

[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 Three Months Ended June 30, 2020
<under IFRS>

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

DATE: July 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 three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(1) Consolidated operating results

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

	Revenue		Operating profit (loss)		Profit (loss) before income taxes		Profit (loss) for the period	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2020	765,098	(42.2)	(106,616)	—	(92,247)	—	(94,068)	—
June 30, 2019	1,324,119	(0.5)	69,146	(23.9)	85,830	(21.3)	61,051	(26.5)

	Profit (loss) attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2020	(90,069)	—	(11,301)	—	(116.24)	—
June 30, 2019	57,158	(26.1)	42,178	(52.3)	73.76	—

(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	%
June 30, 2020	6,078,585	3,490,855	3,333,780	54.8
March 31, 2020	5,651,801	3,558,869	3,397,136	60.1

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, 2020	—	70.00	—	70.00	140.00
Year ending March 31, 2021	—				
Year ending March 31, 2021 (Forecast)		70.00	—	—	—

(Note) The forecast of dividends for the year ending March 31, 2021 have yet to be determined at this point.

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021
(from April 1, 2020 to March 31, 2021)**

(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	4,540,000	(11.9)	100,000	63.7	131,000	46.2	94,000	11.1	75,000	10.1	96.79

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Jun. 30, 2020
Assets		
Current assets		
Cash and cash equivalents	597,816	955,662
Trade and other receivables	885,461	685,569
Inventories	651,670	709,509
Other financial assets	121,177	106,314
Other current assets	90,194	107,589
Total current assets	2,346,318	2,564,643
Non-current assets		
Property, plant and equipment	1,758,233	1,826,744
Right-of-use assets	47,254	50,382
Intangible assets	96,388	155,332
Other financial assets	1,121,066	1,227,826
Investments accounted for using the equity method	104,590	101,144
Retirement benefit assets	38,298	36,915
Deferred tax assets	117,856	89,174
Other non-current assets	21,798	26,425
Total non-current assets	3,305,483	3,513,942
Total assets	5,651,801	6,078,585

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Jun. 30, 2020
Liabilities and equity		
Current liabilities		
Bonds and borrowings	112,402	710,889
Trade and other payables	891,949	812,815
Other financial liabilities	53,436	38,818
Income tax payables	22,839	11,569
Provisions	269,733	264,396
Other current liabilities	72,708	72,624
Total current liabilities	1,423,067	1,911,111
Non-current liabilities		
Bonds and borrowings	352,970	352,474
Other financial liabilities	34,166	36,775
Retirement benefit liabilities	253,198	254,957
Provisions	4,429	4,560
Deferred tax liabilities	13,469	15,541
Other non-current liabilities	11,633	12,312
Total non-current liabilities	669,865	676,619
Total liabilities	2,092,932	2,587,730
Equity		
Capital stock	187,457	187,457
Capital surplus	272,375	272,386
Treasury stock	(56,815)	(56,816)
Other components of equity	226,653	304,345
Retained earnings	2,767,466	2,626,408
Equity attributable to owners of the parent company	3,397,136	3,333,780
Non-controlling interests	161,733	157,075
Total equity	3,558,869	3,490,855
Total liabilities and equity	5,651,801	6,078,585

Consolidated Statement of Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2019	Three months ended Jun. 30, 2020
Revenue	1,324,119	765,098
Cost of revenue	(1,141,970)	(777,232)
Gross profit (loss)	182,149	(12,134)
Selling, general and administrative expenses	(112,577)	(97,339)
Other income	2,654	6,798
Other expenses	(3,080)	(3,941)
Operating profit (loss)	69,146	(106,616)
Finance income	21,733	20,007
Finance costs	(2,621)	(1,957)
Foreign exchange losses	(4,010)	(2,182)
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	1,582	(1,499)
Profit (loss) before income taxes	85,830	(92,247)
Income tax expenses	(24,779)	(1,821)
Profit (loss) for the period	61,051	(94,068)
Attributable to:		
Owners of the parent company	57,158	(90,069)
Non-controlling interests	3,893	(3,999)

(Unit: Yen)

Earnings per share		
Basic	73.76	(116.24)
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Three months ended Jun. 30, 2019	Three months ended Jun. 30, 2020
Profit (loss) for the period	61,051	(94,068)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain on equity instruments designated as FVTOCI	16,182	75,791
Remeasurements of defined benefit pension plans	(312)	136
Share of other comprehensive income of investments accounted for using the equity method	(13)	6
Total	15,857	75,933
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(34,597)	7,874
Cash flow hedges	(56)	107
Share of other comprehensive income of investments accounted for using the equity method	(77)	(1,147)
Total	(34,730)	6,834
Total other comprehensive income	(18,873)	82,767
Comprehensive income for the period	42,178	(11,301)
Attributable to:		
Owners of the parent company	40,084	(10,833)
Non-controlling interests	2,094	(468)

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, 2019	187,457	268,776	(56,803)	378,687	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	16,117	(153)
Comprehensive income for the period	—	—	—	16,117	(153)
Acquisition of treasury stock	—	—	(2)	—	—
Disposal of treasury stock	—	0	0	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—
Transfer to retained earnings	—	—	—	(954)	153
Transfer from retained earnings to capital surplus	—	—	—	—	—
Other	—	—	—	—	—
Total transactions with the owners	—	0	(2)	(954)	153
As of June 30, 2019	187,457	268,776	(56,805)	393,850	—
As of April 1, 2020	187,457	272,375	(56,815)	273,576	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	75,741	136
Comprehensive income for the period	—	—	—	75,741	136
Acquisition of treasury stock	—	—	(1)	—	—
Disposal of treasury stock	—	(0)	0	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	4	—	—	—
Transfer to retained earnings	—	—	—	(1,408)	(136)
Transfer from retained earnings to capital surplus	—	0	—	—	—
Other	—	7	—	—	—
Total transactions with the owners	—	11	(1)	(1,408)	(136)
As of June 30, 2020	187,457	272,386	(56,816)	347,909	—

(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, 2019	22,764	131	401,582	2,794,682	3,595,694	174,672	3,770,366
Profit for the period	—	—	—	57,158	57,158	3,893	61,051
Other comprehensive income	(32,982)	(56)	(17,074)	—	(17,074)	(1,799)	(18,873)
Comprehensive income for the period	(32,982)	(56)	(17,074)	57,158	40,084	2,094	42,178
Acquisition of treasury stock	—	—	—	—	(2)	—	(2)
Disposal of treasury stock	—	—	—	—	0	—	0
Dividends	—	—	—	(54,243)	(54,243)	(8,744)	(62,987)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	93	93
Transfer to retained earnings	—	—	(801)	801	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Other	—	—	—	360	360	48	408
Total transactions with the owners	—	—	(801)	(53,082)	(53,885)	(8,603)	(62,488)
As of June 30, 2019	(10,218)	75	383,707	2,798,758	3,581,893	168,163	3,750,056
As of April 1, 2020	(46,913)	(10)	226,653	2,767,466	3,397,136	161,733	3,558,869
Profit (loss) for the period	—	—	—	(90,069)	(90,069)	(3,999)	(94,068)
Other comprehensive income	3,252	107	79,236	—	79,236	3,531	82,767
Comprehensive income for the period	3,252	107	79,236	(90,069)	(10,833)	(468)	(11,301)
Acquisition of treasury stock	—	—	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	—	—	0	—	0
Dividends	—	—	—	(54,243)	(54,243)	(4,305)	(58,548)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	4	115	119
Transfer to retained earnings	—	—	(1,544)	1,544	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	(0)	—	—	—
Other	—	—	—	1,710	1,717	0	1,717
Total transactions with the owners	—	—	(1,544)	(50,989)	(52,523)	(4,190)	(56,713)
As of June 30, 2020	(43,661)	97	304,345	2,626,408	3,333,780	157,075	3,490,855

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Three months ended Jun. 30, 2019	Three months ended Jun. 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	85,830	(92,247)
Depreciation	76,567	81,380
(Decrease) increase in retirement benefit liabilities	(207)	1,497
Decrease in retirement benefit assets	1,001	1,380
Interest and dividend income	(21,319)	(18,086)
Interest expenses	2,110	1,172
Foreign exchange (gains) losses	(1)	209
Share of the (profit) loss of associates and joint ventures accounted for using the equity method	(1,582)	1,499
Losses on sales or disposal of property, plant and equipment	1,488	1,285
Decrease in trade receivables	61,626	174,751
Increase in inventories	(117)	(49,131)
Decrease in trade payables	(24,082)	(98,024)
Decrease in provisions	(2,090)	(5,369)
Other	65,285	43,180
Subtotal	244,509	43,496
Interest received	3,583	1,254
Dividends received	18,676	16,809
Interest paid	(2,187)	(1,291)
Income taxes paid	(31,896)	(28,194)
Net cash provided by operating activities	232,685	32,074
Cash flows from investing activities		
Decrease in time deposits	17,376	10,248
Purchases of property, plant and equipment	(95,600)	(111,010)
Proceeds from sales of property, plant and equipment	1,468	6,079
Purchases of intangible assets	(7,333)	(12,515)
Purchases of equity instruments	(21,064)	(152)
Purchases of debt instruments	(1,211)	(106)
Proceeds from sales and redemption of equity instruments	1,274	1,836
Proceeds from sales and redemption of debt instruments	181	127
Proceeds (purchases) from (of) acquisition of subsidiaries and other businesses	93	(105,140)
Other	1,337	1,143
Net cash used in investing activities	(103,479)	(209,490)
Cash flows from financing activities		
Net increase in short-term borrowings	17,500	105,189
Proceeds from borrowings	2,972	500,841
Repayments of long-term borrowings	(42,776)	(1,799)
Repayments of lease liabilities	(5,500)	(12,797)
Redemption of bonds	(20,000)	—
Dividends paid	(54,243)	(54,243)
Dividends paid to non-controlling interests	(8,744)	(4,305)
Purchase of treasury stock	(2)	(1)
Other	1,815	1,816
Net cash used in financing activities	(108,978)	534,701
Foreign currency translation adjustments on cash and cash equivalents	(15,800)	561
Net increase in cash and cash equivalents	4,428	357,846
Cash and cash equivalents at beginning of period	711,638	597,816
Cash and cash equivalents at end of period	716,066	955,662

Segment information

For the Three months ended June 30, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	564,286	308,264	150,025	283,360	1,305,935	18,184	—	1,324,119
Intersegment	232,182	7,093	8,665	45,704	293,644	232	(293,876)	—
Total	796,468	315,357	158,690	329,064	1,599,579	18,416	(293,876)	1,324,119
Segment profit or losses	23,530	8,177	3,242	25,106	60,055	4,139	4,952	69,146
Finance income								21,733
Finance costs								(2,621)
Foreign exchange losses								(4,010)
Share of the profit of associates and joint ventures accounted for using the equity method								1,582
Profit before income taxes								85,830

(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 Three months ended June 30, 2020

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	382,832	117,153	62,831	199,383	762,199	2,899	—	765,098
Intersegment	145,481	4,662	4,345	28,825	183,313	45	(183,358)	—
Total	528,313	121,815	67,176	228,208	945,512	2,944	(183,358)	765,098
Segment profit or losses	(90,758)	(26,317)	(8,250)	3,519	(121,806)	1,311	13,879	(106,616)
Finance income								20,007
Finance costs								(1,957)
Foreign exchange losses								(2,182)
Share of the losses of associates and joint ventures accounted for using the equity method								(1,499)
Profit (loss) before income taxes								(92,247)

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