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Securities code: 1930

June 8, 2023

(Date of commencement of measures for
electronic provision: June 1, 2023)

To Shareholders with Voting Rights:

Shigeru Yano
President and Representative
Director
HOKURIKU ELECTRICAL
CONSTRUCTION CO., LTD.
269 Konaka, Toyama City, Toyama
Prefecture, Japan

**NOTICE OF
THE 109th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform you of the 109th Ordinary General Meeting of Shareholders of HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the “Company”). The meeting will be held for the purposes as described below.

We have taken measures for electronic provision in convening this General Meeting of Shareholders. The matters subject to measures for electronic provision have been posted on the Company’s website on the Internet as “NOTICE OF THE 109th ORDINARY GENERAL MEETING OF SHAREHOLDERS.”

The Company’s website: <https://www.rikudenko.co.jp/ir/meeting.html>

This information has also been posted on the following website.

The website of the Tokyo Stock Exchange (Listed Company Search):
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website shown above, enter the Company’s name or securities code (1930) to search, and select “Basic information” then “Documents for public inspection/PR information” to view the information.

If you choose not to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders included in the matters subject to measures for electronic provision and exercise your voting rights by 5:30 p.m. on Wednesday, June 28, 2023 Japan Standard Time (JST).

- 1. Date and Time:** Thursday, June 29, 2023 at 10:00 a.m., JST
- 2. Place:** 1st floor, Building C of the Company
269 Konaka, Toyama City, Toyama Prefecture, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 109th business term (from April 1, 2022 to March 31, 2023)
 2. Results of audits by the Accounting Auditor and the Audit and Supervisory Board of the Consolidated Financial Statements
- Matters to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Partial Amendments to the Articles of Association
- Proposal 3:** Appointment of Eight (8) Directors
- Proposal 4:** Presentation of Retirement Benefits to Retiring Directors

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

In the event the matters subject to measures for electronic provision need to be modified, the Company will post such modifications on each website through which these matters are provided.

Information on the Exercise of Voting Rights

If attending the General Meeting of Shareholders in person

Please bring this notice with you when attending in person, and submit the enclosed voting rights exercise form to the venue reception.

Proxies who are not shareholders and any accompanying or other persons who are not shareholders will not be permitted to enter the venue. We request your understanding in this matter.

Date and time: Thursday, June 29, 2023 at 10:00 a.m., JST

If not attending the General Meeting of Shareholders in person

Exercising Voting Rights in Writing

Please indicate your approval or disapproval of each proposal on the enclosed voting rights exercise form, and send the form to the Company.

If neither approval nor disapproval has been indicated to a proposal, this will be treated as an intention of approval.

Deadline: To arrive by Wednesday, June 28, 2023 at 5:30 p.m., JST

Exercising Voting Rights via the Internet, etc.

Please review the information on exercising voting rights via the Internet, etc. on the following page, and follow the on-screen instructions to indicate your approval or disapproval of each proposal.

Deadline: Wednesday, June 28, 2023 at 5:30 p.m., JST

Treatment of the Exercise of Voting Rights

- If voting rights are exercised both in writing and via the Internet, etc., the votes cast via the Internet, etc. will be treated as valid. If voting rights are exercised multiple times via the Internet, etc., the most recent votes will be treated as valid.
- The deadline for exercising voting rights via the Internet, etc. is Wednesday, June 28, 2023 at 5:30 p.m., JST. Please ensure that you exercise your voting rights by the deadline.

Management of Passwords and Voting Rights Exercise Codes

- Passwords are important information used to confirm the identity of shareholders. Please manage your password carefully.
- A certain number of failed login attempts will result in your password becoming unusable. Please follow the instructions on the screen to reissue your password.
- The voting rights exercise code printed on the voting rights exercise form is only valid for this General Meeting of Shareholders.

Inquiries

- Inquiries concerning the use of personal computers, mobile phones, and other devices to exercise voting rights through the voting rights exercise website:
Stock Transfer Agency Web Support, Sumitomo Mitsui Trust Bank, Limited
Dedicated phone service: 0120-652-031 (9:00 a.m. to 9:00 p.m., JST)
- Other inquiries concerning stock-related procedures:
 1. Shareholders with an account at a securities company:
Please inquire at the securities company where you hold an account.
 2. Shareholders without an account at a securities company (shareholders with a special account):
Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited
0120-782-031 (9:00 a.m. to 5:00 p.m., JST, excluding weekends and public holidays)

Voting Rights Exercise Platform

The Company participates in the voting rights exercise platform for institutional investors operated by ICJ, Inc., and voting rights may be exercised via this platform.

Information on Exercising Voting Rights via the Internet

Voting through Smart Exercise

- (1) Access the dedicated smartphone voting website
Scan the “Smartphone Voting Website Login QR Code®” in the lower right corner of the enclosed Voting Rights Exercise Form with your smartphone or tablet device.
*QR codes® are a registered trademark of DENSO WAVE INCORPORATED.
- (2) Open the voting website
Open the URL displayed to open the voting website screen.
There are two ways to exercise voting rights on the website:
- (3) Indicate your vote separately for each proposal
Follow the on-screen instructions to indicate your agreement or disagreement with each proposal.
-Or-
- (4) Indicate your agreement with all proposals put forward by the Company
If there are no problems with the contents on the confirmation screen, click the “Exercise with these contents” button to complete the exercise.

Voting through Voting Rights Exercise Code and Password

- (1) Access the website: <https://www.web54.net>
- (2) Log in
Enter the “Voting Rights Exercise Code” printed on the enclosed Voting Rights Exercise Form.
- (3) Enter your password
Enter the “Default Password” and create a new password of your choice.
Click “Register”

Follow the on-screen instructions to indicate your agreement or disagreement to each proposal.

- * If you wish to change your vote after exercising your voting rights, you will need to read the QR Code® again and enter the “Voting Code” and “Password” shown on the enclosed Voting Rights Exercise Form. (You may also exercise your voting rights directly by accessing the website for exercising voting rights at <https://www.web54.net>.)
- * The connection fees and communication charges for using the website for exercising voting rights shall be borne by the Shareholder.
- * Please note that you may not be able to use the website for exercising voting rights depending on your Internet environment, the service you subscribe to, or the device you use.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company has paid stable dividends with the basic policy of strengthening its corporate condition and ensuring a stable management base while also engaging in the timely return of profits to shareholders through dividends, upon comprehensive consideration of business performance and other factors.

The Company aims to continue to allocate profits with a balance between ensuring a stable management base, investing in growth strategies, and implementing shareholder returns, with an awareness of building better relationships with stakeholders.

Regarding the appropriation of surplus, upon consideration of factors such as the active investment in M&A, enhancing the environment for DX, and other growth strategies implemented last year and the record-high amount of orders received, as well as in view of the amount of internal reserves, in addition to (non-consolidated) net sales of 1,723 million yen in the fiscal year under review, the Company has determined that an increase in dividends is fully achievable. The Company therefore proposes a year-end dividend for the fiscal year under review of 26 yen per share. The annual dividend, including the interim dividend and the year-end dividend, will be 36 yen per share, an increase of 6 yen per share.

1. Matters Regarding the Year-End Dividend for the 109th Business Term

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount

Year-end dividend per share of common stock: 26 yen

Total amount dividends: 727,741,872 yen

(3) Effective date of the distribution of dividends from retained earnings

June 30, 2023

Proposal 2: Partial Amendments to the Articles of Association

1. Reasons for Amendments

- (1) Article 2, Paragraph 1 of the current Articles of Association shall be amended to enable the Company to engage in the business of installing antennas and associated equipment on utility poles and other structures and providing this telecommunications equipment to mobile network operators.
- (2) The minutes of the Company’s Board of Directors meetings and Audit and Supervisory Board meetings are currently prepared in paper format. In order to expedite the process of obtaining the signatures and seals of participants, Articles 29 and 42 of the current Articles of Association shall be amended to enable the meeting minutes to be prepared in electronic format (to be signed electronically).

2. Details of Amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Association		Proposed Amendments	
Article 1	<Omitted>	Article 1	<Omitted>
(Purpose)		(Purpose)	
Article 2	The purpose of the Company shall be to engage in the following businesses.	Article 2	<Unchanged>
(1)	Electrical construction	(1)	<Unchanged>
(2)	Telecommunications work	(2)	<Unchanged>
(3)	Plumbing work	(3)	<Unchanged>
(4)	Water supply facilities work	(4)	<Unchanged>
(5)	Firefighting facilities work	(5)	<Unchanged>
(6)	Civil engineering work	(6)	<Unchanged>
(7)	Steel structure work	(7)	<Unchanged>
(8)	Painting work	(8)	<Unchanged>
(9)	Construction work	(9)	<Unchanged>
(10)	Supervision and management of design and construction work	(10)	<Unchanged>
(11)	Heat supply business	(11)	<Unchanged>
(12)	Electricity supply business	(12)	<Unchanged>
	<Newly established>	(13)	<u>Telecommunications business</u>
(13)	Manufacture and sale of electrical machinery and appliances and materials	(14)	<Unchanged>
(14)	Rental and leasing business	(15)	<Unchanged>
(15)	Real estate purchase and sale, leasing, agency, and management services	(16)	<Unchanged>
(16)	Non-life insurance agency business	(17)	<Unchanged>
(17)	Businesses related to agriculture	(18)	<Unchanged>
(18)	Long-term care services based on the Long-Term Care Insurance Act	(19)	<Unchanged>
(19)	Information processing services	(20)	<Unchanged>
(20)	Food and beverage business	(21)	<Unchanged>
(21)	Businesses incidental to the businesses listed above	(22)	<Unchanged>

Current Articles of Association	Proposed Amendments
<p>2. The Company may invest in other businesses, or may become the incorporator of a new company, as necessary to achieve the purpose described above.</p> <p>Article 3 to Article 28 <Omitted></p> <p>(Minutes of Meetings of the Board of Directors)</p> <p>Article 29 A summary of the proceedings and results of meetings of the Board of Directors, as well as other matters prescribed by law and regulation, shall be recorded in the minutes. Directors and Audit and Supervisory Board Members who attended the meetings shall sign the minutes and stamp their seals thereon.</p> <p>Article 30 to Article 41 <Omitted></p> <p>(Minutes of Meetings of the Audit and Supervisory Board)</p> <p>Article 42 A summary of the proceedings and results of meetings of the Audit and Supervisory Board, as well as other matters prescribed by law and regulation, shall be recorded in the minutes. Audit and Supervisory Board Members who attended the meetings shall sign the minutes and stamp their seals thereon.</p> <p>Article 43 to Article 48 <Omitted></p>	<p>2. <Unchanged></p> <p>Article 3 to Article 28 <Omitted></p> <p>(Minutes of Meetings of the Board of Directors)</p> <p>Article 29 A summary of the proceedings and results of meetings of the Board of Directors, as well as other matters prescribed by law and regulation, shall be recorded in the minutes. Directors and Audit and Supervisory Board Members who attended the meetings shall sign the minutes and stamp their seals thereon, <u>or electronically sign the minutes.</u></p> <p>Article 30 to Article 41 <Omitted></p> <p>(Minutes of Meetings of the Audit and Supervisory Board)</p> <p>Article 42 A summary of the proceedings and results of meetings of the Audit and Supervisory Board, as well as other matters prescribed by law and regulation, shall be recorded in the minutes. Audit and Supervisory Board Members who attended the meetings shall sign the minutes and stamp their seals thereon, <u>or electronically sign the minutes.</u></p> <p>Article 43 to Article 48 <Omitted></p>

Proposal 3: Appointment of Eight (8) Directors

The term of office for all eight (8) Directors expires at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the appointment of eight (8) Directors is proposed.

The candidates are as follows:

(Candidates are listed in the order of the Japanese syllabary.)

No.	Name	Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Reappointed Katsuhiko Kita Male	Managing Director	100% (11/11)
2	Newly appointed Takahide Cho Male	-	-
3	Newly appointed Shoichiro Hayase Male	Senior Executive Officer General Manager of Marketing & Sales Dept.	-
4	Newly appointed Kazuhisa Mizutani Male	-	-
5	Reappointed Shigeru Miyamura Male	Outside Director Independent Director	100% (9/9)
6	Reappointed Yukiko Morita Female	Outside Director Independent Director	100% (11/11)
7	Reappointed Isashi Yamazaki Male	Managing Director	100% (11/11)
8	Reappointed Nobuko Watanabe Female	Outside Director Independent Director	100% (11/11)

Note: The years of service as Director shown for each candidate on the following pages represents the number of years of consecutive service immediately prior to the present time.

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Katsuhiko Kita (February 22, 1962) [Reappointed] [Attendance at the Board of Directors meetings] 100% (11/11)	Apr. 1984 Joined the Company Sep. 2013 General Manager of Indoor Wiring Dept., Toyama Branch Apr. 2015 Executive Officer and Deputy General Manager of Tokyo Branch Apr. 2017 Executive Officer and General Manager of Toyama Branch Jun. 2018 Director and General Manager of Indoor Wiring Dept. Jun. 2020 Senior Executive Officer and General Manager of Indoor Wiring Dept. Jun. 2021 Managing Director (to present) Years of service as Director: 2 years	3,680
[Reason for nomination as candidate for Director] Since joining the Company, Mr. Kita has primarily engaged in the operations of indoor wiring divisions, and currently serves as Managing Director. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be reappointed as Director. He is expected to leverage his experience and insight to appropriately perform his duties, particularly in the areas of sales, technology and quality, risk management, and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.			
2	Takahide Cho (January 8, 1964) [Newly appointed] [Attendance at the Board of Directors meetings] -	Jul. 2012 Deputy General Manager of Tokyo Branch, Hokuriku Electric Power Company Jul. 2014 Marketing & Sales Dept. (Deputy General Manager) (in charge of sales), Hokuriku Electric Power Company Jun. 2015 General Manager of Nanao Branch, Hokuriku Electric Power Company Jun. 2018 General Manager of Marketing & Sales Dept., Hokuriku Electric Power Company Jul. 2018 General Manager of Marketing & Sales Office, Hokuriku Electric Power Company Jun. 2019 Executive Officer and General Manager of Marketing & Sales Office, Marketing & Sales Division, Hokuriku Electric Power Company Jun. 2021 Managing Executive Officer and General Manager of Marketing & Sales Division, Hokuriku Electric Power Company (to present) Years of service as Director: -	0
[Reason for nomination as candidate for Director] Since joining Hokuriku Electric Power Company, the Company's parent company, Mr. Cho has primarily engaged in the operations of the marketing and sales division, and currently serves as Managing Executive Officer of the aforementioned company. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be appointed as Director. He is expected to leverage his experience and insight to strive to provide appropriate advice, etc., particularly in the areas of marketing, sales, and investment policy, to contribute to the Company's sustainable growth and enhance corporate value.			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
3	Shoichiro Hayase (January 2, 1963) [Newly appointed] [Attendance at the Board of Directors meetings] -	Apr. 1986	Joined the Company	10,680
		Apr. 2013	General Manager of Komatsu Branch	
Apr. 2019	Executive Officer and General Manager of Komatsu Branch Office, Kanazawa Branch			
Jul. 2019	Executive Officer and General Manager of Nanao Branch			
Apr. 2021	Senior Executive Officer and General Manager of Marketing & Sales Dept.			
Jun. 2021	Senior Executive Officer and General Manager of Marketing & Sales Dept. (to present)			
		Years of service as Director: -		
[Reason for nomination as candidate for Director] Since joining the Company, Mr. Hayase has primarily engaged in the operations of engineering, marketing and sales divisions, and currently serves as Senior Executive Officer and General Manager of Marketing & Sales Department. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be appointed as Director. He is expected to leverage his experience and insight to appropriately perform his duties, particularly in the areas of marketing, sales, technology and quality, finance, accounting, investment policy and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.				
4	Kazuhisa Mizutani (June 12, 1961) [Newly appointed] [Attendance at the Board of Directors meetings] -	Jun. 2013	General Manager of Public Relations & General Affairs Dept., Hokuriku Electric Power Company	0
		Jun. 2015	Executive Officer and General Manager of Ishikawa Branch, Hokuriku Electric Power Company	
Jun. 2018	Director and Managing Executive Officer, Hokuriku Electric Power Company			
Jun. 2020	Representative Director & Executive Vice President, Hokuriku Electric Power Company			
Jun. 2022	Representative Director & Executive Vice President and General Manager of Community Relations & Development Division, Hokuriku Electric Power Company (to present)			
		Years of service as Director: -		
[Reason for nomination as candidate for Director] Since joining Hokuriku Electric Power Company, the Company's parent company, Mr. Mizutani has primarily engaged in the operations of the general affairs and legal divisions, and currently serves as Representative Director & Executive Vice President of the aforementioned company. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be appointed as Director. He is expected to leverage his experience and insight to strive to supervise and manage the overall execution of duties, particularly in the areas of legal affairs, investment policy, risk management and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
5	Shigeru Miyamura (August 23, 1958) [Reappointed] [Outside Director] [Independent Director] [Attendance at the Board of Directors meetings] 100% (9/9)	Jun. 2014	Executive Officer, Deputy General Manager of Toyama Region Operation Dept. and General Manager of Head Office Sales Dept., The Hokuriku Bank, Ltd.	0
		Jun. 2016	Managing Executive Officer and General Manager of Toyama Region Operation Dept., The Hokuriku Bank, Ltd.	
		Jun. 2018	President and Representative Director of Hokugin Lease Co., Ltd. (to present)	
		Jun. 2022	Director of the Company (to present)	
		Years of service as Director: 1 year		
[Reason for nomination as candidate for Outside Director and an overview of the expected roles] Mr. Miyamura has experience in senior management in financial institutions. The Company believes he is eligible to provide advice and instructions for the appropriate operation of the Company from an objective standpoint by utilizing his abundant experience and broad insight. Accordingly, the Company proposes that he be reappointed as Outside Director. He is expected to leverage his experience and insight to strive to strengthen the management supervisory function, particularly in the areas of investment policy and risk management, to contribute to the Company's sustainable growth and enhance corporate value.				
6	Yukiko Morita (May 28, 1961) [Reappointed] [Outside Director] [Independent Director] [Attendance at the Board of Directors meetings] 100% (11/11)	Feb. 1986	Economic Affairs Section, Editorial Dept., Tokyo Head Office, The Yomiuri Shimbun	0
		Jun. 2004	Deputy General Manager of Planning Section, Advertising Dept., Tokyo Head Office, The Yomiuri Shimbun	
		Feb. 2008	President and Representative Director of Ecolo no Mori Co., Ltd. (to present)	
		Jun. 2016	Audit and Supervisory Board Member of the Company	
		Jun. 2020	Director of the Company (to present)	
		Years of service as Director: 3 years		
[Reason for nomination as candidate for Outside Director and an overview of the expected roles] Ms. Morita has experience as an economic journalist in a newspaper publishing company and as a corporate manager. The Company believes she is eligible to provide advice and instructions for the appropriate operation of the Company from an objective standpoint by utilizing her abundant experience and broad insight. Accordingly, the Company proposes that she be reappointed as Outside Director. She is expected to leverage her experience and insight to strive to strengthen the management supervisory function, particularly in the areas of risk management and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.				

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Isashi Yamazaki (April 30, 1962) [Reappointed] [Attendance at the Board of Directors meetings] 100% (11/11)	Apr. 1985 Joined the Company	9,060
		Apr. 2015 Deputy General Manager of Takaoka Branch	
Apr. 2018 Executive Officer and Deputy General Manager of Takaoka Branch			
Jun. 2018 Executive Officer and General Manager of Administration Dept.			
Jun. 2018 Director of Hokko Shoji Co., Ltd. (to present)			
Jun. 2019 Director and General Manager of Administration Dept.			
Apr. 2020 Director and General Manager of Administration Dept.			
Jun. 2020 Senior Executive Officer and General Manager of Comprehensive Planning Dept.			
Jun. 2021 Managing Director (to present)			
		Years of service as Director: 2 years	
[Reason for nomination as candidate for Director] <p>Since joining the Company, Mr. Yamazaki has primarily engaged in the operations of corporate planning and sales divisions, and currently serves as Managing Director. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be reappointed as Director.</p> <p>He is expected to leverage his experience and insight to appropriately perform his duties, particularly in the areas of sales, finance, accounting, investment policy and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.</p>			
8	Nobuko Watanabe (August 25, 1971) [Reappointed] [Outside Director] [Independent Director] [Attendance at the Board of Directors meetings] 100% (11/11)	Dec. 2011 Registered as an attorney-at-law	0
		Dec. 2011 Joined Kanda Law Office (to present)	
Jun. 2016 Director of the Company (to present)			
		Years of service as Director: 7 years	
[Reason for nomination as candidate for Outside Director and an overview of the expected roles] <p>Ms. Watanabe has knowledge and experience regarding corporate legal affairs as an attorney-at-law. The Company believes she is eligible to provide advice and instructions for the appropriate operation of the Company from an objective standpoint by utilizing her deep insight as a legal expert. Accordingly, the Company proposes that she be reappointed as Outside Director.</p> <p>Although she has never been involved in corporate management except in the capacity of Outside Director or Outside Audit and Supervisory Board Member, the Company believes that she is capable of appropriately fulfilling her duties as Outside Director, for the reasons above.</p> <p>She is expected to leverage her experience and insight to strive to strengthen the management supervisory function, particularly in the areas of risk management and legal affairs, to contribute to the Company's sustainable growth and enhance corporate value.</p>			

- Notes:
1. There are no special interests between any of the candidates and the Company.
 2. The Company has entered into a Directors and Officers (D&O) Liability Insurance Contract with an insurance company, as prescribed under Article 430-3, Paragraph 1 of the Companies Act. The Company's Directors, Audit and Supervisory Board Members, and Executive Officers are insured under this contract. The insurance covers, subject to certain exclusions, legal damages and litigation expenses borne by an insured party in the event that a claim for damages is made against him or her. The Company is fully responsible for paying the insurance premiums. Provisions are established to exclude damages under a certain amount from the scope of the coverage, and set a deductible portion to be covered by the insured parties themselves, in order to ensure the appropriate execution of duties by the insured parties.
If the appointment of each candidate is approved, then he or she will be included in the insured parties under the insurance contract.
The Company intends to renew the insurance contract on the same contents, during the candidates' terms of office.
 3. Mr. Shigeru Miyamura, Ms. Yukiko Morita, and Ms. Nobuko Watanabe are candidates for Outside Director.
 4. Special notes on candidates for Outside Director
 - (1) The Company has registered Mr. Shigeru Miyamura, Ms. Yukiko Morita and Ms. Nobuko Watanabe as Independent Directors in accordance with the provisions of Tokyo Stock Exchange, Inc. If their appointment is approved as originally proposed, they are expected to remain as Independent Directors.
 - (2) Mr. Shigeru Miyamura was appointed as Outside Director of the Company in June 2022. His term of office will be one year at the conclusion of this Ordinary General Meeting of Shareholders.
 - (3) Ms. Yukiko Morita was appointed as Outside Director of the Company in June 2020. Her term of office will be three years at the conclusion of this Ordinary General Meeting of Shareholders.
 - (4) Ms. Nobuko Watanabe was appointed as Outside Director of the Company in June 2016. Her term of office will be seven years at the conclusion of this Ordinary General Meeting of Shareholders.
 - (5) If the reappointment of Mr. Shigeru Miyamura, Ms. Yukiko Morita and Ms. Nobuko Watanabe is approved, the Company plans to continue liability limitation agreements with them pursuant to Article 427, Paragraph 1 of the Companies Act to limit their liability to the amount prescribed by relevant laws or regulations.
 5. The positions and responsibilities of Mr. Takahide Cho and Mr. Kazuhisa Mizutani at present as well as over the past ten years as a business executive at the parent company, Hokuriku Electric Power Company are as stated in "Career summary, positions, responsibilities, and significant concurrent positions."

[Reference] Main Areas of Expertise of the Candidates for Director and Audit and Supervisory Board Members (Skill Matrix)

Candidates for Director

No.	Name	Corporate management	Sales	Technology & quality	Finance & accounting	Investment policy	Risk management	Legal affairs	SDGs promotion
1	Katsuhiko Kita	○	○	○			○		○
2	Takahide Cho	○	○			○			
3	Shoichiro Hayase	○	○	○	○	○			○
4	Kazuhisa Mizutani	○				○	○	○	○
5	Shigeru Miyamura Outside Director	○				○	○		
6	Yukiko Morita Outside Director	○					○		○
7	Isashi Yamazaki	○	○		○	○			○
8	Nobuko Watanabe Outside Director	○					○	○	

Audit and Supervisory Board Members

	Name	Corporate management	Sales	Technology & quality	Finance & accounting	Investment policy	Risk management	Legal affairs	SDGs promotion
Full-time Audit and Supervisory Board Member	Takaaki Kato				○		○		
Outside Audit and Supervisory Board Member	Takashi Asabayashi					○	○		
Outside Audit and Supervisory Board Member	Masayuki Nitta				○		○		

Note: The tables above present the fields in which candidates for Director and Audit and Supervisory Board Members are expected to contribute in particular.

Proposal 4: Presentation of Retirement Benefits to Retiring Directors

Mr. Shigeru Yano, Mr. Kiyonori Tsugawa and Mr. Wataru Hirata will retire from the position of Director at the conclusion of this General Meeting of Shareholders. It is proposed to present these retiring Directors with retirement benefits within an appropriate range determined in accordance with the Company's standards, in order to reward them for their service while in office.

It is further proposed that authority for deciding on the specific amount, timing and method by which the retirement benefits are presented should be delegated to the Board of Directors in the case of retirement benefits for Directors, and decided through discussion between Audit and Supervisory Board Members in the case of retirement benefits for Audit and Supervisory Board Members.

Under this proposal, approval is sought for the payment of retirement benefits as set forth above, in accordance with the policies for determining the remuneration, etc. for Directors resolved by the Company's Board of Directors, and presented on page 24 of this Notice. The Company believes the content of this proposal to be appropriate.

The following is a summary of the positions held by the retiring Directors.

Name	Summary of positions held	
Shigeru Yano	Jun. 2012	Audit and Supervisory Board Member of the Company
	Jun. 2015	Director
	Jun. 2018	President and Representative Director (to present)
Kiyonori Tsugawa	Jun. 2017	Director of the Company
	Jun. 2020	Managing Director (to present)
Wataru Hirata	Jun. 2020	Director of the Company (to present)

Business Report

(April 1, 2022 - March 31, 2023)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the fiscal year under review, the Japanese economy showed signs of recovery in personal consumption and capital investment by private-sector companies, among other areas, with a weakening of the downward pressure on services consumption as society learned to live with the virus. However, a global rise in commodity prices against the backdrop of the Russia-Ukraine situation led to high rates of inflation in import prices and corporate goods prices in Japan, partly due to the impact of the depreciation of the yen. The situation remained uncertain, as the gradual flow-on effects of passing on rising costs to the prices of a wide range of products drive demands for the necessity of structural wage hikes.

Under these circumstances, the Group made a concerted effort to conduct aggressive sales activities to secure orders and sales. The Group achieved its highest-ever level of orders received, at 54,803 million yen (up 27.2% year on year), despite suffering the effects of supply chain disruptions and the soaring prices of construction materials. This result represents the result of the Group's sales activities until now. Net sales declined slightly to 44,846 million yen (down 2.4% year on year) due to delays in the progress of some works and a large number of orders received for works with long construction periods that contributed little to sales in the fiscal year under review.

In terms of profits, the Group worked to ensure thorough process management and cost control, as well as continuing cost reductions across all aspects of the business. However, due to soaring construction materials prices and the posting of expenses to enhance the environment for DX aimed at work style reforms, ordinary profit was 2,531 million yen (down 23.9% year on year) and profit attributable to owners of parent was 1,628 million yen (down 27.5% year on year).

The Company's (non-consolidated) business results by segment for the fiscal year under review are as follows:

Orders received for indoor wiring, ventilation and air conditioning works increased by 8,524 million yen (up 33.5% year on year) to 33,954 million yen while net sales decreased by 1,847 million yen (down 6.7% year on year) to 25,544 million yen.

Orders received for power distribution line works increased by 443 million yen (up 4.2% year on year) to 11,124 million yen and net sales increased by 244 million yen (up 2.3% year on year) to 10,852 million yen.

Orders received for other works increased by 2,683 million yen (up 48.0% year on year) to 8,276 million yen while net sales decreased by 500 million yen (down 7.6% year on year) to 6,051 million yen.

1) Net sales of the corporate group for the fiscal year under review

(Unit: Million yen)

Category	Net sales
Equipment installation business	43,239
Other businesses	1,607
Total	44,846

2) Company's business results by segment for the fiscal year under review (Unit: Million yen)

Category	Balance brought forward	Orders received	Net sales	Balance to be carried forward
Indoor wiring, ventilation and air conditioning works	18,640	33,954	25,544	27,050
Power distribution line works	3,132	11,124	10,852	3,404
Other works	4,593	8,276	6,051	6,817
Total	26,366	53,355	42,448	37,272
Side business	205	1,447	1,386	267
Total	26,572	54,803	43,835	37,539

(2) Capital Investments

Capital investments totaled 1,349 million yen, mainly consisting of the expansion and renovation of office buildings and purchase of vehicles and tools, furniture and fixtures.

(3) Issues to Be Addressed

Despite expectations of an upturn in the Japanese economy with the effects of various policy measures as society lives with COVID-19, it is necessary to remain fully aware of the risk that a downturn in business conditions amid such situations as the continuation of monetary tightening worldwide may depress the Japanese economy, and to carefully monitor factors such as commodity price rises, supply-side restrictions, and fluctuations in financial markets.

In the electric power industry, the disruption to international energy markets and the emergence of supply concerns arising from the Russia-Ukraine situation have highlighted the need to build crisis-resistant supply systems that do not rely on fossil fuels, which are highly dependent on overseas factors. At the same time, achieving a decarbonized society has become a critical social issue, incorporated into the Japanese government's growth strategy through green transformation (GX).

However, in the Hokuriku region, where the Group is based, the economic scale and workforce are expected to decrease at an accelerated pace due to a declining birth rate, an aging population and a faster pace of population decline than in metropolitan areas. It is necessary to attempt to eliminate the disparities between cities and revitalize the region through infrastructure enhancements to achieve digitalization under the Vision for a Digital Garden City Nation regional development program.

Moreover, the construction industry faces the imminent application of limits on the maximum amount of overtime work, which will be subject to penalties under the revised Labor Standards Act to be enforced in April 2024. The industry must implement measures for compliance with the revised Act to ensure the early establishment of work styles under the new law.

Against this backdrop, the Group will steadily implement measures to secure stable construction volumes and profits, such as further boosting the Hokuriku region market share, strengthening order and construction frameworks in metropolitan areas, as well as expanding business domains and developing new businesses based on a broad perspective encompassing overseas markets. At the same time, the Group will proceed with the introduction and enhancement of DX, and work towards labor-saving, efficiency improvement and sophistication for its operations, as well as pushing ahead with productivity improvement and work style reforms to boost its competitiveness.

With the above in mind and in order to continue to earn the trust of society and our customers, we will thoroughly ensure safety and quality, which is the starting point of the construction business, and strive to fulfill our corporate social responsibility and increase our value, while complying with laws, regulations and social norms and fully demonstrating the capabilities of the Group to contribute to the community.

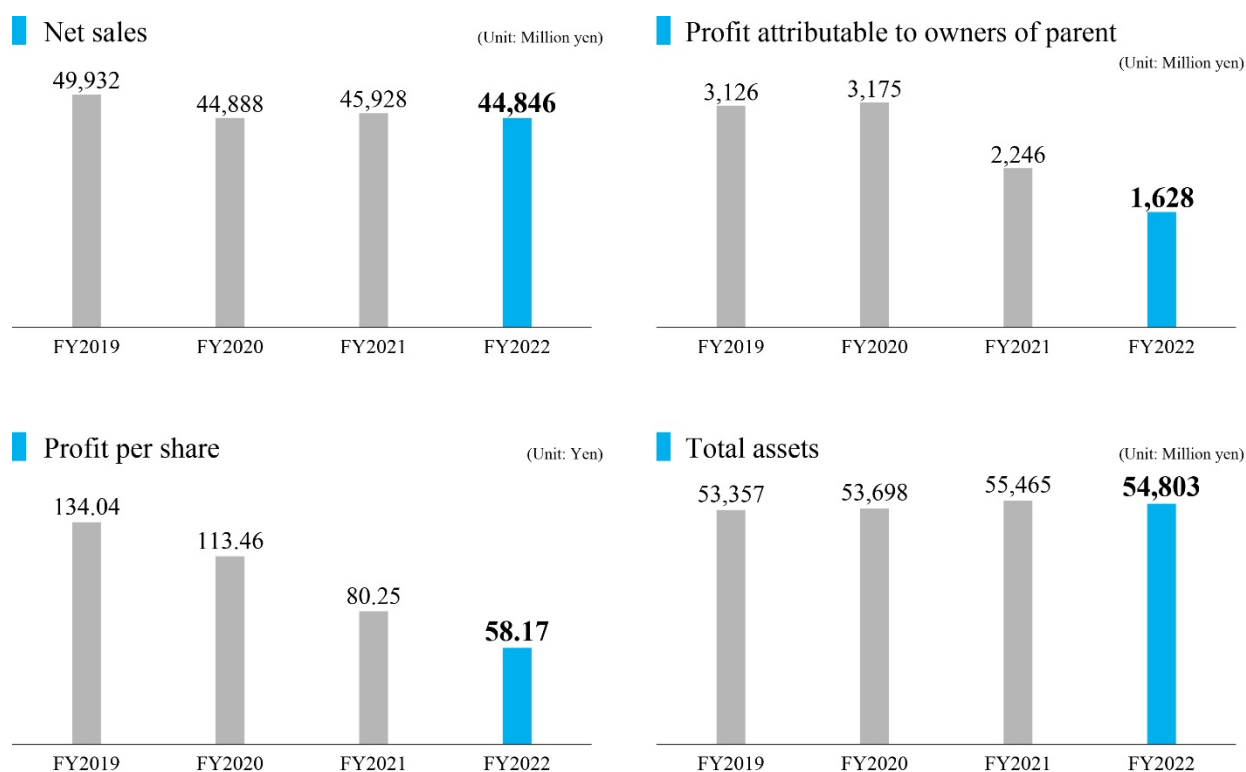
(4) Trends in Assets and Income

1) Assets and income of the corporate group

(In millions of yen, unless otherwise specified.)

Category	FY2019 (106 th business term)	FY2020 (107 th business term)	FY2021 (108 th business term)	FY2022 (109 th business term)
Net sales	49,932	44,888	45,928	44,846
Profit attributable to owners of parent	3,126	3,175	2,246	1,628
Profit per share (yen)	134.04	113.46	80.25	58.17
Total assets	53,357	53,698	55,465	54,803

Note: The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022. Accordingly, profit per share is calculated on the assumption that the stock split was conducted at the beginning of FY2020.



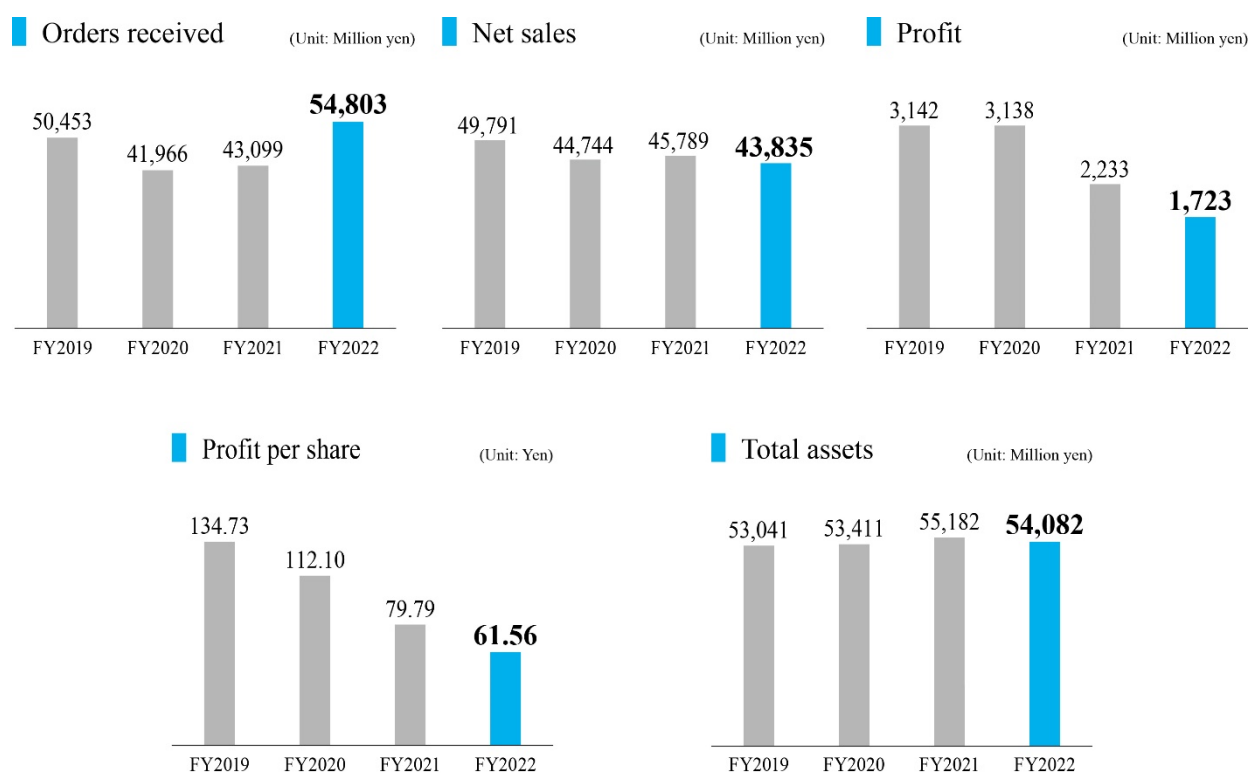
Note: Calculated based on the number of shares after the stock split from FY2020.

2) Assets and income of the Company

(In millions of yen, unless otherwise specified.)

Category	FY2019 (106 th business term)	FY2020 (107 th business term)	FY2021 (108 th business term)	FY2022 (109 th business term)
Orders received	50,453	41,966	43,099	54,803
Net sales	49,791	44,744	45,789	43,835
Profit	3,142	3,138	2,233	1,723
Profit per share (yen)	134.73	112.10	79.79	61.56
Total assets	53,041	53,411	55,182	54,082

Note: The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022. Accordingly, profit per share is calculated on the assumption that the stock split was conducted at the beginning of FY2020.



Note: Calculated based on the number of shares after the stock split from FY2020.

(5) Status of Parent Company and Significant Subsidiaries

1) Parent company

Company name	Capital stock	Percentage of voting rights in the Company	Principal business
Hokuriku Electric Power Company	117,641 million yen	50.23%	Electric power generation and sales

- Notes:
1. The company has entered into an agreement with its parent company, Hokuriku Electric Power Company, stipulating that the autonomous management of the Company based the Company's own management decisions shall be respected.
 2. The Company is contracted by the Hokuriku Electric Power Group, principally the parent company, to perform electrical construction related to power supply facilities such as power distribution facilities.
 3. Transactions with the Hokuriku Electric Power Group are determined in the same manner as with other business partners such as through price negotiations, taking into account market prices and other factors. The terms and conditions of transactions and other decisions are determined in a fair and appropriate manner so as not to cause disadvantages to minority shareholders. A Special Committee composed of Independent Outside Directors and Independent Outside Audit and Supervisory Board Members has verified aspects including the reasonableness of the transactions with the Hokuriku Electric Power Group, and replied that the Company is acting appropriately. The Board of Directors has also determined that transactions with the Hokuriku Electric Power Group will not harm the interests of the Company for the same reason.

2) Significant subsidiaries

Company name	Capital stock	Percentage of voting rights in the Company	Principal business
Hokko Shoji Co., Ltd.	240 million yen	100%	Real estate leasing, etc.
SCAIRT CO., LTD.	30 million yen	100%	Electrical construction, etc.
Kanbara Equipment Engineering Co., Ltd.	20 million yen	100%	Plumbing work, etc.

Note: The Company acquired 100% of the shares of SCAIRT CO., LTD. in October 2022 and 100% of the shares of Kanbara Equipment Engineering Co., Ltd. in December 2022.

(6) Principal Business

The Group's principal business is equipment installation. In addition, the Group is engaged in other businesses such as ESCO business, on-site business, and real estate business.

The Company is a construction business operator under the Construction Business Act, and has obtained license No. 1677 (Special: 4, General: 4) from the Minister of Land, Infrastructure, Transport and Tourism. The Company engages in electrical construction, plumbing work, civil engineering work, telecommunications work, water supply facilities work, steel structure work, paving work, painting work, scaffolding and excavation work, and construction work as a special construction business operator, as well as firefighting facilities work as an ordinary construction business operator.

(7) Principal Business Locations

1) The Company

Head office	(Toyama City)
Branches	Toyama Branch (Toyama City), Takaoka Branch (Takaoka City), Kanazawa Branch (Kanazawa City), Nanao Branch (Nanao City), Fukui Branch (Fukui City), Tokyo Branch (Bunkyo-ku, Tokyo), Osaka Branch (Osaka City)
Branch offices	Niikawa Branch Office (Kurobe City), Komatsu Branch Office (Komatsu City), Tsuruga Branch Office (Tsuruga City)

2) Significant subsidiaries

Hokko Shoji Co., Ltd.	(Toyama City)
SCAIRT CO., LTD.	(Fukui City)
Kanbara Equipment Engineering Co., Ltd.	(Tsubame City)

(8) Status of Employees

1) Status of the corporate group's employees

No. of employees	YoY change
1,231	Increased by 71

2) Status of the Company's employees

No. of employees	YoY change	Average age	Average years of service
1,140	Increased by 32	40.4	17.9

Note: The above "Status of the Company's employees" represent the situation as of March 31, 2023.

2. Matters Related to the Company's Shares

- (1) **Number of Issued Shares** 27,990,072 shares
(excluding 1,973,919 shares of treasury shares)
- (2) **Number of Shareholders** 4,445 persons
- (3) **Major Shareholders**

Name	Number of shares held	Shareholding ratio
	Thousand shares	%
Hokuriku Electric Power Company	14,025	50.1
HIKARI TSUSHIN K.K.	1,711	6.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,537	5.5
HOKURIKU ELECTRICAL CONSTRUCTION Employees Shareholding Association	823	2.9
Custody Bank of Japan, Ltd. (Trust Account)	478	1.7
THE HOKURIKU BANK, LTD.	418	1.5
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	345	1.2
Hokuriku Denki Shokai	260	0.9
Sumitomo Mitsui Trust Bank, Limited	242	0.9
Nippon Life Insurance Company	201	0.7

Note: Shareholding ratio is calculated by excluding treasury shares of 1,973,919 shares.

3. Matters Related to the Company Officers

(1) Status of Directors and Audit and Supervisory Board Members

Name	Positions and responsibilities	Significant concurrent positions
Shigeru Yano	President and Representative Director	President and Representative Director of Hokko Shoji Co., Ltd. Director of SCAIRT CO., LTD. Director of Kanbara Equipment Engineering Co., Ltd.
Kiyonori Tsugawa	Managing Director	Director of Hokko Shoji Co., Ltd.
Katsuhiko Kita	Managing Director	
Isashi Yamazaki	Managing Director	Director of Hokko Shoji Co., Ltd.
Wataru Hirata	Director	Director & Managing Executive Officer of Hokuriku Electric Power Company
Nobuko Watanabe	Director	Attorney at law of Kanda Law Office
Yukiko Morita	Director	President and Representative Director of Ecolo no Mori Co., Ltd.
Shigeru Miyamura	Director	President and Representative Director of Hokugin Lease Co., Ltd.
Takaaki Kato	Full-time Audit and Supervisory Board Member	
Takashi Asabayashi	Audit and Supervisory Board Member	Chief Director of Hokuriku Economic Research Institute
Masayuki Nitta	Audit and Supervisory Board Member	President, Masayuki Nitta CTA Office

- Notes:
1. Directors Ms. Nobuko Watanabe, Ms. Yukiko Morita and Mr. Shigeru Miyamura are Outside Directors.
 2. Audit and Supervisory Board Members Mr. Takashi Asabayashi and Mr. Masayuki Nitta are Outside Audit and Supervisory Board Members.
 3. The Company has registered Directors Ms. Nobuko Watanabe, Ms. Yukiko Morita and Mr. Shigeru Miyamura as well as Audit and Supervisory Board Members Mr. Takashi Asabayashi and Mr. Masayuki Nitta as Independent Directors/Audit and Supervisory Board Members in accordance with the provisions of the Tokyo Stock Exchange.
 4. Changes in Directors during the fiscal year under review are as follows:
 - (1) Mr. Shigeru Miyamura was appointed as Director at the 108th Ordinary General Meeting of Shareholders held on June 29, 2022.
 - (2) Mr. Tetsuji Mitsuzuka retired as Director due to the expiration of his term of office, at the 108th Ordinary General Meeting of Shareholders held on June 29, 2022.
 5. Significant concurrent positions held during the fiscal year under review are as follows:
President and Representative Director Mr. Shigeru Yano was appointed Director of SCAIRT CO., LTD. on October 5, 2022, and Director of Kanbara Equipment Engineering Co., Ltd. on December 1, 2022.

(2) Summary of the Liability Limitation Agreement Contents

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with Outside Directors and Outside Audit and Supervisory Board Members to limit their liability under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under these agreements is the amount stipulated by laws and regulations.

(3) Summary of the Directors and Officers Liability Insurance Contract Contents

The Company has entered into a Directors and Officers (D&O) Liability Insurance Contract with an insurance company, as prescribed under Article 430-3, Paragraph 1 of the Companies Act. The Company's Directors, Audit and Supervisory Board Members, and Executive Officers are insured under this contract. The insurance covers, subject to certain exclusions, legal damages and litigation expenses borne by an insured party in the event that a claim for damages is made against him or her. The Company is fully responsible for paying the insurance premiums.

Provisions are established to exclude damages under a certain amount from the scope of the coverage, and set a deductible portion to be covered by the insured parties themselves, in order to ensure the appropriate execution of duties by the insured parties.

(4) Amount of Remuneration, etc. Paid to Directors and Audit and Supervisory Board Members for the Fiscal Year under Review

1) Matters related to the policy for determining the content of remuneration, etc. for each Director

The Company's policies for determining the remuneration, etc. for each Director (the "Determination Policy") are determined by resolution of the Board of Directors. Basic remuneration for Directors is a fixed monthly remuneration and is determined comprehensively while taking into account the level of other companies, the Company's business performance, and employees' salaries, in accordance with position, responsibility, and service years in the office.

Performance-linked remuneration, etc. is cash remuneration that reflects performance indicators in order to raise awareness of the need to improve business performance each fiscal year. It is calculated based on the degree of achievement for each fiscal year and is paid as a bonus at a specific time each year or as a lump-sum retirement benefit at the time of retirement.

The Company consults with the "Remuneration Opinion Exchange Committee," whose main members are Outside Directors, regarding the ratio of each type of remuneration, etc., and obtains their opinions and reports.

2) Matters related to resolutions of the General Meeting of Shareholders concerning remuneration, etc. of Directors and Audit and Supervisory Board Members

At the 73rd Ordinary General Meeting of Shareholders held on June 26, 1987, it was resolved that the amount of monetary remuneration for Directors shall be limited to 20 million yen per month (not including employee salaries for Directors who concurrently serve as employees). As of the close of the 73rd Ordinary General Meeting of Shareholders held on June 26, 1987, the number of Directors was 17.

At the 73rd Ordinary General Meeting of Shareholders held on June 26, 1987, it was resolved that the amount of monetary remuneration for Audit and Supervisory Board Members shall be limited 4 million yen per month, and the number of Audit and Supervisory Board Members at the close of the said Ordinary General Meeting of Shareholders was three.

3) Matters related to the determination of the details of remuneration, etc., for each Director and Audit and Supervisory Board Member

The specific amount of remuneration for each Director is determined by President and Representative Director Mr. Shigeru Yano, based on a resolution by the Board of Directors for the delegation of authority.

This involves the authority to decide the basic remuneration of each Director and to allocate remuneration based on the evaluation of performance in each Director's area of responsibility. This authority is delegated to the Representative Director as he is the most suitable person to evaluate the responsibilities of each Director while overlooking the Company's overall performance.

The Board of Directors has taken measures such as consulting with and receiving reports from the "Remuneration Opinion Exchange Committee" regarding multifaceted considerations, including consistency with the Determination Policy, to ensure that such authority is properly exercised by the Representative Director, and since each Director remuneration is determined through such procedures, the Company believes that the content of such remuneration is in line with the Determination Policy.

Remuneration, etc. for each Audit and Supervisory Board Member consists of a basic compensation as a fixed remuneration and a retirement benefit, which are determined based on certain standards and through discussion between Audit and Supervisory Board Members. The retirement benefit for Audit and Supervisory Board Members is a fixed remuneration based on certain standards, is determined through discussion between Audit and Supervisory Board Members, and is paid in a lump sum at the time of retirement.

4) Total amount of remuneration, etc. paid to Directors and Audit and Supervisory Board Members

Officer category	Total amount of remuneration, etc. (Million yen)	Total amount by type of remuneration, etc. (Million yen)					No. of applicable officers
		Fixed remuneration		Bonuses	Retirement benefits		
		Non-performance-linked remuneration		Performance-linked remuneration (concurrent post as employee)	Performance-linked remuneration (no concurrent post as employee)	Non-performance-linked remuneration	
		Officer remuneration	Salaries for concurrent post as employee				
Directors [of whom, Outside Directors]	89 [7]	70 [6]	- [-]	- [-]	(2) [-]	21 [1]	9 [4]
Audit and Supervisory Board Members [of whom, Outside Audit and Supervisory Board Members]	20 [5]	16 [4]	- [-]	- [-]	- [-]	4 [0]	3 [2]

- Notes:
1. The number of officers and amount of remuneration, etc. above include that for one Director who retired at the conclusion of the 108th Ordinary General Meeting of Shareholders held on June 29, 2022. As of the end of the fiscal year under review, there were eight Directors and three Audit and Supervisory Board Members.
 2. In order to raise awareness of the need to improve business performance each fiscal year, performance-linked remuneration, etc. is calculated by setting the non-consolidated ordinary profit as the single-year performance indicator target, and is paid as a bonus calculated according to the degree of achievement of this target at a specific time each year or as a lump-sum retirement benefit at the time of retirement. The reason for selecting non-consolidated ordinary profit as the performance indicator is that it represents the overall profit of a company's management activities and is considered to be the most important indicator for the Company. The amount of performance-linked remuneration, etc. provided is calculated by adding or subtracting an amount based on indicators that are set in proportion to ordinary profit to the standard amount set according to the position. The table below shows changes in the Company's ordinary profit, including the fiscal year under review.
 3. Retirement benefits include provision for retirement benefits recorded during the fiscal year under review.

Changes in ordinary profit of the Company (Unit: Million yen)

FY2019 (106th business term)	FY2020 (107th business term)	FY2021 (108th business term)	FY2022 (109th business term)
4,728	4,017	3,294	2,581

(5) Matters Related to the Outside Officers

1) Relationship between the Company and company where the Officers hold important concurrent positions

Director	Nobuko Watanabe	Ms. Watanabe is an attorney-at-law at Kanda Law Office. The Company has entered into an advisory agreement with another attorney at Kanda Law Office, of which she is one of the members.
Director	Yukiko Morita	Ms. Morita is President and Representative Director of Ecolo no Mori Co., Ltd. There are no special interests between Ms. Morita and the said company.
Director	Shigeru Miyamura	Mr. Miyamura is President and Representative Director of Hokugin Lease Co., Ltd. There are no special interests between Mr. Miyamura and the said company.
Audit and Supervisory Board Member	Takashi Asabayashi	Mr. Asabayashi is Chief Director of Hokuriku Economic Research Institute. There are no special interests between Mr. Asabayashi and the said institute.
Audit and Supervisory Board Member	Masayuki Nitta	Mr. Nitta is President of Masayuki Nitta CTA Office. There are no special interest between Mr. Nitta and the said office.

2) Attendance and contribution at meetings, and summary of duties undertaken related to the expected roles of Outside Directors during the fiscal year under review

Director	Nobuko Watanabe	Ms. Watanabe's attendance rate for the Board of Directors meetings during the fiscal year under review was 100 percent. As an Outside Director, she provided advice and recommendations as necessary, including making statements as necessary regarding the proper management operation of the Company, such as compliance with laws and regulations, from an objective standpoint by utilizing her deep insight and experience as an attorney-at-law.
Director	Yukiko Morita	Ms. Morita's attendance rate for the Board of Directors meetings during the fiscal year under review was 100 percent. As an Outside Director, she offered advice and recommendations as necessary, including making comments as necessary on the proper management of the Company, such as the promotion of SDGs, from an objective standpoint by utilizing her abundant experience and broad insight as an economic journalist in a newspaper publishing company and corporate manager.
Director	Shigeru Miyamura	Mr. Miyamura's attendance rate for the Board of Directors meetings held after his appointment was 100 percent. As an Outside Director, he has provided advice and recommendations as necessary, including making comments as necessary on the proper management of the Company, such as investment policy, from an objective standpoint by utilizing his abundant experience and broad insight as a corporate manager at a financial institution.
Audit and Supervisory Board Member	Takashi Asabayashi	Mr. Asabayashi's attendance rate for the Board of Directors meetings and Audit and Supervisory Board meetings during the fiscal year under review was 100 percent. As an Outside Audit and Supervisory Board Member, he has provided advice and recommendations as necessary, including making comments as necessary on the legality of business execution by the Company's Directors, including risk management, from an objective standpoint based on his extensive experience and broad insight as a manager at a financial institution.
Audit and Supervisory Board Member	Masayuki Nitta	Mr. Nitta's attendance rate for the Board of Directors meetings and Audit and Supervisory Board meetings during the fiscal year under review was 100 percent. As an Outside Audit and Supervisory Board Member, he utilized his deep insight and experience as a certified tax accountant to provide advice and recommendations from an objective standpoint, including making comments as necessary regarding the legality of the execution of duties by the Company's Directors, including financial accounting.

4. Status of Accounting Auditor

(1) Accounting Auditor's Name

Ernst & Young ShinNihon LLC

(2) Accounting Auditor's Remuneration, etc. for the Fiscal Year under Review

	Amount of payment
Amount of Remuneration, etc.	24 million yen
Total amount of cash and other property interests payable by the Company and its Subsidiaries	32 million yen

Note: The payment amount above is entirely paid to Ernst & Young ShinNihon LLC as remuneration, etc. In the Audit Agreement signed between the Company and the Accounting Auditor, remuneration amount for audit services pursuant to the Companies Act and that in accordance with the Financial Instruments and Exchange Act are not stated separately, and are not substantially classified. Accordingly, the above "Amount of remuneration, etc." represents the sum of the remuneration.

(3) Details of Non-audit Services

The Company pays consideration to the Accounting Auditor for a Consulting Agreement on Information Disclosure based on TCFD recommendations, which is a service other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(4) Reasons for the Audit and Supervisory Board's Consent to the Remuneration, etc. of the Accounting Auditor

The Audit and Supervisory Board has comprehensively reviewed the audit plan, the basis for calculating the estimated remuneration, and the status of execution of duties by the accounting auditor through the materials and reports obtained from the Directors, relevant internal departments, and the Accounting Auditor, and has given its consent to the audit.

(5) Policy Regarding the Decision to Dismiss or Not to Reappoint the Accounting Auditor

The Audit and Supervisory Board will consider dismissal or non-reappointment of the Accounting Auditor based on the fact that the Accounting Auditor has violated or contravened the Companies Act, the Certified Public Accountants Act, or other laws and regulations, or any other event that raises significant doubts about the continued performance of the duties of the Accounting Auditor.

5. Matters Related to the Development of Systems to Ensure the Appropriateness of Business Operations and the Status of Operation

<Status of Development>

The Company's Board of Directors has adopted the following basic policy regarding the development of "systems to ensure the appropriateness of operations (internal control system)."

(1) System to Ensure that the Execution of Duties by Directors Complies with Laws and Regulations and the Articles of Association

- 1) Directors shall establish a "Code of Conduct" that clearly prescribes compliance with laws and regulations in corporate activities, and shall take the initiative in practicing the Code of Conduct, as well as provide appropriate guidance and supervision to ensure that employees comply with the Code of Conduct.
- 2) The Board of Directors shall meet once a month in principle and as necessary to make decisions on important business operations in accordance with laws, regulations, and the Articles of Association, to receive reports from Directors on the status of execution of their duties, and to supervise the execution of duties by Directors. In addition, the Board of Directors, with the participation of Outside Directors, shall make decisions and supervise the execution of duties based on diverse viewpoints.

(2) System for the Retention and Management of Information Related to the Execution of Duties by Directors

- 1) Directors shall appropriately manage information related to the execution of duties by Directors, including the minutes of the Board of Directors meetings and other approved documents, by establishing internal rules that specify management methods, such as retention periods, and information security measures.

(3) Regulations and Other Systems Regarding Risk Management for Losses

- 1) Directors shall take all possible measures by establishing internal rules such as "Crisis Management Regulations" in order to respond promptly and appropriately to various crises that have or may have a significant impact on management.
- 2) Directors shall identify and evaluate management risks associated with uncertainty as appropriate, and reflect them in management policies and plans such as comprehensive budgets formulated each fiscal year by the Board of Directors, and shall take appropriate measures by establishing organizations and committees as necessary.

(4) System to Ensure the Efficient Execution of Duties by the Directors

- 1) Important matters, including matters to be submitted to the Board of Directors, shall be appropriately discussed at the Managing Directors' Meetings and the Liaison Meetings to ensure efficient business operations.
- 2) Directors shall clarify the chain of command, responsibilities and authorities of each position, and business procedures in the internal rules, and shall utilize information systems to ensure prompt and appropriate decision-making and efficient execution of duties.

(5) System to Ensure that the Execution of Duties by the Employees Complies with Laws and Regulations and the Articles of Association

- 1) The "Compliance Committee," chaired by the President, shall play a central role in promoting company-wide compliance activities, such as ensuring that all employees are familiar with the "Code of Conduct." In addition, the Company shall appropriately operate the "Internal Reporting System" for violations of laws, regulations, and internal rules. The entire Company shall take a firm stand against unjustified intervention or demands from antisocial forces.
- 2) Directors shall establish the systems and mechanisms for ensuring the reliability of financial reporting in the internal rules and shall ensure appropriate operation.
- 3) The Company shall assign the Business Audit Department, which is independent from the business execution departments, to ascertain the status of compliance with laws and regulations and the execution of duties, and to make improvements in these areas.

(6) Systems to Ensure the Appropriateness of Operations of the Company and the Corporate Group Consisting of the Parent Company and its Subsidiaries

- 1) System for the Parent Company
 - (a) Directors shall execute business as members of the Hokuriku Electric Power Group and in close cooperation with Group companies in accordance with the management policy and code of operation of

the Hokuriku Electric Power Group established by Hokuriku Electric Power Company, the parent company.

- (b) Independent Outside Directors and Independent Outside Audit and Supervisory Board Members shall serve on the Special Committee to appropriately monitor and supervise any risk of a conflict of interests with the Company's parent company and others in transactions with the Hokuriku Electric Power Group, including the Company's parent company, Hokuriku Electric Power Company, to further protect the interests of minority shareholders.

2) System for Subsidiaries

- (a) Directors shall endeavor to familiarize subsidiaries with the management policy and code of operation of the HOKURIKU ELECTRICAL CONSTRUCTION Group, discuss important management matters of the subsidiaries in advance, and coordinate closely with each other through various liaison meetings.
- (b) Subsidiaries shall endeavor to establish and appropriately operate systems and mechanisms similar to those of the Company to ensure appropriate operations, including compliance with laws and regulations.

(7) Systems to Ensure the Effective Performance of Duties by Audit and Supervisory Board Members

- 1) The Company shall establish the Audit and Supervisory Board Members Office as a dedicated organization to assist the Audit and Supervisory Board Members in their duties, and shall assign the necessary personnel to the Office. Personnel evaluation and personnel changes of the Office shall be discussed in advance with the Audit and Supervisory Board Members.
- 2) Directors and employees shall immediately report to the Audit and Supervisory Board or Audit and Supervisory Board Members when they discover any facts that may cause significant damage to the Company. Directors and employees will also comply with requests from Audit and Supervisory Board Members for reports on the status of the execution of duties and other matters.
- 3) Directors shall take measures to ensure that the persons making reports as described in the preceding item are not treated disadvantageously for making such reports.
- 4) Directors shall establish an environment in which Audit and Supervisory Board Members can attend important meetings such as Managing Directors' Meetings, inspect approved documents, and conduct investigations as necessary, such as appropriate budget allocations.
- 5) Directors and Audit and Supervisory Board Members shall seek to deepen mutual understanding by regularly exchanging opinions, and the Business Audit Department shall work closely with Audit and Supervisory Board Members and their staff to ensure that audits by Audit and Supervisory Board Members are conducted effectively.

<Status of Operation>

An overview of the operating status of the system during the fiscal year under review is as follows.

(1) System to Ensure that the Execution of Duties by Directors Complies with Laws and Regulations and the Articles of Association

The President's message was sent out to all employees to raise awareness of the importance of "thorough compliance," which was included in the HOKURIKU ELECTRICAL CONSTRUCTION Medium-Term Management Policy and Action Plan 2023. In addition, the Company conducted a questionnaire survey during "Harassment Month" and published the results to raise awareness of harassment.

The Company has established a Special Committee composed of Independent Outside Directors and Independent Outside Audit and Supervisory Board Members.

(2) System for the Retention and Management of Information Related to the Execution of Duties by Directors

The minutes of the Board of Directors meetings, approved documents, etc. are managed appropriately in accordance with the "Document Regulations" and the "Information Security Management Regulations."

The Company implemented information security training for all employees.

(3) Regulations and Other Systems regarding Risk Management for Losses

The Company has established the "Crisis Management Regulations" in order to respond to various crises that have a significant impact on the Company's management. As a measure against the bankruptcy of important business partners, the Company conducts a management matter examination rating check and a corporate credit investigation using an external specialist agency, on a timely basis. In response to the spread of COVID-19, the Company has established the COVID-19 Task Force and implemented measures

to prevent infection.

The Company implements safety awareness education on a continual basis as training and education to prevent occupational accidents. The Company held three meetings of the Business Quality Assurance Committee and 10 meetings (including two extraordinary meetings) of the Central Safety and Health Committee.

The Company newly established the Business Strategy Research Section under the management of the General Planning Department, the Air-Conditioning and Plumbing Department under the management of the Takaoka, Kanazawa, Nanao, Fukui, Tokyo, and Osaka Branches, and the Wajima Wind Farm Construction Office under the management of the Kanazawa Branch.

(4) System to Ensure the Efficient Execution of Duties by the Directors

The Managing Directors' Meeting, consisting of the President and Managing Directors was held 33 times and discussed important issues, including matters submitted to the Board of Directors.

The Company is promoting the enhancement of the internal DX environment, including the use of 5G-compatible smartphones and tablets and the introduction of digital meeting boards at all branches and offices.

(5) System to Ensure that the Execution of Duties by the Employees Complies with Laws and Regulations and the Articles of Association

In addition to conducting compliance education by rank every year, the Company distributed a pocket-size version of the Code of Conduct to new employees to familiarize them with “compliance with laws, regulations, and internal rules” and the “internal reporting system.”

Visits were implemented to all branch offices to exchange opinions on matters such as building an operational structure in coordination with Branch General Managers and the General Manager of the Safety and General Affairs Department.

All employees undertook compliance e-learning.

(6) Systems to Ensure the Appropriateness of Operations of the Company and the Corporate Group Consisting of the Parent Company and its Subsidiaries

The Company formulated the “HOKURIKU ELECTRICAL CONSTRUCTION Group Medium-Term Management Policy,” and indicated the basic direction of the HOKURIKU ELECTRICAL CONSTRUCTION Group through the Hokuriku Electric Group Presidents and Information Liaison Meetings, etc.

The Company held meetings of the Special Committee composed of Independent Outside Directors and Independent Outside Audit and Supervisory Board Members, and obtained the reply that transactions with the parent company and others were handled appropriately to avoid disadvantages to minority shareholders.

The FY2022 HOKURIKU ELECTRICAL CONSTRUCTION Group Medium-Term Management Policy was made known to Group companies through HOKURIKU ELECTRICAL CONSTRUCTION Group Liaison Meetings.

(7) Systems to Ensure the Effective Performance of Duties by Audit and Supervisory Board Members

One dedicated staff member is assigned to assist the Audit and Supervisory Board Members with their audits. Directors and the Business Audit Department regularly exchange opinions with the Audit and Supervisory Board Members to ensure mutual coordination.

Consolidated Financial Statements

Consolidated Balance Sheet (As of March 31, 2023)

(In millions of yen)

Assets		Liabilities	
Current assets	36,526	Current liabilities	10,455
Cash and deposits	20,549	Notes payable, accounts payable for construction contracts and other	6,978
Notes receivable, accounts receivable from completed construction contracts and other	14,614	Lease liabilities	8
Securities	105	Accounts payable - other	1,875
Costs on construction contracts in progress	477	Income taxes payable	747
Raw materials and supplies	409	Advances received on construction contracts in progress	455
Other	377	Provision for loss on construction contracts	20
Allowance for doubtful accounts	(7)	Other	369
Non-current assets	18,276	Non-current liabilities	3,629
Property, plant and equipment	13,938	Lease liabilities	6
Buildings and structures	5,475	Provision for retirement benefits for directors (and other officers)	130
Machinery, vehicles, tools, furniture and fixtures	2,095	Retirement benefit liability	3,347
Land	5,123	Asset retirement obligations	127
Leased assets	12	Other	18
Construction in progress	1,231	Total liabilities	14,085
		Net assets	
Intangible assets	579	Shareholders' equity	40,547
Goodwill	494	Share capital	3,328
Other	85	Capital surplus	2,803
Investments and other assets	3,758	Retained earnings	35,122
Investment securities	1,533	Treasury shares	(707)
Long-term loans receivable	114	Accumulated other comprehensive income	170
Deferred tax assets	1,392	Valuation difference on available-for-sale securities	258
Other	743	Remeasurements of defined benefit plans	(87)
Allowance for doubtful accounts	(25)	Total net assets	40,717
Total assets	54,803	Total liabilities and net assets	54,803

Consolidated Statement of Income (April 1, 2022 through March 31, 2023)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	43,239	
Sales in other businesses	1,607	44,846
Cost of sales		
Cost of sales of completed construction contracts	36,656	
Cost of sales in other businesses	1,159	37,816
Gross profit		
Gross profit on completed construction contracts	6,582	
Gross profit - other business	447	7,030
Selling, general and administrative expenses		4,673
Operating profit		2,356
Non-operating income		
Dividend income	24	
Commission income	67	
Rental income from land and buildings	22	
Other	63	178
Non-operating expenses		
Interest expenses	0	
Other	3	3
Ordinary profit		2,531
Extraordinary income		
Gain on sale of non-current assets	4	
Other	0	4
Extraordinary losses		
Loss on retirement of non-current assets	29	
Loss on valuation of investment securities	7	37
Profit before income taxes		2,498
Income taxes - current	797	
Income taxes - deferred	72	870
Profit		1,628
Profit attributable to owners of parent		1,628

Consolidated Statement of Changes in Equity (April 1, 2022 through March 31, 2023)

(In millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,328	2,803	34,333	(707)	39,759	225	(123)	102	39,861
Changes during period									
Dividends of surplus			(839)		(839)				(839)
Profit attributable to owners of parent			1,628		1,628				1,628
Purchase of treasury shares				(0)	(0)				(0)
Net changes in items other than shareholders' equity						33	35	68	68
Total changes during period	-	-	788	(0)	788	33	35	68	856
Balance at end of period	3,328	2,803	35,122	(707)	40,547	258	(87)	170	40,717

Notes to the Consolidated Financial Statements

1. Significant Accounting Policies for Preparation of Consolidated Financial Statements

(1) Matters on the Scope of Consolidation

- 1) Number of consolidated subsidiaries: three
Name of the consolidated subsidiaries: Hokko Shoji Co., Ltd., SCAIRT CO., LTD., Kanbara Equipment Engineering Co., Ltd.
SCAIRT CO., LTD. and Kanbara Equipment Engineering Co., Ltd. have been included in the scope of consolidation from the fiscal year under review due to the acquisition of all issued shares of each company.
- 2) Number of non-consolidated subsidiaries: one
Name of the non-consolidated subsidiary: Blue Sky Co., Ltd.
The subsidiary above is not included in the scope of consolidation because it has an insignificant impact on the Group's total assets, net sales, profit, retained earnings, and other items, and is immaterial overall.

(2) Matters on Application of the Equity Method

Number of associates not accounted for using the equity method: two
Names of the associates not accounted for using the equity method: Maeda Denko Co., Ltd. and Oyama First Co., Ltd.
The associates above are not accounted for using the equity method because they have an insignificant impact on the Group's profit, retained earnings, and other items, and is immaterial overall.

(3) Matters on the Fiscal Year, etc. of Consolidated Subsidiaries

The fiscal year-end of the consolidated subsidiary is the same as the consolidated balance sheet date.

(4) Matters on Accounting Policies

- 1) Criteria and methods for evaluation of significant assets
 - (a) Securities
 - Available-for-sale securities
 - Apart from shares, etc. without market prices:
Stated at fair value (the entire valuation difference is recognized directly in net assets, and the cost of securities sold is calculated using the moving-average method).
Hybrid financial instruments in which embedded derivatives cannot be measured separately are stated at fair value in their entirety, with the valuation difference recognized in non-operating income or expenses.
 - Shares, etc. without market prices:
Stated at cost using the moving-average method.
 - (b) Inventories
 - Costs on construction contracts in progress:
Stated at cost using the identified cost method.
 - Raw materials and supplies:
Generally stated at cost using the periodic average method (with the book value written down in the case of a decline in profitability).

- 2) Methods for depreciation of significant depreciable assets
 - (a) Property, plant and equipment (excluding leased assets)

Generally depreciated using the straight-line method.
 - (b) Intangible assets (excluding leased assets)

Software for internal use is amortized using the straight-line method based on the usable period within the Group (five years).
 - (c) Leased assets

Leased assets related to finance lease transactions not involving the transfer of ownership are depreciated using the straight-line method, based on the assumption that the useful life equals the lease term and the residual value equals zero.

- 3) Criteria for recognition of significant provisions
 - (a) Allowance for doubtful accounts

To provide for bad debt losses on trade receivables, loans receivable, and so forth, an allowance is recognized in the amount calculated using the loan loss ratio for general claims, and in the amount expected to be uncollectible taking into account the collectability on an individual basis for specific claims such as claims with a possibility of default.
 - (b) Provision for loss on construction contracts

To provide for future losses on construction contracts, a provision is recognized in the amount of estimated losses for construction contracts in progress as of the end of the fiscal year under review that are likely to incur losses whose amounts can be reasonably estimated.
 - (c) Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits to directors and other officers, a provision is recognized in the amount required to pay at the end of the fiscal year under review in accordance with internal regulations.

- 4) Other significant matters concerning preparation of consolidated financial statements
 - (a) Criteria for recognition of revenue and expenses

Criteria for recognition of net sales of completed construction contracts and cost of sales of completed construction contracts

Net sales of completed construction contracts are revenue from commissioned construction work based on construction contracts with customers.

Revenue from construction contracts for which performance obligations are fulfilled over a certain period of time is recognized progressively over a certain period of time, based on the degree of progress towards fulfilling performance obligations, estimated using the cost-to-cost method.

For other contracts, net sales of completed construction contracts and cost of sales of completed construction contracts are recognized at the time when the construction is completed and the specified object is delivered.
 - (b) Goodwill amortization method and amortization period

Goodwill is amortized using the straight-line method over a period not exceeding 20 years, reasonably determined on a case-by-case basis.
 - (c) Accounting method for retirement benefit liability

To provide for the payment of retirement benefits to employees, retirement benefit liability is recognized based on the estimated amount of retirement benefit obligations as of the end of the fiscal year under review. In calculating retirement benefit obligations, the estimated amount of retirement benefits is attributed to periods up to the end of the fiscal year under review using the straight-line basis.

Past service cost is expensed using the straight-line method over a fixed number of years

(five years) within the employees' average remaining service period at incurrence.

Actuarial gains and losses are expensed in the fiscal year of incurrence.

The Company's consolidated subsidiaries apply a simplified method to record retirement benefit liability and retirement benefit expenses.

2. Notes on Changes in Accounting Policies

Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Standard Implementation Guidance") from the beginning of the fiscal year under review, and prospectively applies the new accounting policies stipulated by the Fair Value Measurement Standard Implementation Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance. For investment trusts for which the financial instruments are investment trust property, the Company treats the standard price as fair value, because there is no market transaction price and there are no restrictions on cancellation or redemption claims significant enough for market participants to require compensation for risk.

3. Notes on Revenue Recognition

(1) Breakdown of Revenue

The Group's principal business is equipment installation.

The Group undertakes indoor wiring, ventilation and air conditioning works, power distribution line works, and other works, under construction contracts with customers.

The amount of revenue arising from contracts with customers recognized in the fiscal year under review was 44,846 million yen. A breakdown of the amount of revenue by type of goods and services is shown below.

1) Indoor wiring, ventilation and air conditioning works	26,334 million yen
2) Power distribution line works	10,852 million yen
3) Other works	6,051 million yen
4) Other	1,607 million yen

Note: "4) Other" refers to businesses such as real estate leasing.

(2) Information Fundamental to an Understanding of Revenue

As presented in "(a) Criteria for recognition of revenue and expenses" under "1. Significant Accounting Policies for Preparation of Consolidated Financial Statements (4) Matters on Accounting Policies 4) Other significant matters concerning preparation of consolidated financial statements."

(3) Information to Understand the Amount of Revenue for the Fiscal Year under Review and the Following Fiscal Year Onward

1) Balance of contract assets and contract liabilities, etc.

Receivables arising from contracts with customers (balance at beginning of period)	12,354 million yen
Receivables arising from contracts with customers (balance at end of period)	10,738 million yen
Contract assets (balance at beginning of period)	4,321 million yen
Contract assets (balance at end of period)	3,876 million yen
Contract liabilities (balance at beginning of period)	1,187 million yen
Contract liabilities (balance at end of period)	455 million yen

Note: On the consolidated balance sheet, receivables and contract assets arising from contracts with customers are presented within notes receivable, accounts receivable from completed construction contracts and other, and contract liabilities are presented within advances received on construction contracts in progress.

2) Transaction price allocated to remaining performance obligations

The total transaction amount allocated to remaining performance obligations as of the end of the fiscal year under review was 38,274 million yen. The Group expects to recognize revenue for this amount within a maximum of four years, as performance obligations are fulfilled.

4. Notes on Changes in Presentation Methods

(1) Consolidated Balance Sheet

“Notes payable, accounts payable for construction contracts and other” under current liabilities were presented as “accounts payable for construction contracts” in the previous fiscal year, but have been changed to this account title from the fiscal year under review due to the issuance of notes payable.

(2) Consolidated Statement of Income

“Loss on retirement of non-current assets,” under extraordinary losses, which was included in “other” under extraordinary losses in the previous fiscal year, has been presented separately from the fiscal year under review, due to an increase in materiality.

5. Notes on Accounting Estimates

(1) Net Sales of Completed Construction Based on Construction Contracts for Which Performance Obligations Are Fulfilled over a Certain Period of Time

1) Amounts recognized in the consolidated financial statements for the fiscal year under review

Listed below is the item that was recognized in the consolidated financial statements for the fiscal year under review in the amount based on an accounting estimate and that may have a significant impact on the consolidated financial statements for the following fiscal year.

Net sales of completed construction based on construction contracts for which performance obligations are fulfilled over a certain period of time: 28,806 million yen

2) Other information on accounting estimates that contributes to the understanding of users of consolidated financial statements

(a) Calculation method

Revenue from construction contracts for which performance obligations are fulfilled over a certain period of time is recognized based on the estimated degree of progress towards

fulfilling performance obligations.

To calculate this, the “cost-to-cost method” is employed, in which the stage of completion of a contract as of the end of the fiscal year under review is determined by the proportion of contract costs incurred for the construction work performed by the end of the fiscal year under review to the total contract costs of the construction work.

(b) Primary assumptions

The stage of completion of a contract, which constitutes a significant estimate for the recognition of revenue from construction contracts for which performance obligations are fulfilled over a certain period of time, is based primarily on the assumption that the total contract costs have been reasonably estimated.

Every construction contract is different as it is performed according to the instructions of the customer in terms of the basic specifications and work details. This makes it difficult to establish uniform criteria for estimating total contract costs of construction work. Consequently, the estimated total contract costs of construction work involve uncertainty in that they are based on certain necessary assumptions and judgments made by site managers who have expert knowledge and experience in construction.

(c) Impact on the consolidated financial statements for the following fiscal year

The estimated total contract cost of construction will differ from the actual contract cost of construction in the event of changes in design and specifications, delays in construction, cost reduction activities, or fluctuations in unit prices of construction materials and labor due to changes in market conditions during the course of construction because of the generally long term nature of construction projects, which may have a significant impact on the amount of construction completed based on construction contracts that fulfill performance obligations for a certain period in the consolidated financial statements for the following fiscal year.

(2) Valuation of Goodwill

1) Amounts recognized in the consolidated financial statements for the fiscal year under review

Goodwill: 494 million yen

2) Other information on accounting estimates that contributes to the understanding of users of consolidated financial statements

(a) Calculation method

As presented under “1. Significant Accounting Policies for Preparation of Consolidated Financial Statements (4) Matters on Accounting Policies 4) Other significant matters concerning preparation of consolidated financial statements (b) Goodwill amortization method and amortization period.”

(b) Primary assumptions

Future cash flows used in the recognition and measurement of impairment losses are estimated based on the business plans of investees after the end of the fiscal year under review, which include assumptions regarding external factors such as the management environment of the investees.

(c) Impact on the consolidated financial statements for the following fiscal year

If revision becomes necessary due to factors such as changes in the uncertain management environment in the future, this may impact the consolidated financial statements for the following fiscal year onwards.

6. Notes to the Consolidated Balance Sheet

- (1) Amounts of Notes Receivable - Trade, Accounts Receivable from Completed Construction Contracts and Other That Constitute Receivables or Contract Assets Arising from Contracts with Customers

Notes receivable - trade	664 million yen
Electronically recorded monetary claims - operating	1,731 million yen
Accounts receivable from completed construction contracts	8,342 million yen
Contract assets	3,876 million yen

- (2) Assets Pledged as Collateral

The Group has pledged the assets below as collateral against the loans of an entity in which it has a stake and which is involved primarily in Private Finance Initiative (PFI) schemes.

Investment securities	2 million yen
Long-term loans receivable	1 million yen

- (3) Accumulated Depreciation of Property, Plant and Equipment 7,850 million yen

7. Notes to the Consolidated Statement of Changes in Equity

- (1) Number and Class of Issued Shares as of the End of the Fiscal Year under Review

Common stock: 29,963 thousand shares

- (2) Matters Concerning Dividends of Surplus

- 1) Dividends paid, etc.

Resolution	Class of shares	Total dividend	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders of June 29, 2022	Common stock	559 million yen	20 yen	March 31, 2022	June 30, 2022
Board of Directors Meeting of October 26, 2022	Common stock	279 million yen	10 yen	September 30, 2022	November 30, 2022

- 2) Dividends with a record date within the fiscal year under review, those to be effective in the following fiscal year

Matters concerning common stock dividends will be proposed to the Ordinary General Meeting of Shareholders scheduled for June 29, 2023, as detailed below.

Total dividend	727 million yen
Dividend resources	Retained earnings
Dividend per share	26 yen
Record date	March 31, 2023
Effective date	June 30, 2023

8. Notes on Financial Instruments

- (1) Matters Related to the Status of Financial Instruments

- 1) Policy for financial instruments

The Group manages its funds by investing temporary surplus funds in highly safe financial

assets and procures funds by borrowing from banks and other financial institutions.

2) Contents and risks of financial instruments and the risk management systems

Notes receivable, accounts receivable from completed construction contracts and other that constitute trade receivables are exposed to the customer's credit risk. In regard to this risk, a system has been established whereby the Group manages the due dates and balances of receivables from each counterparty and periodically monitors the creditworthiness of major counterparties.

Shares that constitute investment securities are exposed to the risk of market price fluctuations. However, those are primarily the shares of the companies with which the Group has business relationships, and a system has been established whereby the Group periodically monitors the fair value.

Most of trade payables will be due within one year.

(2) Matters Related to the Fair Value, etc. of Financial Instruments

The table below shows the amounts reported on the consolidated balance sheet, fair value, and difference between them as of March 31, 2023.

Note that shares, etc. without market prices (amount reported on the consolidated balance sheet: 412 million yen) have not been included in "securities and investment securities."

Moreover, notes have been omitted for cash, and notes have been omitted for deposits, notes receivable - trade, accounts receivable from completed construction contracts and other, notes payable, accounts payable for construction contracts and other, accounts payable - other and income taxes payable, which are settled over a short period of time, and for which the carrying amount therefore approximates fair value.

(In millions of yen)

	Amount reported on the consolidated balance sheet	Fair value	Difference
1) Securities and investment securities			
Available-for-sale securities	1,227	1,227	-
2) Long-term time deposits	600	600	-
Total assets	1,827	1,827	-

(3) Breakdown of Financial Instruments by Level of Fair Value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair value: Fair value calculated using (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than those in Level 1

Level 3 fair value: Fair value calculated using significant unobservable inputs

When multiple inputs that have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

1) Financial assets and financial liabilities carried on the consolidated balance sheets at fair value

(In millions of yen)

Class	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	717	-	-	717
Debt securities (bonds, etc.)	-	16	-	16
Debt securities (other)	-	401	-	401
Other	-	91	-	91

2) Financial assets and financial liabilities not carried on the consolidated balance sheets at fair value

(In millions of yen)

Class	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term time deposits	-	600	-	600

Note: Explanation of the valuation techniques and inputs used to calculate fair value

Securities and investment securities

Listed shares and debt securities (other) are valued using market prices. Because listed shares are traded in active markets, their fair value is classified as Level 1. Because the markets for debt securities (other) are not regarded as active markets due to the low frequency of transactions, their fair value is classified as Level 2.

Debt securities (bonds, etc.) consist of private placements with no market price. Fair value is therefore calculated as the present value of the total principal and interest amounts, discounted at a rate that accounts for the tenor of the security, and is classified as Level 2.

Other comprises investment trusts. Because there is no market transaction price and there are no restrictions on cancellation or redemption claims significant enough for market participants to require compensation for risk, the standard price is treated as fair value, which is classified as Level 2.

Long-term time deposits

The value of long-term time deposits is calculated as the present value of the total principal and interest amounts, discounted at the interest rate anticipated if a similar new deposit was made. Their fair value is classified as Level 2.

9. Notes on Real Estate for Rent, etc.

(1) Matters Related to the Status of Real Estate for Rent, etc.

The Group owns commercial facilities and dwellings for rent, as well as unused properties, in Toyama Prefecture and other areas.

(2) Matters Related to the Fair Value of Real Estate for Rent, etc.

(In millions of yen)

Amount reported on the consolidated balance sheet	Fair value
2,738	2,979

Notes:

1. The amount reported on the consolidated balance sheet represents the acquisition cost less the accumulated depreciation and impairment.
2. Fair value as of the end of the fiscal year under review is determined based on the acquisition price for properties acquired during the fiscal year under review, and on the assessed value of fixed assets tax or appraised and estimated value for the other properties.

10. Notes on Per Share Information

(1) Net Assets per Share 1,454.73 yen

(2) Profit per Share 58.17 yen

11. Notes on Other Matters

The figures presented above are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of March 31, 2023)

(In millions of yen)

Assets		Liabilities	
Current assets	35,180	Current liabilities	9,972
Cash and deposits	19,813	Accounts payable for construction contracts	6,651
Notes receivable - trade	636	Lease liabilities	8
Electronically recorded monetary claims - operating	1,681	Income taxes payable	669
Accounts receivable from completed construction contracts	11,487	Advances received on construction contracts in progress	400
Securities	105	Provision for loss on construction contracts	20
Costs on construction contracts in progress	366	Other	2,221
Raw materials and supplies	397	Non-current liabilities	3,422
Other	699	Lease liabilities	6
Allowance for doubtful accounts	(7)	Provision for retirement benefits	3,184
Non-current assets	18,902	Provision for retirement benefits for directors (and other officers)	88
Property, plant and equipment	12,496	Other	143
Buildings and structures	4,437	Total liabilities	13,394
Machinery and vehicles	1,707	Net assets	
Tools, furniture and fixtures	367	Shareholders' equity	40,429
Land	4,814	Share capital	3,328
Leased assets	12	Capital surplus	2,803
Construction in progress	1,157	Legal capital surplus	2,803
Intangible assets	82	Other capital surplus	0
Investments and other assets	6,323	Retained earnings	35,004
Investment securities	1,510	Legal retained earnings	360
Shares of subsidiaries and associates	1,849	Other retained earnings	34,644
Long-term loans receivable	962	General reserve	26,934
Distressed receivables	19	Retained earnings brought forward	7,710
Long-term prepaid expenses	3	Treasury shares	(707)
Deferred tax assets	1,310	Valuation and translation adjustments	258
Other	693	Valuation difference on available-for-sale securities	258
Allowance for doubtful accounts	(25)	Total net assets	40,688
Total assets	54,082	Total liabilities and net assets	54,082

Non-consolidated Statement of Income (April 1, 2022 through March 31, 2023)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	42,448	
Net sales in sideline businesses	1,386	43,835
Cost of sales		
Cost of sales of completed construction contracts	36,079	
Cost of sales in sideline businesses	968	37,048
Gross profit		
Gross profit on completed construction contracts	6,368	
Gross profit on sideline business	417	6,786
Selling, general and administrative expenses		4,378
Operating profit		2,408
Non-operating income		
Interest and dividend income	41	
Commission income	68	
Rental income from land and buildings	20	
Other	45	177
Non-operating expenses		
Interest expenses	0	
Other	3	3
Ordinary profit		2,581
Extraordinary income		
Gain on sale of non-current assets	1	
Other	0	1
Extraordinary losses		
Loss on retirement of non-current assets	29	
Loss on valuation of shares of subsidiaries and associates	7	37
Profit before income taxes		2,545
Income taxes - current	746	
Income taxes - deferred	76	822
Profit		1,723

Non-consolidated Statement of Changes in Equity (April 1, 2022 through March 31, 2023)

(In millions of yen)

	Shareholders' equity								Valuation and translation adjustments	Total net assets
	Share capital	Capital surplus		Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings					
					General reserve	Retained earnings brought forward				
Balance at beginning of period	3,328	2,803	0	360	26,934	6,826	(707)	39,546	225	39,772
Changes during period										
Dividends of surplus						(839)		(839)		(839)
Profit						1,723		1,723		1,723
Purchase of treasury shares							(0)	(0)		(0)
Net changes in items other than shareholders' equity									33	33
Total changes during period	-	-	-	-	-	883	(0)	882	33	915
Balance at end of period	3,328	2,803	0	360	26,934	7,710	(707)	40,429	258	40,688

Notes to the Non-consolidated Financial Statements

1. Notes on Matters Related to Significant Accounting Policies

(1) Criteria and Methods for Evaluation of Assets

1) Securities

Shares of subsidiaries and associates

Stated at cost using the moving-average method.

Available-for-sale securities

Apart from shares, etc. without market prices:

Stated at fair value (the entire valuation difference is recognized directly in net assets, and the cost of securities sold is calculated using the moving-average method). Hybrid financial instruments in which embedded derivatives cannot be measured separately are stated at fair value in their entirety, with the valuation difference recognized in non-operating income or expenses.

Shares, etc. without market prices:

Stated at cost using the moving-average method.

2) Inventories

Costs on construction contracts in progress:

Stated at cost using the identified cost method.

Raw materials and supplies:

Stated at cost using the periodic average method (with the book value written down in the case of a decline in profitability).

(2) Methods for Depreciation of Non-current Assets

1) Property, plant and equipment (excluding leased assets)

Depreciated using the straight-line method.

2) Intangible assets (excluding leased assets)

Software for internal use is amortized using the straight-line method based on the usable period within the Company (five years).

3) Leased assets

Leased assets related to finance lease transactions not involving the transfer of ownership are depreciated using the straight-line method, based on the assumption that the useful life equals the lease term and the residual value equals zero.

(3) Criteria for Recognition of Provisions

1) Allowance for doubtful accounts

To provide for bad debt losses on trade receivables, loans receivable, and so forth, an allowance is recognized in the amount calculated using the loan loss ratio for general claims, and in the amount expected to be uncollectible taking into account the collectability on an individual basis for specific claims such as claims with a possibility of default.

2) Provision for loss on construction contracts

To provide for future losses on construction contracts, a provision is recognized in the amount of estimated losses for construction contracts in progress as of the end of the fiscal year under review that are likely to incur losses whose amounts can be reasonably estimated.

3) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, a provision is recognized based on the estimated amount of retirement benefit obligations as of the end of the fiscal year under

review. In calculating retirement benefit obligations, the estimated amount of retirement benefits is attributed to periods up to the end of the fiscal year under review using the straight-line basis.

Past service cost is expensed using the straight-line method over a fixed number of years (five years) within the employees' average remaining service period at incurrence.

Actuarial gains and losses are expensed in the fiscal year of incurrence.

4) Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits to directors and other officers, a provision is recognized in the amount required to pay at the end of the fiscal year under review in accordance with internal regulations.

(4) Criteria for Recognition of Revenue and Expenses

Criteria for recognition of net sales of completed construction contracts and cost of sales of completed construction contracts

Net sales of completed construction contracts are revenue from commissioned construction work based on construction contracts with customers.

Revenue from construction contracts for which performance obligations are fulfilled over a certain period of time is recognized progressively over a certain period of time, based on the degree of progress towards fulfilling performance obligations, estimated using the cost-to-cost method.

For other contracts, net sales of completed construction contracts and cost of sales of completed construction contracts are recognized at the time when the construction is completed and the specified object is delivered.

2. Notes on Changes in Accounting Policies

Application of the "Implementation Guidance on Accounting Standard for Fair Value Measurement"

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Standard Implementation Guidance") from the beginning of the fiscal year under review, and prospectively applies the new accounting policies stipulated by the Fair Value Measurement Standard Implementation Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance. For investment trusts for which the financial instruments are investment trust property, the Company treats the standard price as fair value, because there is no market transaction price and there are no restrictions on cancellation or redemption claims significant enough for market participants to require compensation for risk.

3. Notes on Revenue Recognition

Regarding revenue recognition, information fundamental to an understanding of revenue is the same as presented in the notes to the consolidated financial statements, and has therefore been omitted.

4. Notes on Changes in Presentation Methods

"Loss on retirement of non-current assets," under extraordinary losses, which was included in "other" under extraordinary losses in the previous fiscal year, has been presented separately from the fiscal year under review, due to an increase in materiality.

5. Notes on Accounting Estimates

Listed below is the item that was recognized in the non-consolidated financial statements for the fiscal year under review in the amount based on an accounting estimate and that may have a significant impact on the non-consolidated financial statements for the following fiscal year.

Net sales of completed construction based on construction contracts for which performance obligations are fulfilled over a certain period of time: 28,615 million yen

Other information on accounting estimates that contributes to the understanding of users of non-consolidated financial statements is as provided in the notes to the consolidated financial statements. Therefore, its presentation is omitted here.

6. Notes to the Non-consolidated Balance Sheet

(1) Assets Pledged as Collateral

The Company has pledged the assets below as collateral against the loans of an entity in which it has a stake and which is involved primarily in PFI schemes.

Investment securities	2 million yen
Long-term loans receivable	1 million yen

(2) Accumulated Depreciation of Property, Plant and Equipment 7,441 million yen

(3) Monetary Receivables from and Payables to Subsidiaries and Associates

Short-term monetary receivables	487 million yen
Long-term monetary receivables	955 million yen
Short-term monetary payables	17 million yen

7. Notes to the Non-consolidated Statement of Income

(1) Amount of Transactions with Subsidiaries and Associates

Net sales	1,074 million yen
Operating expenses	145 million yen
Amount of non-operating transactions	5 million yen

(2) Amount of Research and Development Expenses included in Selling, General and Administrative Expenses: 63 million yen

8. Notes to the Non-consolidated Statement of Changes in Equity

Number of treasury shares as of the end of the fiscal year under review

Common stock: 1,973 thousand shares

9. Notes on Tax Effect Accounting

Deferred tax assets arose primarily from provision for retirement benefits.

Valuation allowances amounted to 90 million yen.

Deferred tax liabilities arose primarily from valuation difference on available-for-sale securities.

10. Notes on Transactions with Related Parties

(1) Parent Company, Major Corporate Shareholders, etc.

Attribute	Company name	Percentage of voting rights, etc. in the Company (%)	Relationships with the related party	Details of transactions	Transaction amount (million yen)	Account titles	Closing balance (million yen)
Parent company	Hokuriku Electric Power Company	Direct: 50.2	Contracts for indoor wiring, ventilation and air conditioning, and other works Concurrently serving and transferred officers	Contracts for indoor wiring, ventilation and air conditioning, and other works	374	Accounts receivable from completed construction contracts	212

(2) Subsidiaries, Associates, etc.

Attribute	Company name	Percentage of voting rights, etc. held by the Company (%)	Relationships with the related party	Details of transactions	Transaction amount (million yen)	Account title	Closing balance (million yen)
Subsidiary	Hokko Shoji Co., Ltd.	Direct: 100.0	Lending of funds Concurrently serving officers	Collection of funds Receipt of interest	50 1	Long-term loans receivable	850

(3) Sister Companies, etc.

Attribute	Company name	Percentage of voting rights, etc. held by the Company (%)	Relationships with the related party	Details of transactions	Transaction amount (million yen)	Account titles	Closing balance (million yen)
Subsidiary of the parent company	Hokuriku Electric Power Transmission & Distribution Company	0	Contracts for power distribution line and other works	Contracts for power distribution line and other works	13,671	Accounts receivable from completed construction contracts	2,977
						Advances received on construction contracts in progress	19

Note: Terms and conditions of transactions, the policy for determining them, or other matters

The terms and conditions of transactions, such as contracts for construction works, are determined after negotiating the prices in light of market and other conditions. The terms and conditions of lending funds are determined considering market interest rates and so forth.

11. Notes on Per Share Information

- (1) Net Assets per Share 1,453.67 yen
- (2) Profit per Share 61.56 yen

12. Notes on Other Matters

The figures presented above are rounded down to the nearest million yen.

Audit Reports

Accounting Auditor's Audit Report on the Consolidated Financial Statements (duplicated copy)

Independent Auditor's Report

(English Translation)

May 15, 2023

To the Board of Directors
HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD.

Ernst & Young ShinNihon LLC
Toyama Office
Takanori Miyake (Seal)
Designated Limited Liability Partner, Engagement Partner, CPA
Yasuhiro Yasuda (Seal)
Designated Limited Liability Partner, Engagement Partner, CPA

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act of Japan, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to the consolidated financial statements, of HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the "Company") for the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group that consists of the Company and its consolidated subsidiary for the period covered by the consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its consolidated subsidiary, and have fulfilled our other ethical responsibilities as an auditor, in accordance with the provisions related to professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information refers to the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other information. Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the consolidated financial statements or knowledge we have gained through the auditing

process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit and Supervisory Board Members, and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with corporate accounting standards generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the appropriateness of use of the going concern basis of accounting in the preparation of the consolidated financial statements, and for disclosing matters related to going concern when it is required to do so in accordance with corporate accounting standards generally accepted in Japan.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an auditor's report, based on our audit. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error; design and perform audit procedures responsive to those risks, selecting and applying procedures based on our judgment; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when assessing the risks, while the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the internal controls of the Company and its consolidated subsidiary.
- Evaluate the appropriateness of accounting policies used and the way they are applied, as well as the reasonableness of accounting estimates and related disclosures made, by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its consolidated subsidiary to continue as going concerns. If we conclude that there is a material uncertainty over the going concern basis, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if the disclosures of the material uncertainty in the consolidated financial statements are inadequate,

to issue a modified opinion on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its consolidated subsidiary to cease to continue as going concerns.

- Assess whether the presentation of and disclosures in the consolidated financial statements are in accordance with corporate accounting standards generally accepted in Japan, evaluate the presentation, structure, and content of the consolidated financial statements including the related disclosures, and assess whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiary to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit and Supervisory Board Members and the Audit and Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and other matters required under the auditing standards.

We also provide Audit and Supervisory Board Members and the Audit and Supervisory Board with a statement that we have complied with provisions related to professional ethics in Japan regarding independence, and communicate with them about matters that may reasonably be thought to bear on our independence and, where applicable, safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiary requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report
(English Translation)

May 15, 2023

To the Board of Directors
HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD.

Ernst & Young ShinNihon LLC.
Toyama Office
Takanori Miyake (Seal)
Designated Limited Liability Partner, Engagement Partner, CPA
Yasuhiro Yasuda (Seal)
Designated Limited Liability Partner, Engagement Partner, CPA

Opinion

Pursuant to Article 436, paragraph 2, item (i) of the Companies Act of Japan, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements, and the accompanying supplementary schedules (the "Non-consolidated Financial Statements") of HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the "Company") for the 109th business term from April 1, 2022 to March 31, 2023.

In our opinion, the Non-consolidated Financial Statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period covered by the Non-consolidated Financial Statements in accordance with corporate accounting standards generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements* section of our report. We are independent of the Company, and have fulfilled our other ethical responsibilities as an auditor, in accordance with the provisions related to professional ethics in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Other information refers to the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other information. Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the Non-consolidated Financial Statements, and we express no opinion on it.

Our responsibility with respect to the audit of the Non-consolidated Financial Statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the Non-consolidated Financial Statements or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit and Supervisory Board Members, and the Audit and Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements in accordance with corporate accounting standards generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Non-consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Non-consolidated Financial Statements, management is responsible for assessing the appropriateness of use of the going concern basis of accounting in the preparation of the Non-consolidated Financial Statements, and for disclosing matters related to going concern when it is required to do so in accordance with corporate accounting standards generally accepted in Japan.

Audit and Supervisory Board Members and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the Non-consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the Non-consolidated Financial Statements from an independent standpoint in an auditor's report, based on our audit. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the Non-consolidated Financial Statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error; design and perform audit procedures responsive to those risks, selecting and applying procedures based on our judgment; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances when assessing the risks, while the purpose of the audit of the Non-consolidated Financial Statements is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the way they are applied, as well as the reasonableness of accounting estimates and related disclosures made, by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the Non-consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty over the going concern basis, we are required to draw attention in our auditor's report to the related disclosures in the Non-consolidated Financial Statements or, if the disclosures of the material uncertainty in the Non-consolidated Financial Statements are inadequate, to issue a modified opinion on the Non-consolidated Financial Statements. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Assess whether the presentation of and disclosures in the Non-consolidated Financial Statements are in accordance with corporate accounting standards generally accepted in Japan, evaluate the presentation, structure, and content of the Non-consolidated Financial Statements including the related disclosures, and assess whether the Non-consolidated Financial Statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with Audit and Supervisory Board Members and the Audit and Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and other matters required under the auditing standards.

We also provide Audit and Supervisory Board Members and the Audit and Supervisory Board with a statement that we have complied with provisions related to professional ethics in Japan regarding independence, and communicate with them about matters that may reasonably be thought to bear on our independence and, where applicable, safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report (English Translation)

With respect to the Directors' performance of their duties during the 109th business year (from April 1, 2022 to March 31, 2023), the Audit and Supervisory Board of the Company deliberated based on the audit report made by each Audit and Supervisory Board Member and has prepared this audit report, and hereby report as follows:

1. Method and Contents of Audit and Supervisory Board Members and the Audit and Supervisory Board

- (1) The Audit and Supervisory Board has established the audit policies, assignment of duties, etc., and received a report from each Audit and Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit and Supervisory Board has received reports from the Directors, etc., and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In accordance with the audit policies, assignment of duties, etc. determined by the Audit and Supervisory Board, each Audit and Supervisory Board Member made efforts to collect information and established auditing circumstances through communication with Directors, employees of internal audit department and other departments, Audit and Supervisory Board Member of the parent company, and conducted audit in accordance with the following procedures.
 - 1) Each Audit and Supervisory Board Member attended the Board of Directors meetings and other important meetings to receive reports regarding execution of duties from Directors and employees and requested explanations as necessary. Each Audit and Supervisory Board also inspected the important approved documents and examined the status of operations and conditions of assets at the Company's head office and principal offices. With respect to the subsidiaries, each Audit and Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit and Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - 2) Each Audit and Supervisory Board Member received reports regularly from Directors and employees, etc. on the status of developments and operations concerning the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Directors' performance of their duties as stated in the business report complied with all laws, regulations and the Articles of Association of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a stock company and of a group of companies consisting of the Company and its subsidiaries and/or affiliates, as well as the systems (internal control systems) based on such resolutions; and, requested explanations as necessary and expressed its opinion.
 - 3) The matters to which each Audit and Supervisory Board Member paid attention set forth in Article 118, item 5, sub-item (a) of the Ordinance for Enforcement of the Companies Act of Japan and the judgments and reasons in sub-item (b) of said item, as described in the business report, were also considered in light of the circumstances, etc. of deliberations by the Board of Directors and other bodies.
 - 4) Each Audit and Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary.

Each Audit and Supervisory Board Member was notified by the Accounting Auditor that it had established a "system to ensure that the performance of the duties of the Accounting Auditor was properly conducted" (the matters listed in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with the "Quality Control Standard for Audit" (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business report and supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net equity and notes to the non-consolidated financial statements) and the supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements) for the year ended March 31, 2023.

2. Results of Audit

(1) Results of audit of the business report and others

- 1) We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Association of the Company.
 - 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Association of the Company was found with respect to the Directors' performance of their duties.
 - 3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents of the statement in the business report and the Directors' performance of their duties concerning the internal control systems.
 - 4) Concerning the transactions with the parent company or other entities as described in the business report, we did not find any matter to be mentioned with respect to matters to which attention was paid so as not to harm the Company's interest upon such transactions, or judgments and reasons made by the Board of Directors whether such transactions would harm the Company's interest or not.
- (2) Results of audit of the non-consolidated financial statements and the supplementary schedules
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.
- (3) Results of audit of the consolidated financial statements
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 16, 2023

The Audit and Supervisory Board, HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD.

Full-time Audit and Supervisory Board Member: Takaaki Kato (Seal)

Audit and Supervisory Board Member (Outside): Takashi Asabayashi (Seal)

Audit and Supervisory Board Member (Outside): Masayuki Nitta (Seal)