to expand into new business areas globally where we can take advantage of our group's knowledge and expertise.

5. VENTURE-5 Consolidated Numerical Plan

	Fiscal Year 2026	(Reference)Actual results for FY2021
Net Sales	102,000	86,329
Operating Profit	5,600	1,324
Operating Profit Ratio	5.5%	1.5%
Debt Equity Ratio	0.9	1.0
Return on Equity	5.8%	-2.3%
Equity to Asset Ratio	41.0%	37.2%

Unit: Millions of Yen

Although operating profit is expected to decline in the first half of the period due to the impact of worsening external environmental factors such as rising energy costs, we will aim for a profit recovery in the second half of the period by steadily implementing company-wide strategy.

6. VENTURE-5 5 Year Investment Amount by Business Segment

	Container Business	Filling Business	Machinery Business	Global Business	Other Business	M&A	Total
Total Amount	4,500	22,500	1,000	3,500	500	5,000	37,000

Unit: Millions of Yen

For investment during the period of the medium-term business plan, we expect to invest 45 hundred million yen in the container business for mainly replacing machineries, 225 hundred million yen in the filling business for mainly installing a new aseptic filling line, 10 hundred million yen in the machinery business for mainly replacing machineries, 35 hundred million yen in the global business mainly for expanding manufacturing capacity, and 5 hundred million yen in other business. 50 hundred million yen in M&A. We will execute a total of 370 hundred million yen in investments.

The detailed version of the medium-term business plan is disclosed in Hokkan Holdings Group official web-site. Please refer to the below web-link.

<https://hokkanholdings.co.jp/ir/release/>

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