Targets and Results for 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. Centered on the principles of green and peace of mind, we have outlined our vision for 2025 and determined priority issues for realizing this vision. As part of our green and peace of mind strategies, we have determined targets for maximizing the value we provide to society through our business activities under each of these priority issues. Members of the Company's management have set forth below the management policies we have in place for reaching these targets and the strategies to improve corporate value.

Vision for Our Green and Peace of Mind Strategies

Lead the World as a Carbon-Neutral Manufacturer While Contributing to the Advancement of Society

Green	Fiscal 2025 Results	Targets for Mid-term Policy for 2025	Targets for Fiscal 2036
■ *Monozukuri*	Reduced CO_2 emissions from plants by 76% (compared with fiscal 2021)	Achieve carbon neutrality (including the use of credits)	Become completely carbon neutral without the use of credits
■ Mobility products / Energy use	Expanded global supply structure for electrification products Implemented verification test for promoting the widespread utilization of hydrogen	Expand sales of electrification products (inverters and battery ECUs) Lay the foundation for the market launch of an energy business	Achieve carbon neutrality through mobility products and energy utilization
■ Revenue in the green domain	Fiscal 2025 results: ¥1,010.0 billion	Target revenue for the Mid-term Policy for 2025: ¥1,200.0 billion	Targets for Fiscal 2036 Further expand profits through growth in the electrification business and non-mobility businesses

Become a Leading Company Offering Peace of Mind to Society

Peace of Mind	Fiscal 2025 Results	Targets for Mid-term Policy for 2025	Targets for Fiscal 2036
■ Elimination of traffic accident fatalities	Expanded sales of ADAS products and promoted their widespread adoption	Launch new ADAS products in the market Expand accident scenario coverage to 56%	Provide unrivaled value in the peace of mind domain through collaboration between people, vehicles, and infrastructure Expand accident scenario coverage to 100%
■ Support for working people	Began accepting commercial orders for fully automated harvesting robot Artemy® in Europe	Establish commercialization strategy together with partner companies	Commence new businesses in the fields of energy, factory automation, and food and agriculture
■ Revenue in the peace of mind domain	Fiscal 2025 results: ¥503.0 billion	Target revenue for the Mid-term Policy for 2025: ¥520.0 billion	Targets for Fiscal 2036 Realize growth in the ADAS business through HMI collaboration Commercialize the value of providing peace of mind in non-mobility domains

Initiatives to Realize the Target Profile in Mid-term Policy for 2025

1. Realization of Sustainability Management

Establish a Solid, Unshakable Business Foundation

Financial Capital, Risk Management P.41–47, 98–99

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Safety and quality Establish a sound safety and quality foundation	• Established and entrenched rules and frameworks; reduced dependence on individual employees through the utilization of tools and digital technologies	• Further reduce quality-related risks, including by enhancing initial response measures • Respond to new quality-related issues resulting from the evolution of products, such as the expansion of SDVs
Risk management Enhance level of risk management initiatives	• Clarified rules for responding to emergencies • Introduced predictive management for all risk items	• Develop, expand, and instill new Groupwide risk management processes • Strengthen Companywide framework for economic security management
Earnings Establish a robust earnings structure by promoting reforms to our business portfolio	• Concentrated resources and expanded sales in focus fields (electrification and advanced safety products); proceeded with the disposal of internal combustion product businesses • Led the development of mechanisms, in collaboration with industry associations, to incorporate fluctuations in material and labor costs into pricing, setting in motion a positive cycle	• Achieve non-linear business growth through collaboration with partners in non-automotive domains • Establish schemes to reflect factors for cost fluctuations, such as tariffs, in prices

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

Intellectual Capital, Manufacturing Capital P.53–60

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Transformation of business processes	• Development of digital infrastructure: Introduced a digital device with Microsoft 365 account to each employee; began utilizing AI in day-to-day work processes, etc.	• Transform work processes based on the premise of digital technology and AI utilization
Transformation on the production front lines	• Promoted digitalization in production improvement processes • Announced plan to build a next-generation plant with 24-hour unmanned operation through automation (scheduled to begin operations in 2028)	• Entrench attractive workstyles geared toward the future of *Monozukuri*

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.40–82

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Expansion of growth domains and de-emphasis and discontinuation of low-profit businesses	• Expanded sales channels and revenue of products in the electrification domain (revenue of ¥1,010.0 billion in fiscal 2025) • Expanded sales channels and revenue of products in the peace of mind domain (revenue of ¥503.0 billion in fiscal 2025) • Executed seven business disposals/sales in domains of de-emphasis and discontinuation (as of September 2025)	• Further evolve core technologies with a view toward future growth • Further expand and improve profit structure in focus fields

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.34–35, 64–67

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Driving force for carbon neutrality across the industry	• Forecast the achievement of carbon-neutral *Monozukuri* during 2025 (including the use of carbon credits) • Commenced introduction of low-CO_2 materials and renewable energy	• Formulate specific plans for achieving carbon neutrality without the use of carbon credits • Drive carbon neutrality across the 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.28–30, 53–57

Initiative	Achievements up to fiscal 2025	Issues and direction going forward
Provision of products and solutions in non-mobility domains	• Launched agricultural business by turning company with advanced greenhouse technology into a subsidiary	• Further pursue the resolution of social issues leveraging mobility technologies • Achieve non-linear business growth through M&As

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

DENSO Integrated Report 2025
Growth Strategy

Initiatives to Increase the Sophistication of Management at Group Companies

The DENSO Group comprises 188 Group companies in 35 countries and regions around the world. These Group companies work to increase the sophistication of their management by collaborating with each other while assessing and analyzing the DENSO Philosophy, the characteristics of their respective markets, and their strengths and weaknesses. By doing so, they strive to achieve the targets of our medium-term management plan and drive further growth.

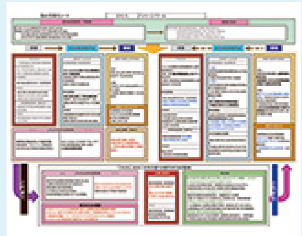
Example in Japan: Visualizing the Future of Each Company Using Management Design Sheets

As the operating environment continues to undergo rapid changes, we carried out initiatives to outline our value creation pathways making use of the Management Design Sheet recommended by the Cabinet Office of Japan. These initiatives are aimed to help Group companies identify areas in which they can contribute in order to achieve sustainable growth.

From among the domestic Group companies pursuing business portfolio transformation, 33 promising employees from 10 volunteer companies participated, along with four advisors. Over a roughly six-month period starting from July 2024, these participants made use of the Management Design Sheet framework to review the long-cultivated strengths and future prospects of their respective companies, based on which they organized strategies. At monthly study sessions, participants shared their analyses and engaged in repeated discussions. At the final session, participants presented the results of their analyses to executives at the head office.

経営デザインシート

Through these initiatives, each company was able to clarify its position and strengths and accelerate examinations aimed at redefining its respective role. Not only did these initiatives help strengthen ties between participating companies to address shared issues, they also helped draw attention to gaps in the perspectives of participating members and management of Group companies through dialogues between these two parties. In these ways, the initiatives helped each company better recognize its challenges and align its management approach accordingly. The results of the analyses, the value creation stories created, and the issues identified will be reflected in our next Mid-term Policy, thereby serving as a foundation for further increasing the sophistication of our Groupwide management.



Example Overseas: Pursuing Structural Reform in North America through the One North America Initiative

To accelerate growth on a Groupwide basis, it is essential to not only ensure sound corporate governance but also enable our overseas locations to formulate and execute strategies interdependently, rather than operating directly under the lead of our headquarters in Japan.

DENSO has long promoted the independence of its overseas locations. However, following the outbreak of COVID-19 in the early 2020s, cross-border travel became severely restricted, and this resulted in our management becoming more locally driven out of sheer necessity. In fiscal 2022, Group companies in North America adopted the One North America (NA) initiative under which they accelerated regional efforts to revitalize local management, guided by the "Reborn21" plan.

Firstly, in order to rigorously ensure safety and quality governance, the regional Chief Monozukuri Officer (CMzO) visited all locations to assess conditions and promote measures for improvement. Next, to restore earning power, a detailed analysis of profitability was conducted at each local company. Based on the results of this analysis, we worked to consolidate and integrate offices while reassigning production items across countries and offices based on the characteristics of each office. By doing so, we bolstered profitability. Furthermore, we promoted the strategic exchange of personnel, including by appointing talent with proven experience and skills to management positions at the regional headquarters. In this way, we sought to cultivate leadership personnel with a deep understanding of local markets and enhance the quality of management by fully utilizing the capabilities of local talent.

Through these efforts, profitability in North America has been improving since fiscal 2022, and the region remains committed to pursuing even greater value creation.

Trends in Operating Profit and Operating Margin in North America