

20th October 2023

Minami Aoyama Fudosan Co., Ltd.  
3-8, Nampeidai-cho, Shibuya-ku,  
Tokyo, Japan, 150-0036

**Subject: Request for Voluntary Restraint on Share Buyback Requests, Including TOB,  
for YSK**

Dear Representative Director Tatsuya Ikeda:

Nanahoshi Management Ltd. ("we") is a YAIZU SUISANKAGAKU INDUSTRY CO., LTD ("YSK") shareholder and committed to increasing shareholders' value at YSK.

In the past, YSK attempted to boost its share price by repurchasing and cancelling shares. However, this strategy merely decreased the number of outstanding shares and failed to impact the share price positively. As a result, we have been advocating for an alternative approach, suggesting that shares can theoretically attain a P/B ratio greater than 1x if they consistently yield returns exceeding the cost of equity. We have proposed that YSK implement a Dividend on Equity ratio ("DOE") of 10% instead of pursuing further share buybacks.

Based on the Report on Large Shareholdings dated 26th September 2023, Minami Aoyama Fudosan Co., Ltd. ("MAF") has steadily increased its holdings in YSK. Furthermore, in Cosmo Energy Holdings Co., Ltd's "[Notice of Agenda for Company's Ordinary General Meeting of Shareholders to Confirm Shareholders' Will Concerning Enactment of Countermeasures Based on Response Policies to Large-scale Purchase Actions, etc.](#)" dated 23rd May 2023, pages 27 and following, MAF and the group enjoyed tax merits concerning the deemed dividends and the recognition of a large amount of taxable loss on the transfer of shares as investment cases in terms of Sanshin Electronics Co., Ltd. and others. In addition, on pages 19 and following, it is stated that MAF and the group encouraged Accordia Golf Co., Ltd. to conduct a TOB of its shares by requesting

---

Accordia Golf Co., Ltd. buy back its shares. Given this, and in light of MAF's shareholding in YSK, as well as MAF and the group's investment cases and the close relationship with the tax merits mentioned above, we have to assume that MAF has a strong interest in seeking a TOB of its shares in YSK and enjoying the tax merits.

Once again, we believe that improving YSK's share price valuation would be more effective through the implementation of a 10% DOE, rather than through further share buybacks. Therefore, we sincerely request that, if MAF is contemplating requesting YSK to repurchase its shares, including through a TOB, MAF considers refraining from such actions.

Kind regards,  
Satoru Matsuhashi  
Founder CEO at Nanahoshi Management Ltd.