

[Translation]

June 16, 2020

To shareholders, the press, and whom it may concern,

Shareholders' Committee for the Better Corporate Governance of TENMA

### **Document Disclosed on Tenma's Website Today**

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"; 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 on June 26, 2020. However, the document titled "The Company's Action Policy for Improving Enterprise Value" (the "Document") was disclosed on Tenma's website today, June 16, 2020.

Since we have serious legal questions about the process leading to the disclosure of the Document in the following respects, we would like to ask Tenma's management for a prompt explanation.

#### Description

1. Who is responsible for the Document?

Although the Document, using Tenma's logo and being in the name of "Tenma Corporation," was disclosed on Tenma's website, the name on the slide titled "Commitment" on page 2 is Executive Director Hiroshi Kaneda's, who is not a representative director. Posting the personal "Commitment" of Executive Director Hiroshi Kaneda as if it were the company's commitment is not permissible, because it means that Executive Director Hiroshi Kaneda is abusing his authority as an IR officer.

Accordingly, regarding the issues of (i) whether the author of the Document is Tenma as a company or Executive Director Hiroshi Kaneda, (ii) if the former, why Executive Director Hiroshi Kaneda, who is not a representative director having the authority to execute operations on behalf of the company, was indicated as being the agent making the "Commitment," and (iii) if the latter (Executive Director Hiroshi Kaneda as an individual), why the Document uses the company's logo and is posted on the company's website as if the author were the company itself as a whole, which post might fall under "spreading rumors" prohibited by the Financial Instruments and Exchange Act (Article 158 of the same act), we strongly request that you promptly make an explanation to Tenma's shareholders so that the shareholders can fully understand the issues.

2. Among the contents of the Document, why has the Board of Directors not resolved shareholder returns and numerical management targets even though these need to be resolved by the Board of Directors?

Tenma has externally announced that it will aim for a total payout ratio of 100% by combining dividends and purchases of its own shares, and the same statement was actually made on page 2 of the "Notice Regarding the Director Candidates and the Opinions on the Shareholders' Proposal by the Company's Board of Directors" dated May 27, 2020 and on page 2 of the document titled "Request for Exercise of Voting Rights by Power of Attorney" issued by the company as of an auspicious day in June 2020. However, it was stated that the

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company will purchase 8 billion yen to 13 billion yen worth of its own shares separately from the total payout ratio of 100% on page 12 of the Document. It is obvious that such decision and external disclosure of a basic policy concerning the company's capital policy constitute decision making concerning the execution of important operations and are matters to be resolved by the Board of Directors (Article 399-13, paragraph (4) of the Companies Act; refer to paragraph (5), item (ii) of the same article). According to Executive Director Hisashi Tsukasa, a member of the Shareholders' Committee, however, there is no evidence that Tenma's Board of Directors resolved that it would purchase 8 billion yen to 13 billion yen worth of its own shares as stated above.

In addition, it is obvious that the numerical management targets for the fiscal year ending March 2026 as stated on page 13 of the Document are also matters to be resolved by the Board of Directors as a quasi-basic management policy (Article 399-13, paragraph (1), item (i)(a) and paragraph 2 of the Companies Act). Again, according to Executive Director Hisashi Tsukasa, a member of the Shareholders' Committee, however, there is no evidence that Tenma's Board of Directors resolved the numerical management targets for the fiscal year ending March 2026.

If the Document was prepared in the name of and under the responsibility of the company (Tenma), it is needless to say that it is an extremely serious compliance issue if the company externally disclosed resolution matters that had not been resolved by the Board of Directors by pretending as if they had been resolved. Instead, if the Document was prepared in the name of and under the responsibility of an individual, Executive Director Hiroshi Kaneda, and he externally disclosed matters that were not the company's management policy or capital policy on the company's website by pretending as if they were decided by the company, it is obvious that he abused his authority as an IR officer and deceived Tenma's shareholders and investors, which is not acceptable at all.

We strongly request that you promptly provide an explanation concerning the above questions to Tenma's shareholders so that the shareholders can fully understand the issues.

End

Contact for inquiries for news media

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