



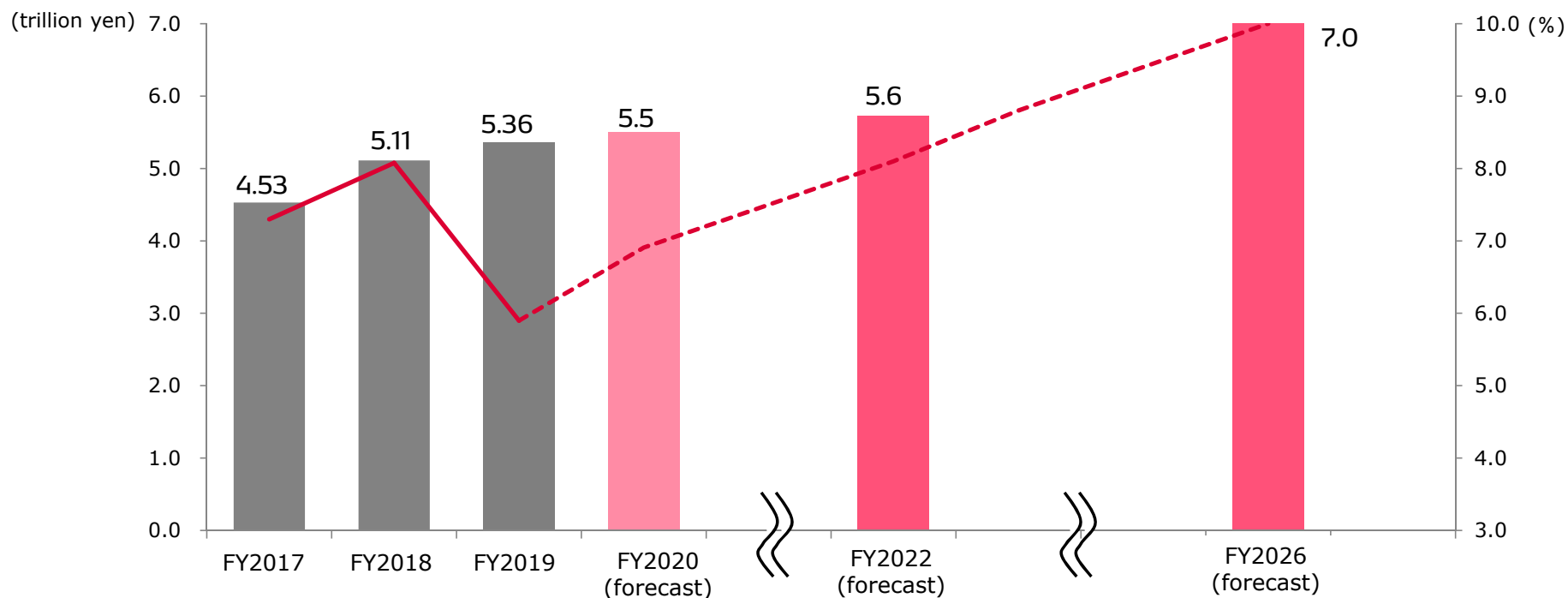
Efforts Aimed at Sustained Growth

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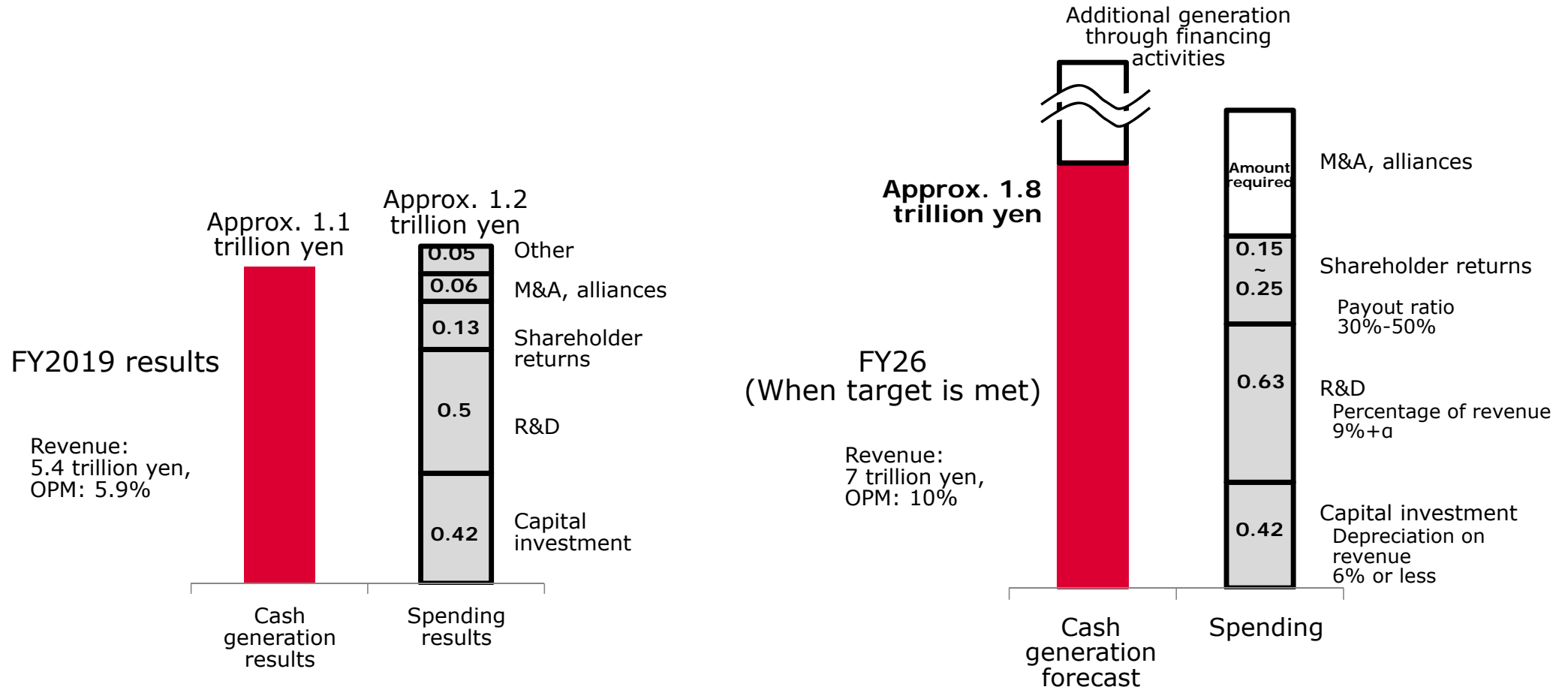
1. Medium- to Long-term Growth Targets

Aiming for: FY2026 Revenue of 7 trillion yen, operating margin of 10%
 FY2022 Revenue of 5.6 trillion yen, operating margin of 8% or more



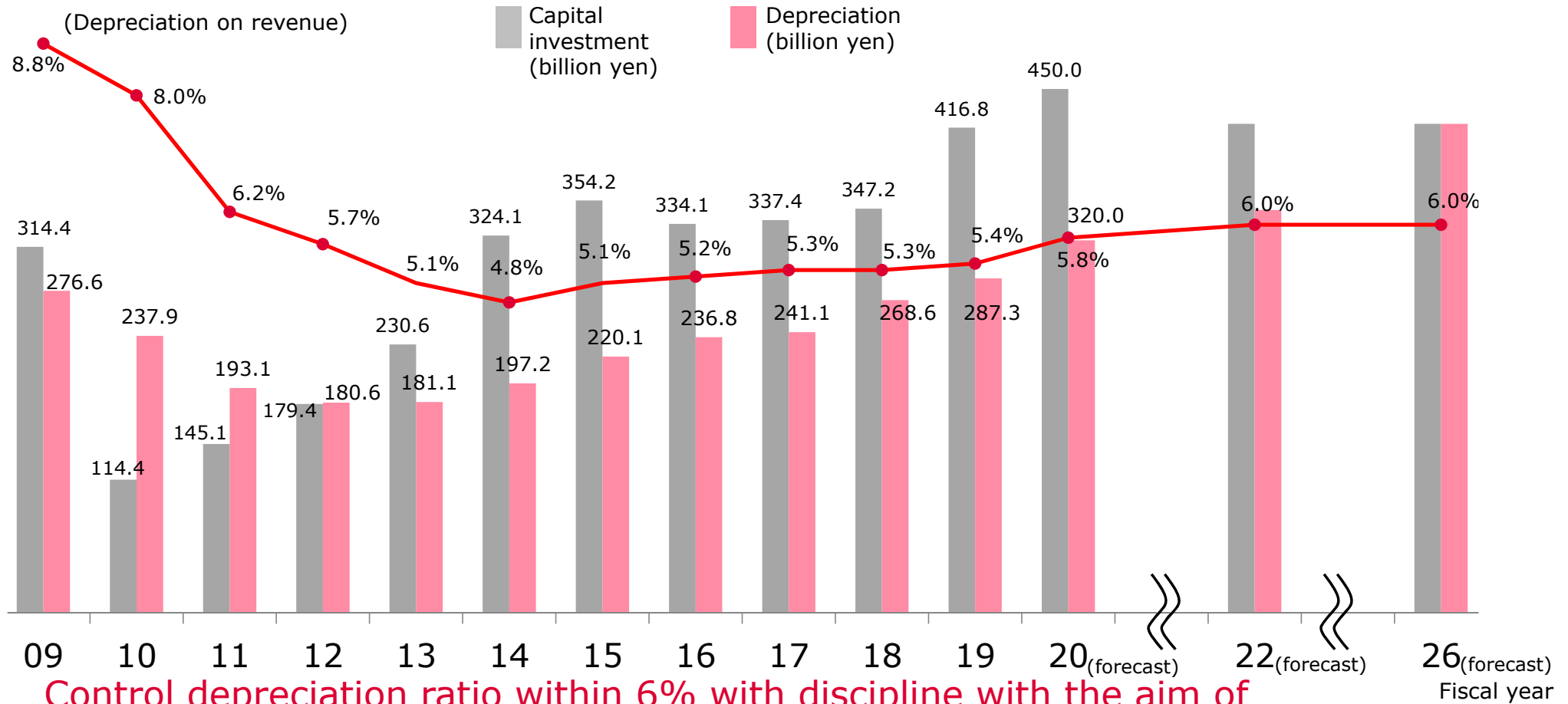
Margin	7.3%	8.1%	5.9%	6.9%		8.0% or more		10.0%
USD	108	111	111	110		100		100
EUR	119	130	128	125		120		120

2. Generation and Uses of Cash



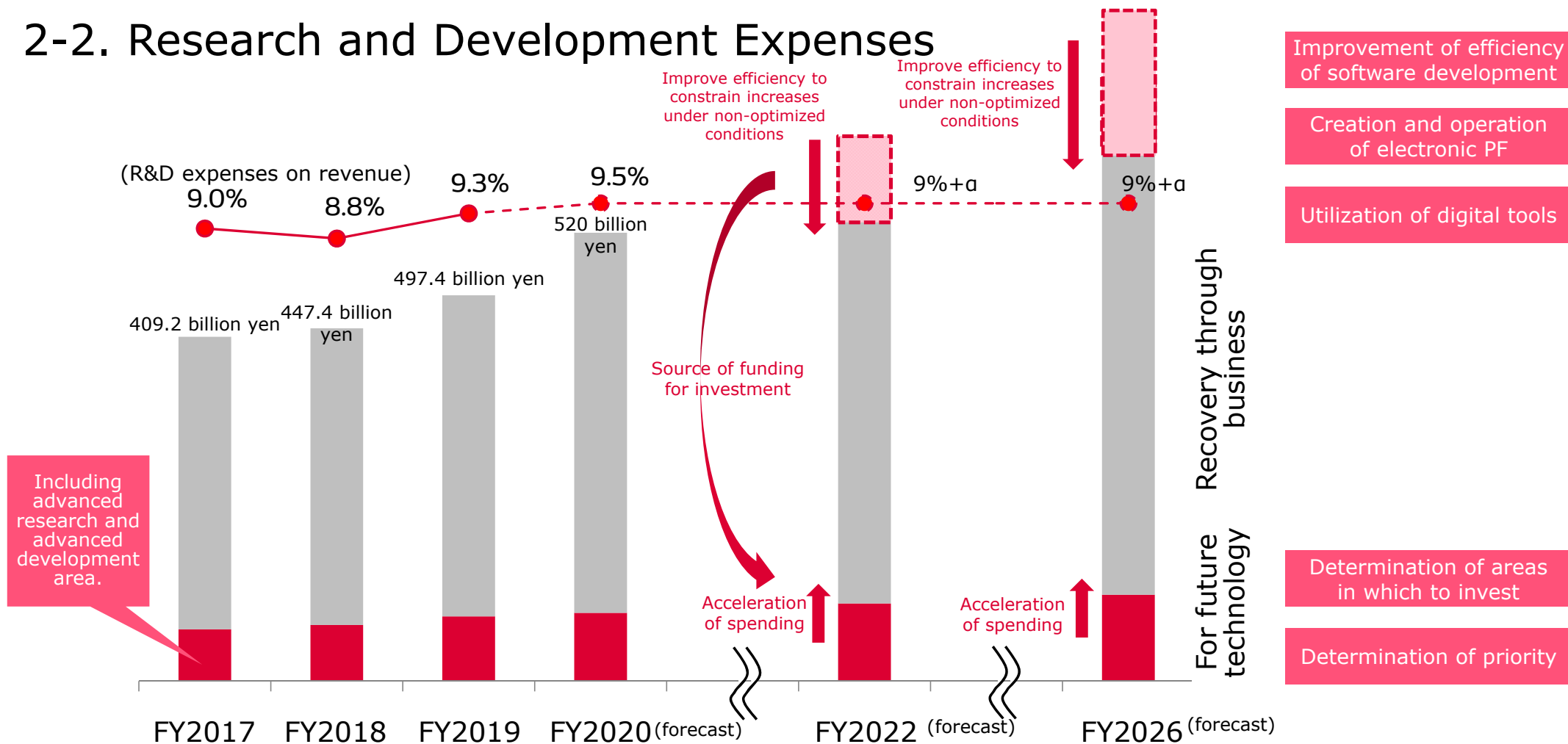
Implement active investment in growth and ongoing shareholder returns while improving capital efficiency and utilizing loans

2-1. Capital Investment and Depreciation



Control depreciation ratio within 6% with discipline with the aim of becoming more robust

2-2. Research and Development Expenses



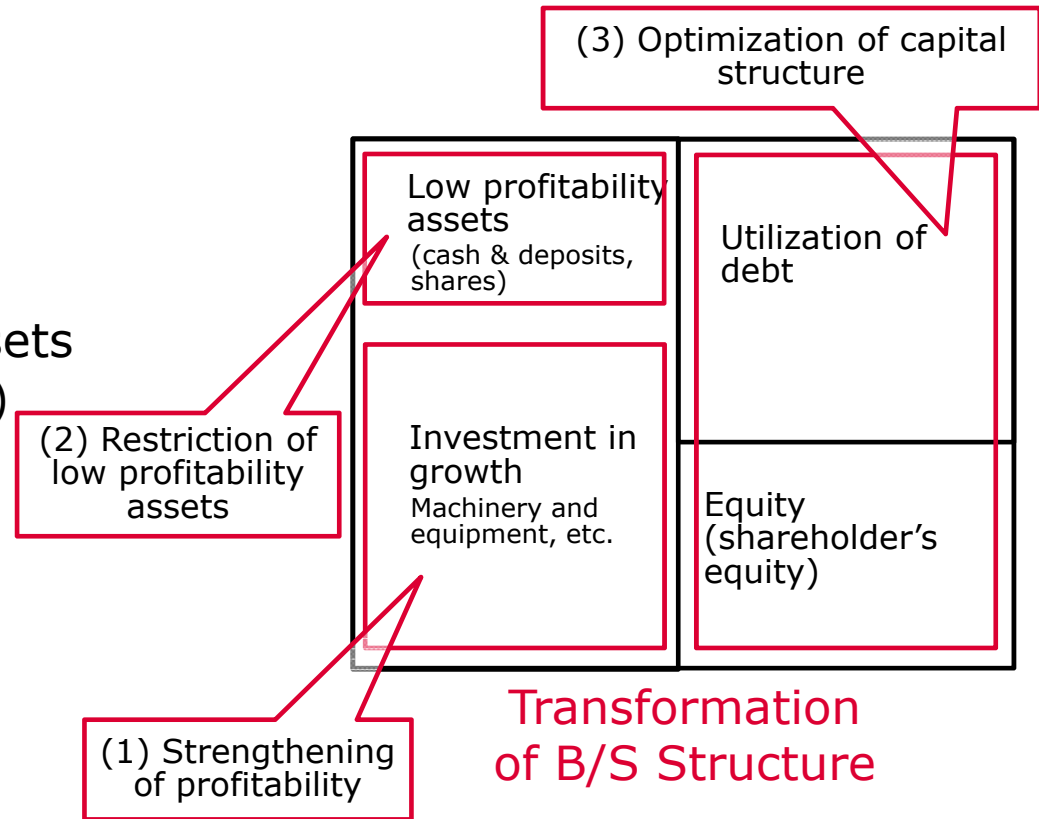
R&D expenses are likely to increase under non-optimized conditions. They will be controlled at the level of 9% of revenue by improving efficiency and exercising discipline in spending.

3. Three Pillars Increasing Management Efficiency

(1) Strengthening of profitability

(2) Restriction of low profitability assets
(Improvement of asset efficiency)

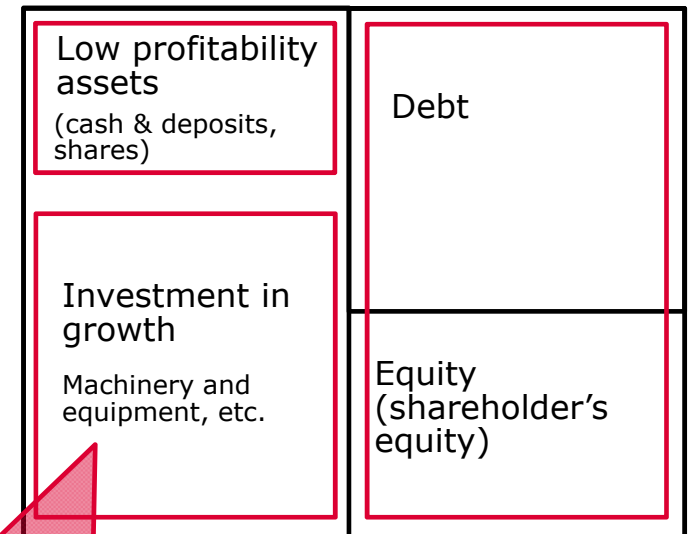
(3) Optimization of capital structure
(Reduction of capital cost)



3-1. Strengthening of Profitability

Means of realization

- Investment in growth areas
(Machinery & equipment, M&A, alliances)
- Stricter investment evaluation indicators for
machinery & equipment, M&A
- Clarification of “discontinuation” based on
quantitative decisions

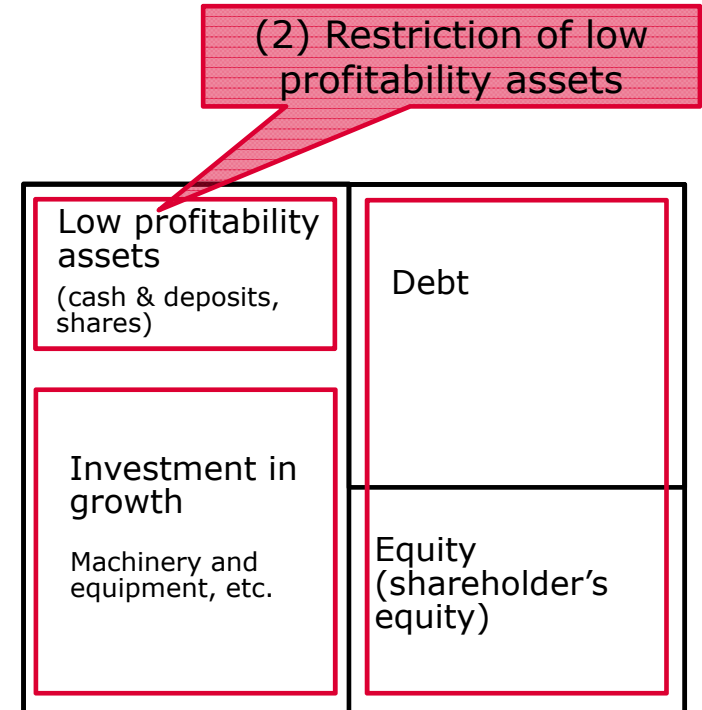


(1) Strengthening of
profitability

3-2. Restriction of Low Profitability Assets (Improvement of Asset Efficiency)

Means of realization

- Minimization of cash on hand
(In relation to monthly turnover: 2.0 months \Rightarrow 1.2 months)
 - \Rightarrow Reduce funds held for emergencies and respond using short-term loans when necessary
 - \Rightarrow Provide funding between regions by utilizing GCMS* between group companies
- * Global Cash Management System
- Promotion of the reduction of strategically held shares



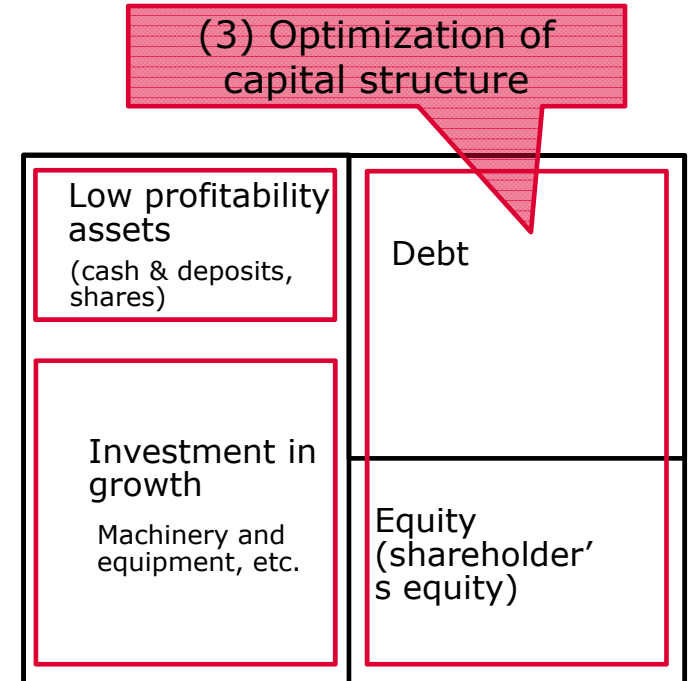
3-3. Optimization of Capital Structure (Reduction of Capital Cost)

Means of realization

- Long-term stable shareholder returns and active utilization of loans

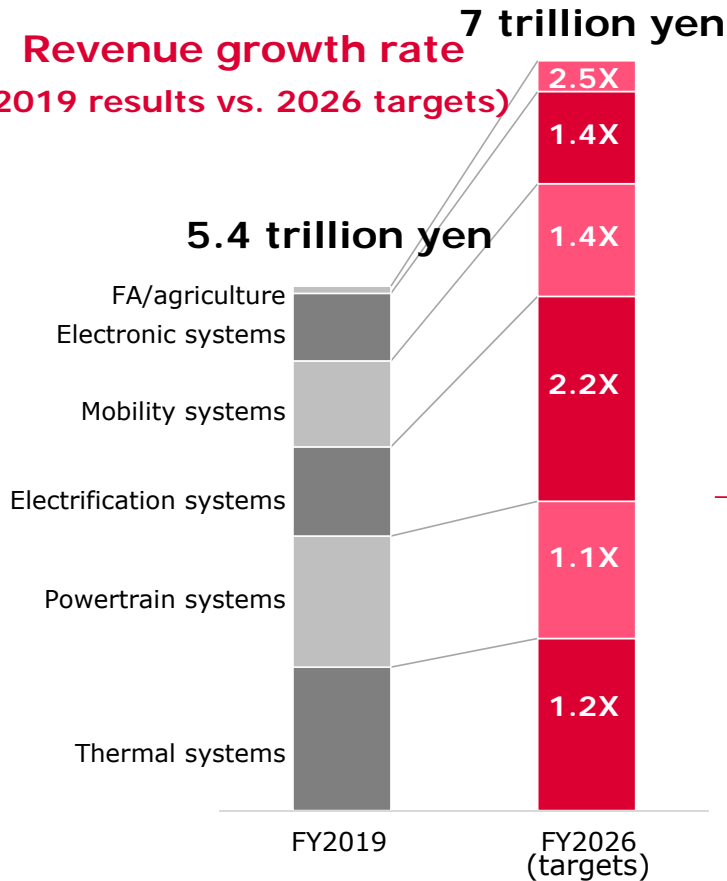
⇒ Funding of large amounts at low interest rates

- Utilize high ratings for gaining funding at low cost
- Prompt funding when required, diversification of funding methods



Revision to balance efficiency and stability

4. Outlook of Business Growth



Growth businesses

- Priority investment in focus areas (electricification/self-driving/connected/FA and agriculture)
- Expansion of revenue and profit through the spread of environmental and safety products
- Create a wide range of partners and lead electrification and self-driving through vehicle integration PF spanning product areas
- Speed up development and realize a highly profitable structure through co-creation with partners and transformation of own processes

Existing businesses

- Framework of DN business for stable revenue
- Further growth through increase of new added value (heat management, etc.)
- Efficiently use resources by determining products and businesses to "discontinue"

Realization of stable revenue in existing businesses and sustained growth through the expansion of growth businesses

5. Toward Sustained Growth

Priority Issues for DENSO

<p>Environment</p> <ul style="list-style-type: none"> -Prevention of global warming -Prevention of air pollution and reduction of environmentally harmful substances -Effective utilization of resources 	<p>Peace of mind</p> <ul style="list-style-type: none"> -Reduction of traffic accidents -Free and comfortable movement -Safe and reliable products -Addressing the low birthrate and aging of society
<p>Inspiring (corporate foundation)</p> <ul style="list-style-type: none"> -Compliance -Strengthening of information security -Promotion of accomplishments of human resources -Health/occupational safety and health 	<ul style="list-style-type: none"> -Work style reforms -Protection of human rights -Sustainable procurement -Social contribution



Goals to which DENSO will contribute through its overall business operations

Goals to which DENSO will contribute through its products and services



Achieve profitable growth and survive the harsh business environment while resolving social issues

DENSO

Crafting the Core