

***DENSO***

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**FY2023**

**Financial Results**

**(2022/4-2023/3)**

Apr. 27, 2023

DENSO CORPORATION



# Overview of FY2023 Financial Results

1. Revenue and operating profit increased compared to the previous year, reaching their highest-ever levels, due to sales recovery and expansion, foreign exchange gains and profit improvements.

2. In the next fiscal year, we forecast 6,300.0 billion yen in revenue and 510.0 billion yen in operating income.  
Revenue will be based on strong sales expansions in focus areas.  
On the other hand, we also forecast the potential risk of a vehicle production cut of around 10 percent, given uncertainties in the external environment.  
Operating income will be based on the extent of growth, as well as disciplined control of fixed costs and further strengthening of our ability to respond to fluctuations.

3. The annual dividend for the concluded fiscal year is 185 yen, a 5 yen increase from the previous announcement, and the forecast for the next fiscal year is 190 yen, a 5 yen increase from the previous year. We will continue to improve DOE levels over the long term and in a stable manner.

# FY2023 Financial Results (2022/4-2023/3)

## P/L (IFRS)

|                                   | (Ratio to Revenue) |                     | [Unit: Billions of Yen, %] |        |
|-----------------------------------|--------------------|---------------------|----------------------------|--------|
|                                   | 2021/4-2022/3      | 2022/4-2023/3       | Change                     |        |
| <b>Revenue</b>                    | 5,515.5            | <b>6,401.3</b>      | +885.8                     | +16.1% |
| <b>Operating Profit</b>           | (6.2%) 341.2       | (6.7%) <b>426.1</b> | +84.9                      | +24.9% |
| <b>Profit before Income Taxes</b> | (7.0%) 384.8       | (7.1%) <b>456.9</b> | +72.1                      | +18.7% |
| <b>Profit (*)</b>                 | (4.8%) 263.9       | (4.9%) <b>314.6</b> | +50.7                      | +19.2% |
| <b>Return on Equity</b>           | 6.4%               | <b>7.3%</b>         | -                          | +0.9%  |

\* Profit attributable to owners of the parent company

|   | [Unit: Millions of Units] |           |              |           |              |       |
|---|---------------------------|-----------|--------------|-----------|--------------|-------|
|   | Precondition              |           | Precondition |           | Precondition |       |
| Foreign Exchange Rate                                 | JPY                       | 112.4/USD | JPY          | 135.5/USD | +23.1 JPY    | -     |
|   | JPY                       | 130.6/EUR | JPY          | 141.0/EUR | +10.4 JPY    | -     |
|   | JPY                       | 17.5/CNY  | JPY          | 19.7/CNY  | +2.2 JPY     | -     |
| Domestic Vehicle Production                           |                           | 7.33      |              | 7.92      | +0.60        | +8.1% |
| Overseas Vehicle Production of Japanese Manufacturers |                           | 17.21     |              | 16.96     | -0.25        | -1.4% |

## [Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 6,401.3 billion yen, increased by 885.8 billion yen (+16.1%) from the previous year.
2. Consolidated operating profit totaled 426.1 billion yen, increased by 84.9 billion yen (+24.9%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 314.6 billion yen, increased by 50.7 billion yen (+19.2%) from the previous year.

## Quarterly Revenue & Operating Profit Trends

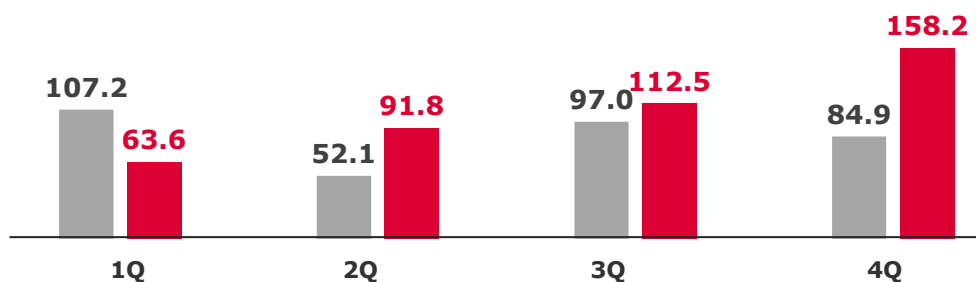
### Revenue

(Unit: Billions of yen)

| 1Q            |           | 2Q        |           | 3Q        |           | 4Q        |           |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 21/4-22/3     | 22/4-23/4 | 21/4-22/3 | 22/4-23/4 | 21/4-22/3 | 22/4-23/4 | 21/4-22/3 | 22/4-23/4 |
| 1,356.9       | 1,415.0   | 1,226.0   | 1,605.1   | 1,426.1   | 1,615.6   | 1,506.5   | 1,765.5   |
| [100]         | [104]     | [100]     | [131]     | [100]     | [113]     | [100]     | [117]     |
| <b>Yearly</b> |           |           |           |           |           | 5,515.5   | 6,401.3   |
|               |           |           |           |           |           | [100]     | [116]     |

### Operating profit

**Yearly** 341.2 426.1



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### [Quarterly Revenue]

The revenue in 1Q increased due to strong sales expansion in the growth domains despite the fall in vehicle production due to semiconductor shortages and lockdowns in China. The revenue in 2Q and beyond increased as production operations normalized gradually.

### [Quarterly Operating profit ]

The operating profit in 1Q decreased from the previous year due to the impact of the business environment, including the fall in vehicle production, despite the sales expansion, foreign exchange gains, and efforts to improve profitability. The operating profit in 2Q and beyond increased thanks to progress in adapting to changes, including passing on costs to customers.

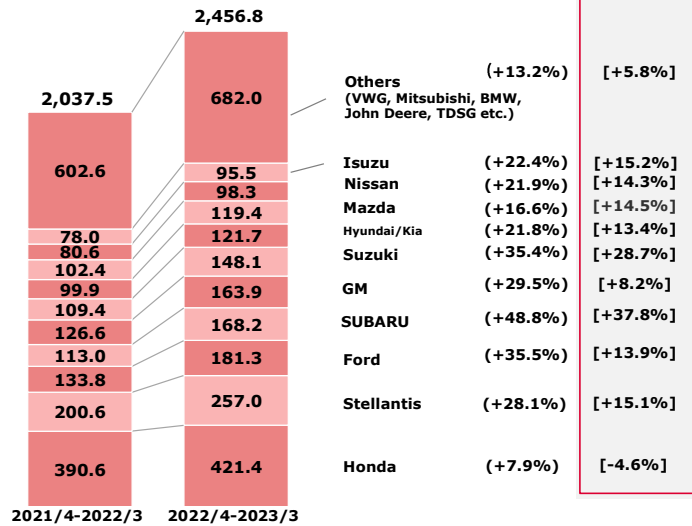
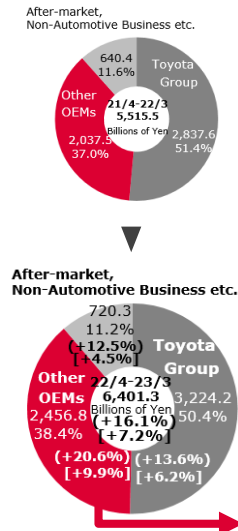
# FY2023 Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

( ) vs 22/4Q  
(12 months basis)  
INCR/DECR

[ ] vs 22/4Q  
(12 months basis)  
INCR/DECR excluding FX diff.

| Revenue        | 5,515.5 ⇒ 6,401.3 | (+16.1%) | [+7.2%] |
|----------------|-------------------|----------|---------|
| • Toyota group | 2,837.6 ⇒ 3,224.2 | (+13.6%) | [+6.2%] |
| • Other OEMs   | 2,037.5 ⇒ 2,456.8 | (+20.6%) | [+9.9%] |



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## [Revenue by Customer(Quantity Base)]

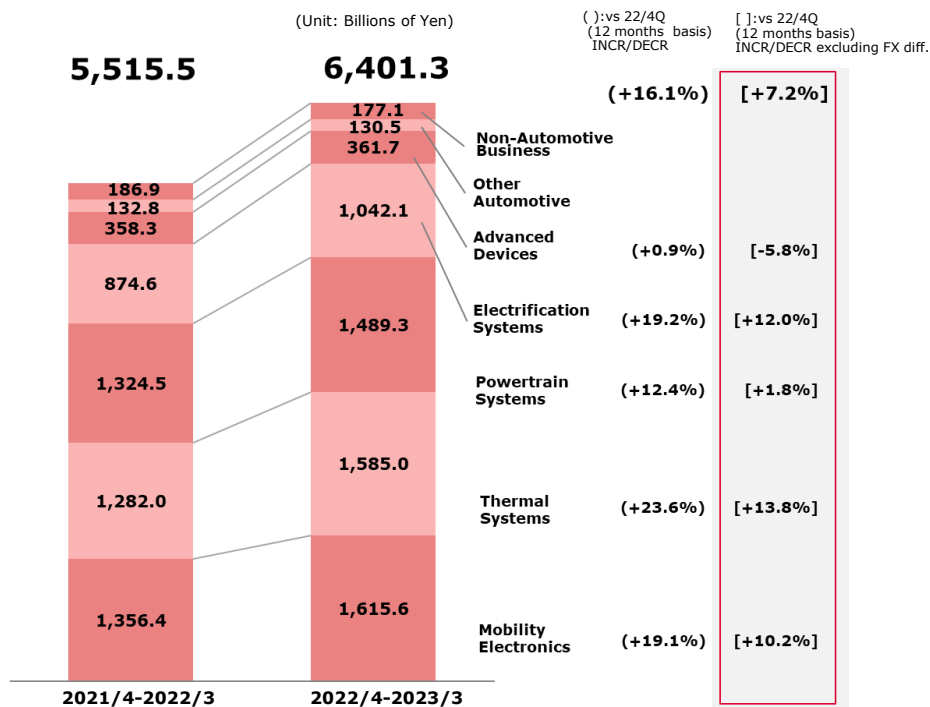
### Toyota Group

The revenue from the Toyota Group increased by 6.2% from the previous year on the back of the global recovery in production as well as increased sales of electrification products and increased installation of ADAS products, such as stereo cameras, in China.

### Non-Toyota Group

The revenue from non-Toyota customers increased by 9.9% from the previous year thanks to the recovery in vehicle production.

# FY2023 Consolidated Revenue (By Product)



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## [Revenue by Product (Quantity base)]

Revenue by product increased from the previous year as a result of increased sales of electrification products and increased installation of safety products.

### Electrification system

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

### Thermal system

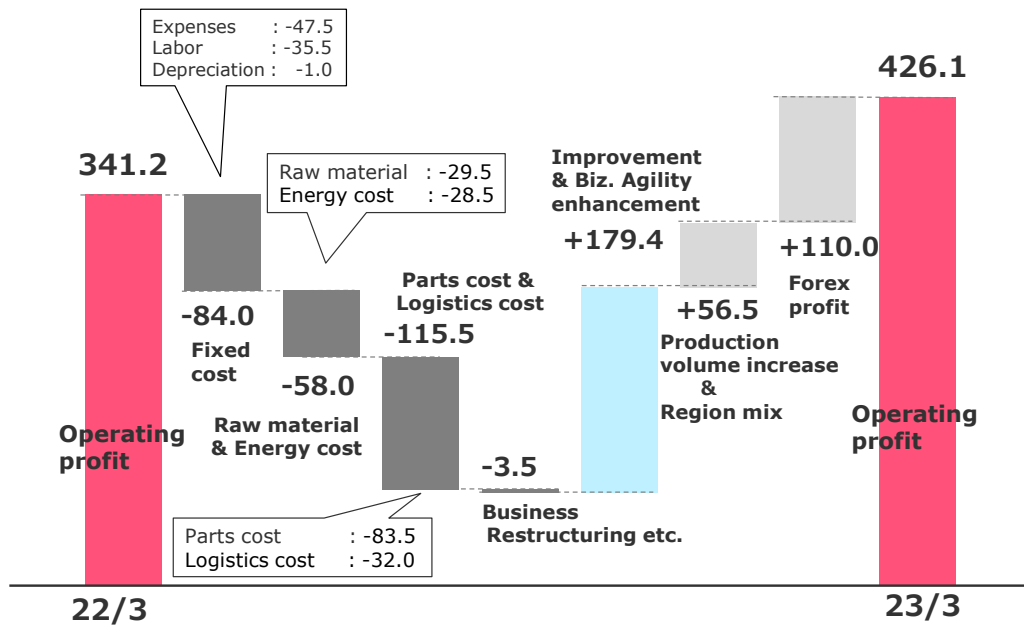
- Revenue of electric compressors expanded in Europe and China.

### Mobility Electronics

- Revenue of displays increased.

# Change in FY2023 Operating Profit

(Unit: Billions of Yen)



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

### Positive Factors

- Improvement & business Agility enhancement 179.4 billion yen.
- Production volume increase & region mix 56.5 billion yen.
- Forex profit 110.0 billion yen.

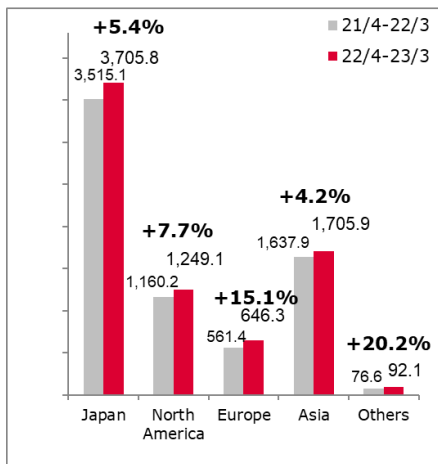
### Negative Factors

- Fixed cost -84.0 billion yen.
- Raw material and energy cost -58.0 billion yen.
- Parts cost & logistics cost -115.5 billion yen.
- Business restructuring etc. -3.5 billion yen.

# FY2023 Geographical Segments by Company Location

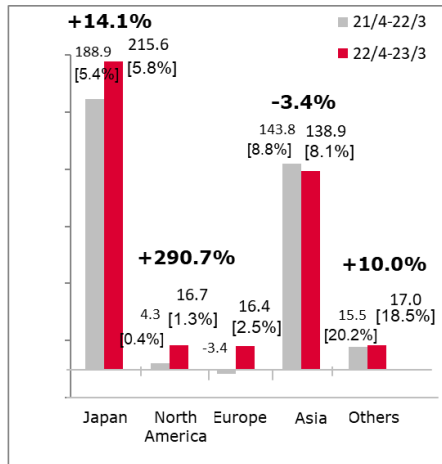
Local currency basis excludes FX difference  
(112.4JPY/1USD, 130.6JPY/1EUR, 17.5JPY/1CNY)

## 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

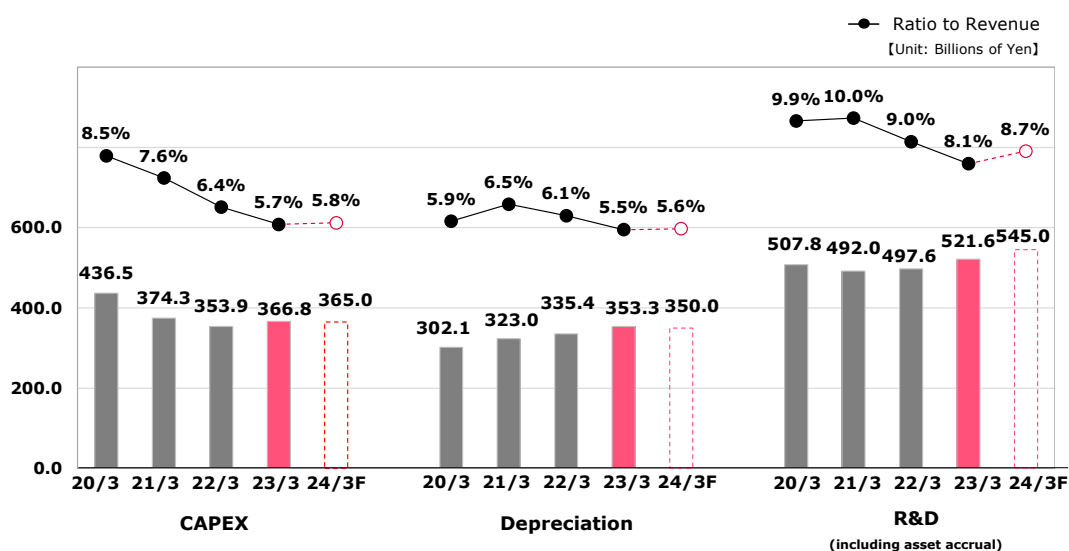
### Operating Profit

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 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: 366.8 billion yen.

Annual forecast 365.0 billion yen.

We actively invested in preparing for full-scale electrification in China and Europe. Given the risk of a decrease in vehicle production in the short term, capital expenditures were reduced from the previous year by exercising greater financial discipline.

#### R&D expenditures

Actual results: 521.6 billion yen.

Annual forecast 545.0 billion yen.

The shift of resources from capital expenditures focusing on mechanical components and hardware to R&D focusing on software will be accelerated because software is becoming increasingly important in the mobility field. We will continue to improve efficiency.

# FY2024 Financial Forecast

## P/L (IFRS)

|                                   | (Ratio to Revenue) |               | [Unit: Billions of Yen, %] |        |        |
|-----------------------------------|--------------------|---------------|----------------------------|--------|--------|
|                                   |                    | 2023/3 Actual | 2024/3 Forecast            | Change |        |
| <b>Revenue</b>                    |                    | 6,401.3       | <b>6,300.0</b>             | -101.3 | -1.6%  |
| <b>Operating Profit</b>           | (6.7%)             | 426.1         | <b>(8.1%) 510.0</b>        | +83.9  | +19.7% |
| <b>Profit before Income Taxes</b> | (7.1%)             | 456.9         | <b>(8.8%) 555.0</b>        | +98.1  | +21.5% |
| <b>Profit (*)</b>                 | (4.9%)             | 314.6         | <b>(6.1%) 383.0</b>        | +68.4  | +21.7% |
| <b>Return on Equity</b>           |                    | 7.3%          | <b>8.5%</b>                | -      | +1.2%  |

\* Profit attributable to owners of the parent company

|              |   | [Unit: Millions of Units] |           |      |           |           |        |
|--------------|---|---------------------------|-----------|------|-----------|-----------|--------|
| Precondition | Foreign Exchange Rate                                 | JPY                       | 135.5/USD | JPY  | 125.0/USD | -10.5 JPY | -      |
|              |   | JPY                       | 141.0/EUR | JPY  | 135.0/EUR | -6.0 JPY  | -      |
|              |   | JPY                       | 19.7/CNY  | JPY  | 18.4/CNY  | -1.3 JPY  | -      |
|              | Domestic Vehicle Production                           |                           | 7.92      | (*2) | 9.15      | +1.23     | +15.5% |
|              | Overseas Vehicle Production of Japanese Manufacturers |                           | 16.96     | (*2) | 19.40     | +2.44     | +14.4% |

\*2 the potential risk of a vehicle production cut is not included



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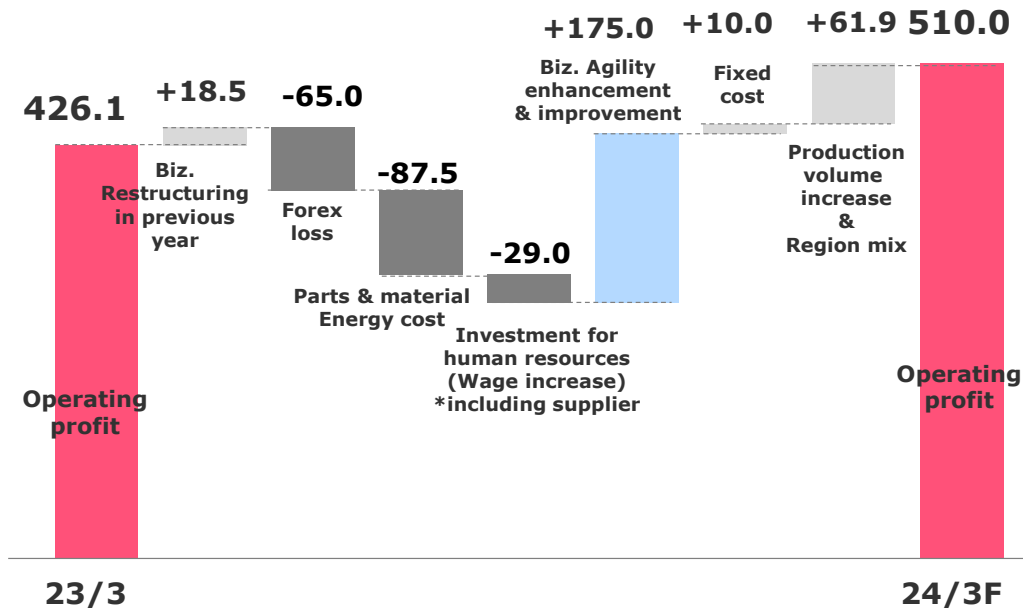
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## [Full year Financial Forecast]

- We expect revenue of 6,300.0 billion yen.
- We expect operating profit of 510.0 billion yen.
- We used 125 yen to the U.S. dollar and 135 yen to the Euro, 18.4 yen to the CNY.

## Change in FY2024 Forecast Operating Profit

(Unit: Billions of Yen)



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### [Factor that Contributed to increases or Decreases in Full-year Forecast Operating Profit]

#### Positive factors

- Business restructuring in previous year 18.5 billion yen.
- Business Agility enhancement & improvement 175.0 billion yen.
- Fixed cost 10.0 billion yen.
- Production volume increase & region mix 61.9 billion yen.

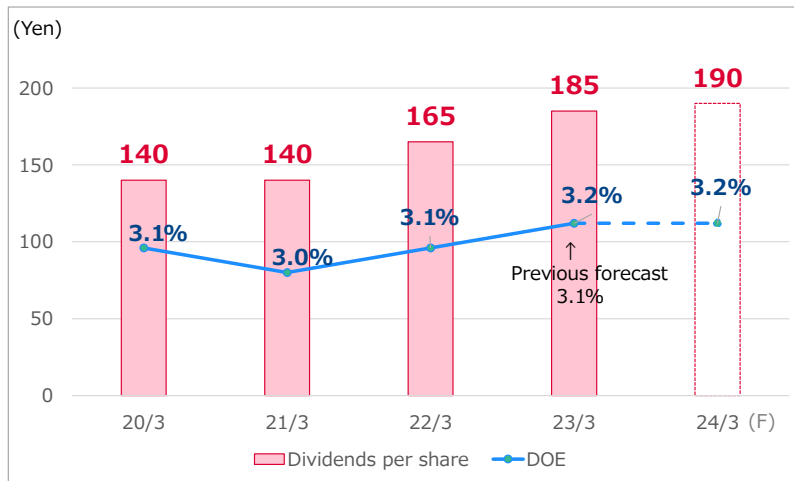
#### Negative factors

- Forex loss -65.0 billion yen.
- Parts & material, energy cost -87.5 billion yen.
- Investment for human resources -29.0 billion yen.

# Year-end Dividend

**23/3 : 185 yen (+5 yen from the previous announcement)**

**24/3F : 190 yen (interim 95 yen and year-end 95 yen)**



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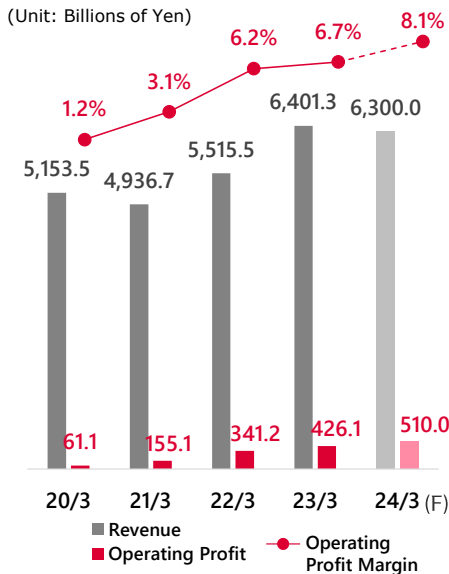
## [Year-end Dividend]

- 23/3 Year-end dividend increased by 20 yen from the previous announcement to 185 yen for the year.
- 24/3 Year-end dividend forecast will be 190 yen, an increase of 5 yen from the fiscal year ended March 2023.

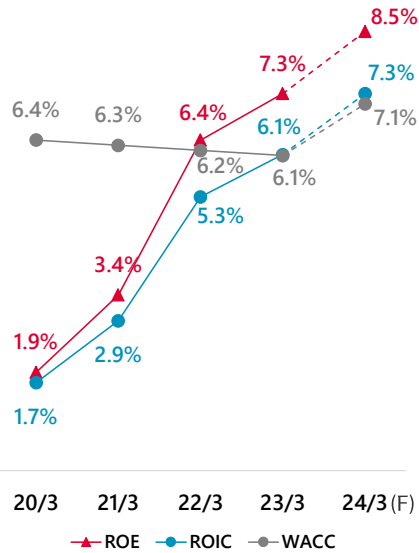
We will continue to improve the dividend on equity ratio (DOE) over the long term and in a stable manner. While increasing the returns to shareholders, we aim to attain a return on equity (ROE) beyond the cost of shareholders' equity, which shareholders expect.

# Major Financial Indicator

## Revenue • Operating Profit • Operating Profit Margin



## Capital Efficiency (ROE • ROIC • WACC)



Denso will meet stakeholder expectations and improve corporate value.



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## [Major Financial Indicator]

We have started disclosing financial indicators such as ROE, ROIC, and WACC.

- ROE 8.5%
- ROIC 7.3%
- WACC 7.1%

We will reflect these indicators in our management and continue to strive to improve our corporate value.

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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)

|  |          | FY2023 Full Year |        |        |            |        |                        |            |        |        | 23/4-24/3 |         |
|--|----------|------------------|--------|--------|------------|--------|------------------------|------------|--------|--------|-----------|---------|
|  |          | 22/4-22/9        |        |        | 22/10-23/3 |        |                        | Prior Year | Actual | Change | Forecast  | Change  |
|  |          | Prior Year       | Actual | Change | Prior Year | Actual | Change from prior year |            |        |        |           |         |
| Foreign Exchange Rate (Yen)                                      | USD      | 109.8            | 134.0  | + 24.2 | 115.0      | 137.0  | + 22.0                 | 112.4      | 135.5  | + 23.1 | 125.0     | - 10.5  |
|  | EUR      | 130.9            | 138.7  | + 7.8  | 130.2      | 143.2  | + 13.0                 | 130.6      | 141.0  | + 10.4 | 135.0     | - 6.0   |
|  | CNY      | 17.0             | 19.9   | + 2.9  | 18.0       | 19.6   | + 1.6                  | 17.5       | 19.7   | + 2.2  | 18.4      | - 1.3   |
| Forex Impact on Operating Income per Yen (Billions of Yen)       | USD      |                  |        |        |            |        |                        | 3.3        | 2.1    | - 1.2  | 2.1       | +0.0    |
|  | EUR      |                  |        |        |            |        |                        | 1.1        | 0.6    | - 0.5  | 0.9       | +0.3    |
|  | CNY      |                  |        |        |            |        |                        | 19.0       | 15.7   | - 3.3  | 15.6      | - 0.1   |
| Vehicle Production of Japanese Manufacturers (Millions of Units) | Domestic | 3.53             | 3.58   | + 1.6% | 3.80       | 4.34   | + 14.2%                | 7.33       | 7.92   | + 8.1% | * 9.15    | + 15.5% |
|  | Overseas | 8.36             | 8.43   | + 0.7% | 8.85       | 8.54   | - 3.5%                 | 17.21      | 16.96  | - 1.4% | * 19.40   | + 14.4% |

\*the potential risk of a vehicle production cut is not included



# Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

|                                       | 21/4-22/3      |              | 22/4-23/3      |              | Change        |              | Change<br>excludes<br>FX<br>difference,<br>etc.<br>% |
|---------------------------------------|----------------|--------------|----------------|--------------|---------------|--------------|--|
|                                       | Amount         | % to Total   | Amount         | % to Total   | Amount        | %            |  |
| Toyota                                | 2,642.5        | 47.9         | 2,993.1        | 46.8         | +350.6        | +13.3        | +5.7   |
| Daihatsu                              | 139.5          | 2.5          | 177.0          | 2.8          | +37.5         | +26.9        | +21.1  |
| Hino                                  | 55.6           | 1.0          | 54.1           | 0.8          | -1.6          | -2.8         | -5.0   |
| <b>Toyota Group</b>                   | <b>2,837.6</b> | <b>51.4</b>  | <b>3,224.2</b> | <b>50.4</b>  | <b>+386.6</b> | <b>+13.6</b> | <b>+6.2</b>  |
| Honda                                 | 390.6          | 7.2          | 421.4          | 6.6          | +30.8         | +7.9         | -4.6   |
| Stellantis                            | 200.6          | 3.6          | 257.0          | 4.0          | +56.4         | +28.1        | +15.1  |
| (FCA)                                 | 159.9          | 2.9          | 209.3          | 3.3          | +49.4         | +30.9        | +16.7  |
| (PSA)                                 | 40.7           | 0.7          | 47.7           | 0.7          | +7.0          | +17.1        | +8.8   |
| Ford                                  | 133.8          | 2.4          | 181.3          | 2.8          | +47.5         | +35.5        | +13.9  |
| SUBARU                                | 113.0          | 2.0          | 168.2          | 2.6          | +55.2         | +48.8        | +37.8  |
| GM                                    | 126.6          | 2.3          | 163.9          | 2.6          | +37.3         | +29.5        | +8.2   |
| Suzuki                                | 109.4          | 2.0          | 148.1          | 2.3          | +38.8         | +35.4        | +28.7  |
| Hyundai/Kia                           | 99.9           | 1.8          | 121.7          | 1.9          | +21.8         | +21.8        | +13.4  |
| Mazuda                                | 102.4          | 1.9          | 119.4          | 1.9          | +17.0         | +16.6        | +14.5  |
| Nissan                                | 80.6           | 1.5          | 98.3           | 1.5          | +17.6         | +21.9        | +14.3  |
| ISUZU                                 | 78.0           | 1.4          | 95.5           | 1.5          | +17.5         | +22.4        | +15.2  |
| VW·AUDI                               | 50.6           | 0.9          | 65.9           | 1.0          | +15.2         | +30.1        | +18.0  |
| Mitsubishi                            | 49.1           | 0.9          | 56.5           | 0.9          | +7.4          | +15.0        | +6.0   |
| BMW                                   | 49.1           | 0.9          | 46.1           | 0.7          | -3.0          | -6.1         | -14.1  |
| Benz                                  | 26.3           | 0.5          | 36.7           | 0.6          | +10.4         | +39.3        | +28.7  |
| Volvo                                 | 27.7           | 0.5          | 31.2           | 0.5          | +3.5          | +12.7        | +2.9   |
| OE Sales for others                   | 399.7          | 7.2          | 445.7          | 7.0          | +46.0         | +11.5        | +5.4   |
| <b>OEM Total</b>                      | <b>4,875.1</b> | <b>88.4</b>  | <b>5,681.0</b> | <b>88.7</b>  | <b>+805.9</b> | <b>+16.5</b> | <b>+7.8</b>  |
| <b>Non-Automotive<br/>Business(*)</b> | <b>640.4</b>   | <b>11.6</b>  | <b>720.3</b>   | <b>11.3</b>  | <b>+80.0</b>  | <b>+12.5</b> | <b>+4.5</b>  |
| <b>Total</b>                          | <b>5,515.5</b> | <b>100.0</b> | <b>6,401.3</b> | <b>100.0</b> | <b>+885.8</b> | <b>+16.1</b> | <b>+7.2</b>  |

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# Consolidated Revenue (By Product)

(Unit: Billions of Yen)

|  | 21/4-22/3      |              | 22/4-23/3      |              | Change        |              | Change<br>excludes<br>FX<br>difference |
|--|----------------|--------------|----------------|--------------|---------------|--------------|--|
|  | Amount         | % to Total   | Amount         | % to Total   | Amount        | %            | %                                      |
| Mobility Electronics                     | 1,356.4        | 24.6         | 1,615.6        | 25.2         | +259.1        | +19.1        | +10.2                                  |
| Thermal Systems                          | 1,282.0        | 23.2         | 1,585.0        | 24.8         | +302.9        | +23.6        | +13.8                                  |
| Powertrain Systems                       | 1,324.5        | 24.0         | 1,489.3        | 23.3         | +164.8        | +12.4        | +1.8                                   |
| Electrification Systems                  | 874.6          | 15.9         | 1,042.1        | 16.3         | +167.6        | +19.2        | +12.0                                  |
| Advanced Devices                         | 358.3          | 6.5          | 361.7          | 5.6          | +3.4          | +0.9         | - 5.8                                  |
| Others(*)                                | 132.8          | 2.4          | 130.5          | 2.0          | - 2.3         | - 1.7        | - 2.3                                  |
| <b>Automotive Total</b>                  | <b>5,328.6</b> | <b>96.6</b>  | <b>6,224.2</b> | <b>97.2</b>  | <b>+895.6</b> | <b>+16.8</b> | <b>+7.9</b>                            |
| <b>Non-Automotive<br/>Business Total</b> | <b>186.9</b>   | <b>3.4</b>   | <b>177.1</b>   | <b>2.8</b>   | <b>- 9.8</b>  | <b>- 5.2</b> | <b>- 8.1</b>                           |
| <b>Total</b>                             | <b>5,515.5</b> | <b>100.0</b> | <b>6,401.3</b> | <b>100.0</b> | <b>+885.8</b> | <b>+16.1</b> | <b>+7.2</b>                            |

\* Including revenue of equipment and repair parts etc.

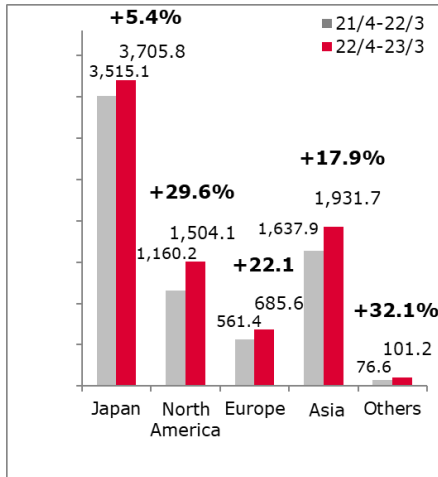
# FY2023 Geographical Segments by Company Location

JPY basis

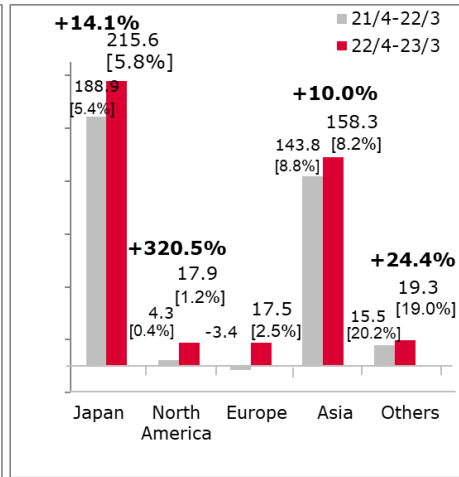
(Unit: Billions of Yen)

[ ]: Ratio to Revenue

## Revenue



## Operating Profit



# Capital Expenditures, Depreciation and R&D Expenditures

(including asset accrual)

(Unit: Billions of Yen)

|                      | 21/4-22/3 | 22/4-23/3 | ratio to change | 24/3F  | ratio to change |
|----------------------|-----------|-----------|-----------------|--------|-----------------|
| Japan                | 219.2     | 217.1     | -1.0%           | 228.0  | +5.0%           |
| North America        | 40.6      | 52.5      | +29.3%          | 40.0   | -23.8%          |
| Europe               | 19.3      | 22.8      | +18.1%          | 24.0   | +5.3%           |
| Asia                 | 71.6      | 70.2      | -2.0%           | 69.0   | -1.7%           |
| Others               | 3.2       | 4.2       | +31.3%          | 4.0    | -4.8%           |
| Capital Expenditures | 353.9     | 366.8     | +3.6%           | 365.0  | -0.5%           |
| Japan                | 211.6     | 212.5     | +0.4%           | 214.3  | +0.8%           |
| North America        | 40.8      | 47.7      | +16.9%          | 45.2   | -5.2%           |
| Europe               | 25.2      | 24.5      | -2.8%           | 23.1   | -5.7%           |
| Asia                 | 56.2      | 66.2      | +17.8%          | 64.9   | -2.0%           |
| Others               | 1.6       | 2.4       | +50.0%          | 2.5    | +4.2%           |
| Depreciation         | 335.4     | 353.3     | +5.3%           | 350.0  | -0.9%           |
| R&D Expenditure      | 497.6     | 521.6     | +4.8%           | 545.0  | +4.5%           |
| (Ratio to Revenue)   | (9.0%)    | (8.1%)    |                 | (8.7%) |                 |