

Nanahoshi Management Ltd.
Founder CEO
Satoru Matsuhashi
11 January 2023

YAIZU SUISANKAGAKU INDUSTRY CO.,LTD.
President
Mr Jun Yamada

RE: The severe debate surrounding companies with P/B ratios below 1x

To Mr Jun Yamada,

The Nikkei newspaper has featured the Follow-up Meeting on the Review of Market Segmentation (the "Follow-up Meeting") held by the Tokyo Stock Exchange, Inc. (the "TSE").

In addition, according to the material from the Follow-up Meeting held on 10 January 2023, as a response (draft) for the spring of 2023, when the implementation will take place, "The management and board of directors should accurately assess the company's cost of capital and return on capital, discuss its situation and its assessment of the share price and market capitalisation, and, if necessary, make improvements through requests companies to disclose their policies and specific initiatives for improvement - particularly for companies that need to improve, such as those with P/B ratios below 1x on an ongoing basis.

P/B ratio of YAIZU SUISANKAGAKU INDUSTRY CO.,LTD.(the 'Company) as of 10 January 2023 is 0.5x. We want the Company to disclose the measures to improve the share price valuation as per the underlined part without waiting for the TSE to request disclosure strongly. In addition, the Company has chosen the Standard Market, but as stated above, just because the company is a Standard Market-listed company does not mean that a P/B ratio below 1x is a good thing.

We have recently summarised on our campaign website for improving the Company's shareholder value, the causes, solutions, etc., and we believe that the Company's share price valuation is significantly undervalued. However, the Company has ignored our requests to exchange opinions on the campaign website. Please disclose and implement measures to improve the Company's share price valuation.

We want to inform you that we have sent a letter dated today to your Nomination and Remuneration Committee requesting that our Founder CEO be nominated as a candidate for your Board of Directors.

Best wishes,
Satoru Matsuhashi