

(Translation)



September 20, 2016

To whom it may concern

Company Name	Takihyo Co., Ltd.
Representative	Kazuo Taki, Representative Director, Chief Executive Officer (Code No. 9982 TSE/NSE 1st Section)
Contact	Atsushi Muto, Director, Senior Managing Executive Officer in charge of the Administrative Division (TEL +81-52-587-7111)

**Notice regarding settlement of a matter requiring investigation with a customer**

With regard to the "matter requiring investigation with a customer" that we informed you of on March 31, 2016, while it took some time to conduct an in - house investigation and to confirm the facts with the customer concerned, we are hereby informing you that both parties have reached an agreement for settlement.

We deeply apologize for the concern we have caused to all our shareholders, customers, and the parties involved.

The reason this matter requiring investigation arose is that it became clear that, during the stages from planning through receiving orders, manufacturing, and sale of products, there were certain areas of our company's work procedures that were not in accordance with the arrangements in the contract with the customer.

With regard to the customer, we have once again given our assurances that our company will follow the arrangements in the contract, and have obtained agreement to the effect that both parties will continue their business relationship in a closer manner than ever.

Within the company, we will once again thoroughly ensure that our work procedures are in accordance with the arrangements in the contract, and are now establishing and putting into operation a system to constantly monitor them.

Please note that, along with this matter, we posted a 98.2 million yen extraordinary loss in the consolidated financial results for the second quarter of the fiscal year ending February 28, 2017.