

DENSO

Crafting the Core

**FY2022 1st Quarter
Financial Results
(2021/4-2021/6)**

July 30 , 2021

DENSO CORPORATION



Overview of FY2022 1st Quarter Financial Results

1. Revenue increased due to recovery of vehicle sales from the previous year. Operating profit increased due to higher production volume and profit improvements created by corporate reform from the previous year.

2. Although it is difficult to project how the business environment might change, DENSO have achieved a favorable result in our first quarter and raised our full-year forecast . Revenue is 5,540.0 billion yen (up 80.0 billion yen from previous forecast). Operating profit is 440.0 billion yen (up 27.0 billion yen from the previous forecast).

3. DENSO decided repurchase of treasury stock to achieve shareholder return.

FY2022 1st Quarter Financial Results (2021/4-2021/6)

	(Ratio to Revenue)		(Unit: Billions of Yen)	
	2020/4-2020/6	2021/4-2021/6	Change	
Revenue	765.1	1,356.9	+591.8	+77.3%
Operating Profit	(-) -106.6 (7.9%)	107.2	+213.8	-
Profit before Income Taxes	(-) -92.2 (9.7%)	131.6	+223.8	-
Profit (*)	(-) -90.1 (6.6%)	89.3	+179.4	-

* Profit attributable to owners of the parent company

(Unit: Millions of Units)

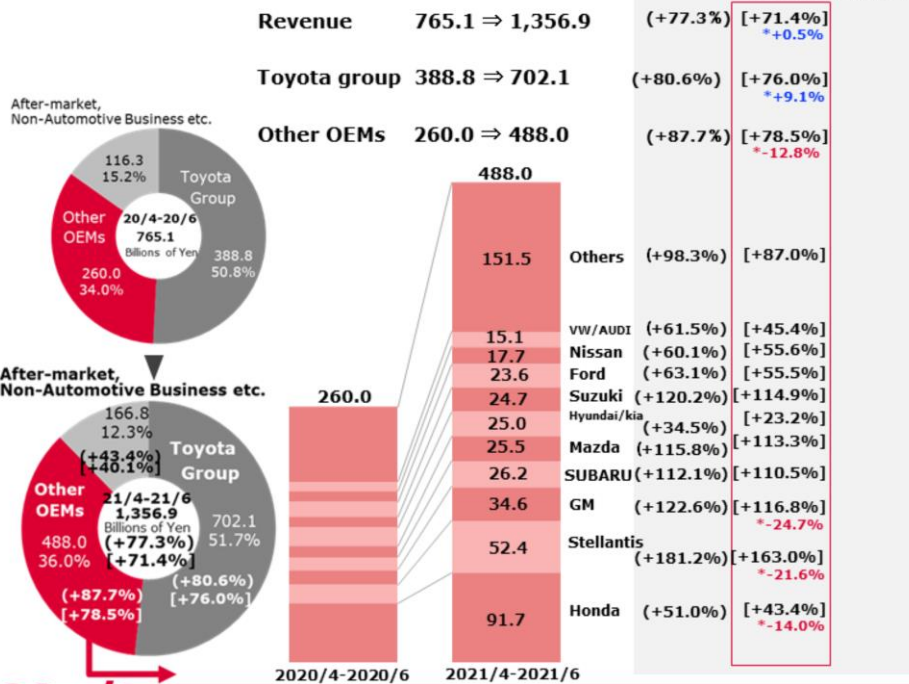
Precondition	Foreign Exchange Rate		Foreign Exchange Rate		Change	
	JPY	107.6/USD	JPY	109.5/USD	+1.9 JPY	-
	JPY	118.5/EUR	JPY	132.0/EUR	+13.5 JPY	-
	JPY	15.2/CNY	JPY	17.0/CNY	+1.8 JPY	-
	Domestic Vehicle Production	1.30	1.89	+0.59	+45.9%	
	Overseas Vehicle Production of Japanese Manufacturers (North America)	1.90 (0.49)	4.42 (1.28)	+2.52 (+0.79)	+132.4% (+163.9%)	

[Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 1,356.9 billion yen, increased by 591.8 billion yen (+77.3%) from the previous year.
2. Consolidated operating profit totaled 107.2 billion yen, increased by 213.8 billion yen from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 89.3 billion yen, increased by 179.4 billion yen from the previous year.

FY2022 1st Quarter Consolidated Revenue (By Customer)

(Unit: Billions of Yen)
 (): Change from previous year
 []: Change from previous year excludes FX difference
 *: vs 19/1Q INCR/DECR excludes FX diff



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[Revenue by Customer (Quantity Base)]

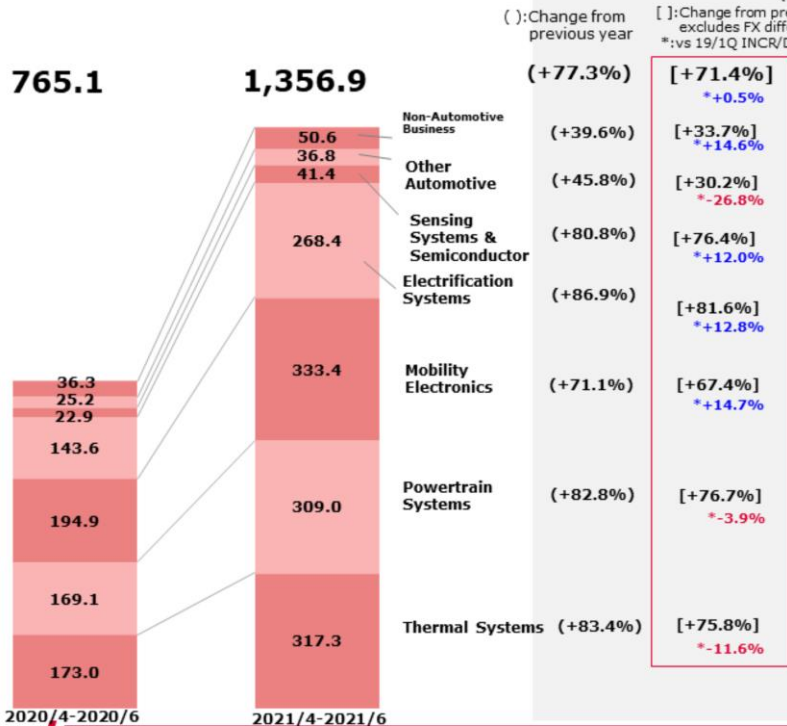
The revenue increased from the previous year, almost recovering to that of 1Q in FY2020 before the COVID-19 for all customers .

For Toyota Group: Revenue increased 76.0% from the previous year , increased 9.1% from the FY2020 1Q ,due to the recovery of vehicle sales after the initial impact of the COVID-19, relatively limited impact of the semiconductor shortage, and increased installation of safety products.

For other OEMs: Revenue increased 78.5% from the previous year ,but decreased 12.8% from the FY2020 1Q , due to the semiconductor shortage .

FY2022 1st Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)



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[Revenue by Product (Quantity Base)]

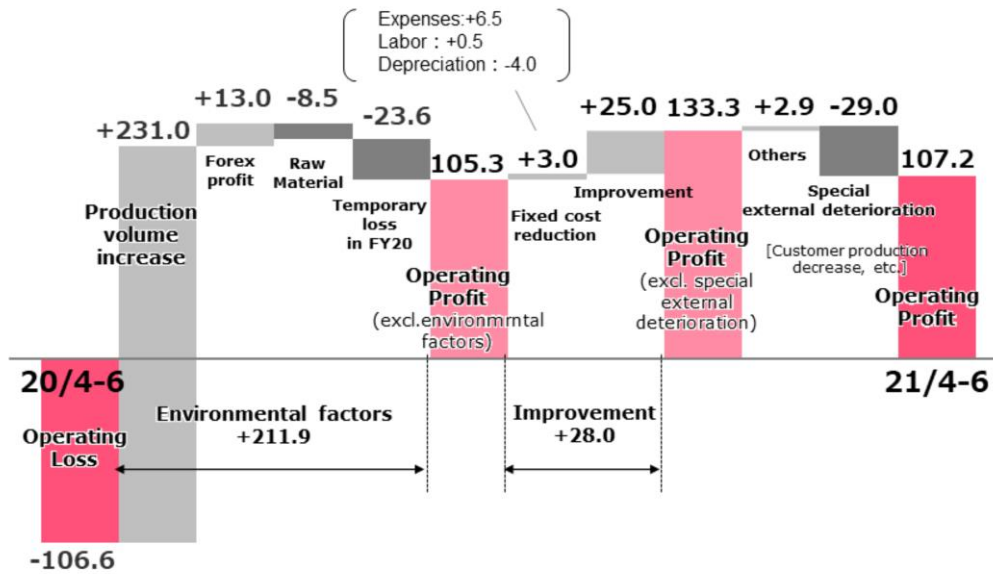
Revenue increased from the previous year in all business groups.

About Mobility Electronics increased revenue of ADAS products. Electrification Systems increased revenue of Inverters in Japan and North America.

Our focus fields such as Mobility Electronics, Electrification Systems, Sensing systems & Semiconductor revenue increased from FY2020.

Change in FY2022 1st Quarter Operating Profit

(Unit: Billions of Yen)



[Factors that Contributed to Increases or Decreases in Operating Profit]

Positive factors

- Production volume increase +231.0 billion yen.
- Improvement +25.0 billion yen.

Negative factors

- Special external factors such as customer production decrease due to semiconductor shortage -29.0 billion yen.

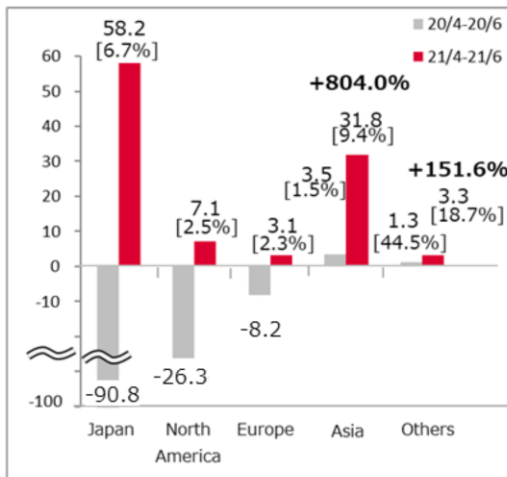
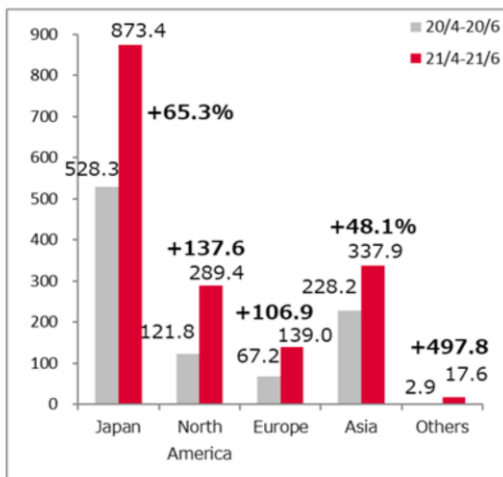
The operating profit rose significantly and hit a record high for 1Q (the April-June period) because of the higher production volume thanks to the recovery of vehicle sales and our efforts, including reductions in fixed costs and improvements in productivity, through corporate reforms.

Geographical Segments by Company Location

Local currency basis excludes FX difference
 (107.6JPY/1USD, 118.5JPY/1EUR, 15.2JPY/1CNY)

Operating Profit (Unit: Billions of Yen)
 [] : Ratio to Revenue

Revenue



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[Revenue and Operating Profit by Each Region*]

*Excluding the effect of foreign exchange

All regions

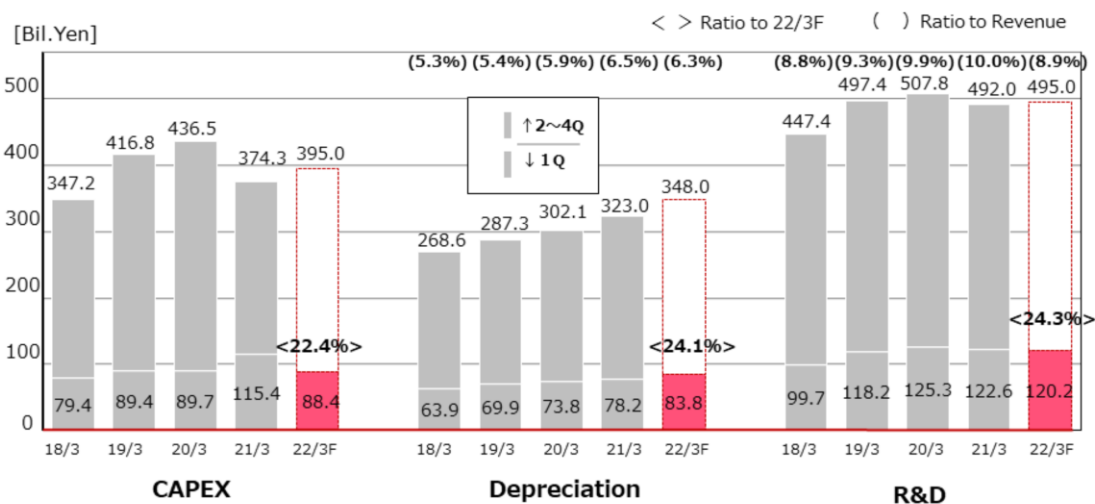
The revenue increased due to the recovery of vehicle sales.

Asia

China has been doing well since last year, so it has increased slightly, but other regions recovered rapidly.

We will expect to improve profitability in the future.

Trend of Capital Expenditures, Depreciation and R&D Expenditures



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[Capital Expenditures, Depreciation and R&D Expenditures]

Capital Expenditure

Actual capital investment 88.4 billion yen.
In fiscal year we expect of 395.0 billion yen.

In the FY2022, we will continue to focus on the electrification and ADAS fields, investigate each investment and make discipline investments.

R&D expenditure

Actual R&D expenses were 120.2 billion yen.
In fiscal year we expect of 495.0 billion yen.

Investment will be increased in the focus fields of electrification and ADAS, while R&D expenditure will shift to the CASE field. Further efforts will be made to increase efficiency by using IT infrastructure, DX (digital transformation), and software development tools.

FY2022 Financial Forecast

(Ratio to Revenue)

(Unit: Billions of Yen)

	Forecast as of Mar. 2021	2022/3 Revised	Change from previous forecast		2021/3 Actual	Change from Mar. 2021	
Revenue	5,460.0	5,540.0	+80.0	+1.5%	4,936.7	+603.3	+12.2%
Operating Profit	(7.6%) 413.0	(7.9%) 440.0	+27.0	+6.5%	(3.1%) 155.1	+284.9	+183.7%
Profit before Income Taxes	(8.3%) 451.0	(8.7%) 481.0	+30.0	+6.7%	(3.9%) 193.8	+287.2	+148.3%
Profit (*1)	(5.8%) 317.0	(6.1%) 336.0	+19.0	+6.0%	(2.5%) 125.1	+210.9	+168.7%

*1 Profit attributable to owners of the parent company

[Unit: Millions of Units]

Precondition	Foreign Exchange Rate		JPY 105.0/USD		JPY 106.1/USD		JPY 106.1/USD	
		JPY	125.0/EUR	JPY	126.7/EUR	+1.7 JPY	-	JPY 123.7/EUR
		JPY	16.1/CNY	JPY	16.3/CNY	+0.2 JPY	-	JPY 15.7/CNY
	Domestic Vehicle Production (*2)		9.09		8.82	-	-	7.88
Overseas Vehicle Production of Japanese Manufacturers (*2) (North America) (*2)		19.07		19.60	-	-	15.85	
		(5.46)		(5.45)	-	-	(4.50)	

*2 Risk of external environment deterioration is not reflected to Forecast as of Mar. 2021 and 2022/2 Revised.



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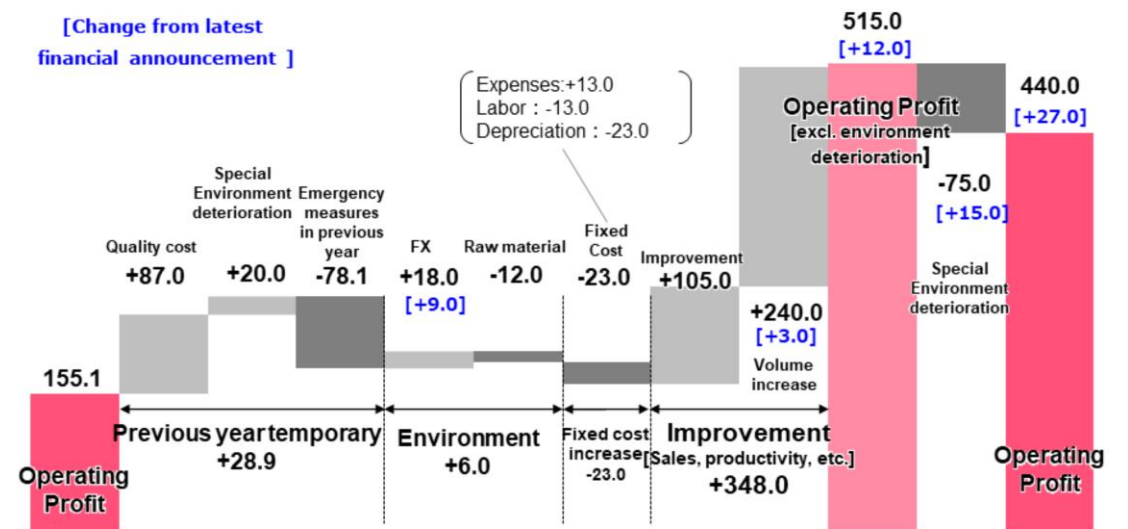
[Full year Financial Forecast]

- We expect revenue of 5,540.0 billion yen.
- We expect operating profit to be 440.0 billion yen.
- We used 106.1 yen to the U.S. dollar and 126.7 yen to the euro.

The full-year forecast has been revised upward, reflecting the good business performance in 1Q, though the business environment is uncertain.

Change in FY2022 Operating Profit

(Unit: Billions of Yen)



20/4-21/3

21/4-22/3F

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<full-year operating income>

- Forex Profit +9.0 billion yen
- Volume increase in 1Q +3.0 billion yen
- Special Environment deterioration +15.0 billion yen
→ Vehicle production declined due to a shortage of semiconductors in 1Q, which was lower than expected.

About operating profit, we raised + 27.0 billion yen from previous forecast.

Return to Shareholders

■ Policy of shareholders return

Execute and strengthen the shareholder return policy that consider the cost of capital to control the increase of shareholder's equity ratio.



A resolution was adopted at the board of directors meeting held today, July 30th to acquire own shares.

- Purpose of the stock purchase:
To increase returns to shareholders and improve capital efficiency.
- Total number of shares to be purchased: Up to 100 billion yen or 12 million shares .

[Return to Shareholders]

We decided repurchase of treasury stock to achieve shareholder return.

We will continue to enhance corporate value and further profit return to our shareholders.

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Appendix

- Pre-Conditions (Foreign Exchange Rate/Car Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Geographical Segments by Company Location
- Capital Expenditures, Depreciation and R&D Expenditures
- Return to Shareholders

Pre-Conditions (Foreign Exchange Rate/Car Production)

		FY2022 Full Year						
		1Q						
		Prior Year	Actual	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	107.6	109.5	+ 1.9	106.1	105.0	106.1	-
	EUR	118.5	132.0	+ 13.5	123.7	125.0	126.7	+ 3.0
	CNY	15.2	17.0	+ 1.8	15.7	16.1	16.3	+ 0.6
Forex Impact on Operating Income per Yen (Billions of Yen)	USD				2.1	2.8	3.0	+ 0.9
	EUR				0.8	0.9	1.0	+ 0.2
	CNY				15.4	15.8	19.2	+ 3.8
Car Production of Japanese Manufacturers (Millions of Units)	Domestic	1.30	1.89	+ 45.9%	7.88	* 9.09	* 8.82	+ 11.9%
	North America	0.49	1.28	+ 163.9%	4.50	* 5.46	* 5.45	+ 21.0%
	Overseas	1.90	4.42	+ 132.4%	15.85	* 19.07	* 19.60	+ 23.7%

* Risk of external environment deterioration is not reflected to Forecast.

Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	20/4-20/6		21/4-21/6		Change		Change excludes FX difference, etc.
	Amount	% to Total	Amount	% to Total	Amount	%	%
Toyota	361.0	47.2	655.8	48.3	+294.7	+81.6	+76.9
Daihatsu	17.2	2.2	32.3	2.4	+15.1	+87.7	+84.8
Hino	10.5	1.4	14.0	1.0	+3.5	+33.2	+32.3
Toyota Group	388.8	50.8	702.1	51.7	+313.2	+80.6	+76.0
Honda	60.7	8.0	91.7	6.9	+31.0	+51.0	+43.4
Stellantis (FCA)	18.6	2.4	52.4	3.9	+33.8	+181.2	+163.0
(PSA)	14.9	1.9	42.1	3.1	+27.2	+183.2	+167.7
GM	3.8	0.5	10.3	0.8	+6.6	+173.7	+144.6
SUBARU	15.5	2.0	34.6	2.5	+19.1	+122.6	+116.8
Mazuda	12.3	1.6	26.2	1.9	+13.9	+112.1	+110.5
Hyundai/Kia	11.8	1.5	25.5	1.9	+13.7	+115.8	+113.3
Suzuki	18.6	2.4	25.0	1.8	+6.4	+34.5	+23.2
Ford	11.2	1.5	24.7	1.8	+13.5	+120.2	+114.9
Isuzu	14.5	1.9	23.6	1.7	+9.1	+63.1	+55.5
Nissan	7.4	1.0	18.3	1.4	+10.9	+148.8	+144.8
VW·AUDI	11.1	1.4	17.7	1.3	+6.6	+60.1	+55.6
BMW	9.3	1.2	15.1	1.1	+5.8	+61.5	+45.4
Mitsubishi	7.1	0.9	12.8	0.9	+5.7	+79.9	+63.0
Volvo	2.9	0.4	11.1	0.8	+8.2	+286.7	+276.2
Daimler	5.9	0.8	7.9	0.6	+2.0	+32.3	+18.8
OE Sales for others	2.9	0.4	6.0	0.4	+3.1	+111.2	+90.2
OEM Total	648.8	84.8	1,190.1	87.7	+541.3	+83.4	+77.0
Non-Automotive Business(*)	116.3	15.2	166.8	12.3	+50.5	+43.4	+40.1
Total	765.1	100.0	1,356.9	100.0	+591.8	+77.3	+71.4

* Sales of industrial systems and consumer products, Sales for After Market, and Sales of property/equipment are included.

Consolidated Revenue (By Product)

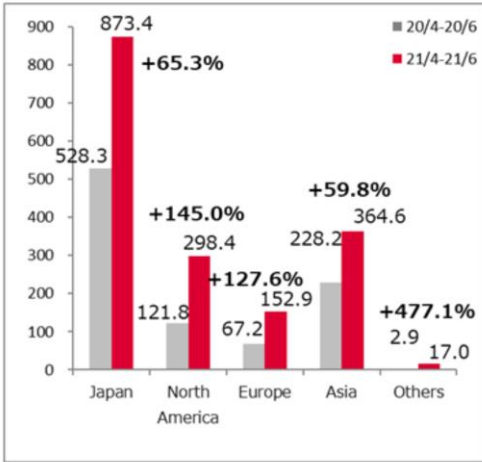
(Unit: Billions of Yen)

	21/4-21/6		21/4-21/6		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Mobility Electronics	194.9	25.5	333.4	24.6	138.5	71.1	67.4
Thermal Systems	173.0	22.6	317.3	23.4	144.3	83.4	75.8
Powertrain Systems	169.1	22.1	309.0	22.8	139.9	82.8	76.7
Electrification Systems	143.6	18.8	268.4	19.8	124.8	86.9	81.6
Sensing Systems & Semiconductor	22.9	3.0	41.4	3.1	18.5	80.8	76.4
Others(*)	25.2	3.3	36.8	2.6	11.6	45.8	30.2
Automotive Total	728.8	95.3	1,306.3	96.3	577.5	79.2	73.3
Non-Automotive Business Total	36.3	4.7	50.6	3.7	14.4	39.6	33.7
Total	765.1	100.0	1,356.9	100.0	591.8	77.3	71.4

* Revenue of equipment Repair parts, original brand products of subsidiaries

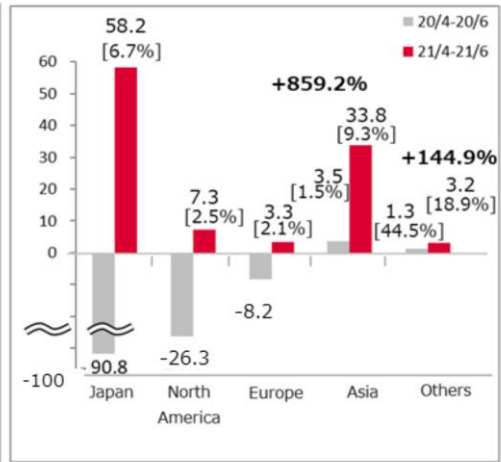
1st Quarter Geographical Segments by Company Location (Local Currency Base)

Revenue



Operating Profit

(Unit: Billions of Yen)
[] : Ratio to Revenue



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	20/6	21/3	21/6	22/3F	Change (%)	Progress to 22/3 Forecast
Japan	86.9	257.6	59.3	250.0	-31.8%	23.7%
North America	9.3	34.3	10.6	40.0	14.0%	26.5%
Europe	3.7	16.8	4.7	20.0	27.0%	23.5%
Asia	15.1	63.5	13.2	82.0	-12.6%	16.1%
Others	0.4	2.1	0.6	3.0	50.0%	20.0%
Capital Expenditure	115.4	374.3	88.4	395.0	-23.4%	22.4%
Japan	49.5	205.7	52.5	217.0	6.1%	24.2%
North America	9.9	39.5	10.3	43.0	4.0%	24.0%
Europe	5.9	24.5	6.8	26.0	15.3%	26.2%
Asia	12.5	51.9	13.8	60.0	10.4%	23.0%
Others	0.4	1.4	0.4	2.0	0.0%	20.0%
Depreciation	78.2	323.0	83.8	348.0	7.2%	24.1%
R&D Expenditure	122.6	492.0	120.2	495.0	-2.0%	24.3%
(Ratio to Revenue)	(16.0%)	(10.0%)	(8.9%)	(8.9%)		

Return to Shareholders

Annual dividends per share and DOE

