Securities code: 1930
June 8, 2022

To Shareholders with Voting Rights:

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

NOTICE OF
THE 108th ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

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

We are pleased to inform you of the 108th Ordinary General Meeting of Shareholders of HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the "Company"). The meeting will be held for the purposes as described below.

If you choose not to attend the meeting, you may exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:30 p.m. on Tuesday, June 28, 2022 Japan Standard Time (JST).

1. **Date and Time:** Wednesday, June 29, 2022 at 10:00 a.m., JST

2. **Place:** 1st floor, Building C of the Company
   269 Konaka, Toyama City, Toyama Prefecture, Japan

3. **Meeting Agenda:**

   Matters to be reported:
   1. Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 108th business term (from April 1, 2021 to March 31, 2022)
   2. Results of audits by the Accounting Auditor and the Audit and Supervisory Board of the Consolidated Financial Statements

   Proposals to be resolved:
   - **Proposal 1:** Appropriation of Surplus
   - **Proposal 2:** Partial Amendments to the Articles of Association
   - **Proposal 3:** Appointment of Eight (8) Directors
   - **Proposal 4:** Presentation of Retirement Benefits to a Retiring Director

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

In the event the Reference Documents for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements attached hereto need to be modified, the Company will post such modification on its website (https://www.rikudenko.co.jp/).

Information on the Exercise of Voting Rights

If attending the General Meeting of Shareholders in person

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

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

Date and time: Wednesday, June 29, 2022 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 to 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 Tuesday, June 28, 2022 at 5:30 p.m., JST

Exercising voting rights via the Internet, etc.

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

Deadline: Tuesday, June 28, 2022 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, the votes cast via the Internet will be treated as valid. If voting rights are exercised multiple times via the Internet, the most recent votes will be treated as valid.
- The deadline for exercising voting rights via the Internet is Tuesday, June 28, 2022 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

- Password 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 QR code® printed on the bottom right of the enclosed voting rights exercise form to access the smartphone voting website.
*QR codes® are a registered trademark of DENSO WAVE INCORPORATED.

(2) Open the voting website
Opening the URL displayed will take you to the voting website.
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
Check the confirmation screen and click on the relevant button to complete the exercise of voting rights.

Voting using a 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 initial password
Enter a new password of your choice
Click on the button to register your new password

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

* To change your vote after exercising your voting rights, it is necessary to re-scan the QR code® and re-enter the voting rights exercise code and password printed on the enclosed voting rights exercise form. (It is also possible to change your vote by accessing the voting rights exercise website at https//www.web54.net directly.)
* Shareholders are responsible for any connection fees, communications charges, etc. that they incur when accessing the voting rights exercise website.
* Shareholders may be unable to use the voting rights exercise website depending on factors such as their Internet environment and the type of service and device used.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company's basic policy is to pay stable dividends upon comprehensive consideration of business performance during the term, the operating environment and business development in the future, with the understanding that the return of profits to shareholders is a key management issue.

In order to increase the opportunities to return profits to shareholders under this policy, the Company has recommenced the payment of interim dividends from the fiscal year under review, paying an interim dividend of 10 yen per share.

Regarding the appropriation of surplus, the Company proposes a year-end dividend for the fiscal year under review of 20 yen per share.

The annual dividend, including the interim dividend and the year-end dividend, will be 30 yen per share.

1. Matters regarding the year-end dividend for the 108th business term
   (1) Type of dividend property
   Cash
   (2) Matters regarding allocation of dividend property and its total amount

Dividend per share of common stock:	20	yen
Total dividend:	559,815,380	yen

Note: The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022. As the Company has decided not to adjust the dividend pursuant to the stock split, the effective amount of the year-end dividend is 24 yen per share (the effective amount of the annual dividend is 34 yen per share), representing an increase of 4 yen per share, when calculated for pre-stock split shares.

   (3) The date on which dividends of retained earnings become effective
   June 30, 2022

Proposal 2: Partial Amendments to the Articles of Association

1. Reasons for amendments

   The system for electronic provision of materials for general meetings of shareholders stipulated in the proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of this system, the Company proposes to amend the Articles of Association as follows.

   (1) The proposed Article 14-2, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.

   (2) The purpose of the proposed Article 14-2, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.

   (3) In line with the establishment of the provisions above, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

   The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Association	Proposed Amendments
Article 1 to Article 13 <Omitted>	Article 1 to Article 13 <Omitted>
Chapter III. General Meeting of Shareholders	Chapter III. General Meeting of Shareholders
(Convocation) Article 14 The Ordinary General Meeting of Shareholders shall be held in June each year, and the Extraordinary General Meeting of Shareholders shall be held when necessary.	(Convocation) Article 14 <Unchanged>
2. The President shall convoke the General Meeting of Shareholders based on a resolution by the Board of Directors. Should the President be incapacitated, the General Meeting of Shareholders shall be convoked by another Director, in accordance with the order predetermined by the Board of Directors.	2. <Unchanged>
<Newly established>	(Measures for Electronic Provision of Reference Documents for the General Meetings of Shareholders, Etc.) Article 14-2 The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically. 2. Among the matters to be provided electronically, the Company shall not be required to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it.

Current Articles of Association	Proposed Amendments
Article 15 to Article 48 <Omitted>	Article 15 to Article 48 <Omitted>
<Newly established>	Supplementary Provisions 1. The establishment of the amended Article 14-2 (Measures for Electronic Provision of Reference Documents for the General Meetings of Shareholders, Etc.) shall come into effect on the date of enforcement stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019). These supplementary provisions shall be deleted when the amended Article 14-2 comes into effect.

Proposal 3: Appointment of Eight (8) Directors

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

The candidates are as follows:

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

No.	Name			Current positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Reappointed	Katsuhiko Kita Male		Managing Director	100% (9/9)
2	Reappointed	Kiyonori Tsugawa Male		Managing Director	100% (11/11)
3	Reappointed	Wataru Hirata Male		Director	91% (10/11)
4	Newly appointed	Shigeru Miyamura Male	Outside Director Independent Director	-	-
5	Reappointed	Yukiko Morita Female	Outside Director Independent Director	Director	100% (11/11)
6	Reappointed	Shigeru Yano Male		President and Representative Director	100% (11/11)
7	Reappointed	Isashi Yamazaki Male		Managing Director	100% (9/9)
8	Reappointed	Nobuko Watanabe Female	Outside Director Independent Director	Director	100% (11/11)

Note: The years of service as Director shown for each candidate on the following pages represents the number of years of consecutive service immediately prior to the present time.
(The Company has revised the Executive Officer System, appointing Managing Executive Officers, Senior Executive Officers, and Executive Officers, to clarify the distinction between the supervisory function of the Board of Directors and the executive function and enhance these functions, as an accurate response to changes in the management environment.)

<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">1</td><td rowspan="2">Katsuhiko Kita
(February 22, 1962)
Age 60

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (9/9)</td><td>Apr. 1984 Joined the Company
Sep. 2013 General Manager of Internal Wiring Dept., Toyama Branch
Apr. 2015 Executive Officer and Deputy General Manager of Tokyo Branch
Apr. 2017 Executive Officer and General Manager of Toyama Branch
Jun. 2018 Director and General Manager of Internal Wiring Dept.
Jun. 2020 Senior Executive Officer and General Manager of Internal Wiring Dept.
Jun. 2021 Managing Director (to present)</td><td rowspan="2">2,880</td></tr>
<tr><td>Years of service as Director: 1 year</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Since joining the Company, Mr. Kita has primarily engaged in the operations of internal wiring divisions, and currently serves as Managing Director. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be reappointed as Director.
He is expected to leverage his experience and insight to appropriately perform his duties, particularly in the areas of sales, technology and quality, risk management, and SDGs promotion, to contribute to the Company’s sustainable growth and enhance corporate value.</td></tr>
<tr><td rowspan="3">2</td><td rowspan="2">Kiyonori Tsugawa
(August 20, 1959)
Age 62

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (11/11)</td><td>Apr. 1982 Joined the Company
Apr. 2014 Deputy General Manager of Takaoka Branch
Apr. 2015 Executive Officer and Deputy General Manager of Fukui Branch
Jun. 2016 Executive Officer and General Manager of Takaoka Branch
Jun. 2017 Director and General Manager of Takaoka Branch
Apr. 2020 Director and General Manager of Administration Dept.
Jun. 2020 Managing Director and General Manager of Administration Dept.
Jun. 2020 Director of Hokko Shoji Co., Ltd. (to present)
Jun. 2021 Managing Director of the Company (to present)</td><td rowspan="2">4,680</td></tr>
<tr><td>Years of service as Director: 5 years</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Director]
Since joining the Company, Mr. Tsugawa has primarily engaged in the operations of internal wiring and sales divisions, and currently serves as Managing Director. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be reappointed as Director.
He is expected to leverage his experience and insight to appropriately perform his duties, particularly in the areas of technology and quality, finance and accounting, 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 colspan="2">Career summary, positions, responsibilities,
and significant concurrent positions</th><th>Number of shares of the Company held</th></tr>
<tr><td rowspan="13">3</td><td rowspan="12">Wataru Hirata
(June 22, 1962)
Age 60

[Reappointed]

[Attendance at the Board of Directors meetings]
91% (10/11)</td><td>Jul. 2011</td><td>Corporate Planning Dept. (Deputy General Manager) and Corporate Analysis Team Supervisor (Deputy General Manager), Corporate Planning Dept., Hokuriku Electric Power Company</td><td rowspan="12">0</td></tr>
<tr><td>Nov. 2011</td><td>Assistant Manager of Corporate Planning Dept., Hokuriku Electric Power Company
Seconded to The Federation of Electric Power Companies of Japan</td></tr>
<tr><td>Jul. 2012</td><td>Corporate Planning Dept. (Deputy General Manager, in charge of corporate planning), Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2014</td><td>General Manager of Corporate Planning Dept., Hokuriku Electric Power Company</td></tr>
<tr><td>Apr. 2017</td><td>General Manager of Corporate Planning Dept. and General Manager of Related Businesses Office, Corporate Planning Dept., Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2017</td><td>General Manager of Corporate Planning Dept., Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2018</td><td>Executive Officer and General Manager of Corporate Planning Dept., Hokuriku Electric Power Company</td></tr>
<tr><td>Jun. 2020</td><td>Director & Managing Executive Officer, Hokuriku Electric Power Company (to present)</td></tr>
<tr><td>Jun. 2020</td><td>Director of the Company (to present)</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 Hokuriku Electric Power Company, the Company’s parent company, Mr. Hirata has primarily engaged in the operations of corporate planning divisions, and currently serves as Director & Managing Executive Officer of the aforementioned company. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be reappointed as Director.
He is expected to leverage his experience and insight to appropriately perform his duties, particularly in the areas of finance, accounting, and investment policy, 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">4</td><td rowspan="2">Shigeru Miyamura
(August 23, 1958)
Age 63

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

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

Jun. 2016

Jun. 2018</td><td>Executive Officer, Deputy General Manager of Toyama Region Operation Dept. and General Manager of Head Office Sales Dept., The Hokuriku Bank, Ltd.
Managing Executive Officer and General Manager of Toyama Region Operation Dept., The Hokuriku Bank, Ltd.
President and Representative Director of Hokugin Lease 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]
Mr. Miyamura has experience in senior management in financial institutions. The Company believes he is eligible to provide advice and instructions for 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>
</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">Yukiko Morita
(May 28, 1961)
Age 61

[Reappointed]
[Outside Director]
[Independent Director]

[Attendance at the Board of Directors meetings]
100% (11/11)</td><td>Feb. 1986 Economic Affairs Section, Editorial Dept., Tokyo Head Office, The Yomiuri Shimbun
Jun. 2004 Deputy General Manager of Planning Section, Advertising Dept., Tokyo Head Office, The Yomiuri Shimbun
Feb. 2008 President and Representative Director of Ecolo no Mori Co., Ltd. (to present)
Jun. 2016 Audit and Supervisory Board Member of the Company
Jun. 2020 Director of the Company (to present)</td><td rowspan="2">0</td></tr>
<tr><td>Years of service as Director: 2 years</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Outside Director]
Ms. Morita has experience as an economic journalist in a newspaper publishing company and a corporate manager. The Company believes she is eligible to provide advice and instructions for appropriate operation of the Company from an objective standpoint by utilizing her abundant experience and broad insight. Accordingly, the Company proposes that she be reappointed as Outside Director.
She is expected to leverage her experience and insight to strive to strengthen the management supervisory function, particularly in the areas of risk management and SDGs promotion, to contribute to the Company's sustainable growth and enhance corporate value.</td></tr>
<tr><td rowspan="3">6</td><td rowspan="2">Shigeru Yano
(August 29, 1957)
Age 64

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (11/11)</td><td>Jun. 2007 Manager and General Manager of Marketing & Sales Dept., Marketing & Sales Division, Hokuriku Electric Power Company
Jun. 2009 Executive Officer and General Manager of Corporate Planning Dept., Hokuriku Electric Power Company
Jun. 2012 Managing Director of Hokuriku Electric Power Company
Jun. 2012 Audit and Supervisory Board Member of the Company
Jun. 2015 Representative Director & Executive Vice President of Hokuriku Electric Power Company
Jun. 2015 Director of the Company
Jun. 2018 President and Representative Director (to present)
Jun. 2018 Representative Director and President of Hokko Shoji Co., Ltd. (to present)</td><td rowspan="2">12,060</td></tr>
<tr><td>Years of service as Director: 7 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. Yano has primarily engaged in the operations of sales and corporate planning divisions, and currently serves as President 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 appropriately perform his duties, particularly in the areas of sales, 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">7</td><td rowspan="2">Isashi Yamazaki
(April 30, 1962)
Age 60

[Reappointed]

[Attendance at the Board of Directors meetings]
100% (9/9)</td><td>Apr. 1985 Joined the Company
Apr. 2015 Deputy General Manager of Takaoka Branch
Apr. 2018 Executive Officer and Deputy General Manager of Takaoka Branch
Jun. 2018 Executive Officer and General Manager of Administration Dept.
Jun. 2018 Director of Hokko Shoji Co., Ltd. (to present)
Jun. 2019 Director and General Manager of Administration Dept.
Apr. 2020 Director and General Manager of Administration Dept.
Jun. 2020 Senior Executive Officer and General Manager of Comprehensive Planning Dept.
Jun. 2021 Managing Director (to present)</td><td rowspan="2">8,560</td></tr>
<tr><td>Years of service as Director: 1 year</td></tr>
<tr><td colspan="3">[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 Managing Director. He possesses extensive operational experience and insight into all aspects of management. Accordingly, the Company proposes that he be reappointed as Director.
He is expected to leverage his experience and insight to appropriately perform his duties, particularly in the areas of sales, finance, accounting, investment policy and SDGs promotion, to contribute to the Company’s sustainable growth and enhance corporate value.</td></tr>
<tr><td rowspan="3">8</td><td rowspan="2">Nobuko Watanabe
(August 25, 1971)
Age 50

[Reappointed]
[Outside Director]
[Independent Director]

[Attendance at the Board of Directors meetings]
100% (11/11)</td><td>Dec. 2011 Registered as an attorney-at-law
Dec. 2011 Joined Kanda Law Office (to present)
Jun. 2016 Director of the Company (to present)</td><td rowspan="2">0</td></tr>
<tr><td>Years of service as Director: 6 years</td></tr>
<tr><td colspan="3">[Reason for nomination as candidate for Outside Director]
Ms. Watanabe has knowledge and experience regarding corporate legal affairs as an attorney-at-law. The Company believes she is eligible to provide advice and instructions for appropriate operation of the Company from an objective standpoint by utilizing her deep insight as a legal expert. Accordingly, the Company proposes that she be reappointed as Outside Director.
Although she has never been involved in corporate management except in the capacity of Outside Director or Outside Audit and Supervisory Board Member, the Company believes that she is capable of appropriately fulfilling her duties as Outside Director, for the reasons above.
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>

Notes: 1. There is no special interest between any of the candidates and the Company.

2. The Company has entered into a directors and officers (D&O) liability insurance contract with an insurance company, as prescribed under Article 430-3, Paragraph 1 of the Companies Act. The Company's Directors, Audit and Supervisory Board Members, and Executive Officers are insured under this contract. The insurance covers, subject to certain exclusions, legal damages and litigation expenses borne by an insured party in the event that a claim for damages is made against him or her. The Company is fully responsible for paying the insurance premiums. Provisions are established to exclude damages under a certain amount from the scope of the coverage, and set a deductible portion to be covered by the insured parties themselves, in order to ensure the appropriate execution of duties by the insured parties.
   If the appointment of each candidate is approved, then he or she will be included in the insured parties under the insurance contract.
   The Company intends to renew the insurance contract on the same contents, during the candidates' terms of office.
3. Mr. Shigeru Miyamura, Ms. Yukiko Morita, and Ms. Nobuko Watanabe are candidates for Outside Director.
4. Special notes on candidates for Outside Director
   (1) If Mr. Shigeru Miyamura is appointed as originally proposed, the Company plans to register him as an Independent Director in accordance with the provisions of Tokyo Stock Exchange, Inc.
   (2) The Company has registered Ms. Yukiko Morita and Ms. Nobuko Watanabe as Independent Directors in accordance with the provisions of Tokyo Stock Exchange, Inc. If their appointment is approved as originally proposed, they are expected to remain as Independent Directors.
   (3) Ms. Yukiko Morita was appointed as Outside Director of the Company in June 2020. Her term of office will be two years at the conclusion of this Ordinary General Meeting of Shareholders.
   (4) Ms. Nobuko Watanabe was appointed as Outside Director of the Company in June 2016. Her term of office will be six years at the conclusion of this Ordinary General Meeting of Shareholders.
   (5) If Mr. Shigeru Miyamura is appointed as originally proposed, the Company plans to conclude a liability limitation agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act to limit his liability to the amount prescribed by relevant laws or regulations.
   (6) If the reappointment of Ms. Yukiko Morita and Ms. Nobuko Watanabe is approved, the Company plans to continue liability limitation agreements with them pursuant to Article 427, Paragraph 1 of the Companies Act to limit their liability to the amount prescribed by relevant laws or regulations.
5. The positions and responsibilities of Mr. Wataru Hirata and Mr. Shigeru Yano at present as well as over the past ten years as a business executive at the parent company, Hokuriku Electric Power Company are as stated in "Career summary, positions, responsibilities, and significant concurrent positions."

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

Candidates for Director

No.	Name	Corporate management	Sales	Technology & quality	Finance & accounting	Investment policy	Risk management	Legal affairs	SDGs promotion
1	Katsuhiko Kita	○	○	○			○		○
2	Kiyonori Tsugawa	○		○	○		○		○
3	Wataru Hirata	○			○	○			
4	Shigeru Miyamura Outside Director	○				○	○		
5	Yukiko Morita Outside Director	○					○		○
6	Shigeru Yano	○	○			○	○		○
7	Isashi Yamazaki	○	○		○	○			○
8	Nobuko Watanabe Outside Director	○					○	○	

Audit and Supervisory Board Members

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

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

Proposal 4: Presentation of Retirement Benefits to a Retiring Director

Mr. Tetsuji Mitsuzuka will retire from the position of Director at the conclusion of this General Meeting of Shareholders. It is proposed to present this retiring Director with retirement benefits within an appropriate range determined in accordance with the Company's standards, in order to reward him for his service while in office.

It is further proposed that authority for deciding on the specific amount, timing and method by which the retirement benefits are presented should be delegated to the Board of Directors.

Under this proposal, approval is sought for the payment of retirement benefits as set forth above, in accordance with the policies for determining the remuneration, etc. for Directors resolved by the Company's Board of Directors, and presented on page 23 of this Notice. The Company believes the content of this proposal to be appropriate.

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

Name	Summary of positions held
Tetsuji Mitsuzuka	Jun. 2018 Director of the Company (to present)

(Appendix)

Business Report

(April 1, 2021 - March 31, 2022)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the fiscal year under review, the Japanese economy continued to show signs of recovery overall, even amid the persisting impact of the COVID-19 pandemic. However, there were also signs of weakness in parts of the economy including personal consumption and public investment, and vigilance is required due to the increased risk of an economic downturn from factors such as supply chain disruption and soaring raw materials prices. The outlook for the global economy is also uncertain, with the impact of the Russia-Ukraine situation threatening to extend a significant influence on financial and commodity markets in the future, despite expectations for an economic upturn due to the alleviation of the impact of COVID-19.

Under these circumstances, the Group (the Company and Hokko Shoji Co., Ltd.) made a concerted effort to conduct aggressive sales activities to secure orders and sales. As a result, the Group's consolidated net sales for the fiscal year under review were 45,928 million yen (up 2.3% year on year).

In terms of profits, the Group worked to improve construction profitability through further cost reductions and thorough process management. However, due to soaring construction materials prices and other factors, ordinary profit was 3,327 million yen (down 18.4% year on year) and profit attributable to owners of parent was 2,246 million yen (down 29.3% year on year) mainly due to the recording of extraordinary income pursuant to a review of the retirement benefit system in the previous fiscal year.

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

Orders received for interior wiring, ventilation and air conditioning works increased by 19 million yen (up 0.1% year on year) to 25,429 million yen and net sales increased by 1,636 million yen (up 6.4% year on year) to 27,391 million yen.

Orders received for power distribution line works increased by 391 million yen (up 3.8% year on year) to 10,681 million yen while net sales decreased by 10 million yen (down 0.1% year on year) to 10,608 million yen.

Orders received for other works decreased by 674 million yen (down 10.8% year on year) to 5,593 million yen and net sales decreased by 1,111 million yen (down 14.5% year on year) to 6,552 million yen.

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

(Unit: Million yen)

Category	Net sales
Equipment installation business	44,551
Other businesses	1,376
Total	45,928

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
Interior wiring, ventilation and air conditioning works	20,603	25,429	27,391	18,640
Power distribution line works	3,059	10,681	10,608	3,132
Other works	5,552	5,593	6,552	4,593
Total	29,215	41,703	44,552	26,366
Side business	46	1,396	1,236	205
Total	29,261	43,099	45,789	26,572

Note: The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year under review. The cumulative effect of the retrospective application of new accounting policies prior to the beginning of the fiscal year under review is reflected in the balance brought forward. As a result, the balance brought forward for interior wiring, ventilation and air conditioning works has been reduced by 837 million yen, the balance brought forward for power distribution line works has been reduced by 1 million yen, and the balance brought forward for other works has been reduced by 356 million yen. The balance brought forward for side business has been increased by 46 million yen.

(2) Capital Investments

Capital investments totaled 2,197 million yen, mainly consisting of the construction of a new technological development center and purchase of vehicles and tools, furniture and fixtures.

(3) Issues to Be Addressed

Despite expectations of an upturn in the Japanese economy due to accommodative monetary policy and various other policy measures, as economic and social activity gradually return to normality even as the country prepares for the emergence of new COVID-19 variants, it is necessary to monitor the risk of an economic downturn due to factors such as rising raw materials prices, fluctuations in financial markets, and supply-side disruption resulting from the Russia-Ukraine situation.

In the electric power industry, the business environment is changing dramatically due to factors such as the acceleration of measures to achieve carbon-neutral status and realize a decarbonized society. Moreover, power transmission and distribution facilities, which are getting older, are lifelines indispensable to our daily lives, and it is necessary to ensure their maintenance and replacement, which directly contributes to sustainability and resilience from the perspective of business continuity planning.

However, in the Hokuriku region, where the Group is based, the economic scale and workforce is expected to decrease at an accelerated pace due to a declining birth rate, an aging population and a faster pace of population decline than in metropolitan areas. It is therefore necessary to attempt to eliminate the disparities between cities and revitalize the region through measures such as those to be implemented under the Vision for a Digital Garden City Nation regional development program promoted by the Japanese government.

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, and expanding business domains and developing new businesses. At the same time, the Group will proceed with the introduction and enhancement of DX, and work towards labor-saving, efficiency improvement and sophistication for its operations, as well as pushing ahead with productivity improvement and work style reforms to boost its competitiveness.

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

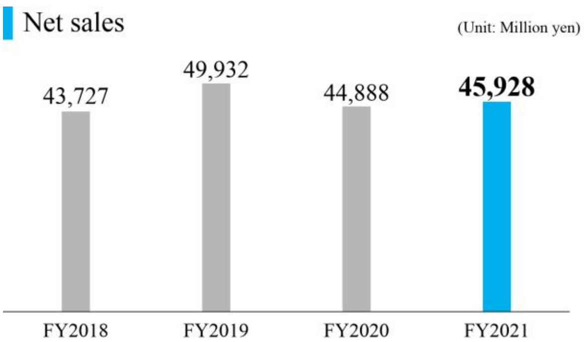
(4) Trends in Assets and Income

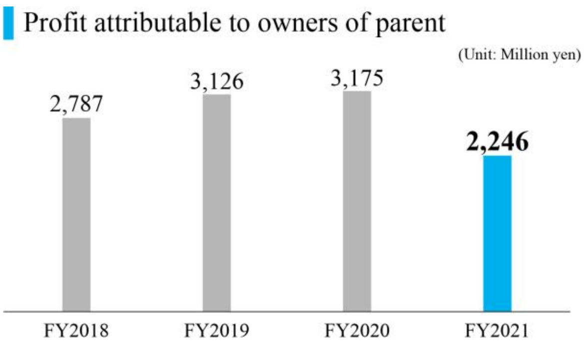
1) Assets and income of the corporate group

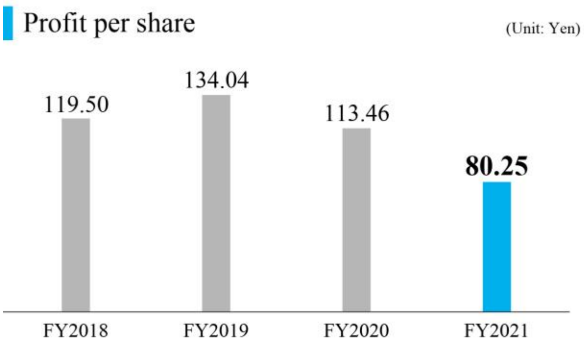
(In millions of yen, unless otherwise specified.)

Category	FY2018 (105th business term)	FY2019 (106th business term)	FY2020 (107th business term)	FY2021 (108th business term)
Net sales	43,727	49,932	44,888	45,928
Profit attributable to owners of parent	2,787	3,126	3,175	2,246
Profit per share (yen)	119.50	134.04	113.46	80.25
Total assets	49,945	53,357	53,698	55,465

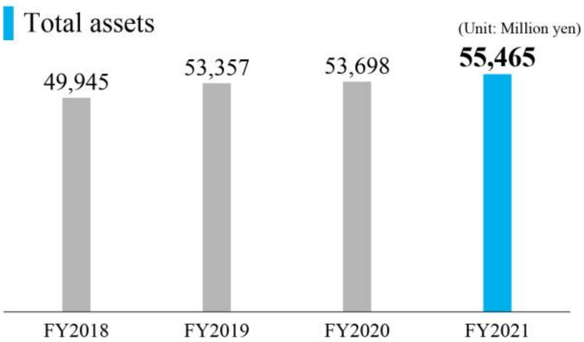
Note: The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022. Profit per share has been calculated as if this stock split were executed at the start of FY2020.







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

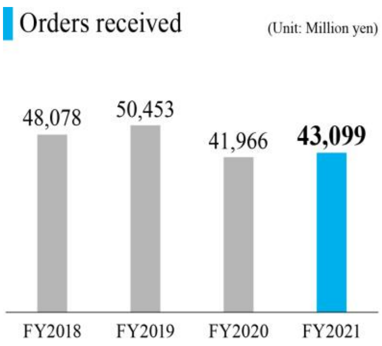


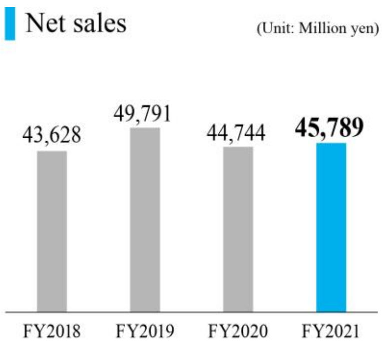
2) Assets and income of the Company

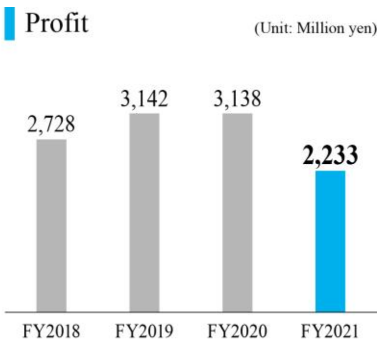
(In millions of yen, unless otherwise specified.)

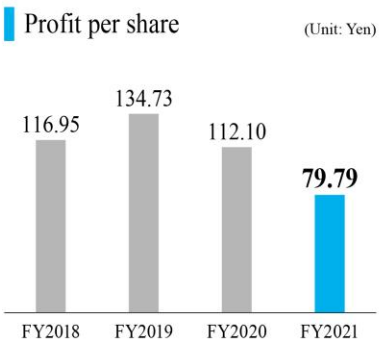
Category	FY2018 (105th business term)	FY2019 (106th business term)	FY2020 (107th business term)	FY2021 (108th business term)
Orders received	48,078	50,453	41,966	43,099
Net sales	43,628	49,791	44,744	45,789
Profit	2,728	3,142	3,138	2,233
Profit per share (yen)	116.95	134.73	112.10	79.79
Total assets	49,743	53,041	53,411	55,182

Note: The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022. Profit per share has been calculated as if this stock split were executed at the start of FY2020.

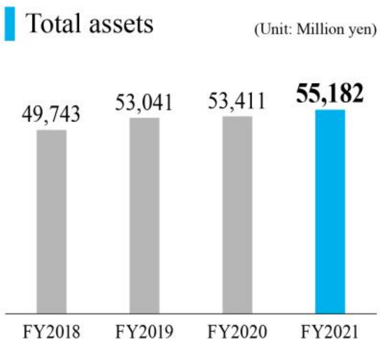








Note: Calculated based on the number of shares after the stock split from FY2020.



(5) 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	50.28%	Generation and sale of electric power

Notes:
1. The percentage of voting rights in the Company includes the percentage of indirectly owned voting rights.
2. 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.
3. The Company is contracted by the Hokuriku Electric Power Group, principally the parent company, to perform electrical work on power distribution and other power supply facilities.
4. Transactions with the Hokuriku Electric Power Group are determined in the same manner as with other business partner 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. The Board of Directors has 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.

(6) Principal Business

The Group's principal business is equipment installation. Other businesses include ESCO business, on-site business and real estate business.

The Company is a construction business operator under the Construction Business Act, and has obtained license No. 1677 (Special: 29, Special: 3, General: 29) from the Minister of Land, Infrastructure, Transport and Tourism. The Company engages in electrical contracting work, plumbing work, civil engineering work, telecommunications engineering, water supply facilities work, steel structure work, paving work, painting work, scaffolding and excavation work, and construction work as special construction business operator, as well as firefighting facilities work as an ordinary construction business operator.

(7) Principal Business Locations

1) The Company

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

2) Significant subsidiaries

Hokko Shoji Co., Ltd.	(Toyama City)

(8) Employees

1) Employees of the corporate group

No. of employees	YoY Change
1,160	Increased by 19

2) Employees of the Company

No. of employees	YoY Change	Average age	Average years of service
1,108	Increased by 19	40.5	18.2

Note: The above "Employees of the Company" represent the situation as of March 31, 2022.

2. Status of Shares

(1) Number of issued shares: 27,990,769 shares
(excluding 1,973,222 shares of treasury shares)

(2) Number of shareholders: 3,175 persons

(3) Major shareholders

Name	Number of shares held	Shareholding ratio
	Thousand shares	%
Hokuriku Electric Power Company	14,025	50.1
HIKARI TSUSHIN K.K.	1,711	6.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,553	5.6
HOKURIKU ELECTRICAL CONSTRUCTION Employees Shareholding Association	786	2.8
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	625	2.2
Custody Bank of Japan, Ltd. (Trust Account)	526	1.9
THE HOKURIKU BANK, LTD.	418	1.5
Hokuriku Denki Shokai	260	0.9
The Nomura Trust and Banking Co., Ltd.	249	0.9
Sumitomo Mitsui Trust Bank, Limited	242	0.9

Note: Shareholding ratio is calculated by excluding treasury shares of 1,973,222 shares.

(4) Other important matters concerning shares

The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022.

3. Company Officers

(1) Directors and Audit and Supervisory Board Members

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

Notes:
1. Directors Ms. Nobuko Watanabe, Mr. Tetsuji Mitsuzuka, and Ms. Yukiko Morita are Outside Directors.
2. Audit and Supervisory Board Members Mr. Takashi Asabayashi and Mr. Masayuki Nitta are Outside Audit and Supervisory Board Members.
3. The Company has registered Directors Ms. Nobuko Watanabe, Mr. Tetsuji Mitsuzuka, and Ms. Yukiko Morita as well as Audit and Supervisory Board Members Mr. Takashi Asabayashi and Mr. Masayuki Nitta as Independent Directors/Audit and Supervisory Board Members in accordance with the provisions of the Tokyo Stock Exchange.
4. Changes in Directors during the fiscal year are as follows:
   (1) Mr. Katsuhiko Kita and Mr. Isashi Yamazaki were appointed as Directors at the 107th Ordinary General Meeting of Shareholders held on June 29, 2021.
   (2) Mr. Toshiaki Urata and Mr. Kiyoshi Takeda retired as Directors due to the expiration of their terms of office, at the 107th Ordinary General Meeting of Shareholders held on June 29, 2021.

(2) Summary of Agreement on Limitation of Liability

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 Directors and Officers Liability Insurance Agreement

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) Remuneration, etc. for Directors and Audit and Supervisory Board Members for the Fiscal Year under Review

1) Policies for determining the remuneration, etc. for each Director

The Company's policies for determining the remuneration, etc. for each Director (the "Determination Policy") are determined by resolution of the Board of Directors. Basic remuneration for Directors is a fixed monthly remuneration and is determined comprehensively considering the levels at other companies, the business performance of the Company and the levels of employees' salaries, according to the position, responsibilities, and the number of years in office.

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

The ratio of remuneration by type is determined by consulting with and obtaining the report of the Remuneration Opinion Exchange Committee, which is composed primarily of Outside Directors.

2) Resolutions of the General Meeting of Shareholders on the remuneration, etc. of Directors and Audit and Supervisory Board Members

The amount of monetary remuneration for Directors was resolved at the 73rd Ordinary General Meeting of Shareholders held on June 26, 1987 to be 20 million yen or less per month (not including employee salaries for Directors who also serve as employees). The number of Directors as of the close of this Ordinary General Meeting of Shareholders was 17.

The amount of monetary remuneration for Audit and Supervisory Board Members was resolved at the 73rd Ordinary General Meeting of Shareholders held on June 26, 1987 to be 4 million yen or less per month. The number of Audit and Supervisory Board Members as of the close of this Ordinary General Meeting of Shareholders was three.

3) Decisions on remuneration, etc. for each Director and Audit and Supervisory Board Member

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

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

The Board of Directors has taken measures such as consulting with the Remuneration Opinion Exchange Committee for the appropriate exercise of such authority by the Representative Director and obtaining reports on multifaceted considerations, including consistency with the Determination Policy. Since the remuneration for each Director is determined through such procedures, the Board of Directors has determined that its content is consistent with the Determination Policy.

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

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

<table>
<tr><th rowspan="4">Officer category</th><th rowspan="4">Total remuneration, etc. (Million yen)</th><th colspan="5">Total amount by type of remuneration, etc. (Million yen)</th><th rowspan="4">No. of applicable officers</th></tr>
<tr><th colspan="2">Fixed remuneration</th><th>Bonuses</th><th colspan="2">Retirement benefits</th></tr>
<tr><th colspan="2">Non-performance-linked remuneration</th><th rowspan="2">Performance-linked remuneration (concurrent post as employee)</th><th rowspan="2">Performance-linked remuneration (no concurrent post as employee)</th><th rowspan="2">Non-performance-linked remuneration</th></tr>
<tr><th>Officer remuneration</th><th>Salaries for concurrent post as employee</th></tr>
<tr><td>Directors [of whom, Outside Directors]</td><td>93
[6]</td><td>69
[5]</td><td>-
[-]</td><td>-
[-]</td><td>2
[-]</td><td>20
[0]</td><td>10
[3]</td></tr>
<tr><td>Audit and Supervisory Board Members [of whom, Outside Audit and Supervisory Board Members]</td><td>21
[4]</td><td>15
[3]</td><td>-
[-]</td><td>-
[-]</td><td>-
[-]</td><td>5
[0]</td><td>3
[2]</td></tr>
</table>

Notes:
1. The number of officers and remuneration, etc. above include that for two Directors who retired at the conclusion of the 107th Ordinary General Meeting of Shareholders held on June 29, 2021. As of the end of the fiscal year under review, there were eight Directors and three Audit and Supervisory Board Members.
2. In order to raise awareness of the need to improve business performance each fiscal year, performance-linked remuneration, etc.is calculated by setting the non-consolidated ordinary profit as the single-year performance indicator target, and is paid as a bonus calculated according to the degree of achievement of this target at a specific time each year or as a lump-sum retirement benefit at the time of retirement. The reason for selecting non-consolidated ordinary profit as the performance indicator is that it represents the overall profit of a company's management activities and is considered to be the most important indicator for the Company.
   The amount of performance-linked remuneration, etc. provided is calculated by adding or subtracting an amount based on indicators that are set in proportion to ordinary profit to the standard amount set according to the position. Changes in the ordinary profit, including for the fiscal year under review, are shown in the table below.
3. Retirement benefits include provision for retirement benefits recorded during the fiscal year under review.

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

FY2018 (105th business term)	FY2019 (106th business term)	FY2020 (107th business term)	FY2021 (108th business term)
4,087	4,728	4,017	3,294

(5) Outside Officers

1) Relationship between the Company and companies where the significant concurrent positions are held

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	Tetsuji Mitsuzuka	Mr. Mitsuzuka is Chairman and Director of TOYAMA FM Broadcasting Co., Ltd. There are no special interest between Mr. Mitsuzuka and the said company.
Director	Yukiko Morita	Ms. Morita is President and Representative Director of Ecolo no Mori Co., Ltd. There are no special interest between Ms. Morita and the said company.
Audit and Supervisory Board Member	Takashi Asabayashi	Mr. Asabayashi is Chief Director of Hokuriku Economic Research Institute. There are no special interest between Mr. Asabayashi and the said institute.
Audit and Supervisory Board Member	Masayuki Nitta	Mr. Nitta is President of Masayuki Nitta CTA Office. There are no special interest between Mr. Nitta and the said office.

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

Director	Nobuko Watanabe	Ms. Watanabe's attendance rate for the Board of Directors meetings during the business year under review was 100 percent. She utilized her deep insight and experience as an attorney-at-law to offer appropriate advice and recommendations, including expressing her opinion as necessary from an objective standpoint, for the proper management operation of the Company, in matters such as compliance.
Director	Tetsuji Mitsuzuka	Mr. Mitsuzuka's attendance rate for the Board of Directors meetings during the business year under review was 91 percent. He utilized his abundant experience and broad insight as a corporate manager in financial institutions to offer appropriate advice and recommendations, including expressing his opinion as necessary from an objective standpoint, for the proper management operation of the Company, in matters such as investment policy.
Director	Yukiko Morita	Ms. Morita's attendance rate for the Board of Directors meetings during the business year under review was 100 percent. She utilized her abundant experience and broad insight as an economic journalist in a newspaper publishing company and a corporate manager to offer appropriate advice and recommendations, including expressing her opinion as necessary from an objective standpoint, for the proper management operation of the Company, in matters such as promotion of SDGs.
Audit and Supervisory Board Member	Takashi Asabayashi	Mr. Asabayashi's attendance rate for the Board of Directors meetings during the business year under review was 100 percent and attendance rate for Audit and Supervisory Board meetings during the business year under review was 100 percent. He utilized his abundant experience and broad insight as a corporate manager in financial institutions to offer appropriate advice and recommendations, including expressing his opinion as necessary from an objective standpoint, on the legality of business execution by the Company's Directors, in matters such as risk management.
Audit and Supervisory Board Member	Masayuki Nitta	Mr. Nitta's attendance rate for the Board of Directors meetings during the business year was 100 percent and attendance rate for Audit and Supervisory Board meetings held during the business year was 100 percent. He utilized his deep insight and experience as a tax accountant to offer appropriate advice and recommendations, including expressing his opinion as necessary from an objective standpoint, on the legality of business execution by the Company's Directors, in matters such as finance and accounting.

4. Accounting Auditor

(1) Accounting Auditor’s Name
Ernst & Young ShinNihon LLC

(2) Accounting Auditor’s Compensation, etc. for the business year under review

	Payment amount
Amount of compensation, etc.	24 million yen
Total amount of monies and other property benefits payable by the Company and its subsidiaries	24 million yen

Note: The payment amount above is entirely paid to Ernst & Young ShinNihon LLC as compensation, etc. In the audit contract signed between the Company and the Accounting Auditor, compensation 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 compensation, etc.” represents the sum of the compensation.

(3) Reasons for the Audit and Supervisory Board to have agreed on Accounting Auditor’s compensation, etc.
The Audit and Supervisory Board agreed on Accounting Auditor’s compensation, etc. by examining materials and reports from Directors, internal relevant departments, and Accounting Auditor, taking comprehensive consideration of Accounting Auditor’s audit plan, the calculation basis for compensation estimates, the state of execution of duties and other factors.

(4) Policy regarding the decision to dismiss or not to reappoint the Accounting Auditor
If any event occurs that may cast significant doubt on Accounting Auditor’s ability to continue to fulfill its responsibilities, including violation of laws or regulations such as the Companies Act and the Certified Public Accountants Act, the Audit and Supervisory Board considers dismissing or not reappointing the Accounting Auditor based on the fact.

5. Development and Operation of Systems to Ensure the Appropriateness of Operations

<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) Systems to ensure appropriate compliance with laws, regulations, and the Articles of Association concerning the execution of Directors' duties

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 shall make decisions based on diverse viewpoints, with the participation of Outside Directors.

(2) Systems related to the retention and management of information related to the execution of Directors' duties

1) Directors shall appropriately manage the minutes of the Board of Directors meetings, approval documents, and other information related to the execution of duties by Directors, by establishing internal rules that clearly 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 the business policy, overall budget, and other plans formulated by the Board of Directors each fiscal year, and shall take appropriate measures by establishing organizations and committees as necessary.

(4) System to ensure the efficient execution of Directors' duties

1) Important matters, including matters to be submitted to the Board of Directors, shall be appropriately discussed at meetings of the Corporate Management Committee 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) Systems to ensure appropriate compliance with laws, regulations, and the Articles of Association concerning the execution of employees' duties

1) The Compliance Committee, chaired by the President, shall play a central role in promoting company-wide compliance activities, such as ensuring that all employees are familiar with the Code of Conduct. In addition, the Company shall appropriately operate the Internal Reporting System for violations of laws, regulations, and internal rules. The entire Company shall resolutely respond to any undue intervention or demands from antisocial forces.

2) Directors shall establish systems and mechanisms for ensuring the reliability of financial reporting in 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 monitor the status of compliance with laws and regulations, and to make improvements.

(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 business policy and code of operation of the Hokuriku Electric Power Group established by Hokuriku Electric Power Company, the parent company.

2) System for subsidiaries

(a) Directors shall endeavor to familiarize subsidiaries with the business 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.

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 conduct investigations as necessary by enabling them to attend important meetings such as meetings of the Corporate Management Committee and inspect approval documents, as well as by allocating appropriate budgets.

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>

The following is a summary of the operation of the system during the fiscal year under review.

(1) Systems to ensure appropriate compliance with laws, regulations, and the Articles of Association concerning the execution of Directors' duties

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

(2) Systems related to the retention and management of information related to the execution of Directors' duties

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

The Company newly commenced information management using an electronic approval system for approval documents, etc.

(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 its management. As a measure against the bankruptcy of important business partners, the Company conducts a management matter examination rating check and a corporate credit investigation using an external specialist agency, on a timely basis. In response to the spread of COVID-19, the Company has established the COVID-19 Response Headquarters and is taking steps to prevent infection.

The Company implements safety awareness education on a continual basis as training and education to prevent occupational accidents. The Company held five meetings of Business Quality Assurance Committee and 11 meetings of the Central Safety and Health Committee. The Komatsu Branch will take over the sales activities of the Daishoji Office, for which the office building has become severely deteriorated.

(4) System to ensure the efficient execution of Directors' duties

The Corporate Management Committee, consisting of the President and Managing Directors met 35 times and discussed important issues, including matters submitted to the Board of Directors.

(5) Systems to ensure appropriate compliance with laws, regulations, and the Articles of Association concerning the execution of employees' duties

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

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

A new method of education was also implemented, with all employees undertaking compliance e-learning.

(6) Systems to ensure the appropriateness of operations of the Company and the corporate group consisting of the parent company and its subsidiaries

The Company formulated the HOKURIKU ELECTRICAL CONSTRUCTION Group Mid-term Business Policy, and indicated the basic direction of the HOKURIKU ELECTRICAL CONSTRUCTION Group through the Hokuriku Electric Group Presidents and information liaison meetings, etc.

(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, 2022)

(In millions of yen)

Assets		Liabilities	
Current assets	**39,175**	**Current liabilities**	**11,834**
Cash and deposits	21,070	Accounts payable for construction contracts	7,740
Notes receivable, accounts receivable from completed construction contracts and other	16,676	Lease liabilities	14
		Accounts payable - other	1,797
		Income taxes payable	663
Securities	499	Advances received on construction contracts in progress	1,187
Costs on construction contracts in progress	297		
Raw materials and supplies	337	Provision for loss on construction contracts	32
Other	294	Other	398
Non-current assets	**16,290**	**Non-current liabilities**	**3,769**
Property, plant and equipment	**13,130**	Lease liabilities	14
Buildings and structures	4,980	Provision for retirement benefits for directors (and other officers)	66
Machinery, vehicles, tools, furniture and fixtures	2,198	Retirement benefit liability	3,319
Land	4,952	Asset retirement obligations	127
Leased assets	25	Other	242
Construction in progress	974	**Total liabilities**	**15,604**
Intangible assets	**91**	**Net assets**	
Investments and other assets	**3,069**	**Shareholders' equity**	**39,759**
Investment securities	1,293	**Share capital**	**3,328**
Long-term loans receivable	118	**Capital surplus**	**2,803**
Deferred tax assets	1,465	**Retained earnings**	**34,333**
Other	201	**Treasury shares**	**(707)**
Allowance for doubtful accounts	(10)	**Accumulated other comprehensive income**	**102**
		Valuation difference on available-for-sale securities	**225**
		Remeasurements of defined benefit plans	**(123)**
		Total net assets	**39,861**
Total assets	**55,465**	**Total liabilities and net assets**	**55,465**

Consolidated Statement of Income (April 1, 2021 through March 31, 2022)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	44,551	
Sales in other businesses	1,376	45,928
Cost of sales		
Cost of sales of completed construction contracts	37,985	
Cost of sales in other businesses	999	38,985
Gross profit		
Gross profit on completed construction contracts	6,566	
Gross profit - other business	377	6,943
Selling, general and administrative expenses		3,785
Operating profit		**3,157**
Non-operating income		
Dividend income	22	
Commission income	68	
Rental income from land and buildings	20	
Other	61	172
Non-operating expenses		
Interest expenses	0	
Other	1	2
Ordinary profit		**3,327**
Extraordinary income		
Gain on sale of non-current assets	3	3
Extraordinary losses		
Impairment losses	26	
Loss on valuation of investment securities	12	
Other	0	39
Profit before income taxes		**3,291**
Income taxes - current	903	
Income taxes - deferred	141	1,045
Profit		**2,246**
Profit attributable to owners of parent		**2,246**

Consolidated Statement of Changes in Equity (April 1, 2021 through March 31, 2022)

(In millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	3,328	2,803	32,936	(705)	38,363	243	(158)	85	38,448
Cumulative effects of changes in accounting policies			84		84				84
Restated balance	3,328	2,803	33,020	(705)	38,447	243	(158)	85	38,532
Changes during period									
Dividends of surplus			(933)		(933)				(933)
Profit attributable to owners of parent			2,246		2,246				2,246
Purchase of treasury shares				(1)	(1)				(1)
Disposal of treasury shares		0		0	0				0
Cancellation of treasury shares		(0)		0	-				-
Net changes in items other than shareholders' equity						(17)	35	17	17
Total changes during period	-	0	1,313	(1)	1,311	(17)	35	17	1,329
Balance at end of period	3,328	2,803	34,333	(707)	39,759	225	(123)	102	39,861

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: one
Name of the consolidated subsidiary: Hokko Shoji Co., Ltd.

2) Number of non-consolidated subsidiaries: one
Name of the non-consolidated subsidiary: Blue Sky Co., Ltd.
The subsidiary above is not included in the scope of consolidation because it has an insignificant impact on the Group's total assets, net sales, profit, retained earnings, and other items, and is immaterial overall.

(2) Matters on application of the equity method

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

(3) Matters on the business year, etc. of consolidated subsidiaries

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

(4) Matters on accounting policies

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

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

(c) Leased assets

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

3) Criteria for recognition of significant provisions

(a) Allowance for doubtful accounts

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

(b) Provision for loss on construction contracts

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

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

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

4) Other significant matters concerning preparation of consolidated financial statements

(a) Criteria for recognition of revenue and expenses

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

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

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

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

(b) 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.

2. Notes on changes in accounting policies

(1) Application of the Accounting Standard for Revenue Recognition and other standards

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement

No. 29, March 31, 2020; hereinafter “Revenue Recognition Standard”) and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Whereas the Company previously applied the completed-contract method for construction contracts that promise the fulfillment of performance obligations over a certain period of time, the Company now recognizes revenue progressively over a certain period of time, based on the estimated degree of progress towards fulfilling performance obligations.

The Company applies the Revenue Recognition Standard and other standards in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance. In addition, applying the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Standard, contract modifications that occurred prior to the beginning of the fiscal year under review were accounted for based on the terms of the contract after reflecting all contract modifications, with the cumulative impact adjusted to retained earnings at the beginning of the fiscal year under review.

As a result, for the fiscal year under review, net sales and cost of sales were 45 million yen and 68 million yen, respectively, lower than without the application of the new accounting policies. Gross profit, operating profit, ordinary profit, and profit before income taxes were each 22 million yen higher than without the application of the new accounting policies. In addition, the balance of retained earnings at the start of the fiscal year under review was 84 million yen higher than without the application of the new accounting policies.

(2) Application of the Accounting Standard for Fair Value Measurement and other standards

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Fair Value Measurement Standard”) and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard and other standards in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). Whereas the Company previously carried bonds and other debt securities, which were considered financial instruments for which it is extremely difficult to ascertain fair value, at acquisition cost on the consolidated balance sheet, the Company now carries them at fair value, calculated using unobservable inputs based on the best available information, even where no observable inputs are available.

In addition, the Company now presents notes including a breakdown of financial instruments by level of fair value in the notes on financial instruments.

3. Notes on changes in presentation methods

“Dividend income” and “rental income from land and buildings,” under non-operating income, were included in “other” under non-operating income in the previous fiscal year, but have been presented separately from the fiscal year under review due to increased materiality.

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

4. Notes on revenue recognition

(1) Breakdown of revenue

The Group's principal business is equipment installation.

The Group undertakes interior 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 45,928 million yen. A breakdown of the amount of revenue by types of goods and services is shown below.

1) Interior wiring, ventilation and air conditioning works	27,391 million yen
2) Power distribution line works	10,608 million yen
3) Other works	6,552 million yen
4) Other	1,376 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 enable an understanding of the amount of revenue for the fiscal year under review and the next fiscal year onward

1) Balance of contract assets and contract liabilities

Receivables arising from contracts with customers (at beginning of period)	8,995 million yen
Receivables arising from contracts with customers (at end of period)	12,354 million yen
Contract assets (at beginning of period)	4,331 million yen
Contract assets (at end of period)	4,321 million yen
Contract liabilities (at beginning of period)	593 million yen
Contract liabilities (at end of period)	1,187 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 26,572 million yen. The Group expects to recognize revenue for this amount within a maximum of four years, as performance obligations are fulfilled.

5. Notes on accounting estimates

(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: 29,829 million yen

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

1) 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 as the proportion that contract costs incurred for work performed by the end of the fiscal year under review bear to the total contract costs.

2) 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. Consequently, the estimated total contract costs involve uncertainty in that they are based on certain assumptions and judgments made by site managers with construction expertise and experience.

3) Impact on the consolidated financial statements for the following fiscal year

Construction contracts usually take a long time to complete. Thus, the estimated total contract costs may differ from the actual contract costs incurred due to a variety of developments, which include the alterations in plans and specifications, work delays, and changes in unit costs for labor and building materials resulting from cost-cutting initiatives or market fluctuations, that occur over the course of the construction. Such a difference may have a significant impact on net sales of completed construction based on construction contracts for which performance obligations are fulfilled over a certain period of time, on the consolidated financial statements for the following fiscal year.

6. Notes to the consolidated balance sheet

(1) Amounts of notes receivable - trade, accounts receivable from completed construction contracts and other that constitute receivables or contract assets arising from contracts with customers

Notes receivable - trade	593 million yen
Electronically recorded monetary claims - operating	1,866 million yen
Accounts receivable from completed construction contracts	9,894 million yen
Contract assets	4,321 million yen

(2) Pledged assets

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

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

(3) Accumulated depreciation of property, plant and equipment 7,105 million yen

7. Notes to the consolidated statement of changes in equity

(1) Number and class of issued shares as of the end of the fiscal year under review

Class of shares	Number of shares at the beginning of the fiscal year under review (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares at the end of the fiscal year under review (thousand shares)
Common stock	24,969	4,993	-	29,963

Note: The increase of 4,993 thousand shares in the total number of issued shares was due to the implementation of a 1.2 for 1 stock split of common shares effective January 1, 2022.

(2) Matters concerning dividends of surplus

1) Dividends paid, etc.

Resolution	Class of shares	Total dividend	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders of June 29, 2021	Common stock	699 million yen	30 yen	March 31, 2021	June 30, 2021
Board of Directors meeting of October 27, 2021	Common stock	233 million yen	10 yen	September 30, 2021	November 30, 2021

2) Of dividends whose record date falls within the fiscal year under review, those to be effective in the following fiscal year

Matters concerning common stock dividends will be proposed to the Ordinary General Meeting of Shareholders scheduled for June 29, 2022, as detailed below.

Total dividend	559 million yen
Dividend resources	Retained earnings
Dividend per share	20 yen
Record date	March 31, 2022
Effective date	June 30, 2022

8. Notes on financial instruments

(1) Matters concerning the conditions of financial instruments

1) Policy on dealing in 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 concerning 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, 2022.

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

Moreover, notes have been omitted for cash, and notes have been omitted for deposits, notes receivable - trade, accounts receivable from completed construction contracts and other, accounts payable for construction contracts, 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
Securities and investment securities Available-for-sale securities	1,381	1,381	-
Assets total	1,381	1,381	-

(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.

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	670	-	-	670
Debt securities (bonds, etc.)	-	17	-	17
Debt securities (other)	-	101	-	101
Other	-	499	-	499

Notes: 1. Explanation of the valuation techniques and inputs used to calculate fair value

Securities and investment securities

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

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

2. Investment trusts for which the Company has applied the transitional measures prescribed in Paragraph 26 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019) have not been included in the table above. The amount carried on the consolidated balance sheet is 92 million yen.

9. Notes on real estate for rent, etc.

(1) Matters concerning 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 concerning the fair value of real estate for rent, etc.

(In millions of yen)

Amount reported on the consolidated balance sheet	Fair value
2,767	3,078

Notes:

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

10.Notes on per share information

(1) Net assets per share 1,424.10 yen

(2) Profit per share 80.25 yen

Note: The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022. Net assets per share and profit per share have been calculated as if this stock split were executed at the start of the fiscal year under review.

11.Notes on other matters

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

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of March 31, 2022)

(In millions of yen)

Assets		Liabilities	
Current assets	**38,893**	**Current liabilities**	**11,820**
Cash and deposits	20,796	Accounts payable for construction contracts	7,735
Notes receivable - trade	593	Lease liabilities	14
Electronically recorded monetary claims - operating	1,866	Income taxes payable	657
Accounts receivable from completed construction contracts	13,916	Advances received on construction contracts in progress	1,161
Securities	499	Provision for loss on construction contracts	32
Costs on construction contracts in progress	297	Other	2,219
Raw materials and supplies	337	**Non-current liabilities**	**3,589**
Other	586	Lease liabilities	14
Non-current assets	**16,288**	Provision for retirement benefits	3,141
Property, plant and equipment	**12,121**	Provision for retirement benefits for directors (and other officers)	66
Buildings and structures	4,132	Other	366
Machinery and vehicles	1,806	**Total liabilities**	**15,409**
Tools, furniture and fixtures	368	**Net assets**	
Land	4,814	**Shareholders' equity**	**39,546**
Leased assets	25	**Share capital**	**3,328**
Construction in progress	974	**Capital surplus**	**2,803**
Intangible assets	**88**	Legal capital surplus	2,803
Investments and other assets	**4,078**	Other capital surplus	0
Investment securities	1,262	**Retained earnings**	**34,121**
Shares of subsidiaries and associates	210	Legal retained earnings	360
Long-term loans receivable	1,018	Other retained earnings	33,760
Distressed receivables	4	General reserve	26,934
Long-term prepaid expenses	4	Retained earnings brought forward	6,826
Deferred tax assets	1,395	**Treasury shares**	**(707)**
Other	192	**Valuation and translation adjustments**	**225**
Allowance for doubtful accounts	(10)	**Valuation difference on available-for-sale securities**	**225**
		Total net assets	**39,772**
Total assets	**55,182**	**Total liabilities and net assets**	**55,182**

Non-consolidated Statement of Income (April 1, 2021 through March 31, 2022)

(In millions of yen)

Net sales		
Net sales of completed construction contracts	44,552	
Net sales in sideline businesses	1,236	45,789
Cost of sales		
Cost of sales of completed construction contracts	38,003	
Cost of sales in sideline businesses	877	38,881
Gross profit		
Gross profit on completed construction contracts	6,549	
Gross profit on sideline business	359	6,908
Selling, general and administrative expenses		3,786
Operating profit		**3,122**
Non-operating income		
Interest and dividend income	31	
Commission income	68	
Rental income from land and buildings	20	
Other	53	175
Non-operating expenses		
Interest expenses	0	
Other	1	2
Ordinary profit		**3,294**
Extraordinary income		
Gain on sale of non-current assets	3	3
Extraordinary losses		
Impairment losses	13	
Loss on valuation of investment securities	12	
Other	0	26
Profit before income taxes		**3,271**
Income taxes - current	893	
Income taxes - deferred	144	1,037
Profit		**2,233**

Non-consolidated Statement of Changes in Equity (April 1, 2021 through March 31, 2022)

(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	5,442	(705)	38,163	243	38,406
Cumulative effects of changes in accounting policies						84		84		84
Restated balance	3,328	2,803	0	360	26,934	5,526	(705)	38,247	243	38,491
Changes during period										
Dividends of surplus						(933)		(933)		(933)
Profit						2,233		2,233		2,233
Purchase of treasury shares							(1)	(1)		(1)
Disposal of treasury shares			0				0	0		0
Cancellation of treasury shares			(0)				0	-		-
Net changes in items other than shareholders' equity									(17)	(17)
Total changes during period	-	-	0	-	-	1,300	(1)	1,299	(17)	1,281
Balance at end of period	3,328	2,803	0	360	26,934	6,826	(707)	39,546	225	39,772

Notes to the Non-consolidated Financial Statements

1. Notes on matters related to significant accounting policies

(1) Criteria and methods for evaluation of assets

1) Securities

Shares of subsidiaries and associates

Stated at cost using the moving-average method.

Available-for-sale securities

Apart from shares, etc. without market prices:

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

Shares, etc. without market prices:

Stated at cost using the moving-average method.

2) Inventories

Costs on construction contracts in progress:

Stated at cost using the identified cost method.

Raw materials and supplies:

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

(2) Methods for depreciation of non-current assets

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

Depreciated using the straight-line method.

2) Intangible assets (excluding leased assets)

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

3) Leased assets

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

(3) Criteria for recognition of provisions

1) Allowance for doubtful accounts

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

2) Provision for loss on construction contracts

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

3) Provision for retirement benefits

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

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

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

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

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

(4) Criteria for recognition of revenue and expenses

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

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

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

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

2. Notes on changes in accounting policies

(1) Application of the Accounting Standard for Revenue Recognition and other standards

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard") and other standards from the beginning of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. Whereas the Company previously applied the completed-contract method for construction contracts that promise the fulfillment of performance obligations over a certain period of time, the Company now recognizes revenue progressively over a certain period of time, based on the estimated degree of progress towards fulfilling performance obligations.

The Company applies the Revenue Recognition Standard and other standards in accordance with the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Standard. The cumulative impact of retrospectively applying the new accounting policies to prior periods is adjusted to retained earnings at the beginning of the fiscal year under review, with the new accounting policies applied from the beginning balance. In addition, applying the method stipulated in proviso (1) to Paragraph 86 of the Revenue Recognition Standard, contract modifications that occurred prior to the beginning of the fiscal year under review were accounted for based on the terms of the contract after reflecting all contract modifications, with the cumulative impact adjusted to retained earnings at the beginning of the fiscal year under review.

As a result, for the fiscal year under review, net sales and cost of sales were 45 million yen and 68 million yen, respectively, lower than without the application of the new accounting policies. Gross profit, operating profit, ordinary profit, and profit before income taxes were each 22 million yen higher than without the application of the new accounting policies. In addition, the balance of retained earnings at the start of the fiscal year under review was 84 million yen higher than without the application of the new accounting policies.

(2) Application of the Accounting Standard for Fair Value Measurement and other standards

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard") and other standards from the beginning of the fiscal year under review, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Standard and other standards in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). Whereas the Company previously carried bonds and other debt securities, which were considered financial instruments for which it is extremely difficult to ascertain fair value, at acquisition cost on the non-consolidated balance sheet, the Company now carries them at fair value, calculated using unobservable inputs based on the best available information, even where no observable inputs are available.

3. Notes on changes in presentation methods

"Rental income from land and buildings" under non-operating income was included in "other" under non-operating income in the previous fiscal year, but 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 was included in "other" under extraordinary income in the previous fiscal year, but has been presented separately from the fiscal year under review due to an increase in materiality.

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

4. 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.

5. Notes on accounting estimates

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

Net sales of completed construction based on construction contracts for which performance obligations are fulfilled over a certain period of time: 29,829 million yen

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

6. Notes to the non-consolidated balance sheet

(1) Pledged assets

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

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

(2) Accumulated depreciation of property, plant and equipment 6,785 million yen

(3) Monetary receivables from and payables to subsidiaries and associates

Short-term monetary receivables	424 million yen
Long-term monetary receivables	1,010 million yen
Short-term monetary payables	12 million yen

7. Notes to the non-consolidated statement of income

Amount of transactions with subsidiaries and associates

Net sales	842 million yen
Operating expenses	214 million yen
Amount of non-operating transactions	4 million yen

8. Notes to the non-consolidated statement of changes in equity

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

Class of shares	Number of shares at the beginning of the fiscal year under review (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Number of shares at the end of the fiscal year under review (thousand shares)
Common stock	1,643	330	0	1,973

Notes:

1. The increase in treasury shares was due to the implementation of a 1.2 for 1 stock split of common shares effective January 1, 2022, and demands for the purchase of fractional shares.
2. The decrease in treasury shares was due to demands for the sale of fractional shares.

9. Notes on tax effect accounting

Deferred tax assets arose primarily from provision for retirement benefits.

Valuation allowances amounted to 90 million yen.

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

10. Notes on non-current assets used under lease agreements

In addition to the non-current assets recognized on the non-consolidated balance sheet, some machinery and vehicles are used under lease agreements.

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: 50.2 Indirect: 0.1	Contracts for interior wiring, ventilation and air conditioning, and other works Concurrently serving and transferred officers	Contracts for interior wiring, ventilation and air conditioning, and other works	532	Accounts receivable from completed construction contracts	388
						Advances received on construction contracts in progress	1

(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	900

(3) Sister companies, etc.

Attribute	Company name	Percentage of voting rights, etc. held by the Company (%)	Relationships with the related party	Details of transactions	Transaction amount (million yen)	Account titles	Closing balance (million yen)
Subsidiary of the parent company	Hokuriku Electric Power Transmission & Distribution Company	0	Contracts for power distribution line and other works	Contracts for power distribution line and other works	14,150	Accounts receivable from completed construction contracts	3,632

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

The terms and conditions of transactions, such as contracts for 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 1,420.92 yen

(2) Profit per share 79.79 yen

The Company executed a 1.2 for 1 stock split of common shares effective January 1, 2022. Net assets per share and profit per share have been calculated as if this stock split were executed at the start of the fiscal year under review.

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, 2022

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

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

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act of Japan, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to the consolidated financial statements, of HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the "Company") for the fiscal year from April 1, 2021 to March 31, 2022.

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

Basis for Opinion

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

Other Information

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

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

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

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

We have nothing to report regarding other information.

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

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

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

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

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

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

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

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

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

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

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

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

Interest

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

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

Independent Auditor's Report

(English Translation)

May 16, 2022

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

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

Opinion

Pursuant to Article 436, paragraph 2, item (i) of the Companies Act of Japan, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements, and the accompanying supplementary schedules (the "Non-consolidated Financial Statements") of HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the "Company") for the 108th business term from April 1, 2021 to March 31, 2022.

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 108th business year (from April 1, 2021 to March 31, 2022), the Audit and Supervisory Board of the Company deliberated based on the audit report made by each Audit and Supervisory Board Member and has prepared this audit report, and hereby report as follows:

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

(1) The Audit and Supervisory Board has established the audit policies, assignment of duties, etc., and received a report from each Audit and Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit and Supervisory Board has received reports from the Directors, etc., and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.

(2) In accordance with the audit policies, assignment of duties, etc. determined by the Audit and Supervisory Board, each Audit and Supervisory Board Member made efforts to collect information and established auditing circumstances through communication with Directors, employees of internal audit department and other departments, Audit and Supervisory Board Member of the parent company, and conducted audit in accordance with the following procedures.

1) Each Audit and Supervisory Board Member attended the Board of Directors meetings and other important meetings to receive reports regarding execution of duties from Directors and employees and requested explanations as necessary. Each Audit and Supervisory Board also inspected the important approved documents and examined the status of operations and conditions of assets at the Company’s head office and principal offices. With respect to the subsidiaries, each Audit and Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors and Audit and Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.

2) Each Audit and Supervisory Board Member received reports regularly from Directors and employees, etc. on the status of developments and operations concerning the contents of the Board of Directors’ resolutions regarding the development and maintenance of the system to ensure that the Directors’ performance of their duties as stated in the business report complied with all laws, regulations and the Articles of Association of the Company and other systems that are set forth in Article 100, paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a stock company and of a group of companies consisting of the Company and its subsidiaries and/or affiliates, as well as the systems (internal control systems) based on such resolutions; and, requested explanations as necessary and expressed its opinion.

3) The matters to which each Audit and Supervisory Board Member paid attention set forth in Article 118, item 5, sub-item (a) of the Ordinance for Enforcement of the Companies Act of Japan and the judgments and reasons in sub-item (b) of said item, as described in the business report, were also considered in light of the circumstances, etc. of deliberations by the Board of Directors and other bodies.

4) Each Audit and Supervisory Board Member monitored and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of its performance of duties, and requested explanations as necessary.
Each Audit and Supervisory Board Member was notified by the Accounting Auditor that it had established a “system to ensure that the performance of the duties of the Accounting Auditor was properly conducted” (the matters listed in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with the “Quality Control Standard for Audit” (Business Accounting Council on October 28, 2005), and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business report and supplementary schedules, the non-consolidated financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net equity and notes to the non-consolidated financial statements) and the supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements) for the year ended March 31, 2022.

2. Results of Audit

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

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

(2) Results of audit of the non-consolidated financial statements and the supplementary schedules
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.
(3) Results of audit of the consolidated financial statements
The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 17, 2022

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

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

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

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