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Securities code: 1930

June 6, 2024

(Date of commencement of measures for
electronic provision: June 3, 2024)

To Shareholders with Voting Rights:

Kazuhisa Mizutani
Chairman and Representative
Director
HOKURIKU ELECTRICAL
CONSTRUCTION CO., LTD.
269 Konaka, Toyama City, Toyama
Prefecture, Japan

**NOTICE OF
THE 110th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage, as well as offer our deepest condolences to the victims of the 2024 Noto Peninsula Earthquake as we pray for the speedy recovery of the afflicted areas.

We are pleased to inform you of the 110th 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 110th 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 26, 2024 Japan Standard Time (JST).

- 1. Date and Time:** Thursday, June 27, 2024 at 10:00 a.m., JST
- 2. Place:** Kagetsu, Palais Blanc Koshikaikan 2F
1-3-1 Chitosemachi, Toyama City, Toyama Prefecture, Japan
*Please note that the venue has changed compared to previous years.
- 3. Meeting Agenda:**
- Matters to be reported:**
1. Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 110th business term (from April 1, 2023 to March 31, 2024)
 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:** Appointment of Eight (8) Directors
- Proposal 3:** Appointment of Three (3) Audit and Supervisory Board Members
- Proposal 4:** Appointment of Two (2) Substitute Audit and Supervisory Board Members
- Proposal 5:** Presentation of Retirement Benefits to Retiring Directors and Retiring Audit and Supervisory Board Members, as well as the Final Payment of Retirement Benefits in Conjunction with the Abolition of the Retirement Benefit System
- Proposal 6:** Introduction of a Share-Based Remuneration Plan for Directors and Audit and Supervisory Board Members
- Proposal 7:** Revision of Remuneration for Directors and Audit and Supervisory Board Members
- 4. On the exercise of voting rights:**
1. If neither approval nor disapproval has been indicated to a proposal on the voting rights exercise form, this will be treated as an intention of approval.
 2. 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.
 3. If voting rights are exercised multiple times via the Internet, etc., the most recent votes will be treated as valid.

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 27, 2024 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 26, 2024 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 26, 2024 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 26, 2024 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 and other growth strategies implemented last year and the high amount of orders received as maintained from the previous year, as well as in view of the amount of internal reserves, in addition to (non-consolidated) net sales of 2,376 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 22 yen per share. The annual dividend, including the interim dividend and the year-end dividend, will be 40 yen per share, an increase of 4 yen per share.

1. Matters Regarding the Year-End Dividend for the 110th Business Term

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount

Year-end dividend per share of common stock: 22 yen

Total amount dividends: 615,774,720 yen

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

June 28, 2024

Proposal 2: 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	Senior Managing Director and Senior Managing Executive Officer	100% (11/11)
2	Newly appointed Miyuki Sano Female	Outside Director Independent Director	-
3	Reappointed Shoichiro Hayase Male	Managing Director and Managing Executive Officer	100% (9/9)
4	Reappointed Kazuhisa Mizutani Male	Chairman and Representative Director	100% (9/9)
5	Reappointed Shigeru Miyamura Male	Outside Director Independent Director	91% (10/11)
6	Newly appointed Yoshiaki Murata Male	-	-
7	Reappointed Isashi Yamazaki Male	President, Representative Director and CEO	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 Jun. 2023 Senior Managing Director and Senior Managing Executive Officer (to present) Jun. 2023 Director of Hokko Shoji Co., Ltd. (to present) Years of service as Director: 3 years	4,280
[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 Senior Managing Director and Senior Managing Executive Officer. 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	Miyuki Sano (May 26, 1962) [Newly appointed] [Outside Director] [Independent Director] [Attendance at the Board of Directors meetings] -	Jun. 2015 Director and General Manager of Planning and General Affairs Department, NTT Human Solutions Corporation (currently Pasona HS Inc.) Aug. 2018 Managing Executive Officer and General Manager of Planning and General Affairs Department, Pasona Human Solutions Inc. (currently Pasona HS Inc.) Jun. 2020 Managing Executive Officer and Deputy General Manager, Sales Headquarters, Pasona HS Inc. Jun. 2023 Outside Director of CRESCO LTD. (to present) Years of service as Director: -	0
[Reason for nomination as candidate for Outside Director and an overview of the expected roles] Ms. Sano has experience in senior management level at several companies. 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 appointed 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 investment policy and risk management, 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) [Reappointed] [Attendance at the Board of Directors meetings] 100% (9/9)	Apr. 1986	Joined the Company	11,980
		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.			
Jun. 2023	Managing Director and Managing Executive Officer of the Company (to present)			
Jun. 2023	Director of Hokko Shoji Co., Ltd. (to present)			
		Years of service as Director: 1		
<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Hayase has primarily engaged in the operations of engineering, marketing and sales divisions, and currently serves as Managing Director and Managing Executive Officer of the Company. 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 marketing, sales, technology and quality, finance, accounting, investment policy and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.</p>				
4	Kazuhisa Mizutani (June 12, 1961) [Reappointed] [Attendance at the Board of Directors meetings] 100% (9/9)	Jun. 2013	General Manager of Public Relations & General Affairs Dept., Hokuriku Electric Power Company	1,200
		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			
Jun. 2023	Chairman and Representative Director of the Company (to present)			
		Years of service as Director: 1		
<p>[Reason for nomination as candidate for Director]</p> <p>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 Chairman and Representative Director of the Company. 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 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.</p>				

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] 91% (10/11)	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.	
		Jun. 2022	Director of the Company (to present)	
		Jun. 2023	President and Representative Director, Toyama Iki-Iki Bussan Co., Ltd. (to present)	
		Years of service as Director: 2 years		
[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	Yoshiaki Murata (December 9, 1963) [Newly appointed] [Attendance at the Board of Directors meetings] -	May 2014	Seconded to Power and IT Company with the Corporate Planning Department of Hokuriku Electric Power Company	0
		Jun. 2014	President & Representative Director of the Power and IT Company	
		Jun. 2016	General Manager of the Fuel Department at Hokuriku Electric Power Company	
		Jun. 2018	General Manager of the Human Resources Department at Hokuriku Electric Power Company	
		Jun. 2020	Managing Executive Officer and General Manager of the Fukui Branch at Hokuriku Electric Power Company	
		Jun. 2023	Managing Executive Officer and General Manager of the Quality Management, Internal Audit & Nuclear Safety Oversight Department at 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. Murata has primarily engaged in the operations of the human resource and labor relations divisions and currently serves as Managing Executive Officer. 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, particularly in the areas of human resources and risk management, 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	<p>Isashi Yamazaki (April 30, 1962)</p> <p>[Reappointed]</p> <p>[Attendance at the Board of Directors meetings] 100% (11/11)</p>	<p>Apr. 1985 Joined the Company</p> <p>Apr. 2015 Deputy General Manager of Takaoka Branch</p> <p>Apr. 2018 Executive Officer and Deputy General Manager of Takaoka Branch</p> <p>Jun. 2018 Executive Officer and General Manager of Administration Dept.</p> <p>Jun. 2018 Director of Hokko Shoji Co., Ltd.</p> <p>Jun. 2019 Director and General Manager of Administration Dept.</p> <p>Apr. 2020 Director and General Manager of Administration Dept.</p> <p>Jun. 2020 Senior Executive Officer and General Manager of Comprehensive Planning Dept.</p> <p>Jun. 2021 Managing Director of the Company</p> <p>Jun. 2023 President, Representative Director and CEO of the Company (to present)</p> <p>Jun. 2023 President and Representative Director of Hokko Shoji Co., Ltd. (to present)</p> <p>Jun. 2023 Director of SCAIRT CO., LTD. (to present)</p> <p>Jun. 2023 Director of Kanbara Equipment Engineering Co., Ltd. (to present)</p> <p>Dec. 2023 Director of Nikken Corporation (to present)</p> <hr/> <p>Years of service as Director: 3 years</p>	9,460
<p>[Reason for nomination as candidate for Director]</p> <p>Since joining the Company, Mr. Yamazaki has primarily engaged in the operations of corporate planning and sales divisions, and currently serves as President, Representative Director and CEO. 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 marketing, sales, finance, accounting, investment policy and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.</p>			
8	<p>Nobuko Watanabe (August 25, 1971)</p> <p>[Reappointed]</p> <p>[Outside Director]</p> <p>[Independent Director]</p> <p>[Attendance at the Board of Directors meetings] 100% (11/11)</p>	<p>Dec. 2011 Registered as an attorney-at-law</p> <p>Dec. 2011 Joined Kanda Law Office (to present)</p> <p>Jun. 2016 Director of the Company (to present)</p> <hr/> <p>Years of service as Director: 8 years</p>	0
<p>[Reason for nomination as candidate for Outside Director and an overview of the expected roles]</p> <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>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
		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.	

- 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. Ms. Miyuki Sano, Mr. Shigeru Miyamura, and Ms. Nobuko Watanabe are candidates for Outside Director.
 4. Special notes on candidates for Outside Director
 - (1) If Ms. Miyuki Sano is appointed as originally proposed, she will become an Independent Director in accordance with the provisions of Tokyo Stock Exchange, Inc.
 - (2) The Company has registered Mr. Shigeru Miyamura 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.
 - (3) Mr. Shigeru Miyamura was appointed as Outside Director of the Company in June 2022. His term of office will be two 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 eight years at the conclusion of this Ordinary General Meeting of Shareholders.
 - (5) If Ms. Miyuki Sano is appointed as originally proposed, the Company plans to conclude a liability limitation agreement with her pursuant to Article 427, Paragraph 1 of the Companies Act to limit her liability to the amount prescribed by relevant laws or regulations.
 - (6) If the reappointment of Mr. Shigeru Miyamura 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. Kazuhisa Mizutani and Mr. Yoshiaki Murata 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 (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	Miyuki Sano Outside Director	○				○	○		
3	Shoichiro Hayase	○	○	○	○	○			○
4	Kazuhisa Mizutani	○				○	○	○	○
5	Shigeru Miyamura Outside Director	○				○	○		
6	Yoshiaki Murata	○					○		
7	Isashi Yamazaki	○	○		○	○			○
8	Nobuko Watanabe Outside Director	○					○	○	

Note: The table above presents the fields in which candidates for Director are expected to contribute in particular.

Proposal 3: Appointment of Three (3) Audit and Supervisory Board Members

The term of office for all three (3) Audit and Supervisory Board Members expires at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the appointment of three (3) Audit and Supervisory Board Members is proposed.

The Audit and Supervisory Board has given its agreement to this proposal.

The candidates are as follows:

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

No.	Name	Current positions at the Company	Attendance at Audit and Supervisory Board meetings
1	<u>Newly appointed</u> Hiroki Kimura Male	-	-
2	Reappointed Masayuki Nitta Male	Outside Audit and Supervisory Board Member Independent Director	Audit and Supervisory Board Member 100% (13/13)
3	<u>Newly appointed</u> Masahiro Numada Male	Outside Audit and Supervisory Board Member Independent Director	-

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions		Number of shares of the Company held
1	Hiroki Kimura (September 23, 1966) [Newly appointed] [Attendance at Audit and Supervisory Board meetings] -	Dec. 2012	Manager in charge of Power Transmission Team, Power Distribution Department, Hokuriku Electric Power Company	0
		Jul. 2014	Head of Nuclear Power Safety & Quality Assurance Sec., Shika Nuclear Power Station, Hokuriku Electric Power Company	
		Jul. 2016	Deputy General Manager in charge of power transmission, Power Distribution Department, Hokuriku Electric Power Company	
		Jul. 2017	Deputy General Manager in charge of operations, Power Distribution Department, Hokuriku Electric Power Company	
		Jun. 2018	General Manager of Ishikawa Branch, Hokuriku Electric Power Company	
		Jul. 2018	General Manager of Ishikawa Power Transmission & Distribution Branch Office and General Manager in charge of technology at Ishikawa Power Transmission & Distribution Branch Office, Hokuriku Electric Power Company	
		Apr. 2020	Executive Officer at Hokuriku Electric Power Transmission & Distribution Company and General Manager of Ishikawa Power Transmission & Distribution Branch Office and General Manager in charge of technology at Ishikawa Power Transmission & Distribution Branch Office, Hokuriku Electric Power Company	
		Jun. 2022	Executive Officer of Hokuriku Electric Power Company and General Manager of Ishikawa Branch	
		Jun. 2023	Executive Officer at Hokuriku Electric Power Company, Deputy General Manager of Community Relations & Development Division and General Manager of Ishikawa Branch (to present)	
		Years of service as Audit and Supervisory Board Member: -		
[Reason for nomination as candidate for Audit and Supervisory Board Member] Since joining Hokuriku Electric Power Company, the Company's parent company, Mr. Kimura has primarily engaged in the operations of the power distribution divisions and currently serves as an Executive Officer of Hokuriku Electric Power Company. He possesses extensive operational experience and broad knowledge. The Company believes he is eligible to conduct audits of the legality of the execution of the Company's business operations. Accordingly, the Company proposes that he be appointed as Audit and Supervisory Board Member.				
2	Masayuki Nitta (March 22, 1958) [Reappointed] [Outside Audit and Supervisory Board Member] [Independent Director] [Attendance at Audit and Supervisory Board meetings] 100%	Jul. 2012	Examiner in charge of First Division in the Large Enterprise Examination and Criminal Investigation Department at Kanazawa Regional Taxation Bureau	0
		Jul. 2014	Director, Second Information and Examination Division, Taxation Department, Kanazawa Regional Taxation Bureau	
		Jul. 2016	District Director, Uozu Regional Taxation Bureau	
		Aug. 2018	President, Masayuki Nitta CTA Office (to present)	
		Jun. 2020	Audit and Supervisory Board Member of the Company (to present)	
		Years of service as Audit and Supervisory Board Member: 4 years		

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
	(13/13)		
<p data-bbox="193 320 1197 353">[Reason for nomination as candidate for Outside Audit and Supervisory Board Member]</p> <p data-bbox="193 360 1469 539">Mr. Nitta has knowledge and experience regarding tax law as a licensed tax accountant. The Company believes he is eligible to conduct objective and neutral audits of the legality of the execution of duties, etc. by the Company's directors from an objective standpoint by utilizing his deep insight as an expert in finance and accounting. Accordingly, the Company proposes that he be reappointed as Outside Audit and Supervisory Board Member.</p>			

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions		Number of shares of the Company held
3	Masahiro Numada (June 28, 1961)	Jun. 2016	General Manager of Loan Department at The Hokuriku Bank, Ltd.	0
	[Newly appointed]	Jun. 2018	Executive Officer and General Manager of Loan Department at The Hokuriku Bank, Ltd.	
	[Outside Audit and Supervisory Board Member]	Jun. 2019	Executive Officer and General Manager of Audit Department at The Hokuriku Bank, Ltd.	
	[Independent Director]	Jun. 2020	Full-time Audit and Supervisory Board Member at The Hokuriku Bank, Ltd.	
	[Attendance at Audit and Supervisory Board meetings]	Jun. 2023	Director of the Hokuriku Economic Research Institute (to present)	
	-	Years of service as Audit and Supervisory Board Member: -		
[Reason for nomination as candidate for Outside Audit and Supervisory Board Member]				
<p>Mr. Numada has experience as a Full-time Audit and Supervisory Board Member at a financial institution. The Company believes he is eligible to conduct objective and neutral audits of the legality of the execution of duties, etc. by the Company's directors from an objective standpoint by utilizing his abundant experience and broad insight. Accordingly, the Company proposes that he be appointed as Outside Audit and Supervisory Board Member.</p>				

- Notes:
- There are no special interests between any of the candidates and the Company.
 - 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.
 - Mr. Masayuki Nitta and Mr. Masahiro Numada are candidates for Outside Audit and Supervisory Board Member.
 - Special notes on candidates for Outside Audit and Supervisory Board Member
 - If Mr. Masahiro Numada is appointed as originally proposed, he will become an Independent Director in accordance with the provisions of Tokyo Stock Exchange, Inc.
 - The Company has registered Mr. Masayuki Nitta as an Independent Director in accordance with the provisions of Tokyo Stock Exchange, Inc. If his appointment is approved as originally proposed, he is expected to remain as an Independent Director.
 - Mr. Masayuki Nitta was appointed as Outside Audit & Supervisory Board Member of the Company in June 2020. His term of office will be four years at the conclusion of this Ordinary General Meeting of Shareholders.
 - If Mr. Masahiro Numada is appointed as originally proposed, the Company plans to conclude a liability limitation agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act to limit his liability to the amount prescribed by relevant laws or regulations.
 - If the reappointment of Mr. Masayuki Nitta is approved, the Company plans to continue liability limitation agreements with him pursuant to Article 427, Paragraph 1 of the Companies Act to limit his liability to the amount prescribed by relevant laws or regulations.

5. The positions of Mr. Hiroki Kimura 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, and significant concurrent positions.”

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

Candidates for Audit and Supervisory Board Member

No.	Name	Corporate management	Sales	Technology & quality	Finance & accounting	Investment policy	Risk management	Legal affairs	SDGs promotion
1	Hiroki Kimura			○	○		○		
2	Masayuki Nitta Outside Audit and Supervisory Board Member				○		○		
3	Masahiro Numada Outside Audit and Supervisory Board Member				○	○	○		

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

Proposal 4: Appointment of Two (2) Substitute Audit and Supervisory Board Members

To safeguard against the case in which there is a shortfall in the number of Audit and Supervisory Board Members required by laws or regulations, the appointment of two (2) substitute Audit and Supervisory Board Members is proposed. The qualification of the Substitute Audit and Supervisory Board Members will be effective until the start of the next Ordinary General Meeting of Shareholders.

Provided that Proposal 3, “Appointment of Three (3) Audit and Supervisory Board Members,” is approved as originally proposed, the Company proposes the appointment of Hideki Yamamoto as a Substitute Audit and Supervisory Board Member for Audit and Supervisory Board Member Hiroki Kimura and Hiroshi Saito as a Substitute Outside Audit and Supervisory Board Member for Audit and Supervisory Board Members Masayuki Nitta and Masahiro Numada. The appointments of Mr. Hiroshi Saito and Mr. Hideki Yamamoto will be effective only prior to their assumption of office and may be revoked by a resolution of the Board of Directors with the consent of the Audit and Supervisory Board.

The Audit and Supervisory Board has given its agreement to this proposal.

The candidates for Substitute Audit and Supervisory Board Member are as follows:

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

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
1	Hiroshi Saito (April 6, 1973) [Outside Audit and Supervisory Board Member] [Independent Director]	<p>Oct. 1996 Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)</p> <p>Apr. 2000 Registered as a Certified Public Accountant</p> <p>Jan. 2005 Seconded to Ernst & Young Transaction Advisory Services Co., Ltd. (currently EY Strategy and Consulting Co., Ltd.)</p> <p>Jul. 2009 Managing Director at Ernst & Young Transaction Advisory Services Co., Ltd.</p> <p>Jan. 2013 Transferred to Ernst & Young Transaction Advisory Services Co., Ltd.</p> <p>Jul. 2023 Representative Director at Sincerity Financial Advisory Co., Ltd. (to present)</p> <p>May 2024 Outside Audit and Supervisory Board Member at JIC Capital, Ltd. (to present)</p>	0
<p>[Reason for nomination as candidate for Substitute Outside Audit and Supervisory Board Member]</p> <p>Mr. Saito has knowledge and experience regarding corporate auditing operations as a Certified Public Accountant. The Company believes he is eligible to conduct objective and neutral audits of the legality of the execution of duties, etc. by the Company’s directors from an objective standpoint by utilizing his deep insight as an expert in finance and accounting. Accordingly, the Company proposes that he be appointed as a Substitute Outside Audit and Supervisory Board Member.</p>			
2	Hideki Yamamoto (March 11, 1961)	<p>Apr. 1983 Joined the Company</p> <p>Apr. 2017 General Manager of Administration Dept.</p> <p>Apr. 2019 Executive Officer and General Manager of Administration Dept.</p> <p>Jun. 2019 Executive Officer and General Manager of Business Audit Dept.</p> <p>Apr. 2021 Executive Officer and General Manager of Administration Dept.</p>	7,500

No.	Name (Date of birth)	Career summary, positions, and significant concurrent positions	Number of shares of the Company held
		Jun. 2021 Executive Officer and General Manager of Administration Dept. Apr. 2023 General Manager of Business Audit Dept. (to present)	
<p>[Reason for nomination as candidate for Substitute Audit and Supervisory Board Member]</p> <p>Since joining the Company, Mr. Yamamoto has primarily engaged in the operations of accounting and internal audit divisions, and currently serves as General Manager of the Business Audit Department. He possesses extensive operational experience and broad knowledge. The Company believes he is eligible to conduct audits of the legality of the execution of business operations by the Company's directors. Accordingly, the Company proposes that he be appointed as Substitute Audit and Supervisory Board Member.</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 Mr. Hiroshi Saito and Mr. Hideki Yamamoto take office as Audit and Supervisory Board Members, then they will both 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. Hiroshi Saito is a candidate for Substitute Outside Audit and Supervisory Board Member.
 4. Special notes on candidates for Substitute Outside Audit and Supervisory Board Member
 - (1) If Mr. Hiroshi Saito takes office as an Outside Audit and Supervisory Board Member, the Company plans to register him as an Independent Director in accordance with the provisions of Tokyo Stock Exchange, Inc.
 - (2) If Mr. Hiroshi Saito takes office as an Outside Audit and Supervisory Board Member, the Company plans to conclude a liability limitation agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act to limit his liability to the amount prescribed by relevant laws or regulations.

Proposal 5: Presentation of Retirement Benefits to Retiring Directors and Retiring Audit and Supervisory Board Members, as well as the Final Payment of Retirement Benefits in Conjunction with the Abolition of the Retirement Benefit System

Mr. Takahide Cho and Ms. Yukiko Morita will retire from the position of Director at the conclusion of this General Meeting of Shareholders, while Mr. Takaaki Kato and Mr. Takashi Asabayashi will retire from the position of Audit and Supervisory Board Member at the same time. It is proposed to present these retiring Directors and Audit and Supervisory Board Members 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 the parts of this proposal related to the Directors, 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 in the Business Report. The Company believes the content of this proposal to be appropriate.

The following is a summary of the positions held by the retiring Directors and Audit and Supervisory Board Members.

Name	Summary of positions held	
Takahide Cho	Jun. 2023	Director of the Company (to present)
Yukiko Morita	Jun. 2016	Outside Audit and Supervisory Board Member of the Company
	Jun. 2020	Outside Director of the Company (to present)
Takaaki Kato	Jun. 2016	Audit and Supervisory Board Member of the Company (to present)
Takashi Asabayashi	Jun. 2018	Outside Audit and Supervisory Board Member of the Company (to present)

In addition, having conducted a review of the remuneration system for Directors and Audit and Supervisory Board Members, the Company resolved at the Board of Directors meeting held on April 30, 2024 to abolish the retirement benefit system for Directors and Audit and Supervisory Board Members as of the conclusion of this General Meeting of Shareholders. Following the abolition of the retirement benefit system, a portion of the retirement benefit level as calculated in accordance with certain criteria at the Company will be transferred to share-based remuneration and monetary remuneration (to bonuses as performance-linked remuneration for full-time Directors), respectively. The introduction of the share-based remuneration system will be discussed in Proposal 6 and the revision of remuneration following the transition to monetary remuneration will be discussed in Proposal 7.

Accordingly, on the condition that Proposal 2, "Appointment of Eight (8) Directors" and Proposal 3 "Appointment of Three (3) Audit and Supervisory Board Members" are approved as originally proposed, the Company proposes the payment of retirement benefits to the six Directors and one Audit and Supervisory Board Members who are scheduled to be reappointed as compensation for their services during their tenures from assuming their offices until the conclusion of this meeting within a range equivalent to their terms of service as stipulated in certain criteria established by the Company.

The timing of the payments shall be the at their retirement from the position of either Director or Audit and Supervisory Board Member. The specific amounts and method of presenting the payment to

each Director shall be entrusted to the Board of Directors, while the same for the Audit and Supervisory Board Members will be left to a discussion within the Audit and Supervisory Board.

The past positions of the Directors and Audit and Supervisory Board Members who will receive a final payment of retirement benefits in conjunction with the abolition of the retirement benefit system are as follows.

Name	Summary of positions held	
Kazuhisa Mizutani	Jun. 2023	Chairman and Representative Director of the Company (to present)
Isashi Yamazaki	Jun. 2021	Managing Director of the Company
	Jun. 2023	President, Representative Director and CEO of the Company (to present)
Katsuhiko Kita	Jun. 2021	Managing Director of the Company
	Jun. 2023	Senior Managing Director and Senior Managing Executive Officer of the Company (to present)
Shoichiro Hayase	Jun. 2023	Managing Director and Managing Executive Officer of the Company (to present)
Nobuko Watanabe	Jun. 2016	Outside Director of the Company (to present)
Shigeru Miyamura	Jun. 2022	Outside Director of the Company (to present)
Masayuki Nitta	Jun. 2020	Outside Audit and Supervisory Board Member of the Company (to present)

Regarding the portion of this proposal that applies to Directors, 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 in the Business Report. The Company believes the content of this proposal to be appropriate.

Proposal 6: Introduction of a Share-Based Remuneration Plan for Directors and Audit and Supervisory Board Members

1. Reasons for this proposal and the grounds for its appropriateness

This proposal requests shareholders to approve the introduction of the new share-based remuneration plan, “Board Benefit Trust (BBT)” (hereinafter the “Plan”) for the Company’s Directors (excluding Outside Directors and part-time Directors; the same applies hereinafter in this proposal unless otherwise stated) and Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members; the same applies hereinafter in this proposal unless otherwise stated, hereafter collectively referred to together with Directors as “Eligible Officers”), subject to the approval of Proposal 5 “Presentation of Retirement Benefits to Retiring Directors and Retiring Audit and Supervisory Board Members, as well as the Final Payment of Retirement Benefits in Conjunction with the Abolition of the Retirement Benefit System” as originally proposed.

The proposal aims to increase Directors’ awareness for contributing to medium- to long-term performance increase as well as corporate value increase, by more clearly linking Eligible Officers’ remuneration with share value, and by allowing Eligible Officers to share not only the benefits of share price increases but also the risks of share price decreases with shareholders. Since this purpose is consistent with the Company’s policy for determining the details of remuneration, etc. of individual Directors (see below), which is scheduled to be resolved at a meeting of the Board of Directors of the Company after the conclusion of this Ordinary General Meeting of Shareholders. The Company therefore believes the content of this proposal to be appropriate. Regarding Audit and Supervisory Board Members, the proposal aims to raise awareness of how audits contribute to the increase of medium- to long-term corporate value. In addition, the exchange of opinions on remuneration at the Company states that in light of the Plan’s stated purpose and its effectiveness in providing incentives to improve medium- to long-term business performance, the introduction of this Plan is appropriate.

This proposal requests shareholders to approve the specific calculation method of and the specific details of remuneration, etc. for remuneration to the Company’s Eligible Officers based on the Plan, separate from the remuneration amount approved at the 73rd Ordinary General Meeting of Shareholders held on June 26, 1987 for Directors (up to 20 million yen per month) and Audit and Supervisory Board Members (up to 4 million yen per month). In addition, the details of the Plan are proposed to be entrusted to the Board of Directors for the portion related to Directors and to discussions among the Audit and Supervisory Board Members for the portion related to Audit and Supervisory Board Members within the range described in 2 below.

If Proposals 2 and 3 are approved as originally proposed, then four Directors and one Audit and Supervisory Board Member will be eligible for the Plan.

2. Specific calculation method and details of the amount of compensation, etc. under the Plan

(1) Overview of the Plan

The Plan is a share-based remuneration plan under which, using the money the Company contributes as funds, the Company’s shares are acquired by a trust (hereinafter the trust that is established based on the Plan is referred to as the “Trust”), and the Company’s shares and money equivalent to the amount of the Company’s shares converted at market price (hereinafter the “Company’s Shares, etc.”) are provided through the Trust to Eligible Officers in accordance with the Share-Based Board Benefit Regulations stipulated by the Company. The timing the Eligible Officers receive the Company’s Shares, etc. shall be, in principle, the time of the retirement of the Eligible Officers.

(2) Those who are eligible for the Plan

Directors (excluding Outside Directors and part-time Directors) and Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)

(3) The period of the trust

From August 2024 (scheduled) to the termination of the Trust (No specific termination dates have been determined regarding the period of the Trust, and the Trust will be continued as long as the Plan continues. The Plan will be terminated in events such as the delisting of the Company's shares or the abolition of the Share-Based Board Benefit Regulations.)

(4) The amount of the trust

Subject to approval of this proposal, the Company shall introduce the Plan covering the following periods: the five fiscal years starting from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029 (hereinafter such period of five fiscal years shall be referred to as the "Initial Evaluation Period," and the Initial Evaluation Period and each of the subsequent periods of five fiscal years, which commence after the elapse of the Initial Evaluation Period, shall hereinafter be individually referred to as the "Evaluation Period") and each of Evaluation Periods that follow. In order to provide the Eligible Officers with the Company's Shares, etc., the Company shall contribute the following money to the Trust as funds for the acquisition of the Company's shares by the Trust.

First, at the time of establishing the Trust (scheduled in August 2024), the Company will contribute a considerable amount of money that is expected to be necessary corresponding to the Initial Evaluation Period and establish the Trust. Since the maximum points to be granted to Eligible Officers based on the Plan are 13,000 points per one fiscal year as stated in (6) below, the Company will, in establishing the Trust, contribute to the Trust the funds that are reasonably expected to be necessary for the acquisition of up to 65,000 shares, taking into consideration the last closing price of the Company's common shares in ordinary transactions on the Tokyo Stock Exchange. For reference, the necessary funds will amount to approximately 77 million yen using the closing price as of April 26, 2024 of 1,188 yen.

After the elapse of the Initial Evaluation Period until the time when the Plan is terminated, the Company shall, in principle, reasonably estimate the number of shares necessary to provide to Eligible Officers under the Plan for each Evaluation Period, and make additional contributions to the Trust in the amount deemed necessary for the Trust to acquire such shares in advance. Provided, however, if, at the time of such additional contributions, there remain the Company's shares (excluding the Company's shares corresponding to the points, which were granted to Eligible Officers for each of the Evaluation Periods to date, but have not been provided yet) and money (hereinafter collectively the "Remaining Shares, etc.") in the trust assets, such Remaining Shares, etc. shall be appropriated for the funds of benefits based on the Plan in the subsequent Evaluation Period, and therefore the amount of the Remaining Shares, etc. shall be taken into account when calculating the amount for additional contributions. Upon determination of additional contributions, the Company shall make appropriate disclosure in a timely manner.

Note: The money which the Company practically contributes to the Trust includes the estimated necessary expenses such as trust fees, in addition to the above funds contributed for the purpose of acquiring the Company's shares.

(5) The Method for acquiring the Company's shares and number of shares to be acquired by the Trust

The Trust shall acquire the Company's shares through a securities exchange market or by underwriting the disposition of the Company's treasury shares using the money contributed by the Company in the manner set forth in (4) above as funds, and no new shares will be issued.

Since the maximum points to be granted to Eligible Officers are 13,000 points per one fiscal year, as indicated in (6) below, the maximum number of the Company's shares to be acquired by the Trust for each Evaluation Period is 65,000 shares. The Company shall disclose the details of the acquisition of the Company's shares by the Trust in a timely and appropriate manner.

(6) The Maximum number of the Company's Shares, etc. granted to Eligible Officers

Eligible Officers shall be granted points that are decided by taking into consideration their respective positions and others in accordance with the Share-Based Board Benefit Regulations. The maximum number of points to be granted to Eligible Officers per one fiscal year shall be 11,300 points for Directors and 1,700 points for Audit and Supervisory Board Members. These numbers were decided by comprehensively considering the current level of officers' remuneration as well as the trends and outlook in the number of Eligible Officers, and therefore are deemed appropriate.

Each point granted to Eligible Officers shall be converted into one share of the Company's common shares at the time of the provision of the Company's Shares, etc. as described in (7) below (provided, however, if, with regard to the Company's shares, a share split, gratis allotment of shares, or consolidation of shares, etc. is carried out after the approval of this proposal, then the maximum number of points and the number of points already granted, or the conversion ratio shall be adjusted in a reasonable manner in proportion to the relevant ratios, etc.).

The number of voting rights attached to shares equivalent to the number of maximum points to be granted to Eligible Officers per one fiscal year (130 voting rights) accounts for approximately 0.05% of the total number of voting rights attached to outstanding shares (279,246 voting rights as of March 31, 2024, net of treasury shares.).

In principle, the points for Eligible Officers that will be the basis for the provision of the Company's Shares, etc. in (7) below, shall be defined as the number of points granted to the Eligible Officers until their retirement. (Points calculated in such manner shall be hereinafter referred to as "defined number of points.")

(7) Provision of the Company's Shares, etc. and specific calculation method of the remuneration, etc.

When an Eligible Officer retires and has satisfied the beneficiary requirements stipulated in the Share-Based Board Benefit Regulations, such Eligible Officer shall, in principle, receive the Company's shares from the Trust after his/her retirement, in the number corresponding to the defined number of points set forth in (6) above, by carrying out beneficiary certification procedures as required. Provided, however, if such Eligible Officer satisfies the requirements stipulated in the Share-Based Board Benefit Regulations, he/she shall receive a certain portion of the benefit in money in lieu of the Company's shares, in the amount equivalent to the market value of the shares. The Trust may sell the Company's shares in order to provide benefit in money.

Note that if an Eligible Officer is dismissed by a resolution of a General Meeting of Shareholders, retires in connection with a certain illegal act carried out during their time in office, or has engaged in misconduct or other act that causes damage to the Company during their time in office, then such Eligible Officer, whether he/she has been granted points or otherwise, will not be given rights to receive the benefit, whether partial or total.

The amount of remuneration, etc., that the Eligible Officers receive shall be based on the amount calculated by multiplying the number of total points to be granted to the Eligible Officers by the carrying amount per share of the Company's shares held by the Trust at the time when points are

granted (provided, however, if, with regard to the Company's shares, a share split, gratis allotment of shares, or consolidation of shares, etc. is carried out, there shall be reasonable adjustments based on relevant ratios, etc.). In cases where money is provided as benefit exceptionally in accordance with the Share-Based Board Benefit Regulations, such amount shall be added if deemed appropriate.

(8) Exercise of voting rights

The voting rights of the Company's shares in the Trust's account shall not be exercised uniformly based on the instructions of the trust administrator. The Company intends to ensure the neutrality of the management of the Company with respect to the exercise of the voting rights attached to the Company's shares in the Trust's account through this arrangement.

(9) Treatment of dividends

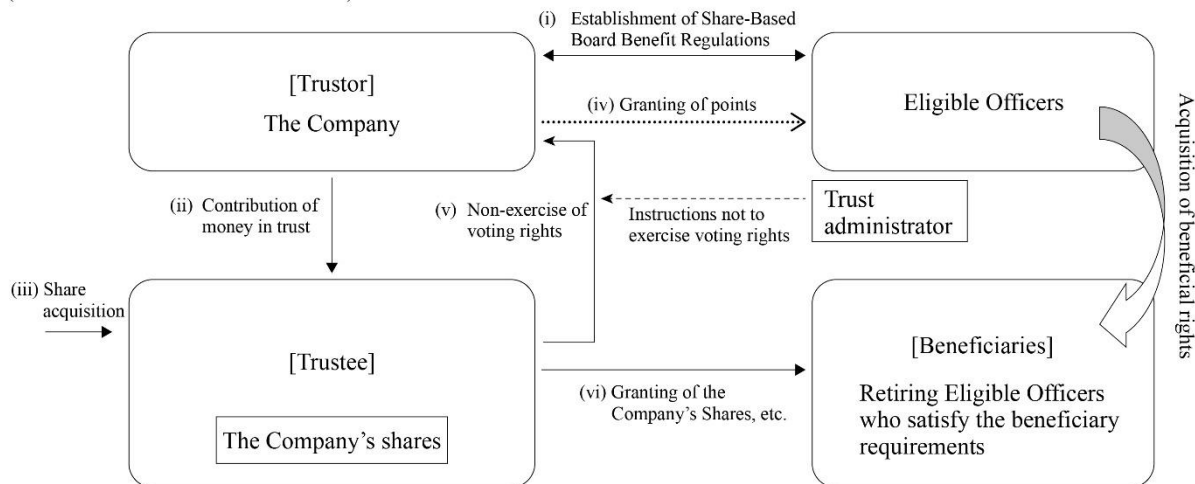
The Trust will receive the dividends of the Company's shares held in the Trust's account and allot such dividends to the payment of the acquisition price of the Company's shares, the trust fees for the trustee of the Trust, and others. If the Trust is terminated, the dividends, etc. remaining in the Trust shall be distributed to the Eligible Officers then in office in proportion to the number of points held by each Eligible Officer in accordance with the provisions of the Share-Based Board Benefit Regulations.

(10) Treatment upon termination of the trust

The Trust will terminate upon events such as delisting of the Company's shares or the abolition of the Share-Based Board Benefit Regulations.

All of the Company's shares in the residual assets of the Trust at the time of termination of the Trust will be acquired by the Company free of charge and canceled in accordance with a resolution of the Board of Directors. Any money in the residual assets of the Trust at the time of termination of the Trust shall be distributed to the Company, excluding the portion that will be distributed to the Eligible Officers in accordance with (9) above.

(Reference: Mechanism of the Plan)



- (i) The Company establishes the Share-Based Board Benefit Regulations within the scope approved by this proposal.
- (ii) The Company trusts money to a trustee within the scope approved by this proposal.
- (iii) The Trust acquires the Company's shares through a securities exchange market or by underwriting the disposition of the Company's treasury shares using the money contributed as funds by the Company in (ii).
- (iv) The Company grants points to Eligible Officers in accordance with the Share-Based Board Benefit Regulations.
- (v) In accordance with the instructions by a trust administrator independent from the Company, the Trust will not exercise any voting rights attached to the Company's shares in the Trust's account.
- (vi) The Trust provides the Company's shares to Eligible Officers who retired and satisfy the beneficiary requirements stipulated in the Share-Based Board Benefit Regulations (hereinafter the "beneficiaries") based on the number of points granted to such beneficiaries. Provided, however, Eligible Officers who satisfy the requirements stipulated in the Share-based Board Benefit Regulations shall receive a certain portion of the point benefit in money, in the amount equivalent to the market value of the Company's shares.

Proposal 7: Revision of Remuneration for Directors and Audit and Supervisory Board Members

The amount of remuneration for Directors and Audit and Supervisory Board Members currently stands at “up to 20 million yen per month” for Directors and “up to 4 million yen per month” for Audit and Supervisory Board Members, as approved at the 73rd Ordinary General Meeting of Shareholders held on June 26, 1987. However, pending the approval of Proposal 5 “Presentation of Retirement Benefits to Retiring Directors and Retiring Audit and Supervisory Board Members, as well as the Final Payment of Retirement Benefits in Conjunction with the Abolition of the Retirement Benefit System” as originally proposed and in conjunction with the transfer of a portion of retirement benefits as calculated in accordance with certain criteria of the Company to monetary remuneration (to bonuses in the form of performance-linked remuneration for full-time Directors), the remuneration of Directors and Audit and Supervisory Board Members will be changed from a monthly basis to an annual basis, and the amounts will be revised to “up to 240 million yen for Directors (of which up to 24 million yen for Outside Directors)” and “up to 48 million yen for Audit and Supervisory Board Members.”

If this proposal is approved as originally proposed, its content will be deemed appropriate, since its purpose is consistent with the Company’s policy for determining the details of remuneration, etc. of individual Directors (see below), which is scheduled to be resolved at a meeting of the Board of Directors of the Company after the conclusion of this Ordinary General Meeting of Shareholders. In addition, the exchange of opinions on remuneration at the Company states that it is appropriate.

As previously, the remuneration for Directors does not include the employee salary portion for Directors concurrently serving as employees.

Furthermore, if Proposal 2 is approved as originally proposed, then the number of Directors will be eight (of whom three will be Outside Directors), and if Proposal 3 is approved as originally proposed, then the number of Audit and Supervisory Board Members will be three (of whom two will be Outside Audit and Supervisory Board Members).

<Reference: The policy for determining the content of remuneration, etc., for each Director>

If Proposals 6 and 7 are approved at this Ordinary General Meeting of Shareholders as originally proposed, then we intend to change the policy for determining the content of remuneration, etc., for each Director as follows.

1. Basic Policy

The basic policy of the Company is to establish a remuneration system that functions adequately to provide incentives for the sustainable growth of corporate value, and to set the remuneration of individual Directors at levels appropriate to their respective positions and responsibilities. In concrete terms, remuneration for Directors shall consist of a basic remuneration in the form of fixed remuneration, as well as bonuses (performance-linked remuneration) and share-based remuneration. Outside Directors and part-time Directors receive the basic remuneration.

2. The policy for determining the amount of the basic remuneration (monetary remuneration) for each Director (including the policy for determining the timing of paying the remuneration, etc.)

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.

3. The policy for determining the content and amount of bonuses (performance-linked remuneration)

Bonuses (performance-linked remuneration) are monetary remuneration that reflect performance indicators in order to raise awareness of the need to improve business performance each fiscal year. They are calculated based on the degree of achievement for each fiscal year and are paid as a bonus at a specific time each year.

4. The policy for determining the content, amount, and number of share-based remuneration

The purpose of share-based remuneration is to increase awareness for contributing to medium- to long-term performance increase as well as corporate value increase. Points will be awarded at a specific time each year, based on position and taking into consideration the Company's business performance, and shares of the Company equivalent to the awarded points and a certain proportion of cash shall be paid upon retirement.

5. The policy for determining the amount of monetary remuneration or performance-linked remuneration as a percentage of the amount of remuneration, etc., paid to each Director

The "Remuneration Opinion Exchange Committee," whose main members are Outside Directors, holds discussions regarding the ratio of each type of remuneration, etc. The Board of Directors (the Chairman and Representative Director, who has been delegated the authority to determine 6. below) shall respect the content of the reports from the "Remuneration Opinion Exchange Committee" in determining the content of remuneration, etc. for each Director within the range of the ratios of each type of remuneration, etc. as indicated in said report.

6. Matters related to the determination of the details of remuneration, etc., for each Director

The specific amount of remuneration for each Director is determined by the Chairman and Representative Director, on authority delegated to him by a resolution by the Board of Directors. 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. In order that this authority is exercised appropriately by the Chairman and Representative Director, the Chairman and Representative Director is to consult with and receive reports from the "Remuneration Opinion Exchange Committee" and make decisions in accordance with the reports, having been delegated the authority as described above.

Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the fiscal year under review, the economy of Japan has been recovering, having overcome three years of the COVID-19 pandemic. In terms of corporate income, GDP has been strong, with both nominal and real GDP at record high levels. Consumer spending, on the other hand, lacks strength, and in order for it to recover, a sustained increase in wages is required, reflecting price increases in wages. In addition, the practice of passing on price increases must spread, especially to small and medium-sized enterprises. Furthermore, there is a need for restoration activities, such as the reconstruction of infrastructure damaged by the 2024 Noto Peninsula Earthquake.

Under these circumstances, the Group made a concerted effort to conduct aggressive sales activities to secure orders and sales. In terms of consolidated business results, the strategic development of sales led to an increase in orders for large-scale construction projects in metropolitan areas. Although the orders received did not reach the record highs of the previous fiscal year, the Group nevertheless achieved the second-highest results ever at 51,954 million yen (down 5.2% year on year). Net sales reached a record high of 53,398 million yen (up 19.1% year on year), due to the completion of a record amount of construction work that had been carried over as planned and the effects of aggressive M&A activities that have continued since the previous fiscal year.

In terms of profits, in addition to the increase in net sales, the Group worked to ensure thorough process management and cost control, as well as continuing cost reductions across all aspects of the business to improve construction profitability. As a result, ordinary profit amounted to 3,645 million yen (up 44.0% year on year), and profit attributable to owners of parent was 2,209 million yen (up 35.7% 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 decreased by 1,053 million yen (down 3.1% year on year) to 32,900 million yen while net sales increased by 5,593 million yen (up 21.9% year on year) to 31,137 million yen.

Orders received for power distribution line works increased by 877 million yen (up 7.9% year on year) to 12,002 million yen and net sales increased by 729 million yen (up 6.7% year on year) to 11,582 million yen.

Orders received for other works decreased by 3,587 million yen (down 43.3% year on year) to 4,689 million yen while net sales decreased by 1,319 million yen (down 21.8% year on year) to 4,732 million yen.

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

(Unit: Million yen)

Category	Net sales
Equipment installation business	51,439
Other businesses	1,958
Total	53,398

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	27,050	32,900	31,137	28,813
Power distribution line works	3,404	12,002	11,582	3,824
Other works	6,817	4,689	4,732	6,774
Total	37,272	49,592	47,451	39,413
Side business	267	2,362	1,625	1,003
Total	37,539	51,954	49,076	40,417

(2) Capital Investments

Capital investments totaled 762 million yen, mainly consisting of the expansion and renovation of office buildings and purchase of machinery, vehicles and tools, furniture and fixtures.

(3) Issues to Be Addressed

Although the Japanese economy can be expected to continue its gradual recovery due to the effects of various policy measures amid an improving employment and income environment, it is necessary to remain fully aware of the risk that a downturn in overseas business conditions amid such situations as the continuation of monetary tightening worldwide and concerns about the future of the Chinese economy may depress the Japanese economy, and to carefully monitor factors such as commodity price rises, the situation in and around the Middle East, fluctuations in financial markets, and the impact of the 2024 Noto Peninsular Earthquake on the economy.

In the electric power industry, the disruption to international energy markets and the emergence of supply concerns arising from international conflicts and the unstable global 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, the business environment is undergoing rapid changes, as extreme weather events occur on a global scale and the momentum for global decarbonization increases in response to climate change concerns, while in Japan, a "GX Strategy" has been formulated to transform the social economy through renewable energy in order to fulfill our international commitment to achieve carbon neutrality by 2050.

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. Furthermore, there is a need to prioritize activities to restore and reconstruct the infrastructure damaged by the 2024 Noto Peninsula Earthquake.

Moreover, since April 2024, the construction industry is faced with the application of limits on the maximum amount of overtime work, which are subject to penalties under the revised Labor Standards Act. 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 further 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. We will also respond to the demands that have high social priority, such as the restoration of infrastructure damaged by the 2024 Noto Peninsula Earthquake and reinforcement for disaster prevention and disaster mitigation, and make group-wide efforts toward reconstruction.

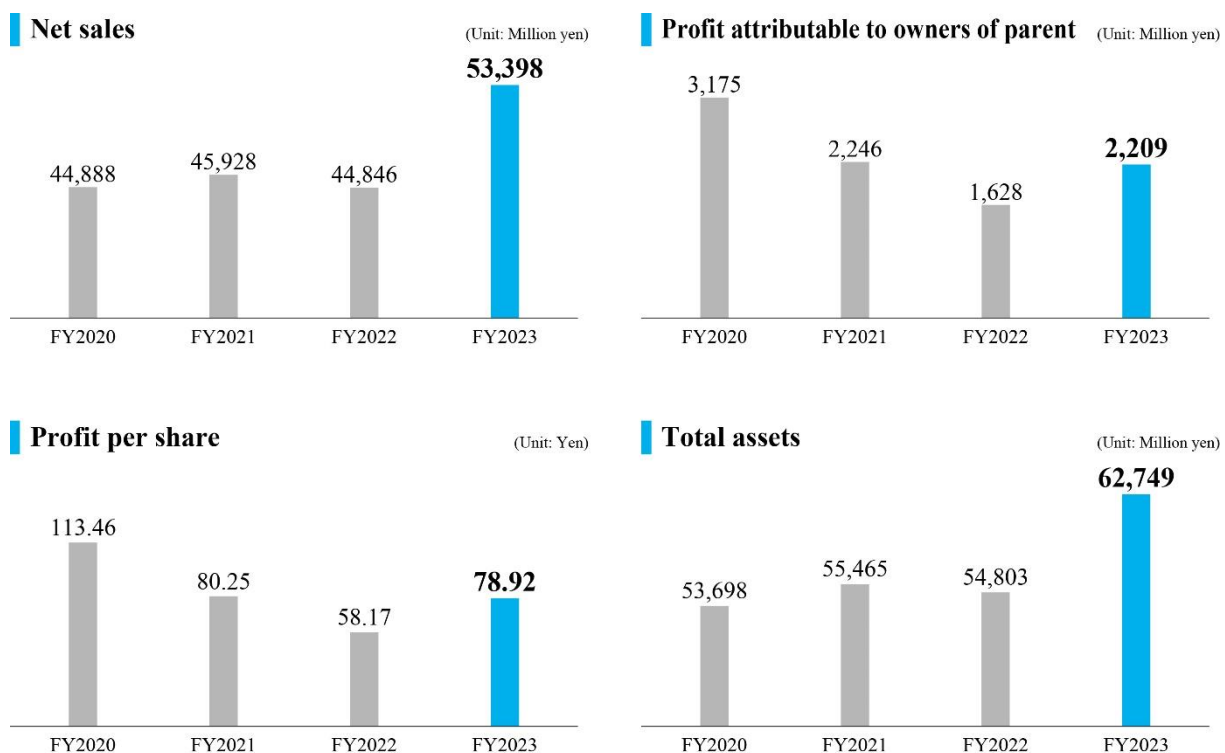
(4) Trends in Assets and Income

1) Assets and income of the corporate group

(In millions of yen, unless otherwise specified.)

Category	FY2020 (107th business term)	FY2021 (108th business term)	FY2022 (109th business term)	FY2023 (110th business term)
Net sales	44,888	45,928	44,846	53,398
Profit attributable to owners of parent	3,175	2,246	1,628	2,209
Profit per share (yen)	113.46	80.25	58.17	78.92
Total assets	53,698	55,465	54,803	62,749

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.



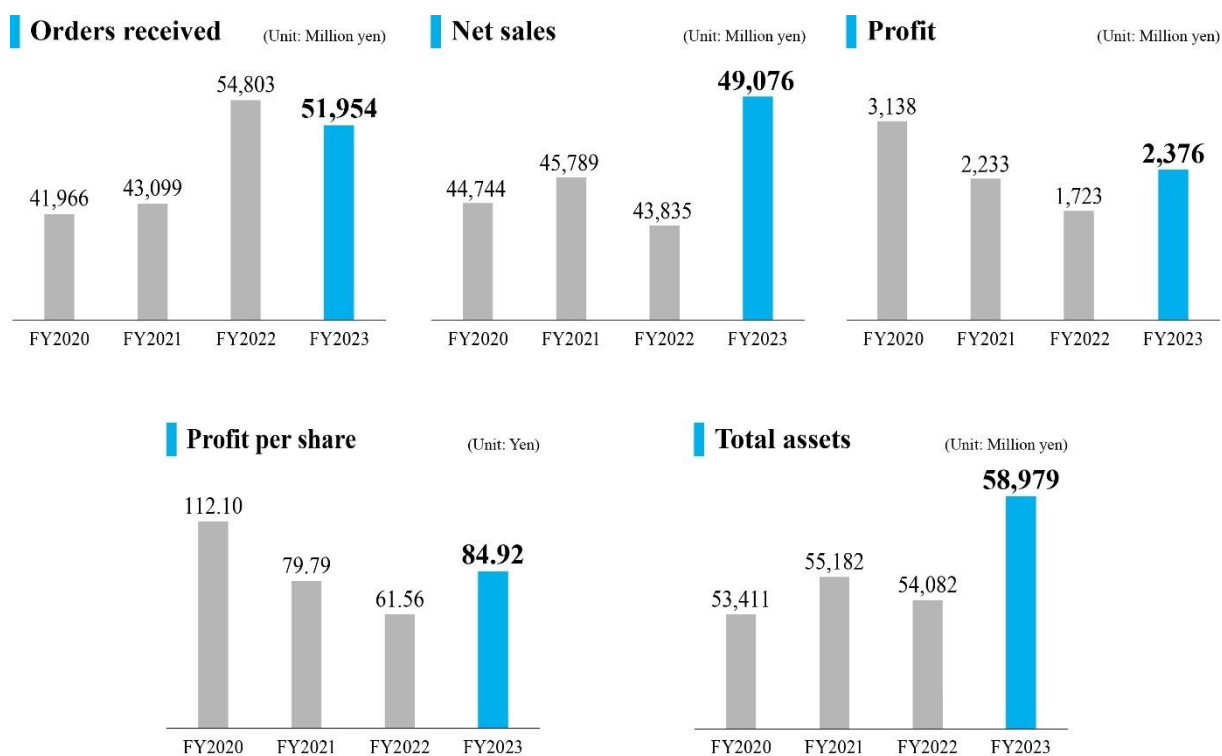
Note: Calculated based on the number of shares after the stock split from FY2020.

2) Assets and income of the Company

(In millions of yen, unless otherwise specified.)

Category	FY2020 (107th business term)	FY2021 (108th business term)	FY2022 (109th business term)	FY2023 (110th business term)
Orders received	41,966	43,099	54,803	51,954
Net sales	44,744	45,789	43,835	49,076
Profit	3,138	2,233	1,723	2,376
Profit per share (yen)	112.10	79.79	61.56	84.92
Total assets	53,411	55,182	54,082	58,979

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.
Nikken Corporation	70 million yen	100%	Plumbing work, etc.

Note: The Company acquired 100% of the shares of Nikken Corporation in December 2023.

(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)
Nikken Corporation	(Yokohama City)

(8) Status of Employees

1) Status of the corporate group's employees

No. of employees	YoY change
1,330	Increased by 99

2) Status of the Company's employees

No. of employees	YoY change	Average age	Average years of service
1,156	Increased by 16	40.0	17.5

Note: The above "Status of the Company's employees" represent the situation as of March 31, 2024.

2. Matters Related to the Company's Shares

- (1) **Number of Issued Shares** 27,989,760 shares
(excluding 1,974,231 shares of treasury shares)
- (2) **Number of Shareholders** 5,874 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.	1,973	7.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,436	5.1
HOKURIKU ELECTRICAL CONSTRUCTION Employees Shareholding Association	861	3.1
THE HOKURIKU BANK, LTD.	418	1.5
Custody Bank of Japan, Ltd. (Trust Account)	341	1.2
Hokuriku Denki Shokai	260	0.9
Sumitomo Mitsui Trust Bank, Limited	242	0.9
Nippon Life Insurance Company	201	0.7
DFA INTL SMALL CAP VALUE PORTFOLIO	172	0.6

Note: Shareholding ratio is calculated by excluding treasury shares of 1,974,231 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
Kazuhisa Mizutani	Chairman and Representative Director	President and Representative Director of Hokko Shoji Co., Ltd.
Isashi Yamazaki	President, Representative Director and CEO	Director of SCAIRT CO., LTD. Director of Kanbara Equipment Engineering Co., Ltd Director of Nikken Corporation
Katsuhiko Kita	Senior Managing Director Senior Managing Executive Officer	Director of Hokko Shoji Co., Ltd.
Shoichiro Hayase	Managing Director Managing Executive Officer	Director of Hokko Shoji Co., Ltd.
Takahide Cho	Director	Managing Executive Officer, General Manager, Marketing & Sales Division, and Deputy General Manager of Innovation Promotion Division 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 Toyama Iki-Iki Bussan Co., Ltd.
Takaaki Kato	Full-time Audit and Supervisory Board Member	
Takashi Asabayashi	Audit and Supervisory Board Member	Director of GRN Co., Ltd.
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. Kazuhisa Mizutani, Mr. Shoichiro Hayase, and Mr. Takahide Cho were appointed as Directors at the 109th Ordinary General Meeting of Shareholders held on June 29, 2023.
 - (2) Mr. Shigeru Yano, Mr. Kiyonori Tsugawa, and Mr. Wataru Hirata retired as Directors due to the expiration of their terms of office, at the 109th Ordinary General Meeting of Shareholders held on June 29, 2023.

- (3) Director Kazuhisa Mizutani was appointed Chairman and Representative Director and Director Isashi Yamazaki was appointed President, Representative Director and CEO at the 109th Ordinary General Meeting of Shareholders held on June 29, 2023.
5. Significant concurrent positions held during the fiscal year under review are as follows:
 - (1) President, Representative Director and CEO Mr. Isashi Yamazaki was appointed Director of Nikken Corporation on December 5, 2023.
 - (2) Director Mr. Shigeru Miyamura retired as President and Representative Director of Hokugin Lease Co., Ltd. on June 28, 2023 and was appointed as President and Representative Director of Toyama Iki-Iki Bussan Co., Ltd. on June 28, 2023.
 - (3) Audit and Supervisory Board Member Mr. Takashi Asabayashi retired as Chief Director of Hokuriku Economic Research Institute on June 30, 2023 and was appointed as Director of GRN Co., Ltd. on March 27, 2024.
6. Full-time Audit and Supervisory Board Member Mr. Takaaki Kato has experience regarding auditing operations and considerable knowledge of finance and accounting.
7. Audit and Supervisory Board Member Mr. Masayuki Nitta is a licensed tax accountant working as the representative of a CTA office and has considerable knowledge of finance and accounting.

(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 Chairman and Representative Director Mr. Kazuhisa Mizutani, 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 Chairman and 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 Chairman and 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]	118 [7]	89 [6]	- [-]	- [-]	6 [-]	22 [1]	11 [3]
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 the three Directors who retired at the conclusion of the 109th Ordinary General Meeting of Shareholders held on June 29, 2023. 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)

FY2020 (107th business term)	FY2021 (108th business term)	FY2022 (109th business term)	FY2023 (110th business term)
4,017	3,294	2,581	3,686

(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 Toyama Iki-Iki Bussan Co., Ltd. Mr. Miyamura was President and Representative Director of Hokugin Lease Co., Ltd., but retired from this position on June 28, 2023. There are no special interests between Mr. Miyamura and either of the said companies.
Audit and Supervisory Board Member	Takashi Asabayashi	Mr. Asabayashi is a Director at GRN Co., Ltd. There are no special interests between Mr. Asabayashi and the said company. Mr. Asabayashi was Chief Director of Hokuriku Economic Research Institute, but retired from this position on June 30, 2023. 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 during the fiscal year under review was 91 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.
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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.	29 million yen
Total amount of cash and other property interests payable by the Company and its Subsidiaries	29 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) 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.

(4) 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 2024. In addition, the Company conducted a questionnaire survey during "Compliance Promotion 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.

The Chairman presides over the Board of Directors, supervises the execution of business, and has oversight over business operations. The President has overall control over the execution of the Company's business operations. (Separation of management supervisory functions and the execution of business management)

(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.

Safety confirmation drills were carried out and emergency supplies have been stored in each business location in accordance with the Business Continuity Plan.

2024 Noto Peninsula Earthquake response headquarters were established, and meetings were held at the response headquarters.

The Company implements safety awareness education on a continual basis as training and education to prevent occupational accidents. The Company held five meetings of the Business Quality Assurance Committee and eight meetings of the Central Safety and Health Committee.

The Company newly established the Technical Planning Section and the Technical Public Relations Section under the management of the Technical Development Center and designated special committees, working groups, etc.

Various regulations were revised in accordance with changes in the Company's internal governance structure (Chairman and Senior Managing Director).

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

The Managing Directors' Meeting, consisting of the President, Senior Managing Director, Managing Directors, and Managing Executive Officers was held 38 times and discussed important issues, including matters submitted to the Board of Directors.

(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."

All employees undertook compliance e-learning.

"Training to Prevent the Recurrence of Compliance Incidents" was carried out for managers at all branches and offices.

(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 transactions with the parent company and others were judged to have been handled appropriately to avoid disadvantages to minority shareholders.

The FY2023 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, 2024)

(In millions of yen)

Assets		Liabilities	
Current assets	42,976	Current liabilities	16,752
Cash and deposits	19,495	Notes payable, accounts payable for construction contracts and other	11,880
Notes receivable, accounts receivable from completed construction contracts and other	22,237	Short-term borrowings	176
Securities	1	Lease liabilities	16
Costs on construction contracts in progress	409	Accounts payable - other	1,606
Raw materials and supplies	440	Income taxes payable	1,181
Other	402	Advances received on construction contracts in progress	1,132
Allowance for doubtful accounts	(10)	Provision for loss on construction contracts	5
		Provision for loss on disaster	24
		Other	728
Non-current assets	19,773	Non-current liabilities	4,131
Property, plant and equipment	13,526	Long-term borrowings	143
Buildings and structures	6,177	Lease liabilities	36
Machinery, vehicles, tools, furniture and fixtures	2,128	Deferred tax liabilities	222
Land	5,118	Provision for retirement benefits for directors (and other officers)	108
Leased assets	46	Retirement benefit liability	3,474
Construction in progress	55	Asset retirement obligations	127
Intangible assets	2,298	Other	18
Goodwill	1,322	Total liabilities	20,883
Other	975		
		Net assets	
Investments and other assets	3,948	Shareholders' equity	41,524
Investment securities	1,405	Share capital	3,328
Long-term loans receivable	95	Capital surplus	2,803
Deferred tax assets	1,474	Retained earnings	36,099
Other	997	Treasury shares	(708)
Allowance for doubtful accounts	(25)	Accumulated other comprehensive income	341
		Valuation difference on available-for-sale securities	394
		Remeasurements of defined benefit plans	(52)
		Total net assets	41,865
Total assets	62,749	Total liabilities and net assets	62,749

Consolidated Statement of Income (April 1, 2023 through March 31, 2024)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	51,439	
Sales in other businesses	1,958	53,398
Cost of sales		
Cost of sales of completed construction contracts	43,071	
Cost of sales in other businesses	1,452	44,523
Gross profit		
Gross profit on completed construction contracts	8,638	
Gross profit - other business	506	8,874
Selling, general and administrative expenses		5,449
Operating profit		3,425
Non-operating income		
Dividend income	27	
Commission income	69	
Rental income from land and buildings	26	
Other	103	227
Non-operating expenses		
Interest expenses	1	
Other	5	7
Ordinary profit		3,645
Extraordinary income		
Gain on sale of non-current assets	11	
Other	1	12
Extraordinary losses		
Loss on retirement of non-current assets	28	
Loss on valuation of investment securities	111	
Loss caused by disasters	77	
Other	1	218
Profit before income taxes		3,439
Income taxes - current	1,327	
Income taxes - deferred	(97)	1,230
Profit		2,209
Profit attributable to owners of parent		2,209

Consolidated Statement of Changes in Equity (April 1, 2023 through March 31, 2024)

(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	35,122	(707)	40,547	258	(87)	170	40,717
Changes during period									
Dividends of surplus			(1,231)		(1,231)				(1,231)
Profit attributable to owners of parent			2,209		2,209				2,209
Purchase of treasury shares				(0)	(0)				(0)
Net changes in items other than shareholders' equity						135	35	170	170
Total changes during period	-	-	977	(0)	977	135	35	170	1,147
Balance at end of period	3,328	2,803	36,099	(708)	41,524	394	(52)	341	41,865

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: four

Names of the consolidated subsidiaries: Hokko Shoji Co., Ltd., SCAIRT CO., LTD., Kanbara Equipment Engineering Co., Ltd., Nikken Corporation

Nikken Corporation has been included in the scope of consolidation from the fiscal year under review due to the acquisition of all issued shares of the company.

2) Number of non-consolidated subsidiaries: two

Names of the non-consolidated subsidiaries: Blue Sky Co., Ltd.

PT. AWINA RIKUDENKO SOLAR
ENGINEERING INDONESIA

The two subsidiaries above are not included in the scope of consolidation because they have an insignificant impact on the Group's total assets, net sales, profit, retained earnings, and other items, and are immaterial overall.

(2) Matters on Application of the Equity Method

Number of non-consolidated subsidiaries not accounted for using the equity method: two

Number of associates not accounted for using the equity method: two

Names of major non-consolidated subsidiaries or associates:

Non-consolidated subsidiaries: Blue Sky Co., Ltd.
PT. AWINA RIKUDENKO SOLAR
ENGINEERING INDONESIA

Associates: Maeda Denko Co., Ltd. and
Oyama First Co., Ltd.

The non-consolidated subsidiaries and 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 are immaterial overall.

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

The fiscal year-end of the consolidated subsidiaries 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).

In addition, customer-related assets are amortized using the straight-line method over the period in which the effects are generated.

(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.

(d) Provision for loss on disaster

To provide for payments associated with the removal and repair, etc., of assets damaged by the 2024 Noto Peninsula Earthquake, a provision is recognized in the amount estimated for such expenses.

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 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 53,257 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	35,124 million yen
2) Power distribution line works	11,582 million yen
3) Other works	4,732 million yen
4) Other	1,818 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)	10,738 million yen
Receivables arising from contracts with customers (balance at end of period)	14,306 million yen
Contract assets (balance at beginning of period)	3,876 million yen
Contract assets (balance at end of period)	7,930 million yen
Contract liabilities (balance at beginning of period)	455 million yen
Contract liabilities (balance at end of period)	1,132 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 47,249 million yen. The Group expects to recognize revenue for this amount within a maximum of five years, as performance obligations are fulfilled.

3. 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: 34,263 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 and Customer-Related Assets

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

Goodwill:	1,322 million yen
(of which, 943 million yen relates to Nikken Corporation)	
Other (customer-related assets)	847 million yen
(all of the amounts given above relate to Nikken Corporation)	

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

(a) Calculation method

Goodwill is regularly amortized in accordance with “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.” Likewise, customer-related assets are regularly amortized in accordance with “1. Significant Accounting Policies for Preparation of Consolidated Financial Statements (4) Matters on Accounting Policies 2) Methods for depreciation of significant depreciable assets (b) Intangible assets (excluding leased assets).” In the event of significant deterioration of the business environment or other indications of impairment, a determination is made to recognize an impairment loss. If the total undiscounted future cash flows from the asset or asset group for which there is an indication of impairment are less than the book value of said asset or asset group, an impairment loss is recognized.

With regard to Nikken Corporation, which became a consolidated subsidiary with the deemed acquisition date of December 31, 2023, a relatively large amount of the acquisition cost was allocated to goodwill and customer-related assets. Although signs of impairment have been identified for a group of assets including goodwill and customer-related assets related to Nikken Corporation no impairment loss was recognized because the total undiscounted future cash flows exceeded the book value of the non-current assets including goodwill and customer-related assets.

(b) Primary assumptions

Undiscounted 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.

The primary assumptions in the business plan, which form the basis of Nikken's undiscounted future cash flows, are to secure net sales growth by reviewing the types of construction work and areas to focus on, and to improve operating profit margin through thorough process and cost management and ongoing cost reductions throughout the company.

(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.

4. 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	604 million yen
Electronically recorded monetary claims - operating	3,312 million yen
Accounts receivable from completed construction contracts	10,389 million yen
Contract assets	7,930 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.

Cash and deposits	25 million yen
Investment securities	2 million yen
Long-term loans receivable	0 million yen

(3) Accumulated Depreciation of Property, Plant and Equipment 8,661 million yen

5. 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, 2023	Common stock	727 million yen	26 yen	March 31, 2023	June 30, 2023
Board of Directors Meeting of October 27, 2023	Common stock	503 million yen	18 yen	September 30, 2023	November 30, 2023

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 27, 2024, as detailed below.

Total dividend	615 million yen
Dividend resources	Retained earnings
Dividend per share	22 yen
Record date	March 31, 2024
Effective date	June 28, 2024

6. 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, 2024.

Note that shares, etc. without market prices (amount reported on the consolidated balance sheet: 399 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	1,007	1,007	-
2) Long-term time deposits	600	600	-
Total assets	1,607	1,607	-

(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	887	-	-	887
Debt securities	-	15	-	15
Other	-	104	-	104

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 are valued using market prices. Because listed shares are traded in active markets, their fair value is classified as Level 1.

Debt securities 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.

7. 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
2,679	2,958

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.

8. Notes on Per Share Information

(1) Net Assets per Share 1,495.75 yen

(2) Profit per Share 78.92 yen

9. Notes on Other Matters

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

(2) Business combination by acquisition

1) Overview of the business combination

(a) Name and main business of the acquired company

Name of the acquired company: Nikken Corporation

Main business: Plumbing work, etc.

(b) Main reasons for the business combination

Since its founding in March of 1981, Nikken Corporation has been one of the leading facilities contractors in Kanagawa Prefecture and the greater Tokyo metropolitan area, developing a wide range of businesses, mainly related to plumbing work with air conditioning and drainage pipes, as well as electrical work.

The Company decided to acquire the shares of Nikken Corporation based on the assessment that making it a subsidiary of the Company will greatly contribute to the achievement of the medium-term management plan “Action Plan 2024,” as it is expected to expand the Company group’s area of business in the Kanto region.

(c) Dates of the business combination

December 5, 2023 (date of acquisition of shares)

December 31, 2023 (deemed date of acquisition)

(d) Legal form of the business combination

Acquisition of shares

(e) Company name after the business combination

No change

(f) Share of voting rights acquired
100%

(g) Main grounds for determining the acquired company
The Company acquired Nikken Corporation's shares in exchange for cash.

2) Period of the acquired company's business results included in the consolidated financial statements
January 1, 2024 to March 31, 2024

3) Acquisition price of the acquired company and breakdown by consideration type

Consideration for acquisition	Cash and deposits	2,999 million yen
<hr/>		
Acquisition cost		2,999 million yen

4) Description and amount of major acquisition-related expenses

Advisory costs, etc.:	218 million yen
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5) Amount of goodwill accrued, reason for accrual, amortization method and amortization period

(a) Amount of goodwill accrued: 978 million yen

(b) Reason for accrual: Generated from the anticipated excess earning power from future business development.

(c) Amortization method and period: Straight-line amortization over 7 years

6) Total amounts and principal breakdowns of assets received and liabilities assumed on the effective date of the business combination

Current assets	3,857 million yen
Non-current assets	<u>1,258 million yen</u>
Total assets	<u>5,115 million yen</u>
Current liabilities	2,608 million yen
Non-current liabilities	<u>485 million yen</u>
Total liabilities	<u>3,094 million yen</u>

7) Amount allocated to intangible assets other than goodwill, breakdown of each major type of intangible asset, and amortization period of each major type of intangible asset

Breakdown	Amount	Amortization period
<hr/>		
Customer-related assets	869 million yen	10 years

8) Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the consolidated fiscal year under review, based on the assumption that the business combination was completed as of the beginning of the consolidated fiscal year under review

Net sales	6,178 million yen
Operating loss (-)	-432 million yen
Ordinary loss (-)	-406 million yen
Loss before income taxes (-)	-495 million yen
Loss attributable to owners of parent (-)	-371 million yen
Loss per share (-)	-13.27 yen

(Method of calculating the estimated amount)

The estimated amount of the effect of the business combination is calculated as the difference

between the net sales and profit and loss figures calculated as if the business combination had been completed at the beginning of the consolidated fiscal year and the net sales and profit and loss figures in the consolidated statement of income of the acquiring company. In addition, the estimated effect is calculated as if the goodwill and other intangible assets recognized at the time of the business combination had accrued as of the beginning of the period under review.

Note that these notes have not been audited and certified.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of March 31, 2024)

(In millions of yen)

Assets		Liabilities	
Current assets	37,343	Current liabilities	13,419
Cash and deposits	16,948	Accounts payable for construction contracts	9,085
Notes receivable - trade	424	Lease liabilities	16
Electronically recorded monetary claims - operating	2,334	Income taxes payable	1,129
Accounts receivable from completed construction contracts	16,079	Advances received on construction contracts in progress	942
Securities	1	Provision for loss on construction contracts	5
Costs on construction contracts in progress	404	Provision for loss on disaster	24
Raw materials and supplies	429	Other	2,215
Other	730	Non-current liabilities	3,591
Allowance for doubtful accounts	(9)	Lease liabilities	36
Non-current assets	21,635	Provision for retirement benefits	3,344
Property, plant and equipment	11,987	Provision for retirement benefits for directors (and other officers)	66
Buildings and structures	4,997	Other	143
Machinery and vehicles	1,750	Total liabilities	17,010
Tools, furniture and fixtures	344	Net assets	
Land	4,796	Shareholders' equity	41,574
Leased assets	46	Share capital	3,328
Construction in progress	52	Capital surplus	2,803
Intangible assets	115	Legal capital surplus	2,803
Investments and other assets	9,533	Other capital surplus	0
Investment securities	1,269	Retained earnings	36,150
Shares of subsidiaries and associates	5,167	Legal retained earnings	360
Long-term loans receivable	895	Other retained earnings	35,789
Distressed receivables	19	General reserve	26,934
Long-term prepaid expenses	107	Retained earnings brought forward	8,855
Deferred tax assets	1,404	Treasury shares	(708)
Other	695	Valuation and translation adjustments	393
Allowance for doubtful accounts	(25)	Valuation difference on available-for-sale securities	393
Total assets	58,979	Total net assets	41,968
		Total liabilities and net assets	58,979

Non-consolidated Statement of Income (April 1, 2023 through March 31, 2024)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	47,451	
Net sales in sideline businesses	1,625	49,076
Cost of sales		
Cost of sales of completed construction contracts	39,663	
Cost of sales in sideline businesses	1,178	40,841
Gross profit		
Gross profit on completed construction contracts	7,788	
Gross profit on sideline business	447	8,235
Selling, general and administrative expenses		4,733
Operating profit		3,502
Non-operating income		
Interest and dividend income	35	
Commission income	70	
Rental income from land and buildings	27	
Other	57	190
Non-operating expenses		
Interest expenses	1	
Other	5	6
Ordinary profit		3,686
Extraordinary income		
Gain on sale of non-current assets	7	
Gain on sales of investment securities	1	8
Extraordinary losses		
Loss on valuation of investment securities	110	
Loss caused by disasters	77	
Other	16	203
Profit before income taxes		3,490
Income taxes - current	1,240	
Income taxes - deferred	(126)	1,114
Profit		2,376

Non-consolidated Statement of Changes in Equity (April 1, 2023 through March 31, 2024)

(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	7,710	(707)	40,429	258	40,688
Changes during period										
Dividends of surplus						(1,231)		(1,231)		(1,231)
Profit						2,376		2,376		2,376
Purchase of treasury shares							(0)	(0)		(0)
Net changes in items other than shareholders' equity									135	135
Total changes during period	-	-	-	-	-	1,145	(0)	1,145	135	1,280
Balance at end of period	3,328	2,803	0	360	26,934	8,855	(708)	41,574	393	41,968

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.

5) Provision for loss on disaster

To provide for payments associated with the removal and repair, etc., of assets damaged by the 2024 Noto Peninsula Earthquake, a provision is recognized in the amount estimated for such expenses.

(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 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.

3. Notes on Changes in Presentation Methods

“Gain on sales of investment securities,” under extraordinary income, which was included in “other” under extraordinary income in the previous fiscal year, has been presented separately from the fiscal year under review, due to an increase in materiality.

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

“Loss on valuation of shares of subsidiaries and associates,” under extraordinary losses, which was presented separately in the previous fiscal year, has been included in “other” under extraordinary losses, due to a decrease in materiality.

4. 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 recorded in the non-consolidated financial statements for the fiscal year under review
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: 32,397 million yen

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

(2) Valuation of the shares of subsidiaries and associates

- 1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review
- | | |
|--|--------------------|
| Shares of subsidiaries and associates | 5,167 million yen |
| (of which, the amount that relates to Nikken Corporation | 3,218 million yen) |

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

(a) Calculation method

The book value of shares of subsidiaries and associates that do not have a market price is based on the acquisition price. When the actual value of such shares declines significantly, a loss on valuation is recorded, unless the recoverability of the loss is supported by sufficient evidence.

In the case of Nikken Corporation, the actual value of shares of subsidiaries and associates is calculated on the basis of an amount that reflects excess earning power and other factors in accordance with future business plans.

After comparing the book value and the actual value of the shares of subsidiaries and associates, no loss on valuation was recorded because the actual value was not significantly lower than the book value.

(b) Primary assumptions

The business plans of investees after the end of the fiscal year under review, which form the basis of the calculation of the actual value of the shares of subsidiaries and associates, incorporate assumptions regarding external factors such as the business environment of the investees.

The primary assumptions of Nikkei Corporation's business plan are to secure net sales growth by reviewing the types of construction work and areas to focus on, and to improve operating profit margin through thorough process and cost management and ongoing cost reductions throughout the company.

(c) Impact on the financial statements for the following fiscal period

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

5. 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	0 million yen

(2) Accumulated Depreciation of Property, Plant and Equipment 8,131 million yen

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

Short-term monetary receivables	583 million yen
Long-term monetary receivables	885 million yen
Short-term monetary payables	12 million yen

6. Notes to the Non-consolidated Statement of Income

(1) Amount of Transactions with Subsidiaries and Associates

Net sales	1,196 million yen
Operating expenses	90 million yen
Amount of non-operating transactions	4 million yen

(2) Amount of Research and Development Expenses included in Selling, General and Administrative Expenses: 71 million yen

7. 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: 1,974 thousand shares

8. Notes on Tax Effect Accounting

Deferred tax assets arose primarily from provision for retirement benefits.

Valuation allowances amounted to 87 million yen.

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

9. 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	Contracts for indoor wiring, ventilation and air conditioning, and other works	832	Accounts receivable from completed construction contracts	531

			Concurrently serving and transferred officers				
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(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	800

(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	13,898	Accounts receivable from completed construction contracts	2,640
						Advances received on construction contracts in progress	77

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.

10. Notes on Per Share Information

- (1) Net Assets per Share 1,499.43 yen
- (2) Profit per Share 84.92 yen

11. 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 16, 2024

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

Ernst & Young ShinNihon LLC

Toyama Office

Hiroshi Nakashita (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, 2023 to March 31, 2024.

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 16, 2024

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

Ernst & Young ShinNihon LLC.
Toyama Office
Hiroshi Nakashita (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 110th business term from April 1, 2023 to March 31, 2024.

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 110th business year (from April 1, 2023 to March 31, 2024), 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, 2024.

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 17, 2024

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)