

June 17, 2021

To Shareholders of Tenma Corp.:

To Members of the Press:

Shareholders' Committee for the Better Corporate Governance of TENMA

Our Committee's View on the Opinion of ISS, a Proxy Voting Advisory Firm

Tsukasa Enterprise Corporation (hereinafter referred to as the "Company") configured the "Shareholders' Committee for the Better Corporate Governance of TENMA" (hereinafter referred to as the "Shareholders' Committee") and holds over 8% of the common shares of Tenma Corporation (hereinafter referred to as "TENMA") a company listed on the First Section of the Tokyo Stock Exchange, Inc. under securities code 7958. In an effort to normalize TENMA's governance, the Shareholders' Committee has submitted a shareholders' proposal for the appointment of outside directors at the Annual General Shareholders' Meeting of TENMA to be held in June 2021 (the "Meeting").

We have since learned that the proxy advisory firm Institutional Shareholder Services Inc. (hereinafter referred to as "ISS") has published a recommendation report (hereinafter referred to as the "report") in regards to how shareholders should vote on the submitted proposal regarding the appointment of outside directors.

We have recognized that there are differences in our Shareholders' Committee's opinion and that of ISS in regards to the following agenda items and voting recommendations listed within the report, specifically, the "FOR" recommendations in regards to Agenda Item. No.2 <Management Proposal> regarding the nomination of Directors (excluding Audit Committee Members) 7 nominations) and Agenda Item No.5 <Shareholder Proposal> (nomination of 3 Shareholder Directors and Audit Committee Members), as well as the "AGAINST" recommendations in regards to Agenda Item No. 3 <Management Proposal> (the nomination of 3 Directors and Audit Committee Members), and Agenda Item No.4<Shareholder Proposal> (nomination of 3 Shareholder Directors (excluding Audit Committee Members)).

Our Shareholders' Committee's opinion is as stated within "Director Candidates to Be Proposed at the 73rd Annual Shareholders' Meeting of Tenma Corporation" published on June 7, 2021. We would now like to explain our Shareholders' Committee's opinion in regard to the report.

1. <Agenda Item No.2> Election of 7 Directors (excluding Audit Committee Members)

Proponent : The Board of Directors of TENMA

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

ISS recommends shareholders vote “FOR” in regards to Agenda Item No. 2 regarding the proposal to nominate 7 candidates to the Board of Directors because “there are no particular concerns about the nominees”. However, there seems to be no explanation about the difference between last year’s recommendation report concerning Tenma’s Annual General Shareholders’ Meeting, when ISS recommended shareholders to vote “AGAINST” candidates due to some of them being deemed unfit based on Article 342-2 of the Companies Act, and this year’s recommendation report, wherein, based on the same Article, ISS recommends shareholders vote “FOR” 4 Directors (Mr. Hirohiko Hirono, Mr. Yuichi Nagai, Mr. Shiro Hayashi, Mr. Shoji Matsuyama) without any comment regarding inappropriateness.

The 4 directors deemed inappropriate by the Audit and Supervisory Committee not only agreed to the resolution to appoint Mr. Hiroshi Kaneda and Mr. Takashi Sudo, whose election as directors was rejected by shareholder vote at the 72nd Ordinary General Meeting of Shareholders held last year, as Executive Officers at a meeting held by the Board of Directors right after the Annual General Meeting of shareholders, but also endorsed the resolution of the board of directors to make Mr. Kaneto Fujino, the former president and representative director who resigned just before the meeting to take responsibility for the overseas bribery issue, an advisor until the end of last December. With this in mind, it must be said that the current Board of Directors, including the aforementioned candidates, is not functioning appropriately. Thus, our Shareholders’ Committee believes that this could be tied to a loss in TENMA’s corporate value.

Furthermore, on April 19th of this year, the same Nomination and Compensation Committee voluntarily established by the Board of Directors of TENMA (hereinafter referred to as the “Nomination and Compensation Committee”) of which Mr. Shoji Matsuyama and Mr. Hirohiko Hirono (part of the 4 director candidates deemed to be inappropriate by the Audit and Supervisory Committee) are members, submitted an opinion report (hereinafter referred to as the “report”) stating that the reappointment of Audit and Supervisory Committee members: Mr. Jiro Kitano, and

Mr. Yoshimasa Kataoka would be inappropriate. However, our Shareholders' Committee believes that the actions taken by Mr. Shoji Matsuyama and Mr. Hirohiko Hirono in regards to each of the aforementioned Board of Director meetings, run contrary to the aims of sound corporate governance, and could create losses in value for all of TENMA's shareholders.

Although not explicitly stated in the report, our Shareholders' Committee believes that the reason why the Nomination and Compensation Committee submitted this highly unusual report, which might threaten the security of status and independence of directors who are members of the Audit and Supervisory Committee as stipulated in the Companies Act, is that Mr. Jiro Kitano and Mr. Yoshimasa Kataoka, as members of the Audit and Supervisory Committee of TENMA, led the filing of a lawsuit (filed on December 25, 2008) to pursue the liability of Mr. Kaneto Fujino, Mr. Hiroshi Kaneda, and Mr. Takashi Sudo, who are former directors of TENMA.

There is no evidence of consideration of any of the above facts in the reasoning behind the "FOR" recommendation in regards to Agenda Item No. 2 in this report, and we have grave doubts about the "FOR" recommendation put forth by ISS, which was issued without sufficient consideration of this fundamental issue of corporate governance. In our opinion, the above "FOR" recommendation by ISS is highly questionable.

**2. <Agenda Item No.3> Election of Directors and Audit Committee Members
Proponent: The Audit and Supervisory Committee of TENMA.**

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

ISS recommended that shareholders vote "AGAINST" Proposal 3 on the grounds that the addition of all three candidates proposed by TENMA's Audit and Supervisory Committee to the Board of Directors "could cause disruption to management via the increased influence of founding family member Mr. Osamu Tsukasa, with whom TENMA has an ongoing dispute". However, this "AGAINST" recommendation contains a serious factual error.

This report states that although Agenda Item No. 3 was officially submitted as a company proposal, it is in fact a proposition submitted by Mr. Tsukasa. However, Agenda Item No. 3 was submitted by the Audit and Supervisory Committee of TENMA at its own discretion and in accordance with the Companies Act. Therefore, there was absolutely no intention to increase Mr. Tsukasa's influence over TENMA. Moreover, of the three candidates proposed by the Audit and Supervisory Committee

of TENMA, Mr. Jiro Kitano and Mr. Yoshimasa Kataoka, as Audit and Supervisory Committee members of TENMA, have led the filing of a lawsuit (the date of filing was December 25 of last year) to pursue liability against six former directors of TENMA, including Mr. Hisashi Tsukasa, the eldest son of Mr. Osamu Tsukasa.

From this fact alone, it is clear that, at the very least, the addition of Mr. Jiro Kitano and Mr. Yoshimasa Kataoka to TENMA's board of directors will not lead to an increase in Mr. Tsukasa's influence.

There is no evidence of consideration of the above facts in the reasons for submitting an "AGAINST" recommendation in regards to Agenda Item No. 3 in the report, and we have grave doubts about the above "AGAINST" recommendation by ISS, which was issued without sufficient consideration of these important points.

Even though the current Audit and Supervisory Committee of TENMA has conflicting opinions with the Board of Directors who are responsible for the execution of business matters, the responsibility of the former directors of TENMA who were involved in the overseas bribery issue continues to be pursued through the filing of the aforementioned lawsuit to hold the six former directors of TENMA accountable. We believe that a consistent response by the Audit and Supervisory Committee, including the three candidates proposed by the current Audit and Supervisory Committee (Mr. Jiro Kitano, Mr. Yoshimasa Kataoka and Mr. Ichiro Sakai), is a necessity for TENMA.

3. <Agenda Item No.4> Election of 3 Directors

Proponent: Tsukasa Enterprises (the "Shareholders' Committee")

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

Though ISS recommended "AGAINST" all 3 Candidates because "the addition of the candidates to the board could cause disruption to management via the increased influence of founding family member Osamu Tsukasa, with whom TENMA has an ongoing dispute.", our Shareholders' Committee recommends the nomination of the 3 candidates in order to improve TENMA's governance function. Furthermore, there is no intention of Mr. Tsukasa's expanding his influence over TENMA.

At present, TENMA requires the presence of Outside Directors who are completely independent of the Executive Directors and who can exert a strong check-and-balance function, rather than the colluding Board of Directors consisting of Directors recommended by the current Board of Directors (i.e., Directors who are not Audit and Supervisory Committee members as proposed in Agenda Item No. 2 and Directors who are Audit and Supervisory Committee members as proposed in

Agenda Item No. 5). The Board of Directors is required to have Outside Directors who are completely independent of the Executive Directors and who can exercise a strong check and balance function, and the Board of Directors believes that this may lead toward damaging TENMA's corporate value.

With respect to the point mentioned in this report that the candidates for the Board of Directors proposed by the Shareholders' Committee declined to meet with the Nomination and Compensation Committee, these candidates were originally scheduled to be interviewed together. However, just prior to the meeting, Mr. Hirohiko Hirono, the current President and Representative Director of TENMA, informed the Shareholders' Committee that the meetings would be held individually with the then three members of the Nomination and Compensation Committee (Mr. Shoji Matsuyama, Mr. Hirofumi Kurahashi and Mr. Hirohiko Hirono). For the sake of clarity, this Shareholder Committee would like to add that in light of the composition of the Nomination and Compensation Committee and its history, this Shareholder Committee assumed that such a method of interview would result in a brow-beating response to the candidates proposed by the Committee. This is the background leading to this Shareholders' Committee to decline the interviews.

4. < Agenda Item No.5 > Our Shareholder Committee's Opinion on the Nomination of Shareholder Directors and Audit and Supervisory Committee Members

Proponent : Dalton Kizuna (Master) Fund LP, Oasis Investments II Master Fund Ltd.

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

ISS recommends "FOR" Agenda Item No. 5 for all three candidates proposed by the Dalton Kizuna (Master) Fund L.P. (hereinafter referred to as "Dalton") and the Oasis Investments II Master Fund, Ltd. (hereinafter referred to as "Oasis") on the grounds that "the nominees are effectively appointed by management and supporting this nominee would help the company to focus on business operations, beyond disputes with Osamu Tsukasa.

However, we of the Shareholder Committee are concerned that if a candidate for Director who is an Audit and Supervisory Committee member substantially recommended by the current Board of Directors is elected, the governance as a company with an Audit and Supervisory Committee will not function at all due to the collusion between the Audit and Supervisory Committee, which is in a position

to supervise the Board of Directors, and the Board of Director. We are concerned this collusion could lead to the damage of TENMA's corporate value in the medium to long term.

The Nomination and Compensation Committee, of which Mr. Hirohiko Hirono, the current President and Representative Director of TENMA, is a member, submitted the report dated April 19, 2021, declaring that the current Audit and Supervisory Committee members, Mr. Jiro Kitano and Mr. Yoshimasa Kataoka, are inappropriate as Audit and Supervisory Committee members. (Mr. Shiro Hayashi, who is a current director of TENMA and is nominated as a candidate for director that is not a member of the Audit and Supervisory Committee in Agenda Item No. 2, which was proposed by the Board of Directors of TENMA, is the representative of its Japanese subsidiary), Also, Agenda Item No.5 was submitted jointly by Dalton and Oasis. Continuing, (2) as stated on pages 45-47 of the convocation notice for this annual general meeting of shareholders, the current board of directors of TENMA has expressed a recommendation "FOR" Agenda Item No. 5 in response to this report, etc. In light of these facts, we believe that "although Agenda Item No. 5 has the appearance of a shareholder proposal submitted jointly by Dalton and OASIS, it is in fact a joint proposal submitted by the current board of directors of TENMA (excluding the Audit and Supervisory Committee) together with Dalton and OASIS.

If this is allowed to happen, we are concerned that the purpose of Article 344-2, Clause 1 and Clause 2 of the Companies Act, which grants the Audit and Supervisory Committee the right to substantially determine the candidates for Audit and Supervisory Committee members, may be completely subverted.

Furthermore, in the event that Agenda Item No. 2 proposed by Tenma's current Board of Directors and Agenda Item No. 5 proposed by Dalton and Oasis (who have not filed a large shareholding report) are both approved at this Annual General Meeting of Shareholders, Dalton, which only holds 13.19% of the shares, Dalton will have effectively nominated 4 out of 11 directors of Tenma (including one (1) Director on the Audit Committee who will not be elected at this General Meeting of Shareholders.) The aforementioned (1) Director. Mr. Shiro Hayashi, and the three candidates for Director and Audit Committee Members in Agenda Item No. 5, will have been effectively nominated by Dalton (approximately 36.36% of all Directors), and as a result, Dalton's influence on TENMA's management will be disproportionately increased. We believe that such a situation could result in a significant conflict of interest between Dalton and TENMA's other shareholders.

There is no indication in the reasoning for the "FOR" recommendation in regards to Agenda Item No. 5 in this report that any consideration was given to the above serious issues related to the Companies Act and the interests of other shareholders, and because of this we have grave doubts about ISS's "FOR" recommendation which was issued without sufficient consideration of such important issues that are fundamental to TENMA's corporate governance.

The current Audit and Supervisory Committee of TENMA continues to pursue the responsibility of the former directors of TENMA who were involved in the overseas bribery issue by filing the above-mentioned lawsuit against the 6 former directors of TENMA, even in the midst of conflicting opinions with the Board of Directors, which mainly consists of executive directors. The Company believes that a consistent response by the Audit and Supervisory Committee, including the three candidates proposed by the current Audit Committee (Mr. Jiro Kitano, Mr. Yoshimasa Kataoka, and Mr. Ichiro Sakai), is necessary for TENMA.

In the unlikely event that, in effect, the three candidates who are understood to be proposed by the current board of directors, mainly the executive directors of TENMA (excluding the Audit and Supervisory Committee), jointly with Dalton and OASIS, are elected as directors who are members of the Audit and Supervisory Committee, in light of the points mentioned in 1. and 2. above and the previous history, our Shareholders' Committee is strongly concerned that the pursuit of responsibility against the former directors of TENMA mentioned above will not be effectively carried out possibly due to collusion.

5. 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	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)

of the Audit and Supervisory Committee)	TENMA's Board of Directors <Proposal No. 2>	Mr. Hirohiko Hirono, Mr. Yuichi Nagai, Mr. Masaru Noritake, Mr. Kenichi Hoshi, Mr. Shiro Hayashi, Mr. Hirofumi Kurahashi, and Mr. Shoji Matsuyama	Opposed
Proposal for the Appointment of Directors	TENMA's Audit and Supervisory Committee <Proposal No. 3>	Mr. Yoshimasa Kataoka, Mr. Jiro Kitano, and Mr. Ichiro Sakai	Supported
Who are Members of the Audit and Supervisory Committee	Dalton and Oasis <Proposal No. 5>	Mr. Kazuhiko Hara, Mr. Hirotaka Goto, and Ms. Miyo Nishida	Opposed

End

Contact for inquiries for news media

Shareholders' Committee for the Better Corporate Governance of TENMA

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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.