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To whom it may concern

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(Securities code: 1930, Prime Market, Tokyo Stock Exchange)
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Notice Concerning Introduction of Stock Benefit Trust (J-ESOP)

HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD. (the “Company”) hereby announces that at a meeting of the Board of Directors held today, it resolved to introduce the “Stock Benefit Trust (Japanese Employee Stock Ownership Plan)” (hereinafter, referred to as the “J-ESOP”), an incentive plan to provide employees with the Company’s shares in order to further clarify the linkage between the Company’s share price and performance and the treatment of employees and to increase employees’ interest and motivation toward improving the Company’s share price and corporate value over the medium to long term. A trust to be established in accordance with a trust agreement to be concluded with Mizuho Trust & Banking Co., Ltd. regarding the J-ESOP is referred to as the “Trust.”

1. Background of introduction

Our Group has formulated the “Action Plan 2027 (FY2025 to FY2027)” to enhance corporate value and sustainable growth, and is working to ensure safety and legal compliance, expand business scale and areas, and improve productivity through continuous investment in human resources, IT, and DX.

We have considered various incentive plans from the viewpoint of encouraging employees to take on challenges at a higher level and rewarding their achievements as a positive investment in human resources. And we have decided to introduce the J-ESOP with the aim of making the employees themselves shareholders, having them take the same perspective as shareholders, and having officers and employees work together to improve corporate value over the medium to long term. The introduction of the J-ESOP is expected to increase employees’ interest in improving the Company’s share price and business performance, and to motivate them to work harder than ever before.

Last year, the Company introduced a stock compensation plan for directors (excluding outside directors and non-executive directors) and corporate auditors (excluding outside corporate auditors. Hereinafter, collectively with directors, referred to as the “Directors, etc.”). The plan aims to clarify the linkage between the remuneration of the Directors, etc., and the Company’s share value, so that the Directors, etc. can share not only the benefits of a rise in the share price but also the risk of a decline in the share price with shareholders, which raises their awareness of their contribution to increasing corporate value over the medium to long term.

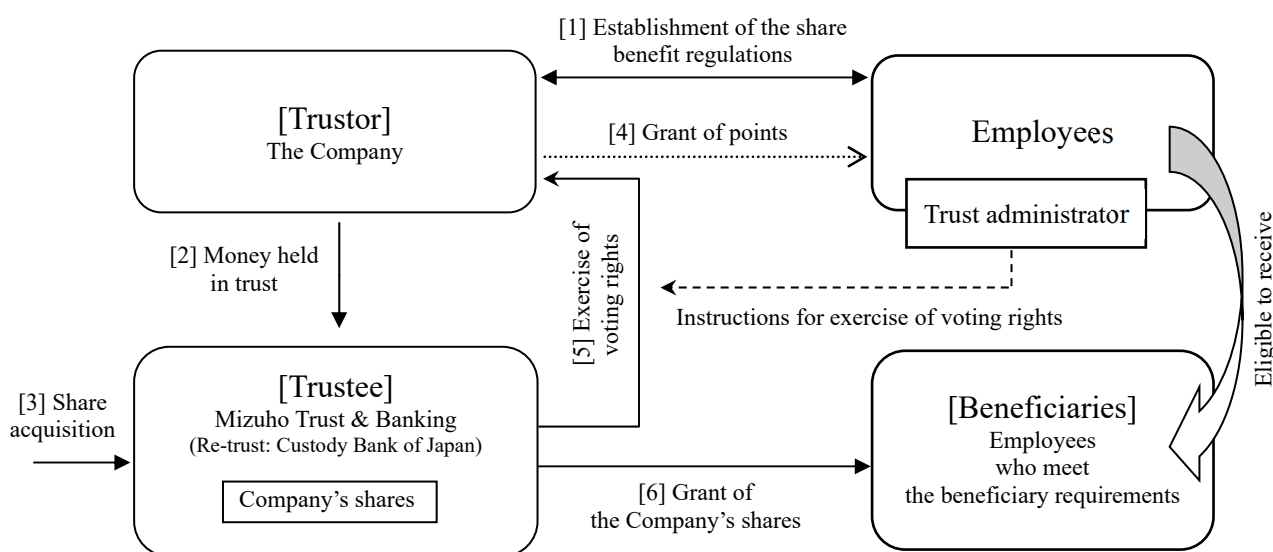
2. Outline of the J-ESOP

The J-ESOP is a trust-type scheme by reference to the Employee Stock Ownership Plan (ESOP) in the U.S., under which the Company's employees who satisfy certain requirements are eligible to receive the Company's shares in accordance with the share benefit regulations established by the Company in advance.

The Company will grant points to employees in accordance with their positions, etc., and when they become eligible to receive benefits under certain conditions, the Company will grant them the Company's shares equivalent to the points granted to them. Shares to be granted to employees, including those to be provided in the future, shall be acquired with money set up in advance in a trust, and shall be segregated and managed as trust assets.

The timing of the establishment of the trust, the amount, and the method of acquiring shares, etc. under the J-ESOP will be announced as soon as they are determined.

[Scheme of the J-ESOP]



- [1] The Company will establish the share benefit regulations upon the introduction of the J-ESOP.
- [2] The Company will place money in trust (third party benefit trust) with Mizuho Trust & Banking (re-trustee: Custody Bank of Japan) for the purpose of acquiring the Company's shares in advance to be granted to employees in the future in accordance with the share benefit regulations.
- [3] The Trust will acquire the Company's shares using the money entrusted in [2] above as the source of funds, either through the stock exchange (including off-floor trading) or by purchasing the Company's treasury shares to be disposed.
- [4] The Company will grant points to employees in accordance with the share benefit regulations.
- [5] The Trust will exercise voting rights in accordance with the instructions of the trust administrator.
- [6] The Trust will grant the Company's shares to employees who meet the beneficiary requirements stipulated in the share benefit regulations (the "Beneficiaries") in proportion to the number of points granted to the Beneficiaries.