

6th June 2024

The ChibaBank, Ltd.
1-2 Chiba-minato, Chuo-ku, Chiba City,
Chiba, 260-8720, Japan

Subject: Wakamoto Shares Held by Chiba Bank: Clarification on Purpose of Holding

Dear Mr Tsutomu Yonemoto, President and CEO:

We are a shareholder of WAKAMOTO PHARMACEUTICAL CO., LTD. ('Wakamoto'). And ChibaBank, Ltd. ('Chiba Bank') is a significant shareholder, being the fifth largest shareholder.

In Chiba Bank's 116th Annual Securities Report dated 29 June 2022, it was stated that the purpose of holding Wakamoto shares was changed from cross-shareholdings to pure investment purposes. However, according to the notice of the annual general meeting of shareholders published by Wakamoto on 31 May 2024, the number of Wakamoto shares held by Chiba Bank as of 31 March 2024 has remained unchanged since the change in the purpose of holding.

The continued holding of cross-shareholdings as pure investment purposes shares has raised concerns. Bloomberg's article on 1 May 2024, "[Japan Suspects Companies Are Evading Disclosure of Cross-Shareholdings](#)" and the 28 May 2024 edition of the Nikkei (page 1), highlight issues around the adequacy of disclosure in cross-shareholdings. It is noted that when cross-shareholdings are classified as pure investment purposes, their status is no longer disclosed, making subsequent reductions unclear. There are cases where, despite changing the purpose from cross-shareholdings to pure investment, the actual situation remains unchanged.

We are concerned that maintaining stable shareholders with cross-shareholdings may undermine management discipline. From the perspective of regulatory awareness and the Corporate Governance Code, we find the handling of shareholdings inappropriate. As a shareholder of Wakamoto, we cannot overlook this. We request that you either immediately reduce the Wakamoto shares or reclassify it as a cross-shareholdings.

Kind regards,

Satoru Matsushashi

Founder CEO at Nanahoshi Management Ltd.