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Securities code: 1930
June 6, 2025
(Date of commencement of measures for electronic provision: June 2, 2025)

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 111th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We are pleased to inform you of the 111th 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 111th 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 Thursday, June 26, 2025 Japan Standard Time (JST).

1. Date and Time: Friday, June 27, 2025 at 10:00 a.m., JST

2. Place: Kagetsu, Palais Blanc Koshikaikan 2F
1-3-1 Chitosemachi, Toyama City, Toyama Prefecture, Japan

3. Meeting Agenda:

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 111th business term (from April 1, 2024 to March 31, 2025)
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 Two (2) Substitute 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

When attending in person, please 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: Friday, June 27, 2025 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 Thursday, June 26, 2025 at 5:30 p.m., JST

Exercising Voting Rights via the Internet, etc.

Please review the "Information on Exercising Voting Rights via the Internet" on the following page, and follow the on-screen instructions to indicate your approval or disapproval of each proposal.

Deadline: Thursday, June 26, 2025 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 Thursday, June 26, 2025 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 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) profit of 3,280 million yen in the fiscal year under review, the Company has determined that the payment of dividends is fully achievable. The Company therefore proposes a year-end dividend for the fiscal year under review of 24 yen per share. The annual dividend, including the interim dividend and the year-end dividend, will be 44 yen per share, an increase of 4 yen per share.

(1) Type of dividend property
Cash

(2) Allocation of dividend property and total amount

Year-end dividend per share of common stock:	24 yen
Total amount dividends:	673,305,240 yen

(3) Effective date of the distribution of dividends from retained earnings
June 30, 2025

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	Reappointed	Miyuki Sano Female	Outside Director Independent Director	Director	100% (9/9)
3	Newly appointed	Mitsuru Taga Male	Outside Director Independent Director	-	-
4	Reappointed	Shoichiro Hayase Male		Managing Director and Managing Executive Officer	100% (11/11)
5	Reappointed	Kazuhisa Mizutani Male		Chairman and Representative Director	100% (11/11)
6	Newly appointed	Konomi Minami Female	Outside Director Independent Director	-	-
7	Reappointed	Yoshiaki Murata Male		Director	100% (9/9)
8	Reappointed	Isashi Yamazaki Male		President, Representative Director and CEO	100% (11/11)

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities,
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="3">1</td><td>Katsuhiko Kita
(February 22, 1962)

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (11/11)</td><td>Apr. 1984
Sep. 2013

Apr. 2015

Apr. 2017

Jun. 2018
Jun. 2020

Jun. 2021
Jun. 2023

Jun. 2023</td><td>Joined the Company
General Manager of Indoor Wiring Dept., Toyama Branch
Executive Officer and Deputy General Manager of Tokyo Branch
Executive Officer and General Manager of Toyama Branch
Director and General Manager of Indoor Wiring Dept.
Senior Executive Officer and General Manager of Indoor Wiring Dept.
Managing Director
Senior Managing Director and Senior Managing Executive Officer (to present)
Director of Hokko Shoji Co., Ltd. (to present)</td><td rowspan="2">4,780</td></tr>
<tr><td></td><td colspan="2">Years of service as Director: 4 years</td></tr>
<tr><td colspan="4">[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.</td></tr>
<tr><td rowspan="3">2</td><td rowspan="2">Miyuki Sano
(May 26, 1962)

[Reappointed]
[Outside Director]
[Independent Director]

[Attendance at the Board of Directors meetings]
100% (9/9)</td><td>Jun. 2015

Aug. 2018

Jun. 2020

Jun. 2023
Jun. 2024</td><td>Director and General Manager of Planning and General Affairs Department, NTT Human Solutions Corporation (currently Pasona HS Inc.)
Managing Executive Officer and General Manager of Planning and General Affairs Department, Pasona Human Solutions Inc. (currently Pasona HS Inc.)
Managing Executive Officer and Deputy General Manager, Sales Headquarters, Pasona HS Inc.
Outside Director of CRESCO LTD. (to present)
Director of the Company (to present)</td><td rowspan="2">0</td></tr>
<tr><td colspan="2">Years of service as Director: 1</td></tr>
<tr><td colspan="4">[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 reappointed as Outside Director.
She is expected to leverage her experience and insight to strive to strengthen the management supervisory function, particularly in the areas of investment policy, human resources and human resources development, and risk management, to contribute to the Company’s sustainable growth and enhance corporate value.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities,
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="3">3</td><td rowspan="2">Mitsuru Taga
(January 31, 1959)

[Newly appointed]

[Attendance at the Board of Directors meetings]
-</td><td>Jun. 2013
Jan. 2014

Jun. 2017
Jun. 2018</td><td>Executive Officer, General Manager of General Administration Dept., The Hokuriku Bank, Ltd.
Executive Officer, General Manager of General Administration Dept. and Head of Financial Instruments Management Office, The Hokuriku Bank, Ltd.
Managing Executive Officer, The Hokuriku Bank, Ltd.
President and Representative Director of HOKURIKU COMPUTER SERVICE CO., LTD. (to present)</td><td rowspan="2">0</td></tr>
<tr><td colspan="2">Years of service as Director: -</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Outside Director and an overview of the expected roles]
Mr. Taga has experience in senior management level at several companies. 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 appointed 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.</td></tr>
<tr><td rowspan="3">4</td><td rowspan="2">Shoichiro Hayase
(January 2, 1963)

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (11/11)</td><td>Apr. 1986
Apr. 2013
Apr. 2019

Jul. 2019

Apr. 2021

Jun. 2021

Jun. 2023

Jun. 2023
May 2024

Jun. 2024
Jun. 2024</td><td>Joined the Company
General Manager of Komatsu Branch
Executive Officer and General Manager of Komatsu Branch Office, Kanazawa Branch
Executive Officer and General Manager of Nanao Branch
Senior Executive Officer and General Manager of Marketing & Sales Dept.
Senior Executive Officer and General Manager of Marketing & Sales Dept.
Managing Director and Managing Executive Officer of the Company (to present)
Director of Hokko Shoji Co., Ltd. (to present)
President and Representative Director of Blue Sky Co., Ltd. (to present)
Director of SCAIRT CO., LTD. (to present)
Director of Kanbara Equipment Engineering Co., Ltd. (to present)</td><td rowspan="2">12,280</td></tr>
<tr><td colspan="2">Years of service as Director: 2 years</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Director]
Since joining the Company, Mr. Hayase has primarily engaged in the operations of engineering, marketing and sales divisions, and currently serves as 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.
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, risk management, and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summary, positions, responsibilities,
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="3">5</td><td rowspan="2">Kazuhisa Mizutani
(June 12, 1961)

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (11/11)</td><td>Jun. 2013 General Manager of Public Relations & General Affairs Dept., Hokuriku Electric Power Company
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)</td><td rowspan="2">2,800</td></tr>
<tr><td>Years of service as Director: 2 years</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Since joining Hokuriku Electric Power Company, the Company’s parent company, Mr. Mizutani has primarily engaged in the operations of the general affairs and legal divisions, and currently serves as 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.
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.</td></tr>
<tr><td rowspan="3">6</td><td rowspan="2">Konomi Minami
(May 6, 1982)

(Name on family register:
Konomi Hirono)

[Newly appointed]
[Outside Director]
[Independent Director]

[Attendance at the Board of Directors meetings]
-</td><td>Dec. 2011 Registered as an attorney-at-law
Jan. 2012 Joined Urasaki Law Office (currently Hirono and Minami Law Office) (to present)</td><td rowspan="2">0</td></tr>
<tr><td>Years of service as Director: -</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Outside Director and an overview of the expected roles]
Ms. Minami 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 newly appointed as Outside Director.
Although she has never been directly involved in corporate management, the Company believes that she is capable of appropriately fulfilling her duties as Outside Director, for the reasons above.
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.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, responsibilities,
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="12">7</td><td rowspan="10">Yoshiaki Murata
(December 9, 1963)

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (9/9)</td><td>May 2014</td><td>Seconded to Power and IT Company with the Corporate Planning Department of Hokuriku Electric Power Company</td><td rowspan="11">0</td></tr>
<tr><td>Jun. 2014</td><td>President & Representative Director of the Power and IT Company</td></tr>
<tr><td>Jun. 2016</td><td>General Manager of the Fuel Department at Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2018</td><td>General Manager of the Human Resources Department at Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2020</td><td>Managing Executive Officer and General Manager of the Fukui Branch at Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2023</td><td>Managing Executive Officer and General Manager of the Quality Management, Internal Audit & Nuclear Safety Oversight Department at Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2024</td><td>Managing Executive Officer and General Manager of the Marketing & Sales Division at Hokuriku Electric Power Company (to present)</td></tr>
<tr><td>Jun. 2024</td><td>President and Representative Director of Hokuriku Electric Power Biz Energy Solution Co., Ltd. (to present)</td></tr>
<tr><td>Jun. 2024</td><td>Director of the Company (to present)</td></tr>
<tr><td colspan="2">Years of service as Director: 1</td></tr>
<tr><td colspan="4">[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 and General Manager of the Marketing & Sales Division. 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 strive to provide appropriate advice, particularly in the areas of marketing, sales, human resources and human resources development, and risk management, to contribute to the Company’s sustainable growth and enhance corporate value.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions		Number of shares of the Company held
8	Isashi Yamazaki (April 30, 1962) [Reappointed] [Attendance at the Board of Directors meetings] 100% (11/11)	Apr. 1985	Joined the Company	9,760
		Apr. 2015	Deputy General Manager of Takaoka Branch	
		Apr. 2018	Executive Officer and Deputy General Manager of Takaoka Branch	
		Jun. 2018	Executive Officer and General Manager of Administration Dept.	
		Jun. 2018	Director of Hokko Shoji Co., Ltd.	
		Jun. 2019	Director and General Manager of Administration Dept.	
		Apr. 2020	Director and General Manager of Administration Dept.	
		Jun. 2020	Senior Executive Officer and General Manager of Comprehensive Planning Dept.	
		Jun. 2021	Managing Director of the Company	
		Jun. 2023	President, Representative Director and CEO of the Company (to present)	
		Jun. 2023	President and Representative Director of Hokko Shoji Co., Ltd.	
		Jun. 2023	Director of SCAIRT CO., LTD.	
		Jun. 2023	Director of Kanbara Equipment Engineering Co., Ltd.	
		Dec. 2023	Director of Nikken Corporation (to present)	
		Jun. 2024	Director of Hokko Shoji Co., Ltd. (to present)	
		Years of service as Director: 4 years		
	[Reason for nomination as candidate for Director] 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. 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, human resources and human resources development, risk management, and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.			

Notes:

1. The Company has transactions, such as corporate membership contract for the company's sports facilities, with Blue Sky Co., Ltd., where Mr. Shoichiro Hayase serves as Representative Director. In addition, the Company is contracted to perform electrical construction, etc. for Hokuriku Electric Power Biz Energy Solution Co., Ltd., where Mr. Yoshiaki Murata serves as Representative Director. There are no special interests between any of the other 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. Mitsuru Taga, and Ms. Konomi Minami are candidates for Outside Director.

4. Special notes on candidates for Outside Director

(1) If Mr. Mitsuru Taga and Ms. Konomi Minami are appointed as originally proposed, they will become Independent Directors in accordance with the provisions of Tokyo Stock Exchange, Inc.

(2) The Company has registered Ms. Miyuki Sano as an Independent Director in accordance with the provisions of Tokyo Stock Exchange, Inc. If her appointment is approved as originally proposed, she is expected to remain as an Independent Director.

(3) Ms. Miyuki Sano was appointed as Outside Director of the Company in June 2024. Her term of office will be one year at the conclusion of this Ordinary General Meeting of Shareholders.

(4) If Mr. Mitsuru Taga and Ms. Konomi Minami are appointed as originally proposed, the Company plans to conclude 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) If the reappointment of Ms. Miyuki Sano is approved, the Company plans to continue 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.

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.”

6. The years of service as Director for each candidate represents the number of years of consecutive service immediately prior to the present time.

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

Candidates for Director

No.	Name	Corporate management	Sales	Technology & quality	Finance & accounting	Investment policy	Human resources & human resources development	Risk management	Legal affairs	SDGs promotion
1	Katsuhiko Kita	○	○	○				○		○
2	Miyuki Sano Outside Director	○				○	○	○		
3	Mitsuru Taga Outside Director	○				○		○		
4	Shoichiro Hayase	○	○	○	○	○		○		○
5	Kazuhisa Mizutani	○				○		○	○	○
6	Konomi Minami Outside Director							○	○	
7	Yoshiaki Murata	○	○				○	○		
8	Isashi Yamazaki	○	○		○	○	○	○		○

Audit and Supervisory Board Members

	Name	Corporate management	Sales	Technology & quality	Finance & accounting	Investment policy	Human resources & human resources development	Risk management	Legal affairs	SDGs promotion
Full-time Audit and Supervisory Board Member	Hiroki Kimura			○	○			○		
Outside Audit and Supervisory Board Member	Masayuki Nitta				○			○		
Outside Audit and Supervisory Board Member	Masahiro Numada				○	○		○		

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

Proposal 3: 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.

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]	Oct. 1996	Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)	0
		Apr. 2000	Registered as a Certified Public Accountant	
		Jan. 2005	Seconded to Ernst & Young Transaction Advisory Services Co., Ltd. (currently EY Strategy and Consulting Co., Ltd.)	
		Jul. 2009	Managing Director at Ernst & Young Transaction Advisory Services Co., Ltd.	
		Jan. 2013	Transferred to Ernst & Young Transaction Advisory Services Co., Ltd.	
		Jul. 2023	Representative Director at Sincerity Financial Advisory Co., Ltd. (to present)	
		May 2024	Outside Audit and Supervisory Board Member at JIC Capital, Ltd. (to present)	
	[Reason for nomination as candidate for Substitute Outside Audit and Supervisory Board Member] 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.			

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="8">2</td><td rowspan="7">Hideki Yamamoto
(March 11, 1961)</td><td>Apr. 1983</td><td>Joined the Company</td><td rowspan="7">7,500</td></tr>
<tr><td>Apr. 2017</td><td>General Manager of Administration Dept.</td></tr>
<tr><td>Apr. 2019</td><td>Executive Officer and General Manager of Administration Dept.</td></tr>
<tr><td>Jun. 2019</td><td>Executive Officer and General Manager of Business Audit Dept.</td></tr>
<tr><td>Apr. 2021</td><td>Executive Officer and General Manager of Administration Dept.</td></tr>
<tr><td>Jun. 2021</td><td>Executive Officer and General Manager of Administration Dept.</td></tr>
<tr><td>Apr. 2023</td><td>General Manager of Business Audit Dept. (to present)</td></tr>
<tr><td colspan="4">[Reason for nomination as candidate for Substitute Audit and Supervisory Board Member]
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.</td></tr>
</table>

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.

(Appendix)

Business Report

(April 1, 2024 - March 31, 2025)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the fiscal year under review, the economy of Japan showed positive trends, with both GDP and capital investment at high levels and wages seeing their highest rate of increase in 33 years. However, while corporate income remained solid, consumer spending continued to lack strength, with wage and income growth not yet reaching a point where it can stably exceed price increases. In order to overcome these challenges and achieve sustainable economic growth, companies must take measures such as increasing income through wage increases, further facilitating the practice of passing on price increases, improving productivity by promoting investment in labor-saving efforts and digitalization, and strengthening their management bases through business succession and M&As, etc.

Under these circumstances, the Group's consolidated business results for the fiscal year under review were supported by the effects of aggressive M&A activities in recent years, as well as steady progress in the amount of construction work that had been carried over and a high amount of orders received. As a result, net sales amounted to 55,607 million yen (up 4.1% year on 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. In addition, retirement benefit obligations decreased due to a revision in the discount rate for retirement benefit obligations. As a result, ordinary profit amounted to 4,611 million yen (up 26.5% year on year), and profit attributable to owners of parent was 3,187 million yen (up 44.3% year on year).

Regarding the Company's (non-consolidated) business results for the fiscal year under review, orders received increased by 2,602 million yen (up 5.0% year on year) to 54,556 million yen while net sales decreased by 1,510 million yen (down 3.1% year on year) to 47,566 million yen.

The Company's business results by segment for the fiscal year under review are as follows:

Orders received for indoor wiring, ventilation and air conditioning works increased by 4,527 million yen (up 13.3% year on year) to 38,661 million yen while net sales decreased by 2,788 million yen (down 8.6% year on year) to 29,801 million yen.

Orders received for power distribution line works increased by 1,068 million yen (up 8.9% year on year) to 13,071 million yen and net sales increased by 717 million yen (up 6.2% year on year) to 12,299 million yen.

Orders received for other works decreased by 2,368 million yen (down 68.5% year on year) to 1,087 million yen while net sales increased by 275 million yen (up 8.4% year on year) to 3,554 million yen.

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

(Unit: Million yen)

Category	Net sales
Equipment installation business	53,377
Other businesses	2,230
Total	55,607

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	29,467	38,661	29,801	38,327
Power distribution line works	3,824	13,071	12,299	4,596
Other works	6,120	1,087	3,554	3,652
Total	39,413	52,819	45,655	46,577
Side business	1,003	1,737	1,910	830
Total	40,417	54,556	47,566	47,407

Note: Due to organizational restructuring, some of the works that were included in "Other works" have been moved to "Indoor wiring, ventilation and air conditioning works" starting from the fiscal year under review. The balance brought forward has been calculated based on the new categories.

(2) Capital Investments

Capital investments totaled 599 million yen, mainly consisting of the purchase of 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, the impact of continued price rises on consumer spending through a downturn in consumer confidence, as well as the impact of U.S. trade policies, pose risks of putting downward pressure on the economy. In addition, it is necessary to remain fully aware of the effects of fluctuations in financial markets, etc.

In the construction industry, which is the Group's main business, robust construction investment is expected to continue, and the environment remains favorable for receiving orders for equipment installation work at reasonable construction periods and prices, and this is expected to lead to business expansion. On the other hand, the continued upward trend in labor costs and material prices, as well as the downward trend in the number of construction industry employees (shortage of workers), are issues faced by the industry as a whole.

Moreover, 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. Accordingly, it is necessary to contribute to the development and revitalization of the region by proactively responding to needs such as restoration and reconstruction following the 2024 Noto Peninsula Earthquake and heavy rains, as well as the ripple effects of the expected extension of the Hokuriku Shinkansen.

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 utilize and deepen the DX it has promoted to date, 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, such as by reducing our environmental impact, 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. As a corporate group that protects essential infrastructure, we will also respond to the demands that have high social priority, such as reinforcement for disaster prevention and disaster mitigation.

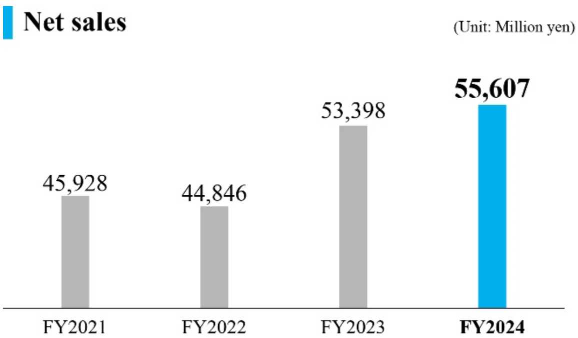
(4) Trends in Assets and Income

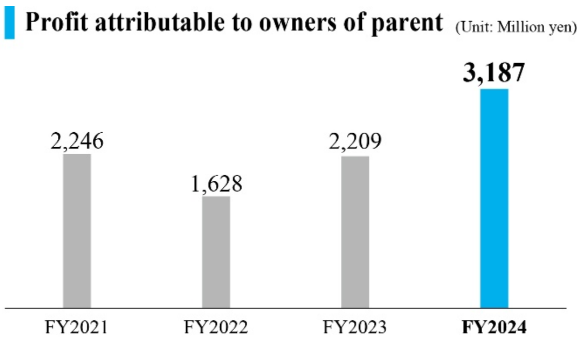
1) Assets and income of the corporate group

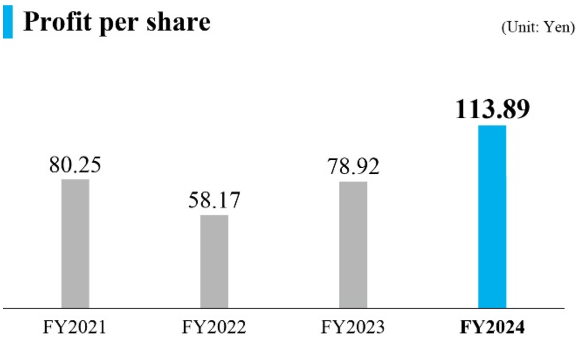
(In millions of yen, unless otherwise specified.)

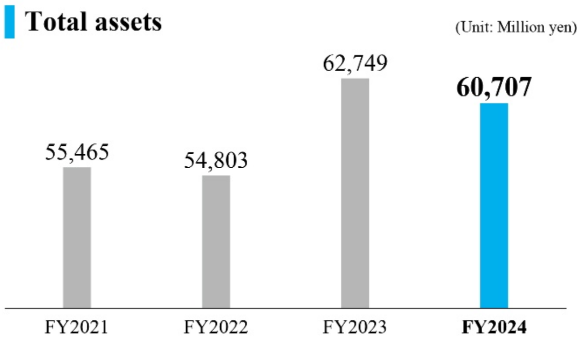
Category	FY2021 (108th business term)	FY2022 (109th business term)	FY2023 (110th business term)	FY2024 (111th business term)
Net sales	45,928	44,846	53,398	55,607
Profit attributable to owners of parent	2,246	1,628	2,209	3,187
Profit per share (yen)	80.25	58.17	78.92	113.89
Total assets	55,465	54,803	62,749	60,707

Note: Starting from the fiscal year under review, the Company introduced a share-based remuneration plan, "Board Benefit Trust (BBT)." In calculating profit per share, the Company's shares held by this trust are included in treasury shares, which are deducted when calculating the average number of shares during the fiscal year.







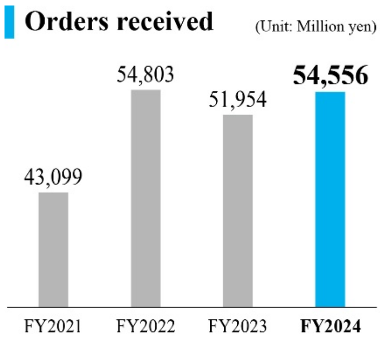


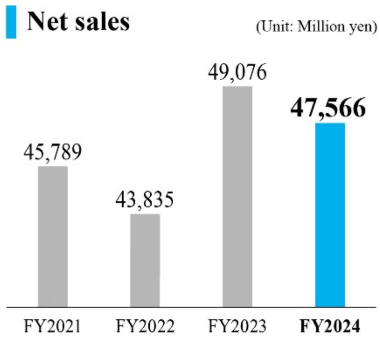
2) Assets and income of the Company

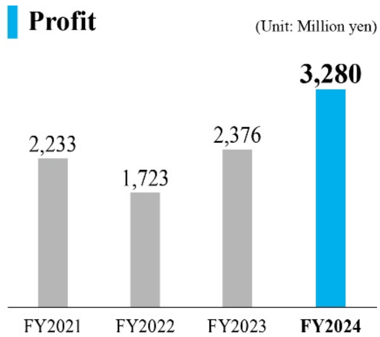
(In millions of yen, unless otherwise specified.)

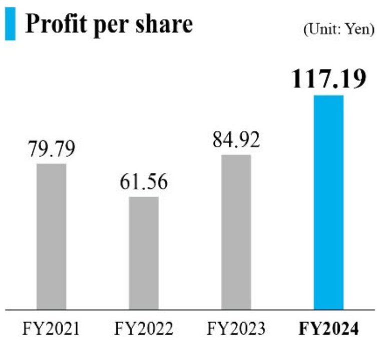
Category	FY2021 (108th business term)	FY2022 (109th business term)	FY2023 (110th business term)	FY2024 (111th business term)
Orders received	43,099	54,803	51,954	54,556
Net sales	45,789	43,835	49,076	47,566
Profit	2,233	1,723	2,376	3,280
Profit per share (yen)	79.79	61.56	84.92	117.19
Total assets	55,182	54,082	58,979	58,674

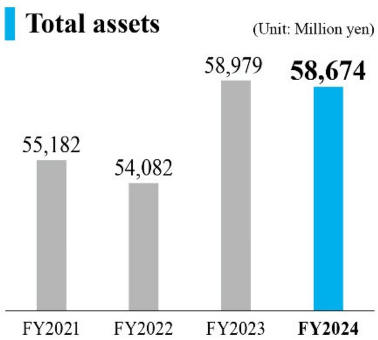
Note: Starting from the fiscal year under review, the Company introduced a share-based remuneration plan, "Board Benefit Trust (BBT)." In calculating profit per share, the Company's shares held by this trust are included in treasury shares, which are deducted when calculating the average number of shares during the fiscal year.











(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	50.11%	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.
Blue Sky Co., Ltd.	9 million yen	90%	Sports facility provision, etc.

(6) Principal Business

The Group's principal business is equipment installation. In addition, the Group is engaged in other businesses such as ESCO 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), 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)
Blue Sky Co., Ltd.	(Nanto City)

(8) Status of Employees

1) Status of the corporate group's employees

No. of employees	YoY change
1,333	Increased by 3

2) Status of the Company's employees

No. of employees	YoY change	Average age	Average years of service
1,150	Decreased by 6	40.1	17.3

Note: The above "Status of the Company's employees" represent the situation as of March 31, 2025.

2. Matters Related to the Company's Shares

(1) Number of Issued Shares

28,054,385 shares
(excluding 1,909,606 shares of treasury shares)

(2) Number of Shareholders

5,906 persons

(3) Major Shareholders

Name	Number of shares held	Shareholding ratio
	Thousand shares	%
Hokuriku Electric Power Company	14,025	50.0
HIKARI TSUSHIN K.K.	1,975	7.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,745	6.2
HOKURIKU ELECTRICAL CONSTRUCTION Employees Shareholding Association	889	3.2
THE HOKURIKU BANK, LTD.	418	1.5
Custody Bank of Japan, Ltd. (Trust Account)	404	1.4
HOKURIKUDENKISHOKAI Co.	260	0.9
Sumitomo Mitsui Trust Bank, Limited	242	0.9
Nippon Life Insurance Company	201	0.7
Osaka Denki Shoji Co., Ltd.	150	0.5

Note: Shareholding ratio is calculated by excluding treasury shares of 1,909,606 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	
Isashi Yamazaki	President, Representative Director and CEO	Director of Hokko Shoji 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	President and Representative Director of Blue Sky Co., Ltd. Director of Hokko Shoji Co., Ltd. Director of SCAIRT CO., LTD. Director of Kanbara Equipment Engineering Co., Ltd
Yoshiaki Murata	Director	Managing Executive Officer, General Manager, Marketing & Sales Division of Hokuriku Electric Power Company President and Representative Director of Hokuriku Electric Power Biz Energy Solution Co., Ltd.
Nobuko Watanabe	Director	Attorney at law of Kanda Law Office
Shigeru Miyamura	Director	President and Representative Director of Toyama Iki-Iki Bussan Co., Ltd.
Miyuki Sano	Director	Outside Director of CRESCO LTD.
Hiroki Kimura	Full-time Audit and Supervisory Board Member	
Masayuki Nitta	Audit and Supervisory Board Member	President, Masayuki Nitta CTA Office
Masahiro Numada	Audit and Supervisory Board Member	Chief Director of the Hokuriku Economic Research Institute

Notes:
1. Directors Ms. Nobuko Watanabe, Mr. Shigeru Miyamura and Ms. Miyuki Sano are Outside Directors.
2. Audit and Supervisory Board Members Mr. Masayuki Nitta and Mr. Masahiro Numada are Outside Audit and Supervisory Board Members.
3. The Company has registered Directors Ms. Nobuko Watanabe, Mr. Shigeru Miyamura and Ms. Miyuki Sano as well as Audit and Supervisory Board Members Mr. Masayuki Nitta and Mr. Masahiro Numada as Independent Directors/Audit and Supervisory Board Members in accordance with the provisions of the Tokyo Stock Exchange.
4. Changes in Directors and Audit and Supervisory Board Members during the fiscal year under review are as follows:
   (1) Mr. Yoshiaki Murata and Ms. Miyuki Sano were appointed as Directors, and Mr. Hiroki Kimura and Mr. Masahiro Numada were appointed as Audit and Supervisory Board Members at the 110th Ordinary

General Meeting of Shareholders held on June 27, 2024.

(2) Mr. Takahide Cho and Ms. Yukiko Morita retired as Directors due to the expiration of their terms of office, and Mr. Takaaki Kato and Mr. Takashi Asabayashi retired as Audit and Supervisory Board Members due to the expiration of their terms of office at the 110th Ordinary General Meeting of Shareholders held on June 27, 2024.

5. Significant concurrent positions held during the fiscal year under review are as follows:
   (1) President, Representative Director and CEO Mr. Isashi Yamazaki retired as Director of SCAIRT CO., LTD. and Director of Kanbara Equipment Engineering Co., Ltd on June 28, 2024.
   (2) Managing Director and Managing Executive Officer Mr. Shoichiro Hayase was appointed President and Representative Director of Blue Sky Co., Ltd. on May 16, 2024, and Director of SCAIRT CO., LTD. and Director of Kanbara Equipment Engineering Co., Ltd on June 28, 2024.
   (3) Director Mr. Yoshiaki Murata was appointed President and Representative Director of Hokuriku Electric Power Biz Energy Solution Co., Ltd. on June 26, 2024.
6. Full-time Audit and Supervisory Board Member Mr. Hiroki Kimura has extensive operational experience and broad knowledge as Executive Officer of Hokuriku Electric Power Company, the Company's parent company, 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.
8. Audit and Supervisory Board Member Mr. Masahiro Numada has experience as a full-time Audit and Supervisory Board Member at a financial institution and 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 policy for determining the content of remuneration, etc., for each Director (the "Determination Policy") is determined by resolution of the Board of Directors. Remuneration for Directors consists of basic remuneration, bonuses (performance-linked remuneration) and share-based remuneration (non-monetary remuneration), with Outside Directors and part-time Directors receiving basic remuneration.

Basic remuneration 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.

Bonuses 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.

Furthermore, 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 are 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 are paid upon retirement. Each point of the awarded points is converted into one share of the Company's common shares at the time of the provision.

The Company consults with the “Nomination and Remuneration Opinion Exchange Committee,”* the majority of whose members are Independent 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 110th Ordinary General Meeting of Shareholders held on June 27, 2024, it was resolved that the amount of monetary remuneration for Directors shall be up to 240 million yen (of which up to 24 million yen for Outside Directors) per year (not including employee salaries for Directors who concurrently serve as employees). As of the close of the 110th Ordinary General Meeting of Shareholders held on June 27, 2024, the number of Directors was eight (of whom three were Outside Directors).

At the 110th Ordinary General Meeting of Shareholders held on June 27, 2024, it was resolved that the amount of monetary remuneration for Audit and Supervisory Board Members shall be up to 48 million yen per year, and the number of Audit and Supervisory Board Members at the close of the said Ordinary General Meeting of Shareholders was three (of whom two were Outside Audit and Supervisory Board Members).

Regarding share-based remuneration, at the 110th Ordinary General Meeting of Shareholders held on June 27, 2024, it was resolved, separate from the resolution regarding the amount of monetary remuneration, that the maximum number of points to be granted to eligible Directors and Audit and Supervisory Board Members per one fiscal year shall be 11,300 points for Directors and 1,700 points for Audit and Supervisory Board Members. The number of Directors at the close of the said Ordinary General Meeting of Shareholders was four, and the number of Audit and Supervisory Board Members was one.

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 “Nomination and 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 remuneration as a fixed remuneration and share-based remuneration, while Outside Audit and Supervisory Board Member receive basic remuneration. These are determined based on certain standards and through discussion between Audit and Supervisory Board Members.

*As of October 1, 2024, the “Remuneration Opinion Exchange Committee” was renamed the “Nomination and Remuneration Opinion Exchange Committee.”

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
		Basic remuneration	Bonuses (performance-linked remuneration)	Retirement benefits	Share-based remuneration	
Directors [of whom, Outside Directors]	133 [7]	96 [7]	22 [-]	5 [0]	8 [-]	10 [4]
Audit and Supervisory Board Members [of whom, Outside Audit and Supervisory Board Members]	20 [4]	17 [4]	- [-]	1 [0]	1 [-]	5 [3]

Notes:
1. The number of officers and amount of remuneration, etc. above include that for the two Directors and two Audit and Supervisory Board Members who retired at the conclusion of the 110th Ordinary General Meeting of Shareholders held on June 27, 2024. 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, bonuses (performance-linked remuneration) are 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. 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 bonuses (performance-linked remuneration) 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. The retirement benefits system for directors and other officers was abolished at the conclusion of the 110th Ordinary General Meeting of Shareholders held on June 27, 2024.
4. The above amount of share-based remuneration is the amount recorded as provision for share awards in the fiscal year under review under the share-based remuneration plan using a trust system (board benefit trust). The details of the share-based remuneration are described in 1) Matters related to the policy for determining the content of remuneration, etc. for each Director (page 24).

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

FY2021 (108th business term)	FY2022 (109th business term)	FY2023 (110th business term)	FY2024 (111th business term)
3,294	2,581	3,686	4,620

(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	Shigeru Miyamura	Mr. Miyamura is President and Representative Director of Toyama Iki-Iki Bussan Co., Ltd. There are no special interests between Mr. Miyamura and the said company.
Director	Miyuki Sano	Ms. Sano is an Outside Director at CRESCO LTD. There are no special interests between Ms. Sano and the said company.
Audit and Supervisory Board Member	Masayuki Nitta	Mr. Nitta is President of Masayuki Nitta CTA Office. There are no special interests between Mr. Nitta and the said office.
Audit and Supervisory Board Member	Masahiro Numada	Mr. Numada is Chief Director of Hokuriku Economic Research Institute. There are no special interests between Mr. Numada and the said institute.

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 attended all of the Board of Directors meetings held during the fiscal year under review. 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	Shigeru Miyamura	Mr. Miyamura attended all of the Board of Directors meetings held during the fiscal year under review. 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 in senior management at a financial institution.
Director	Miyuki Sano	Since assuming her position, Ms. Sano attended all of the Board of Directors meetings held during the fiscal year under review. As an Outside Director, she has provided advice and recommendations as necessary, including making comments as necessary on the proper management of the Company regarding management supervisory functions such as risk management, from an objective standpoint by utilizing her abundant experience and broad insight in senior management at several companies.
Audit and Supervisory Board Member	Masayuki Nitta	Mr. Nitta attended all of the Board of Directors meetings and all of the Audit and Supervisory Board meetings held during the fiscal year under review. 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.
Audit and Supervisory Board Member	Masahiro Numada	Since assuming his position, Mr. Numada attended all of the Board of Directors meetings and all of the Audit and Supervisory Board meetings held during the fiscal year under review. As an Outside Audit and Supervisory Board Member, he utilized his abundant experience and broad insight in senior management at a financial institution 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 risk management.

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.	26 million yen
Total amount of cash and other property interests payable by the Company and its Subsidiaries	26 million yen

Notes: 1. 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.

2. In addition to the above Accounting Auditor's amount of remuneration, etc., there was an additional remuneration of 7 million yen related to the previous fiscal year.

(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 "Risk and 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 stipulated in the "Internal Reporting Regulations" for violations of laws, regulations, and internal rules. The entire Company shall take a firm stand against unjustified intervention or demands from antisocial forces in accordance with the "Regulations for Handling 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.

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

The “Compliance Committee” was renamed the “Risk and Compliance Committee,” and the “Risk and Compliance Regulations” and “Credit Management Regulations” were established.

(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 36 times and discussed important issues, including matters submitted to the Board of Directors.

In order to strengthen the internal control system, the Company established various regulations and strengthened governance throughout the entire Group.

(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 line General Managers and above at branches and branch 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 FY2024 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, 2025)

(In millions of yen)

Assets		Liabilities	
Current assets	**39,658**	**Current liabilities**	**13,308**
Cash and deposits	22,761	Notes payable, accounts payable for construction contracts and other	8,088
Notes receivable, accounts receivable from completed construction contracts and other	14,948	Short-term borrowings	57
		Lease liabilities	41
Securities	589	Accounts payable - other	2,453
		Income taxes payable	1,115
Costs on construction contracts in progress	571	Advances received on construction contracts in progress	777
Raw materials and supplies	510		
Other	282	Provision for loss on construction contracts	5
Allowance for doubtful accounts	(5)	Other	769
		Non-current liabilities	**3,505**
Non-current assets	**21,048**	Long-term borrowings	74
Property, plant and equipment	**12,942**	Lease liabilities	158
Buildings and structures	5,930	Deferred tax liabilities	201
Machinery, vehicles, tools, furniture and fixtures	1,692	Provision for retirement benefits for directors (and other officers)	30
Land	5,114	Provision for share awards for directors (and other officers)	10
Leased assets	177	Retirement benefit liability	2,833
Construction in progress	27	Asset retirement obligations	128
Intangible assets	**1,934**	Other	69
Goodwill	1,068	**Total liabilities**	**16,814**
Other	866	**Net assets**	
Investments and other assets	**6,171**	**Shareholders' equity**	**43,535**
Investment securities	1,366	**Share capital**	**3,328**
Long-term loans receivable	88	**Capital surplus**	**2,852**
Deferred tax assets	1,485	**Retained earnings**	**38,110**
Other	3,236	**Treasury shares**	**(756)**
Allowance for doubtful accounts	(6)	**Accumulated other comprehensive income**	**358**
		Valuation difference on available-for-sale securities	**375**
		Remeasurements of defined benefit plans	**(17)**
		Total net assets	**43,893**
Total assets	**60,707**	**Total liabilities and net assets**	**60,707**

Consolidated Statement of Income (April 1, 2024 through March 31, 2025)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	53,377	
Sales in other businesses	2,230	55,607
Cost of sales		
Cost of sales of completed construction contracts	43,422	
Cost of sales in other businesses	1,816	45,239
Gross profit		
Gross profit on completed construction contracts	9,954	
Gross profit - other business	413	10,368
Selling, general and administrative expenses		6,016
Operating profit		**4,351**
Non-operating income		
Dividend income	56	
Commission income	76	
Rental income from land and buildings	35	
Other	111	279
Non-operating expenses		
Interest expenses	4	
Loss on valuation of securities	10	
Handicapped employment fee	2	
Other	1	19
Ordinary profit		**4,611**
Extraordinary income		
Gain on sales of investment securities	87	
Other	3	90
Extraordinary losses		
Loss on retirement of non-current assets	3	
Impairment loss	3	
Loss on disaster	22	
Other	0	29
Profit before income taxes		**4,672**
Income taxes - current	1,528	
Income taxes - deferred	(43)	1,485
Profit		**3,187**
Profit attributable to owners of parent		**3,187**

Consolidated Statement of Changes in Equity (April 1, 2024 through March 31, 2025)

(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	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,328	2,803	36,099	(708)	41,524	394	(52)	341	41,865
Changes during period									
Dividends of surplus			(1,176)		(1,176)				(1,176)
Profit attributable to owners of parent			3,187		3,187				3,187
Purchase of treasury shares				(0)	(0)				(0)
Treasury stock possession of stock ownership plan trust				(71)	(71)				(71)
Transfer of treasury stock to stock ownership plan trust		48		23	71				71
Net changes in items other than shareholders' equity						(18)	35	16	16
Total changes during period	-	48	2,010	(48)	2,010	(18)	35	16	2,027
Balance at end of period	3,328	2,852	38,110	(756)	43,535	375	(17)	358	43,893

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

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: one
Names of major non-consolidated subsidiaries or associates:
Non-consolidated subsidiaries: Blue Sky Co., Ltd.
PT. AWINA RIKUDENKO SOLAR ENGINEERING INDONESIA
Associates: 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 share awards for directors (and other officers)

To provide for future payments of the Company's shares to the Company's full-time Directors and Audit and Supervisory Board Members in accordance with the Share-Based Board Benefit Regulations, a provision is recognized in the estimated amount of share payment obligations at the end of the fiscal year under review.

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. However, if it is not possible to reasonably estimate the degree of progress towards fulfilling performance obligations, but it is expected that the expenses incurred will be recovered, revenue is recognized using the cost recovery method.

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

(b) Goodwill amortization method and amortization period

Goodwill is amortized using the straight-line method over a period not exceeding 20 years, reasonably determined on a case-by-case basis.

(c) Accounting method for retirement benefit liability

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

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

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

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

2. Notes on Changes in Accounting Policies

Application of Accounting Standards for Current Income Taxes, etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "Revised Accounting Standard 2022") from the beginning of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in proviso (2) of Paragraph 65-2 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the fiscal year under review. This change in accounting policies is applied retrospectively, and consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

3. Notes on Revenue Recognition

(1) Breakdown of Revenue

The Group's principal business is equipment installation.

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

The amount of revenue arising from contracts with customers recognized in the fiscal year under review was 55,465 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	37,522 million yen
2) Power distribution line works	12,299 million yen
3) Other works	3,554 million yen

4) Other 2,088 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)	14,306 million yen
Receivables arising from contracts with customers (balance at end of period)	10,112 million yen
Contract assets (balance at beginning of period)	7,930 million yen
Contract assets (balance at end of period)	4,835 million yen
Contract liabilities (balance at beginning of period)	1,132 million yen
Contract liabilities (balance at end of period)	777 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 53,481 million yen. The Group expects to recognize revenue for this amount within a maximum of five years, as performance obligations are fulfilled.

4. Notes on Changes in Presentation Methods

"Handicapped employment fee," under non-operating expenses, which was included in "other" under non-operating expenses in the previous fiscal year, has been presented separately from the fiscal year under review, due to an increase in materiality.

"Gain on sale of non-current assets," under extraordinary income, which was presented separately in the previous fiscal year, has been included in "other" under extraordinary income, due to a decrease in materiality.

"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 valuation of investment securities," 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.

5. Notes on Accounting Estimates

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

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

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

Net sales of completed construction based on construction contracts for which performance obligations are fulfilled over a certain period of time: 30,473 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: 1,068 million yen

(of which, 803 million yen relates to Nikken Corporation)

Other (customer-related assets) 760 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, 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.

(3) Impairment of Non-Current Assets

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

Property, plant and equipment:	12,942 million yen
Intangible assets	106 million yen

* Excluding goodwill and customer-related assets

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

(a) Calculation method

The Group treats management accounting classifications as a single grouping unit and assesses whether there are indications of impairment on an asset or asset group basis. If indications of impairment are identified, future cash flows to be generated by the asset group are estimated and compared with the book value to determine whether an impairment loss should be recognized.

In the fiscal year under review, although indications of impairment were identified for some asset groups related to renewable energy, no impairment loss was recognized because the undiscounted future cash flows exceeded the book value.

(b) Primary assumptions

The plans for the following fiscal year and beyond used to calculate future cash flows are based on business plans formulated based on certain assumptions regarding net sales and trends in the markets to which each asset group belongs, and are used after making necessary revisions based on recent results and available external information.

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

These estimates may be affected by changes in the uncertain environment in the future, and if future business results, etc. deviate from the estimates, this may affect the valuation of non-current assets and have a significant impact on the consolidated financial statements for the following fiscal year onwards.

6. Additional Information

(Transactions of Delivering the Company's Own Stock to Directors through Trusts)

At the Board of Directors meeting held on April 30, 2024, the Company resolved to introduce a "Board Benefit Trust (BBT)," and at the 110th Ordinary General Meeting of Shareholders held on June 27, 2024, it was resolved as officer remuneration.

In conjunction with the introduction of this plan, on August 23, 2024, the Company contributed 77 million yen in cash to Custody Bank of Japan, Ltd. (Trust Account E), the sub-trustee of Mizuho Trust & Banking Co., Ltd., the trustee, and used this money to purchase the Company's shares.

The Company's Board Benefit Trust is accounted for using the total amount method in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, December 25, 2013). As a result, the Company's shares held by the trust are recorded as "treasury shares" under shareholders' equity based on their book value in the trust.

The disposal of treasury shares is recognized when the Company's shares are delivered to Directors through the trust.

The Company's shares remaining in the trust are recorded as treasury shares under net assets based on their book value in the trust (excluding the amount of incidental expenses). The book value and number of treasury shares for the fiscal year under review is 71 million yen and 65,000 shares.

7. 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	201 million yen
Electronically recorded monetary claims - operating	1,556 million yen
Accounts receivable from completed construction contracts	8,354 million yen
Contract assets	4,835 million yen

(2) Assets Pledged as Collateral

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

Investment securities 2 million yen
Long-term loans receivable 0 million yen

(3) Accumulated Depreciation of Property, Plant and Equipment 8,453 million yen

8. 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 27, 2024	Common stock	615 million yen	22 yen	March 31, 2024	June 28, 2024
Board of Directors Meeting of October 29, 2024	Common stock	561 million yen	20 yen	September 30, 2024	November 29, 2024

Note: The total dividend resolved at the Board of Directors meeting of October 29, 2024 includes a dividend of 1 million yen on the Company's shares held by the Board Benefit Trust (BBT).

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, 2025, as detailed below.

Total dividend 673 million yen
Dividend resources Retained earnings
Dividend per share 24 yen
Record date March 31, 2025
Effective date June 30, 2025

Note: The total dividend resolved at the Ordinary General Meeting of Shareholders of June 27, 2025 includes a dividend of 1 million yen on the Company's shares held by the Board Benefit Trust (BBT).

9. 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, 2025.

Note that shares, etc. without market prices (amount reported on the consolidated balance sheet: 378 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	1,577	1,577	-
2) Long-term time deposits	2,900	2,900	-
Total assets	4,477	4,477	-

(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	841	-	-	841
Debt securities	-	603	-	603
Other	-	132	-	132

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	-	2,900	-	2,900

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

<u>Securities and investment securities</u>

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.

<u>Long-term time deposits</u>

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.

10. 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
2,632	3,023

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.

11. Notes on Per Share Information

(1) Net Assets per Share 1,568.20 yen

Note: In calculating net assets per share, the Company’s shares held by the Board Benefit Trust (BBT) are included in treasury shares, which are deducted from the total number of issued shares at the end of the fiscal year. The number of treasury shares at the end of the fiscal year was 1,974,000 shares, of which the number of the Company’s shares held by the Board Benefit Trust (BBT) at the end of the fiscal year was 65,000 shares.

(2) Profit per Share 113.89 yen

Note: In calculating profit per share, the Company’s shares held by the Board Benefit Trust (BBT) are included in treasury shares, which are deducted when calculating the average number of shares during the fiscal year. The average number of treasury shares during the fiscal year was 1,974,000 shares, of which the average number of the Company’s shares held by the Board Benefit Trust (BBT) during the fiscal year was 65,000 shares.

12. Notes on Other Matters

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

(2) Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates, etc.

On March 31, 2025, the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)" was promulgated, and a special defense corporation tax was established for the fiscal years beginning on or after April 1, 2026. Accordingly, for temporary differences, etc. that are expected to be resolved in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 30.46% to 31.36%.

As a result, the amount of deferred tax assets (amount after deducting deferred tax liabilities) increased by 16 million yen, income taxes - deferred recorded in the consolidated fiscal year under review decreased by 20 million yen, and valuation difference on available-for-sale securities decreased by 3 million yen.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of March 31, 2025)

(In millions of yen)

Assets		Liabilities	
Current assets	**35,452**	**Current liabilities**	**11,498**
Cash and deposits	19,815	Accounts payable for construction contracts	6,848
Notes receivable - trade	181	Lease liabilities	41
Electronically recorded monetary claims - operating	1,233	Income taxes payable	1,016
Accounts receivable from completed construction contracts	11,520	Advances received on construction contracts in progress	645
Securities	589	Provision for loss on construction contracts	5
Costs on construction contracts in progress	564	Other	2,940
Raw materials and supplies	499		
Other	1,053	**Non-current liabilities**	**3,121**
Allowance for doubtful accounts	(5)	Lease liabilities	158
Non-current assets	**23,222**	Provision for retirement benefits	2,758
Property, plant and equipment	**11,418**	Provision for share awards for directors (and other officers)	10
Buildings and structures	4,764	Other	194
Machinery and vehicles	1,379	**Total liabilities**	**14,620**
Tools, furniture and fixtures	276	**Net assets**	
Land	4,792	**Shareholders' equity**	**43,677**
Leased assets	177	**Share capital**	**3,328**
Construction in progress	27	**Capital surplus**	**2,852**
Intangible assets	**97**	Legal capital surplus	2,803
Investments and other assets	**11,706**	Other capital surplus	48
Investment securities	1,221	**Retained earnings**	**38,253**
Shares of subsidiaries and associates	5,147	Legal retained earnings	360
Long-term loans receivable	838	Other retained earnings	37,892
Long-term prepaid expenses	84	General reserve	26,934
Deferred tax assets	1,428	Retained earnings brought forward	10,958
Other	2,991	**Treasury shares**	**(756)**
Allowance for doubtful accounts	(6)	**Valuation and translation adjustments**	**375**
		Valuation difference on available-for-sale securities	**375**
		Total net assets	**44,053**
Total assets	**58,674**	**Total liabilities and net assets**	**58,674**

Non-consolidated Statement of Income (April 1, 2024 through March 31, 2025)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	45,655	
Net sales in sideline businesses	1,910	47,566
Cost of sales		
Cost of sales of completed construction contracts	36,715	
Cost of sales in sideline businesses	1,482	38,197
Gross profit		
Gross profit on completed construction contracts	8,940	
Gross profit on sideline business	428	9,368
Selling, general and administrative expenses		4,991
Operating profit		**4,376**
Non-operating income		
Interest and dividend income	85	
Commission income	77	
Rental income from land and buildings	35	
Other	63	261
Non-operating expenses		
Interest expenses	2	
Loss on valuation of securities	10	
Handicapped employment fee	2	
Other	1	17
Ordinary profit		**4,620**
Extraordinary income		
Gain on sales of investment securities	87	
Other	3	90
Extraordinary losses		
Loss on retirement of non-current assets	3	
Impairment loss	3	
Loss on disaster	22	
Other	0	29
Profit before income taxes		**4,681**
Income taxes - current	1,422	
Income taxes - deferred	(21)	1,401
Profit		**3,280**

Non-consolidated Statement of Changes in Equity (April 1, 2024 through March 31, 2025)

(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	8,855	(708)	41,574	393	41,968
Changes during period										
Dividends of surplus						(1,176)		(1,176)		(1,176)
Profit						3,280		3,280		3,280
Purchase of treasury shares							(0)	(0)		(0)
Treasury stock possession of stock owner ship plan trust							(71)	(71)		(71)
Transfer of treasury stock to stock ownership plan trust			48				23	71		71
Net changes in items other than shareholders' equity									(17)	(17)
Total changes during period	-	-	48	-	-	2,103	(48)	2,102	(17)	2,084
Balance at end of period	3,328	2,803	48	360	26,934	10,958	(756)	43,677	375	44,053

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 share awards for directors (and other officers)

To provide for future payments of the Company's shares to the Company's full-time Directors and Audit and Supervisory Board Members in accordance with the Share-Based Board Benefit Regulations, a provision is recognized in the estimated amount of share payment obligations at the end of the fiscal year under review.

(4) Criteria for Recognition of Revenue and Expenses

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

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

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

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

2. Notes on Changes in Accounting Policies

Application of Accounting Standards for Current Income Taxes, etc.

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "Revised Accounting Standard 2022") from the beginning of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in proviso (2) of Paragraph 65-2 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the non-consolidated financial statements.

For the amendment related to the revised accounting treatment for non-consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the fiscal year under review. This change in accounting policies is applied retrospectively, and non-consolidated financial statements for the previous year are after retrospective application. This change in accounting policies has no impact on the non-consolidated financial statements for the previous fiscal year.

3. Notes on Revenue Recognition

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

4. Notes on Changes in Presentation Methods

" Handicapped employment fee," under non-operating expenses, which was included in "other" under non-operating expenses in the previous fiscal year, has been presented separately from the fiscal year under review, due to an increase in materiality.

"Gain on sale of non-current assets," under extraordinary income, which was presented separately in the previous fiscal year, has been included in "other" under extraordinary income, due to a decrease in materiality.

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

"Loss on valuation of investment securities," 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.

5. Notes on Accounting Estimates

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

1) Amounts 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: 29,349 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	5,147 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.

(3) Impairment of Non-Current Assets

1) Amounts recorded in the non-consolidated financial statements for the fiscal year under review

Property, plant and equipment	11,418 million yen
Intangible assets	97 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.

6. Additional Information

(Transactions of Delivering the Company's Own Stock to Directors through Trusts)

At the Board of Directors meeting held on April 30, 2024, the Company resolved to introduce a "Board Benefit Trust (BBT)," and at the 110th Ordinary General Meeting of Shareholders held on June 27, 2024, it was resolved as officer remuneration.

In conjunction with the introduction of this plan, on August 23, 2024, the Company contributed 77 million yen in cash to Custody Bank of Japan, Ltd. (Trust Account E), the sub-trustee of Mizuho Trust & Banking Co., Ltd., the trustee, and used this money to purchase the Company's shares.

The Company's Board Benefit Trust is accounted for using the total amount method in accordance with the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ PITF No. 30, December 25, 2013). As a result, the Company's shares held by the trust are recorded as "treasury shares" under shareholders' equity based on their book value in the trust.

The disposal of treasury shares is recognized when the Company's shares are delivered to Directors through the trust.

The Company's shares remaining in the trust are recorded as treasury shares under net assets based on their book value in the trust (excluding the amount of incidental expenses). The book value and number of treasury shares for the fiscal year under review is 71 million yen and 65,000 shares.

7. 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 7,869 million yen

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

Short-term monetary receivables	1,102 million yen
Long-term monetary receivables	834 million yen
Short-term monetary payables	18 million yen

8. Notes to the Non-consolidated Statement of Income

(1) Amount of Transactions with Subsidiaries and Associates

Net sales	2,061 million yen
Operating expenses	154 million yen
Amount of non-operating transactions	4 million yen

(2) Amount of Research and Development Expenses included in Selling, General and Administrative Expenses: 95 million yen

9. 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

Note: The number of treasury shares of common stock as of the end of the fiscal year under review includes 65,000 shares of the Company's shares held by the Board Benefit Trust (BBT).

10. Notes on Tax Effect Accounting

(1) Primary causes of deferred tax assets and deferred tax liabilities

Deferred tax assets arose primarily from provision for retirement benefits.

Valuation allowances amounted to 91 million yen.

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

(2) Adjustment of deferred tax assets and deferred tax liabilities due to changes in income tax rates, etc.

On March 31, 2025, the "Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025)" was promulgated, and a special defense corporation tax was established for the fiscal years beginning on or after April 1, 2026. Accordingly, for temporary differences, etc. that are expected to be resolved in fiscal years beginning on or after April 1, 2026, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities has been changed from 30.46% to 31.36%.

As a result, the amount of deferred tax assets (amount after deducting deferred tax liabilities) increased by 23 million yen, income taxes - deferred recorded in the fiscal year under review decreased by 27 million yen, and valuation difference on available-for-sale securities decreased by 3 million yen.

11. 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: 50.1	Contracts for indoor wiring, ventilation and air conditioning, and other works Concurrently serving and transferred officers	Contracts for indoor wiring, ventilation and air conditioning, and other works	1,722	Accounts receivable from completed construction contracts	1,041

(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	750

(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	-	Contracts for power distribution line and other works	Contracts for power distribution line and other works	15,279	Accounts receivable from completed construction contracts	2,873
						Advances received on construction contracts in progress	7

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.

12. Notes on Per Share Information

(1) Net Assets per Share 1,573.93 yen

Note: In calculating net assets per share, the Company's shares held by the Board Benefit Trust (BBT) are included in treasury shares, which are deducted from the total number of issued shares at the end of the fiscal year. The number of treasury shares at the end of the fiscal year was 1,974,000 shares, of which the number of the Company's shares held by the Board Benefit Trust (BBT) at the end of the fiscal year was 65,000 shares.

(2) Profit per Share 117.19 yen

Note: In calculating profit per share, the Company's shares held by the Board Benefit Trust (BBT) are included in treasury shares, which are deducted when calculating the average number of shares during the fiscal year. The average number of treasury shares during the fiscal year was 1,974,000 shares, of which the average number of the Company's shares held by the Board Benefit Trust (BBT) during the fiscal year was 65,000 shares.

13. 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, 2025

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
Yukio Chiashi (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, 2024 to March 31, 2025.

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.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiary as a basis for expressing an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and review 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.

Accounting Auditor's Audit Report on the Non-consolidated Financial Statements (duplicated copy)

Independent Auditor's Report

(English Translation)

May 16, 2025

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
Yukio Chiashi (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 111th business term from April 1, 2024 to March 31, 2025.

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 and Supervisory Board's Audit Report (duplicated copy)

Audit Report

(English Translation)

With respect to the Directors' performance of their duties during the 111th business year (from April 1, 2024 to March 31, 2025), 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), 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, 2025.

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 20, 2025

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

Full-time Audit and Supervisory Board Member: Hiroki Kimura (Seal)

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

Audit and Supervisory Board Member (Outside): Masahiro Numada (Seal)