COVER STORY

Beyond the Challenges Lies the Future

Around 15 years before NIPPONDENSO (now DENSO) was founded as an independent spin-off of Toyota Motor Co., Ltd. in 1949, Kiichiro Toyoda posed a question to Takaichi Suzuki, one of his engineers:

"We must not merely build automobiles. With Japanese minds and Japanese hands, we must build an automobile industry in Japan. Can these electrical components be made or not?"

Kiichiro Toyoda

Takaichi and his colleagues set out to localize the production of automotive electrical equipment—one of the most technologically daunting components of the era. This marked the beginning of DENSO's commitment to taking on challenges.

To which Takaichi replied,

"We can definitely do it."

Takaichi Suzuki
(Later Executive Director of NIPPONDENSO)

About 90 years since Kiichiro and Takaichi took on those challenges, DENSO will continue, with customers and partners worldwide, to take on challenges precisely because they are difficult—and forge the path toward the evolution of automobiles and the future mobility society.

1970s–

The Challenge of Emissions Regulations

DENSO took on IC development—then deemed unthinkable for vehicles—and built electronic control systems that helped meet what were then the world's strictest emissions standards.

1980s–

The Challenge of Protecting the Lives of Occupants

We took on the challenge of ensuring an extremely high level of reliability by accurately detecting collisions and ensuring dependable operation, helping protect the lives of occupants from the consequences of traffic accidents.

1990s–

Pursuing World-Class Fuel Efficiency and Environmental Performance

Through the development of a common rail system, which raised mechanical, electronics, and software technologies to unrivaled levels, we contributed to improvements in fuel efficiency and environmental performance.

2000s–

We developed an inverter with dual-side semiconductor cooling. By doing so, we greatly enhanced the cooling capabilities of semiconductors and contributed to the widespread adoption of hybrid vehicles.

2010s–

Taking on the Challenge of an Accident-Free Society

Through advanced safety systems that integrate peak-performance hardware with sophisticated software, we are taking on the challenge of an accident-free society.

Message from the President & CEO

Beyond the Challenges Lies the Future

Shinnosuke Hayashi

President & CEO,
Representative Member of the Board

Review of the Mid-Term Policy for 2025

Under the Mid-Term Policy for 2025, we have managed our business amid growing uncertainty, driven not only by the advancement of vehicle electrification and intelligent technologies but also by heightened geopolitical risks and changes in supply chains. Under these circumstances, we have continued to pursue various initiatives, including promoting technological development in future growth domains such as electrification and software, developing human resources, enhancing our organizational capabilities, and bolstering our financial foundation. As a result, we have steadily built a foundation for future growth by strengthening our ability to respond to next-generation technologies, increasing the competitiveness of our manufacturing sites, and strengthening our human resource foundation.

Meanwhile, we still face issues in terms of improving our quality and supply. While maintaining a sharp focus on these challenges, we must further strengthen our business foundation while pursuing transformation for the next era.

A New Stage of Change

Our operating environment is currently undergoing a tremendous paradigm shift.

The first part of this shift is the increasing severity of social issues. Companies are now being expected to play an even greater role in areas such as the transition to a decarbonized society and the reduction of traffic accidents. Now more than ever, companies must find a way to balance economic value with social value.

The second aspect of this shift is that the world is becoming increasingly multipolar and diverse. In China, mobility is evolving at its own pace, with a focus on BEVs and SDVs,* and according to its own competitive dynamics. Meanwhile, in the Global South, starting with India and South America, we are seeing demand for diverse mobility options, including biofuel, driven by differences in economic growth and the current situation with energy. In these ways, we are entering an era in which diverse regional values and technologies coexist.

The third aspect is that people's values and ways of working are changing. The value people expect to gain from mobility is expanding beyond mere convenience to include safety and peace of mind, reduced environmental impact, and connections with everyday life. Furthermore, the advancement of AI and other digital technologies is changing the role that people play and how they work. It is also changing what makes a corporation competitive. Accordingly, it is extremely important for corporate managers to consider how to utilize these technologies and how to best bring out the strengths of people.

Amid these changes, the value expected from mobility will also change. In addition to improving vehicle performance itself, the mobility domain is expected to contribute to resolving social issues by connecting vehicles with energy systems, cities, infrastructure, and people's everyday lives. As we look toward 2030, we must accurately assess the nature of these changes and make sound judgments while remaining steadfast in the face of change.

* SDVs: Software-defined vehicles

What Defines Our Starting Point

To accomplish these goals in this era of change, we believe we must return to our starting point as a company.

If a company becomes so focused on pursuing new things that it loses sight of its strengths and what makes it unique, it cannot fully demonstrate its inherent capabilities. What is important is not to resist change but rather to continue to change while maintaining a clear sense of direction. I believe that the greater the changes that occur, the more a company's true value is reflected in its starting point.

There is an episode in DENSO's history that encapsulates the Company's origins (Beyond the Challenges Lies the Future, P.4). This episode occurred 1935, long before the electrical equipment department split off from Toyota Motor Co., Ltd.
At the time, Takaichi Suzuki, an engineer who would later become an executive director of NIPPONDENSO, was working on the development of electrical components, then regarded as among the most difficult parts to manufacture domestically. When Kiichiro Toyoda asked him, "Can these electrical components be made or not?", Takaichi replied, "We can definitely do it," and he and his team of engineers pursued the development effort with that determination.

However, the project soon encountered difficulties beyond what Kiichiro had anticipated. He eventually told Takaichi, "The development of these electrical components appears to be far more difficult than I had expected. I am considering stopping it at this point. What do you think?" With completion just within reach, Takaichi refused to give up and pleaded, "Please postpone the decision to discontinue the project for just one more month." Even amid a difficult business environment, Kiichiro put his trust in Takaichi's passion and the project's potential and allowed the work to continue.

Takaichi and his team reviewed everything from product design to manufacturing equipment and ultimately opened the way to mass production.

Takaichi would later reflect on this episode, stating "If we had given up at that point, what would have become of us today?"

I believe that this episode represents the starting point of DENSO.

If something is needed by our customers or society, we take on the challenge of providing it, no matter how difficult, not stopping until we have achieved our aims. This approach is what defines DENSO and has been handed down since our founding. The specific challenges we have addressed have changed with the times, from responding to emissions regulations and pursuing safety and peace of mind to improving environmental performance and advancing electrification. Throughout this time, however, we have always remained focused on the challenges facing our customers and society.

It is through these cumulative efforts that we have developed our people, refined our technologies, strengthened our workplaces, and built the DENSO of today.

What Is DENSO?

If we return to the spirit of our founding, I would answer that DENSO is "an automotive parts maker." And not just any parts maker—we are "an automotive parts maker that takes on difficult parts," bringing to life, through our technologies, *Monozukuri*, and the capabilities of our people, components that automakers would find difficult to make themselves.

What We Pursue—CORE 2030

In March 2026, we formulated the Mid-Term Management Plan CORE 2030 with a view toward 2030 and beyond.

Mobility will continue to be at the core of our business in the future, and future vehicles will be more than just a means of transportation.

In addition to advancements in electrification and intelligent technologies, powertrains, including internal combustion engines, continue to evolve and become more diverse. Amid these changes, vehicles themselves are undergoing a significant transformation.

Vehicles are also realizing automated driving and advanced driver assistance systems while at the same time becoming more closely connected with energy systems, infrastructure, cities, and people's everyday lives. As a result, they will evolve into essential platforms that not only enable the movement of people and goods but also support value creation across society as a whole. To that end, we will work together with our customers—the automakers—to help realize next-generation mobility by creating the technologies, products, and systems that support this vehicle evolution.

Meanwhile, the changes that we must address go far beyond the evolution of mobility. Following the emergence of generative AI, the advancements in physical AI, robotics, and autonomous systems have now extended the reach of AI beyond digital spaces and into the real world. In the society of the future, there will be connections between a diverse range of systems, including automated driving, robots, factory equipment, and energy systems, which will make decisions autonomously while supporting society. However, one condition must be met for such a future to become a reality: the ensuring of a high level of reliability and safety. For systems that support human lives and social infrastructure, convenience alone is not enough. They must be able to perceive their surroundings accurately under any conditions, operate reliably, and fulfill their intended functions with responsibility throughout their life cycle. I believe this area provides DENSO with a tremendous opportunity to contribute to society and realize growth. To date, we have worked with our customers to refine our technologies in the automotive domain, where the highest levels of reliability are required. We believe that these technologies and capabilities—including sensing and control technologies,

semiconductors, software, functional safety, and quality assurance, as well as our *Monozukuri* expertise cultivated on the front lines—can also deliver significant value for the advanced systems that will underpin a society of intelligent technologies.

Our challenge is to maximize the value of next-generation mobility, expand the technologies and insights cultivated through that effort across society as it becomes increasingly intelligent, and then channel the new knowledge and technologies gained back into mobility to further accelerate evolution. I believe this cycle of growth will become the wellspring of DENSO's new value creation.

In order to pursue this challenge, we adopted three growth strategies under CORE 2030.

The first is "strengthening product development." Under this strategy, we will further refine our long-cultivated technologies, including sensing, semiconductors, electrification, and thermal management, while integrating them to create new value that strengthens the competitive advantages of our customers.

We believe this will also contribute to realizing a safe, secure, and sustainable mobility society.

The second is “innovating manufacturing.” DENSO’s strength lies in the practical know-how cultivated over many years on the front lines. Building on this strength, we will combine AI and digital technologies to pursue evolution across various domains, from development to production. By achieving outstanding levels of quality, cost, and delivery while enabling people and AI to leverage their respective strengths, we will realize a greater competitive edge than ever before.

The third is “developing people, co-creating with partners.” Increasingly complex social challenges cannot be resolved by any one company alone. As such, we will strive to create new value by working together with customers, partners, universities, research institutions, and colleagues around the world. In FA, agriculture, and energy—our new fields of challenge— we will also collaborate with partners to create the value needed in the next generation.

These three growth strategies are designed to address the issues facing society and our customers while continuously creating new value. Achieving our 2030 targets is merely a milestone along that journey. To fully realize our ambitions, we will make steady and bold investments in our people, technologies, and business foundations. With a focus on future growth, we will continue to develop our people, refine our technologies, and strengthen our business foundations so that we can continue to take on challenges in the eras to come.

Our People Create the Future

No matter how well a strategy is formulated, a strategy alone cannot realize the future we wish to create. In every era, it is people who create the future.

Looking back, DENSO’s history has been full of people taking on challenges. In addition to the challenges pursued by Takaichi Suzuki and his team, which represent our starting point, our people have overcome the challenges of each era, including responding to emissions regulations, providing safety and peace of mind, and promoting electrification.

I firmly believe that our people have tremendous potential. When people tackle challenges, they think for themselves, learn from experience, and collaborate with others, thereby achieving personal growth. This growth leads to new value creation that helps pave the way for the future. This is precisely why I believe that investing in people is by far the most important priority for management. In addition to enhancing technical capabilities and professional expertise, we will develop people who broaden their perspectives through diverse experiences, identify challenges on their own initiative, and work with others to resolve them. We will also foster people and organizations capable of creating new value by co-creating with customers and partners.

I believe that our greatest asset is our people, and the growth of our people is the driving force for creating the future of DENSO.

Closing

In the lead-up to 2030, our operating environment will continue to undergo massive changes. However, I do not view these changes negatively. Rather, I believe that they present an opportunity for DENSO to fulfill its role in the future. At the heart of DENSO’s founding spirit is a steadfast determination: “We can definitely do it.” This spirit has enabled us to develop people, refine technologies, and build DENSO into the company it is today. Going forward, together with our customers, partners, and colleagues around the world, DENSO will continue to tackle the issues facing society and our customers as we work to create new value.

—“Beyond the Challenges Lies the Future”

Through these efforts, we will pave the way for the future.

September 2026

Shinnosuke Hayashi

President & CEO,
Representative Member of the Board

DENSO at a Glance

Guided by the DENSO Creed, we are a company that earnestly tackles social issues head on and continues to create value through outstanding technologies and quality that is uniquely DENSO.
Each one of our approximately 155,000 global employees envisions the happiness of people and society as a whole and takes on challenges each day to create new value.

DENSO by the Numbers As of March 31, 2026

Financial

Revenue
¥7,540.0 billion

Operating profit
¥552.5 billion

ROE
8.5%

Market capitalization
¥5,242.6 billion

R&D expenditures
¥690.1 billion

Equity ratio
62.9%

Non-Financial

Established
1949

Total DENSO Group companies (including DENSO CORPORATION)
191 companies

Number of global employees
Approximately 155,000

Mobility products
World's No. 2 share

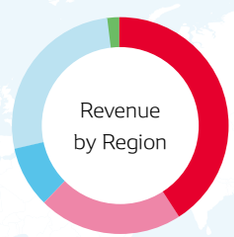
Number of patents held (Japan and overseas)
Approximately 36,400

Number of business partners (global)
Customers: Approximately 200 companies
Suppliers: Approximately 7,300 companies

Breakdown of Revenue As of March 31, 2026

Mobility Electronics	29.2%
Thermal Systems	23.6%
Powertrain Systems	19.6%
Electrification Systems	19.0%
Advanced Devices	5.2%
Non-automotive Businesses	2.0%
Other Automotive	1.4%

Toyota Group (Toyota Motor Corporation, Daihatsu Motor Co., Ltd., Hino Motors, Ltd.)	55.6%
Honda Motor Co., Ltd.	5.8%
SUBARU CORPORATION	4.2%
Stellantis (FCA, PSA)	3.2%
Ford Motor Company	3.1%
Suzuki Motor Corporation	2.7%
Other car manufacturers	17.0%
Aftermarket and non-automotive businesses	8.4%



	Revenue	Number of bases	Number of employees
Japan	40.9%	53 companies	76,417 employees
Asia	21.5%	68 companies	39,195 employees
Europe	9.2%	45 companies	12,939 employees
North America	26.7%	21 companies	22,878 employees
Other	1.7%	4 companies	3,287 employees

Note: Number of bases/Number of employees includes those of DENSO CORPORATION.