



FY2024 3rd Quarter Financial Results (2023/4-2023/12)

February 2nd, 2024

DENSO CORPORATION



Overview of FY2024 3rd Quarter Financial Results

1. Revenue in the third quarter increased compared to the previous year due to the strong vehicle sales mainly in Japan and North America, foreign exchange gains and expansion of products for electrification, safety and peace of mind areas.
Operating profit in the third quarter decreased compared to the previous year due to the continuing rise in the cost of materials, especially electronic components, and the adding provision for quality, though production volume, foreign exchange gains and improvement.
2. In this fiscal year, we forecast 7,120.0 billion yen in revenue and 495.0 billion yen in operating profit.
Forecast of revenue will be based on actuals of foreign exchange gains in the third quarter and forecast in the fourth quarter.
Forecast of operating profit will be based on the adding provision for quality.

We would like to explain our financial results for the third quarter ending December 31, 2023, for the 2024 fiscal year, ending March 31, 2024.

There are two points.

The first point is the results of the current fiscal year.

Revenue in the third quarter increased compared to the previous year due to the strong vehicle sales mainly in Japan and North America, foreign exchange gains and expansion of products for electrification, safety and peace of mind areas.

Operating profit in the third quarter decreased compared to the previous year due to the continuing rise in the cost of materials, especially electronic components, and the adding provision for quality, though production volume, foreign exchange gains and improvement.

The second point is the annual forecast.

In this fiscal year, we forecast 7,120.0 billion yen in revenue and 495.0 billion yen in operating profit. Forecast of revenue will be based on actuals of foreign exchange gains in the third quarter and forecast in the fourth quarter. Forecast of operating profit will be based on the adding provision for quality.

FY2024 3rd Quarter Consolidated Financial Results (2023/4-2023/12)

【Unit : Billions of Yen, %】
(Ratio to Revenue)

	2022/4-2022/12		2023/4-2023/12		Change	
Revenue		4,635.7		5,354.9	+719.2	+15.5%
Operating Profit	(5.8%)	267.9	(4.5%)	238.6	-29.4	-11.0%
Profit before Income Taxes	(6.4%)	298.2	(5.4%)	288.7	-9.4	-3.2%
Profit (*1)	(4.3%)	197.8	(3.3%)	175.6	-22.2	-11.2%

Precondition	Foreign Exchange Rate	JPY 136.5/USD	JPY 143.3/USD	+6.8 JPY	-
		JPY 140.6/EUR	JPY 155.3/EUR	+14.7 JPY	-
		JPY 19.9/CNY	JPY 20.0/CNY	+0.1 JPY	-
	Domestic Vehicle Production	5.72Mil	6.63Mil	+0.91Mil	+15.9%
	Overseas Vehicle Production of Japanese Manufacturers	12.78Mil	13.64Mil	+0.86Mil	+6.7%

(*1)Profit attributable to owners of the parent company



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Next is overview of consolidated financial results in the third quarter.

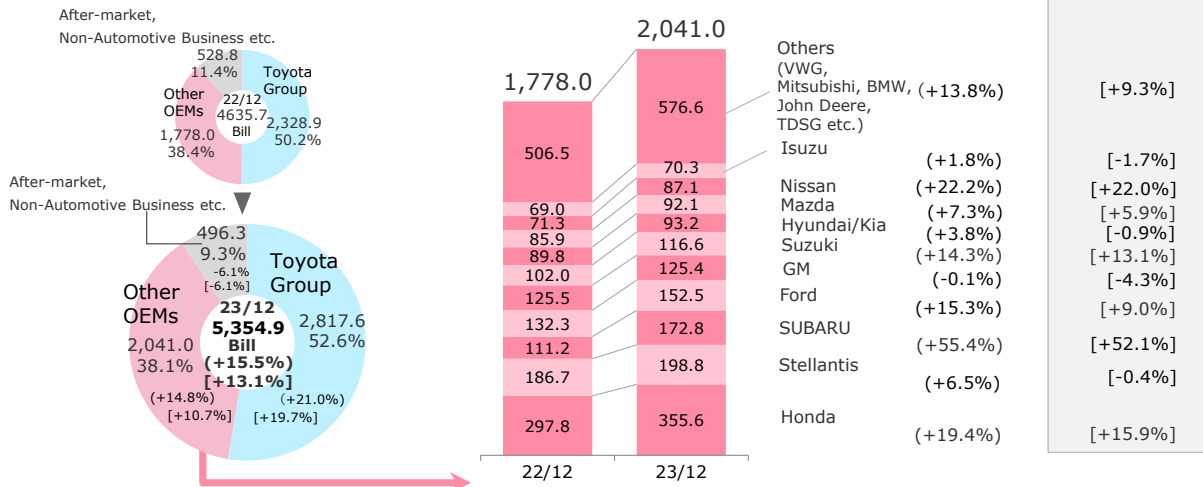
Consolidated revenue totaled 5,354.9 billion yen, increased by 719.2 billion yen (+15.5%) from the previous year.

Consolidated operating profit totaled 238.6 billion yen, decreased by -29.4 billion yen (-11.0%) from the previous year.

FY2024 3rd Quarter Consolidated Revenue (By Customer)

(Unit: Billions of Yen)
 (vs 22/12 (9 months basis)
 INCR/DECR)
 [vs 22/12 (9 months basis)
 INCR/DECR excluding FX diff.]

Revenue	4,635.7 ⇒ 5,354.9	(+15.5%)	[+13.1%]
•Toyota group	2,328.9 ⇒ 2,817.6	(+21.0%)	[+19.7%]
•Other OEM s	1,778.0 ⇒ 2,041.0	(+14.8%)	[+10.7%]



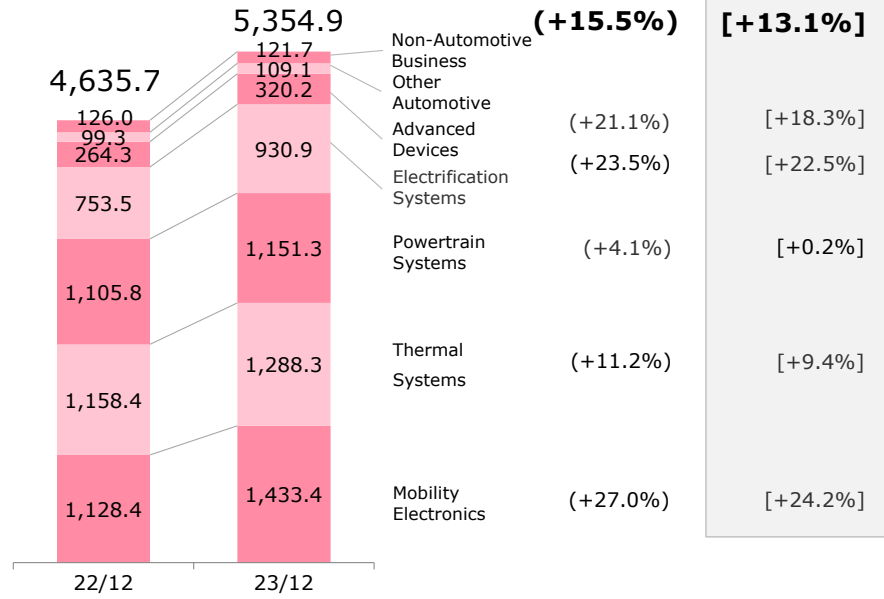
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Next is consolidated revenue by customer in the third quarter. This explanation is based on local currency, excluding the impact of FX rates.

Revenue by customer increased 13.1% from the previous year as a result of the easing of semiconductor shortages and the vehicle production increase. Especially, the recovery of vehicle production in Japan and North America has been strong, and Japanese customers such as Toyota Group lead the recovery.

FY2024 3rd Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)
 (vs 22/12 (9 months basis)
 INCR/DECR)
 [vs 22/12 (9 months basis)
 INCR/DECR excluding FX diff.]



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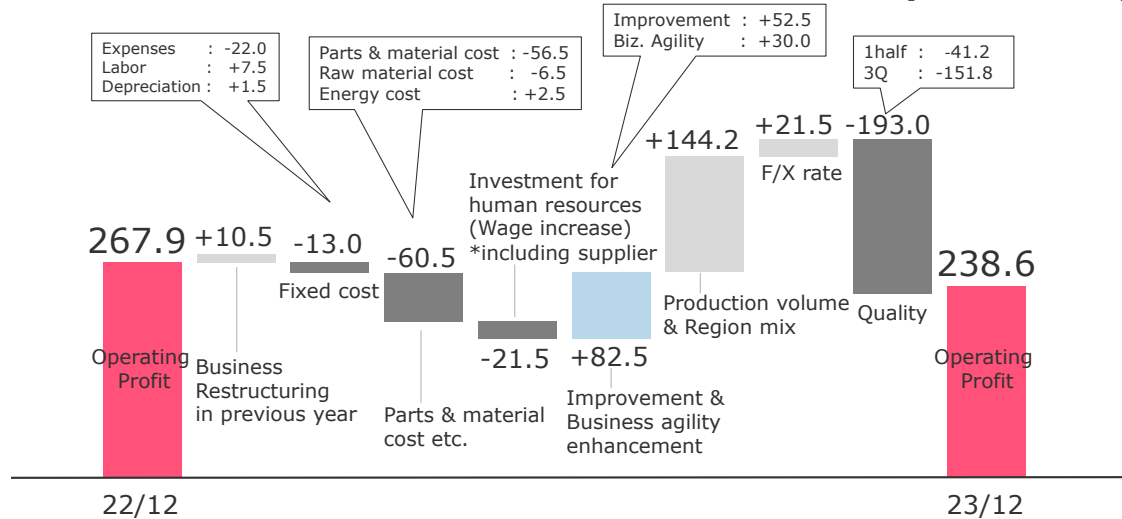
Revenue by product increased from the previous year as a result of the expansion of products for electrification, safe and peace of mind areas in the third quarter .

For example, revenue of inverters and motor generators increased in Electrification Systems business.

Revenue of increase advanced safety systems such as GSP3 and HMI-ECU increased in Mobility Electronics business.

Change in FY2024 3rd Quarter Consolidated Operating Profit

【Unit : Billions of Yen】



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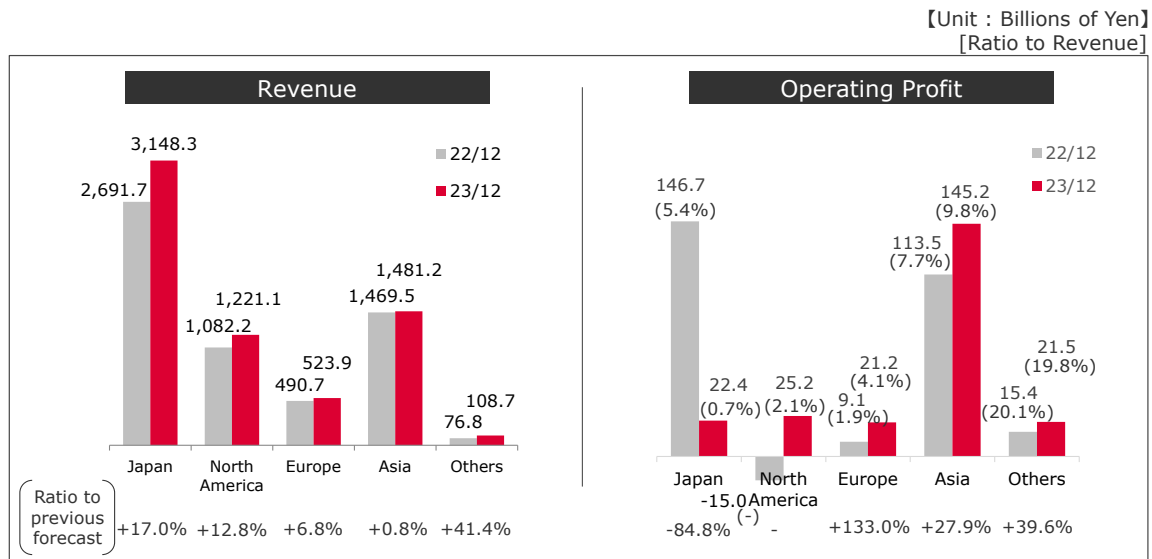
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Next is change of increases or decreases in operating profit in third quarter.

The efforts to improvement & business agility enhancement covered rising in the cost of materials, especially electronic components. In addition, there are effects of production volume by recovery of vehicle production.

But operating profit decreased from the previous year due to the adding provision for quality.

Geographical Segments by Company Location



*Local currency basis excludes FX difference (136.5JPY/1USD, 140.6JPY/1EUR, 19.9JPY/1CNY)



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Next is revenue and operating profit by each region.

This explanation is based on local currency, excluding the impact of FX rates, for regions other than Japan.

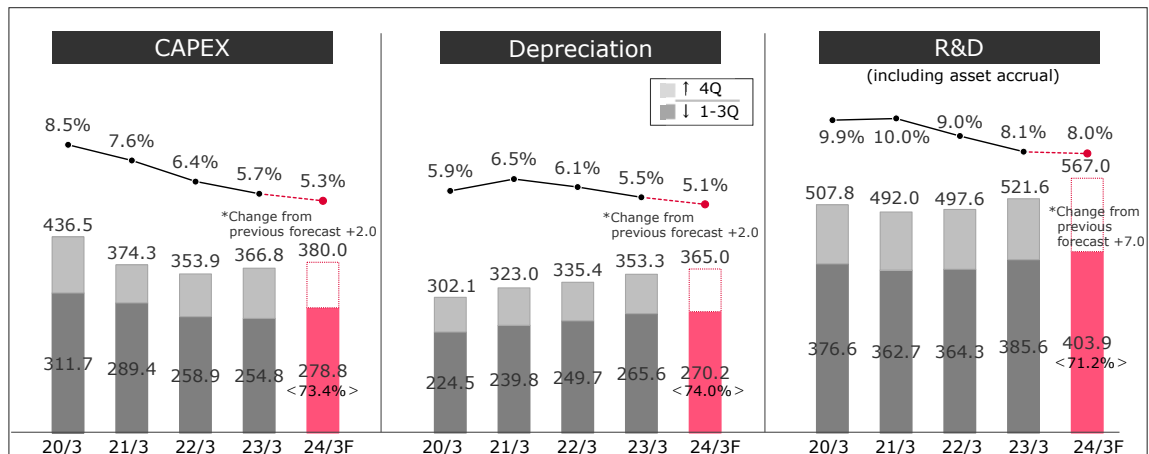
Revenue increased in all region from the previous year as a result of the easing of semiconductor shortages and a strong vehicle sales, particularly in Japan and North America.

Operating profit increased in each region exclude Japan from the previous year by efforts to production volume and improvement of profitability. On the other hand, operating profit decreased in Japan from the previous year due to the adding provision for quality.

In Asia, business restructuring in South Korea has been completed. In addition, in North America, earnings structure has been improving as a result of business restructuring, and expansion of products for electrification, safety and peace of mind areas.

Trend of Capital Expenditures, Depreciation and R&D Expenditures

Ratio to Revenue [Unit : Billions of Yen]
 <Ratio to 24/3F>



<Examples of recent investment and development >

•CAPEX : DENSO MANUFACTURING HUNGARY started mass production of inverters for TOYOTA.

•R&D : DENSO joined "Advanced SoC Research for Automotive" to conduct research and develop high-performance digital semiconductors(SoC) for use in automobiles.



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Next is capital expenditures, depreciation and R&D expenditures.

The actual results for capital expenditures increased to 278.8 billion yen, up 24.0 billion yen from the previous year.

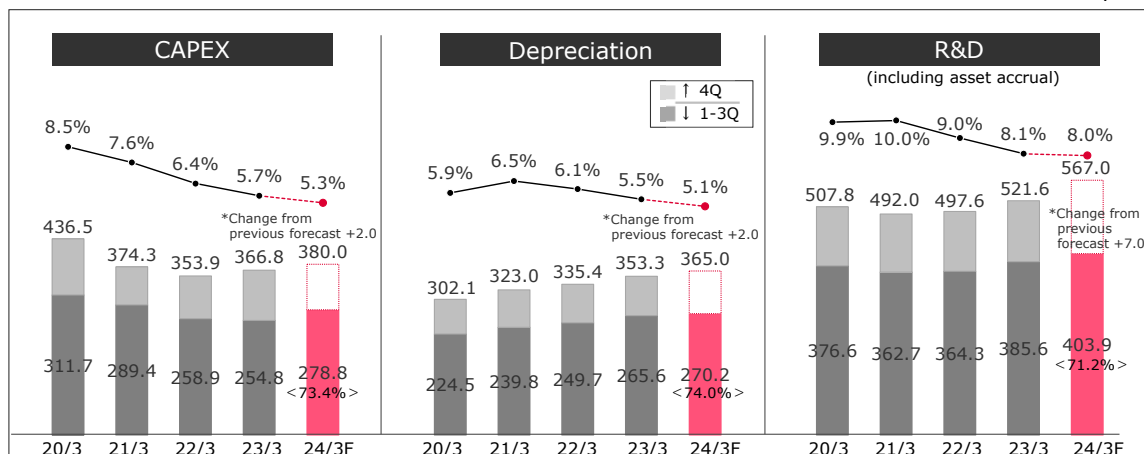
While ensuring disciplined investment, capital expenditures accelerate necessary investment in focus areas such as electrification and advanced safety.

As a recent capital expenditures example, DENSO MANUFACTURING HUNGARY started mass production of inverters for TOYOTA in January, 2024. We have been making steady progress in capital expenditures to strengthen our production system in the electrification area. In the future, we would gradually promote production for customers other than Toyota.

The annual forecast increased to 380.0 billion yen, up 2.0 billion yen from the previous announcement as a result of foreign exchange gains.

Trend of Capital Expenditures, Depreciation and R&D Expenditures

Ratio to Revenue [Unit : Billions of Yen]
 <Ratio to 24/3F>



<Examples of recent investment and development >

- CAPEX : DENSO MANUFACTURING HUNGARY started mass production of inverters for TOYOTA.
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The actual results for R&D Expenditures increased to 403.9 billion yen, up 18.2 billion yen from the previous year.

We respond to the rapid increase in development needs, particularly in CASE area, by increasing the efficiency of mass-production design and shifting resources to advanced development.

As a recent R&D example, DENSO joined "Advanced SoC Research Association for Automotive" to conduct research and develop high-performance digital semiconductors(SoC) for use in automobiles. We aim for SoC to be installed in mass-produced vehicles after 2030.

We would promote the development of advanced technologies in cooperation with industry, government and academia in Japan and overseas.

The annual forecast increased to 567 billion yen, up 7 billion yen from the previous announcement as a result of foreign exchange gains and development for growth areas.

FY2024 Financial Forecast

【Unit : Billions of Yen, %】
(Ratio to Revenue)

	Forecast as of Sep. 2023	2024/3 Forecast	Change from previous forecast		2023/3 Actual	Change from Mar. 2023	
Revenue	7,000.0	7,120.0	+120.0	+1.7%	6,401.3	+718.7	+11.2%
Operating Profit	(9.0%) 630.0	(7.0%) 495.0	-135.0	-21.4%	(6.7%) 426.1	+68.9	+16.2%
Profit before Income Taxes	(9.8%) 684.0	(7.7%) 548.0	-136.0	-19.9%	(7.1%) 456.9	+91.1	+19.9%
Profit (*1)	(6.7%) 470.0	(5.3%) 380.0	-90.0	-19.1%	(4.9%) 314.6	+65.4	+20.8%
Return on Equity	9.7%	8.1%	-	-1.6%	7%	-	+0.8%

Precondition	Foreign Exchange Rate	JPY 140.5/USD	(*3) 143.7/USD	+3.2 JPY	-	JPY 135.5/USD	+8.2 JPY	-
		JPY 151.7/EUR	(*3) 155.2/EUR	+3.5 JPY	-	JPY 141.0/EUR	+14.2 JPY	-
		JPY 19.6/CNY	(*3) 20.0/CNY	+0.4 JPY	-	JPY 19.7/CNY	+0.3 JPY	-
	Domestic Vehicle Production	(*2) 9.08Mil	8.81Mil	-0.27	-3.0%	7.92Mil	+0.89Mil	+11.2%
	Overseas Vehicle Production of Japanese Manufacturers	(*2) 18.52Mil	18.08Mil	-0.44	-2.4%	16.96Mil	+1.12Mil	+6.6%

(*1) Profit attributable to owners of the parent company

(*2) Risk of external environment deterioration is not reflected to Forecast for Mar, 2024.

(*3) Foreign exchange rate of forecast for the fourth quarter : JPY 145.0/USD, 155.0/EUR, 20.0/CNY

Next is annual forecast.

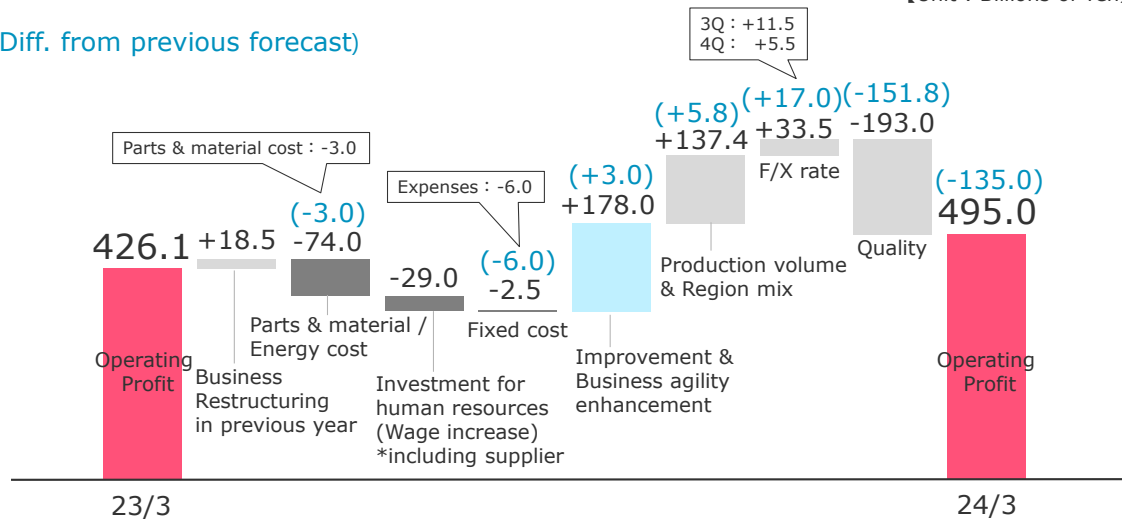
As we explained at the beginning, we expect revenue of 7,120.0 billion yen to change +120.0 billion yen from previous forecast.

We expect profit of 495.0 billion yen to change -135.0 billion yen from previous forecast.

Change in FY2024 Forecast Operating Profit

【Unit : Billions of Yen】

(Diff. from previous forecast)



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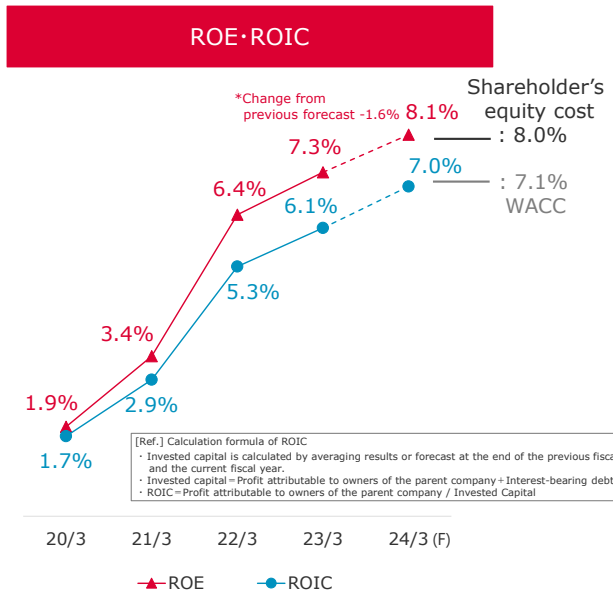
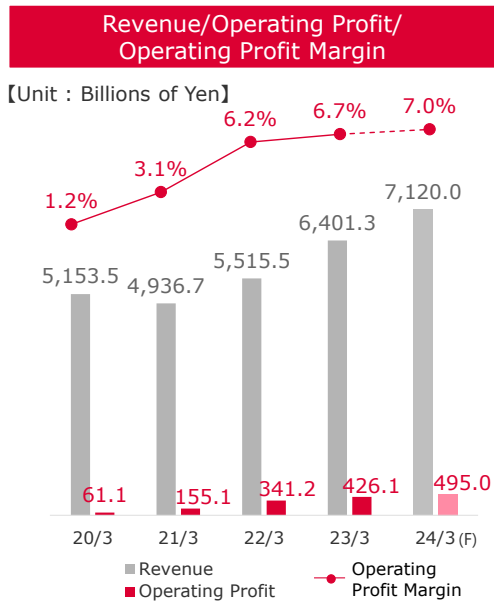
Next is change of increases or decreases in operating profit for annual forecast. We would like to mainly explain the change in blue letters from the previous announcement.

FX rate would increase by 17.0 billion yen as a result of the foreign exchange gains in the third and fourth quarter.

The production volume would increase by 5.8 billion yen, in addition, the efforts of improvement and Business agility enhancement would increase by 3.0 billion yen.

But, operating profit for annual forecast would decrease 135.0 billion yen from the previous year due to the adding provision for quality of -151.8 billion yen.

Major Financial Indicator



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Next is major financial indicator.

As a result of the annual forecast decrease, ROE would be 8.1% and ROIC will be 7.0%.

As for cross-shareholdings, we have completed the reduction of five stocks in the current fiscal year, including TOYODA GOSEI, AICHI STEEL, and TOKAI RIKA.

We would continue to promote the replacement of business portfolio taking into account the cost of shareholder's equity, based on the three criteria of philosophy, growth potential, and ROIC.

Thank you very much.

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