

2 Mid-term Policy for 2025

In fiscal 2023, we formulated the Mid-term Policy for 2025 with a view to giving concrete form to the Long-term Policy for 2030 slogan: Bringing hope for the future for our planet, society, and all people. The Mid-term Policy for 2025 sets forth the goals and a road map for the activities we will focus on and the corporate profile we will achieve by 2025.

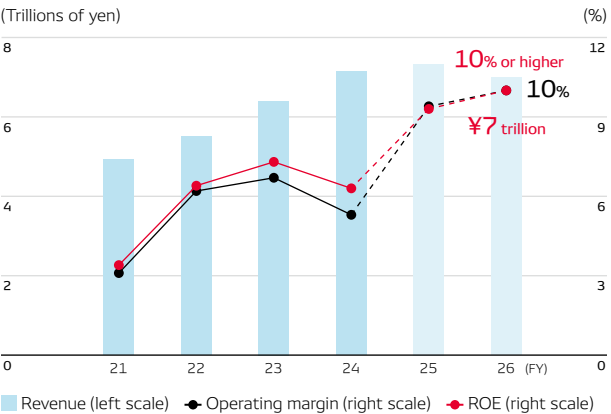
Prerequisites for Realizing the Goals of the Mid-term Policy for 2025	We aim to continue to be an organization of people who can think and act in an independent and self-reliant manner. Accordingly, we are prioritizing investment in human resources and strongly promoting <i>Hitozukuri</i> , which nurtures professionals with the ability to turn ideas into reality, and diversity and inclusion. Through such efforts, we are working to establish a vibrant organization that is able to flexibly adapt to change.
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Aims

Green	Lead the industry by realizing a carbon-neutral manufacturing industry, thereby creating a sustainable society		Monozukuri	FY2036 target Carbon neutral (Carbon neutral, including the use of carbon credits, by FY2026)
			Mobility products Energy use	FY2036 target Carbon neutral (Total reductions from use of mobility products and energy. CO ₂ emissions/recovered amount assessment calculated using DENSO's criteria)
Peace of Mind	Safety	Realize a society without fatalities from traffic accidents	Eliminate fatalities from traffic accidents	
	Comfort	Realize safe and secure air quality	FY2026 target Provide spaces with AQI* of less than 50	
New Businesses	Create new value by providing solutions that resolve social issues		Expand business and resolve issues in the domains of mobility, industry, and society	

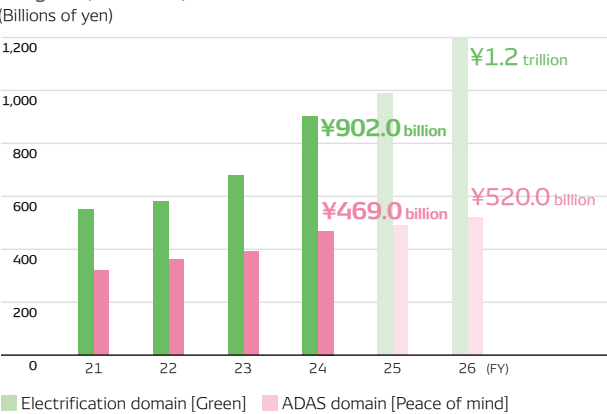
* Air Quality Index (AQI): An index that determines air quality levels based on six atmospheric pollutants with the aim of curtailing harmful substances in the air

Revenue / Operating Margin / ROE (Targets)



In fiscal 2024, revenue increased from the previous fiscal year due to higher sales of green and peace of mind products, yen depreciation, and brisk sales of automobiles now that semiconductor shortages have been alleviated. Operating profit declined year on year due to provisions for quality reserves, despite capacity utilization gains, foreign currency translation gains, and streamlining efforts. In fiscal 2025, DENSO aims for revenue of ¥7.3 trillion and operating profit of ¥692 billion, with growth driven by stronger sales of green and peace of mind products, streamlining initiatives, and better responsiveness to change.
Note: For fiscal 2026, management assumes a foreign exchange rate of ¥125/\$.

Proliferation of Green and Peace of Mind Products / Targets (Revenue)



In fiscal 2024, revenue increased as a result of stronger sales of products in the electrification business, including inverters and motor generators, in the electrification domain, as well as an increase in vehicle models equipped with HMI-ECUs and Global Safety Package 3 (GSP3), an advanced safety system, in the ADAS domain. In fiscal 2026, DENSO targets revenue of ¥1.2 trillion in the electrification domain and ¥520 billion in the ADAS domain, and is working to introduce and increase sales of new technologies.

Five Pillars of Global Management, Initiatives to Realize the Target Profile in Mid-term Policy for 2025

Aiming to realize the Mid-term Policy for 2025, DENSO's global workforce of approximately 160,000 employees will focus their efforts on the following five pillars of global management.

1. Realization of Sustainability Management

Establish a Solid, Unshakable Business Foundation

Financial Capital, Risk Management [□□ P.42–49, 110–111](#)

Initiatives		Achievements to Date and Strategy Going Forward	
Safety and Quality	Establish a sound safety and quality foundation that meets the expectations of society and earns the trust of our customers	Achievements to Date	• Expanded and instilled proper work framework by returning to the philosophy of total quality management and by strengthening management foundations
		Strategy Going Forward	• Deepen and establish workplace culture of open communication • Solidify safety and quality foundation for new growth domains, such as software and non-automotive fields
Risk Management	Fulfill social responsibility by enhancing and implementing risk management initiatives so that we are able to immediately respond to changes in the external environment	Achievements to Date	• Clarified rules for responding to emergencies and completed introduction of predictive management for all risk items • DENSO CORPORATION trials new processes for ideas to address risks
		Strategy Going Forward	• Further strengthen and instill first response capability for emergencies • Extend to and instill new processes at Group companies
Earnings	Establish a robust earnings structure by promoting reforms to our business portfolio	Achievements to Date	• Accelerated reweighting toward a business portfolio that simultaneously realizes profitability and our fundamental principles through growth in priority fields, including growth in sales of electric vehicle components and advanced safety products, and by de-emphasizing and discontinuing internal combustion engine products, including the disposal of internal combustion product businesses • Appropriately analyzed and reflected rising material costs in prices upon obtaining the agreement of customers and suppliers; currently collaborating with industry bodies to create rules aimed at structural reforms to hasten a positive cycle of price changes in order to bolster the competitiveness of the industry
		Strategy Going Forward	• Continue to promote activities with a view to business disposal; at the same time, in growth businesses determine the five priority fields for alliances (vehicle electrification, ADAS, semiconductors, new businesses, and software) and then forge ahead on a Companywide cross-divisional basis

2. Bold Pursuit of Work Grounded in the DENSO Philosophy

Transform Workstyles through Digitalization with the Aim of Realizing World-First and World-Best Offerings

Manufacturing Capital, Intellectual Capital [□□ P.57–67](#)

Initiatives		Achievements to Date and Strategy Going Forward	
1	Swiftly provide our stakeholders with the best possible value and experiences by maximizing our performance through the Core & Customization Strategy and data utilization	Achievements to Date	• Conducted prior development with customers from the product concept stage; currently targeting customer needs to grow sales • Decided on key strategies, frameworks, and systems for Companywide prior development
		Strategy Going Forward	• Meet diversifying needs by reinforcing the product lineup through identification of DENSO's core technology fields and customized technology fields and strengthen sales expansion strategies by product • Quickly establish prior development technologies and accelerate their adoption in business • Advance sustainability management through data unification and global collaboration in core operations
2	Pursue competitive reorganization of production structure, implement digital-twin technologies, and promote automation, thereby transforming the landscape of our plants around the globe	Achievements to Date	• In light of business portfolio transformation, decided on production and supply strategy and a road map for next-generation plants
		Strategy Going Forward	• Steadily execute production and supply strategy, and realize next-generation plants by starting to develop and implement systems

3. Business Portfolio Transformation

Transform Business Structure by Achieving Growth and Promoting De-Emphasis and Discontinuation in Collaboration with the Industry and Our Business Partners

Capital Strategies, Overview by Product [□□ P.42–95](#)

Initiatives		Achievements to Date and Strategy Going Forward	
1	Rebuild core businesses and transition business portfolio toward BEV products	Achievements to Date	• Made steady progress in growing sales to Japan-based and overseas customers—which was reflected in contributions to electrification domain revenue from inverters, thermal management products, and other products—by strengthening development and production capabilities (FY2024 result: ¥902.0 billion) • Examined human resources needed to carry out strategy
		Strategy Going Forward	• Realize further sales expansion in the vehicle electrification field and other growth fields; advance fundamental reform of the earnings structures by accelerating the de-emphasis and discontinuation of internal combustion engine products, including the disposal of businesses and production reorganization on a global scale • Specify necessary human resources and accelerate identification and creation of resources

● Green ● Peace of Mind ● New Businesses ● Corporate Foundation

Initiatives		Achievements to Date and Strategy Going Forward	
2	Accelerate efforts to de-emphasize and discontinue internal combustion engine technology and commercialize new energy businesses, thereby contributing to carbon neutrality	Achievements to Date	<ul style="list-style-type: none"> Prepared scenarios for de-emphasizing and discontinuing internal combustion engine products in collaboration with customers and supply chain companies and disposed of seven businesses* (as of the end of September 2024) Began verification of green hydrogen production and in-plant hydrogen utilization at DENSO FUKUSHIMA CORPORATION; in 2024, started to manufacture radiators for delivery to customers using hydrogen produced on-site * Including basic agreements on beginning consideration of business disposal
		Strategy Going Forward	<ul style="list-style-type: none"> Accelerate the de-emphasis and discontinuation from the perspective of the overall supply chain and strengthen industrial competitiveness, by globally reorganizing production and disposing of businesses In the new energy business, create models able to build packages from hydrogen production to usage and introduce packages based on plant scale; extend the scope of verification activities to include automobiles
3	Promptly establish a structure for electrification that enables a flexible response to diversifying customers' needs and realize steady sales expansion and growth	Achievements to Date	<ul style="list-style-type: none"> Unified teams from the Electrification Systems Business Group and the Powertrain Systems Business Group in order to increase systems development and sales activities based on customer priorities
		Strategy Going Forward	<ul style="list-style-type: none"> Increase our ability to meet diversifying customer needs by improving the competitiveness of various products and by offering systems solutions based on an extensive product lineup that includes thermal management systems
4	Fully strengthen electronic and software technologies in an effort to contribute to the ideals of green and peace of mind and realize business growth	Achievements to Date	<ul style="list-style-type: none"> Currently expanding ECU sales by utilizing our expertise in electronics technologies for all aspects of automobiles to focus on specific customer needs and co-create electronic platforms accordingly
		Strategy Going Forward	<ul style="list-style-type: none"> Accelerate business growth by further expanding sales and globally strengthening software development competitiveness

4. Realization of Carbon Neutrality ●

Lead the Industry in Becoming Carbon Neutral

Strategies for Green and Peace of Mind, Efforts to Maximize the Value of "Green" (TCFD) □□ P.37-41, 70-73

Initiatives		Achievements to Date and Strategy Going Forward	
1	Transition to globally competitive, carbon-neutral plants through the utilization of innovative energy-saving technologies	Achievements to Date	<ul style="list-style-type: none"> Achieved carbon neutrality at all production bases in Europe and nine manufacturing sites in Japan Set targets for achieving carbon neutrality, including credit use in fiscal 2026 Obtained SBT certification under SBTi (Science Based Targets initiative), an international initiative that has set targets to reduce GHG emissions by fiscal 2031 Began tests for green hydrogen production and utilization
2	Realize stable long-term procurement of renewable energy at a low cost		
3	Develop energy businesses together with robust business partners	Strategy Going Forward	<ul style="list-style-type: none"> Create specific measures for decarbonization of gas in order to achieve carbon neutrality in fiscal 2036 Accelerate support for realizing carbon neutrality in entire supply chain

5. Creation of New Value ●

Achieve Business Growth through the Provision of Products and Solutions in New Fields

Materiality, Intellectual Capital □□ P.32-33, 60-67

Initiatives		Achievements to Date and Strategy Going Forward	
1	Promote the development and practical application of cutting-edge technologies that underpin the digital-twin society	Achievements to Date	<ul style="list-style-type: none"> Declared growth target (20% of revenue by fiscal 2036) for new domains Turned Certhon, a company in the Netherlands with advanced technology in greenhouse horticulture, into a subsidiary; global provision of greenhouse horticulture solutions that combine DENSO's automation, environmental control, and DX technologies
2	Create new value by further refining and combining our technologies while establishing growth scenarios based on popularizing our technologies throughout society		
3	Establish efficient and flexible workstyles that cater to new business models and establish non-financial KPIs	Strategy Going Forward	<ul style="list-style-type: none"> Fine-tune and accelerate implementation of business models in new domains, organizational structures, and growth strategies with partners

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