DISCLAIMER: This English document is translated using a machine translation. You may use this for reference purposes only, fully understanding that it may include inaccurate translations. It is your sole responsibility if you rely not on the Japanese original but on this translation.

May 18, 2026

To whom it may concern,

Company name: Denyo Co., Ltd.
Name of representative: Takanori Yoshinaga, President
(Code: 6517, TSE Prime Market)
Inquiries: Makoto Tanabe, Director, Managing Executive Officer, Chief Executive, Administration Division
(TEL. +81-3-6861-1111)

Notice Concerning Board of Directors' Opinion on Shareholder Proposal

Denyo Co., Ltd. (hereinafter referred to as the "Company") hereby announces that, in response to a document (hereinafter referred to as the "Shareholder Proposal Document") received from NIPPON ACTIVE VALUE FUND PLC (hereinafter referred to as the "Proposing Shareholder"), a shareholder of the Company, to make a shareholder proposal for the agenda of the 78th Ordinary General Meeting of Shareholders to be held on June 26, 2026 (hereinafter referred to as the "Shareholder Proposal"), the Company has resolved at the Board of Directors meeting of the Company held today to oppose the Shareholder Proposal, as described below.

1. Proposing Shareholder

Shareholder Name: NIPPON ACTIVE VALUE FUND PLC

2. Details of Shareholder Proposal

(1) Agenda

Partial Amendments to the Articles of Incorporation Regarding the Number of Outside Directors

(2) Contents of Proposal

Please refer to the attached "Details of Shareholder Proposal."

The attached document "Details of Shareholder Proposal" contains the relevant portions of the Shareholder Proposal Document submitted by the Proposing Shareholder as originally submitted.

3. Opinion of the Board of Directors of the Company on Shareholder Proposal

Partial Amendments to the Articles of Incorporation Regarding the Number of Outside Directors

(1) Opinion of the Board of Directors of the Company

The Board of Directors opposes the Shareholder Proposal.

(2) Reason for Opposition

As a company with an Audit and Supervisory Committee, the Company has established a governance system that enables both the enhancement of supervisory functions by utilizing independent outside directors and prompt and accurate decision-making by directors who are well versed in business operations.

Directors are appointed on the assumption that they have excellent character and insight, regardless of nationality, background or gender, and in light of the basic policies set forth in the “Fiscal 2035 Long-Term Vision” and the “Medium-Term Management Plan Denyo 2026,” in consideration of the skills that the Board of Directors should possess. In addition, the Company appoints independent outside directors who possess highly specialized knowledge and experience and management experience at other companies, and who can be expected to give positive opinions toward the growth of the Company. Furthermore, in order to ensure objectivity and fairness in the nomination of Directors, candidates for Directors are determined following deliberations by the Nomination and Compensation Advisory Committee, which comprises Representative Directors and Independent Outside Directors and is chaired by an Independent Outside Director.

Currently, the Board of Directors of the Company has 13 members, of which 5 (approximately 38%) are Outside Directors with specialized knowledge and experience in management, legal affairs and public policy, and 3 (approximately 23%) are female Directors. At meetings of the Board of Directors, diverse and active discussions are held from a wide range of perspectives, including those of shareholders, investors, and other stakeholders. As a result, we recognize that the Company’s governance system is functioning effectively.

On the other hand, if provisions such as the Shareholder Proposal are established in the Articles of Incorporation, securing the number of directors will be prioritized, which may unnecessarily limit the range of candidates for Directors, and may hinder the formation of an optimal Board of Directors to respond to future changes in the business environment and changes in management strategies. As a result, there is a risk of hindering the enhancement of corporate value over the medium to long term.

For these reasons, the Board of Directors of the Company opposes the Shareholder Proposal. Prior to deliberation of the opinion of the Board of Directors, the contents of the Shareholder Proposal were deliberated by the Nomination and Compensation Advisory Committee, and the Board of Directors resolved the opinion of the Board of Directors based on the recommendation from the Committee.

Exhibit “Details of Shareholder Proposal”
* The relevant part of the Shareholder Proposal Document submitted by the Proposing Shareholder is stated as it is in the original.

(1) Partial Amendments to the Articles of Incorporation Regarding the Number of Outside Directors

(i) Outline of Proposal

Article 17 of the Articles of Incorporation of the Company shall be amended as follows in order to ensure that Outside Directors constitute a majority of the Company’s Board of Directors. If, due to the passage of other proposals (including proposals submitted by the Company’s proposals) at the Ordinary General Meeting of Shareholders, it becomes necessary to make formal adjustments (including, but not limited to, correction of misaligned article numbering) to the text of this proposal, the text of this proposal shall be replaced with the text after making the necessary adjustments.

Before amendment	After amendment
(Number of Directors) Article 17 The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed ten (10). 2 The number of Directors who are Audit and Supervisory Committee Members shall not exceed five (5). <u>3 (Newly established)</u>	(Number of Directors) Article 17 The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) shall not exceed ten (10). 2 The number of Directors who are Audit and Supervisory Committee Members shall not exceed five (5). <u>3 A majority of the Directors of the Company shall be Outside Directors as defined in Article 2, Paragraph 1, Item 15 of the Companies Act.</u>

(ii) Reason for Proposal

Principle 4-8 of the Corporate Governance Code states that “Independent Outside Directors should fulfill their roles and responsibilities in a manner that contributes to the company’s sustainable growth and the enhancement of its corporate value over the medium to long term. Companies listed on the Prime Market should appoint Independent Outside Directors who are sufficiently qualified to do so, such that Independent Outside Directors comprise at least one-third of the Board of Directors. Notwithstanding the above, companies listed on the Prime Market that, taking into comprehensive consideration factors such as industry, size, business characteristics, organizational structure, and the corporate environment, consider it necessary to appoint Independent Outside Directors comprising a majority of the Board of Directors should appoint a sufficient number of Independent Outside Directors.” The Company has 5 Outside Directors among its 13 Directors, thereby satisfying the requirement of at least one-third. However, by further increasing the proportion of Outside Directors to a majority of the Board of Directors, we believe the Company can improve capital efficiency, increase shareholder returns, and establish a governance structure that contributes to sustainable growth and the enhancement of medium- to long-term corporate value.