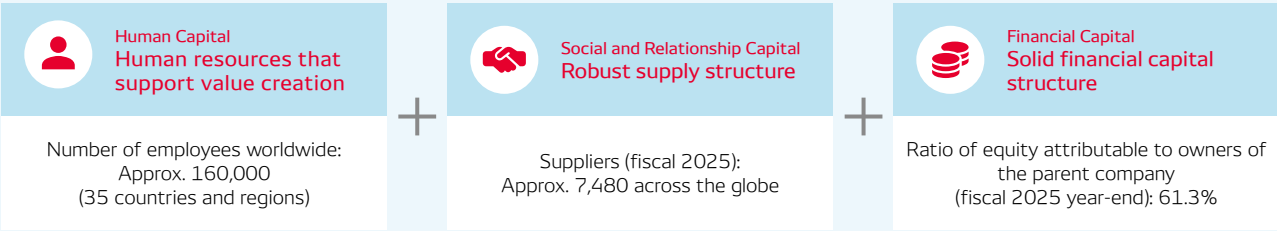


Our Cultivated Strengths

Since its founding, DENSO has cultivated various unique strengths. These strengths have been augmented and passed down as the DENSO Spirit, which is encapsulated in the actions of all DENSO employees around the world. These strengths have resonated with all employees and driven DENSO's growth over the years. Amid the constantly changing business environment, DENSO will remain committed to refining these strengths as the unshakable driving force behind value creation that is uniquely DENSO.

Robust Business Foundation



DENSO split from Toyota Motor Co., Ltd., and was established as an independent company amid worsening economic conditions. Since that time, our employees have been making achievements under challenging operating environments, passing on an unbreakable spirit for developing technologies and promoting *Monozukuri* activities that offer social value from one generation to the next. Since the Company's establishment in 1949, we have positioned people as our most important resource, and we have continued to develop talent that will lead the future of DENSO by putting into practice management that cares for people (Human Capital, [□□P48–52](#)). At the moment, our roughly 160,000 employees in 35 countries and regions around the world are making tireless efforts to ascertain the needs and trends in each region in a timely and accurate manner and apply that knowledge to our R&D and *Monozukuri* activities.

Over the long history of our business activities, we have built strong trust-based relationships with a broad range of customers, pursued technologies that cater to customer needs, and deepened our insight together with our customers. We have also established a stable supply structure as a direct response to customer needs. Along with our approximately 7,480 suppliers around the world, we are building a supply network to deliver value in a timely manner when and where it is needed by customers, realizing *Monozukuri* as a coalescence of our collective intellect and wisdom (Social and Relationship Capital, [□□P68–71](#)).

This robust business foundation is the source of DENSO's competitiveness that cannot easily be replicated overnight. Underpinned by a robust financial foundation enabling us to tackle new pursuits (Financial Capital, [□□P41–47](#)), we are realizing unprecedented new value by reinforcing and expanding our foundation with the power of our human resources and relationships of trust built with stakeholders.

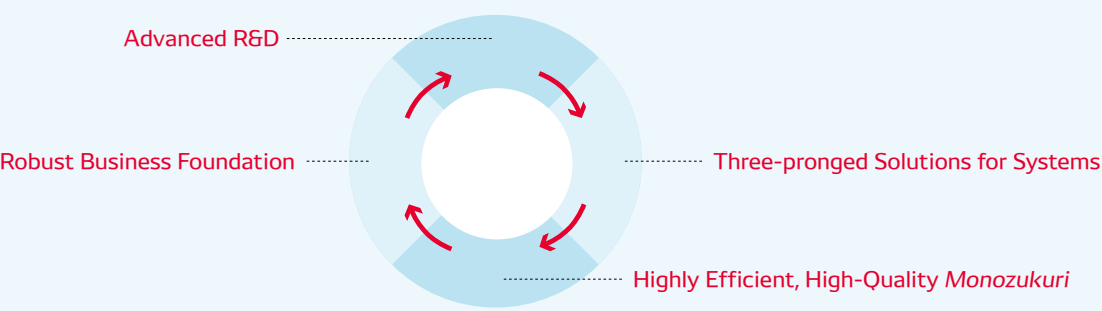
Highly Efficient, High-Quality *Monozukuri*



DENSO boasts micro-processing accurate to 1/1000mm and self-designed assembly lines that increase both production efficiency and quality. By combining Excellent Factory (EF) activities, a production site-led plant improvement initiative rooted in a *kaizen* (improvement) culture that has been ongoing since 1997, with Factory-IoT (F-IoT), a global network launched in 2019 connecting approximately 120 plants, DENSO aims to strengthen its *Monozukuri* foundation by analyzing various data from people, equipment, and facilities to detect and fix malfunctions early, and by codifying expert knowledge for global application. Targeting carbon neutrality in *Monozukuri* by 2035, DENSO is leading the industry in reducing environmental impact by enhancing productivity through data-driven energy-saving initiatives (Manufacturing Capital, [□□P58–60](#)).

DENSO received the prestigious Deming Prize for quality control management in 1961 and has since taken pride in its commitment to high-quality manufacturing that underpins safety and peace of mind as part of the company motto "Safety and Quality First." Today, DENSO intends to take the lead in the quality of in-vehicle software in the era of software-defined vehicles (SDVs) (CQO Message, [□□P12](#)).

DENSO's cutting-edge *Monozukuri* capabilities are underpinned by its advanced *Monozukuri* personnel. The DENSO Industrial School, a technical training school created based on the concept of "*Monozukuri* is *Hitozukuri* (Our performance relies on our people)" and dedicated to strengthen both our technologies and capabilities, celebrated its 70th anniversary in 2024. Throughout its history, the school has fostered students with exceptional skills that are globally recognized, including students that have won many gold medals at the WorldSkills Competition.



Advanced R&D



DENSO has remained acutely attuned to changes in society and has engaged in product development with a strong commitment to achieving world-first innovations. To date, DENSO has created over 180 world-first products, the likes of which did not exist in the world, and it continues to drive the development of new technologies and products that address complex social challenges. Since its founding, when there was a clear technological gap between Japan and the West, DENSO has remained relentless in its commitment to technology and product development. In 1985, DENSO established its first overseas technical center in the United States, followed by the establishment of its Advanced Research and Innovation Center in 1991, where it leads the development of cutting-edge technologies, including semiconductors, electronics, materials, AI, ergonomics, and quantum computing, that continue to be a source of its competitiveness today. By 2014, DENSO had established technical centers across all seven global regions and has continued to pursue innovation in technology hubs such as Israel and Silicon Valley. DENSO also actively engages in solving social issues through collaboration with industry, government, academia, and business partners. In 2020, DENSO established the Electrification Innovation Center (EIC) within its Anjo Plant to strengthen development and production for product electrification. By integrating processes from advanced and mass production development to reliability and durability testing of vehicles and systems, as well as the launch and stabilization of mass production lines, DENSO is accelerating R&D in the areas of the environment and safety.

To further sharpen our competitive edge into the future, we invested ¥619.4 billion, equivalent to 8.6% of revenue, in R&D expenditure in fiscal 2025. By promoting better efficiency through digital transformation, including the use of AI, we will continue to strengthen our R&D activities centered on the focus fields of green and peace of mind (Technology Strategy, [□□P36–37](#)).

Three-pronged Solutions for Systems



To accurately and promptly grasp the needs and future visions of customers and end-users, it is essential to propose optimal solutions from a vehicle-wide perspective. DENSO has been engaged not only in the mechanical domain since its founding but has also developed technologies in electronics and software for over 50 years. This has allowed the Company to develop a unique competitive edge as a comprehensive manufacturer, something difficult for companies operating in only one of these domains to replicate. Anticipating a future where automotive components would be electronically controlled, DENSO established the IC Research Center in 1968 and built an entirely in-house semiconductor production system. In 1995, DENSO became the first in the world to mass-produce an electronically controlled fuel injection system, taking the lead in proposing systems from an entire vehicle perspective. In 2007, DENSO began mass-producing a double-sided cooling inverter integrating its proprietary technologies. The unique system, which optimally combines mechanical, electronic, and software elements, was highly regarded in the market. By integrating its expertise from these domains, DENSO engages with customers from the early stages of vehicle development, at times working alongside them as part of the team to build cars together.

This unparalleled competitive strength is proving even more valuable today, as the role and importance of software in vehicles continue to grow, serving as a key differentiator from competitors. In 2021, DENSO launched a recurrent education program for software engineers to better meet the growing demand for software development. Moreover, by applying across a wide range of industries its advanced technologies and reliable quality cultivated through automotive development, DENSO is delivering genuine value to society.