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Company name: DENSO CORPORATION
Name of representative: Shinnosuke Hayashi, President and CEO
(Securities code: 6902;
Tokyo and Nagoya Stock Exchanges)
Inquiries: Tadashi Arai, Director, Finance and
Accounting Div.
(Telephone: +81-50-1738-6018)

Notice Concerning Disposal of Treasury Stock as Restricted Stock Compensation

DENSO CORPORATION (the "Company") announces that the Board of Directors has decided to dispose treasury stock (hereinafter referred to as the "disposal of treasury stock" or "disposal"). The details are as follows.

1. Outline of Disposal

(1) Disposal date	June 21, 2024
(2) Class and number of shares to be disposed	78,405 shares of common stock of the Company
(3) Disposal price	2,623.5 yen per share
(4) Total value of shares to be disposed	205.695,517.5 yen
(5) Allottees and number thereof, number of shares to be disposed	Directors (excluding non-executive directors and outside directors) : 3, 42,659 shares Senior Executive Officers who do not concurrently serve as Directors of the Company: 6, 35,746 shares
(6) Others	The Company has submitted an extraordinary report regarding the Disposal of Treasury Stock pursuant to the Financial Instruments and Exchange Act.

2. Purpose and reasons for disposal

At the Board of Directors meeting held on May 18, 2020, the Company has resolved to introduce a stock-based compensation plan (hereinafter referred to as the "Plan") as a new compensation system for the Company's directors other than non-executive directors and outside directors (hereinafter referred to as "Eligible Directors") and Senior Executive Officers who do not concurrently serve as Directors of the Company (hereinafter collectively referred to as "Eligible Directors, etc.") with the aim of providing medium- to long-term incentives to Eligible Directors, etc. and sharing shareholder value.

In addition, at the 97th Ordinary General Meeting of Shareholders held on June 19, 2020, the Company has received approval to pay monetary claims of up to 200 million yen per year to Eligible Directors, issue or dispose of up to 100,000 shares of the Company common stock per year, and set a period of restriction on the transfer of Restricted Stock for a period of between 3 and 30 years as determined by the Board of Directors of the Company, as monetary compensation (hereinafter referred to as "Restricted Stock Compensation") for the acquisition of Restricted Stock. The outline of this Plan is as follows.

[Outline of the Plan]

The Eligible Directors, etc. will pay in all of the monetary claims provided by the Company under this Plan as assets contributed in kind, and will receive the issuance or disposition of the Company's common stock. The amount to be paid per share shall be determined by the Board of Directors to the extent that the amount is not particularly advantageous to the eligible directors, etc., who subscribe for the common stock and to be based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution (or, if no transaction has been conducted on the same day, the closing price on the most recent trading day preceding the transaction).

In addition, when issuing or disposing of the Company's common stock under this system, the Company and the Eligible Directors, etc., shall enter into a restricted stock allotment agreement, which includes: (1) Eligible Directors, etc. the Company prohibits the transfer to a third party, the creation of a security interest, or any other disposition of the Company's common stock that has been allocated under the restricted stock allotment agreement; and (2) In occurring the certain event, the Company shall acquire the relevant common stock, free of charge.

This time, after deliberation at the Officer Nomination and Compensation Meeting, we have decided to grant a total of 205,695,517.5 yen in monetary claims (hereinafter referred to as the "Monetary Claims") and 78,405 shares of common stock to in order to further improve the motivation of each eligible director with taking into account the purpose of this system, the company's business conditions, the scope of duties of each Eligible Director, and various other circumstances. Additionally, in order to achieve the purpose of introducing this system, which is to share shareholder value over the medium to long term, the transfer restriction period is set at 30 years.

Under the Disposal of Treasury Stock, the nine Eligible Directors, etc. to whom the allotment is scheduled will pay all of the Monetary Claims against the Company as assets contributed in kind, and will receive disposal of the Company's common stock (hereinafter referred to as the "Allotted Shares"). A summary of the restricted stock allotment agreement (hereinafter referred to as the "Allotment Agreement") to be concluded between the Company and the Eligible Directors, etc. in this treasury stock disposal is set out in 3. below.

3. Overview of Allotment Agreement

(1) Transfer restriction period

From June 21, 2024 to June 21, 2054

(2) Conditions for canceling transfer restrictions

Provided that the Eligible Directors, etc. continued to hold the position of either a director or a management officer who does not concurrently serve as a director of the Company during the transfer restriction period, all of the Allotted Shares will be lifted the transfer restrictions at the expiration of transfer restriction period.

(3) Timing of cancellation of transfer restrictions in the event that the Eligible Director, etc. resigns or retires due to expiration of term of office, retirement age, or other justifiable reason during the transfer restriction period

If an Eligible Director, etc. resigns or retires from any position as a director of the Company or a management

officer who does not concurrently serve as a director, due to expiration of term of office, retirement age, or other justifiable reason (including retirement or retirement due to death), the Eligible Directors, etc. Transfer restrictions will be lifted immediately after the resignation or retirement of the person, etc.

(4) Free acquisition by the Company

The Company will naturally acquire the Allotted Shares for which the transfer restrictions are not lifted at the expiration of the transfer restriction period or at the time the transfer restrictions are lifted as specified in (3) above, free of charge.

(5) Stock management

During the transfer restriction period, the allotted shares will be managed in a dedicated account opened by the Eligible Directors, etc. at Nomura Securities Co., Ltd., so that they cannot be transferred, set up a security interest, or otherwise disposed of during the transfer restriction period. In order to ensure the effectiveness of transfer restrictions, etc. related to the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. regarding the management of accounts for the Allotted Shares held by each Eligible Director, etc. In addition, the Eligible Directors, etc. shall agree to the details of the management of the relevant account.

(6) Handling in organizational reorganization, etc.

During the transfer restriction period, if matters related to a merger agreement in which the Company becomes a dissolved company, a stock exchange agreement in which the Company becomes a wholly owned subsidiary, a stock transfer plan, and other organizational restructuring, etc. are approved by the General Meeting of Shareholders (or the Board of the Directors meeting if the approval is not required in the General Meeting of Shareholders), the transfer restriction of Allotted Shares held at that time will be lifted by a resolution of the Board of Directors. Additionally, immediately after the Transfer Restrictions are lifted, the Company will naturally acquire all of the Allotted Shares for which the transfer restrictions have not been lifted, free of charge.

4. Basis for calculating the payment amount and its specific details

This disposal of treasury stock to the scheduled allottee will be carried out using the monetary claims provided as Restricted Stock Compensation for the Company's 101st fiscal year under this system as capital assets. Regarding the disposal price, in order to eliminate arbitrariness, the closing price of the Company's common stock on the Tokyo Stock Exchange prime market on May 9, 2024 (the business day before the date of the Board of Directors' resolution) was determined as 2,623.5 yen. This is the market share price immediately before the date of the Board of Directors' resolution, and the Company believe that this is a reasonable price and does not constitute a particularly advantageous price.