

i.e., an automated production system that eliminates as much waste as possible, the Company is advancing the transformation of business processes through simplification, standardization, centralization, and automation. By digitizing core information, we are dramatically improving the integration of information across processes and domains. Employees who have become digital talent will take the initiative to review and improve their workflows, utilizing our digital platforms to drive improvements and transformation.

In fiscal 2025, one of our priority initiatives is the application of generative AI to enhance operational efficiency and reduce costs, in order to free up capacity and increase vitality in the workplace. In the medium to long term, we plan to harness this extra capacity and vitality to drive comprehensive DX across

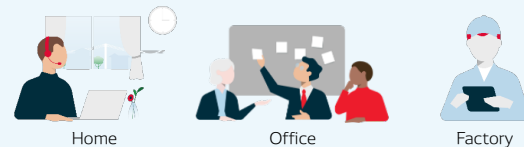
DENSO, changing business processes that support operations, as well as enhancing the capabilities and competitiveness of our organization, with the ultimate aim of sustaining growth.

From a broad perspective, DENSO's ability to identify and use technology to solve workplace issues will translate into value that benefits society. The QR Code® that DENSO introduced in 1994 is a prime example of how the Company's innovations have become deeply integrated into daily life around the world, contributing to society's advancement. By embedding the power of digital technologies into DENSO's businesses and organization, the Company will enhance its competitiveness and transform itself into a company that provides even greater value to society.

## Examples of Value Creation through Digitalization

### Industry-wide Collaboration for Secure IT Environments, Initiatives in Information Security

In response to a series of cyberattacks in fiscal 2022, DENSO has strengthened its cybersecurity measures across the entire Group. This includes (1) building up a multilayered defense by reinforcing the management of confidential information and using AI to filter out suspicious emails, (2) raising security awareness through training for all employees, and (3) implementing rigorous global governance to prevent a recurrence of cyberattacks. Moving forward, DENSO will continue to rely on advanced IT to accurately detect and defend against suspicious attacks while regularly conducting crisis response drills to prepare for potential cyberattacks. Additionally, to build a robust supply chain resilient to cyberattacks, DENSO will collaborate with stakeholders to continuously enhance security quality, based on the Automobile Industry Cybersecurity Guidelines, which aim to create a secure IT environment across the industry.



Use of secure IT environment anytime,  
anywhere with multilayered IT defense

Increase in risks

Greater use of  
cloud computing,  
driven by DX initiatives



Increase in external  
users as a result of  
collaboration

### Digital Workplaces and IT Infrastructure That Facilitate New Value Creation

Since fiscal 2020, DENSO has been progressively rolling out the One Digital Device and M365 per Employee project, which equips all global employees of the DENSO Group with digital devices that enable two-way connectivity at all times across offices and plants. This initiative has created a work environment free from the constraints of time, place, and device. Building on this foundation of "always connected anywhere with anyone" devices and communications tools, DENSO aims to further automate work processes and promote DX while leveraging generative AI and other technologies in fiscal 2025. By fully utilizing AI, including the integration of generative AI with data-driven development, DENSO supports all employees in using digital tools equally, allowing them to spend more time on creative tasks that drive new value creation.



### Supporting Advances in Sustainability Management through Global Collaboration and Data Centralization for Core Operations

DENSO aims to dramatically improve the speed and quality of its operations by globally standardizing, digitizing, and linking its core information. As part of this effort, DENSO's Management Platform DX initiative involves centralizing financial and non-financial information to visualize management conditions on a dashboard, which helps in spotting issues while facilitating rapid business decisions from a global perspective. By the end of 2024, DENSO plans to complete the development of and deployment to major bases a business profit & loss management system that standardizes and automates business planning processes. In 2025, DENSO aims to enhance analysis and decision-making through the use of AI and optimized novel technologies that enable simulations of ways to maximize profit based on different scenarios (changes in conditions). Looking beyond 2025, DENSO will integrate non-financial data into this system, further supporting its evolution of sustainability management.