

15th March 2024

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

**Subject: Concerns Regarding the Special Committee Acting as a Yes-man Entity**

Dear Members of the Board:

The Tender Offer proposes to transform YAIZU SUISANKAGAKU INDUSTRY CO.,LTD. (referred to as the "YSK") into a fully owned subsidiary of the offeror (referred to as the "Transaction" in the Tender Offer Registration Statement dated 6 February 2024). The fairness of the offer price is of particular importance since the compensation is to be paid in cash, which aligns with the objectives of the Guidelines for Corporate Takeovers<sup>(1)</sup>. The Guidelines mandate that an acquired company should ensure the offer price reflects the minimum value achievable without the Transaction and that any assumed increase in corporate value from the Transaction that is shared with the acquired company's shareholders is equitable.

The Board of Directors and the Special Committee concluded that the offer prices of JPY 1,137 in August 2023 and JPY 1,350 in February 2024 were fair. Moreover, in March 2024, they deemed a tender offer price of JPY 1,438 appropriate, all of which translates to less than 1x the P/B ratio.

Considering the historical tender offer prices had been deemed reasonable at any rate, we are compelled to infer that the Special Committee merely serves as a yes-man entity to the board of directors, which appears to prioritize considerations other than shareholders' interests to align with the board's desires for a tender offer. As a shareholder, we are seriously questioning the effectiveness and adequacy of the Special Committee, as well as whether the board's decision aligns with the Guidelines outlined at the start of this letter. Consequently, we have filed a request to inspect and copy the minutes of the Board of Directors meetings, including those on 11 March 2024, alongside relevant documents such as the Special Committee's report and the share valuation report by

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<sup>1</sup> <https://www.meti.go.jp/press/2023/08/20230831003/20230831003-b.pdf>

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Mizuho Securities Co., Ltd. (hereinafter "relevant materials"). We believe there is significant shareholder interest in the tender offer, and with the closing date of the tender offer period imminent, we urge the voluntary online disclosure of these materials.

Furthermore, it is noteworthy that Shizuoka Bank, Ltd., which financed both tender offerors, is a fully owned subsidiary of the Shizuoka Financial Group, Inc.. The group is listed as a cross-shareholding of YSK as of the end of March 2023, and the bank is a major shareholder and a main bank of YSK. We voice apprehensions regarding the neutrality of the Special Committee, especially concerning the inclusion of an erstwhile bank director, who transitioned to an advisory role at YSK and subsequently to a directorship shortly after departing from the bank, in the Special Committee.

Kind regards,

Satoru Matsunami

Founder CEO at Nanahoshi Management Ltd.