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Notice Concerning the Introduction of a Trust-Based Share Remuneration System and the Disposal of Treasury Shares

DENSO CORPORATION (the “Company”) hereby announces that, at a meeting of the Board of Directors held today, it resolved to introduce a trust-based performance-linked share remuneration system, the Board Benefit Trust–Restricted Stock (BBT-RS) program (the “Program”), and to submit a proposal concerning the Program to the 103rd Annual General Meeting of Shareholders scheduled to be held on June 18, 2026 (the “General Meeting of Shareholders”).

The Company hereby further announces that, subject to the approval of the proposal relating to this Program at the General Meeting of Shareholders as originally proposed, it has also resolved to dispose of treasury shares in connection with the introduction of the Program (hereinafter referred to as the “Disposal of Treasury Shares”), as described below.

<Introduction of the Program>

1. Background and Purpose of the Introduction

The Program is intended for Directors (excluding non-executive directors and outside directors; hereinafter the same shall apply unless otherwise specified), Senior Executive Officers, and Executive Officers (including those equivalent thereto; hereinafter collectively referred to as the “Eligible Officers”). While maintaining the fundamental concept and incentive design of conventional restricted stock remuneration, namely, promoting the sharing of value with shareholders by granting shares subject to transfer restrictions until retirement during the term of office, the Company aims, through the utilization of a trust structure, to achieve more stable and efficient administration of the remuneration system. The Company resolved to introduce the Program subject to obtaining the approval of shareholders regarding officer remuneration at the General Meeting of Shareholders and to submit a proposal concerning the program to the General Meeting of Shareholders.

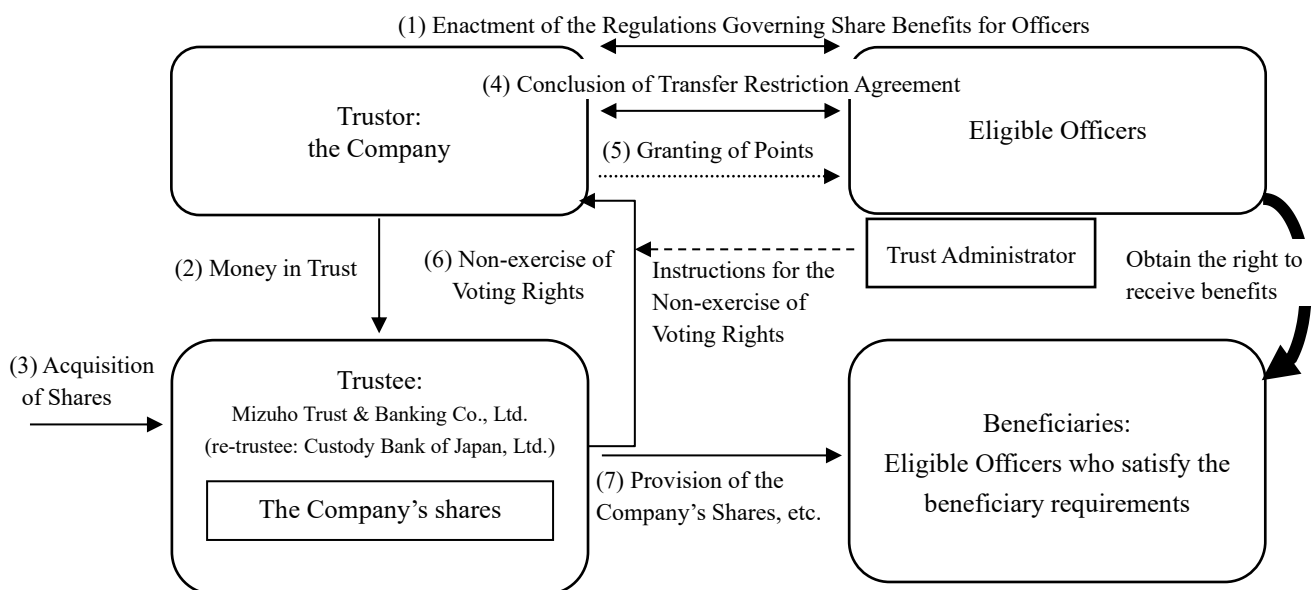
The Company previously obtained shareholder approval at the 101st Annual General Meeting of Shareholders held on June 20, 2024, for a separate remuneration framework for granting restricted stock to Directors, with an annual monetary limit of 1.5 billion yen and a maximum of 3 million shares per year. Subject to approval of this proposal, the Company will abolish that remuneration framework. However, restricted shares already granted shall remain outstanding.

2. Outline of the Program

(1) Overview of the Program

Under the Program, the Company's shares are acquired through a trust (the "Trust") using funds contributed by the Company. In accordance with the Regulations Governing Share Benefits for Officers, the Trust provides the Eligible Officers with the Company's shares and/or cash equivalent to the market value of the Company's shares (collectively, the "Company's Shares, etc."). In principle, the Eligible Officers receive the Company's shares at a certain time each year, and cash equivalent to the Company's shares at the time of retirement. When the Company's shares are granted during the term of office, the Eligible Officers must enter into a transfer restriction agreement with the Company prior to the grant, restricting the transfer or other disposition of such shares until retirement.

[Structure of the Program]



- (1) The Company, upon obtaining approval for officer remuneration for the Program at the General Meeting of Shareholders, shall enact the Regulations Governing Share Benefits for Officers within the scope of the framework approved at the General Meeting of Shareholders.
- (2) The Company shall place money in trust within the scope approved by the resolution of the General Meeting of Shareholders referred to in (1).
- (3) The Trust shall acquire the Company's shares using the funds entrusted pursuant to (2) as the source of funds, either through the stock exchange market or by underwriting the disposition of the Company's treasury shares.
- (4) The Eligible Officer shall enter into a transfer restriction agreement with the Company, which provides that the Company's shares received during the term of office shall be subject to restrictions on transfer or other disposition until the retirement of the Eligible Officers, and which includes certain provisions allowing the Company to acquire such shares free of charge.
- (5) The Company shall grant points to the Eligible Officers in accordance with the Regulations Governing Share Benefits for Officers.
- (6) The Trust shall, in accordance with instructions from the trust administrator who is independent from the Company, refrain from exercising voting rights pertaining to the Company's shares held in the account of the Trust (the "Trust Account").

(7) The Trust shall, at a certain time each year, provide the Company's shares to those among the Eligible Officers, who satisfy the beneficiary requirements as set forth in the Regulations Governing Share Benefits for Officers (hereinafter referred to as "Beneficiaries"), in a number corresponding to the points granted to such Beneficiaries. Provided, however, that if the Eligible Officers satisfy the requirements set forth in the Regulations Governing Share Benefits for Officers, a certain portion of the points shall be settled, at the time of retirement, by providing cash equivalent to the market value of the Company's shares.

(2) Persons Eligible for the Program

Directors (excluding non-executive directors, outside directors, and Audit & Supervisory Board Members), Senior Executive Officers, and Executive Officers (including those equivalent thereto).

(3) Trust Term

From June 2026 (planned) until termination of the Trust. No specific termination date is set. The Trust will remain in effect as long as the Program continues and will terminate upon delisting of the Company's shares or abolition of the Regulations Governing Share Benefits for Officers.

(4) Trust Amount

Subject to obtaining approval for the introduction of the Program at the General Meeting of Shareholders, the Company will introduce the Program for the five fiscal years from the fiscal year ended March 31, 2026 through the fiscal year ending March 31, 2030 (hereinafter, such five-fiscal-year period shall be referred to as the "Initial Applicable Period," and the Initial Applicable Period and each subsequent five-fiscal-year period commencing after the expiration of the Initial Applicable Period shall each be referred to as an "Applicable Period"), as well as for each Applicable Period thereafter. For the purpose of providing the Company's Shares, etc., to the Eligible Officers, the Company will contribute the following amounts of money to the Trust as the source of funds for the acquisition of the Company's shares by the Trust.

First, at the time of establishment of the Trust (scheduled for June 2026), the Company will contribute funds of up to 15.0 billion yen (of which up to 7.5 billion yen is allocated for Directors) to the Trust as funds necessary for the Initial Applicable Period.

In addition, after the expiration of the Initial Applicable Period and until the termination of the Program, the Company will, in principle, make additional contributions to the Trust for each Applicable Period, up to 15.0 billion yen (of which up to 7.5 billion yen is allocated for Directors). Provided, however, that if, at the time of such additional contribution, there remain the Company's shares in the trust assets (excluding the Company's shares corresponding to the number of points granted to the Eligible Officers for each Applicable Period up to the immediately preceding Applicable Period for which delivery to the Eligible Officers has not yet been completed) and cash (hereinafter collectively referred to as "Remaining Shares, etc."), the total amount of the Remaining Shares, etc. (with respect to the Company's shares, based on the book value as of the last day of the immediately preceding Applicable Period) and the additional contribution to be made shall be capped at 15.0 billion yen, of which up to 7.5 billion yen is allocated for Directors.

The upper limit of such trust contributions (amount of remuneration, etc.) has been determined on the basis of Section (6) below, taking into comprehensive consideration the projected number of points to be granted to the Eligible Officers in the future, trends in the Company's share price, and other relevant factors, and has been deemed to be appropriate.

(Note) The actual amount of money to be contributed by the Company to the Trust will be the total of the funds for the acquisition of the Company's shares as described above and the estimated amount of necessary expenses, such as trust fees.

The Company may, during the Applicable Periods including the Initial Applicable Period, contribute funds to the Trust in multiple installments within the range where the cumulative amount of contributions for the relevant Applicable Period does not reach the respective upper limits described above. Any decision by the Company to make additional contributions will be disclosed in a timely manner.

- (5) Method by which the Company's shares are Acquired by the Trust and the Number of Shares to be Acquired
The acquisition of the Company's shares by the Trust shall be funded by the funds contributed as described in (4) above and shall be carried out either through the stock exchange market or by underwriting the disposition of the Company's treasury shares, and no new shares will be issued.

As the maximum number of points granted to the Eligible Officers is, as set forth in (6) below, 6 million points per fiscal year, the maximum number of the Company's shares to be acquired by the Trust for each Applicable Period shall be 30 million shares. The particulars concerning the acquisition of the Company's shares by the Trust will be disclosed in a timely manner.

- (6) Maximum Number of the Company's Shares, etc. to be Provided to the Eligible Officers

With respect to each fiscal year, the Eligible Officers shall be granted a number of points determined in consideration of their positions, performance achievement levels, and other factors, in accordance with the Regulations Governing Share Benefits for Officers. The total number of points to be granted to the Eligible Officers per fiscal year shall be capped at 6 million points (of which 3 million points are allocated for Directors). This cap has been determined by comprehensively taking into account the current level of officer remuneration, trends in and projections concerning the number of the Eligible Officers, and other relevant factors, and has been deemed to be appropriate.

Points granted to the Eligible Officers shall be converted at a rate of one share of the Company's common stock per point upon the provision of the Company's Shares, etc. as set forth in (7) below. Provided, however, that if, after the approval resolution by shareholders at the General Meeting of Shareholders, the Company's shares are subject to a stock split, allotment of shares without contribution, consolidation of shares, or similar events, the maximum number of points, the number of points already granted, or the conversion rate shall be reasonably adjusted in accordance with such ratio or other relevant factors.

The ratio of 60,000 voting rights linked to shares corresponding to the maximum number of points granted to the Eligible Officers per fiscal year to the 26,909,661 voting rights linked to the total number of issued shares (as of March 31, 2026) is approximately 0.22% (in each case, rounded to the second decimal place).

The number of points of the Eligible Officers to be used as the basis for the provision of the Company's Shares, etc. as set forth in (7) below shall, in principle, be the number of points granted to such Eligible Officers by the time beneficiary rights are determined as set forth in 7 below (hereinafter referred to as the "Determined Number of Points").

(7) Provision of the Company's Shares, etc.

The Eligible Officers who satisfy the beneficiary requirements shall, by carrying out the prescribed procedures for determining beneficiaries, receive from the Trust, in principle, at a certain time each year, the Company's shares in a number corresponding to the "Determined Number of Points" determined in accordance with the provisions set forth in (6) above. Provided, however, that if the requirements prescribed in the Regulations Governing Share Benefits for Officers are satisfied, a certain portion of such benefits shall, in principle, be provided, in lieu of the Company's shares, in the form of cash equivalent to the market value of the Company's shares at the time of retirement. In order to provide such cash benefits, the Trust may sell the Company's shares.

Where the Eligible Officers receive the Company's shares during the term of office, such Eligible Officers shall, prior to the provision of the Company's shares, enter into a transfer restriction agreement with the Company as described in Section 3 below. As a result, the Company's shares received by the Eligible Officers during the term of office shall be subject to restrictions on transfer or other disposition until the retirement of the Eligible Officers.

In addition, malus and clawback provisions shall be stipulated. Even where the Eligible Officers have been granted points, if any event specified in the Regulations Governing Share Benefits for Officers occurs, such Eligible Officers may, based on a resolution of the Officer Nomination and Remuneration Committee or similar decision-making body, be unable to acquire all or part of the right to receive such benefits. Furthermore, even where the Eligible Officers have already received such benefits, if any event specified in the Regulations Governing Share Benefits for Officers occurs, such Eligible Officers may, based on a resolution of the Officer Nomination and Remuneration Committee or similar decision-making body, be required to return all or part of the benefits received.

(8) Exercise of Voting Rights

Voting rights pertaining to the Company's shares held in the Trust Account shall not be exercised, in accordance with instructions from the trust administrator. This method is intended to ensure neutrality with respect to the impact of the exercise of voting rights pertaining to the Company's shares held in the Trust Account on the management of the Company.

(9) Handling of Dividends

Dividends pertaining to the Company's shares held in the Trust Account shall be received by the Trust and used to fund the acquisition price of the Company's shares and the trustee's trust fees and other expenses relating to the Trust. In the event that the Trust is terminated, any dividends and other amounts remaining in the Trust shall, in accordance with the provisions of the Regulations Governing Share Benefits for Officers, be distributed to the Eligible Officers in office at that time in proportion to the number of points held by each such Eligible Officer.

(10) Handling upon the Termination of the Trust

The Trust shall be terminated upon the occurrence of events such as the delisting of the Company's shares or the abolition of the Regulations Governing Share Benefits for Officers.

Of the residual assets of the Trust at the time of the termination of the Trust, all the Company's shares shall be acquired by the Company free of charge and canceled pursuant to a resolution of the Board of Directors.

Of the residual assets of the Trust at the time of the termination of the Trust, the cash remaining after the cash to be provided to the Eligible Officers pursuant to (9) above shall be paid to the Company.

3. Summary of the Transfer Restriction Agreement Pertaining to the Company's shares to be Provided to the Eligible Officers

Where the Eligible Officers receive the Company's shares during the term of office, such Eligible Officers shall, prior to the provision of the Company's shares, enter into a transfer restriction agreement with the Company that includes, in summary, the following contents (hereinafter referred to as the "Transfer Restriction Agreement"). The Eligible Officers shall receive the Company's shares subject to the conclusion of the Transfer Restriction Agreement. Provided, however, that the Company's shares may be provided without concluding the Transfer Restriction Agreement in cases where, at the time of the provision of shares, the Eligible Officers have already retired or in other similar circumstances.

(1) Contents of Transfer Restrictions

The Eligible Officers may not, during the period from the date on which the Company's shares are provided until the date on which they retire from any position as the Eligible Officer of the Company, transfer, grant a security interest in, or otherwise dispose of the the Company's shares provided.

(2) Acquisition by the Company Free of Charge

In the event that certain misconduct or similar events occur, or where the requirements for the lifting of transfer restrictions set forth in (3) below are not satisfied, the Company shall acquire the shares in question free of charge.

(3) Lifting of Transfer Restrictions

Where the Eligible Officers retire from all positions as the Eligible Officers of the Company for a valid reason or due to death, the transfer restrictions shall be lifted as of that time.

(4) Handling in the Event of Organizational Restructuring, etc.

Where, during the transfer restriction period, a merger agreement under which the Company becomes an absorbed company or other matters relating to organizational restructuring, etc. are approved at a general meeting of shareholders or other relevant meeting of the Company, the transfer restrictions shall be lifted, by a resolution of the Board of Directors of the Company, as of the time immediately prior to the business day preceding the effective date of such organizational restructuring, etc.

The Company's shares subject to transfer restrictions under the Transfer Restriction Agreement are expected to be managed, during the transfer restriction period, in a dedicated account opened by the Eligible Officers at a securities firm designated by the Company, so that such shares of the Company may not be transferred, pledged, or otherwise disposed of during the transfer restriction period.

In addition to the above, the methods of declarations of intent and notices under the Transfer Restriction Agreement, the methods for amending the Transfer Restriction Agreement, and other matters determined by the Board of Directors shall constitute part of the contents of the Transfer Restriction Agreement.

<Disposal of Treasury Shares>

1. Overview of the Disposal

(1) Disposal Date	June 19, 2026
(2) Class and Number of Shares to Be Disposed	3,904,900 shares of the Company's common stock
(3) Disposal Price	1,850 yen per share
(4) Total Disposal Amount	7,224,065,000 yen
(5) Scheduled Allottee	Custody Bank of Japan, Ltd. (Trust Account E) (Note)
(6) Other Matters	The Disposal of Treasury Shares will be carried out subject to the approval of the proposal relating to the Program at the General Meeting of Shareholders as originally proposed. An extraordinary report pursuant to the Financial Instruments and Exchange Act will be filed in connection with the Disposal of Treasury Shares.

(Note) Custody Bank of Japan, Ltd. (Trust Account E), which is the scheduled allottee, is a trust account established pursuant to a trust agreement (hereinafter referred to as the "Trust Agreement") to be entered into between the Company and Mizuho Trust & Banking Co., Ltd., under which the Company acts as the settlor and Mizuho Trust & Banking Co., Ltd. acts as the trustee (with Custody Bank of Japan, Ltd. serving as the sub-trustee). The Disposal of Treasury Shares is implemented for the purpose of providing shares, etc. to the Eligible Officers under the Program, and is in substance equivalent to the allotment of shares to the Eligible Officers as consideration for services provided to the Company.

2. Purpose of and Reason for the Disposal

The Disposal of Treasury Shares is to be carried out for the purpose of enabling the holding and disposal of the Company's shares in the course of operating the Program, by disposing of treasury shares to Custody Bank of Japan, Ltd. (Trust Account E), which acts as the sub-trustee entrusted by the trustee of the Trust established pursuant to the Trust Agreement.

The number of shares to be disposed has been determined as the number of shares expected to be delivered to the Eligible Officers during the trust period in accordance with the Regulations Governing Share Benefits for Officers (covering the five fiscal years from the fiscal year ended March 31, 2026 to the fiscal year ending March 31, 2030), and accounts for 0.13% of the total number of issued shares of 2,910,979,691 as of March 31, 2026 (and 0.15% of the total number of voting rights of 26,909,661 as of March 31, 2026). In light of the purpose of the Program, the Company considers that the scale of dilution to be reasonable.

The Company will carry out the Disposal of Treasury Shares subject to the approval of the proposal relating to the Program at the General Meeting of Shareholders as originally proposed.

3. Summary of the Trust

- (1) Name: Board Benefit Trust–Restricted Stock (BBT-RS)
- (2) Trustor: The Company
- (3) Trustee: Mizuho Trust & Banking Co., Ltd. (re-trustee: Custody Bank of Japan, Ltd.)
- (4) Beneficiaries: The Eligible Officers who satisfy the beneficiary requirements as set forth in the Regulations Governing Share Benefits for Officers
- (5) Trust Administrator: An independent third party is scheduled to be selected as trust administrator
- (6) Trust Type: Trust of money other than money trusts (third-party beneficiary trust)
- (7) Purpose of the Trust: To deliver the Company’s shares, etc. held as trust assets to beneficiaries in accordance with the Regulations Governing Share Benefits for Officers.
- (8) Trust Agreement Date: June 19, 2026 (planned)
- (9) Date of Contribution: June 19, 2026 (planned)
- (10) Trust Term: From June 19, 2026 (planned) until the termination of the Trust (No specific termination date has been set; the Trust shall remain in effect as long as the Program continues.)

4. Basis for Calculation of the Disposal Price and Its Specific Details

The disposal price has been set at 1,850 yen per share, being the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors regarding the Disposal of Treasury Shares. The closing price on the business day immediately preceding the date of the Board of Directors’ resolution was adopted because it represents the market value immediately prior to the resolution and was determined to be highly objective and reasonable as a basis for the calculation.

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