FY2024 1st Quarter Financial Results (2023/4-2023/6)

July 28th, 2023
DENSO CORPORATION
### Overview of FY2024 1st Quarter Financial Results

1. Revenue in the first quarter increased compared to the previous year due to the easing of the semiconductor shortage, vehicle production increase, foreign exchange gains and expansion of products for electrification, safety and peace of mind areas. Operating profit in the first quarter increased compared to the previous year due to production volume, foreign exchange gains and improvement, though the continuing rise in the cost of materials, especially electronic components.

2. In this fiscal year, we forecast 6,700.0 billion yen in revenue and 600.0 billion yen in operating profit. Revenue and operating profit will be based on strong sales actuals in the first quarter and forecast of foreign exchange gains and sales expansions in the second quarter.

3. The shares of common stock owned by shareholders will be split into 4 shares per share(*). The annual dividend for the concluded fiscal year will be 200 yen as pre-stock split conversion. We will increase the dividend by a 5 yen in the second quarter and at the end of the fiscal year from the previous forecast.

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*Record date: September 30th, 2023*
[Overview of the Consolidated Financial Results]

Revenue
Consolidated revenue totaled 1,712.9 billion yen, increased by 297.9 billion yen (+21.0%) from the previous year.

Operating Profit
Consolidated operating profit totaled 94.4 billion yen, increased by 30.7 billion yen (+48.3%) from the previous year.

Profit
Consolidated profit attributable to owners of the parent company totaled 85.5 billion yen, increased by 33.6 billion yen (+64.7%) from the previous year.
FY2024 1st Quarter Consolidated Revenue (By Customer)

<table>
<thead>
<tr>
<th>Revenue</th>
<th>1,415.0</th>
<th>⇒</th>
<th>1,712.9</th>
<th>(+21.0%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota group</td>
<td>709.1</td>
<td>⇒</td>
<td>889.8</td>
<td>(+25.5%)</td>
</tr>
<tr>
<td>Other OEMs</td>
<td>532.7</td>
<td>⇒</td>
<td>649.7</td>
<td>(+21.9%)</td>
</tr>
</tbody>
</table>

Others
- Isuzu (+6.1%)
- Nissan (+35.3%)
- Mazda (+24.8%)
- Hyundai/Kia (+34.2%)
- Suzuki (+13.3%)
- GM (+12.3%)
- Ford (+29.5%)
- SUBARU (+67.3%)
- Stellantis (+12.1%)
- Honda (+31.2%)

Revenue by Customer (Quantity Base)

Revenue by customer increased 18.2% from the previous year as a result of the easing of semiconductor shortages and the vehicle production increase. Especially, the recovery of vehicle production in Japan has been strong, and Japanese customers such as Toyota Group lead the recovery.
FY2024 1st Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)

<table>
<thead>
<tr>
<th>Product</th>
<th>2022/4-2022/6</th>
<th>2023/4-2023/6</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>1,415.0</td>
<td>1,712.9</td>
<td>+21.0%</td>
</tr>
<tr>
<td>Non-Automotive Business</td>
<td>48.5</td>
<td></td>
<td>+18.2%</td>
</tr>
<tr>
<td>Other Automotive</td>
<td>32.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advanced Devices</td>
<td>101.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric Devices</td>
<td>48.5</td>
<td></td>
<td>+31.5%</td>
</tr>
<tr>
<td>Electrification Systems</td>
<td>32.1</td>
<td></td>
<td>+28.3%</td>
</tr>
<tr>
<td>Powertrain Systems</td>
<td>101.3</td>
<td></td>
<td>+19.8%</td>
</tr>
<tr>
<td>Thermal Systems</td>
<td>48.5</td>
<td></td>
<td>+4.9%</td>
</tr>
<tr>
<td>Mobility Electronics</td>
<td>32.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue by product increased from the previous year as a result of the expansion of products for electrification, safe and peace of mind areas.

**Electrification Systems**
Revenue of inverters in Japan and North America and motor generators in Japan increased.

**Mobility Electronics**
Revenue of GSP3 and multimedia systems in Japan increased.
[Factor that Contributed to Increases or Decreases in Operating Profit]

**Positive Factors**
- Improvement & Business agility enhancement  
  +11.5 billion yen
- Production volume & Region mix +69.0 billion yen
- F/X rate +4.5 billion yen

**Negative Factors**
- Fixed cost -5.5 billion yen
- Material & energy cost -29.0 billion yen
- Investment for human resources -7.0 billion yen
- Quality cost etc. -12.7 billion yen
[Revenue and Operating Profit by Each Region*]
*Excluding the effect of foreign exchange

Revenue
Revenue increased in all regions as a result of the recovery of vehicle production following the easing of semiconductor shortages and the realization of sales expansion.

Operating Profit
Operating profit increased in North America and Europe and Asia from the previous year by efforts to production volume and improvement of profitability globally. On the other hand, operating profit decreased in Japan and Others from the previous year due to surging costs of parts and material and quality cost.

North America became profitable in the first quarter of the fiscal year by efforts to business restructuring including reorganization of companies. And profitability in Europe and Asia, also has been improving.
[Capital Expenditures, Depreciation and R&D Expenditures]

**Capital Expenditures**
Actual results: 88.6 billion yen  
Annual forecast: 370.0 billion yen  

While ensuring disciplined investment, capital expenditures accelerate necessary investment in focus areas such as electrification and advanced safety. The annual forecast reflects only foreign exchange gains to strengthen fixed cost management although we expect to increase revenue.

**R&D Expenditures**
Actual results: 132.8 billion yen  
Annual forecast: 545.0 billion yen  

We respond to the rapid increase in development needs, particularly in CASE area, by increasing the efficiency of mass-production design and shifting resources to advanced development. The annual forecast is maintaining the 545 billion yen announced at the beginning of the year. But we are accelerating development for future growth potential and we attain efficient development.
### FY2024 Financial Forecast

#### P/L (IFRS)

<table>
<thead>
<tr>
<th></th>
<th>Forecast as of Mar. 2023</th>
<th>2024/3 Forecast</th>
<th>Change from previous forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>6,300.0</td>
<td>6,700.0</td>
<td>+400.0, +6.3%</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>(8.1%)</td>
<td>510.0 (0.0%)</td>
<td>+90.0, +17.6%</td>
</tr>
<tr>
<td>Profit before Income Taxes</td>
<td>555.0 (9.8%)</td>
<td>654.0</td>
<td>+99.0, +17.8%</td>
</tr>
<tr>
<td>Profit (*1)</td>
<td>(8.1%)</td>
<td>383.0 (6.0%)</td>
<td>+61.0, +15.9%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>8.5%</td>
<td>9.3%</td>
<td>+0.8%</td>
</tr>
</tbody>
</table>

*1 Profit attributable to owners of the parent company

<table>
<thead>
<tr>
<th>Precondition</th>
<th>Unit: Millions of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Exchange Rate</td>
<td></td>
</tr>
<tr>
<td>JPY 125.0/USD</td>
<td>JPY 131.8/USD</td>
</tr>
<tr>
<td>JPY 135.0/EUR</td>
<td>JPY 142.4/EUR</td>
</tr>
<tr>
<td>JPY 18.4/CNY</td>
<td>JPY 18.8/CNY</td>
</tr>
<tr>
<td>Domestic Vehicle Production</td>
<td></td>
</tr>
<tr>
<td>(*) 9.15</td>
<td>(*) 9.15</td>
</tr>
<tr>
<td>Overseas Vehicle Production</td>
<td></td>
</tr>
<tr>
<td>of Japanese Manufacturers</td>
<td></td>
</tr>
<tr>
<td>(*) 19.40</td>
<td>(*) 19.40</td>
</tr>
</tbody>
</table>

*2 Risk of external environment deterioration is not reflected to Forecast for Mar. 2024.

*3 Foreign exchange rate of forecast for the 2nd quarter and after: JPY 130.0/USD, 140.0/EUR, 18.5/CNY

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### [Full year Financial Forecast]

#### Revenue

We expect revenue of 6,700.0 billion yen.  
(Change from previous forecast +400.0 billion yen)

#### Operating Profit

We expect operating profit of 600.0 billion yen.  
(Change from previous forecast +90.0 billion yen)

#### Profit

We expect profit of 444.0 billion yen.  
(Change from previous forecast +61.0 billion yen)

#### Foreign Exchange Rate

131.8 JPY/1USD, 142.4 JPY/1EUR, 18.8 JPY/1CNY
### Change in FY2024 Forecast Operating Profit

#### [Diff. from last financial forecast]
- Foreign exchange gains in the first quarter and premise change of F/X rate from the second quarter reflect forecast in FY2024.

<table>
<thead>
<tr>
<th>1Q</th>
<th>2-4Q</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>+15.5</td>
<td>+16.0</td>
<td>+31.5</td>
</tr>
</tbody>
</table>

#### The trends of bad effect of material and energy is easing.

<table>
<thead>
<tr>
<th>Parts &amp; material cost</th>
<th>Energy cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>+1.5</td>
<td>+15.0</td>
</tr>
</tbody>
</table>

#### [Unit: Billions of Yen]
- [+90.0]
- [+55.0]
- [+116.9]

#### 426.1
- [+31.5]
- [+16.5]
- [−71.0]

#### Operating Profit

#### Business Restructuring in previous year

- Investment for human resources (Wage increase) *including supplier

#### Operating Profit

#### Quality cost etc.

#### Fixed cost
- Production volume & Region mix

#### Improvement & Business agility enhancement

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**[Factor that Contributed to Increases or Decreases in Full-year Forecast Operating Profit]**

*Difference from last financial forecast*

**Positive factors**
- F/X rate +31.5 billion yen
- Material & energy cost +16.5 billion yen
- Production volume increase & Region mix +55.0 billion yen

**Negative factor**
- Quality cost etc. -13.0 billion yen
[Major Financial Indicator]

ROE  9.3%
ROIC  8.0%
WACC  7.1%

We will continue to promote the replacement of business portfolio taking into account the cost of shareholder’s equity, based on the three criteria of philosophy, growth potential, and ROIC. And we aim to attain a return on equity (ROE) beyond the cost of shareholder’s equity.
### Stock split / Annual dividend

**<Stock split>**

On September 30th, 2023, as of record date, the shares of common stock owned by shareholders will be split into 4 shares per share.

**<Annual dividend>**

24/3F : 200 yen (interim 100 yen and year-end 100 yen)

![Graph showing stock split and annual dividend details]

#### [Stock split / Annual dividend]

**Stock split**

The shares of common stock owned by shareholders will be split into 4 shares per share.

**Annual dividend**

The annual dividend for the concluded fiscal year will be 200 yen as pre-stock split conversion. We will increase the dividend by a 5 yen in the second quarter and at the end of the fiscal year from the previous forecast.

We will continue to strive to improve our corporate value and increase the returns to shareholders in order to be inspired from them.
Regarding the data that has been posted after the main part so far, from this time, we have decided to convert it to Excel and post it separately on the website. Please confirm scanning the QR code.