

Results of the Long-term Plan for 2025 and Mid-term Policy for 2021

In 2017, we formulated the Long-term Plan for 2025 (with fiscal 2026 as the year of achieving these goals) as a pathway to reaching our Long-term Policy for 2030. Additionally, we have established the Mid-term Policy for 2021 (with fiscal 2022 as the year for achieving these goals) as a three-year action plan for steadily advancing the Long-term Plan for 2025. By undertaking these initiatives, we aim to contribute to a sustainable society and enhance corporate value. The results of these initiatives are as follows.

Relationship between Mid-term Policy for 2021 and Reborn21

Since fiscal 2019, we have been steadily implementing an action plan based on the Mid-term Policy for 2021, but factors such as the COVID-19 pandemic in fiscal 2020 and quality-related issues on an unprecedented scale have shaken the foundation of DENSO. Accordingly, the Mid-term Policy for 2021 has been replaced by a new set of targets framed as Reborn21, a reform plan aimed to transform the Company into a "high-quality DENSO," which reflects the progress made and the latest business environment.

Growth of the Four Focus Fields

By pursuing value from the perspective of the vehicle, we will accelerate the commercialization of new mobility fields, thereby driving growth.

<p>Electrification</p>	<ul style="list-style-type: none"> Cumulative Electrification Group's R&D investments from fiscal 2019 to fiscal 2022: Approximately ¥200.0 billion Establishment of BluE Nexus Corporation, a joint venture company for the sale and development of the drive module to popularize electrification Creation of the ELEXCORE brand, an electrification product line Development and market launch of the world's highest level of heat management systems 	<p>Number of inverters produced</p> <p>Fiscal 2019 (excluding the Hirose Plant)</p> <p>Approximately 0.8 million inverters</p> <p>+290%</p> <p>Fiscal 2022</p> <p>Approximately 3.1 million inverters</p>
<p>Advanced Safety and Automated Driving</p>	<ul style="list-style-type: none"> Cumulative AD & ADAS Business Unit's R&D investments from fiscal 2019 to fiscal 2022: Approximately ¥245.0 billion Establishment of joint venture J-QuAD DYNAMICS Inc. for development of integrated control systems Expansion of retrofitted products for already-sold vehicles, such as acceleration control devices for when drivers accidentally step on the gas pedal Development and market launch of Global Safety Package 3 (GSP3), an active safety system product 	<p>Number of millimeter-wave radar sensors produced</p> <p>Fiscal 2019</p> <p>Approximately 4.1 million sensors</p> <p>+100%</p> <p>Fiscal 2022</p> <p>Approximately 8.3 million sensors</p> <p>Number of vision sensors produced</p> <p>Fiscal 2019</p> <p>Approximately 3.3 million sensors</p> <p>+90%</p> <p>Fiscal 2022</p> <p>Approximately 6.2 million sensors</p>
<p>Connected Driving</p>	<ul style="list-style-type: none"> Subsidiary acquisition of DENSO TEN Limited (formerly FUJITSU TEN) to reinforce competitiveness in the connected domain Development and market launch of cloud-based taxi dispatch system Development and market launch of an accident prevention support system that utilizes data from drive recorders Acceleration of technology development through investment in Uber ATG and other ventures Development of digital key systems for mobility service providers and commercialization in North America 	
<p>Non-Automotive Businesses (FA and AgTech)</p>	<ul style="list-style-type: none"> Declaration of ¥300.0 billion in sales by 2030 Development and market launch of D Series process rationalization solution Development and market launch of D-mobico compact mobile refrigerator in collaboration with Yamato Transport Co., Ltd. Development of traceability system that utilizes QR codes and blockchain technology 	

Reinforcement of Profitability for Existing Businesses

Creation of a Perfect Earnings Base to Support Future Growth

- Reinforcement of our ability to respond to changes in demand: Enhance productivity through introduction of F-IoT, reorganize global production and supply system, etc.
- Reduction of fixed costs: Reorganize and aggregate shared service companies, make R&D in the software domain more efficient, etc.

Technology Development for Achieving Overwhelming Competitiveness

Aggregate technology development for ECUs, semiconductors, sensors, and motors for achieving overwhelming competitiveness of components and systems (Please see the next page for details.)

Five Pillars of Management Reform

To achieve the Long-term Policy for 2030, DENSO must transition to an organization that acts with unprecedented levels of speed and can invigorate the workplace. To that end, DENSO has adopted the Five Pillars of Management Reform and has been working to realize significant change in its management structure to enhance its organizational capabilities and compete in a challenging business environment.

O: Achieved; △: In progress

Five Pillars of Management Reform	Results and Examples	Evaluation
<p>1. Enhancement of Vehicle Perspective and Streamlining of Technological Development</p> <p>Aim</p> <ul style="list-style-type: none"> Enhancement of vehicle perspective through projects across businesses and functions Aggregation and reinforcement of technology development for ECUs, semiconductors, sensors, and motors 	<ul style="list-style-type: none"> Development of cross-sectional organization that creates value across vehicles (Energy Management Group and Advanced Device Group) Intensification of operations from component sales through to cross-domain development and customer approach Reinforcement of development capabilities as a result of synergy through collaboration with the Toyota Group 	<p>O</p>
<p>2. Advanced R&D Function to Realize Agile Development Globally</p> <p>Aim</p> <ul style="list-style-type: none"> Administration of laboratories around the world by headquarters Promotion of agile development and industry-academia-government network 	<ul style="list-style-type: none"> Promotion of alliances and establishment of laboratories around the world Participation in rulemaking through technical liaison activities, mainly in Europe and the Americas Launch of GIC* to discuss technology topics, led by the headquarters in each region, promoting global hypotheses, strategy creation, and pursuit of advanced technologies <p>* GIC: Global Intelligence Consolidation</p>	<p>O</p>
<p>3. Business Unit Evolution and Smaller but Stronger Headquarters</p> <p>Aim</p> <ul style="list-style-type: none"> Realization of value creation and provision of professional services through minimization of management operations in functional departments Decision to stop and exponentially increase management speed in operating departments 	<ul style="list-style-type: none"> Promotion of de-emphasis and discontinuation* activities through formulation of a business portfolio that utilizes DENSO's unique style of ROIC Transfer of responsibility and authority to operating departments through increase in transaction amount-based authority delegation standards and simplification of performance follow-up procedures Review of human resource allocation through methods including increase in efficiency through enhancement of expertise in functional departments and DX to implement a shift of power to operating departments <p>* De-emphasis and discontinuation: Closing and reduction of specific businesses and products (including transfer of businesses) based on business portfolio strategies</p>	<p>O</p>
<p>4. Global Management with Optimal Use of Group and Regional Power</p> <p>Aim</p> <ul style="list-style-type: none"> Autonomous rotation of the PDCA cycle with a timely understanding of conditions in each region Leading of headquarters in each region for the role of sensors 	<ul style="list-style-type: none"> Establishment of an information sharing and strategy creation system that utilizes the strengths of the region through the roles of research and suggestion, not only through PDCA within the region Determination of local business managers to lead the operations in each region, leading of strategy formulation and implementation together with regional CEOs Review of resource relocation and consolidation of functions led by local regions Active participation by overseas human resources through promotion of diversity and inclusion 	<p>O</p>
<p>5. Ways of Working with Tremendous Speed and Efficiency</p> <p>Aim</p> <ul style="list-style-type: none"> Creation of world-ranked IT infrastructure Engagement in drawing out individual capabilities and creating new value through DX 	<ul style="list-style-type: none"> Creation of human resource portfolio strategies that realize business portfolio reforms Steady promotion of DX at all offices Complete introduction of DX at all plants, to 500 lines at DENSO CORPORATION plants and expansion to Group companies in Japan and overseas from fiscal 2023 	<p>△</p>

Results of Strategies and Initiatives Going Forward

Initiatives for reform have been progressing smoothly. Based on internal reviews, we have reflected the following key initiatives in the Mid-term Policy for 2025.

<p>Initiatives Going Forward</p>	<ul style="list-style-type: none"> Reassessment of DENSO vision and strategies through conceptualization of world views in 2035 and backcasting Clarification of areas to be addressed as new businesses in the expanding business domain Realization and acceleration of implementing human resource portfolio that achieves business portfolio reform Creation of a workplace that enables full demonstration of individual capabilities for 170,000 employees, with a focus on the shift to DX at all plants
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