This document is an English translation of the original document in Japanese and has been prepared solely for reference purposes. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail in all respects.

May 15, 2024

To whom it may concern:

Company name: Tenma Corporation
Representative: Hirohiko Hirono, President and Representative Director
(Securities code: 7958, TSE Prime)
Contact: Masaru Noritake, Director in charge of General Affairs and Finance and Accounting affairs and General Manager, General Affairs Department
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Announcement of receipt of a document stating for the exercise of shareholder's right to make a proposal and opinion of our Board of Directors on the shareholder's proposal

1. Outline of the opinion of the Board of Directors

The Company has received a shareholder proposal dated April 17, 2024, from LIM Japan Event Master Fund (the "Proposing Shareholder"), a shareholder of our company, to exercise its right to make a shareholder proposal with respect to the agenda for the 76th annual general meeting of shareholders to be held on June 26, 2024 (the "Ordinary General Meeting of Shareholders"). However, we hereby announce that the Board of Directors, at the meeting held today, resolved to oppose the shareholder's proposal by the Proposing Shareholder (the "Shareholder's Proposal").

(1) Proposing Shareholder

Name of shareholder: LIM Japan Event Master Fund

(2) Proposed agendas

(i) Appropriation of surplus

(ii) Partial amendment to the Articles of Incorporation (Individual disclosure of remuneration for Directors [excluding Outside Directors and Non-executive Directors])

(3) Outline of and reasons for the proposals

As described in the Exhibit.

The Exhibit "Outline of and Reasons for the Proposal" is the original text of the relevant portion of the Shareholder's Proposal submitted in writing by the Proposing Shareholder.

2. Opinion of our Board of Directors

(1) Proposal No. 1: Appropriation of surplus

(i) Opinion of our Board of Directors

Our Board of Directors is **against this proposal**.

(ii) Reasons for opposition

The Company recognizes the status of capital efficiency of the Company in a timely manner as an important management indicator and considers the strengthening of profit distribution to be one of its important measures.

As announced in the “Announcement concerning change in dividend policy and revision of dividend forecast (dividend increase)” dated February 8, 2019, and “Announcement concerning our approach to enhancement of corporate value” dated August 7, 2020, the Company has decided and implemented a dividend policy of setting the consolidated dividend on equity ratio (DOE) at 2.5% or more. In addition, to strengthen its capital policy, the Company has set a long-term goal of acquiring treasury stock in the amount of 10 billion yen in total and has been implementing share repurchases on an ongoing basis. As a result of these measures, the Company's average total payout ratio for the past three years has been high, exceeding 100%.

The Company will continue to position the enhancement of profit distribution as one of our management issues. With regard to the dividends from surplus, we plan to adhere to the basic policy of implementing continuous and stable dividends, aiming to achieve efficient capital allocation by striking an optimal balance between securing funds for business continuity Investment leading to sustainable growth and the return of profits to shareholders.

In the proposal for appropriation of surplus to be proposed by the Company at this Ordinary General Meeting of Shareholders, the Company plans to propose a year-end dividend of 42 yen per share for the fiscal year ending March 31, 2024. If this proposal is approved, the dividend per share for the full year of FY 2024 will be 82 yen, which will allow us to pay a stable dividend, achieving the consolidated dividend on equity ratio (DOE) of 2.5%, which we have set as our dividend policy, while securing funds for business continuity Investment leading to sustainable growth.

On the other hand, this proposal proposes the appropriation of surplus in the amount of 98 yen per share for the year-end dividend for the fiscal year ended March 31, 2024, for a total amount of approximately 2.1 billion yen. We believe that such a proposal calls for the payment of excessive dividends without consideration for the business environment surrounding the Company and the need to secure cash reserves based on investment strategies and is not consistent with the Company's policy, which is based on the continuous and stable payment of dividends from a surplus, and in turn, does not lead to medium- to long-term improvements in corporate value and the common interests of shareholders.

For these reasons, the Board of Directors is against this proposal.

(2) Proposal No. 2: A partial amendment to the Articles of Incorporation (Individual disclosure of compensation for Directors [excluding Outside Directors and Non-executive Directors])

(i) Opinion of our Board of Directors

Our Board of Directors is **against this proposal**.

(ii) Reasons for opposition

Based on the proposal by the voluntary Nominating and Compensation Committee, which is composed of a majority of independent Outside Directors and chaired by an independent Outside Director, in order to ensure the independence and objectivity of the Board of Directors' functions in the nomination and compensation of Directors and to fulfill the accountability of the Board of Directors, the Company has determined a policy for determining the compensation for each individual Director who is not a member of the Audit and Supervisory Committee, which is outlined below. The details of individual compensation for Directors who are not members of the Audit and Supervisory Committee are determined by the Board of Directors after the Nomination and Compensation Committee confirms that the details are in line with the relevant policy.

"Compensation for Directors (excluding Outside Directors and Non-executive Directors) who are not members of the Audit and Supervisory Committee"

Compensation for Directors (excluding Outside Directors and Non-executive Directors) who are not members of the Audit and Supervisory Committee consists of base compensation (cash compensation) and stock compensation (company stock compensation).

The ratio of base compensation (cash compensation) and stock compensation (company stock compensation) in an individual's compensation determined to ensure that the individual's compensation functions as an appropriate incentive as a whole.

All decisions on the content of individual compensation are made by the Board of Directors after deliberation within the scope approved by the resolution of the General Meeting of Shareholders. The draft is prepared by a voluntary Nominating and Compensation Committee (the majority of whose members are independent Outside Directors) and then reported to the Board of Directors.

As described above, the Company's compensation system for Directors and the determination of the amount of compensation for each Director are designed with appropriate involvement by the Nominating and Compensation Committee to function as an incentive to improve the Company's corporate value, which in turn contributes to the common interests of shareholders. It is also intended that the compensation will be linked to the interests of minority shareholders through the granting of an appropriate proportion of stock compensation (company stock compensation).

In accordance with laws and regulations, the Company appropriately discloses in its business report, annual securities report, and corporate governance report for each fiscal year, the total amount of compensation, as well as the number of eligible officers for each officer category. However, as none of the Company's Directors individually receive a total consolidated compensation exceeding 100 million yen, the Company refrains from disclosing individual compensation amounts in its annual securities reports, as mandated by laws and regulations.

The provision requiring disclosure of the amount of compensation for individual Director, as requested by the Proposing Shareholder, is not consistent with the Articles of Incorporation, which is a fundamental corporate code, and as the Company has established an appropriate system for determining compensation as described above, and properly discloses compensation in accordance with laws and regulations, our Board of Directors does not deem it necessary to incorporate such a provision in the Articles of Incorporation.

For these reasons, the Board of Directors is against this proposal.

End of document

Exhibit "Outline of and Reasons for the Proposal"
Note: The following is the original text of the relevant portion of the Shareholder's Proposal submitted in writing by the Proposing Shareholder.

II Outline of and reasons for the proposal

1. Appropriation of surplus

(1) Outline of the proposal

Appropriation of surplus shall be as follows:

This proposal is to be additionally presented at the Ordinary General Meeting of Shareholders, regardless of any proposal made by the Company's Board of Directors regarding the appropriation of surplus at the same meeting, if any.

(i) Type of dividend property

Cash

(ii) Dividend per share

A total of 98 yen per share of common stock of the Company, less the amount of dividends from re surplus per share of common stock of the Company proposed by the Board of Directors and approved by this Ordinary General Meeting of Shareholders (98 yen if the Board of Directors does not propose the appropriation of surplus at this Ordinary General Meeting of Shareholders)

(iii) Matters concerning the allocation of dividend property and the total amount thereof

Dividend per share of the Company's common stock as stated in (ii) above. (The total dividend amount is calculated by multiplying the dividend per share by the total number of shares of common stock (excluding treasury stock) issued and outstanding as of March 31, 2024.)

(iv) Effective date of the dividend from surplus

The date of this Ordinary General Meeting of Shareholders

(v) Commencement date of dividend payment

The date three weeks after the business day following the date of this Ordinary General Meeting of Shareholders

(2) Reasons for the proposal

Since 1997, the Price-to-Book Ratio (PBR) of our Company's stock has remained below the dissolution value of 1, and as of April 10, 2024, it is less than 0.6. This is due to the Company's inability to deviate from its original corporate culture of hoarding cash reserves and deposits and continues to accumulate internal reserves even today when the company's creditworthiness has improved with its IPO. At the end of December 2023, the Company's equity ratio stood at a high level of 79%, highlighting the necessity for improving capital efficiency.

The main reason for the low capital efficiency is the Company's accumulated cash and deposits.

The Company has not only approximately 26 billion yen in consolidated net cash (cash and deposits minus borrowings) as of December 31, 2023, but also approximately 4 billion yen in listed stocks (as of March 31, 2023). These net assets under management, which do not contribute to the core business, total approximately 30 billion yen, almost two-thirds of the company's market capitalization as of April 10, 2024.

The accumulated cash inflow has excessively inflated shareholder equity, leading to an increase in the cost of equity. Considering the risk of continued impairment of shareholder value due to the further expansion of shareholder equity and prolonged PBR below 1, fundamentally returning capital to shareholders is essential to break the vicious cycle of worsening capital efficiency and will contribute to the protection of minority shareholders.

The *Discussion Paper of the Follow-up Meeting on the Review of Market Classification*, released by the Tokyo Stock Exchange on January 30, 2023, states that "In Japan, there are many cases where management is not aware of the cost of capital and stock prices, and it is necessary to reform management awareness, improve literacy, and increase autonomy in corporate management." However, the Company's management has allowed its accumulated cash to leave its return on equity (ROE) below its cost of equity. The Company has introduced a dividend on equity (DOE) ratio of 2.5%, but this is inadequate in light of the prolonged PBR slump.

Therefore, a dividend payout ratio of at least 100% is required, and as stated in (1) above, we propose to pay a dividend to shareholders of 98 yen per share, which is equivalent to the net income per share in our earnings forecast for the fiscal year ended March 31, 2024, or 138 yen per share, minus an interim dividend of 40 yen per share. The proposed dividend per share is equivalent to a DOE of approximately 3.5% on a full-year equivalent basis, which is below the Company's estimated cost of equity, and thus below the 10-year U.S. Treasury bond yield, which is in the mid-4% range at the international risk-free rate.

2. A partial amendment to the Articles of Incorporation (Individual disclosure of compensation for Directors [excluding Outside Directors and Non-executive Directors])

(1) Outline of the proposal

The following articles are newly established in the Articles of Incorporation of the Company, and each of the articles after Article 26 of the current Articles of Incorporation shall be moved down by one (1) article. In the event that formal adjustments (including, but not limited to, the correction of misplaced article numbers) are required to the articles listed as this proposal due to the approval of other proposals (Including, but not limited to, proposals by the Company) at this Ordinary General Meeting of Shareholders, the articles pertaining to this proposal shall be read as the articles after the necessary adjustments have been made.

(Underlines indicate changes.)

Current Articles of Incorporation	Proposed Amendments
(New)	Individual Disclosure of Compensation (excluding Outside Directors and Non-Executive Directors) for Directors) Article 26 The compensation for Directors (excluding Outside Directors and Non-executive Directors) shall be disclosed annually in the business report and securities report, including the individual compensation amount, details, and determination method.

(2) Reasons for the proposal

The fact that the Company's management has allowed capital efficiency to deteriorate over such a long period of time is a clear disregard for minority shareholders and raises corporate governance issues. Meanwhile, the individual compensation of the Directors shows how the Board of Directors assesses the challenges facing the Company and how this is reflected in the compensation of individual Directors and serves to identify the causes of the corporate governance and capital allocation issues.

Since our Company's board of directors has overlooked the PBR falling below 1 and the ballooning of policy-held shares, it is unlikely that the management will take responsibility for improving corporate governance issues, enhancing capital efficiency, and protecting minority shareholders. Therefore, in order to create an environment in which shareholders can more proactively exercise oversight, we propose that the Company establish a provision in its Articles of Incorporation that would require the Company to disclose individual Director compensation.

According to the *Corporate Governance Report* disclosed by the Company in April 2024, “Compensation for Directors (excluding Outside Directors and Non-executive Directors) who are not members of the Audit and Supervisory Committee shall consist of the following base compensation (cash compensation) and stock compensation (company stock compensation).” Base compensation is a fixed cash compensation, paid monthly in an amount determined by comprehensively taking into consideration the business results of the previous fiscal year, the responsibilities and contributions of each Director, and other factors, and, in principle, stock-based compensation is paid in the form of the Company’s stock or money equivalent to the market value of the Company’s stock in lieu of Company stock, in proportion to the cumulative number of fixed and performance-linked points granted to the Directors by the time they retire from the Company on a predetermined date each year in accordance with the Share Delivery Regulations established by the Board of Directors, through a trust set up by the Company with monetary contributions. However, since capital efficiency such as ROE is not included as an indicator, it is not possible to see how Directors' incentives are linked to the interests of shareholders (especially the interests of minority shareholders) from the publicly disclosed materials.

Supplemental Principle 4-2 (i) of "Principle 4-2. Roles and Responsibilities of the Board of Directors (2)" in the Corporate Governance Code states that “The board should design management remuneration systems such that they operate as a healthy incentive to generate sustainable growth, and determine actual remuneration amounts appropriately through objective and transparent procedures. The proportion of management remuneration linked to mid- to long-term results and the balance of cash and stock should be set appropriately.” However, it is highly likely that the Company's compensation system for Directors is not a system that contributes to the common interests of shareholders.

Therefore, in order to create an environment in which shareholders and the stock market can properly evaluate the performance of the Company's management and the Company's corporate governance issues, we propose to establish a provision in the Articles of Incorporation that would require the Company to disclose the individual compensation of its Directors.

In "TSE's Future Responses Based on the Discussion Paper" released by the Tokyo Stock Exchange on January 30, 2023, they “request that management and Boards of Directors accurately assess the Company's cost of capital and return on capital, discuss the status of the Company's cost of capital and the evaluation of its stock price and market capitalization, and if necessary, disclose the Company's policies and specific initiatives for improvement and their progress, etc.” and also “strongly request that companies with a PBR of less than 1x on a continuous basis disclose such information.” The Company's PBR has remained below 1 for nearly 30 years. Whether the recovery of PBR to 1 or higher serves as an incentive for the Directors highly depends on the policy and specific measures for improving PBR.

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