

To whom it may concern

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Notice regarding partial changes and continuation of the response policy with regard to large-scale purchases of Takihyo's shares, etc. (takeover defense measures)

In order to secure and improve our enterprise value and the common interests of our shareholders, at Takihyo's 96th Annual General Meeting of Shareholders held on May 23, 2007, Takihyo received the approval of shareholders with regard to the introduction of a "response policy concerning large-scale purchases of Takihyo's shares, etc. (takeover defense measures)" (hereinafter referred to as "the Response Policy"), and subsequently, at Takihyo's 98th Annual General Meeting of Shareholders held on May 20, 2009, at its 101st Annual General Meeting of Shareholders held on May 23, 2012, at its 104th Annual General Meeting of Shareholders held on May 20, 2015, at its 107th Annual General Meeting of Shareholders held on May 23, 2018, and at its 110th Annual General Meeting of Shareholders held on May 26, 2021, we received approval with regard to the partial change and continuation of the Response Policy.

Since the period of validity of the Response Policy that received the approval of shareholders will be until the end of its 113th Annual General Meeting of Shareholders that is scheduled to be held on May 29, 2024 (hereinafter referred to as "the Annual General Meeting of Shareholders"), Takihyo has been considering how the Response Policy should be, including whether or not to continue it from the perspective of maximizing enterprise value and the common interests of our shareholders. As a result, in the resolution of the Board of Directors today, in addition to the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group on June 30, 2008, and the "Guidelines for Corporate Takeovers" published by the Ministry of Economy, Trade and Industry on August 31, 2023, from the viewpoint of recent cases, practices, and discussions, etc. and subject to the approval of the shareholders at the Annual General Meeting of Shareholders, we are pleased to announce that we have decided to continue the Response Policy with some changes as in Annex.

If approved by our shareholders at the Annual General Meeting of Shareholders, the period of validity of the Response Policy will be until the end of the 116th Ordinary General Meeting of Shareholders that

is scheduled to be held in May 2027.

The main points that have been reviewed from the content approved at the 110th Annual General Meeting of Shareholders held on May 26, 2021 in the Response Policy decided at the resolution of the Board of Directors today are as follows.

- (1) The definitions of “large-scale purchase action” and “specific group of shareholders” to which the Response Policy applies has been partially revised.
- (2) In order to ensure the objectivity and rationality of decisions made by the Board of Directors regarding the invocation of countermeasures and other decisions regarding the Response Policy, we have previously sought advice from Outside Directors and independent external experts. However, to further clarify such advisory process, under the Response Policy, we will establish an Independent Committee, which consists of three or more Outside Directors who are independent executives of Takihyo, as an advisory body to our Board of Directors and it has been decided that maximum respect will be given to the recommendations of the Independent Committee when making decisions.

In the Board of Directors resolution today, some changes and continuation of the Response Policy was approved unanimously by nine (9) directors, including three (3) directors who are Audit and Supervisory Committee members (including four (4) independent Outside Directors).

At present, Takihyo has not received any inquiries or offers regarding the large-scale purchase of Takihyo's shares, etc.

(Annex)

1. Basic policy regarding how a person who controls decisions with regard to Takihyo's financial and business policies should be

Takihyo thinks that a person who controls decisions with regard to Takihyo's financial and business policies should be a person who fully understands the relationships of trust with our shareholders and with Takihyo's employees, customers, etc., and maximizes Takihyo's enterprise value and, in turn, the common interests of shareholders, on the basis of a medium- to long-term view.

In order to maximize Takihyo's enterprise value and in turn maximize the common interests of its shareholders, it is necessary to multilaterally and continuously implement the measures set forth in 2 below as specific measures. With regard to implementing these measures, the management expertise and human resources that Takihyo possesses are, of course, positioned as important management resources, and long-term relationships of trust with customers, etc. are an important foundation.

Therefore, in our management of Takihyo, through which we aim to maximize its enterprise value and in turn maximize the common interests of its shareholders, we think that people with highly specialized business knowledge and management expertise should occupy the positions of directors, be in charge of the important duties with regard to decisions on financial and business policies based on a medium- to long-term view, and continuously execute specific measures after having fully understood the relationships of trust that have been built with our shareholders and with Takihyo's employees, customers, etc., and we believe that without these things, we will not be able pursue our goal of maximizing Takihyo's enterprise value, and in turn the common interests of its shareholders, going into the future.

2. Activities to contribute to the realization of the basic policy

In order to maximize Takihyo's enterprise value and the interests of our shareholders, we are implementing the following measures in Takihyo.

(1) Takihyo's corporate principles, and activities for improving our enterprise value

Takihyo's management philosophy is "Nothing stands before trust," "Prosperity lies in modesty," and "Customer before thyself", and its management principle is "Our goal is a spiritually nourished society by creating an interesting company with great dreams", and by for example strengthening our capacity to plan and propose products with high added value, responding to the needs of high-variety, low-volume production and shorter delivery times, streamlining the management structure, and consolidating distribution centers, we have been strengthening and promoting continuous activities for the improvement of our enterprise value.

Moreover, with "Global Challenge – Innovative Change and Advancement" as key words, we are aiming to develop new markets, including overseas markets, from a medium- to long-term

viewpoint.

(2) Activities pertaining to corporate governance

The Board of Directors decides on basic management policy, on matters stipulated by laws and regulations, and on other important matters regarding management, and at the same time, supervises the execution of business. Also, Takihyo appointed four persons as Outside Directors (two of them are Outside Directors who are the members of the Audit and Supervisory Committee), who are independent executives, and we are working to strengthen the supervisory function for the Board of Directors.

The Audit and Supervisory Committee (the committee members include two Outside Directors who are independent executives as mentioned above), on the basis of audit policy and audit plans, conducts audits with regard to the performance of duties by directors, and in addition, exchanges opinions and information in cooperation with accounting auditors and Takihyo's internal Audit Office.

Also, with regard to the in-house management system, we have established an Integrated Risk Management Committee, Compliance Committee and Sustainability Committee, and are working to strengthen the internal control functions and audit functions, for example by placing an Integrated Risk Management Subcommittee and Internal Control Development Subcommittee under the Integrated Risk Management Committee.

By working to improve the quality of these corporate governance systems, we are striving to continuously enhance the transparency and soundness of management and to obtain a high level of trust not only from our shareholders and customers, but also from society as a whole.

3. Objectives of the Response Policy

In recent years, the environment surrounding our business has been getting tougher and tougher, and we are living in an age in which the acquisition of other companies is generally considered to be a means for pursuing corporate business strategy.

Even if there is a large-scale purchase action with the intention of acquiring Takihyo, unless Takihyo's Board of Directors deems that it would significantly impair Takihyo's enterprise value and in turn the common interests of the shareholders, for example by causing damage to Takihyo that would be difficult to recover from, the Board of Directors will not seek to block it. We think that we should in the end leave it to the judgment of Takihyo's shareholders to decide whether we will accept a large-scale purchase of Takihyo's shares, etc.

However, if there is a sudden large-scale purchase action, it also cannot be denied that there is the possibility that our shareholders will not be provided with enough time and information to judge whether the large-scale purchaser's purchase action is appropriate, and consequently, a situation may arise in which Takihyo's enterprise value, and in turn the common interests of its shareholders, will be significantly damaged.

When a purchase, etc. of Takihyo's shares and so on is carried out on a scale that could have an impact on Takihyo's management, then from the viewpoint of securing and improving Takihyo's

enterprise value and in turn the common interests of its shareholders, in order for the shareholders to be able to judge appropriately whether or not we should accept the purchase, etc. concerned, the Response Policy establishes rules for large-scale purchases for the purpose of securing opportunities to collect information regarding the purchase, etc. concerned and to present the opinions of Takihyo's Board of Directors and alternatives, and along with this, defines suitable countermeasures against large-scale purchases that can be invoked, as necessary, in order to protect Takihyo's enterprise value and in turn the common interests of its shareholders. An overview of the Response Policy is as in Document 1.

The situation regarding Takihyo's shareholders as of February 29, 2024 is, as set forth in Document 2, that one shareholder is present who holds over 20%. However, since our shareholders transfer shares, etc. on the basis of their own free will because Takihyo is a listed company, and since Takihyo may procure financing from the capital market for the purposes of future capital investment, etc. even though there may be no specific plans at the present time, we believe that it also cannot be denied that large-scale purchase actions may be directed at Takihyo in the event that the liquidity of shares that Takihyo issues further increases in the future.

4. Content of the Response Policy (activities for preventing parties who are inappropriate in light of the basic policy from controlling decisions with regard to Takihyo's financial and business policies)

(1) The large-scale purchase actions that are targeted

The large-scale purchase actions targeted by the Response Policy include: (i) purchase actions of Takihyo's shares, etc. (Note 3) that aim to make the ratio of voting rights (Note 2) of a specific group of shareholders (Note 1) 20% or more (regardless of the specific purchase method, such as market transactions and tender offers. The same shall apply to item (ii)); purchase actions of Takihyo's shares, etc. that would result in the specific group of shareholders holding 20% or more of the voting rights; or (iii) regardless of whether or not any of the actions prescribed in (i) or (ii) above is conducted, any agreement or other action by the specified group of shareholders with any other shareholder of Takihyo (including cases where there is more than one shareholder. The same shall apply hereinafter in this item (iii)) that would result in such other shareholders becoming joint holders of the specified group of shareholders; or any action (Note 5) that establishes a relationship (Note 4) between the specified group of shareholders and the other shareholders in question, in which one of them substantially controls the other, or in which they act jointly or in concert. (However, this is limited to cases where the total of the shares, etc. held by the specified group of shareholders and the other shareholders would amount to 20% or more of the shares, etc. issued by Takihyo) (In either case, this excludes purchase actions that Takihyo's Board of Directors has agreed to in advance.).

(Note 1): "Specific group of shareholders" refers to:

AA holder (including a holder who is included as a holder on the basis of the Financial Instruments and Exchange Act Article 27-23 (3), with the same to apply

hereinafter) of Takihyo's shares, etc. (meaning shares, etc. as prescribed in Article 27-23 (1) of the above Act) and joint holders of same (meaning a joint holder as prescribed in Article 27-23 (5) of the above Act, and including a holder who is regarded as a joint holder on the basis of Article 27-23 (6), with the same to apply hereinafter);

B A person conducting the purchase, etc. (meaning purchase, etc. as prescribed in Article 27-2 (1) of the above Act, including the purchase in the financial instruments exchange) of Takihyo's shares, etc. (meaning shares, etc. as prescribed in Article 27-2 (1) of the above Act.) or persons in a special relationship (meaning a person in a special relationship as prescribed in Article 27-2 (7) of the above Act, with the same to apply hereinafter.).

or,

C A person related to persons in A or B above (financial advisors, attorneys, accountants or other advisors who provide advice to persons in A or B above, persons who are substantially controlled by persons in A or B above, or persons who act jointly or cooperatively with persons in A or B above (see Note 4), with the same to apply hereinafter.).

(Note 2): "Ratio of voting rights" refers to:

A If the specific group of shareholders is one set forth in (Note 1) A, the ownership ratio of share certificates, etc. of the owner concerned (meaning ownership ratio of share certificates, etc. as prescribed in Article 27-23 (4) of the above Act, where in this case, the number of shares, etc. owned by a joint holder of the holder concerned (the number of held shares, etc. as prescribed in Article 27-23 (4) of the above Act, with the same to apply hereinafter) is also taken into account in the calculation);

or,

B If the specific group of shareholders is one set forth in (Note 1) A, the total of holding ratio of share certificates, etc. of the purchaser and persons in a special relationship (meaning holding ratio of share certificates, etc. as prescribed in Article 27-2 (8) of the above Act.).

In calculating such ownership ratios or shareholding ratios, (A) a person in special relationships or joint owners of certain shareholders of Takihyo, and (B) such shareholders or a person in special relationships of persons stated in (A) are deemed to be joint owners or a person in special relationships of such shareholders in the Response Policy. In calculating each ration of voting right, the number of voting rights (meaning as prescribed in Article 27-2 (8) of the above Act.) and the total number of shares issued (meaning as prescribed in Article 27-23 (4) of the above Act.) may be referred to the most recently submitted reports among the securities reports, semiannual reports, quarterly reports and share buyback reports.

(Note 3): "Shares, etc." refers to:

Shares, etc. as prescribed in Article 27-23 (1) of the above Act or Article 27-2 (1) of the above Act.

(Note 4): Takihyo's Board of Directors shall determine whether a relationship in which one party substantially controls the other or a relationship in which the parties act jointly or in concert has been established, based on formation of substantial interests in Takihyo's shares, etc. through new investment relationships, business alliances, business transactions or contracts, concurrent directorships, funding relationships, credit granting relationships, derivatives, stock lending, and the direct and indirect impact of such persons, after giving maximum respect to the recommendations of the Independent Committee.

(Note 5): With regard to whether or not the action prescribed in (iii) above was conducted, the Board of Directors shall judge after giving maximum respect to the recommendations of the Independent Committee. The Board of Directors may request our shareholders to provide necessary information to the extent necessary to judge whether or not the requirements prescribed in (iii) above are met.

(2) Content of the rules for large-scale purchases

Takihyo thinks that it is important that, through large-scale purchase actions' being conducted according to the rules for large-scale purchases prescribed below, opportunities to collect information regarding the purchases, etc. concerned and to present the opinions of Takihyo's Board of Directors and alternatives will be secured, and that this will in turn link to Takihyo's enterprise value and the common interests of the shareholders. In these rules for large-scale purchases,

A A person who is engaged or intends to engage in a large-scale purchase (hereinafter referred to as the "Large-Scale Purchaser") must provide necessary and sufficient information to Takihyo's Board of Directors before the large-scale purchase action; and

B The large-scale purchaser can commence the large-scale purchase action only after a certain evaluation period has passed that is necessary for Takihyo's Board of Directors to consider the information concerned. (If a general meeting of shareholders is convened in order to confirm the intentions of shareholders, then only in the event that a bill for the invoking of countermeasures has not been approved at the general meeting of shareholders concerned.)

In order to ensure the objectivity and rationality of decisions made by the Board of Directors regarding the invocation of countermeasures against large-scale purchases and other decisions regarding the Response Policy, Takihyo will establish an Independent Committee as an advisory body to the Board of Directors. The number of Independent Committee members shall be three or more, and they shall be elected from among Outside Directors who are independent executives, ensuring fair and neutral judgments. An overview of the Independent Committee is

provided in Document 3. The members of the Independent Committee at the initial continuation of the Response Policy will be appointed at the Board of Directors meeting following the Annual General Meeting of Shareholders, chosen from the Outside Directors appointed during said meeting.

The details of the rules for large-scale purchases are as follows:

(1) Request for the submission of a Letter of Intent

If a large-scale purchaser intends to carry out a large-scale purchase action, the purchaser must first submit a "Letter of Intent" addressed to Takihyo. The Letter of Intent must include the large-scale purchaser's name, address, governing law for incorporation, name of representative, contacts in Japan, an overview of the proposed large-scale purchase action, etc., and must state that the purchaser will observe the rules for large-scale purchase actions.

(2) Request for submission of information

Next, in order for the large-scale purchaser to provide information that is necessary and sufficient for Takihyo's shareholders to make a judgment and for Takihyo's Board of Directors to form opinions (hereinafter referred to as "Large-Scale Purchase Information"), Takihyo's Board of Directors will issue a document that sets forth the items of Large-Scale Purchase Information, within 10 business days starting on the date when the Letter of Intent in (1) was received.

The main items of Large-Scale Purchase Information are as follows.

- (i) An overview of the large-scale purchaser and group (including joint holders, persons in a special relationship, members (in the case of a fund), and other constituent members) (the overview shall include names, addresses or locations, title and name of representative, objectives and business descriptions of companies, etc., capital structure, composition of finances, experience pertaining to the same kind of business as the business of Takihyo and Takihyo's group, contacts in Japan, governing law for incorporation, and whether there have been any legal violations, etc. in the past, and the content of same);
- (ii) The purpose, method, and content of the large-scale purchase action (including the structure of the related transactions, the legality of the methods for the purchases, etc., the feasibility of the purchases, etc. and the related transactions, the types and amounts of the charges for the purchases, etc., and the periods, etc. for the purchases, etc.);
- (□) The basis for the calculation of the purchase price (including the facts and assumptions underlying the calculation, the calculation method, the numerical information used in the calculation, and the content of the synergy that is expected to occur as a result of the series of transactions pertaining to the large-scale purchase action, and the basis for same) and proof of purchase funds (including specific names of fund providers)

(including substantial providers), the methods of procuring funding, and the content of the related transactions);

(□) The anticipated managerial candidates (including information regarding experience,

etc. pertaining to the same kind of business as the business of Takihyo and Takihyo's group), management policy, business plans, financial planning, capital policy, dividend policy, asset utilization measures, etc. after participating in the management of Takihyo and Takihyo's group;

(v) The treatment policy with regard to Takihyo's employees and interested parties, such as customers, after completion of the large-scale purchase action;

(vi) Specific reasons for when or if some Large-Scale Purchase Information cannot be provided.

Furthermore, Takihyo's Board of Directors will provide the Independent Committee with all information provided by the large-scale purchaser. While Large-Scale Purchase Information is limited to the extent necessary for our shareholders to make a judgment and for the Board of Directors to form opinions, in cases where it is deemed that the information that a large-scale purchaser has provided is insufficient on its own, after giving maximum respect to the recommendations of the Independent Committee, we may request the large-scale purchaser to provide additional information, after having decided on a reasonable response period by the end of which necessary and sufficient Large-Scale Purchase Information is prepared.

However, from the viewpoint of avoiding arbitrary operations, such as Takihyo's Board of Directors' extending the information provision period by demanding the provision of information, we have made it impossible to judge that the submission of Large-Scale Purchase Information is not complete on the grounds that submission of some Large-Scale Purchase Information has not been received. In cases where the large-scale purchaser has not provided information with regard to some Large-Scale Purchase Information, such fact and the reasons for it will, along with other Large-Scale Purchase Information, become the subject of disclosure, evaluation, and review as information for our shareholders' making a judgment and for the forming of opinions by Takihyo's Board of Directors.

If it is deemed necessary for our shareholders to make a judgment, both the fact that a large-scale purchase action has been proposed and the Large-Scale Purchase Information will be disclosed, in whole or in part, at the point in time when Takihyo's Board of Directors judges it to be appropriate.

(3) Period for evaluation by the Board of Directors, and disclosure of Large-Scale Purchase Information, etc.

A large-scale purchaser cannot commence a large-scale purchase action until a certain evaluation period by Takihyo's Board of Directors passes.

In other words, depending on how difficult the evaluation, etc. of the large-scale purchase action is, after the large-scale purchaser has completed submission of Large-Scale Purchase Information to Takihyo's Board of Directors, Takihyo's Board of Directors will set 60 days (in the case of a purchase of all of Takihyo's shares, etc. through a tender offer of a consideration in cash (Japanese yen) only or 90 days (in the case of other large-scale purchase actions) as a period for evaluation, review, negotiation, forming of opinions, and drafting of alternative plans by Takihyo's Board of Directors (hereinafter referred to as "the Board of Directors' Evaluation Period").

During the Board of Directors' Evaluation Period, Takihyo's Board of Directors will, after sufficiently evaluating and examining the Large-Scale Purchase Information provided, consult with the Independent Committee on the evaluation of the large-scale purchase, etc., and, after respecting the recommendations of the Independent Committee to the maximum extent possible, summarize its opinions and disclose them to the shareholders.

In addition, if necessary, we may negotiate improvements to the terms and

conditions of the large-scale purchase action with the large-scale purchaser, after giving maximum respect to the recommendations of the Independent Committee, Takihyo's Board of Directors may present alternatives to the shareholders.

(4) Convocation of general meeting of shareholders

As set forth in (3) (4) below, if Takihyo's Board of Directors deems it necessary to confirm the intentions of shareholders with regard to invoking countermeasures against a large-scale purchase action, or if the Independent Committee voluntarily makes a recommendation to that effect, then in accordance with the outline below, Takihyo's Board of Directors may convene a general meeting of shareholders (hereinafter referred to as "the General Meeting of Shareholders with

Regard to This Matter") after giving maximum respect to the recommendations of the Independent Committee.

The General Meeting of Shareholders with Regard to This Matter will be held within 60 days after the end of the Board of Directors' Evaluation Period, but if, for unavoidable reasons related to administrative procedures, the meeting cannot be held within the period concerned, then it will be held on the earliest day that it is possible with regard to administrative procedures.

If it is decided to convene the General Meeting of Shareholders with Regard to This Matter, the large-scale purchaser cannot initiate the large-scale purchase action until the General Meeting of Shareholders with Regard to This Matter ends.

(i) After the decision to convene the General Meeting of Shareholders with Regard to This Matter, Takihyo's Board of Directors will promptly set a base date (hereinafter referred to as "the Base Date for This Matter") in order to finalize which shareholders will be able to exercise their voting rights at the General Meeting of Shareholders

with Regard to This Matter, and will issue a public notice In accordance with the methods stipulated by Takihyo's articles of incorporation, by two weeks before the Base Date for This Matter.

- (ii) The shareholders entitled to exercise their voting rights at the General Meeting of Shareholders with Regard to This Matter will be those who are recorded in the final register of shareholders on the Base Date for This Matter.
- (iii) Resolutions of the General Meeting of Shareholders with Regard to This Matter shall be made by a majority vote of the shareholders present who are entitled to exercise their voting rights.
- (iv) If any important changes, etc. arise with regard to the information, etc. for the shareholders to use to make judgments at the General Meeting of Shareholders with Regard to This Matter, then Takihyo's Board of Directors may change the Base Date for This Matter, or postpone or cancel the General Meeting of Shareholders with Regard to This Matter, even after it has set the base date for the General Meeting of Shareholders with Regard to This Matter.

Also, Takihyo's Board of Directors will promptly disclose the decision to hold the General Meeting of Shareholders with Regard to This Matter and the content of the resolutions of the General Meeting of Shareholders with Regard to This Matter.

(3) Response in the event that a large-scale purchase action has been carried out

(1) Cases where the large-scale purchaser observes the rules for large-scale purchases

If the large-scale purchaser observes the rules for large-scale purchase actions, then in principle, we will not block the large-scale purchase action.

However, even in cases where the rules for large-scale purchases are observed, if, for example, it is deemed with regard to the large-scale purchase action that conduct given in the following (i) to (v) is being engaged in intentionally, and that, as a result, the large-scale purchase concerned would significantly impair Takihyo's enterprise value and in turn the common interests of the shareholders, for example by causing damage to Takihyo that would be difficult to recover from, then pursuant to the Board of Directors' obligations with regard to due diligence, the countermeasures set forth in (3) below may be invoked as an exception.

- (i) Conduct involving buying up shares, etc. and requesting that Takihyo purchase those shares, etc. at a high price;
- (ii) Conduct involving conducting management that will achieve the interests of the purchaser at the cost of Takihyo, such as controlling management temporarily and acquiring important assets at a low price;
- (iii) Conduct involving diverting Takihyo's assets as collateral for debts or repayment funds for the purchaser, etc. or for the group companies, etc. of same
- (iv) Conduct involving selling at the highest price while aiming for opportunities of temporary high dividends and soaring stock prices, by controlling management temporarily and disposing of expensive assets;

(v) Conduct involving purchases, etc. that are likely to effectively force shareholders to sell shares, etc., such as coercive two-tier purchases.

However, with regard to the large-scale purchase concerned, even in the event that the large-scale purchaser has an intention set forth in (i) to (v) above, the above-mentioned exceptional measures will be invoked only if it is deemed that the large-scale purchase concerned would significantly impair Takihyo's enterprise value and in turn the common interests of the shareholders, for example by causing damage to Takihyo that would be difficult to recover from, and the above exceptional measures will not be invoked only on the grounds that the intentions of the large-scale purchaser concerned formally come under them.

(2) Cases where the large-scale purchaser does not observe the rules for large-scale purchases

If the large-scale purchaser does not observe the rules for large-scale purchases, for example by not submitting a Letter of Intent or Large-Scale Purchase Information, then in some cases, Takihyo's Board of Directors may take the countermeasures set forth in (3) below and oppose the large-scale purchase action in order to protect Takihyo's enterprise value and in turn protect the common interests of the shareholders.

However, in judging whether or not a large-scale purchaser has observed the rules for large-scale purchases, we will also thoroughly take into account the situation on the large-scale purchaser's side to a reasonable extent (for example, recognizing that there are cases where the large-scale purchaser may not necessarily have detailed information with regard to Takihyo, or matters with regard to which we cannot expect information to be voluntarily disclosed owing to the purchasing strategy of the large-scale purchaser), and at the least, we will not deem it to be non-observance of the rules for large-scale purchases only because some Large-Scale Purchase Information has not been submitted by the large-scale purchaser.

(3) Content of countermeasures

With regard to specific countermeasures, we will select the most appropriate countermeasures from among the countermeasures that are recognized by the laws and regulations and by the articles of incorporation, for example, allotment of share options without contribution.

While an overview of the case of allotment of share options without contribution is given in Document 4, there will be cases where a condition will be added that the exercising of share options will not be permitted to persons belonging to a specific group of shareholders that holds a certain percentage or more of the ratio of voting rights, or where acquisition clauses are added to the effect that Takihyo may acquire share options from a holder of share options in exchange for the issuing of Takihyo's shares.

(4) Procedures for invoking countermeasures

Takihyo's Board of Directors will consult with the Independent Committee in accordance with (1) to (3) above, and will then decide whether to invoke countermeasures and, if so,

the details of such measures after giving maximum respect to the recommendations of the Independent Committee. However, if Takihyo's Board of Directors still deems it necessary to confirm the intentions of shareholders with regard to invoking countermeasures, or if the Independent Committee voluntarily makes a recommendation to that effect, Takihyo's Board of Directors may convene a general meeting of shareholders, after giving maximum respect to the recommendations of the Independent Committee.

If it has been decided that countermeasures will be invoked, then in accordance with the laws and regulations and, for example, the listing rules of the financial instruments exchange where Takihyo is listed, we will disclose the decision concerned in a timely and appropriate manner including the details of the recommendation of the Independent Committee and our stance on the invocation of the countermeasures.

(5) With regard to the stopping of the invocation of countermeasures, etc.

If, after deciding to take a countermeasure, Takihyo's Board of Directors determines that it is no longer appropriate to take the countermeasure, for example because the large-scale purchaser concerned has withdrawn or made changes to the large-scale purchase action, then Takihyo's Board of Directors may in some cases stop or make changes to the invocation of countermeasures, after giving maximum respect to the recommendations of the Independent Committee.

For example, in cases where allotment of share options without contribution is to be carried out as a countermeasure, if, after the shareholders who should receive an allotment of rights have been finalized, Takihyo's Board of Directors judges that the invocation of countermeasures has become inappropriate (for example because the large-scale purchaser concerned has withdrawn or made changes to the large-scale purchase action), then if it is during the period up to the effective date for the allotment of share options without contribution concerned, the allotment of share options without contribution will be canceled, and if it is after the allotment of share options without contribution, then until the start of the exercise period, Takihyo can stop the invocation of countermeasures by acquiring the share options concerned free of charge.

In cases where the invocation of countermeasures is stopped like this, we will promptly disclose information.

5. Impact on shareholders and investors

(1) The impact of the rules for large-scale purchases on shareholders and investors

The rules for large-scale purchases stipulate the rules that a large-scale purchaser should comply with when carrying out a large-scale purchase action, and do not directly affect the legal rights and economic interests of our shareholders with regard to Takihyo's shares.

Furthermore, the rules for large-scale purchases provide Takihyo's shareholders with all the necessary information, opinions and alternative proposals from Takihyo's Board of Directors,

in order for them to judge whether or not they should accept the large-scale purchase. As a result of this, on the basis of sufficient information, we think that the shareholders will be able to make appropriate judgments about whether or not they should accept the large-scale purchase, and that this will help protect Takihyo's enterprise value and in turn the common interests of the shareholders.

(2) The impact on shareholders and investors when countermeasures are invoked

If a large-scale purchaser does not observe the rules for large-scale purchases, etc., then in some cases, Takihyo's Board of Directors will take countermeasures in order to protect Takihyo's enterprise value and in turn the common interests of the shareholders. However, we do not anticipate that there will be any situations in which shareholders, other than those belonging to the specific group of shareholders including the large-scale purchaser, will suffer exceptional losses in terms of their legal rights or of an economic nature in connection with the structure of the countermeasures concerned.

For example, in cases where allotment of share options without contribution is to be carried out as a countermeasure, the share options without contribution will be allotted to shareholders at a rate of one share option for each share held.

Then, if Takihyo has decided to complete the procedures for acquiring the share options concerned, the shareholders, other than those belonging to the specific group of shareholders including the large-scale purchaser, will receive Takihyo's shares free of charge as consideration for acquisition by Takihyo of the share options concerned.

(3) With regard to the stopping of the invocation of countermeasures, etc.

If, after the shareholders who should receive an allotment of rights have been finalized (after the ex-rights date), Takihyo's Board of Directors cancels the issue of the share options concerned or acquires the issued share options free of charge, no dilution of the value per share will occur, so it is possible that shareholders or investors who have engaged in purchase, sale, etc. on the assumption that dilution of the value of Takihyo's shares will occur will suffer unexpected losses as a result of fluctuations in share prices.

(4) Necessary procedures for shareholders to accompany the invocation of countermeasures

In cases where allotment of share options without contribution is carried out as a countermeasure, in order for shareholders to receive this allotment, they need to be recorded in the final register of shareholders on the allotment date for the share options, which will be determined and publicly announced by Takihyo's Board of Directors.

Share options will be allotted to shareholders who are recorded in the final register of shareholders on the allotment date for the share options, on the effective date of the allotment of share options without contribution concerned and without any need to apply.

Furthermore, if Takihyo has completed the procedures for acquiring the share options, the shareholders, other than those belonging to the specific group of shareholders including the large-scale purchaser, will receive Takihyo's shares as consideration for Takihyo's acquisition of share options, without any need to apply or make a monetary payment.

When the allotment of share options without contribution is actually going to be carried out,

the details of these procedures will be disclosed in a timely and appropriate manner in accordance with the laws and regulations and, for example, the listing rules of the financial instruments exchange where Takihyo is listed.

6. Period of validity of, abolition of, and changes, etc. to the Response Policy

The period of validity of the Response Policy will be until the end of the Annual General Meeting of Shareholders that is scheduled to be held in May 2027.

However, the Response Policy will be reviewed when appropriate on the basis of the situation regarding the development of related laws and regulations, etc., and from the viewpoint of protecting enterprise value and the common interests of the shareholders, and in some cases, Takihyo may as necessary abolish or change the Response Policy by means of a resolution by the Board of Directors or by a general meeting of shareholders.

In the event that the Response Policy has been abolished or changed, we will disclose information regarding the fact of the abolition or changes concerned, the content of the changes, and any other matters that Takihyo's Board of Directors deems to be appropriate, in accordance with the laws and regulations, etc.

Also, after the period of validity of the Response Policy has passed, the continuation of the Response Policy shall be subject to approval at the Annual General Meeting of Shareholders (including the continuation with partial changes).

7. Validity of the Response Policy

(1) The Response Policy shall be in accordance with the basic policy regarding company control

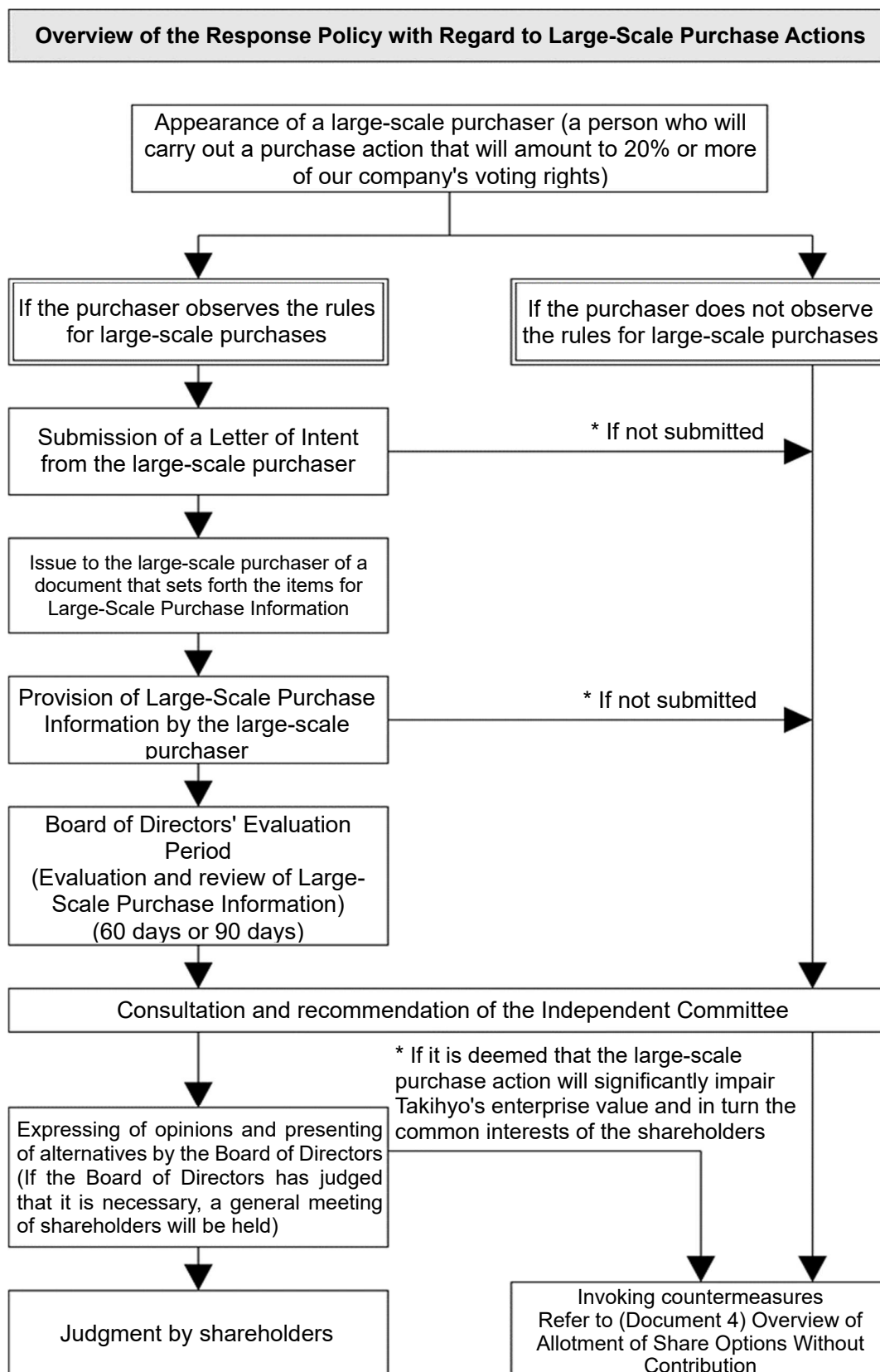
In cases where a large-scale purchase, etc. of Takihyo's shares, etc. will be carried out, in order for the shareholders to be able to judge appropriately whether or not we should accept it, the Response Policy establishes rules pertaining to large-scale purchases for the purpose of securing opportunities to collect information regarding such purchase, etc. and to present the opinions of Takihyo's Board of Directors and alternatives, and stipulates asking persons who are going to carry out a large-scale purchase action to comply with the rules for large-scale purchases. In the event that the large-scale purchaser concerned does not comply with the rules for large-scale purchases, and in cases where, even if the rules for large-scale purchases are complied with, and it is deemed that the large-scale purchase action concerned would significantly impair Takihyo's enterprise value and in turn the common interests of the shareholders, for example by causing damage that would be difficult to recover from, the content of the Response Policy is such that certain countermeasures will be taken by Takihyo's Board of Directors, after giving maximum respect to the recommendations of the Independent Committee, which consists of three or more Outside Directors who are independent executives of Takihyo. We think that a Response Policy such as this is in accordance with the basic policy regarding company control.

(2) The Response Policy shall not impair the common interests of the shareholders, and shall not be for the purpose of maintaining the position of company officers

Takihyo thinks that the Response Policy will not impair the common interests of the shareholders, and is not for the purpose of maintaining the position of Takihyo's officers, for the following reasons.

- (1) The content of the Response Policy is in line with the purpose of the recommendations in "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group on June 30, 2008, and the intent of the "Guidelines for Corporate Takeovers" published by the Ministry of Economy, Trade and Industry on August 31, 2023.
- (2) The Response Policy is introduced for the purpose of protecting Takihyo's enterprise value and in turn the common interest of the shareholders, by securing opportunities to provide Takihyo's shareholders with all necessary information in order for them to judge whether or not they should accept a large-scale purchase action, and with opinions from Takihyo's Board of Directors, who are actually responsible for managing Takihyo, and also opportunities for the shareholders to be presented with alternative proposals, so that, on the basis of sufficient information, they will be able to judge whether or not they should accept a large-scale purchase action.
- (3) The period of validity of the Response Policy shall be until the conclusion of the Annual General Meeting of Shareholders pertaining to the last business year among the business years that end within three (3) years from the conclusion of the Annual General Meeting of Shareholders in which the approval for continuation was obtained. The Response Policy may also be abolished even before the expiration of the period of validity, by means of a resolution by a general meeting of shareholders or the Board of Directors. With regard to the requirements for removal of directors in a general meeting of shareholders, Takihyo does not impose any stricter requirements than those for an ordinary resolution.
- (4) For the judgment on the invocation of countermeasures stipulated in the Response Policy, Takihyo's Board of Directors must place the utmost value on recommendations of the Independent Committee, which consists of three or more Outside Directors who are independent executives of Takihyo. Furthermore, we shall disclose to the shareholders information regarding such recommendations and an overview of the judgment made by Takihyo's Board of Directors, and ensure a structure that enables transparent operation of the Response Policy.
- (5) In addition to the above, the Response Policy is devised in such a way that the countermeasures will not be invoked unless reasonable and objective requirements are satisfied, in order to prevent arbitrary invocation of countermeasures by Takihyo's Board of Directors.

<Overview of the Response Policy>



Situation with Regard to Takihyo's Shareholders (as of February 29, 2024)

- (1) Total number of authorized shares Common shares 24,000,000 shares
- (2) Total number of issued shares 9,101,068 shares (excluding 198,932 treasury shares)
- (3) Number of shareholders 6,596
- (4) Major shareholders

Name of shareholder	Investment situation with regard to Takihyo	
	Number of shares held	Shareholding ratio
	1,000 shares	%
Kyokuyo Holdings Co., Ltd.	2,400	26.37
Kyokuyokosan Co., Ltd.	420	4.62
MUFG Bank, Ltd.	258	2.83
The Dai-ichi Life Insurance Company, Limited	240	2.63
Shigeo Taki	223	2.45
Takihyo Client Stock Ownership	216	2.37
The Master Trust Bank of Japan, Ltd (Trust account)	211	2.32
Nippon Life Insurance Company	164	1.81
Sumitomo Mitsui Trust Bank, Limited	120	1.31
Kazuo Taki	115	1.26

- (Note) 1. Takihyo holds 198,000 treasury shares, but is not included in the above top 10 shareholders.
 2. The shareholding ratios have been calculated excluding treasury shares, and rounded down to the nearest display unit.

Overview of the Independent Committee

1. Purpose of establishment

- The Independent Committee shall be established as an advisory body to Takihyo's Board of Directors for the purpose of ensuring objectivity and rationality of decisions made by the Board of Directors regarding the invocation of countermeasures against large-scale purchases.

2. Composition

- At least three members of the Independent Committee shall be appointed by a resolution of Takihyo's Board of Directors from among Outside Directors who are independent executives.

3. Term of office

- The term of office of members of the Independent Committee shall be from the time of their election to the expiration date of the Response Policy. However, this shall not apply if otherwise determined by a resolution of Takihyo's Board of Directors. In addition, in the event that a member of the Independent Committee who was an independent executive became no longer an Outside Director who is an independent executive (however, except in cases of reappointment), their term of office as a member of the Independent Committee shall also end at the same time.

4. Convocation procedure

- The Independent Committee may be convened by each member of the Independent Committee.

5. Chairperson

- The chairperson of the Independent Committee shall be selected by mutual vote of the members of the Independent Committee.

6. Method of resolution

- Resolutions of the Independent Committee shall be adopted by a majority of the votes of all members of the Independent Committee present. However, if any of the Independent Committee members is involved in an accident, the resolution shall be adopted by a majority vote of all other members (limited to cases where the number is a majority of the total number of Independent Committee members) of the Independent Committee present.

7. Authority matters, etc.

- The Independent Committee shall deliberate on the matters listed in the following items and make recommendations to the Board of Directors, along with the reasons therefor.
 - (1) Whether or not to take countermeasures against the large-scale purchase, and, if so, whether the contents of the countermeasure are appropriate;
 - (2) Whether or not to stop or make changes to the invocation of countermeasures against the

large-scale purchase;

(3) Whether it is necessary to confirm the intentions of shareholders regarding whether or not to take countermeasures against the large-scale purchase;

(4) Matters for which the recommendation of the Independent Committee is anticipated in the Response Policy;

(5) In addition to the matters listed in the preceding items, matters for which the Board of Directors consults with the Independent Committee in relation to the Response Policy.

- Each Independent Committee member is required to conduct deliberations and resolutions of the Independent Committee with the care of a good manager from the perspective of whether or not they contribute exclusively to the corporate value and the common interests of shareholders, and shall not aim at making personal profit for themselves or for the management team.

8. Attendance at committee meetings

- The Independent Committee may, as necessary, have a director or employee of Takihyo or any other person deemed necessary, attend meetings and request opinions or explanations concerning matters requested by the Independent Committee.

9. External expert advice

- In performing its duties, the Independent Committee may, at Takihyo's expense, obtain advice from external experts (financial advisors, chartered accountants, lawyers, etc.) who are independent of our management team that conducts the business.

Overview of Allotment of Share Options Without Contribution

- 1 Shareholders who will be targeted for allotment of share options, and issue terms and conditions
Share options will be allotted to the shareholders who are recorded in the final register of shareholders on the allotment date that will be determined by Takihyo's Board of Directors, at a rate of one share option per share for each of Takihyo's common shares that they hold (however, this will exclude Takihyo's common shares that Takihyo holds), without their making any new payments.
- 2 Type and number of shares that will be targeted by the share options
Takihyo's common shares will be the type of the shares targeted by the share options, and the upper limit for the total number of target shares for the share options will be the number of shares that is obtained by subtracting the total number of issued shares of Takihyo's common shares (excluding Takihyo's common shares that Takihyo holds) from the total number of Takihyo's authorized shares on the date that Takihyo's Board of Directors determines as the base date. The number of target shares per share option will be one share. However, if Takihyo carries out a splitting or consolidation of shares, the necessary adjustments will be made.
- 3 Total number of share options issued
The total number of share options issued will be a number that Takihyo's Board of Directors will determine separately. Takihyo's Board of Directors may allot share options in batches.
- 4 Value of the property that will be contributed on the exercise of each share option (amount to be paid)
The value of the property that will be contributed on the exercise of each share option (the amount to be paid) will be an amount that Takihyo's Board of Directors will determine, and will be 1 yen or more.
- 5 Restriction on transfer of share options
The approval of Takihyo's Board of Directors will be required with regard to the acquisition of the share options concerned through transfer of share options.
- 6 Exercise terms and conditions for share options
The conditions for exercising the right shall be stipulated, such as not being a member of the specific group of shareholders including the large-scale purchaser (however, this excludes persons with prior consent of the Board of Directors). Takihyo's Board of Directors will determine the details separately.
- 7 The exercise period for share options, etc.
The date on which the allotment of share options comes into effect, the exercise period, acquisition clauses, and other necessary matters will be determined separately by Takihyo's Board of Directors. Furthermore, with regard to acquisition clauses, a clause may be stipulated to the effect that Takihyo can acquire share options that are held by persons other than those who are not allowed to exercise share options because of the exercise terms and conditions as set forth in 6. above, and that per one share option, it can issue a number of Takihyo's common shares that Takihyo's Board of Directors will determine separately.