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Securities code: 9982
May 8, 2024

To Shareholders with Voting Rights:

Kazuo Taki
Representative Director,
Chief Executive Officer
Takihyo Co., Ltd.
6-1 Ushijima-cho, Nishi-ku,
Nagoya

**NOTICE OF
THE 113th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

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

We hereby inform you that the 113th Annual General Meeting of Shareholders of Takihyo Co., Ltd. (the “Company”) will be held as described below. Your attendance would be greatly appreciated.

In convening this General Meeting of Shareholders, the Company has taken measures for electronic provision and posts the matters subject to electronic provision on the following website as “Notice of the 113th Annual General Meeting of Shareholders.”

The Company’s website

https://www.takihyo.co.jp/ir/general_meeting/

The matters subject to electronic provision are also posted on the following website.

Tokyo Stock Exchange website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

(Please access the abovementioned TSE website, enter and search for either “Takihyo” in the “Issue name (company name)” or the Company’s securities code “9982” in the “Code,” and then select “Basic information,” followed by “Documents for public inspection/PR information” in order to view the “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” in the “Filed information available for public inspection.”)

If you are unable to attend the meeting in person, you can exercise your voting rights in writing or by electronic means (Internet, etc.). Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by following the Instructions for the Exercise of Voting Rights attached to this document, no later than 6:00 p.m. on Tuesday, May 28, 2024, Japan time.

- 1. Date and Time:** Wednesday, May 29, 2024 at 10:00 a.m. Japan time
- 2. Venue:** Conference Room at the TKP GARDEN CITY PREMIUM NAGOYA LUCENT TOWER
the 16th floor of NAGOYA LUCENT TOWER
6-1 Ushijima-cho, Nishi-ku, Nagoya
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report and Non-consolidated Financial Statements for the Company's 113th Fiscal Term (March 1, 2023 - February 29, 2024)
 2. Consolidated Financial Statements for the Company's 113th Fiscal Term (March 1, 2023 - February 29, 2024) and results of audits by the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 6 Directors (excluding Members of the Audit and Supervisory Committee)
- Proposal 3:** Election of 3 Directors serving as Members of the Audit and Supervisory Committee
- Proposal 4:** Partial Revision and Continuation of the Response Policy for Large-Scale Purchases of the Company's Shares, etc. (Takeover Response Policy)

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk of the meeting place. Additionally, please bring this Notice of Convocation with you in order to conserve resources.

If you exercise your voting rights both by submitting the Voting Rights Exercise Form and via the Internet, the vote exercised via the Internet will be deemed valid.

If you exercise your voting rights multiple times via the Internet, your last vote exercised will be deemed valid.

In the event that there is no indication of approval or disapproval for a particular proposal on the Voting Rights Exercise Form, it will be deemed as a vote of approval for the proposal.

Any revisions to the matters subject to electronic provision will be posted on each of the designated websites.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company believes that to establish a long-term business foundation, as well as working to strengthen its financial structure, returning profits to shareholders is one of the major management issues in terms of dividends. Furthermore, the Company makes it a basic policy to provide dividends that take into consideration the enhancement of internal reserves, among other factors, while continuing active and stable dividend payments.

Year-end cash dividend

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property and its total amount
¥15 per share of the Company's common stock
Total of ¥136,516,020
- (3) Effective date of the dividends of surplus
May 30, 2024

Proposal 2: Election of 6 Directors (excluding Members of the Audit and Supervisory Committee)

The terms of office of all 6 Directors (excluding Members of the Audit and Supervisory Committee) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 6 Directors (excluding Members of the Audit and Supervisory Committee) is proposed.

The candidates for Director (excluding Members of the Audit and Supervisory Committee) are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Kazuo Taki (January 27, 1960)	<p>March 1990 Joined the Company</p> <p>March 2003 Executive Officer, Deputy General Manager of Textile Business Division, General Manager of Textile II Department, General Manager of Planning and Development Office</p> <p>May 2004 Director, General Manager of Textile Business Division, General Manager of Planning and Development Office</p> <p>March 2008 Managing Director, General Manager of Textile Business Division</p> <p>March 2010 Managing Director, Deputy General Manager of Sales</p> <p>March 2011 President</p> <p>May 2016 Representative Director, Chief Executive Officer</p> <p>September 2019 Representative Director, Chief Executive Officer, General Manager of Sales Division</p> <p>January 2021 Representative Director, Chief Executive Officer (to present)</p>	115,260
2	Atsushi Muto (February 23, 1956)	<p>April 2006 Joined the Company, Executive Officer, In charge of special mission and Staff Division</p> <p>May 2006 Director, In charge of special mission and Staff Division</p> <p>March 2009 Managing Director, In charge of special mission and Staff Division</p> <p>March 2015 Senior Managing Director, General Manager of Staff Division</p> <p>May 2016 Director, Senior Managing Executive Officer, General Manager of Staff Division</p> <p>March 2022 Director, Chief Senior Managing Executive Officer, Assistant to the President, In charge of staff</p> <p>March 2023 Director, Senior Managing Executive Officer, Assistant to the President, In charge of staff (to present)</p>	13,200
3	Hidenori Itakura (February 15, 1971)	<p>April 1994 Joined the Company</p> <p>March 2013 General Manager of Women's Clothing II Department of Apparel Business Division</p> <p>March 2014 General Manager of Men's Clothing Department of Apparel Sales Division</p> <p>January 2021 Executive Officer, Deputy Manager of Apparel Group, Leader of Woven Fabric and Bottoms Section</p> <p>May 2022 Director, Executive Officer, Manager of Garment Group I</p> <p>March 2023 Director, Managing Executive Officer, Manager of Garment Group I</p> <p>September 2023 Director, Managing Executive Officer, Manager of Garment Group (to present)</p>	1,200
4	Tabito Tsuchiya (August 30, 1979)	<p>April 2002 Joined the Company</p> <p>March 2019 General Manager of Trade Department of Global Textile Sales Department</p> <p>January 2021 Manager of Global Trade Group</p> <p>February 2022 Manager of Global Trade Group, Manager of Melangetop Group</p> <p>March 2022 Executive Officer, Assistant to C.E.O., Manager of Global Trade Group and Manager of Melangetop Group</p> <p>May 2023 Director, Executive Officer, Manager of Global Trade Group, Manager of Melangetop Group</p> <p>September 2023 Director, Executive Officer, Manager of Global Brand Group (to present)</p>	1,000

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
5	Takeshi Ogasawara (August 1, 1953)	<p>April 1977 Joined The Tokai Bank, Ltd.</p> <p>May 2004 Executive Officer of UFJ Bank Limited</p> <p>June 2004 Director and Executive Officer of UFJ Bank Limited</p> <p>January 2006 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2007 Managing Executive Officer</p> <p>June 2008 Managing Director</p> <p>May 2011 Senior Managing Director</p> <p>June 2012 Representative Director and Deputy President</p> <p>June 2016 Standing Corporate Adviser</p> <p>June 2017 Representative Director and Chairman of MISONOZA Inc. (to present)</p> <p>June 2018 Executive Adviser of MUFG Bank, Ltd. (to present)</p> <p>May 2020 Outside Director of the Company (to present)</p> <p>June 2021 Outside Director (Audit and Supervisory Committee Member) of SUZUKEN CO., LTD. (to present)</p> <p>August 2022 Outside Director, WOOD FRIENDS Co., Ltd. (to present)</p>	300
6 *	Yasuyo Kaneko (July 17, 1959)	<p>April 1980 Joined Akiyama Inc. (currently SUZUKEN CO., LTD.)</p> <p>April 1984 Joined C'BON COSMETICS Sogo Honpo (currently C'BON COSMETICS Co., Ltd.)</p> <p>June 2000 Director, General Manager of Administration Division</p> <p>June 2002 Senior Managing Director responsible for Sales Department</p> <p>September 2004 Director, Executive Vice President responsible for Sales and Administration</p> <p>December 2005 President and Representative Director</p> <p>June 2019 Retired as President and Representative Director</p> <p>July 2019 President and Representative Director of ZERO INC.</p> <p>October 2020 Retired as President and Representative Director</p> <p>October 2021 Executive Vice President of PC DEPOT Corporation</p> <p>June 2022 Director, Executive Vice President</p> <p>June 2023 Retired as Director, Executive Vice President</p>	—

- (Notes)
1. There is no special interest between each candidate and the Company.
 2. The candidate marked with an asterisk (*) is a new candidate for Director.
 3. The reasons for selecting each candidate as a candidate for Director are as follows:
 - (1) Mr. Kazuo Taki is a nominated as a candidate for Director because he is well experienced in all aspects of the Company's business, including the textile business, and has demonstrated excellent management skills and leadership since his appointment as Representative Director and Chief Executive Officer of the Company in March 2011.
 - (2) Mr. Atsushi Muto is nominated as a candidate for Director because of his extensive experience and achievements in corporate finance, as well as his commitment to the transformation of the Company in the area of sales and governance.
 - (3) Mr. Hidenori Itakura is nominated as a candidate for Director because he will bring his extensive knowledge of apparel in general and his experience as a sales manager to the Company's management.
 - (4) Mr. Tabito Tsuchiya is nominated as a candidate for Director because he will bring his extensive knowledge of apparel in general and his experience as a sales manager to the Company's management.
 - (5) Mr. Takeshi Ogasawara is nominated as a candidate for Outside Director so that he can utilize his broad insight and extensive management experience as a manager of a financial institution in the management of the Company. The Company expects that he will continue to make efforts to improve the supervisory function of management from an independent standpoint after his election.
 - (6) Ms. Yasuyo Kaneko is nominated as a candidate for Outside Director so that she can utilize her broad insight and extensive management experience as a manager of a business company in the management of the Company. The Company expects that she will make efforts to improve the supervisory function of management from an independent standpoint after her election.
 4. Mr. Takeshi Ogasawara and Ms. Yasuyo Kaneko are candidates for Outside Director. Matters concerning the candidates for Outside Director are as follows:
 - (1) The Company selects candidates for independent directors in accordance with the independence standards established by the Tokyo Stock Exchange.
 - (2) The Company has registered Mr. Takeshi Ogasawara with the Tokyo Stock Exchange and Nagoya Stock Exchange as an independent director. If his reelection is approved, the Company will maintain the registration of an independent

director.

If Ms. Yasuyo Kaneko is elected, the Company will register her as an independent director with the Tokyo Stock Exchange and Nagoya Stock Exchange in the same manner.

- (3) At the conclusion of this General Meeting of Shareholders, Mr. Takeshi Ogasawara will have served as an Outside Director of the Company for four years.
 - (4) The Company has entered into a liability limitation agreement with Mr. Takeshi Ogasawara whereby, with respect to his responsibilities stipulated in Article 423, Paragraph 1 of the Companies Act, he shall be liable for compensation up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act, on condition that he has performed his duties in good faith and without gross negligence. If his reelection is approved, the Company will maintain the agreements with him.

If Ms. Yasuyo Kaneko is elected, the Company will enter into a liability limitation agreement with her in the same manner.
 - (5) For the past ten years, Mr. Takeshi Ogasawara has served as a business executor of MUFG Bank, Ltd., with which the Company has a specified business relationship (major client). His positions and responsibilities at MUFG Bank, Ltd. over the past ten years are stated under “Past experience, positions and responsibilities at the Company, and significant concurrent positions.” Mr. Ogasawara is not currently a business executor of the Bank.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company, whereby any damage that may arise when the insured directors and officers assume liability for the execution of their duties or receive a claim related to the pursuit of such liability shall be covered. Each of the candidates will be the insured under said insurance contract.
 6. In light of the Company’s corporate philosophy, management strategy, and other similar matters, the Audit and Supervisory Committee has reviewed the balance of knowledge, experience, and ability of the Board of Directors to effectively fulfill its roles and responsibilities as well as the number of Directors, and has determined that all of the candidates determined by the Board of Directors based on the recommendation of the Nomination Advisory Committee are qualified for the position.

Proposal 3: Election of 3 Directors serving as Members of the Audit and Supervisory Committee

The term of office of all 3 Directors serving as Members of the Audit and Supervisory Committee will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 3 Directors serving as Members of the Audit and Supervisory Committee is proposed.

The Company has obtained the prior consent of the Audit and Supervisory Committee for the submission of this proposal.

The candidates for Directors serving as Members of the Audit and Supervisory Committee are as follows:

No.	Name (Date of birth)	Past experience, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Takuzo Niwa (October 23, 1964)	April 1989 Joined the Company March 2012 General Manager of Accounting Section March 2013 General Manager of Audit Section May 2015 Full-time Auditor May 2020 Director serving as Member of the Audit and Supervisory Committee (to present)	7,800
2	Naohisa Washino (August 25, 1959)	April 1984 Joined TAISEI CORPORATION October 1991 Joined Nagoya Office of Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) June 1998 Representative Director of Washino Management Service Ltd. (to present) January 2001 Representative of Washino CPA Office (to present) May 2009 Outside Auditor of the Company January 2019 Representative Partner of Washino Tax Accountancy Company May 2020 Outside Director serving as Member of the Audit and Supervisory Committee of the Company (to present) July 2020 Partner of Washino Tax Accountancy Company (to present)	9,700
3 *	Miyuki Ebisawa (August 12, 1975)	April 1998 Joined Ministry of Home Affairs (currently Ministry of Internal Affairs and Communications) October 1999 Joined TAKARAJIMASHA, Inc. January 2017 Registered as Attorney August 2019 Joined Mimura Komatsu & Tamai Law Firm (to present) May 2022 Outside Director of Takashimaya Company, Limited (to present)	—

- (Notes)
1. There is no special interest between each candidate and the Company.
 2. The candidate marked with an asterisk (*) is a new candidate for Director serving as Member of the Audit and Supervisory Committee.
 3. The reasons for selecting each candidate as a candidate for Director serving as Member of the Audit and Supervisory Committee are as follows:
 - (1) Mr. Takuzo Niwa is nominated as a candidate for Director serving as Member of the Audit and Supervisory Committee because his experience as the person in charge of accounting, finance and internal audit of the Company and his performance as a statutory auditor will be utilized in the Company's audit system.
 - (2) Mr. Naohisa Washino is nominated as a candidate for Outside Director serving as Member of the Audit and Supervisory Committee because he has broad insight and extensive practical experience, including in his professional field as a certified public accountant, and he is expected to strengthen the governance system and improve supervisory functions of management.
 - (3) Ms. Miyuki Ebisawa is nominated as a candidate for Outside Director serving as Member of the Audit and Supervisory Committee because she has extensive knowledge as a lawyer, particularly in legal issues in the fashion industry, and she is expected to strengthen the governance system and improve supervisory functions of management. Although she has not been directly involved in corporate management in the past, for the reasons stated above, the Company believes that she will be able to appropriately perform her duties as Outside Director.
 4. Mr. Naohisa Washino and Ms. Miyuki Ebisawa are candidates for Outside Director serving as Member of the Audit and Supervisory Committee. Matters concerning the candidates for Outside Director serving as Member of the Audit and Supervisory Committee are as follows:
 - (1) The Company has registered Mr. Naohisa Washino with the Tokyo Stock Exchange and Nagoya Stock Exchange as an independent director. If his reelection is approved, the Company will maintain the registration of an independent director.
The Company also plans to register Ms. Miyuki Ebisawa as an independent director with the Tokyo Stock Exchange and Nagoya Stock Exchange.

- (2) At the conclusion of this General Meeting of Shareholders, Mr. Naohisa Washino will have served as an Outside Director serving as Member of the Audit and Supervisory Committee of the Company for four years.
5. The Company has entered into liability limitation agreements with Mr. Takuzo Niwa and Mr. Naohisa Washino whereby, with respect to their responsibilities stipulated in Article 423, Paragraph 1 of the Companies Act, they shall be liable for compensation up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act, on condition that they have performed their duties in good faith and without gross negligence. If their reelection is approved, the Company will maintain the agreements with them.
- If Ms. Miyuki Ebisawa is elected, the Company plans to enter into a liability limitation agreement with her in the same manner.
6. The Company has entered into a directors and officers liability insurance contract with an insurance company, whereby any damage that may arise when the insured directors and officers assume liability for the execution of their duties or receive a claim related to the pursuit of such liability shall be covered. Each of the candidates will be the insured under the said insurance contract.

(Reference)

Skills Matrix of the Company's Board of Directors (in the case where Proposals 2 and 3 are approved)

	Knowledge and Experience					
	Corporate Management	Legal Affairs and Risk Management	Finance, Accounting, and Taxation	International Business	Sustainability	Sales and Marketing
Kazuo Taki	○	○		○	○	○
Atsushi Muto	○	○	○		○	
Hidenori Itakura				○	○	○
Tabito Tsuchiya				○	○	○
Yasuyo Kaneko	○				○	○
Takeshi Ogasawara	○	○	○	○		
Takuzo Niwa		○	○			
Naohisa Washino		○	○			
Miyuki Ebisawa		○			○	

Proposal 4: Partial Revision and Continuation of the Response Policy for Large-Scale Purchases of the Company's Shares, etc. (Takeover Response Policy)

1. Reason for the proposal

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

The Response Policy for which we have received the approval of our shareholders in this manner will be valid until the end of the Company's 113th Annual General Meeting of Shareholders, which is scheduled to be held on May 29, 2024 (and is hereinafter referred to as the "Annual General Meeting of Shareholders"). Therefore, we have been internally examining what the Response Policy should be, including looking at the pros and cons of its continuation, from the viewpoint of aiming to maximize our enterprise value and the common interests of our shareholders. As a result of this, we have decided in the resolution at the Board of Directors' meeting held on April 15, 2024 to continue the Response Policy with a partial revision, as set forth in 2 and 5 below, on condition that we receive the approval of our shareholders at this Annual General Meeting of Shareholders. This decision was made on the basis of the contents of "Takeover Defense Measures in Light of Recent Environmental Changes" (announced by the Corporate Value Study Group of the Ministry of Economy, Trade and Industry (METI) on June 30, 2008) and "Guidelines for Corporate Takeovers" (announced by METI on August 31, 2023), and, in addition, on the basis of the latest judicial precedents, trends in business practice, discussions, etc. regarding takeover response policies. An overview of the Response Policy is as described in Appendix 1.

The major revisions as mentioned above made in the Response Policy that was decided in the resolution at the Board of Directors' meeting from the content that was approved at the Company's 110th Annual General Meeting of Shareholders held on May 26, 2021 are as follows:

- 1) The definitions of a "large-scale purchase" and "specific group of shareholders" subject to the Response Policy were partially revised.
- 2) The Company's Board of Directors was previously required to take advice from Outside Directors in addition to independent external experts to ensure that its judgments on the invocation of countermeasures and other matters concerning the Response Policy are objective and reasonable. However, to further clarify such a consultative process, the Response Policy now stipulates that an Independent Committee, which comprises at least three Outside Directors who are the Company's independent officers, shall be established as an advisory body to the Company's Board of Directors and that the Company's Board of Directors, when making its judgment, shall assign the utmost value to recommendations of the Independent Committee.

In the resolution made at the Board of Directors' meeting as of April 15, 2024, the partial revision and continuation of the Response Policy was passed and approved by unanimous agreement of all nine Directors including three Members of the Audit and Supervisory Committee (of whom four are Independent Outside Directors).

Given that the partial revision and continuation of the Response Policy is an important issue for our shareholders, this proposal is intended to seek the approval of shareholders for such partial revision and continuation. If the Company fails to obtain approval for this proposal by a majority of voting rights of shareholders present at the Annual General Meeting of Shareholders, the Response Policy will be abolished at that time.

Note that, at present, the Company has not received any approach or proposal concerning a large-scale purchase of the Company's shares, etc.

2. Details of the Response Policy

The details of the Response Policy, whose partial revision and continuation were decided by the resolution at the Board of Directors' meeting as of April 15, 2024, are as follows:

(1) 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 with the intention of acquiring the Company, unless the Company's Board of Directors deems that it would significantly impair the Company's enterprise value and in turn the common interests of the shareholders, for example by causing damage to the Company 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 the Company's shareholders to decide whether we will accept a large-scale purchase of the Company's shares, etc.

However, if there is a sudden large-scale purchase, 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 is appropriate, and consequently, a situation may arise in which the Company's enterprise value, and in turn the common interests of its shareholders, will be significantly damaged.

When a purchase, etc. of the Company's shares, etc. is carried out on a scale that could have an impact on the Company's management, then from the viewpoint of securing and improving the Company'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 the Company'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 the Company's enterprise value and in turn the common interests of its shareholders.

(2) Large-scale purchases subject to the Response Policy

Large-scale purchases subject to the Response Policy refer to (i) purchases with regard to the Company's shares, etc. (Note 1) that aim to make the ratio of voting rights (Note 2) of a specific group of shareholders (Note 3) 20% or more (regardless of specific methods of purchase, such as market transaction or tender offer, with the same to apply to (ii)); (ii) purchases with regard to the Company's shares, etc. as a result of which the ratio of voting rights of a specific group of shareholders will become 20% or more; or (iii) notwithstanding whether or not any of the acts set forth in (i) or (ii) above is conducted, any act conducted by a specific group of shareholders together with the Company's another shareholder (or other shareholders, with the same to apply to the following contents of (iii)) which constitutes an agreement or any other act where another shareholder or other shareholders concerned will become a joint holder or holders of the specific group of shareholders concerned as a result of the act concerned or any act that establishes a relationship (Note 4) between the specific group of shareholders concerned and another shareholders or other shareholders concerned where one of them substantially controls the other(s) or where they act jointly or in cooperation (Note 5) (provided, however, that this is limited to cases where the ratios of shares, etc. issued by the Company and held by the group of specific shareholders concerned and the other shareholder(s) concerned total to 20% or more) (in either case, this excludes purchases to which the Company's Board of Directors has agreed in advance).

Note 1: "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 2: "Ratio of voting rights" refers to:

A If the specific group of shareholders is one set forth in Note 1-A above, the holding ratio of shares, etc. of the holder concerned (meaning holding ratio of shares, etc. as prescribed in Article 27-23 (4) of the above Act, where in this case, the number of shares, etc. held 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-B above, the total ownership ratio of shares, etc. of the person who makes the purchase, etc. concerned and the persons in a special relationship concerned (meaning the ownership ratio of shares, etc. as prescribed in Article 27-2 (8) of the above Act).

In the Response Policy, for the purpose of calculating such holding or ownership ratio of shares,

etc., (a) persons in a special relationship with, or joint holders of, a shareholder(s) of the Company and (b) related parties to the shareholder(s) concerned or the persons described in (a) shall be deemed as joint holders of, or persons in a special relationship with, the shareholder(s) concerned. When calculating each ratio of voting rights, with regard to the number of voting rights (as prescribed in Article 27-2 (8) of the above Act) and the total number of issued shares (as prescribed in Article 27-23 (4) of the above Act), reference can be made to the most recently filed reports among Annual Securities Reports, Semi-annual Securities Reports, Quarterly Reports, and Share Buyback Reports.

Note 3: A “Specific group of shareholders” refers to:

- A A 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 the Company’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 who makes a purchase, etc. (meaning a purchase, etc. as prescribed in Article 27-2 (1) of the above Act, and including a purchase that is conducted in a Financial Instruments Exchange Market) of the Company’s shares, etc. (meaning shares, etc. as prescribed in Article 27-2 (1) of the above Act) and persons in a special relationship with same (meaning persons in a special relationship as prescribed in Article 27-2 (7) of the above Act, with the same to apply hereinafter);
or
- C Related parties to the persons described in A or B above (meaning financial advisors, lawyers, accountants or other advisors who give advice to the persons described in A or B above; persons who are substantially controlled by the persons described in A or B above; or persons who act jointly or in cooperation with the persons describe in A or B above (see Note 4), with the same to apply hereinafter).

Note 4: The judgment on whether or not a relationship between a specific group of shareholders and the other shareholder(s) where one of them substantially controls the other(s) or where they act jointly or in cooperation has been established shall be made by the Company’s Board of Directors on the basis of the formation of a new capital contribution relationship; business alliance relationship; trading or contractual relationship; interlocking directorate relationship; funds provision relationship; credit extension relationship; or substantial interests in the Company’s shares, etc. through derivatives, stock lending, or other transactions; and also on the basis of direct or indirect impacts, etc. they will exert on the Company, with the utmost value assigned to recommendations of the Independent Committee.

Note 5: The judgment on whether or not the act prescribed in (iii) above has been conducted shall be made by the Company’s Board of Directors with the utmost value assigned to recommendations of the Independent Committee. The Company’s Bord of Directors may require the Company’s shareholders to submit information to the extent necessary to judge whether or not the relevant act satisfies the requirements prescribed in (iii) above.

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

The Company thinks that it is important that, through large-scale purchases’ 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 the Company’s Board of Directors and alternatives will be secured, and that this will in turn link to the Company’s enterprise value and the common interests of the shareholders. In these rules for large-scale purchases,

- A A person who has carried out or intends to carry out a large-scale purchase (hereinafter referred to as a “Large-Scale Purchaser”) must provide necessary and sufficient information to the Company’s Board of Directors before the large-scale purchase; and
- B The Large-Scale Purchaser can commence the large-scale purchase only after a certain evaluation period has passed that is necessary for the Company’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 invocation of countermeasures has not been approved at the general meeting of shareholders concerned.)

To ensure that judgments made by the Company’s Board of Directors on the invocation of countermeasures against large-scale purchases and other matters of the Response Policy are objective and reasonable, the Company will establish an Independent Committee as an advisory body to the Company’s Board of Directors. The Independent Committee shall comprise at least three members

who shall be elected from among Outside Directors, who are the Company's independent officers, in order to enable fair and neutral judgment. An overview of the Independent Committee is as described in Appendix 2. The initial members of the Independent Committee to be appointed upon the continuation of the Response Policy will be elected at the Board of Directors' meeting to be held after the conclusion of the Annual General Meeting of Shareholders from among Outside Directors to be elected at this Annual General Meeting of Shareholders.

The specific content of the rules for large-scale purchases is 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, the purchaser must first submit a "Letter of Intent" addressed to the Company. 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, etc., and must state that the purchaser will observe the rules for large-scale purchases.

2) Request for submission of information

Next, in order for the Large-Scale Purchaser to provide information that is necessary and sufficient for the Company's shareholders to make a judgment and for the Company's Board of Directors to form opinions (hereinafter referred to as "Large-Scale Purchase Information"), the Company's Board of Directors will issue a document that sets forth the items of Large-Scale Purchase Information to the Large-Scale Purchaser, within 10 business days starting on the date when the Letter of Intent in 1) above 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 the Company and the Takihyo 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 (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.);
- (iii) 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, 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);
- (iv) The anticipated managerial candidates (including information regarding experience, etc. pertaining to the same kind of business as the business of the Company and the Takihyo Group), management policy, business plans, financial planning, capital policy, dividend policy, asset utilization measures, etc. after participating in the management of the Company and the Takihyo Group;
- (v) The treatment policy with regard to the Company's employees and interested parties, such as customers, after completion of the large-scale purchase; and
- (vi) If some Large-Scale Purchase Information cannot be provided, the specific reasons for that.

Furthermore, the Company's Board of Directors provides all information that a Large-Scale Purchaser has submitted to the Independent Committee. While Large-Scale Purchase Information is limited to the scope that is necessary for our shareholders to make a judgment and for the Board of Directors to form opinions, in cases where the Company's Board of Directors judges that the information that the Large-Scale Purchaser has submitted is insufficient on its own as the Large-Scale Purchase Information, with the utmost value assigned to recommendations of the Independent Committee, we may require the Large-Scale Purchaser to submit information in addition, after having decided on a reasonable response period by the end of which necessary and sufficient Large-Scale Purchase Information is to

be all in order.

However, from the viewpoint of avoiding arbitrary operations, such as the Company'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 submitted 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 the Company's Board of Directors.

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

In other words, depending on how difficult the evaluation, etc. of the large-scale purchase is, after the Large-Scale Purchaser has completed submission of Large-Scale Purchase Information to the Company's Board of Directors, the Company's Board of Directors will set 60 days (in the case of a purchase of all of the Company'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 purchases) as a period for evaluation, review, negotiation, forming of opinions, and drafting of alternative plans by the Company's Board of Directors (hereinafter referred to as the "Board of Directors' Evaluation Period").

During the Board of Directors' Evaluation Period, the Company's Board of Directors will thoroughly evaluate and review the Large-Scale Purchase Information that has been provided, consult with the Independent Committee on the evaluation, etc. of the large-scale purchase, summarize its opinions as the Company's Board of Directors with the utmost value assigned to recommendations of the Independent Committee, and disclose them to the shareholders.

Furthermore, as necessary, we may negotiate improvements to the terms and conditions of the large-scale purchase with the Large-Scale Purchaser, and the Company's Board of Directors may present alternatives to the shareholders, with the utmost value assigned to recommendations of the Independent Committee.

- 4) Convocation of a general meeting of shareholders

As set forth in (4)-4) below, if the Company's Board of Directors judges that it is necessary to confirm the intentions of shareholders with regard to the invocation of countermeasures against a large-scale purchase, or if the Independent Committee voluntarily recommends that the Board of Directors should do so, then in accordance with the outline below, the Company may hold a general meeting of shareholders (hereinafter referred to as the "General Meeting of Shareholders with Regard to This Matter"), with the utmost value assigned to the recommendation 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 the Company's Board of Directors has decided to hold the General Meeting of Shareholders with Regard to This Matter, the Large-Scale Purchaser cannot commence the large-scale purchase until the General Meeting of Shareholders with Regard to This Matter ends.

- (i) After it has decided to hold the General Meeting of Shareholders with Regard to This Matter, the Company's Board of Directors will promptly set a record date (hereinafter referred to as "the Record 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 the Company's articles of incorporation, by two weeks before the Record

Date for This Matter.

- (ii) The shareholders who will be able to exercise their voting rights at the General Meeting of Shareholders with Regard to This Matter will be the ones who are recorded in the final register of shareholders on the Record 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 can 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 the Company's Board of Directors may change the Record Date for This Matter, or postpone or cancel the General Meeting of Shareholders with Regard to This Matter, even after it has set the record date for the General Meeting of Shareholders with Regard to This Matter.

Also, the Company'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.

(4) Response in the event that a large-scale purchase 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 purchases, then in principle, we will not block the large-scale purchase.

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 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 the Company's enterprise value and in turn the common interests of the shareholders, for example by causing damage to the Company 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 the Company 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 the Company, such as controlling management temporarily and acquiring important assets at a low price;
- (iii) Conduct involving diverting the Company's assets as collateral for debts or repayment funds for the purchaser, etc. or for its group companies, etc.;
- (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 the Company's enterprise value and in turn the common interests of the shareholders, for example by causing damage to the Company 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, the Company's Board of Directors may take the countermeasures set forth in 3) below and oppose the large-scale purchase in order to protect the Company's enterprise value and in turn 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 the Company, 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, the Company's Board of Directors will select the countermeasures considered to be the most appropriate among the countermeasures that are recognized by the laws and regulations and by the articles of incorporation, for example, allotment of share acquisition rights without contribution.

While an overview of the case of allotment of share acquisition rights without contribution is given in Appendix 3, there will be cases where a condition will be added that the exercising of share acquisition rights 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 the Company may acquire share acquisition rights from a holder of share acquisition rights in exchange for the issuing of the Company's shares.

4) Procedures for invoking countermeasures

In accordance with 1) through 3) above, the Company's Board of Directors will consult with the Independent Committee on whether or not to invoke the countermeasures and the content of countermeasures to be invoked and make such decisions with the utmost value assigned to recommendations of the Independent Committee. However, if the Company's Board of Directors judges that it is still necessary to confirm the intentions of shareholders on the invocation of the countermeasures, or if the Independent Committee voluntarily recommends that the Board of Directors should do so, then the Company's Board of Directors may in some cases request that a general meeting of shareholders be held, with the utmost value assigned to the recommendation 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 the Company is listed, we will disclose the decision concerned, including the content of recommendations of the Independent Committee and the Company's thinking with regard to the invocation of the countermeasures, in a timely and appropriate manner.

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

If, after the Company's Board of Directors has decided to take countermeasures, the invocation of the countermeasures is judged to be inappropriate (for example because the Large-Scale Purchaser concerned has withdrawn or made changes to the large-scale purchase), then the Company's Board of Directors may in some cases suspend or make changes to the invocation of countermeasures, with the utmost value assigned to recommendations of the Independent Committee.

For example, in cases where allotment of share acquisition rights without contribution is to be carried out as a countermeasure, if, after the shareholders who should receive an allotment of rights have been finalized, the Company'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), then if it is during the period up to the effective date for the allotment of share acquisition rights without contribution concerned, the allotment of share acquisition rights without contribution will be canceled, and if it is after the allotment of share acquisition rights without contribution, then until the start of the exercise period, the Company can suspend the invocation of countermeasures by acquiring the share acquisition rights concerned free of charge.

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

3. 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, and do not directly affect the legal rights and economic interests of our shareholders with regard to the Company's shares.

Furthermore, the rules for large-scale purchases provide the Company's shareholders with all the necessary information, opinions and alternative proposals from the Company'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 the Company'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, the Company's Board of Directors will take countermeasures in order to protect the Company'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 persons belonging to a specific group of shareholders including the Large-Scale Purchaser will suffer exceptional losses with regard to 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 acquisition rights without contribution is to be carried out as a countermeasure, the share acquisition rights will be allotted without contribution to shareholders at a rate of one share acquisition right for each share held.
- Then, if the Company has decided to complete the procedures for acquiring the share acquisition rights concerned, the shareholders other than the persons belonging to the specific group of shareholders including the Large-Scale Purchaser will receive the Company's shares free of charge as consideration for acquisition by the Company of the share acquisition rights concerned.
- (3) With regard to the suspension 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), the Company's Board of Directors cancels the issue of the share acquisition rights concerned or acquires the issued share acquisition rights 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 the Company'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 acquisition rights 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 acquisition rights, which will be determined and publicly announced by the Company's Board of Directors.
- Share acquisition rights will be allotted to shareholders who are recorded in the final register of shareholders on the allotment date for the share acquisition rights, on the effective date of the allotment of share acquisition rights without contribution concerned and without any need to apply.
- Furthermore, if the Company has completed the procedures for acquiring the share acquisition rights, shareholders other than persons belonging to a specific group of shareholders including the Large-Scale Purchaser will receive the Company's shares as consideration for the Company's acquisition of share acquisition rights, without any need to apply or make a monetary payment.
- When the allotment of share acquisition rights 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 the Company is listed.
4. 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, the Company 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 the Company'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, approval at an Annual General Meeting of Shareholders will be obtained with regard to the continuation of the Response Policy (including the continuation with some changes).
5. Statements that the Response Policy is in accordance with the basic policy regarding company control and that the Response Policy does not impair the common interests of the shareholders, nor does it have the purpose of maintaining the position of company officers, and reasons thereof
- (1) The Response Policy is in accordance with the basic policy regarding company control
- In cases where a large-scale purchase, etc. of the Company'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

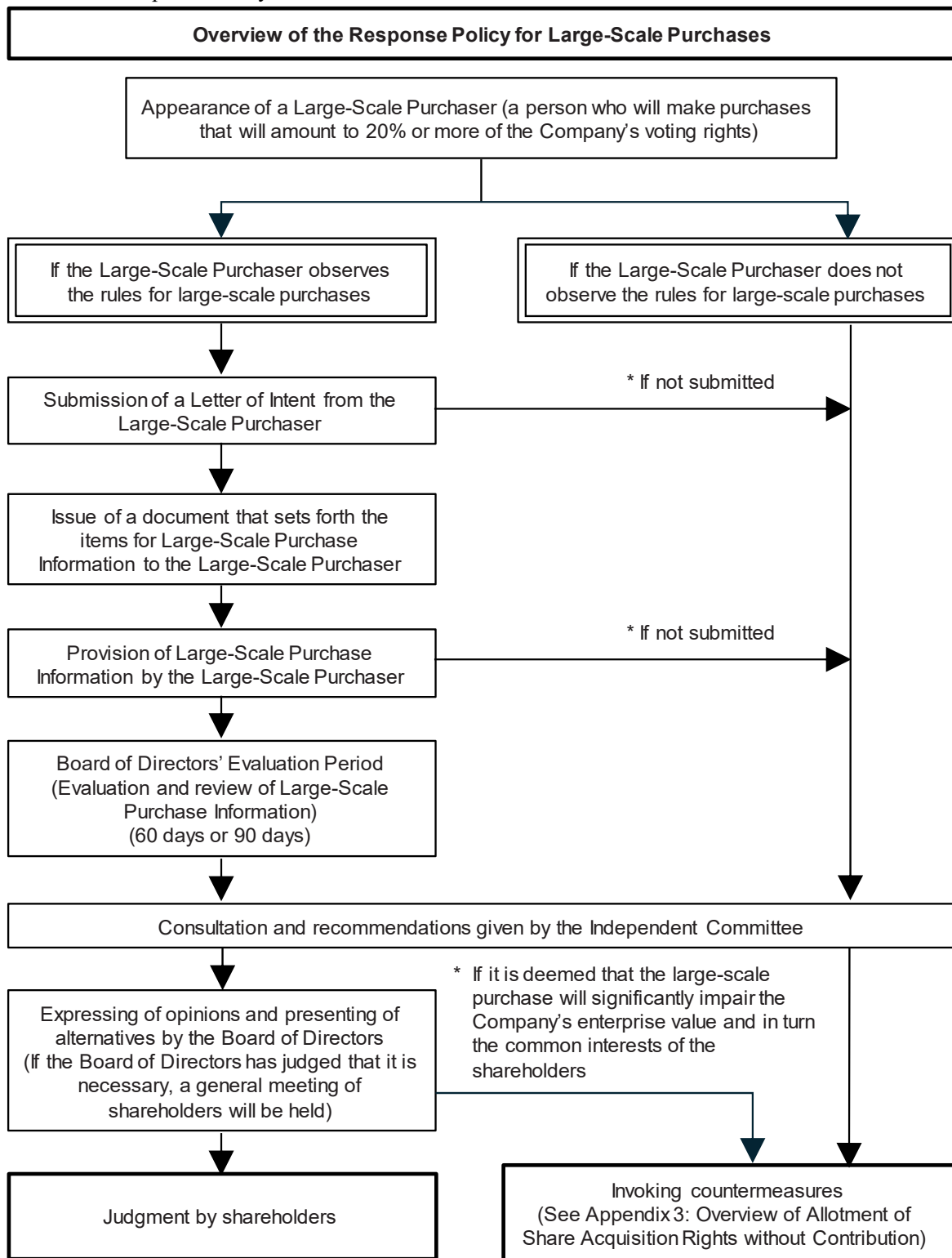
opportunities to collect information regarding such purchase, etc. and to present the opinions of the Company's Board of Directors and alternatives, and stipulates asking persons who are going to carry out a large-scale purchase to comply with the rules for large-scale purchases. In the event that the 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 concerned would significantly impair the Company'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 the Company's Board of Directors, which will assign the utmost value to recommendations of the Independent Committee, which comprises at least three Outside Directors, who are the Company's independent officers. We think that a Response Policy such as this is in accordance with the basic policy established by the Company regarding the persons who control decisions on the Company's financial and business policies.

- (2) The Response Policy does not impair the common interests of the shareholders, nor does it have the purpose of maintaining the position of company officers

The Company 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 the Company's officers, for the following reasons.

- (i) The content of the Response Policy is in accordance with the recommendations in "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group of METI on June 30, 2008 and with the purpose of "Guidelines for Corporate Takeovers" published by METI on August 31, 2023.
- (ii) The Response Policy is introduced for the purpose of protecting the Company's enterprise value and in turn the common interest of the shareholders, by securing opportunities to provide the Company's shareholders with all necessary information in order for them to judge whether or not they should accept a large-scale purchase, and with opinions from the Company's Board of Directors, who are actually responsible for managing the Company, as well as 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.
- (iii) 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 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, the Company does not impose any stricter requirements than those for an ordinary resolution.
- (iv) For the judgment on the invocation of countermeasures stipulated in the Response Policy, the Company's Board of Directors must assign the utmost value to recommendations of the Independent Committee, which comprises at least three Outside Directors, who are the Company's independent officers. Furthermore, we shall disclose to the shareholders information regarding such recommendations and an overview of the judgment made by the Company's Board of Directors, and ensure a structure that enables transparent operation of the Response Policy.
- (v) 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 the Company's Board of Directors.

Overview of the Response Policy



Overview of Independent Committee

1. Purpose of establishment
 - The Independent Committee shall be established as an advisory body to the Company's Board of Directors for the purpose of ensuring that judgments made by the Company's Board of Directors on the invocation of countermeasures against large-scale purchases, etc. are objective and reasonable.
2. Composition
 - The Independent Committee shall comprise at least three members who shall be elected by resolution of the Company's Board of Directors from among Outside Directors who are the Company's independent officers.
3. Term of office
 - The term of office of a member of the Independent Committee shall, after his or her election, expire at the end of the period of validity of the Response Policy; provided, however, that this does not apply if otherwise provided for by resolution of the Company's Board of Directors. In addition, in cases where a member of the Independent Committee who served as an independent officer has ceased to be an Outside Director who is an independent officer (except for cases where he or she is reelected), the term of office as a member of the Independent Committee shall expire at the same time.
4. Procedures for convocation
 - A meeting of the Independent Committee may be convened by any member of the Independent Committee.
5. Chairperson
 - The chairperson of the Independent Committee shall be elected by mutual vote of members of the Independent Committee.
6. Method of resolution
 - Resolutions of the Independent Committee shall be, with all members of the Independent Committee attending, made by a majority vote of those in attendance; provided, however, that should any of the members of the Independent Committee be unable to attend the meeting, such resolutions shall be, with all other members of the Independent Committee attending, made by a majority of those in attendance (limited to the cases where the number of the other members constitutes a majority of the total number of members of the Independent Committee).
7. Matters under authority, etc.
 - The Independent Committee shall, after deliberation on matters set forth in the following items, give recommendations to the Company's Board of Directors, along with the reasons thereof:
 - (1) the appropriateness of the invocation of countermeasures against large-scale purchases and the propriety of the content of the countermeasures to be invoked;
 - (2) the appropriateness of the suspension of or changes to the invocation of countermeasures against large-scale purchases;
 - (3) the necessity of confirming the intentions of shareholders as to whether or not to invoke countermeasures against large-scale purchases;
 - (4) matters assumed in the Response Policy to be recommended by the Independent Committee; and
 - (5) in addition to what is set forth in the preceding items, matters on which the Company's Board of Directors will consult with the Independent Committee in relation to the Response Policy.
 - Each member of the Independent Committee must deliberate and pass resolutions at meetings of the Independent Committee solely from the perspective of whether such matters contribute to the Company's enterprise value and the common interests of shareholders with the due care of a prudent manager and not for the purpose of the personal interests of themselves or the Company's management team.
8. Attendance to committee meetings
 - Members of the Independent Committee may request that the Company's Directors, employees, or other persons deemed necessary attend meetings as necessary, and may request opinions or explanations on matters specified by the Independent Committee.
9. Advice from external experts
 - The Independent Committee may, in performing their duties, obtain advice from external experts (financial advisors, certified public accountants, lawyers, etc.) independent from the management team engaged in the Company's business execution at the expense of the Company.

Overview of Allotment of Share Acquisition Rights without Contribution

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