

The DENSO logo is written in a bold, italicized, red sans-serif font.

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Crafting the Core

**FY2023 3rd Quarter
Financial Results
(2022/4-2022/12)**

Feb. 3, 2023
DENSO CORPORATION



Overview of FY2023 3rd Quarter Financial Results

1. Revenue in the third quarter increased compared to the previous year due to sales recovery, sales expansion and foreign exchange gains. Operating profit increased compared to the previous year due to sales recovery, exchange gains and profit improvements.

2. We have revised our revenue and operating profit forecasts for the year based on changing foreign exchange preconditions and current vehicle production losses, adjusting our revenue projection to 6,200.0 billion yen and our operating profit projection to 420.0 billion yen.

FY2023 3rd Quarter Financial Results (2022/4-2022/12)

P/L (IFRS)

	(Ratio to Revenue)		[Unit: Billions of Yen, %]		
	2021/4-2021/12	2022/4-2022/12	Change		
Revenue	4,009.0	4,635.7	+626.6	+15.6%	
Operating Profit	(6.4%) 256.3	(5.8%) 267.9	+11.7	+4.6%	
Profit before Income Taxes	(7.4%) 296.5	(6.4%) 298.2	+1.6	+0.5%	
Profit (*)	(4.8%) 193.4	(4.3%) 197.8	+4.4	+2.3%	

* Profit attributable to owners of the parent company

		[Unit: Millions of Units]					
Precondition	Foreign Exchange Rate	JPY	111.1/USD	JPY	136.5/USD	+25.4 JPY	-
		JPY	130.6/EUR	JPY	140.6/EUR	+10.0 JPY	-
		JPY	17.2/CNY	JPY	19.9/CNY	+2.7 JPY	-
	Domestic Vehicle Production		5.43		5.72	+0.29	+5.3%
	Overseas Vehicle Production of Japanese Manufacturers		12.74		12.83	+0.09	+0.7%

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[Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 4,635.7 billion yen, increased by 626.6 billion yen (+15.6%) from the previous year.
2. Consolidated operating profit totaled 267.9 billion yen, increased by 11.7 billion yen (+4.6%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 197.8 billion yen, increased by 4.4 billion yen (+2.3%) from the previous year.

FY2023 3rd Quarter Consolidated Revenue (By Customer)

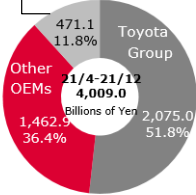
(Unit: Billions of Yen)

():vs 21/3Q
(9 months basis)
INCR/DECR

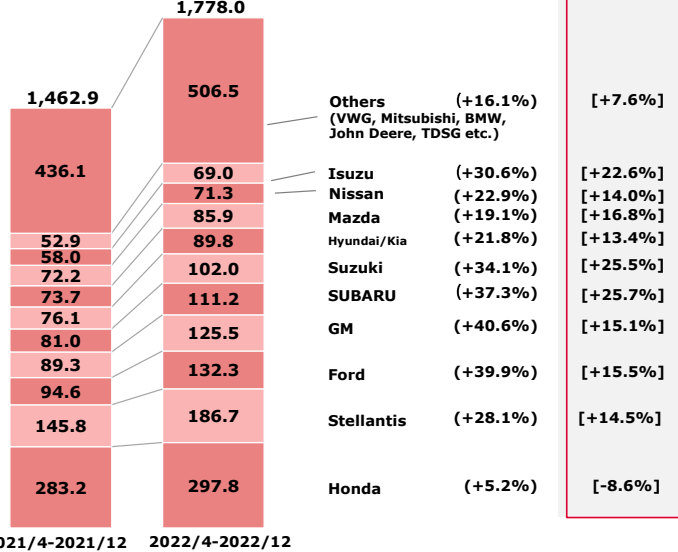
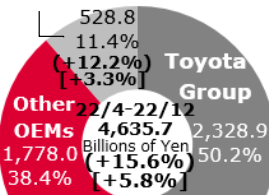
[]:vs 21/3Q
(9 months basis)
INCR/DECR excluding FX diff.

Revenue	4,009.0 ⇒ 4,635.7	(+15.6%)	[+5.8%]
Toyota group	2,075.0 ⇒ 2,328.9	(+12.2%)	[+3.7%]
Other OEMs	1,462.9 ⇒ 1,778.0	(+21.5%)	[+9.6%]

After-market,
Non-Automotive Business etc.



After-market,
Non-Automotive Business etc.



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[Revenue by Customer(Quantity Base)]

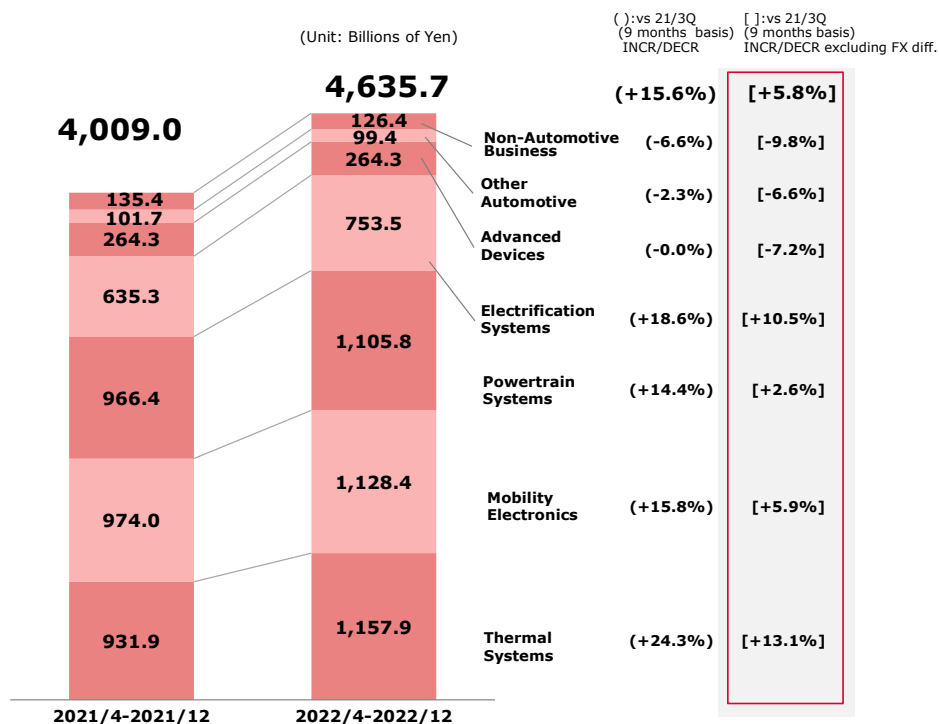
Toyota Group

The revenue from the Toyota Group was significantly influenced by the vehicle production losses in Japan. However, it increased by 3.7% compared to the previous year due to the increase in revenue from electrification products in China as well as from ADAS products, including stereo cameras.

Non-Toyota Group

Increased by 9.6% compared to the previous year as vehicle production started to recover.

FY2023 3rd Quarter Consolidated Revenue (By Product)



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<Revenue by Product (Quantity base)>

In addition to the conventional sales expansion effect, due to measures to encourage the spread of low-emission vehicles in Europe and China, electrification business expanded.

Electrification system

- Revenue of inverters in North America, Japan and China, and battery packs increased in Asia, etc.

Thermal system

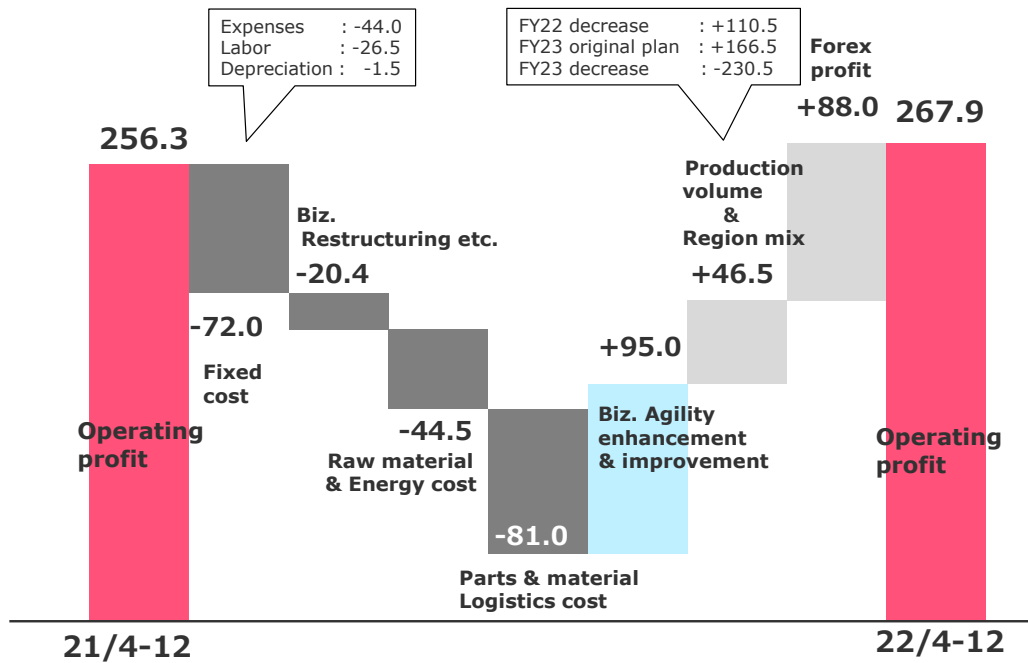
- Revenue expansion of electric compressors continued in Europe and elsewhere.

Mobility Electronics

- Revenue of ADAS products and display improved.

Change in FY2023 3rd Quarter Operating Profit

(Unit: Billions of Yen)



[Factor that Contributed to increases or Decreases in Operating Profit]

Positive Factors

- Business Agility enhancement & improvement 95.0 billion yen.
- Production volume & region mix 46.5 billion yen.
- Forex profit 88.0 billion yen.

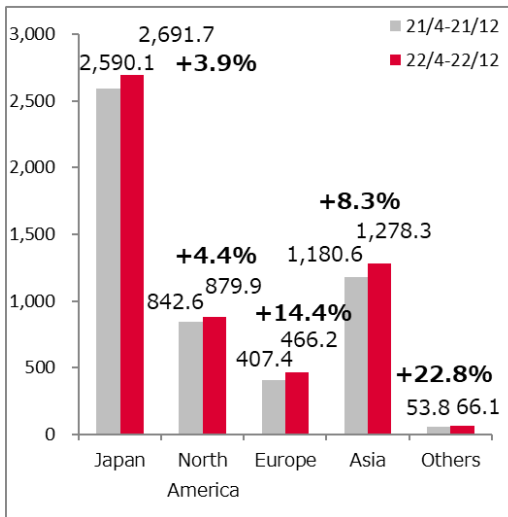
Negative Factors

- Fixed cost -72.0 billion yen
- Business restructuring etc. -20.4 billion yen
- Raw material and energy cost -44.5 billion yen
- Parts and material , logistics cost -81.0 billion yen

Geographical Segments by Company Location

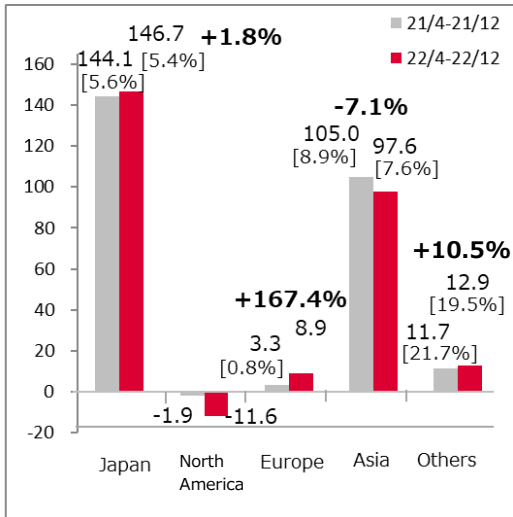
Local currency basis excludes FX difference
(111.1JPY/1USD, 130.6JPY/1EUR, 17.2JPY/1CNY)

Revenue



Operating Profit

(Unit: Billions of Yen)
[]: Ratio to Revenue



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[Revenue and Operating Profit by Each Region*]

*Excluding the effect of foreign exchange

Revenue

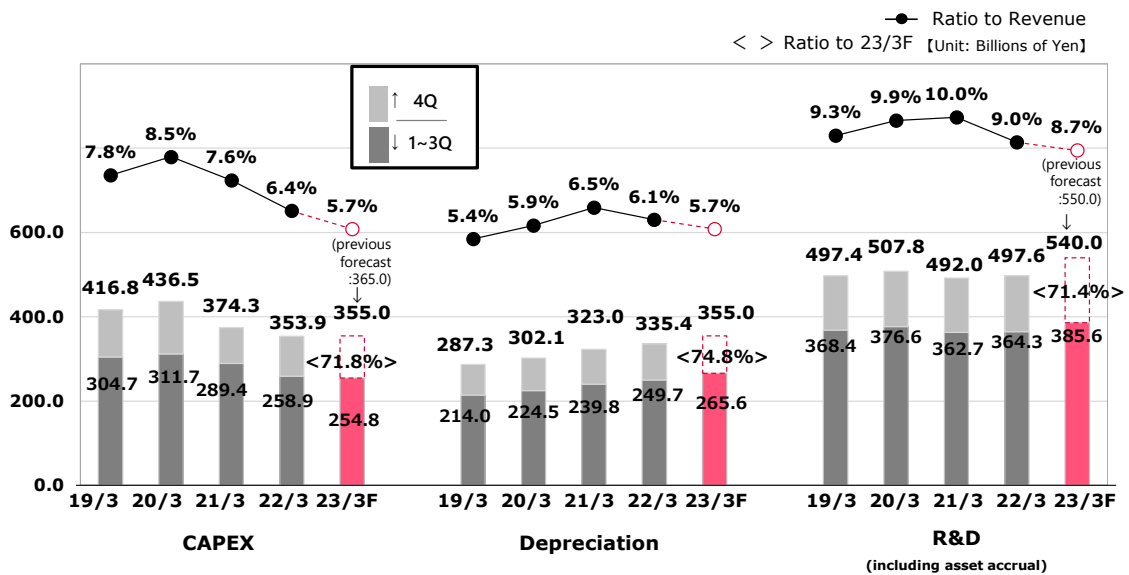
The revenue increased in all regions compared to the previous year due to the recovery in vehicle production and sales expansion

Operating Profit

Global efforts were made to improve profitability despite the deterioration in the external environment.

Increased in respective regions compared to the previous year, except for North America, which has been hit hard by surging logistics costs and parts and materials costs, and Asia, which has been affected by the surge of Covid-19 cases in China and business restructuring costs.

Trend of Capital Expenditures, Depreciation and R&D Expenditures



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[Capital Expenditures, Depreciation and R&D Expenditures]

Capital Expenditure

Actual results: 254.8 billion yen.

Annual forecast 355.0 billion yen.

(- 10.0 billion yen from the previous announcement)

Capital expenditures promoted electrification by strengthening the production system in China and Europe, following Japan and North America, in addition to enhancing the competitiveness of power semiconductors. Given the current risk of vehicle production losses, we will scrutinize projects and apply greater financial discipline in business operations.

R&D expenditures

Actual results: 385.6 billion yen.

Annual forecast 540.0 billion yen (-10.0 billion yen from the previous announcement).

R&D expenditures have increased development efficiency thanks to a fundamental review of business practices in response to the surging development needs mainly in the CASE domain. We will continue to ensure efficiency.

FY2023 Financial Forecast

P/L (IFRS)

	(Ratio to Revenue)				[Unit: Billions of Yen, %]			
		Forecast as of Sep. 2022	2023/3 Forecast	Change from previous forecast		2022/3 Actual	Change from Mar. 2022	
Revenue		6,310.0	6,200.0	-110.0	-1.7%	5,515.5	+684.5	+12.4%
Operating Profit	(7.6%)	480.0	(6.8%) 420.0	-60.0	-12.5%	(6.2%) 341.2	+78.8	+23.1%
Profit before Income Taxes	(8.3%)	523.0	(7.3%) 455.0	-68.0	-13.0%	(7.0%) 384.8	+70.2	+18.2%
Profit (*1)	(6.0%)	378.0	(5.2%) 322.0	-56.0	-14.8%	(4.8%) 263.9	+58.1	+22.0%

*1 Profit attributable to owners of the parent company

	[Unit: Millions of Units]							
Precondition	Foreign Exchange Rate	JPY 134.5/USD	JPY (*2) 133.6/USD	-0.9 JPY	-	JPY 112.4/USD	+21.2 JPY	-
		JPY 136.9/EUR	JPY (*2) 139.2/EUR	+2.3 JPY	-	JPY 130.6/EUR	+8.6 JPY	-
		JPY 19.9/CNY	JPY (*2) 19.7/CNY	-0.2 JPY	-	JPY 17.5/CNY	+2.2 JPY	-
	Domestic Vehicle Production	8.08	7.51	-0.57	-7.1%	7.33	+0.18	+2.5%
	Overseas Vehicle Production of Japanese Manufacturers	17.95	17.41	-0.54	-3.0%	17.21	+0.20	+1.1%

*2 Foreign Exchange Rate of Forecast for the 4th quarter : JPY 125.0/USD, 135.0/EUR, 19.0/CNY



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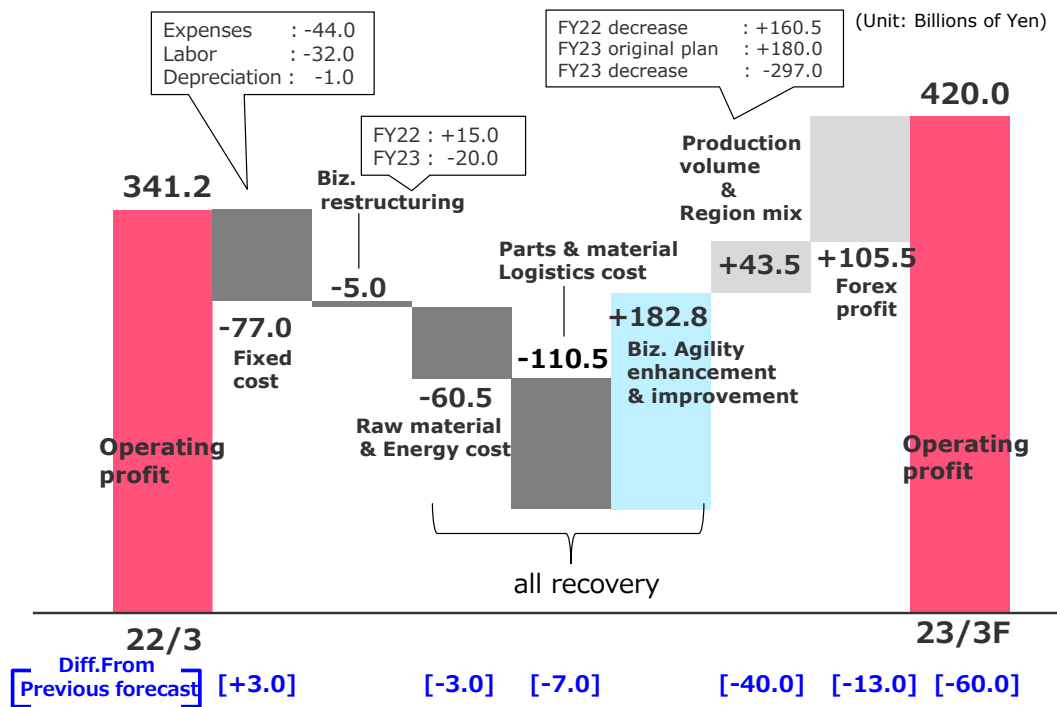
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[Full year Financial Forecast]

. We have revised the full-year forecast downward due to the foreign exchange situation and the current risk of vehicle production losses.

- We expect revenue of 6,200.0 billion yen.
(-110.0 billion yen from the previous announcement.)
- We expect revenue of 420.0 billion yen.
(-60.0 billion yen from the previous announcement.)
- We used 133.6 yen to the U.S. dollar and 139.2 yen to the Euro,
19.7 yen to the CNY.

Change in FY2023 Forecast Operating Profit



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<variance from previous estimation>

Positive factors from the previous announcement

- Business Agility enhancement & improvement 182.8 billion yen.
- Production volume & region mix 43.5 billion yen.
- Forex exchange profit 105.5 billion yen.

Negative factors from the previous announcement

- Fixed cost -77.0 billion yen.
- Business restructuring -5.0 billion yen.
- Raw material and energy cost -60.5 billion yen.
- Parts & material , logistics cost -110.5 billion yen.

We will address the surging costs of raw materials, energy, parts and materials, and logistics by streamlining operations and enhancing our business agility.

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Appendix

- Pre-Conditions (Foreign Exchange Rate/Vehicle Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Geographical Segments by Company Location
- Capital Expenditures, Depreciation and R&D Expenditures

Pre-Conditions (Foreign Exchange Rate/Vehicle Production)

		22/4-22/9													FY2023 Full Year 22/4-23/3F				
		22/4-22/9			22/10-23/3F										Prior Year	Forecast as of 2Q	Forecast (Revised)	Change	
		Prior Year	Actual	Change	3Q			4Q				Prior Year	Forecast as of 2Q	Revised Estimation					Change from prior year
					Prior Year	Actual	Change	Prior Year	Revised Estimation	Change									
Foreign Exchange Rate (Yen)	USD	109.8	134.0	+ 24.2	113.7	141.6	+ 27.9	116.2	125.0	8.8	115.0	135.0	133.3	+ 18.3	112.4	134.5	133.6	+21.2	
	EUR	130.9	138.7	+ 7.8	130.1	144.4	+ 14.3	130.4	135.0	4.6	130.2	135.0	139.7	+ 9.5	130.6	136.9	139.2	+8.6	
	CNY	17.0	19.9	+ 2.9	17.8	19.9	+ 2.1	18.3	19.0	0.7	18.0	20.0	19.4	+ 1.4	17.5	19.9	19.7	+2.2	
Forex Impact on Operating Income per Yen (Billions of Yen)	USD														3.3	3.3	3.3	-0.0	
	EUR														1.1	0.9	0.9	- 0.2	
	CNY														19.0	22.6	22.6	+3.5	
Vehicle Production of Japanese Manufacturers (Millions of Units)	Domestic	3.53	3.58	+ 1.6%	1.90	2.13	+ 12.0%	1.90	1.79	- 5.4%	3.80	4.50	3.93	+ 3.3%	7.33	8.08	7.51	+ 2.5%	
	Overseas	8.36	8.43	+ 0.7%	4.38	4.40	+ 0.6%	4.47	4.58	+ 2.4%	8.85	9.52	8.98	+ 1.5%	17.21	17.95	17.41	+ 1.1%	

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	21/4-21/12		22/4-22/12		Change		Change excludes FX difference, etc. %
	Amount	% to Total	Amount	% to Total	Amount	%	
Toyota	1,935.1	48.3	2,161.2	46.6	+226.1	+11.7	+2.9
Daihatsu	98.0	2.4	128.1	2.8	+30.0	+30.6	+23.7
Hino	41.9	1.0	39.6	0.9	-2.3	-5.4	-7.1
Toyota Group	2,075.0	51.8	2,328.9	50.2	+253.9	+12.2	+3.7
Honda	283.2	7.2	297.8	6.4	+14.6	+5.2	-8.6
Stellantis	145.8	3.6	186.7	4.0	+41.0	+28.1	+14.5
(FCA)	116.6	2.9	152.5	3.3	+35.9	+30.8	+15.8
(PSA)	29.2	0.7	34.2	0.7	+5.0	+17.3	+9.4
Ford	94.6	2.4	132.3	2.9	+37.8	+39.9	+15.5
GM	89.3	2.2	125.5	2.7	+36.2	+40.6	+15.1
SUBARU	81.0	2.0	111.2	2.4	+30.2	+37.3	+25.7
Suzuki	76.1	1.9	102.0	2.2	+26.0	+34.1	+25.5
Hyundai/Kia	73.7	1.8	89.8	1.9	+16.1	+21.8	+13.4
Mazda	72.2	1.8	85.9	1.9	+13.8	+19.1	+16.8
Nissan	58.0	1.4	71.3	1.5	+13.3	+22.9	+14.0
ISUZU	52.9	1.3	69.0	1.5	+16.2	+30.6	+22.6
VW·AUDI	37.8	0.9	48.4	1.0	+10.6	+27.9	+15.5
Mitsubishi	34.9	0.9	41.1	0.9	+6.1	+17.5	+7.8
BMW	36.3	0.9	33.8	0.7	-2.6	-7.1	-14.8
Benz	18.1	0.5	26.0	0.6	+7.9	+43.8	+33.3
Volvo	20.7	0.5	22.4	0.5	+1.8	+8.6	-1.1
OE Sales for others	288.5	7.2	334.8	7.2	+46.2	+16.0	+8.4
OEM Total	3,538.0	88.2	4,106.9	88.6	+568.9	+16.1	+6.1
Non-Automotive Business(*)	471.1	11.8	528.8	11.4	+57.7	+12.2	+3.3
Total	4,009.0	100.0	4,635.7	100.0	+626.6	+15.6	+5.8

* Including revenue of industrial systems and consumer products, revenue for After Market, and revenue of property/equipment etc.

Consolidated Revenue (By Product)

(Unit: Billions of Yen)

	21/4-21/12		22/4-22/12		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	931.9	23.2	1,157.9	25.0	+226.0	+24.3	+13.1
Mobility Electronics	974.0	24.3	1,128.4	24.3	+154.4	+15.8	+5.9
Powertrain Systems	966.4	24.1	1,105.8	23.9	+139.4	+14.4	+2.6
Electrification Systems	635.3	15.8	753.5	16.3	+118.2	+18.6	+10.5
Advanced Devices	264.3	6.6	264.3	5.7	-0.0	- 0.0	-7.2
Others(*)	101.7	2.5	99.4	2.1	-2.3	- 2.3	-6.6
Automotive Total	3,873.6	96.6	4,509.3	97.3	+635.6	+16.4	+6.3
Non-Automotive Business Total	135.4	3.4	126.4	2.7	-8.9	- 6.6	-9.8
Total	4,009.0	100.0	4,635.7	100.0	+626.6	+15.6	+5.8

* Including revenue of equipment and repair parts etc.

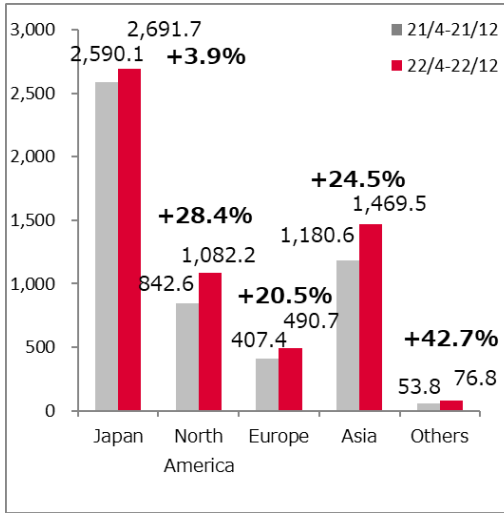
Geographical Segments by Company Location

JPY basis

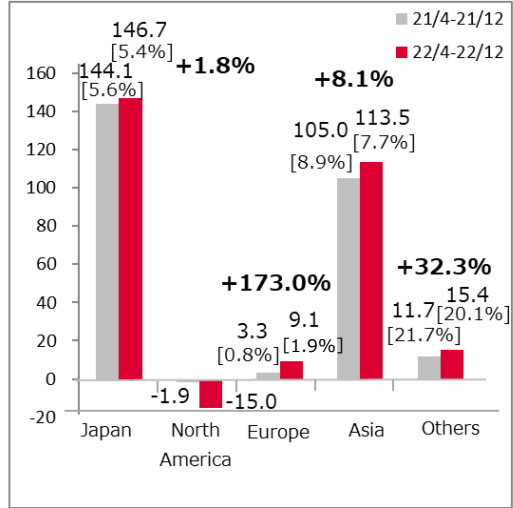
(Unit: Billions of Yen)

[]: Ratio to Revenue

Revenue



Operating Profit



Capital Expenditures, Depreciation and R&D Expenditures

(including asset accrual)

(Unit: Billions of Yen)

	22/3		23/3F		Change	Progress to 23/3 Forecast
	21/12	22/12	22/12	23/3F		
Japan	163.2	219.2	148.0	231.0	- 9.3%	64.1%
North America	30.3	40.6	37.3	40.0	+23.1%	93.3%
Europe	13.1	19.3	16.2	21.0	+23.7%	77.1%
Asia	50.2	71.6	50.0	79.0	- 0.4%	63.3%
Others	2.1	3.2	3.3	4.0	+57.1%	82.5%
Suppression ※	-	-	-	-20.0	-	-
Capital Expenditure	258.9	353.9	254.8	355.0	- 1.6%	71.8%
Japan	157.3	211.6	159.3	219.0	+1.3%	72.7%
North America	30.5	40.8	36.7	43.0	+20.3%	85.3%
Europe	19.1	25.2	18.2	26.0	- 4.7%	70.0%
Asia	41.6	56.2	49.6	64.0	+19.2%	77.5%
Others	1.2	1.6	1.8	3.0	+50.0%	60.0%
Depreciation	249.7	335.4	265.6	355.0	+6.4%	74.8%
R&D Expenditure (Ratio to Revenue)	364.3 (9.1%)	497.6 (9.0%)	385.6 (8.3%)	540.0 (8.7%)	+5.8%	71.4%

※ Suppress investment by examining each project strictly.