

[Translation]

June 7, 2021

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

Shareholders' Committee for the Better Corporate Governance of TENMA

Director Candidates to Be Proposed at the 73rd Annual Shareholders' Meeting of Tenma Corporation

Tsukasa Enterprise Corporation (the "Company") that constitutes the "Shareholders' Committee for the Better Corporate Governance of TENMA" (the "Shareholders' Committee"), holds over 8% of the common shares of Tenma Corporation ("TENMA"; listed on the First Section of Tokyo Stock Exchange, Inc. under securities code 7958), and in order to normalize TENMA's governance, has made a shareholders' proposal for the appointment of outside directors at the TENMA annual shareholders' meeting scheduled to be held in June 2021 (the "Meeting").

Since TENMA disclosed the details of the convocation notice for the Meeting (the "Convocation Notice") on June 4 of this year, we would like to express our opinions on the director candidates to be proposed at the Meeting, as follows:

1. TENMA's Current Governance Structure

Material related to a press release published by members of TENMA's Audit and Supervisory Committee on May 26 of this year describes TENMA's governance issues as stated below, and governance is the background of the shareholders' proposal made by the Shareholders' Committee regarding the three outside directors; we must say that the situation, in which TENMA's governance is not functioning, has become even more serious since the Shareholders' Committee made the shareholders' proposal.

[Excerpt from Press Release-Related Material Published by the Audit

and Supervisory Committee Members, dated May 26 of this year]

- **Directors who are members of the Audit and Supervisory Committee have taken action on the Vietnam Fraud Incident through deliberation and resolution in the Audit and Supervisory Committee.**
- **It is indicated that there is a problem with governance under the current director structure, in that Mr. Hiroshi Kaneda and others, who are regarded as having liability for damages relating to the Vietnam Fraud Incident, are allowed to remain in executive positions that are important for the Company's business operations. [Mr. Hiroshi Kaneda holds shares of the Company jointly with Kaneda Kosan Corporation, which is the second major shareholder of the Company, and thus enough shares to control the Company, together with the shares owned by an investment company, Dalton, which is a director of the Company. Therefore, he makes it virtually possible to appoint directors (including members of the Audit and Supervisory Committee) at this shareholders' meeting of the Company.]**
- **The Audit and Supervisory Committee decided the next term candidates for director who are members of the Audit and Supervisory Committee, and demanded that the Board of Directors submit the appointment of these candidates to the annual shareholders' meeting as an agenda item. The appointment of these same candidates includes reappointment of the directors who are members of the Audit and Supervisory Committee who have conflicting opinions.**
- **After this demand from the Audit and Supervisory Committee, the Nomination and Compensation Committee, which was established by the Company's Board of Directors as an optional advisory body, submitted a report indicating the inappropriateness of directors who were members of the Audit and Supervisory Committee who had conflicting opinions. The Nomination and Compensation Committee recommended director candidates who were new members of the Audit and**

Supervisory Committee, to replace the directors who are currently members of the Audit and Supervisory Committee. The situation is very unnatural, to the extent that the Nomination and Compensation Committee, as an optional advisory body, formulated a report recommending new candidates for directors who are members of the Audit and Supervisory Committee, and the Company disclosed the report publicly. In addition, Mr. Koichi Kan resigned as a member of the Nomination and Compensation Committee immediately after the submission of the report.

- **The Company's Board of Directors has tried to put pressure on the members of the Audit and Supervisory Committee who have conflicting opinions by establishing a "Special Investigation Committee Regarding Directors who are Members of the Audit and Supervisory Committee," for the reason that the report above indicates matters that are considered to be violations of laws or breaches of the duty of care by directors who are members of the Audit and Supervisory Committee.**
- **The details of the above report have not been investigated or verified by third parties, and before the Nomination and Compensation Committee verified the details of the counterargument submitted from Kataoka and Kitano, the report above was disclosed and triggered the shareholders' proposal by Dalton and Oasis on members of the Audit and Supervisory Committee.**

If the current directors successfully forced their proposal through and caused the shareholders to make the shareholders' proposal in order to replace the Audit and Supervisory Committee members who are proceeding with a lawsuit seeking damages against the former directors, the governance structure whereby the Audit and Supervisory Committee supervises the directors would cease to function. If that occurs, TENMA's governance is not functioning properly under TENMA's current Board of Directors. Strengthening TENMA's governance, including through the appointment of the outside directors demanded by the Shareholders' Committee, is essential to normalize TENMA's governance.

2. <Proposal No. 4> Proposal Made by the Shareholders' Committee for the Appointment of Three Outside Directors

Persons Who Decided on the Proposal: Tsukasa Enterprise Corporation (the Shareholders' Committee)

Names of Candidates: Mr. Takashi Ajimura, Ms. Noriko Kondo, and Ms. Kuniko Fujiyama

The Shareholders' Committee has made a shareholders' proposal concerning three candidates for director who are not Audit and Supervisory Committee members, Mr. Takashi Ajimura, Ms. Noriko Kondo, and Ms. Kuniko Fujiyama, and considers them to be necessary outside directors from the perspective of improving TENMA's governance.

As stated in section "1. TENMA's Current Governance Structure," we must state that TENMA's governance structure is not functional. Therefore, we have made a shareholders' proposal concerning three candidates for outside directors who we believe would contribute to improving TENMA's governance.

Mr. Takashi Ajimura has worked in the legal departments of companies for many years, and has served as a Chief Legal Officer and inside director in listed companies (he concurrently serves as the chairperson of the Nomination and Compensation Committee, and the chairperson of the Compliance Committee). He has also served as a member of the Compensation Committee in several public interest corporations. Further, he has given lectures concerning legal management as a guest professor at a university, therefore he has sufficient knowledge, experience and capability in the legal and compliance field, including building internal control systems in corporations, mainly in business enterprises. Accordingly, it can be expected that he would capitalize on his expertise in the legal and compliance field with regard to TENMA's management and normalization of TENMA's governance (where governance has been dysfunctional), from an objective and neutral

position. Therefore, he has been put forth as an outside director candidate.

Ms. Noriko Kondo has been engaged in media activities and has appeared on television, radio, in magazines, etc., held seminars, collaborated with companies on product development, produced storage spaces for houses and condominiums in development projects, and showrooms, and produced many original storage units and exhibition sites, from the perspective of a “person who lives there,” over many years as a Home & Lifestyle Advisor solving home storage problems. She has accomplished great achievements mainly in the storage field. Accordingly, it can be expected that she would provide advice based on her extensive expertise and experience with regard to manufacturing and selling interior storage products and other household items, including the “Fits” series, which is TENMA’s main business. In addition, it can be expected that she would supervise TENMA (where governance has been dysfunctional), normalize its governance, and capitalize on her versatile perspective and a woman’s point of view regarding TENMA’s management in order to continuously improve TENMA’s corporate value, from an objective and neutral position. Therefore, she has been put forth as an outside director candidate. Moreover, considering diversity, she is an essential female candidate.

Ms. Kuniko Fujiyama has, in addition to her abundant experience and insight as a corporate executive, broad knowledge and achievements in the consulting field, consulting with other corporate executives for many years. Accordingly, it can be expected that she would provide advice on overall management based on her abundant experience and extensive expertise. In addition, it can be expected that she would supervise TENMA (where governance has been dysfunctional), normalize its governance, and capitalize on her versatile perspective and a woman’s point of view regarding TENMA’s management in order to continuously improve TENMA’s corporate value, from an objective and neutral position. Therefore, she has been put forth as an outside director candidate. Moreover, considering diversity, she is an essential female candidate.

3. <Proposal No. 2> Opinion of the Shareholders' Committee on the Proposal for the Appointment of Directors (Excluding Directors Who are Members of the Audit and Supervisory Committee)

Persons Who Decided on the Proposal: TENMA's Board of Directors

Names of Candidates: Mr. Hirohiko Hirono, Mr. Yuichi Nagai, Mr. Masaru Noritake, Mr. Kenichi Hoshi, Mr. Shiro Hayashi, Mr. Hirofumi Kurahashi, and Mr. Shoji Matsuyama

The Shareholders' Committee opposes the proposal for the appointment of seven candidates for director (excluding directors who are members of the Audit and Supervisory Committee), i.e., Mr. Hirohiko Hirono, Mr. Yuichi Nagai, Mr. Masaru Noritake, Mr. Kenichi Hoshi, Mr. Shiro Hayashi, Mr. Hirofumi Kurahashi, and Mr. Shoji Matsuyama that was made by TENMA's Board of Directors.

Two of the former inside directors of TENMA, Mr. Hiroshi Kaneda and Mr. Takashi Sudo, are still serving as executive officers of TENMA, even though their appointment was rejected during the proposal for appointment of directors at the annual shareholders' meeting in 2020. Further, Mr. Hiroshi Kaneda held an important position as the General Manager of General Affairs, and Mr. Takashi Sudo held an important position as the General Manager of the Finance & Accounting Department, which are the same positions they held as before the annual shareholders' meeting in 2020. In addition, Mr. Kaneto Fujino, a former inside director and former president of TENMA, served as TENMA's advisor until December 31, 2020.

As stated above, TENMA's current management completely disregarded the will of the shareholders of TENMA at the annual shareholders' meeting in 2020 and appointed Mr. Hiroshi Kaneda, Mr. Takashi Sudo and Mr. Kaneto Fujino to important positions within TENMA's management, despite managerial liability being pursued against them; accordingly, we must state that TENMA's governance is not functioning properly.

If the director candidates, as determined by the Board of Directors as

stated above, are appointed, TENMA's governance will not function properly; therefore, the Shareholders' Committee opposes this proposal.

4. <Proposal No. 3> Opinion of the Shareholders' Committee on the Proposal for the Appointment of Directors Who are Members of the Audit and Supervisory Committee

Persons Who Decided on the Proposal: TENMA's Audit and Supervisory Committee

Names of Candidates: Mr. Jiro Kitano, Mr. Yoshimasa Kataoka, and Mr. Ichiro Sakai

The Shareholders' Committee supports the proposal for the appointment of three candidates for director who are members of the Audit and Supervisory Committee, i.e., Mr. Jiro Kitano, Mr. Yoshimasa Kataoka, and Mr. Ichiro Sakai that was made by TENMA's Audit and Supervisory Committee.

As stated in the TENMA press release titled "Notice Regarding the Filing of a Lawsuit for Damages against Former Inside Directors of TENMA" dated December 28, 2020, TENMA's Audit and Supervisory Committee filed a lawsuit with the Tokyo District Court on December 25, 2020, claiming damages from a violation of the duty of care by former inside directors of TENMA in relation to the suspicion of an inappropriate monetary distribution at an overseas subsidiary of TENMA.

TENMA's Audit and Supervisory Committee has opinions that conflict with the Board of Directors and continuously pursues the liability of the former inside directors of TENMA, and the Shareholders' Committee believes that consistent actions regarding the pursuit of the liability of the former inside directors of TENMA currently are required and supports the proposal for the appointment of three candidates for director who are members of the Audit and Supervisory Committee, i.e., Mr. Jiro Kitano, Mr. Yoshimasa Kataoka, and Mr. Ichiro Sakai.

5. <Proposal No. 5> Opinion of the Shareholders' Committee on the Proposal for the Appointment of Directors Who are Members of the Audit and Supervisory Committee

Persons Who Decided on the Proposal: Dalton and Oasis

Names of Candidates: Mr. Kazuhiko Hara, Mr. Hirotaka Goto, and Ms. Miyo Nishida

The Shareholders' Committee opposes the proposal for the appointment of three candidates for director who are members of the Audit and Supervisory Committee, i.e., Mr. Kazuhiko Hara, Mr. Hirotaka Goto, and Ms. Miyo Nishida, as described in the shareholders' proposal by Dalton and Oasis.

TENMA's Board of Directors established the Nomination and Compensation Committee as an optional advisory body in November 2020. A majority of the Nomination and Compensation Committee is composed of Mr. Hiroshi Kaneda and Mr. Takashi Sudo, as executive officers, whose appointments were rejected during the proposal for the appointment of directors at the annual shareholders' meeting in 2020, with Mr. Hiroshi Kaneda holding an important position as the General Manager of General Affairs, and Mr. Takashi Sudo holding an important position as the General Manager of the Finance & Accounting Department, which are the same positions they held before the annual shareholders' meeting in 2020, and this committee has never become a body that contributes to improving TENMA's governance.

The Nomination and Compensation Committee submitted and published a report regarding directors who were members of the Audit and Supervisory Committee on April 19, 2021, and Dalton and Oasis insisted that since they confirmed this report, they made the shareholders' proposal for the persons indicated in the report.

Dalton is a group to which a current director, Mr. Shiro Hayashi, who was proposed as a director candidate at the annual shareholders' meeting by the former inside directors who are the Defendants in the lawsuit seeking damages, belongs. It is suspected that since the Audit

and Supervisory Committee filed the lawsuit seeking damages against the former inside directors, Mr. Shiro Hayashi caused Dalton to make the shareholders' proposal in order to replace Mr. Jiro Kitano and Mr. Yoshimasa Kataoka, who actively promoted the filing of the lawsuit seeking damages. Furthermore, since only Dalton's shareholder proposal is understood by the shareholders to be a set-up by Director Shiro Hayashi, it is suspected that Director Shiro Hayashi urged Oasis to make a shareholders' proposal, too.

If the directors successfully forced their proposal through and caused the shareholders to make the shareholders' proposal in order to replace the Audit and Supervisory Committee members who are proceeding with a lawsuit seeking damages against the former inside directors, the governance structure whereby the Audit and Supervisory Committee supervises the directors would cease to function.

The Shareholders' Committee declares its opposition to this shareholders' proposal, which is the cause of that concern.

6. Outline of the Director Candidates to Be Proposed at the Meeting and Opinions of the Shareholders' Committee

	Persons Who Decided on the Proposal	Candidates	Opinions of the Shareholders' Committee
Proposal for the Appointment of Directors (Excluding Directors Who are Members of the Audit and	Shareholders' Committee for the Better Corporate Governance of TENMA (the Shareholders' Committee) <Proposal No. 4>	Mr. Takashi Ajimura, Ms. Noriko Kondo, and Ms. Kuniko Fujiyama	Proposal made by the Shareholders' Committee (Supported)
	TENMA's Board of Directors <Proposal No. 2>	Mr. Hirohiko Hirono, Mr. Yuichi Nagai, Mr. Masaru	Opposed

Supervisory Committee)		Noritake, Mr. Kenichi Hoshi, Mr. Shiro Hayashi, Mr. Hirofumi Kurahashi, and Mr. Shoji Matsuyama	
Proposal for the Appointment of Directors Who are Members of the Audit and Supervisory Committee	TENMA's Audit and Supervisory Committee <Proposal No. 3>	Mr. Yoshimasa Kataoka, Mr. Jiro Kitano, and Mr. Ichiro Sakai	Supported
	Dalton and Oasis <Proposal No. 5>	Mr. Kazuhiko Hara, Mr. Hirotaka Goto, and Ms. Miyo Nishida	Opposed

End

Contact for inquiries for news media

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Note: This document is not to solicit the exercise of voting rights by persons who constitute the Shareholders' Committee for the Better Corporate Governance of TENMA or third parties for both the proposal by the company and the proposal by the shareholders at the Meeting.