

[Translation]

June 1, 2020

To: Dalton Investments LLC

Shareholders' Committee for the Better Corporate Governance of TENMA

Questionnaire

In "Exercise of Shareholders' Proposal Right over Tenma Corporation" dated May 20, 2020, the "Shareholders' Committee for the Better Corporate Governance of TENMA" (the "Shareholders' Committee") made a shareholders' proposal to Tenma Corporation ("Tenma" or the "Company"; 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"), and Tenma's major shareholder, your group, issued a press release to oppose the shareholders' proposal made by the Shareholders' Committee on May 27 of this year (the "Press Release"). In addition, your group has agreed to have Mr. Shiro Hayashi, your group member ("Mr. Hayashi") become a candidate for board director in connection with the Company's proposal.

Since it is considered that the involvement in Tenma's Board of Directors of business executors of external major shareholders who are not related to the founding family will increase the transparency of Tenma's management and may lead to the improvement of its corporate governance, in general terms, the Shareholders' Committee would gladly agree with that. However, we have some doubts about the content of the Press Release and Mr. Hayashi's role and other matters after his assuming the post of director; therefore, for the benefit of all shareholders of Tenma, we would like to ask the following questions. We would appreciate it if you could respond to them.

Question 1 Why do Executive Director Hiroshi Kaneda and CFO Takashi Sudo need to be directors?

In the Press Release, your group provided that "Dalton supports the company's nominations because they provide continuity of the management through the reappointment of both Mr. Kaneda and Mr. Sudo, who are essential for business execution" as a reason to oppose this Proposal. However, Executive Director Hiroshi Kaneda ("Executive Director Kaneda") joined Tenma in November 2017 and assumed the post of Executive Officer (Managing Executive Officer) in April 2018, and it has been only about two and a half years since he has been at Tenma. Furthermore, since February 2006, Executive Director Kaneda has still been serving as representative director of Spinshell, Inc. ("Spinshell"), which he founded in February 2006 and of which he holds the majority of voting rights. Why would such a person be "essential for business execution" and why is the fact that his reappointment is not accepted in this Proposal a reason to oppose this Proposal?

Even if that point is excluded, in regard to the bribery case in Vietnam which is currently being reported (the "Bribery Case in Vietnam"), it was concluded in the third-party committee's investigation report with respect to **Executive Director Kaneda** that "He executed the consulting agreement, which differed from the details of the answer from the corporate attorney, with company R and promoted the attempt to conceal false accounting, at his own discretion," and **he cannot be exempt from his responsibility as an officer in charge of Legal and Risk Management at that time** (refer to page 69 of the third party committee's investigation report (published version), pages 14 to 15 of "Exercise of Shareholders' Proposal Right over Tenma Corporation (supplementary material)" by the Shareholders' Committee as of May 27 of this year (the "Supplementary Material"). Also, in the underwriting by Tenma of 60 million yen of Spinshell's capital increase in May 2019, at the least, material conflict of interest issues are obvious (refer to page 18 of the Supplementary Material).

Concerning the Bribery Case in Vietnam, it was pointed out in the third-party committee's investigation report with respect to **CFO Takashi Sudo** ("CFO Sudo") that "In the 2019 case at Tenma's subsidiary in country X, the situation was that the director responsible for finance and accounting (so-called CFO), who governs the internal controls in relation to financial reporting, pushed forward false accounting concerning the consulting agreement under his initiative. The performance of duties with a high level of professional ethics by the CFO, who is the head of finance, is the minimum requirement for ensuring proper account processing in every corner of the organization," "It can be recognized that there was problematic behavior where the director responsible for finance and accounting (so-called CFO) initiated and encouraged false accounting and submitted a written representation from management jointly signed with President Fujino as if nothing had happened and announced the financial results for the second quarter," and other matters, and **it is obvious that he committed a material compliance violation as CFO** (refer to pages 68 to 69 and page 76 of the third party committee's investigation report (published version), page 14 and page 16 of the Supplementary Material).

Your group advocated an Environmental, Social and Governance (ESG) investment, and clearly stated that "Our focus is on the governance risk." in your sustainable investment policy posted on your website (<http://www.daltoninvestments.com/sustainable-investment-philosophy/>). **Even though Executive Director Kaneda and CFO Sudo have these serious governance issues, what are the reasons why you evaluate them as "essential for business execution," you agree with their appointment as directors, and one of reasons to oppose this Proposal is that this Proposal opposes the reappointment of these two individuals?** We would appreciate your kind explanation that can convince all of Tenma's shareholders.

Question 2 Why is Mr. Hayashi not planned to be appointed as an "independent outside director"?"

In the press release by Tenma titled "Notice concerning candidates for directors and notice concerning opinions of the Company's Board of Directors on the shareholders' proposal" dated May 27 of this year (the "Company's Press Release"), Mr. Hayashi is only stated as a candidate for director and not a candidate for an outside director unlike Mr. Hirofumi Kurahashi and Mr. Shoji Matsuyama. Since he is not a candidate for outside director, of course, he will never be registered as an independent outside officer; however, **given that Mr. Hayashi, who has been consistently working in the financial field, seems to have no work history at Tenma, will he be involved in business execution at Tenma (because outside directors will lose "externality" if they are involved in business execution)? If he is not appointed as an independent outside director and is involved in business execution, we would have to say that it is inconsistent with page 7 of the Company's Press Release stating that Mr. Hayashi is appointed because his appointment will "recover and make transparent of the governance function of the Company's Board of Directors."**

In Prestige International, which is listed on the First Section of Tokyo Stock Exchange and of which Mr. Hayashi has been a director since 2016, Mr. Hayashi is an outside director and has been registered as an independent officer of the company with the Tokyo Stock Exchange (on page 5 of its corporate governance report as of July 8, 2019, it is stated that "Prestige International determines that Mr. Hayashi has independence that does not cause a conflict of interest with general shareholders and is designated as an independent officer). In this regard, again, we cannot understand why Mr. Hayashi is not planned to be appointed as an independent outside director at Tenma. Is it because the appointment may cause a conflict of interest with the general shareholders?

We would appreciate your kind explanation in regard to this point that can convince all of Tenma's shareholders.

Question 3 **Is KPMG AZSA LLC’s resignation a crisis in corporate governance?**

In the context of explaining why your group agrees with the Company’s proposal and object to this Proposal, the Press Release states that “While Dalton takes the April 2nd committee investigation report seriously, Dalton has seen evidence of management’s determination to address corporate governance issues quickly, including announcements to change the representative director, dismiss the honorary chairman (as requested by a third-party committee), and implement measures to prevent future erosion of corporate governance standards.” However, **it was disclosed in Tenma’s press release on May 15 of this year that KPMG AZSA LLC stated at the Meeting that the reason that they resigned from their position as the certified public accountant providing audit and attestation services to Tenma was that “KPMG AZSA LLC frowned on the continuation of the audit contract for the reasons that they did not receive explanations and reports about this case in a timely and appropriate manner and the fiduciary relationship had been damaged.” KPMG AZSA LLC, a certified public accountant who provides audit and attestation services, also shows extremely serious concerns about the current state of Tenma’s governance.** Furthermore, Hibiscus, the audit firm that was urgently decided to succeed KPMG AZSA LLC, received a partial suspension business order for three months and a business improvement order from the Financial Services Agency on June 19, 2013. Unfortunately, we have to say that Hibiscus obviously does not reach the level of the so-called “Big Four” audit firms, including KPMG AZSA LLC, in terms of both personnel and audit quality.

In such a situation of corporate governance crisis for Tenma, why does your company (Dalton) evaluate Tenma by stating that “Dalton has seen evidence of management’s determination to address corporate governance issues quickly, . . . and implement measures to prevent future erosion of corporate governance standards”? We could appreciate it if you could provide your group’s understanding about this point.

Question 4 **Are FHL Holdings represented by Executive Director Kaneda and Chairman Yasuichi Kaneda “joint holders” of your group under the five percent rule?**

According to the “amended annual securities report” of Tenma as of March 16, 2020, Mr. Yasuichi Kaneda, who is the father of Executive Director Kaneda and Tenma’s current representative director and chairman (“Chairman Kaneda”), is a major shareholder who holds 3.32% of Tenma’s outstanding shares (excluding treasury shares) (BK Finance Ltd., of which Chairman Kaneda is representative director, (“BK Finance”) holds 10.00%, and BK Finance, Chairman Kaneda, and Mr. Hesugi Kaneda are registered as joint holders under the five percent rule. The latest holding ratio of share certificates, etc., of these three parties is 13.82%), and FHL Holdings, of which Executive Director Kaneda is representative director, (“FHL”) is also a major shareholder who holds 2.42%.

On the other hand, the “amended report No. 7” of a statement of large volume holdings submitted by your group, Dalton Investments LLC, on August 15, 2019 states that your group’s holding ratio of share certificates, etc. is 13.19%, while it does not indicate that Chairman Kaneda, BK Finance, and Mr. Hesugi Kaneda as well as Executive Director Kaneda and FHL are joint holders of share certificates, etc.

However, as mentioned in **Question 1** above, your group states in the Press Release that “Dalton supports the company’s nominations because they provide continuity of the management through the reappointment of both Mr. Kaneda and Mr. Sudo, who are essential for business execution, and encourage diversity and independence,” considers Executive Director Kaneda as one of the individuals who is “essential for business execution” at Tenma, and publicly announced that “Tenma and Dalton have agreed to propose Mr. Shiro Hayashi, Representative Director and CEO of Dalton Advisory KK, as a candidate for Tenma’s board of directors. Both Tenma and Dalton believe that the addition of a candidate with the perspective of minority shareholders and experience in capital markets will be positive for long-term value creation at Tenma” [sic]. **In this way, as long as Executive Director Kaneda and your group are working together, it is natural to consider that at least on and after**

May 27 of this year, your group, Executive Director Kaneda, and FHL controlled by Executive Director Kaneda, as well as Chairman Kaneda (father of Executive Director Kaneda) and BK Finance controlled by Chairman Kaneda (and Mr. Hesugi Kaneda, a joint holder of BK Finance) are mutually “joint holders” under the five percent rule as a person who “has agreed to jointly . . . exercise voting rights and other rights” (Article 27-23, paragraph (5) of the Financial Instruments and Exchange Act). We could appreciate it if you could provide your group’s understanding about this point.

End

<p>Note: This document is not to solicit the exercise of voting rights by Osamu Tsukasa or third parties for either the Company’s proposal or the shareholders’ proposal at Tenma’s annual shareholders’ meeting for fiscal year ended in March 2020.</p>
