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To whom it may concern

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**Notice Concerning Establishment of Share Benefit Regulations in Connection with Introduction of
Stock Benefit Trust (J-ESOP) and Disposal of Treasury Shares by Third-Party Allotment**

HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the Company) hereby announces that at a meeting of the Board of Directors held today, it resolved to establish share benefit regulations (hereinafter referred to as the “Regulations”), as stated below, in connection with the introduction of the Stock Benefit Trust (J-ESOP), which was announced on April 28, 2025, (hereinafter referred to as the “Plan”), and it also resolved to dispose of treasury shares by third party allotment (hereinafter referred to as the “Disposal of Treasury Shares”). For the formalities, the Disposal of Treasury Shares will be conducted to Custody Bank of Japan, Ltd. (Trust Account E), which is the re-trustee who receives re-trust from the trustee of the trust that will be established based on the trust agreement to be concluded with Mizuho Trust & Banking, Co., Ltd. related to the Plan (hereinafter referred to as the “Trust,”) as the allottee. However, the disposal is effectively the same as the case of allotting shares to employees of the Company as the consideration for the provision of services to the Company.

1. Establishment of the Regulations

The Company announced the introduction of the Plan on April 28, 2025. For the overview of the Plan, please see “Notice Concerning Introduction of Stock Benefit Trust (J-ESOP)” dated April 28, 2025.

At the meeting of the Board of Directors held today, the Company resolved to establish the Regulations.

In accordance with the Regulations, the Company will grant points to its employees in accordance with their positions and others. Each point granted to employees shall be converted into one share of the Company's common stock at the time of the provision of the Company's shares. Provided, however, if, with regard to the Company's shares, a share split, gratis allotment of shares or consolidation of shares, etc. is carried out, the number of granted points or the conversion ratio shall be adjusted in a reasonable manner in proportion to the relevant ratios, etc.

If an employee satisfies the beneficiary requirements as stipulated in the Regulations, the said employee will be granted by the Trust the Company's shares corresponding to the number of points, by carrying out beneficiary certification procedures as required.

The Company's shares allotted to Custody Bank of Japan, Ltd. (Trust Account E) by the Disposal of Treasury Shares shall be held in Custody Bank of Japan, Ltd. (Trust Account E) until employees are granted such shares. Even employees who were granted points are not allowed to claim transfer or other disposition regarding the Company's shares equivalent to points until they are granted such shares.

2. Overview of the Disposal of Treasury Shares

(1)	Date of disposal	Friday, August 22, 2025
(2)	Class and number of shares to be disposed of	350,000 shares of the Company's common stock
(3)	Disposal price	1,302 yen per share
(4)	Total disposal amount	455,700,000 yen
(5)	Planned disposal destination	1,074 employees of the Company and 350,000 shares (Notes 1 and 2)
(6)	Other	The Company will submit a Securities Registration Statement on the Disposal of Treasury Shares in accordance with the Financial Instruments and Exchange Act.

(Note 1) The planned disposal destination of the Disposal of Treasury Shares for the formalities is Custody Bank of Japan, Ltd. (Trust Account E). Custody Bank of Japan, Ltd. (Trust Account E) is a trust account to be established by the conclusion of the trust agreement between the Company as the trustor and Mizuho Trust & Banking Co., Ltd. as the trustee (hereinafter referred to as the "Trust Agreement") (the re-trustee is Custody Bank of Japan, Ltd.). On the other hand, the Disposal of Treasury Shares is conducted to grant shares to employees of the Company under the Plan and is effectively the same as the case of allotting shares to employees of the Company as the consideration for the provision of services to the Company. Therefore, employees of the Company are stated as the planned disposal destination.

(Note 2) The Company will grant points to employees in accordance with their positions and others under the Plan, and when employees acquire the recipient right by fulfilling certain conditions, the Company will grant them the Company's shares equivalent to the said points granted to them. Therefore, the above number of shares is the maximum. The number of the Company's shares that will be actually granted to employees will vary depending on the employees' positions and others.

3. Purpose and reason for the disposal

The Disposal of Treasury Shares is to hold and dispose of the Company's shares in the operation of the Plan and to dispose of treasury shares to the Trust Account E set up by Custody Bank of Japan, Ltd. (the re-trustee that receives re-trust from Mizuho Trust & Banking Co., Ltd., which is the trustee of the Trust) by third-party allotment. For the formalities, the Disposal of Treasury Shares will be conducted to Custody Bank of Japan, Ltd. (Trust Account E) as the allottee. However, the disposal is effectively the same as the case of allotting shares to employees of the Company as the consideration for the provision of services to the Company.

The number of shares to be disposed of corresponds to the number of shares deemed to be granted to employees of the Company during the period of the Trust under the Regulations (the portion for five fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030) and is 1.17% of the total number of outstanding shares, which is 29,963,991 shares as of March 31, 2025 (1.25% of the total number of voting rights, which is 279,902 units as of March 31, 2025. Both rates are rounded off to two decimal places). The said number of shares to be disposed of corresponds to the number of shares deemed to be granted to employees of the Company during the period of the Trust under the Regulations set forth as stated in 1. above (the portion for five fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2030). As described in "Notice Concerning Introduction of Stock Benefit Trust (J-ESOP)" dated April 28, 2025, the purpose of the Plan is to make active investments in human resources and make employees themselves shareholders, having them take the same perspective as shareholders, and having officers and employees work together to improve corporate value over the medium to long term. In light of the purpose, the Company has judged the scale of dilution as reasonable.

4. Overview of the Trust

- (1) Name : Stock Benefit Trust (J-ESOP)
- (2) Trustor : The Company
- (3) Trustee : Mizuho Trust & Banking Co., Ltd.
(Re-trustee: Custody Bank of Japan, Ltd.)
- (4) Beneficiaries : Employees who satisfy the beneficiary requirements stipulated in the Share Benefit Regulations
- (5) Trust administrator : Select from employees of the Company
- (6) Type of trust : Pecuniary trusts other than money trusts (third party benefit trust)
- (7) Purpose of trust : Grant the Company's shares as trusted assets to beneficiaries, based on the Share Benefit regulations
- (8) Date of the conclusion of the Trust Agreement: August 22, 2025
- (9) Date of entrusting money : August 22, 2025
- (10) Period of the Trust : From August 22, 2025 until the Trust terminates
(No specific termination dates have been determined regarding the period of the Trust, and the Trust will be continued as long as the Plan continues.)
- (11) Amount to be placed in trust as funds to acquire shares: 1,118,000,000 yen
- (12) Maximum number of shares to be acquired: 860,000 shares
- (13) Method of acquisition of shares : Acquire shares through a stock exchange (including off-floor trading) after the acquisition by underwriting the disposal of the Company's treasury shares (the Disposal of Treasury Shares)
- (14) Duration of acquisition of shares : From August 22, 2025 to October 22, 2025 (provisional)

5. Basis and specifics of the calculation of the disposal price

The disposal price has been set at 1,302 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution on the Disposal of Treasury Shares.

The reason for basing the price on the closing price on the business day immediately preceding the date of the Board of Directors' resolution is because it represents the Company's fair corporate value in the stock market, and the Company judged it as reasonable.

Regarding the disposal price of 1,302 yen, it is an amount obtained by multiplying the average closing price of 1,219 yen (rounded down to the nearest yen) for the most recent 1-month period retracing from the business day immediately preceding the date of the Board of Directors' resolution by 106.81%, it is an amount obtained by multiplying the average closing price of 1,189 yen (rounded down to the nearest yen) for the most recent 3-month period retracing from the business day immediately preceding the date of the Board of Directors' resolution by 109.50%, and it is an amount obtained by multiplying the average closing price of 1,191 yen (rounded down to the nearest yen) for the most recent 6-month period retracing from the business day immediately preceding the date of the Board of Directors' resolution by 109.32%. Considering the above, the Company has concluded that the disposal price related to the Disposal of Treasury Shares is not particularly advantageous but reasonable.

With respect to the above disposal price, three Audit & Supervisory Board Members who attended the meeting of the Board of Directors (two of which are Outside Audit & Supervisory Board Members) have expressed the opinion that the disposal price is not particularly favorable.

6. Matters concerning procedures under the Code of Corporate Conduct

The parent company is in the middle of confirming whether the Disposal of Treasury Shares will involve a change to the controlling shareholder. The outcome will be disclosed as soon as it is confirmed.

Since there is a possibility that the disposal involves a change to the controlling shareholder, the Company held a meeting consisting of Outside Directors and Outside Audit & Supervisory Board Members as a procedure to obtain an opinion on the necessity and appropriateness of the said allotment from a person who is independent of the management of the company to a certain degree, as stipulated in Rule 432 of the Securities Listing Regulations set forth by the Tokyo Stock Exchange. The Company received an opinion on July 22, 2025 to the effect that both necessity and appropriateness were recognized.