

For Immediate Release

July 29, 2022

DENSO Announces Repurchase of Treasury Stock and Tender Offer for Repurchase of Treasury Stock

KARIYA (Japan) — DENSO Corporation (“the Company”) announced that a resolution was adopted at the board of directors meeting held today to repurchase its stock and conduct a tender offer for the repurchase of its stock pursuant to Article 156, Paragraph 1 of the Companies Act (“the Act”) as applied pursuant to Article 165, Paragraph 3 of the Act.

I . Repurchase of Treasury Stock

1. Purpose of stock repurchase

In addition to investing for business growth, the Company prioritizes the interest of shareholders and positions sustainable enhancement of corporate value and enrichment of shareholder returns as important management policies.

The Company is conscious of capital costs, and the Company’s policy is to reduce capital costs and enhance corporate value by achieving an optimal capital structure through aggressive shareholder returns while balancing safety and efficiency.

In accordance with the above policy, the Company will flexibly repurchase its stock while taking capital structure and stock price trends into consideration. The Company decided the size and timing of this repurchase based on a long- term business plan and in comparison with the target capital structure and theoretical stock price.

2. Contents of repurchase

(1) Class of shares to be repurchased	Common stock
(2) Total number of shares to be Repurchased	Up to 16,000,000 shares (2.10 percent of total outstanding shares excluding treasury stock)
(3) Total cost of the repurchase	Up to 100,000 million yen
(4) Period	August 1, 2022 to December 31, 2022
(5) Repurchase Method	Regarding 10,000,000 shares out of the total numbers of shares to be repurchased, it is corresponded to the anticipated number of shares to be repurchased shown in “ II . Tender Offer for Repurchase of Treasury

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	Stock” and to be repurchased by the tender offer. Rest of the shares are to be repurchased by way of auction market repurchase
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II. Tender Offer for Repurchase of Treasury Stock

1. Purpose of tender offer

The Company has been considering various options to further return profits to shareholders and improve capital efficiency. From the perspective that it is possible to repurchase a considerable amount of treasury stock in a relatively short period of time without impairing the liquidity of the Company common stock, the Tender Offer is being conducted for the purpose of repurchase its stock owned by Toyota Motor Corporation, Toyota Auto Body CO., LTD. (“Toyota Auto Body”) and Toyota Motor East Japan, Inc. (“Toyota Motor East Japan” and Toyota Motor Corporation, Toyota Auto Body and Toyota Motor East Japan collectively referred to as “Tendering Shareholders”).

In addition to investing for business growth, the Company prioritizes the interest of shareholders and positions sustainable enhancement of corporate value and enrichment of shareholder returns as important management policies.

The Company is conscious of capital costs, and the Company’s policy is to reduce capital costs and enhance corporate value by achieving an optimal capital structure through aggressive shareholder returns while balancing safety and efficiency. As for dividends, the Company has adopted DOE (Dividend On Equity), which is based on shareholder’s equity and is less susceptible to the influence of single fiscal year performance, as a shareholder return indicator. The Company intends to pay stable and continuous dividends over the long term with a standard DOE of 3% or more, while comprehensively taking into consideration consolidated performance, capital efficiency, and dividend amount. In the fiscal year ending March 2022, we paid an annual dividend of 165 yen per share (Interim dividend of 80 yen and year-end dividend of 85 yen). The Company stipulates in its Articles of Incorporation that it may distribute dividends from surplus upon resolution of the Board of Directors in accordance with Article 459, Paragraph 1 of the Act. Without adopting a resolution at a general meeting of shareholders, the Company intends to effectively utilize retained earnings for capital investment, R&D investment and M&A in order to realize future business growth and also flexibly repurchase its stock while taking capital structure and stock price trends into consideration. The size and timing of this repurchase is based on a long-term business plan by comparing with the target capital structure and theoretical stock price. The Company stipulates in its Articles of Incorporation that it may repurchase its stock upon resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Act in order to further return profit to shareholders and improve capital efficiency, as well as to enable

the Company to implement its capital policy flexibly in response to change in the business environment. The Company has repurchased 12 million stock for 97,511,907,600 yen through a market repurchase on the Tokyo Stock Exchange from August 2, 2021 to January 25, 2022, resolved by the board of directors meeting on July 30, 2021.

The Company considered various options base on the capital policy described above. From the perspective that it is possible to repurchase a considerable amount of treasury stock in a relatively short period of time without impairing the liquidity of the Company common stock. At the beginning of June 2022, the Company started to examine repurchasing its stock on the premise that some or all of the Company's common stock held by Toyota Motor Corporation(, which is the largest shareholder in the Company and holds 188,948,856 of the Company's common shares as of March 31, 2022, and its shareholding represents 24.75% (rounded to two decimal places; the same applies hereafter in calculating the percentage of the total number of issued shares) of all the Company's issued shares 763,361,955 excluding treasury stock), Toyota Auto Body(, which holds 592,646 shares, and its shareholding represents 0.08%), and Toyota Motor East Japan(, which holds 432,671 shares, and its shareholding represents 0.06%).

As a result, at beginning of June 2022, the Company thought that it would be appropriate to repurchase a certain number of the Company's treasury stock by means of a tender offer, after careful consideration from the perspective of the Company's capital policy, in consideration of equality among shareholders, transparency of transactions and market conditions. Furthermore, in determining the tender offer price (hereinafter referred to as the "Tender Offer Price"), from the viewpoint of ensuring clarity and objectivity of standards and minimizing the external outflow of assets, the Company considered it desirable to repurchase its stock at a certain discount to the Company's market price, and at beginning of June 2022, the Company communicated with Tendering Shareholders regarding the implementation of the tender offer, in which the tender offer price represented a 10% discount to the lower of closing price on July 28, 2022 or average of closing prices on past one month (from June 29, 2022 to July 28, 2022) of the Company's common shares on Tokyo Stock Exchange. Also the Company determined to set a discount of 10%, the Company thought that it is a general and reasonable level based on past cases of tender offer.

Based on the responses from Tendering Shareholders in late of June 2022, the Company considered further, and in the middle of July 2022, the Company received answers from Tendering Shareholders that they would apply to this tender offer. Toyota Motor Corporation would apply 8,000,000 shares of the Company's common shares (1.05%), which is a part of 188,948,856 shares (24.75%), Toyota Auto Body would apply 592,646 shares (0.08%) that are all of that they hold, Toyota Motor East Japan would apply 432,671 shares (0.06%) that are all

of that they hold, total 9,025,317 shares (1.18%) of the Company's common shares.

After examining the above issues, at the board of directors meeting held today, the Company resolved to repurchase its stock and conduct a tender offer for the repurchase of its stock pursuant to Article 156, Paragraph 1 of the Act as applied pursuant to Article 165, Paragraph 3 of the Act and the Articles of Incorporation of the Company, and to set the a tender offer price of 6,643 yen (rounded to the nearest yen; the same applies hereafter in calculating the tender offer price) by applying a discount of 10% to the 7,381 yen, which is the average of closing price for the company's common shares on the Tokyo Stock Exchange for one month to July 28, 2022, the business day before the meeting of the Board of Directors held on July 29, 2022. In order to provide an opportunity for the other shareholders exclude Tendering Shareholder to tender their shares, the Company set a maximum limit of 10,000,000 (1.31%) on the number of shares the Company intends to repurchase.

Akio Toyoda, a member of the Board of the Company concurrently serving as President of Toyota Motor Corporation, did not take part in the examination and resolutions by the Board of Directors regarding the tender offer on July 29, 2022 and was not involved in discussions and negotiations with Toyota Motor Corporation from the standpoint of the Company, from the perspective of avoiding arbitrariness in the process of the Company's decision-making when examining and determining the tender offer.

Regarding a source of funds, the Company plans to appropriate the Company's own resources for repurchase its stock. The Company holds 867,808 million yen as a short-term liquidity (cash and cash equivalents) on a consolidated basis as of March 31, 2022, which is enough to keep high liquidity, and specific sum of cash-flow by business enterprise is expected to be accumulated additionally. Therefore, the Company considers it is able to keep financial soundness and safety even after tender offer.

Based on the company's long-term business plan, in order to achieve the Target Capital Structure, the total cost of the repurchase is set at 100,000 million yen, and total number of shares to be repurchased is set at 16,000,000 shares in order to repurchase its stock of 100,000 million yen even if the fluctuation of the Company stock price. 10,000,000 shares out of the total number are to be repurchased by tender offer and the rest are by way of auction market repurchase.

The Company has no plans for the disposition regards to the portion of Company shares repurchase as a result of the tender offer at present.

2. Outline of tender offer

(1) Timetable

(A)	Board of Directors resolution	Friday, July 29, 2022
(B)	Date of tender offer commencement notice	Monday, August 1, 2022 Notices will be posted electronically, and a notice to this effect will be published in the Nihon Keizai Shimbun. Electronic notice address: (https://disclosure.edinet-fsa.go.jp/)
(C)	Tender offer registration statement submission date	Monday, August 1, 2022
(D)	Tender offer period	Monday, August 1, 2022 To Monday, August 29, 2022 (20 business days)

(2) Tender offer price

6,643 yen per common share

(3) Basis for calculating the tender offer price

(A) Calculation basis

When determine the Tender Offer Price, from the viewpoint of ensuring clarity and objectivity of standards and minimizing the external outflow of assets, the Company considered it desirable to repurchase its stock at a certain discount to the Company's market price, and at beginning of June 2022, the Company communicated with Tendering Shareholders regarding the implementation of the tender offer, in which the tender offer price represented a 10% discount to the lower of closing price on July 28, 2022 or average of closing prices on past one month (from June 29, 2022 to July 28, 2022) of the Company's common shares on Tokyo Stock Exchange. Also the Company determined to set a discount of 10%, the Company thought that it is a general and reasonable level based on past cases of tender offer.

Based on the responses from Tendering Shareholders in late of June, 2022, the Company considered further, and in the middle of July 2022, the Company received answers from Tendering Shareholders that they would apply to this tender offer. Toyota Motor Corporation would apply 8,000,000 shares of the Company's common shares (1.05%), which is a part of 188,948,856 shares (24.75%), Toyota Auto Body would apply 592,646 shares (0.08%) that are all of that they hold, Toyota Motor East Japan would apply 432,671 shares (0.06%) that are all of that they hold, total 9,025,317 shares (1.18%) of the Company's common shares.

After examining the above issues, at the board of directors meeting held today, the Company resolved to repurchase its stock and conduct a tender offer for the repurchase of its stock

pursuant to Article 156, Paragraph 1 of the Act as applied pursuant to Article 165, Paragraph 3 of the Act and the Articles of Incorporation of the Company, and to set the a tender offer price of 6,643 yen by applying a discount of 10% to the 7,381 yen, which is the average of closing price for the company's common shares on the Tokyo Stock Exchange for one month to July 28, 2022, the business day before the meeting of the Board of Directors held on July 29, 2022. In order to provide an opportunity for the other shareholders exclude Tendering Shareholder to tender their shares, the Company set a maximum limit of 10,000,000 shares (1.31%) on the number of shares the Company intends to repurchase.

(B) Background for Calculation

When determine the Tender Offer Price, from the viewpoint of ensuring clarity and objectivity of standards and minimizing the external outflow of assets, the Company considered it desirable to repurchase its stock at a certain discount to the Company's market price, and at beginning of June 2022, the Company communicated with Tendering Shareholders regarding the implementation of the tender offer, in which the tender offer price represented a 10% discount to the lower of closing price on July 28, 2022 or average of closing prices on past one month (from June 29, 2022 to July 28, 2022) of the Company's common shares on Tokyo Stock Exchange. Also the Company determined to set a discount of 10%, the Company thought that it is a general and reasonable level based on past cases of tender offer.

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(4) Number of shares to be repurchased

Share class	Anticipated number of shares to be repurchased	Number of excess shares to be repurchased	Total
Common shares	10,000,000 shares	- shares	10,000,000 shares

Note 1 : If the number of shares tendered does not exceed the anticipated number of shares to be repurchased (10,000,000 shares), all of the tendered shares will be repurchased. If the number of tendered shares exceeds the anticipated number of shares to be repurchased (10,000,000 shares), the excess shares will not be repurchased, in whole or in part. The transfer and other settlement procedures associated with the repurchase of the shares will be carried out using the pro rata method as provided in Article 27-13-5 of the Financial Instruments and Exchange Act (act No. 25 of 1948, as amended; hereinafter referred to as "FIEA") as applied mutatis mutandis pursuant to Article 27-22-2-2 of FIEA and Article 21 of the Cabinet Office Ordinance Concerning the Disclosure of a Tender Offer for Listed Shares by the Issuer (Ministry of Finance Ordinance No. 95 of 1994, as amended).

Note 2: Shares of less than one unit will also be subject to the tender offer. Moreover, should the right to request the repurchase of shares of less than one unit be exercised by a shareholder in accordance with the Act, the Company may buy its own shares during the tender offer period in accordance with procedures prescribed by law.

(5) Funds required for the tender offer

66,453,300,000 yen

Note : This amount is the total of the repurchase amount (66,430,000,000 yen), the estimated fees, and other expenses associated with the repurchase, such as the cost of public notices associated with the tender offer, the cost of printing the tender offer statement and other documentation, and attorney's cost, and other such expenses.

(6) Method of Settlement

(A) Name and head office address of the financial instruments business operator, bank, or other institution in charge of settlement of the tender offer;

Nomura Securities Co., Ltd. 1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan

(B) Settlement Commencement Date

Wednesday, September 21, 2022

(C) Method of Settlement

Notification of the repurchases under the tender offer will be sent to the address of tendering shareholders (or the standing proxy for foreign shareholders) after the conclusion of the tender offer period without delay.

Repurchases will be settled in cash. Tendering shareholders will be able to receive the repurchase amount for the tender offer, less applicable withholding taxes (see note), by wire transfer or other method as instructed by the tendering shareholder without delay after the settlement commencement date.

Note : Taxes on shares repurchased under the tender offer

*Please make any decisions after consulting a tax advisor or other professional about specific tax questions.

(a) For tendering shareholders who are residents, or non-residents with a permanent establishment in Japan

When the amount of money received for accepting the tender offer exceeds the amount of the portion of the Company's capital (or for a consolidated corporation, its consolidated individual stated capital) attributable to the shares that are the basis for that payment (when the per-share repurchase amount is greater than the per-share amount of capital), the amount in excess will be deemed a dividend and taxed accordingly. The amount deemed to be a dividend is subject to a withholding of 20.315% (15.315% for income tax and special income tax for reconstruction and 5% for resident tax) (There will be no special withholding of the 5% resident tax for non-residents with a permanent establishment in Japan). However, if the shareholder is considered a principal shareholder, the withholding is 20.42% (income tax and special income tax for reconstruction only). As a general rule, the amount after deducting the cost of acquiring the shares from the transfer income is subject to declared separate income taxes.

(b) For tendering shareholders who are non-residents without a permanent establishment in Japan

The amount deemed to be a dividend will be subject to withholding of 15.315% (income tax and special income tax for reconstruction only). If the shareholder is considered a principal shareholder, the withholding will be 20.42% (income tax and special income tax for reconstruction only). As a general rule, the transfer income will not be taxed.

(c) For corporate shareholders

when the amount of money received for accepting the tender offer exceeds the amount of the portion of the Company's capital (or for a consolidated corporation, its consolidated individual stated capital) attributable to the shares that are the basis for that payment, the amount of this excess will be deemed a dividend. As a general rule, the portion deemed to be a dividend is subject to withholding of 15.315% (income tax and special income tax for reconstruction only).

Foreign shareholders who wish to receive an income tax reduction or exemption for such deemed dividends pursuant to an applicable tax treaty should submit to the Tender Offer Agent a tax treaty application form together with a tender offer application form.

(7) Other

(A) The tender offer is not directly or indirectly conducted within the United States or aimed at the United States, does not use the United States Postal Service or any methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication), and is not conducted through securities exchange facilities within the United States. Under the tender offer, shares may not be tendered using the above methods and means, through the above facilities, or from within the United States. Any purported acceptance of the tender offer resulting directly or indirectly from a violation of these restrictions will not be accepted. No Securities or other consideration is being solicited in the United States and if sent in response by a resident of the United States of America will not be accepted. No indications of interest in the tender offer are sought by this press release.

Furthermore, the tender offer notice and other related repurchase documents concerning the tender offer may not be sent or distributed to the United States, nor sent or distributed using postal or other methods within, to, or from the United States. Any tenders under the tender offer which violate the above restrictions directly or indirectly shall not be accepted.

Every applier (including a tender offer agent for a foreign shareholder) is required to submit a certification that; (i)An applier doesn't exist in the United States at both moments when he/her applies for the tender offer and when he/her sends application form. (ii)An applier doesn't receive/send any information/documents regarding the tender offer in/to/from the United States. (iii)An applier neither uses the United States Postal Service or any methods or means of interstate commerce or international commerce (including but not limited to telephone, telex, facsimile, e-mail and Internet communication) nor employs any security market in the United States in order to tender their shares or to sign on/issue application form, nor behaves as an

agent/assignee/mandatory those who has no discretionary power regarding tender offer (excluding the person gives every advice regarding the tender offer from the United States).

(B) The Company received answers from Toyota Motor Corporation that they would apply 8,000,000 of the Company's common shares (1.05%), which was a part of 188,948,856 shares which Toyota Motor Corporation holds, from Toyota Auto Body that they would apply 592,646 of the Company's common shares (0.08%), and from Toyota Motor East Japan that they would apply 432,671 of the Company's common shares (0.06%).

The Company also received answers from Toyota Motor Corporation that they plan to continue to hold the Company's common shares after the Tender Offer (If all of the shares for which Toyota Motor Corporation has indicated its intention to tender in the Tender Offer (hereinafter referred to as "Toyota Motor Corporation Shares to be Submitted".) are repurchased, this will be 180,948,856 shares, representing a holding ratio of 23.70%.) as of today.

If all of the shares of the Company intends to tender are repurchased in the Tender Offer, Toyota Motor Corporation will have the voting rights ratio to its common shares in the Company of 23.72% (rounded off to the second decimal place) and remain the largest shareholder of the Company.

(C) The Company releases "Consolidated Financial Results for the three months ended June 30, 2022" today. Though, the Company has not received audit certificate under Article 193, Paragraph 1 of 2 of FIEA. Please refer to news release for more detail.

(Reference) The number of shares held by the Company as of June 30, 2022

-Total number of issued shares (exclude own shares) :	763,375,664 shares
-The number of own shares held by the Company :	24,569,287 shares