[Translation]

June 8, 2020

To the press and whom it may concern,

Shareholders' Committee for the Better Corporate Governance of TENMA

Press Release Related Material by the Audit and Supervisory Committee of Tenma Corporation (2)

The "Shareholders' Committee for the Better Corporate Governance of TENMA" (the "Shareholders' Committee") made a shareholders' proposal to Tenma Corporation ("Tenma"; listed on the First Section of Tokyo Stock Exchange, Inc. under securities code 7958) to change the current directors completely and establish a new lineup of directors to be appointed at the annual shareholders' meeting (the "Meeting") scheduled to be held in June 2020 (this "Proposal").

Presently, Tenma's Audit and Supervisory Committee have sent material which presents the Audit and Supervisory Committee's opinion on the press release titled "Media Reports Regarding the Company's Audit and Supervisory Committee" that Tenma disclosed on June 4, 2020, to the press club of Tokyo Stock Exchange, Inc.

Since the Shareholders' Committee acquired the material above which was sent by the Audit and Supervisory Committee, we would like to disclose the same in order for the shareholders to exercise their voting rights on the proposals for the appointment of directors at the Meeting based on sufficient information.

Contact for inquiries for news media
Shareholders' Committee for the Better Corporate Governance of TENMA
Administrative Office: Tel. 81-3-6721-5099
(Business trustee for media support: Pathfind Co., Ltd.)
Homepage: http://tsukasanews.com

[Translation]

June 8, 2020

To whom it may concern,

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Audit and Supervisory Committee
Jiro Kitano, Director & Member of the Audit and Supervisory Committee
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Opinions of the Audit and Supervisory Committee on "Media Reports Regarding the Company's Audit and Supervisory Committee" by Tenma Corporation (the Board of Directors) as of June 4, 2020

The Audit and Supervisory Committee (the "Committee") of Tenma Corporation (the "Company") disclosed the "Notice (regarding opinions on the candidates for appointment of directors by the Audit and Supervisory Committee and establishment of the Director Liability Investigation Committee)" by sending the material to the press club of Tokyo Stock Exchange, Inc. on June 2, 2020 (the "Disclosure as of June 2").

In contrast, through the resolution by the board of directors as of June 4, 2020 (of nine directors, five directors agreed and four directors disagreed), the Company disclosed the press release titled "Media Reports Regarding the Company's Audit and Supervisory Committee" as of the same date (the "Company's Press Release as of June 4").

1. Opinions by the Audit and Supervisory Committee

In the Company's Press Release as of June 4, "distrust of the neutrality and fairness" of the Committee and other matters are stated.

Although we would prefer not to refute the details of the press release one by one, at any rate, there is no change in the following facts, which is the assumption of the Committee's opinion based on Article 342-2, paragraph (4) of the Companies Act (this "Opinion"). Therefore, we would like to inform the shareholders of this point again.

** Please note that the following translation regarding the Audit and Supervisory Committee's opinion is NOT a word to word translation.*

I. Mr. Hiroshi Kaneda

(i) After learning about the bribery of a foreign official in Country X in 2019 (the "Bribery"), he dealt with that matter as an executive director in charge of legal affairs and IR. He instructed the foreign subsidiary in Country X of the Company execute a consulting agreement in order to conceal the accounting treatment for the Bribery. Although he has been responsible for making important decisions, he had little experience nor expertise in dealing with this situation. This lack of sufficient expertise resulted in a significant amount of damage to the Company's enterprise value. His responsibility for this incident should be viewed as almost same as if he had acted in bad faith (according to the Third Party Committee's Investgation Report).

(ii) In May 2019, when he was a managing executive officer and head of the New Business Promotion Office of the Company, the Company subscribed for the shares of Spinshell and invested 60 million yen in Spinshell. At that time, he was not only

serving as the representative director, but was also holding 85% of the outstanding and issued shares of Spinshell, and had made a more than 40 million yen loan to Spinshell, which was insolvent. On the same day as this 60 million yen capital injection by the Company (along with the 40 million yen capital injection by FHL Holdings Co., Ltd., for whom he has been serving as representative director) in Spinshell, Spinshell repaid the above 40 million yen loan to him. Until an audit conducted by the Audit and Supervisory Committee member in May 2020 revealed this repayment to Mr. Kaneda, none of the three members of the Audit Committee knew anything about this repayment. Although this capital injection was a transaction which could raise a conflict-of-interest issue between the Company and its shareholders, Mr. Kaneda did NOT fully provide a detailed picture of these transactions to the Board of Directors. We regret to conclude that Mr. Hiroshi Kaneda lacks the honesty and sense of morality required for a senior executive officer who is responsible for improving the internal control of the Company.

II. Mr. Takashi Sudo

(i) During the fiscal year ending in March 2020, the Company corrected retroactively the annual securities reports, internal control reports and other reports filed under the Financial Instruments Exchange Law in Japan regarding the fiscal years ending in March 2017 and thereafter, which Mr. Takashi Sudo had been responsible for drafting as the CFO of the Company.

(ii) As the CFO of the Company, he led the effort to conceal the accounting treatment of the bribery and announced the financial results for the second quarter of the fiscal year ending in March 2020, as if nothing wrong had happened, by submitting a written representation from management to KPMG AZSA LLC (“KPMG Japan”), the independent external auditor of the Company (according to the Third Party Committee’s Investgation Report and the same applies hereinafter.).

(iii) He did not report to the Audit and Supervisory Committee member the fact that a cash payment was made to a foreign official in Country X, as he believed that once the Audit Committee became aware of the fact, the Audit and Supervisory Committee member might report it to the independent external auditor of the Company and it could become a big scandal.

(iv) As he had nothing to do with the poor internal control systems in foreign subsidiaries of the Company and left them as they were, the Company could not prevent the management of foreign subsidiaries from paying bribes to foreign officials.

(v) KPMG Japan announced its intention to resign as the independent external auditor of the Company after the completion of its audit for the fiscal year ending March 2020, as it did not receive adequate explanations and reports in a timely and appropriate manner from the management of the Company and the relationship of trust with the Company had been damaged.

III. Mr. Akira Yosano

(i) As the general manager of the foreign subsidiary in Country Y, Mr. Akira Yosano acknowledged the situation and approved the cash payment to a customs officer in Country Y.

(ii) The bribery case in Country Y is even worse than the case where a foreign official demands a bribe (according to the Third Party Committee’s Investigation Report).

(iii) Although Mr. Akira Yosano stated that he reported ex post facto the cash payment of “adjustment money” to the Corporate Planning Department of the Company and reported the fact that the foreign subsidiary paid “adjustment money” to headquarters by sending an email or submitting a report, the Third Party Committee could not find the corresponding email or report.

(iv) It is a serious problem that receipts for other payments were systematically collected and used to conceal the accounting treatment (this cover-up operation was devised because there were no receipts or other evidence of cash payments to customs officers

in foreign countries, including Country Y). Such inappropriate accounting treatment raises risks of not only bribery of foreign officials but also embezzlement by officers and employees (according to the Third Party Committee's Investigation Report).

Since it was stated in the Committee's audit report attached to the convocation notice of the annual shareholders' meeting (the "Meeting"), which was published on the Web as of June 4 based on the situation above, that "The involvement in illegal acts by the directors and others was found, and the problem in the internal control leading to the correction of the settlement of accounts in the past fiscal year was recognized. Accordingly, as of the last day of this business year, we cannot recognize that the internal control related to the financial reports of the Company's group is appropriate." (page 58 of the convocation notice) by unanimous agreement of the members of the Committee, please also refer to that.

2. Circumstances Under Which the Committee Had to Make the Unusual Disclosure as of June 2

We would like to make some supplementary statements regarding the circumstances above, as follows.

I. The Necessity of Promptly Notifying the Opinions on the Candidates for Appointment of Directors by the Audit and Supervisory Committee

We consider that in order for the shareholders of the Company to exercise their voting rights on the proposals for the appointment of directors at the annual shareholders' meeting after consideration based on sufficient information, the Company should have disclosed the Committee's opinion at the same time as disclosure of the press release titled "Notice Regarding the Director Candidates and the Opinions on the Shareholders' Proposal by the Company's Board of Directors" as of May 27, 2020 (the "Press Release as of May 27"), which sets forth the proposal for the appointment of Mr. Hiroshi Kaneda, Mr. Takashi Sudo, and Mr. Akira Yosano.

Even in the Corporate Governance Code, it is stated that listed companies should disclose an explanation regarding individual appointment, dismissal, and nomination when their boards of directors appoint and dismiss management executives and nominate director candidates and should transmit that information independently (Principle 3-1 (v) of the Corporate Governance Code).

However, the Company's Board of Directors finally disclosed the Press Release as of May 27 without mentioning even the existence, let alone the details, of this Opinion. Moreover, in the draft of the shareholders' meeting reference document for the Meeting which was presented to the Committee as of May 27, 2020, the refutation which was more than twice the volume of this Opinion was stated, as the shareholders' meeting reference document in the convocation notice of the Meeting, which was finally disclosed on June 4, 2020 (the "Reference Document of the Meeting").

In the situation where a biased disclosure was made, there is a possibility that the effect in which Article 342-2, paragraph (4) of the Companies Act grants the right to state opinions on the appointment of "directors who are not audit and supervisory committee members" to the audit and supervisory committee is substantially impaired and that the Audit and Supervisory Committee members cannot sufficiently fulfill their duty of due care which they owe as directors who are audit and supervisory committee members.

Although this is an extremely unusual and difficult decision, the Committee decided to make the disclosure as of June 2 in order for the shareholders to exercise their voting rights on the

proposals for the appointment of directors after consideration based on sufficient information and with enough time.

As to this point, it was stated in the Press Release as of June 4 that "the Company's Board of Directors considers that it is very disappointing and regrettable that the Audit and Supervisory Committee leaked information related to the media report to the outside at the time when the Company's Board of Directors did not make a formal announcement." However, the effect of the right to state an opinion in Article 342-2, paragraph (4) of the Companies Act is that it is necessary to make public the details of an opinion to the shareholders when the audit and supervisory committee has an opinion on the appointment of "directors who are not audit and supervisory committee members," and we consider that the statement which regards this as an unreasonable leak of information to the outside to be inappropriate, because it means that blame is placed on the provision of information required to exercise voting rights to the shareholders.

II. The Necessity to Promptly Disclose the Establishment of the Director Liability Investigation Committee, and the Failure to Disclose That Fact by the Company's Board of Directors

The Committee resolved to establish the Director Liability Investigation Committee as of May 19, 2020. This is based on the process of the following facts, as is clear from the Company's disclosure:

- As of March 13, 2020: the Company received the investigation report from the third party committee (the "Third Party Committee's Investigation Report").

- As of April 2, 2020: the Company disclosed the Third Party Committee's Investigation Report (the published version) to which the partial non-disclosure measure was provided (the "Published Version of the Third Party Committee's Investigation Report").

- As of May 1, 2020: the Company disclosed the press release titled "Notice on the Decision of Measures to Prevent Recurrence, etc."

One of the purposes of establishing the Director Liability Investigation Committee is to investigate the existence and degree of liability for neglect of duty of the directors who were involved in the overseas bribery case in Vietnam, etc. (the "Overseas Bribery Case, etc.") which was covered in the Third Party Committee's Investigation Report and to prepare for requests for filing a lawsuit to pursue liability by the Company's shareholders.

It is very typical for a board of company auditors, audit and supervisory committee, or audit committee of a listed company that has caused a serious scandal such as those of Olympus, Toshiba, Suruga Bank, and Kansai Electric Power to establish a Director Liability Investigation Committee (or Committee Pursuing Director Liability) immediately after a report on such scandal by a third party committee established by executives has been published (under the Companies Act, company auditors, audit and supervisory committees, and audit committees have the authority to decide not to file a lawsuit to pursue liability against a director who is liable for neglect of duty or to pursue a prosecution if a lawsuit is filed, and since only the Audit and Supervisory Committee members have such authority in the Company, only the Audit and Supervisory Committee (and its members) has the authority to establish such an investigation committee in the Company). Moreover, regarding the time of establishment, it is common for such a Director Liability Investigation Committee to be established immediately after a company receives such a report from a third party committee, taking into account the fact that, in cases where a shareholder requests to file a lawsuit to

pursue liability, the time limit for replying to such filing request is 60 days under the Companies Act.

However, in the first place, the executives and the Board of Directors of the Company did not disclose the Published Version of the Third Party Committee's Investigation Report until 20 days had past after receipt of the Third Party Committee's Investigation Report. Furthermore, the "Notice on the Decision of Measures to Prevent Recurrence, etc." was disclosed about a month or so after disclosure of the Published Version of the Third Party Committee's Investigation Report. Accordingly, it is needless to say that the continuous significant delay in disclosure is a major problem in itself as the Board of Directors' attitude toward the disclosure for the listed company.

When shareholders determine the appropriateness of candidates for the appointment of next directors at the Meeting, the existence and details of legal liabilities of the Company's directors who give rise to scandals is of course very significant information that should be recognized by shareholders. That information is also required when determining whether to exercise the shareholders' right, i.e., the shareholders' proposal right (it was May 1, immediately after the deadline for the shareholders proposal for the Meeting arrived, when the Company's Board of Directors disclosed the "Notice on the Decision of Measures to Prevent Recurrence, etc.").

Accordingly, the Committee resolved to establish the Director Liability Investigation Committee as of May 19, 2020, and notified all directors to that fact immediately; however, the Company's Board of Directors refused to cooperate with and to disclose the establishment of the Director Liability Investigation Committee in a timely manner by stating illogical reasons such as "the specific details of the resolution of the Audit and Supervisory Committee, the story behind leading to that resolution, the story behind and details of the process of selecting each investigation committee member (especially, the involvement, etc., of related parties in this case, including the former honorable Chairman Osamu Tsukasa or his attorney-at-law, etc.), and the existence, etc. of other circumstances which compromise the independency of investigation committee members" (please see the Company's Press Release as of June 4) and did not even make timely disclosure of the fact that the Director Liability Investigation Committee had been established for over two weeks.

Furthermore, the central figures who continued to strongly oppose disclosure of the establishment of the Director Liability Investigation Committee are President Kaneto Fujino, CFO Takashi Sudo, and Executive Director Hiroshi Kaneda, a person in charge of IR, and are reported by name even in the Third Party Committee's Investigation Report to be liable for the Overseas Bribery Case, etc., and these three directors are normally thought of as directors who cannot participate even in related resolutions of Board of Directors as specially interested persons (at least they should refrain from taking part in the resolutions). We think that the act by an executive director who is in a position of being pursued for liability for neglect of duty of taking the lead in placing obvious pressure on the activity of the Audit and Supervisory Committee which has the responsibility to pursue director liability if the director is liable for neglect of duty in such a way is precisely an act trampling on the basics of corporate governance required under the Companies Act. In particular, President Fujino repeatedly stated to the Audit and Supervisory Committee members that he would not pay expenses required for the establishment and operation of the Director Liability Investigation Committee unless the matters he requires are fulfilled, despite it being stipulated in Article 399-2, paragraph (4) of the Companies Act that when members of an audit and supervisory committee request advancement of expenses or request reimbursement of expenses paid to a company with an audit and supervisory committee with respect to the execution of their duties, that company may not refuse such a request *except in cases where it proves that* the expenses relating to the request *are not necessary for execution of the duties* of such committee members, and we have no choice but to say that he does not understand the effect

of the provisions in the Companies Act that are set forth so that audit and supervisory committees can properly monitor violations of laws and liabilities and the duty of due care of directors who are in charge of the execution of operations, independently from executives. As described above, as the Company's Board of Directors continues to strongly resist even timely disclosure concerning the establishment of the Director Liability Investigation Committee, the Committee had no choice but to disclose the establishment of the Director Liability Investigation Committee in the Disclosure as of June 2 including the disclosure of such reality so that the shareholders of the Company may exercise their voting rights in the Meeting after careful consideration with sufficient information and time to spare. Indeed, there is no description concerning the establishment of the Director Liability Investigation Committee even in the convocation notice for the Meeting published as of June 4 on the Company's website (it is needless to say that such convocation notice lacking a description of material facts necessary for the shareholders to exercise their voting rights in the Meeting after careful consideration is legally defective), and if the Committee did not decide to publish the Disclosure as of June 2, we have no choice but to determine that the shareholders were highly likely to attend the Meeting without knowing of the reality of the Company's governance at all.

Concerning appropriate provision of information to shareholders and the disclosures by the Committee for the Audit and Supervisory Committee members to perform their responsibilities, we cannot help but be concerned that the majority of the Company's directors (five out of nine) do not understand the responsibilities of the Audit and Supervisory Committee (being the proper audit of violations of laws and regulations and the duty of due care of an executive director, independently from executives) properly based on the fact that those directors stated in the Company's Press Release as of June 4 that "as the Board of Directors of the Company, we think that it is deeply regrettable that the Audit and Supervisory Committee leaked information relating to the media report outside of the Company."

III. Reason for this Disclosure

In the Company's Press Release as of June 4, expressions such that the Audit and Supervisory Committee should be neutral and fair appear repeatedly; however, the responsibilities of the Audit and Supervisory Committee are to monitor the execution of operations by directors in a manner that does not violate laws and regulations and the Articles of Incorporation as well as the duty of due care, "independently from executives," and to take necessary measures such as filing lawsuits to pursue liability for the shareholders' common benefit, if necessary; accordingly, regarding the fact that the executives argue that "the Audit and Supervisory Committee should be neutral and fair" (i.e., in the relationship with the course of the facts and developments), as the Committee, we cannot help but feel strongly uneasy about their argument that the Audit and Supervisory Committee executing its right to state its opinion under Article 342-2, paragraph (4) of the Companies Act, establishing the Director Liability Investigation Committee, conducting the Disclosure as of June 2, etc., is unjust.

We disclosed the above intentionally because we would like the shareholders to attend the Meeting in full recognition of the reality of the Company's Board of Directors.

End