

17th October 2023

YAIZU SUISANKAGAKU INDUSTRY CO.,LTD.
11-1, Surugaku-minamichou, Shizuoka City,
Shizuoka 422-8067, Japan

Subject: Notice of filing a shareholder derivative action against Representative Director Yamada et al.

Dear Members of the Board:

As per our letter dated 16th June 2023, "[Request action for damages against YSK's \(ex-\) directors](#)", we have requested the Audit Committee members to file an action against the (ex-) directors regarding the alleged breach of duty of care in the Mislabelling announced in 2019, against Representative Director Jun Yamada and ex-Director Mariko Ishikawa ("Representative Director Yamada et al.") for damages of JPY 641,003,000. Subsequently, we received a notice of reasons for not filing a lawsuit from the members of the Audit Committee. We now inform you that we sent documents regarding a shareholder derivative action to the Shizuoka District Court as of 16th October 2023, which was accepted on 17th October 2023.

As stated in our letter dated 15th August 2023, "[Issues of the Tender Offer and Request on Withdrawal of the Opinion in Favour of the Tender Offer](#)", we doubt that the true purpose of the Tender Offer, which YSK decided to endorse at the Board of Directors' meeting on 4th August 2023, is a shareholder squeeze out to prevent us from filing the lawsuits to Yamada Representative Director et al.

To achieve the aforementioned inappropriate purpose, YSK looked for an offeror who was eager to deliver the shareholder squeeze out with a cheap tender offer price (the price

is equivalent to 0.7x the P/B ratio) and, as a result, agreed to the Tender Offer, then such a management decision is nothing other than the treatment of the company for personal gains by the management team. Needless to say, as a shareholder, we cannot leave such an inappropriate action. Not only that, the Tender Offer is in breach of the Ministry of Economy, Trade and Industry's [Guidelines for Corporate Takeovers](#), which was stated from the belief that 'Directors of the target company who accept the tender offer should not sacrifice the interests of shareholders in favour of those of the offeror or the target company.

Kind regards,

Satoru Matsuhashi

Founder CEO at Nanahoshi Management Ltd.