

June 5, 2023

Company name: Hokkan Holdings Co., Ltd.
Name of Representative: Kosuke Ikeda, Representative
Director and President
(Securities code: 5902 Tokyo
Stock Exchange Prime,
Sapporo Securities)
Inquiries: Takuya Takeda, Director and
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[Updated] Partial Correction of "FYE Mar. 31, 2023
Term-end Results Briefing Material"

We would like to inform you that there was an item that should be corrected in part of the contents of the "FYE Mar. 31, 2023 Term-end Results Briefing Material" disclosed on June 2, 2023, as follows.

1. Reason for correction

There was a matter that should be corrected in the contents of the "FYE Mar. 31, 2023 Term-end Results Briefing Material" and we will make necessary correction.

2. Correction

Financial Results Briefing Materials Medium-Term Management Plan (page 14)

Operating profit/loss by business segment Results for FY2023/3 Other businesses

Incorrect 6.5 (billion yen)

Corrected 0.0 (billion yen)

The revised "FYE Mar. 31, 2023 Term-end Results Briefing Material" are as attached.

END



HOKKAN
GROUP

HOKKAN HOLDINGS LIMITED
FYE Mar. 31, 2023
Term-end Results Briefing Material

June 5, 2023

Unit: Billions of yen

	FY2022 (ended Mar. 31, 2023) Actual results	FY2021 (ended Mar. 31, 2022) Actual results	YoY Change
Net sales	93.6	86.3	+8.5%
Operating profit/loss	-0.4	1.3	—
Ordinary profit	0.3	1.4	-77.6%
Profit attributable to owners of parent	-2.0	-1.2	—

■ Overview of the Fiscal Year

During the fiscal year, in conjunction with the easing of COVID-19-related restrictions, overall economic activity became increasingly normal, as illustrated by increased flows of people and number of tourists. On the other hand, prices soared due to the rapid depreciation of the yen and the continuously high energy costs associated with the prolonged Ukraine war.

After an earlier-than-normal ending of the rainy season, an extremely hot weather continued until early July, which was followed by unseasonable weather from mid-July to early September, and then a pleasant and warm climate during the autumn and winter.

Due to the scorching temperatures in summer, the soft drink market enjoyed brisk sales of unsweetened tea and mineral water products. As a result, the market as a whole outperformed its previous year's figures although being affected by price hikes in October and thereafter and resultant reluctance to buy and a shift to lower-priced PB products.

- Net sales: Net sales increased year-on-year due to such factors as a recovery in the flows of people, heat waves and other weather events, and price increases.
- Operating loss: The soaring raw material prices and energy costs exceeded the sales price increase. As a result, operating profit decreased YoY and the Company fell into an operating loss.
- Ordinary profit: Non-operating profit was 1.2 billion yen versus non-operating expenses of 0.4 billion yen.
- Profit attributable to owners of parent: In relation to the discontinuance of the beverage steel can business by Hokkaican, we reported gain on sales of fixed assets of 8.2 billion yen, impairment loss of 5.1 billion yen, business restructuring expenses of 2.8 billion yen, loss on disposal of fixed assets of 0.6 billion yen, income taxes of 1.7 billion yen, and profit attributable to non-controlling shareholders of 0.1 billion yen.

Key Measures Implemented

The following are the key measures we implemented based on the company-wide strategy, as part of “VENTURE-5,” our medium-term management plan developed in May 2022.

VENTURE-5 Company-wide Strategy	Key Measures
<p>1. Optimization of human resources 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>	<ul style="list-style-type: none"> • Facilitated mid-career recruitment • Promoted human resource diversification • Introduced a selective appointment system
<p>2. Restructuring of domestic businesses We will sort our business in Japan with focusing on the earning power to provide high value to our customers.</p>	<ul style="list-style-type: none"> • Discontinue Hokkaican’s beverage can business and review business plans. • Reviewed business portfolio and reportable segments (In view of the growth of the Global Business, we defined our reportable segments to be Container Business, Filling Business, and Global Business.)
<p>3. Expansion of Global Business We will accelerate our business investment in emerging countries primarily in Southeast Asia to expand our sales and profit.</p>	<ul style="list-style-type: none"> • Decided to construct Hokkan Deltapack Industri’s new factory • Developed plans for other overseas operating companies to make large-scale new investments
<p>4. New Business Development Utilizing M&A activities, we will globally penetrate new business fields, where we can take advantage of our expertise.</p>	<ul style="list-style-type: none"> • Carried out researches on start-up companies in new and peripheral business areas • Surveyed and examined different industries

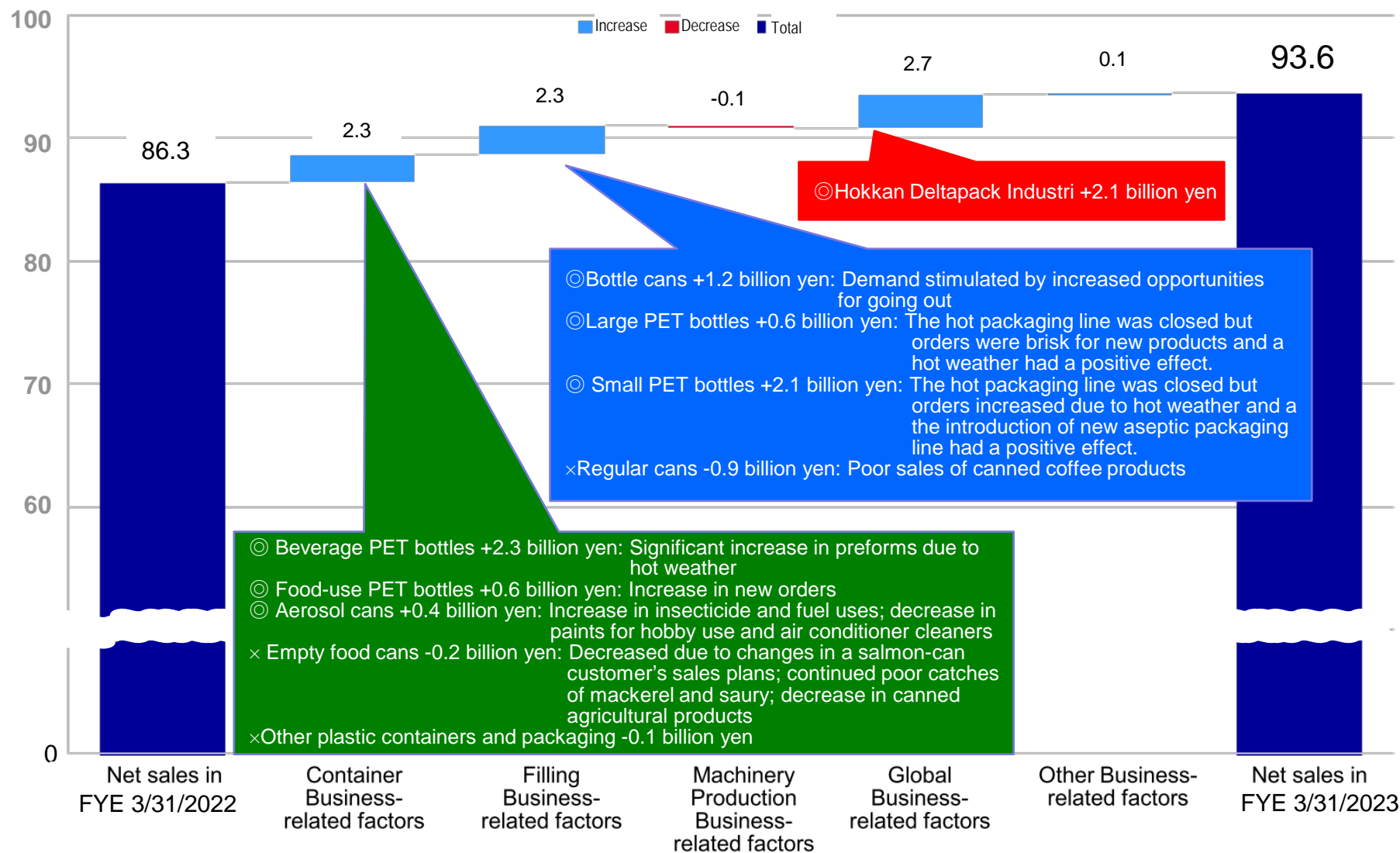
Net Sales and Operating Profit (Loss) by Segment

Billions of yen

	Net sales			Operating profit (loss)		
	FYE 3/31/2023	FYE 3/31/2022	YoY Change	FYE 3/31/2023	FYE 3/31/2022	YoY change
Container Business	35.6	33.3	+6.9%	(1.2)	(0.6)	–
(Share of total sales)	(38.0%)	(38.6%)				
Filling Business	37.5	35.1	+6.8%	1.6	3.0	-45.1%
(Share of total sales)	(40.1%)	(40.8%)				
Machinery Business	3.2	3.4	-5.7%	(0.0)	(0.1)	–
(Share of total sales)	(3.5%)	(4.0%)				
Global Business	15.4	12.7	+21.3%	0.7	0.7	-2.1%
(Share of total sales)	(16.5%)	(14.8%)				
Other	1.7	1.5	+8.6%	0.0	(0.0)	–
(Share of total sales)	(1.8%)	(1.8%)				
Adjustments (incl. intra-Group transactions)	–	–	–	(1.6)	(1.6)	–
Total	93.6	86.3	+8.5%	(0.4)	1.3	–

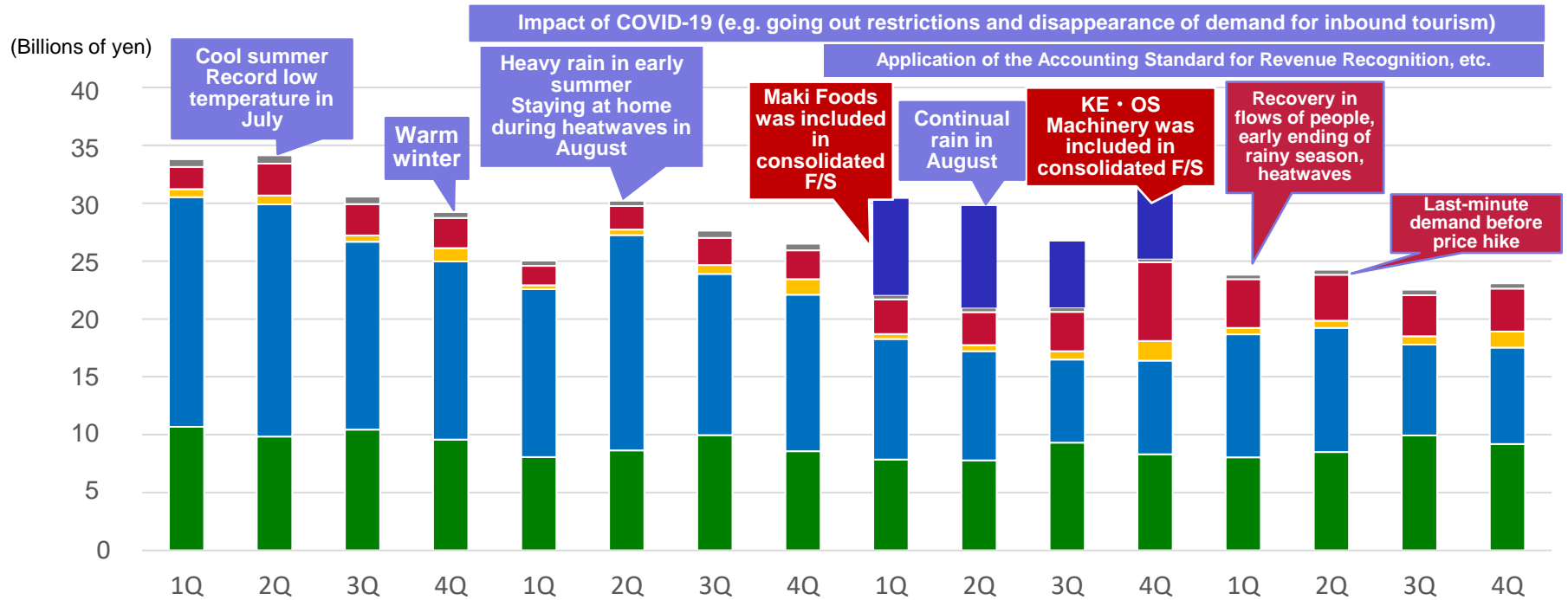
Factors Impacted Net Sales

Unit: Billions of yen



Net Sales

The Hokkan Group's core businesses—filling business and drink container manufacturing business—are affected by climate temperature each year. In the fiscal year ending March 31, 2023, we saw sales growth driven by such factors as a recovery in flows of people and hot weather, as well as by the cost pass-through to prices.

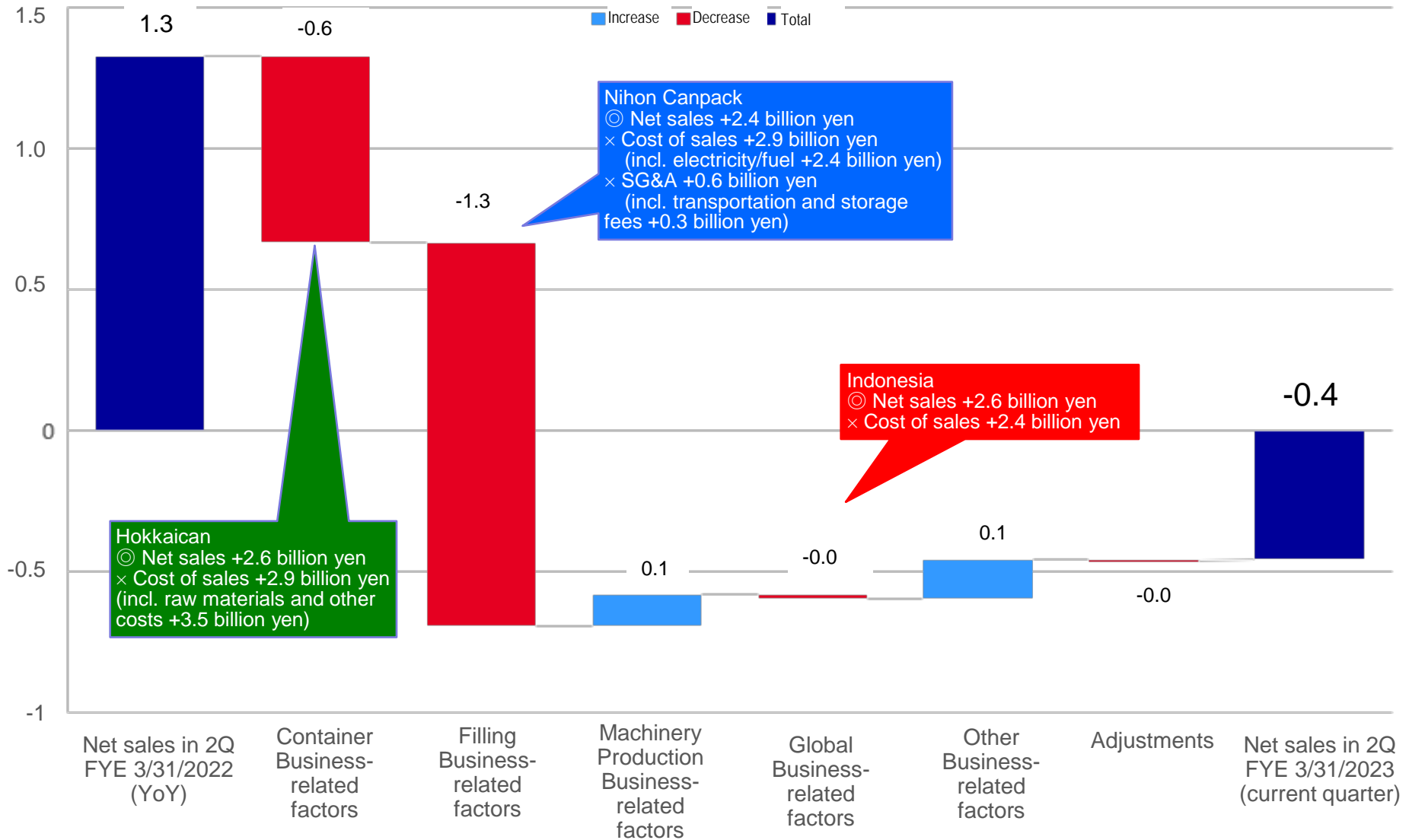


	FYE 3/31/2020		FYE 3/31/2021		FYE 3/31/2022		FYE 3/31/2023	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Consolidated net sales (Billion yen)	67.9	127.7	55.2	109.3	43.0 (-17.1 billion yen)	86.3 (-29.9 billion yen)	48.0	93.6
YoY (%)	+0.4	-0.8	-18.7	-14.4	YoY changes are not shown due to the adoption of the Accounting Standard for Revenue Recognition, etc., whose impact is stated in the parentheses.		+11.7	+8.5

■ Container ■ Filling ■ M'ry Production ■ Global ■ Other ■ Effects of Accounting Standard

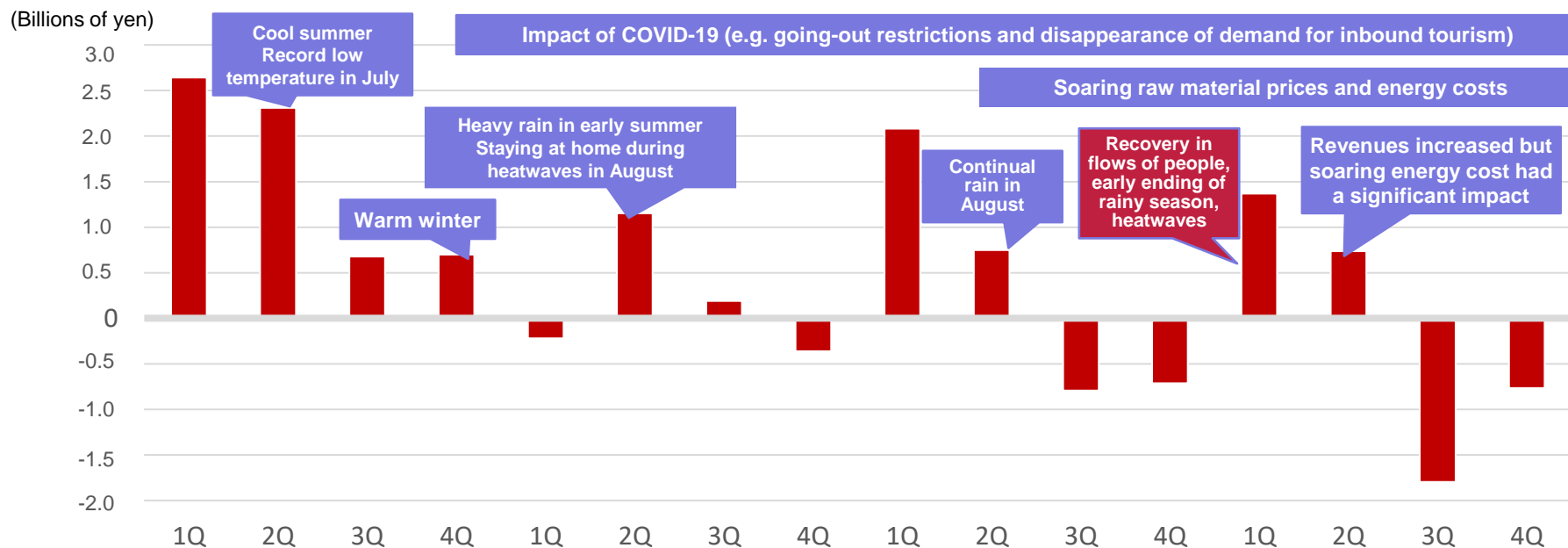
Factors Impacted Operating Profit

Unit: Billions of yen



Operating Profit (Loss)

Significantly affected by the soft drink demand during summer season, the Group earns most of its operating profit within the first half. For the fiscal year ended March 31, 2023, it reports an year-on-year increase in revenue but decrease in profit. Factors contributing to this include soaring raw material prices and energy costs, and consumers' reluctance to buy soft drinks led by the price hike in the latter half.



	FYE 3/31/2020		FYE 3/31/2021		FYE 3/31/2022		FYE 3/31/2023	
	1H	Full year	1H	Full year	1H	Full year	1H	Full year
Consolidated operating profit (loss) (Billion yen)	4.9	6.3	0.9	0.7	2.8 (-0.0 billion yen)	1.3 (+0.1 billion yen)	2.1	-0.4
YoY Change (%)	-9.1	+2.3	-81.2	-88.0	+203.9	+74.4	-25.6	-
Operating profit margin (%)	7.3	5.0	1.7	0.7	6.6	1.5	4.4	-

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

Consolidated Balance Sheet

Billions of yen

Item	3/31/2023	3/31/2022	Difference	Item	3/31/2023	3/31/2022	Difference
Current assets	50.9	52.7	-1.8	Liabilities	74.3	85.2	-10.9
Cash and deposits	10.1	10.0	0.0	Current liabilities	40.5	41.5	-1.0
Trade and other receivables	27.6	27.5	0.1	Notes and accounts payable	16.6	16.7	-0.1
Inventories	9.5	9.6	-0.1	Short-term borrowings	13.6	15.5	-1.8
Other	3.5	5.4	-1.9	Other	10.2	9.2	0.9
Non-current assets	78.2	89.5	-11.2	Non-current liabilities	33.8	43.7	-9.9
Property, plant and equipment	57.9	67.7	-9.8	Long-term borrowings/bonds	27.3	37.4	-10.1
Buildings and structures	18.9	22.8	-3.8	Other	6.5	6.2	0.2
Machinery and vehicles	17.4	22.6	-5.1				
Land	18.6	18.7	-0.0	Net assets	54.8	57.0	-2.1
Other	2.7	3.5	-0.7	Shareholders' equity	45.5	48.0	-2.5
Intangible non-current assets	6.6	6.3	0.2	Accumulated other comprehensive income	5.0	4.8	0.1
Investments and other assets	13.7	15.4	-1.6	Non-controlling interests	4.2	4.0	0.2
Total assets	129.2	142.3	-13.1	Total liabilities and net assets	129.2	142.3	-13.1
				(Shareholder equity ratio)	39.2%	37.2%	+2.0% pts

■ Main Factors of Change

Assets: Increases in leasehold interests in land (intangible non-current assets) (+0.5 billion yen), accounts receivable (+0.1 billion yen), etc. Decreases in PP&E (-9.8 billion yen), accounts receivable - other (-1.9 billion yen), investment securities (-1.5 billion yen), etc.

Liabilities: Increases in accounts payable - other (+1.7 billion yen), provision for business restructuring (+1.2 billion yen), income taxes payable (+0.8 billion yen), etc. Decreases in loans payable (-12.0 billion yen), deposits received (-1.6 billion yen), net defined benefit liability (-0.7 billion yen), etc.

Net assets: Increases in foreign currency translation adjustment (+0.5 billion yen), non-controlling interests (+0.2 billion yen), etc. Net loss attributable to owners of parent (-2.0 billion yen), cash dividends paid (-0.5 billion yen), etc.

Cash Flows

Billions of yen

	FYE 3/31/2023	FYE 3/31/2022	Difference	Main Components
Cash flows from operating activities	9.2	11.8	-2.5	Depreciation: 7.6 Impairment loss: 5.1 Restructuring charges: 2.8 Gain on sale of PP&E: (7.6) Income taxes paid: (2.8) Income taxes refund: 2.0
Cash flows from investing activities	4.0	(3.6)	7.6	Sale of PP&E: 8.3 Purchase of PP&E: (3.7)
Cash flows from financing activities	(13.4)	(7.2)	6.2	Net increase (decrease) in short-term borrowings: (0.2) Net increase (decrease) in long-term borrowings: (11.8) Repayments of lease liabilities: (0.7) Dividends paid: (0.5)
Effect of exchange rate change on cash and cash equivalents	0.1	0.3	-0.2	
Net increase (decrease) in cash and cash equivalents	0.0	1.3	-1.3	
Cash and cash equivalents at end of period	10.1	10.0	0.0	
Free cash flows	13.3	8.2	5.1	Operating CF + Investment CF

Capital Expenditures



Billions of yen

	FYE 3/31/2020	FYE 3/31/2021	FYE 3/31/2022	FYE 3/31/2023	FYE 3/31/2023 plan (latest)
Capital Expenditures	9.6	7.1	7.2	4.1	4.4
Depreciation	8.0	7.7	7.6	7.6	6.7

FYE 3/31/2023 Results

- Container Business: Renovation of empty can manufacturing facilities, etc. 0.9 billion yen
- Filling Business: Acquisition of PET bottle filling facilities, etc. 1.4 billion yen
- Global Business: Overseas Business: Acquisition of beverage package manufacturing facilities, etc. 1.5 billion yen

FYE 3/31/2024 Plan

- Container Business: Renovation of empty can manufacturing facilities, etc. 1.2 billion yen
- Filling business: Acquisition of automatic additive weighing facilities, etc. 1.5 billion yen
- Global Business: Overseas Business: Acquisition of beverage package manufacturing facilities, etc. 1.0 billion yen

FYE 3/31/2024 Full-year Projections

Billions of yen

	FYE 3/31/2024 projection	FYE 3/31/2023 Results	YoY change
Net sales	95.0	93.6	+1.4%
Operating profit	2.4	(0.4)	—
Ordinary profit	2.8	0.3	+741.5%
Profit (loss) attributable to owners of parent	1.3	(2.0)	—

■ Future Outlook

Following the gradual easing of COVID-19-related restrictions in the latter half of 2022 afterwards, increasing flows of people, including inbound tourists lured by a weak yen, have been seen, marking the start of the post-pandemic era.

On the other hand, in view of the world-wide monetary tightening, soaring raw material prices and energy costs, and the protracted Ukraine crisis, the current uncertainty is expected to continue in the future.

➤ Net sales

The main cause of the sales decrease (approx. 6 billion yen) was the discontinuation of the beverage steel can business. However, we project that sales will increase along with the recovery of demand, implementation of pass-through measures, expansion of the Global Business market share, and acquisition of new customers and products. We also plan to increase sales and market share by establishing a system capable of responding quickly to customers' needs.

➤ Operating profit

Increase sales and reduce production costs through streamlining. Profits from the Container Business will improve as a result of the discontinuation of the beverage steel can business and a decrease in depreciation expenses.

We aim to generate revenue through such means as appropriately passing on any further cost increases arising from external environmental factors to prices and ensuring further cost reduction.

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

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

https://hokkanholdings.co.jp/en/wp-content/themes/hokkan_hd_eng/pdf/csr/venture-5-en.pdf

Group Strategy	Consolidated KPI	
<p>1. Optimization of Human Resources 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 6.1 billion yen (5.6 billion yen before roll-over)</p>
<p>2. Restructuring Business in Japan We will sort our business in Japan with 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 5% or over (5.5% before roll-over)</p>
<p>3. Expansion of Global Business 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 31/3/2022 1.0 times</p>	<p>FYE 3/31/2027 0.6 times or less (0.9 times or less before roll-over)</p>
<p>4. New Business Development Utilizing M&A activities, we will globally penetrate new business fields, where we can take advantage of our expertise.</p>	<p>ROE</p> <p>2Q -2.3%</p>	<p>FYE 3/31/2027 6.5% (5.8% before roll-over)</p>
	<p>Stock-related indicators (additional indicators)</p> <p>FYE 31/3/2025 Achievement of dividend growth</p>	<p>FYE 31/3/2027 Annual dividend of at least 100 yen</p>

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

(Unit: Billions of yen)

Consolidated Numerical Plan						
	FYE 31/3/2022 results	FYE 3/31/2023 results	FYE 3/31/2024 plan	FYE 3/31/2025 plan	FYE 3/31/2026 plan	FYE 3/31/2027 plan
Net sales	86.3	93.6	95.0	98.0	101.0	105.0
Operating profit	1.3	-0.4	2.4	3.5	4.7	6.1
Operating profit margin	1.5%	—	2.5%	3.6%	4.7%	5.8%
Interest-bearing debts	55.4	43.0	40.0	40.0	40.0	36.0
Net assets	57.0	54.8	56.0	57.0	59.0	62.0
Debt-equity ratio	1.0	0.9	0.8	0.8	0.7	0.6
ROE	-2.3%	-3.9%	2.6%	3.8%	5.3%	6.5%
Capital adequacy	37.2%	39.2%	40.3%	40.9%	39.7%	42.3%

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

(Unit: Billions of yen)

Operating Profit/Loss by Business Segment					
	FYE 3/31/2023 results	FYE 3/31/2024 plan	FYE 3/31/2025 plan	FYE 3/31/2026 plan	FYE 3/31/2027 plan
Container Business	-1.2	1.0	1.2	1.6	1.7
Filling Business	1.6	0.8	1.4	2.0	3.1
Global Business	0.7	1.4	1.6	1.8	1.8
Other Businesses	0.0	0.1	0.2	0.3	0.4

Note 1: Operating profit/loss by segment includes intra-group transactions before inter-segment eliminations.

Note 2: The former Machinery Production Business is included in the Other Businesses category.

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

Investment Plan		After Roll-over	
Container Business	Capital improvement investments, etc.	3.0 billion yen	4.5 billion yen in total ⇒ 7 billion yen Factor for the increase: Transfer of manufacturing facilities associated with factory consolidation
	Investments in new container manufacturing facilities	1.0 billion yen	
	Other investments	0.5 billion yen	
Filling Business	Installation of a new aseptic filling line	8.0 billion yen	22.5 billion yen in total ⇒ 23.5 billion yen
	Capital improvement investments, etc.	6.0 billion yen	
	Construction of new warehouse	4.5 billion yen	
	Other investments	4.0 billion yen	
Machinery Production Business	Capital improvement investments, etc.	1.0 billion yen	Transferred to Other Businesses category
Global Business	Expansion of manufacturing capacity, etc.	3.5 billion yen ⇒	4.5 billion yen
Other Businesses	Capital improvement investments, etc.	0.5 billion yen	1.5 billion yen in total ⇒ 1.0 billion yen (including Machinery Production Business)
Others	M&A investments, etc.	5.0 billion yen ⇒	5.0 billion yen
	Total	37.0 billion yen ⇒	41.0 billion yen

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 steady implementation of measures in the Container Business and the Filling Business segments, discontinuation 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 due to the progress of VENTURE-5, the share price is expected to rise when VENTURE-5 is further implemented but in order to further improve shareholder value, we will focus on shareholder returns.

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 **Increase in dividends**
- (2) FYE 31/3/2027 **Annual dividend per share of least 100 yen**

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
Year-end dividend per share	13.50 yen	22.00 yen	22.00 yen	See Dividend forecast for FYE 3/31/2024
Annual dividend per share	32.25 yen	45.00 yen	45.00 yen	See Dividend forecast for FYE 3/31/2024
Total cash dividends	399 million yen	562 million yen	567 million yen	-
Payout ratio (consolidated)	*	*	*	-
Ratio of dividends to net assets (consolidated)	0.7%	1.0%	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.

➤ Year-end dividend for FYE 3/31/2023

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

Year-end dividend: **22 yen per share** (Payment start date: June 7)

(When combined with the interim dividend of 23 yen per share, annual dividend is 45 yen.)

➤ Dividend forecast for FYE 3/31/2024

Interim dividend: 23 yen per share

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

Dividend Policy during VENTURE-5 Period

Unit: Billions of yen

	2022	2023	2024	2025	2026	Five-year total
Pre-tax profit	-0.0	2.8	3.9	5.3	6.3	18.3
Depreciation	7.6	6.3	6.1	6.7	7.5	34.4
Loss on disposal of fixed assets	11.1	0.1	0.1	0.1	0.1	11.7
Total funds increased	18.7	9.3	10.2	12.1	13.9	64.5
Five-year total	64.5 billion yen (@12.9 billion yen)					
Capital expenditures	5.1	4.7	7.4	15.5	4.6	37.5
Income taxes	1.7	1.0	1.2	1.6	1.9	7.7
Dividend	0.5	0.5	0.6	0.9	1.2	4.1
Total funds decreased	7.4	6.3	9.4	18.2	7.9	49.3
Five-year total	49.3 billion yen (@9.8 billion yen)					
Difference	+11.3	+2.9	+0.8	-6.0	+5.9	15.1
M&A(Fund-decreasing item)	5 billion yen (during VENTURE-5 period)					
Difference (5-year total)	10.1 billion yen (@2.0 billion yen)					



HOKKAN
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HOKKAN HOLDINGS LIMITED

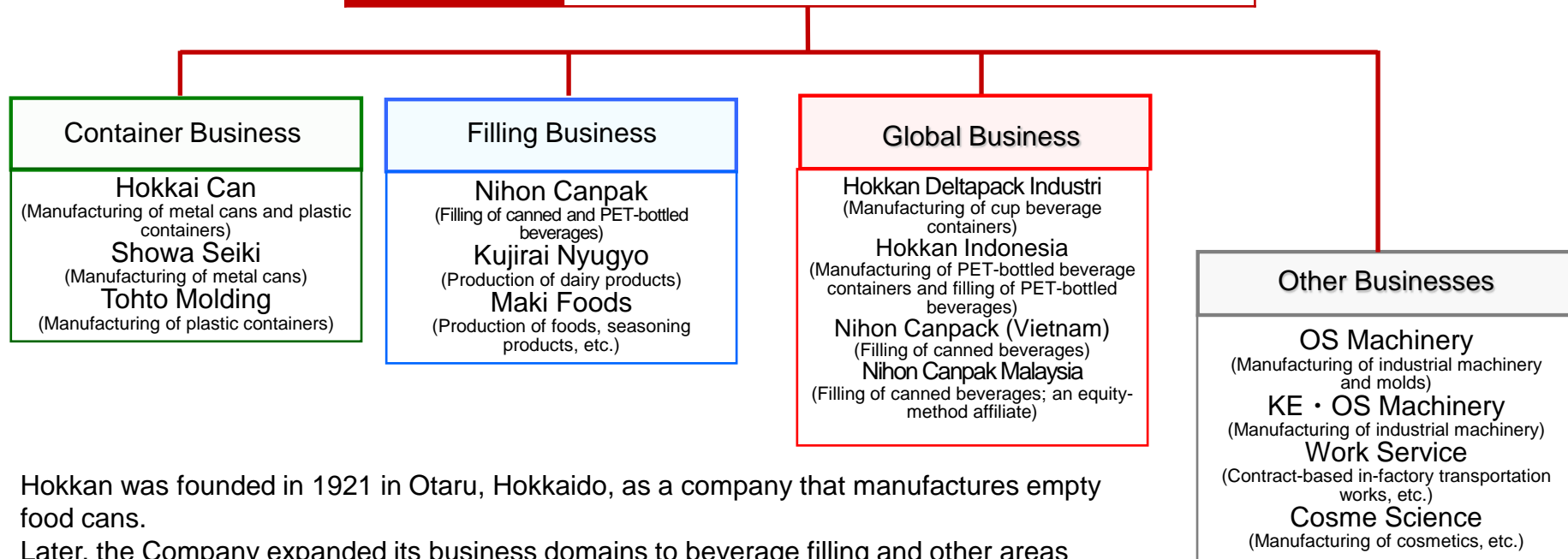
FYE Mar. 31, 2023

Term-end Results Briefing Material

Appendix

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

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

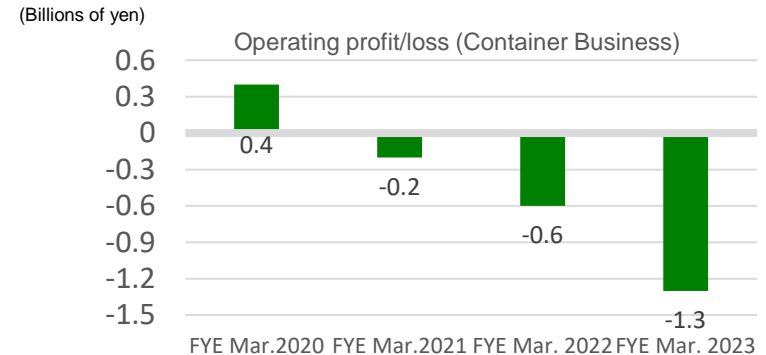
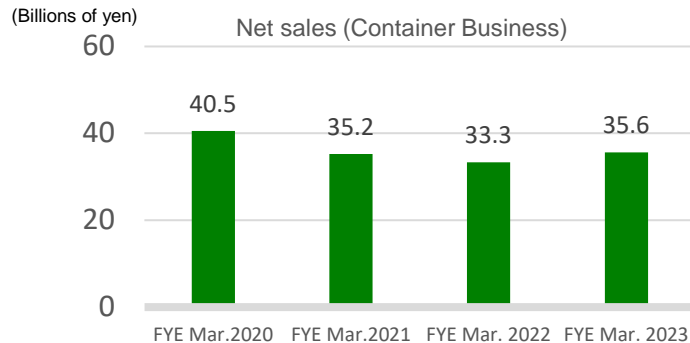


Hokkan was founded in 1921 in Otaru, Hokkaido, as a company that manufactures empty food cans.

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

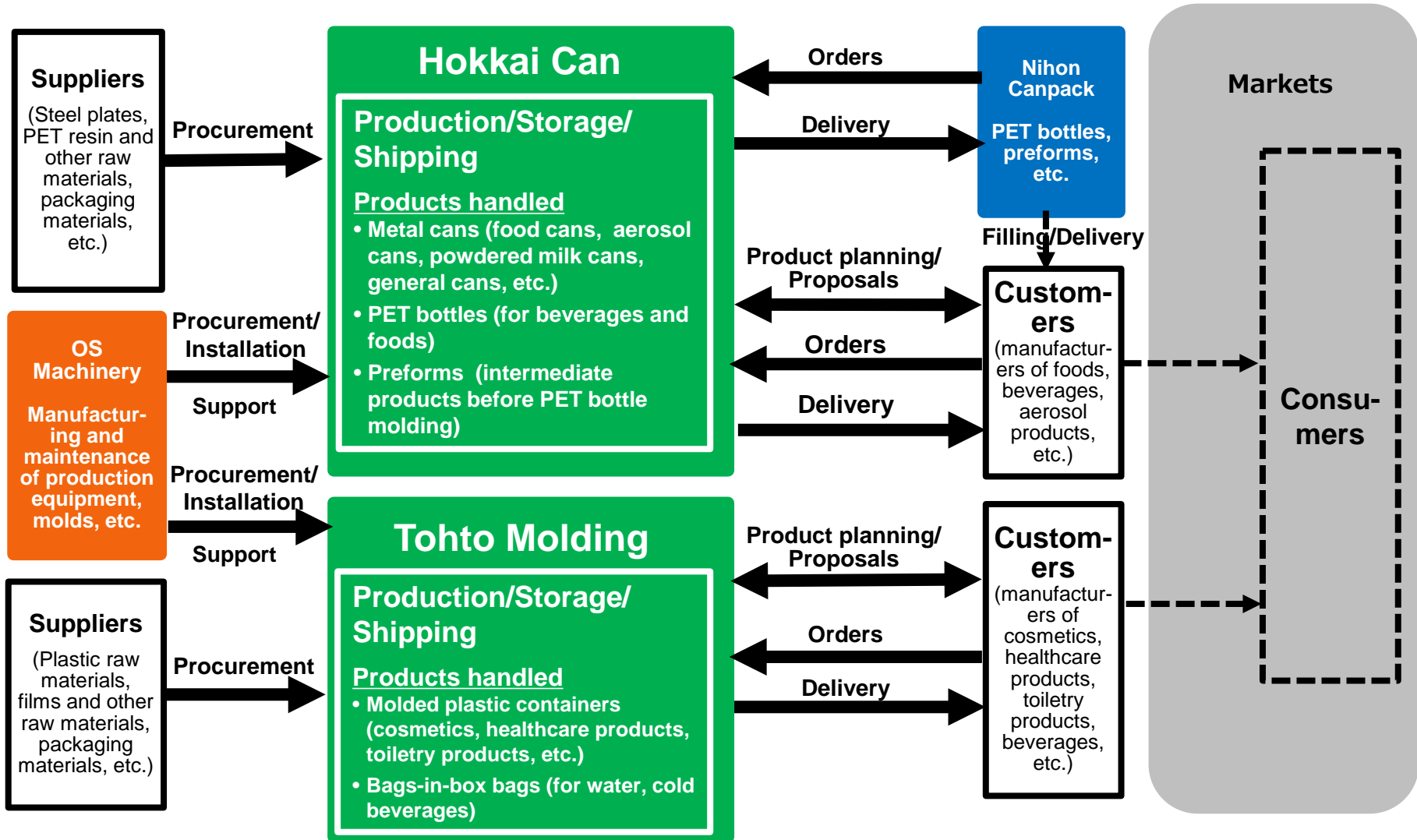
Container Business

Main products and services	Operating companies (Consolidated subsidiaries)
<p>(1) Manufacturing of metal cans 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>(2) Manufacturing of plastic containers 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>Hokkai Can Co., Ltd. Manufacturing of metal cans and plastic containers</p> <p>Showa Seiki Co., Ltd. Manufacturing of metal cans (A subsidiary of Hokkai Can Co., Ltd.)</p> <p>Tohto Molding Co., Ltd. Manufacturing of plastic containers (A subsidiary of Hokkai Can Co., Ltd.)</p>



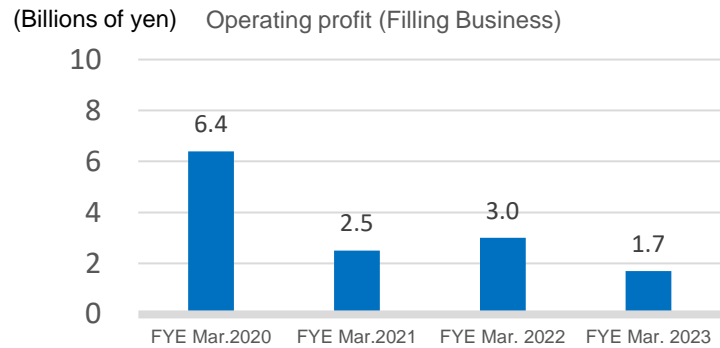
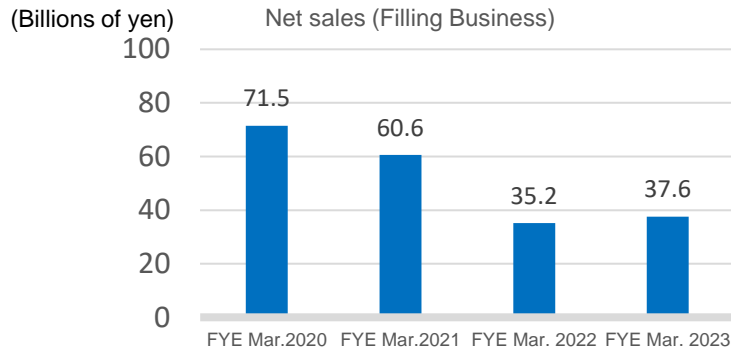
Note: As a result of the adoption of the Accounting Standard for Revenue Recognition, etc. from the beginning of the FYE 3/31/2022.

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



Filling Business

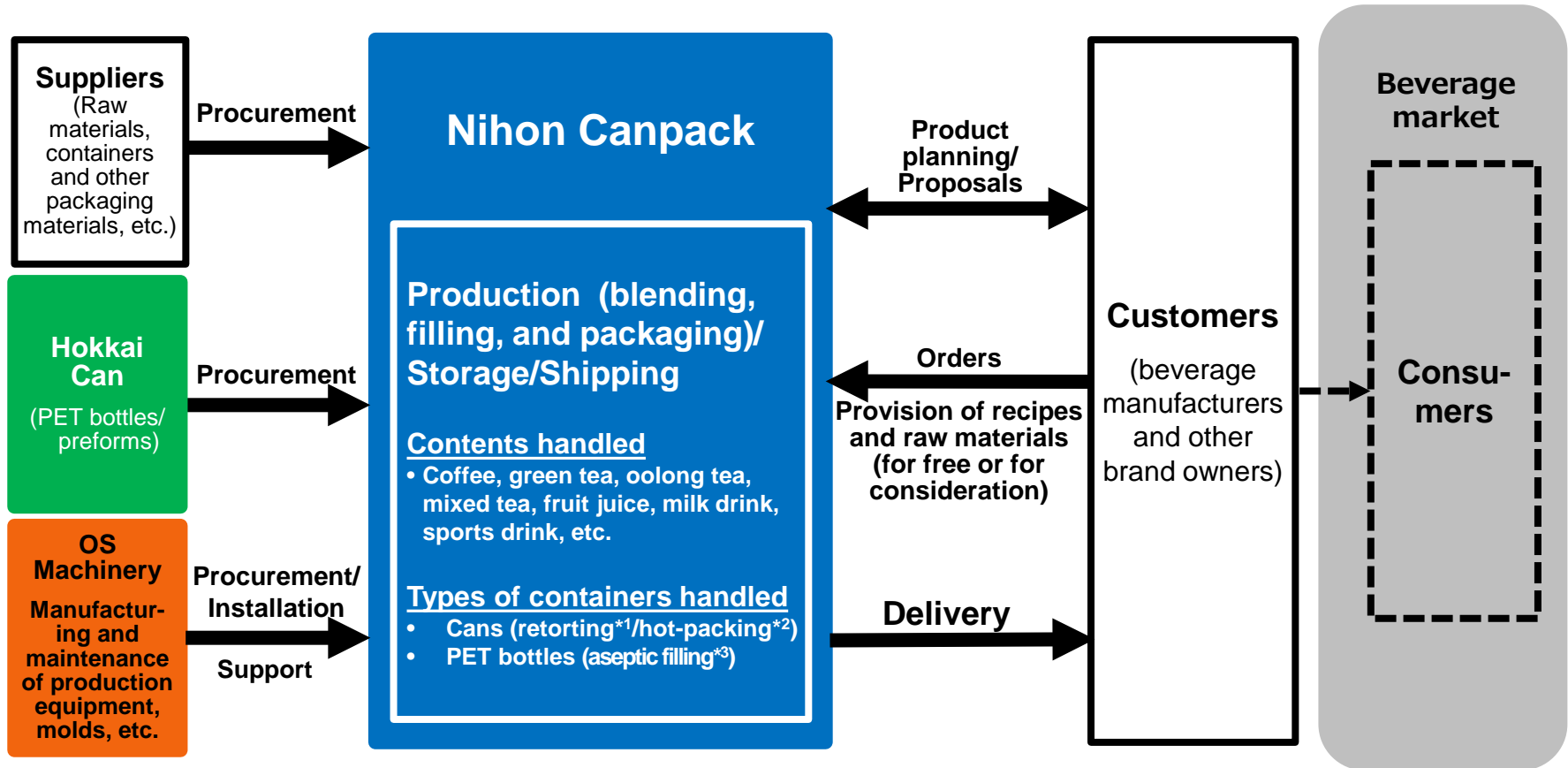
Main products and services	Operating companies (Consolidated subsidiaries)
<p>(1) Contract-based beverage filling Contract-based canned and PET-bottled beverage filling</p> 	<p>Nihon Canpack Co., Ltd. Contract-based beverage filling</p>
<p>(2) Contract-based manufacturing of foods and dairy products Contract-based manufacturing of dairy products, soups, sauces, health supplements, etc.</p> 	<p>Kujirai Nyugyo Co., Ltd. Contract-based manufacturing of dairy products (A subsidiary of Nihon Canpack Co., Ltd.)</p> <p>Maki Foods Co., Ltd. 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 CO₂ 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

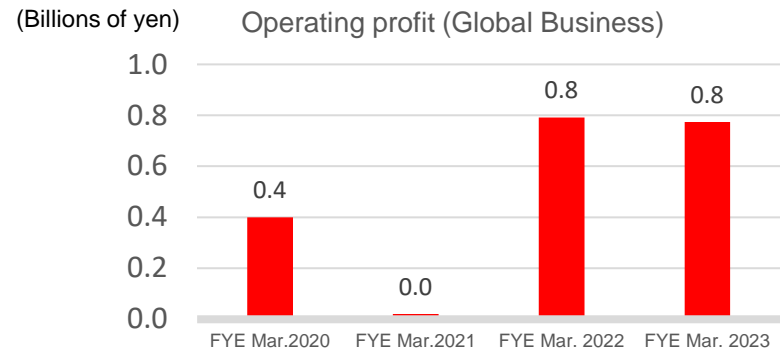
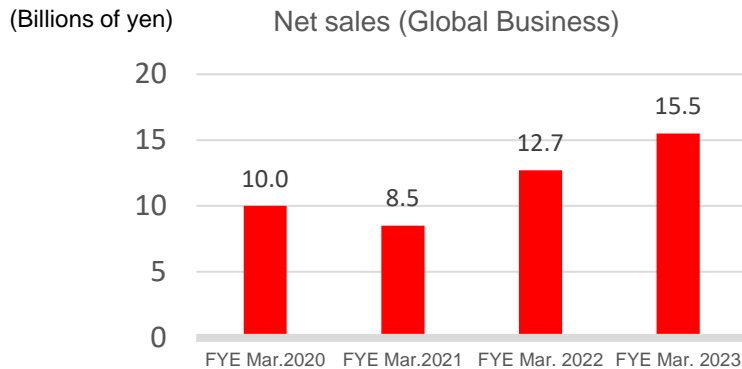
The beverage market in Japan has matured, so that it is difficult to expect more demand in the future. On the other hand, competition has been intensifying in the beverage market. In that situation, we put our priority to develop and introduce more attractive products than other competitors to take advantage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






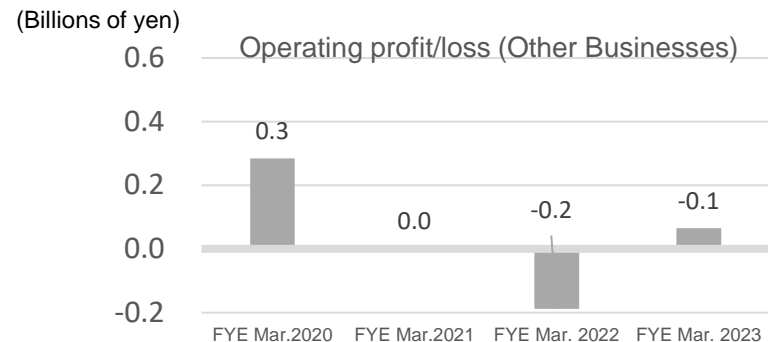
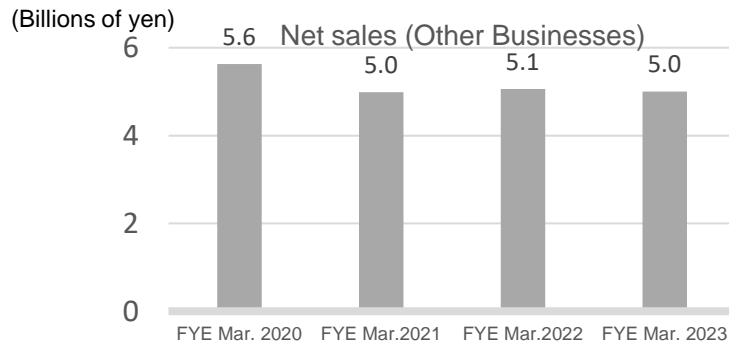
Global Business

Main products and services	Operating companies (Consolidated subsidiaries)
<ul style="list-style-type: none"> ○ Manufacturing and sale of beverage containers and contract-based beverage filling in Southeast Asia <div style="display: flex; justify-content: space-around;">   </div> <div style="display: flex; justify-content: center; margin-top: 10px;">  </div>	<p>PT. Hokkan Deltapack Industri Manufacturing of cup-beverage containers</p> <p>PT. Hokkan Indonesia Manufacturing and contract-based filling of PET-bottled beverage containers (A subsidiary of Nihon Canpack Co., Ltd.)</p> <p>Nihon Canpack (Vietnam) Co., Ltd. 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>(1) Machinery Production Business Manufacturing of various production equipment, machinery, molds, etc.</p> 	<p>OS Machinery Corp. Manufacturing of Industrial machinery and molds</p> <p>KE・OS Machinery Co., Ltd. Manufacturing of industrial machinery (A subsidiary of OS Machinery Corp.)</p>
<p>(2) Contract-based manufacturing of cosmetics, etc.</p> 	<p>Cosme Science Co., Ltd. Manufacturing of cosmetics, etc. (A subsidiary of Hokkai Can Co., Ltd.)</p>
<p>(3) Contract-based in-factory transportation and other services</p> 	<p>Work Service Co., Ltd. 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

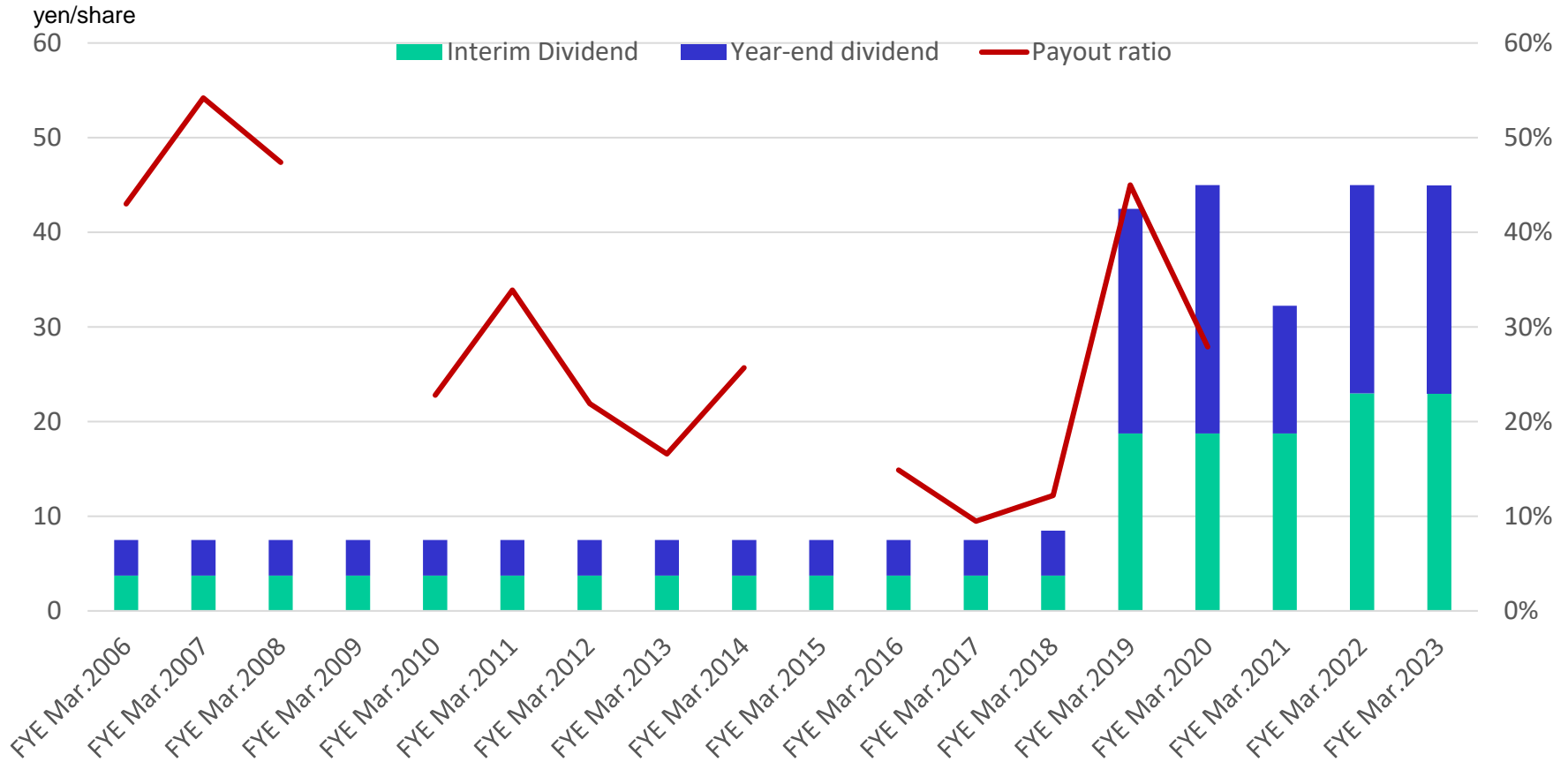
1. To be an indispensable entity for our valued customers and society, in each business field, we will develop and provide products and service which we can clearly assert "No.1" in a certain aspect.
2. We will eagerly keep on establishing new business bases so that we can offer our products and services 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.

Status of Shares

Reference date	March 31, 2023	March 31, 2022
Total number of authorized shares	48,000,000 shares	48,000,000 shares
Total number of issued shares (excl. treasury stock)	13,469,387 shares (12,620,452 shares)	13,469,387 shares (12,620,744 shares)
number of shareholders	18,669	21,869
Number of tradable shares	79,373 units	78,755 units
Tradable share market capitalization	10,800 million yen (Average daily closing price in the last quarter: 1,361.4 yen/share)	10,900 million yen (Average daily closing price in the last quarter: 1,393.8 yen/share)
Average daily trading value	27 million yen (Apr. 1, 2022 through Mar. 31, 2023)	30 million yen (Apr. 1, 2021 through Mar. 31, 2022)
Trading share ratio	58.9%	58.4%

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



Note 1: 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 above, taking the share consolidation into account.

Note 2: The dividend payout ratio is not shown for the FYE 3/31/2009, FYE 3/31/2015, FYE 3/31/2021, FYE 3/31/2022 and FYE 3/31/2023, when 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).

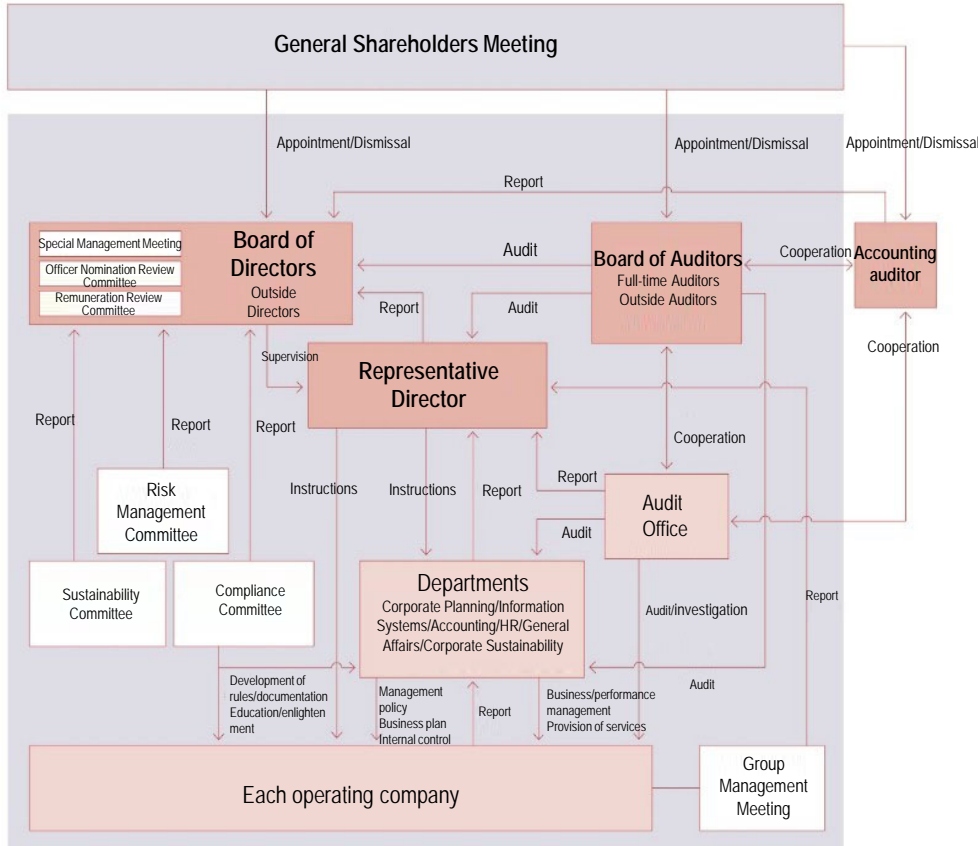
Number of shares held	Details of the gift
100 – 1,000	Assorted canned foods, etc. worth 3,000 yen
1,000 – 2,000	Assorted canned foods, etc. worth 6,000 yen
2,000 –	Assorted canned foods, etc. worth 8,000 yen

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
Tsunenobu Kudo	Chairman and Representative Director	●					●		
Kosuke Ikeda	President and Representative Director	●		●	●	●			
Yasuhiro Sato	Director and Executive Managing Officer		●			●			
Hideaki Tada	Director and Executive Managing Officer					●			
Takuya Takeda	Director and Managing Officer General Affairs Dept., Human Resources Dept.							●	●
Toshiaki Sunahiro	Director and Managing Officer Accounting & Finance Dept., Corporate Planning Dept.			●			●		
Akiko Fujita	Outside Director (university professor)						●		
Kazuhide Koda	Outside Director (certified public accountant)						●		
Atsuko Watanabe	Outside Director (lawyer)							●	
Yuri Takeda	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.							
Motoki Watanabe	Auditor								
Masahiro Tajima	Outside Auditor (lawyer)								
Tetsuya Suzuki	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 three mainstay businesses (container, filling, and machinery 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. 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. As a result, the Company selected the “Explain” option.</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"> • The Company disclosed directors’ skills matrix. • Currently, considerations are under way to select appropriate candidates for independent outside directors who have management experience in other companies. <p>⇒ As a result, the Company will continue to select the “Explain” option.</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 (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

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

Hokkan Group's Materiality and KPI Setting

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

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 2022 (September 2022)

- 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/202210.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.