

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

Consolidated Financial Results
for the Nine Months Ended December 31, 2019
<under IFRS>

1-1, Showa-cho, Kariya, Aichi 448-8661, Japan

Representative : Koji Arima
 President and CEO

Contact : Yoshimasa Shinoda
 Director

Telephone : +81-566-61-7910

Scheduled date of commencement of dividend payment : —
 (URL <https://www.denso.com/global/>)

DATE: January 31, 2020
 DENSO CORPORATION
 CODE: 6902
 Listed on the Tokyo and
 Nagoya Stock Exchanges

(Millions of yen, except per share figures)

1. Consolidated financial results for the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2019	3,895,044	(2.1)	162,676	(33.2)	197,630	(28.4)	148,499	(28.8)
December 31, 2018	3,979,658	7.6	243,539	(22.6)	276,211	(21.9)	208,698	(22.4)

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2019	136,120	(29.1)	259,528	343.6	175.67	—
December 31, 2018	192,013	(23.6)	58,502	(87.5)	245.97	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
December 31, 2019	5,846,854	3,906,219	3,733,497	63.9
March 31, 2019	5,792,414	3,770,366	3,595,694	62.1

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2019	—	70.00	—	70.00	140.00
Year ending March 31, 2020	—	70.00			
Year ending March 31, 2020 (Forecast)			—	70.00	140.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate the change of the same period of the previous year)

	Revenue	Operating profit	Profit before income taxes	Profit for the year	Profit attributable to owners of the parent company	Basic earnings per share
	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %	Millions of yen %	Yen
Full year	5,260,000(1.9)	280,000 (11.4)	318,000 (10.7)	246,000 (12.0)	225,000 (11.6)	290.37

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Dec. 31, 2019
Assets		
Current assets		
Cash and cash equivalents	711,638	716,386
Trade and other receivables	1,009,049	886,321
Inventories	612,539	628,773
Other financial assets	182,921	9,527
Other current assets	96,163	98,205
Total current assets	2,612,310	2,339,212
Non-current assets		
Property, plant and equipment	1,689,949	1,745,355
Right-of-use assets	—	47,271
Intangible assets	86,292	89,051
Other financial assets	1,200,258	1,441,419
Investments accounted for using the equity method	106,138	99,366
Retirement benefit assets	38,324	35,560
Deferred tax assets	29,774	25,977
Other non-current assets	29,369	23,643
Total non-current assets	3,180,104	3,507,642
Total assets	5,792,414	5,846,854

(Unit: Millions of yen)

	As of Mar. 31, 2019	As of Dec. 31, 2019
Liabilities and equity		
Current liabilities		
Bonds and borrowings	144,038	129,330
Trade and other payables	939,550	838,424
Other financial liabilities	26,263	22,783
Income tax payables	26,474	15,352
Provisions	87,959	99,557
Other current liabilities	69,663	101,472
Total current liabilities	1,293,947	1,206,918
Non-current liabilities		
Bonds and borrowings	406,160	353,245
Other financial liabilities	8,595	34,655
Retirement benefit liabilities	250,634	253,472
Provisions	1,198	2,974
Deferred tax liabilities	42,352	78,619
Other non-current liabilities	19,162	10,752
Total non-current liabilities	728,101	733,717
Total liabilities	2,022,048	1,940,635
Equity		
Capital stock	187,457	187,457
Capital surplus	268,776	268,776
Treasury stock	(56,803)	(56,810)
Other components of equity	401,582	498,250
Retained earnings	2,794,682	2,835,824
Equity attributable to owners of the parent company	3,595,694	3,733,497
Non-controlling interests	174,672	172,722
Total equity	3,770,366	3,906,219
Total liabilities and equity	5,792,414	5,846,854

Consolidated Statement of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Revenue	3,979,658	3,895,044
Cost of revenue	(3,362,870)	(3,353,759)
Gross profit	616,788	541,285
Selling, general and administrative expenses	(375,123)	(378,562)
Other income	14,370	11,814
Other expenses	(12,496)	(11,861)
Operating profit	243,539	162,676
Finance income	44,107	44,091
Finance costs	(8,870)	(7,043)
Foreign exchange losses	(9,466)	(6,194)
Share of the profit of associates and joint ventures accounted for using the equity method	6,901	4,100
Profit before income taxes	276,211	197,630
Income tax expenses	(67,513)	(49,131)
Profit for the period	208,698	148,499
Attributable to:		
Owners of the parent company	192,013	136,120
Non-controlling interests	16,685	12,379

(Unit: Yen)

Earnings per share		
Basic	245.97	175.67
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Profit for the period	208,698	148,499
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value (loss) gain on equity instruments designated as FVTOCI	(138,756)	133,060
Remeasurements of defined benefit pension plans	698	88
Share of other comprehensive income of investments accounted for using the equity method	(19)	1
Total	(138,077)	133,149
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(9,223)	(20,246)
Cash flow hedges	(183)	(13)
Share of other comprehensive income of investments accounted for using the equity method	(2,713)	(1,861)
Total	(12,119)	(22,120)
Total other comprehensive income	(150,196)	111,029
Comprehensive income for the period	58,502	259,528
Attributable to:		
Owners of the parent company	43,308	246,349
Non-controlling interests	15,194	13,179

Consolidated Statement of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to owners of the parent company				
	Capital stock	Capital surplus	Treasury stock	Other components of equity	
				Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2018	187,457	265,985	(57,677)	499,730	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	(138,787)	330
Comprehensive income for the period	—	—	—	(138,787)	330
Acquisition of treasury stock	—	—	(15,595)	—	—
Disposal of treasury stock	—	2,067	4,648	—	—
Retirement of treasury stock	—	(4,125)	24,673	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in a subsidiaries without a loss of control	—	4,965	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(834)	(330)
Other	—	—	—	—	—
Total transactions with the owners	—	2,907	13,726	(834)	(330)
As of December 31, 2018	187,457	268,892	(43,951)	360,109	—

As of April 1, 2019	187,457	268,776	(56,803)	378,687	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	132,781	246
Comprehensive income for the period	—	—	—	132,781	246
Acquisition of treasury stock	—	—	(7)	—	—
Disposal of treasury stock	—	0	0	—	—
Retirement of treasury stock	—	—	—	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—
Changes from business combination	—	—	—	—	—
Transfer to retained earnings	—	—	—	(13,315)	(246)
Other	—	—	—	—	—
Total transactions with the owners	—	0	(7)	(13,315)	(246)
As of December 31, 2019	187,457	268,776	(56,810)	498,153	—

(Unit: Millions of yen)

	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translating foreign operations	Cash flow hedges	Total				
As of April 1, 2018	28,534	154	528,418	2,674,138	3,598,321	175,972	3,774,293
Profit for the period	—	—	—	192,013	192,013	16,685	208,698
Other comprehensive income	(10,162)	(86)	(148,705)	—	(148,705)	(1,491)	(150,196)
Comprehensive income for the period	(10,162)	(86)	(148,705)	192,013	43,308	15,194	58,502
Acquisition of treasury stock	—	—	—	—	(15,595)	—	(15,595)
Disposal of treasury stock	—	—	—	—	6,715	—	6,715
Retirement of treasury stock	—	—	—	(20,548)	—	—	—
Dividends	—	—	—	(105,348)	(105,348)	(14,992)	(120,340)
Changes in the ownership interest in a subsidiaries without a loss of control	—	—	—	—	4,965	(12,230)	(7,265)
Changes from business combination	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(1,164)	1,164	—	—	—
Other	—	—	—	(6)	(6)	13	7
Total transactions with the owners	—	—	(1,164)	(124,738)	(109,269)	(27,209)	(136,478)
As of December 31, 2018	18,372	68	378,549	2,741,413	3,532,360	163,957	3,696,317

As of April 1, 2019	22,764	131	401,582	2,794,682	3,595,694	174,672	3,770,366
Profit for the period	—	—	—	136,120	136,120	12,379	148,499
Other comprehensive income	(22,786)	(12)	110,229	—	110,229	800	111,029
Comprehensive income for the period	(22,786)	(12)	110,229	136,120	246,349	13,179	259,528
Acquisition of treasury stock	—	—	—	—	(7)	—	(7)
Disposal of treasury stock	—	—	—	—	0	—	0
Retirement of treasury stock	—	—	—	—	—	—	—
Dividends	—	—	—	(108,486)	(108,486)	(15,299)	(123,785)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	93	93
Changes from business combination	—	—	—	—	—	28	28
Transfer to retained earnings	—	—	(13,561)	13,561	—	—	—
Other	—	—	—	(53)	(53)	49	(4)
Total transactions with the owners	—	—	(13,561)	(94,978)	(108,546)	(15,129)	(123,675)
As of December 31, 2019	(22)	119	498,250	2,835,824	3,733,497	172,722	3,906,219

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2019
Cash flows from operating activities		
Profit before income taxes	276,211	197,630
Depreciation	214,031	232,023
Increase in retirement benefit liabilities	1,902	3,304
Decrease in retirement benefit assets	2,534	2,766
Interest and dividend income	(43,106)	(42,530)
Interest expenses	6,679	5,527
Foreign exchange losses	3,564	986
Share of the profit of associates and joint ventures accounted for using the equity method	(6,901)	(4,100)
Losses on sales or disposal of property, plant and equipment	2,539	3,976
Decrease in trade receivables	54,772	108,622
Increase in inventories	(51,855)	(19,799)
Decrease in trade payables	(21,183)	(49,420)
Increase in provisions	24	15,009
Other	(2,545)	2,135
Subtotal	436,666	456,129
Interest received	9,611	11,427
Dividends received	36,812	35,465
Interest paid	(6,282)	(5,701)
Income taxes paid	(110,769)	(73,410)
Net cash provided by operating activities	366,038	423,910
Cash flows from investing activities		
Decrease in time deposits	17,670	159,597
Purchases of property, plant and equipment	(305,584)	(313,382)
Proceeds from sales of property, plant and equipment	8,391	7,179
Purchases of intangible assets	(30,003)	(23,332)
Purchases of equity instruments	(46,018)	(44,630)
Purchases of debt instruments	(14,236)	(29,484)
Proceeds from sales and redemption of equity instruments	3,380	23,803
Proceeds from sales and redemption of debt instruments	21,762	4,458
(Decrease) increase from acquisition of control over subsidiaries	(8,933)	142
Other	2,707	4,106
Net cash used in investing activities	(350,864)	(211,543)
Cash flows from financing activities		
Net increase in short-term borrowings	20,295	36,155
Proceeds from borrowings	140,708	18,340
Repayments of long-term borrowings	(122,440)	(100,177)
Repayments of lease liabilities	(9,959)	(18,130)
Issuance of bonds	90,000	—
Redemption of bonds	(30,000)	(20,000)
Dividends paid	(105,348)	(108,486)
Dividends paid to non-controlling interests	(14,992)	(15,299)
Purchase of treasury stock	(15,595)	(7)
Other	(5,057)	4,798
Net cash used in financing activities	(52,388)	(202,806)
Foreign currency translation adjustments on cash and cash equivalents	(3,077)	(4,813)
Net (decrease) increase in cash and cash equivalents	(40,291)	4,748
Cash and cash equivalents at beginning of period	783,338	711,638
Cash and cash equivalents at end of period	743,047	716,386

Segment information

For the Nine months ended December 31, 2018

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,656,735	882,287	456,850	931,472	3,927,344	52,314	—	3,979,658
Intersegment	755,245	21,762	31,727	152,958	961,692	578	(962,270)	—
Total	2,411,980	904,049	488,577	1,084,430	4,889,036	52,892	(962,270)	3,979,658
Segment profit or losses	97,819	22,197	14,294	102,163	236,473	8,704	(1,638)	243,539
Finance income								44,107
Finance costs								(8,870)
Foreign exchange losses								(9,466)
Share of the profit of associates and joint ventures accounted for using the equity method								6,901
Profit before income taxes								276,211

(Note) "Others" is an operating segment that is not included in the reportable segments, such as business activities of subsidiaries in South America.

For the Nine months ended December 31, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,708,234	861,885	414,542	861,869	3,846,530	48,514	—	3,895,044
Intersegment	724,340	23,436	24,864	143,174	915,814	612	(916,426)	—
Total	2,432,574	885,321	439,406	1,005,043	4,762,344	49,126	(916,426)	3,895,044
Segment profit or losses	39,984	17,299	10,517	83,259	151,059	8,556	3,061	162,676
Finance income								44,091
Finance costs								(7,043)
Foreign exchange losses								(6,194)
Share of the profit of associates and joint ventures accounted for using the equity method								4,100
Profit before income taxes								197,630

(Note) "Others" is an operating segment that is not included in the reportable segments, such as business activities of subsidiaries in South America.