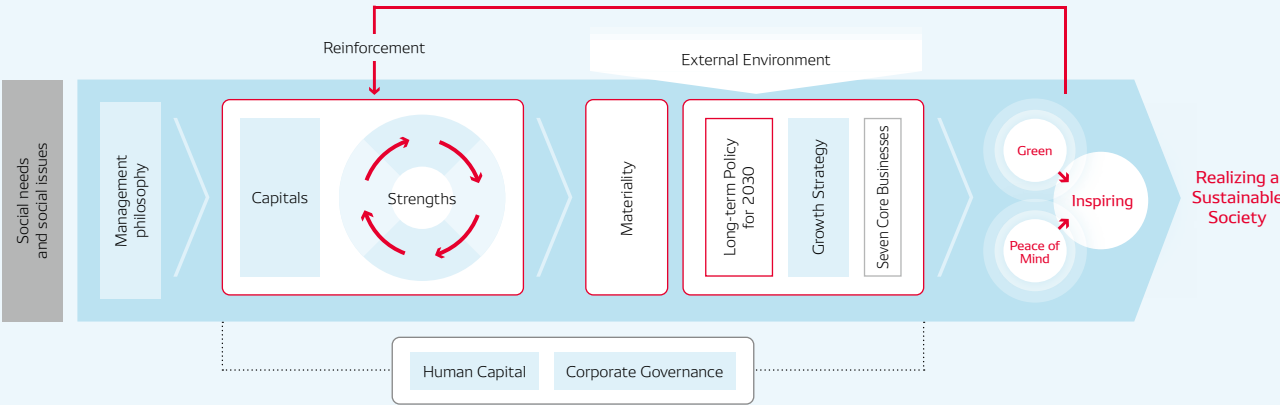


Our Accumulated Capitals

The capitals that we have accumulated throughout our history of growth as a company now support our business activities and provide us with a source for enhancing our corporate value in the future. To that end, we will reinforce our human, manu-
facturing, intellectual, natural, and social and relationship capitals, developing them into unique strengths, which in turn will help us grow our financial capital and drive growth moving forward. Through this cycle of strengthening our capitals, we will continue to achieve sustainable growth while offering genuine value aimed at realizing a sustainable society.



Correspondence of Financial and Non-Financial Capitals to Business Growth and Social Issue Resolution

Capitals	Inputs	Initiatives to Strengthen Capitals	Business Growth			Output (Targets)	Outcome / Related SDGs
			Creation of New Value	Profit Growth	Reduction in Capital Cost		
 Financial Capital □ P.42-49	Fiscal 2024 Total assets: ¥9,093.4 billion Revenue: ¥7,144.7 billion Operating profit: ¥380.6 billion	<ul style="list-style-type: none">Reinforce profit structureReduce low-profit assetsImprove capital structureEngage in dialogue with markets	<ul style="list-style-type: none">Bold investment in new and growing fields through well-focused investmentDevelopment of next-generation technologies through swift R&D, including collaboration with partnersPromotion of non-automotive fields (energy, FA, and food & agriculture [AgTech])	<ul style="list-style-type: none">Improvement in ROIC through business portfolio reweightingGrowth in profits based on realization of growth in the CASE vehicle fieldCurbing of fixed costs through disciplined investment managementImprovement of asset efficiency based on reduction of cross-shareholdings and reduction of cash on hand	<ul style="list-style-type: none">Improvement of capital structure through utilization of borrowings and augmentation of shareholder returnsReduction in cost of shareholders' equity through stepped-up investor relations activities	Financial ROE: 12% level Operating margin: 12% level Revenue: ¥7,500.0 billion (fiscal 2031) DOE: 3.3% or higher , stable improvement over the long term Revenue in the electrification domain: ¥1,700.0 billion Revenue in the ADAS domain: ¥1,000.0 billion (fiscal 2031) Scale of semiconductor business: ¥700.0 billion Scale of software business: ¥800.0 billion (fiscal 2036) Revenue in the energy, FA, and food & agriculture (AgTech) domains: ¥300.0 billion (fiscal 2031)	Realizing a sustainable global environment where people coexist with nature <ul style="list-style-type: none">Society with no environmental burden (Response to climate change / Prevention of global environmental pollution)Effective use of limited resources (Recycling of resources / Conservation of water resources) Realizing a mobility society where people live with peace of mind <ul style="list-style-type: none">Elimination of traffic accident fatalitiesReduction of traffic accidents Improving social well-being <ul style="list-style-type: none">Provision of open and comfortable mobilityImprovement of labor productivity in industriesSecure and stable food supplyEstablishment of a sustainable supply chain Improving employee well-being <ul style="list-style-type: none">Creation of workplaces with no work-related accidentsPromotion of diversity, equity, and inclusionCultivation of personnel who can lead new value creation Cultivating corporate behavior that lays the foundation for trust-based relationships with society <ul style="list-style-type: none">Honest corporate behavior (Compliance)Establishment of information securityResponsible procurement activities (Protection of human rights)
 Human Capital □ P.52-56	Fiscal 2024 Total number of global employees: Approx. 160,000 Year-on-year increase in human capital investment: Fiscal 2024: ¥29.0 billion Fiscal 2025: ¥35.0 billion (forecast)	<ul style="list-style-type: none">Initiatives to improve employee engagement (support for employee career realization and creation of open workplaces)Transformation of talent portfolio (acquisition, development, and optimal placement of personnel)	<ul style="list-style-type: none">Realization of a circular economy through energy recycling systems and resource reuse	<ul style="list-style-type: none">Increase in profits through deployment of personnel to growth fieldsOptimal resource utilization through deployment of personnel to the most suitable in-house positionsIncreased efficiency and profits through the development of personnel who can utilize advanced IT digital tools	<ul style="list-style-type: none">Increase in highly productive personnel through the utilization of evaluation and compensation systems based on roles and performanceEnhanced productivity due to improved employee engagement		
 Manufacturing Capital □ P.57-59	Fiscal 2024 Capital expenditures: ¥394.6 billion Global number of production bases: 127 bases in 25 countries	<ul style="list-style-type: none">Establishment of global production and supply capabilitiesRealization of DENSO-style digital-twin plantsAchievement of circular economy in the Monozukuri industryTransformation of logistics (optimization of entire supply chain, automation)Development of Monozukuri personnel	<ul style="list-style-type: none">Realization of a circular economy through energy recycling systems and resource reuseDevelopment of Monozukuri personnel who can create innovative value	<ul style="list-style-type: none">Pursuit of sales growth and profits through global production and supply capabilitiesHigh quality and production efficiency that are enabled by digital-twin plantsProductivity improvement based on data analysisCost reduction through disciplined investment decisionsContribution to energy and resource savings	<ul style="list-style-type: none">Reduction of supply risk through the building of a resilient supply networkStable manufacturing through optimization of the entire supply chainRealization of safe Monozukuri workites free of accidents and disasters		
 Intellectual Capital □ P.60-67	Fiscal 2024 R&D expenditure: ¥550.9 billion Number of patents held (Japan and overseas): Approx. 39,000 Fiscal 2024-Fiscal 2031 Software development personnel: Increase of 6,000 personnel	<ul style="list-style-type: none">Reinforced recruiting and development of software engineersCreation of intangible value through software developmentAugmentation of semiconductor development and enhanced efficiency of software developmentAcceleration of advanced researchPromotion of exchange through collaboration with business partners and industry-government-academia collaboration	<ul style="list-style-type: none">Creation of world-best and world-first products through leading-edge technology researchSpurring of innovation through the exchange of insights on advanced and fundamental technologies in the fields of academia and science	<ul style="list-style-type: none">Acquisition of competitive advantages for CASE vehicles and semiconductors through investment in and deployment of personnel to growth fieldsImprovement in the efficiency of software development through automation, etc.	<ul style="list-style-type: none">Establishment and maintenance of competitive advantages through an increase in the creation of patents that can be utilized by other companiesOptimization of IP policy, governance, and resources from a Companywide perspectiveReinforcement of information security		
 Natural Capital □ P.68-73	Fiscal 2023-Fiscal 2026 Planned investment in efforts to reduce CO ₂ emissions: ¥100.0 billion	<ul style="list-style-type: none">Thorough energy-saving activities in all facets of our operationsIntroduction of renewable energy based on economic rationalityEfficient utilization of natural capital through recycling, among other measuresMinimization of environmental impact based on the reduction of waste and emissions	<ul style="list-style-type: none">Creation of innovative energy-saving technologies, such as hydrogen production and utilization, through the application of automotive technologies	<ul style="list-style-type: none">Monozukuri that is both carbon neutral and profitableDevelopment and popularization of electric vehicle components in response to increasingly stringent environmental regulations	<ul style="list-style-type: none">Environmental impact reduction activities that lower the cost of countermeasures for future physical risks related to the environmentReduction of resource depletion risks through the effective use of resources		
 Social and Relationship Capital □ P.74-77	Fiscal 2024 Suppliers: Approx. 7,540 Dialogues with investors and analysts: Approx. 1,750 Total since fiscal 2011 Number of business alliances: 90	<ul style="list-style-type: none">Enhancement of dialogue with all stakeholdersBuilding of an unshakable corporate foundation	<ul style="list-style-type: none">Creation of new value through collaboration with business partners	<ul style="list-style-type: none">Offering of products and solutions that inspire customers and greater societyAchievement of supply stability through reinforcement of relationships with suppliers and reduction of production costs through risk management	<ul style="list-style-type: none">Elimination of information asymmetry with shareholders and investors through the provision of timely, appropriate informationPromotion of sustainable procurement (human rights, environment, etc.) across the entire supply chainThorough adherence to laws and regulations and maintenance of appropriate competitive environment	Trust of society Compliance: Serious violations of laws and regulations: 0 Information security: Serious incidents: 0	

