

16th February 2024

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

Subject: Concerns Over Recent Tender Offer Attempts and Calls for Reconsideration

Dear Members of the Board:

In the short span since the Board of Directors backed the previous tender offer on 4 August 2023, which ultimately did not succeed, they have now thrown their support behind a new tender offer in a meeting held on 5 February 2024. Much like the earlier one, this latest move aims to transition YSK into a fully owned subsidiary of the offeror, with plans to delist it via a Squeeze-Out, as detailed in the offer documentation dated 6 February 2024. Both offers have been priced below the generally accepted P/B ratio of 1x, demonstrating a troubling disregard for the interests of your shareholders by persistently seeking to delist YSK.

Moreover, the issues we highlighted during the previous takeover attempt remain unaddressed, particularly concerning the involvement of YSK's primary bank and significant shareholder, who previously financed the deal and is part of the special committee.

Additionally, a share valuation report from 2 February 2024 revealed that according to the DCF valuation method and not considering the proposed transaction, YSK's share valuation significantly exceeds the previous offer price and partly exceeds the P/B ratio of 1x level. This suggests that achieving a P/B ratio 1x is feasible without succumbing to the offeror's terms. Despite this, YSK hastily accepted the bid.

This pattern of actions reinforces our suspicion that the true intent behind the bid is to sideline us, especially given our ongoing lawsuit against Representative Director Yamada and an ex-director, by removing our eligibility as a plaintiff shareholder. We urge the Board of Directors to retract their endorsement of this tender offer.

Kind regards,

Satoru Matsuhashi

Founder CEO at Nanahoshi Management Ltd.