

***DENSO***

Crafting the Core

DENSO Group 2030 Mid-Term Management Plan

# CORE 2030

DENSO CORPORATION

President & CEO, Representative Member of the Board

**Shinnosuke Hayashi**

March 31, 2026

# Agenda

1. Review of 2025 Mid-Term Policy
2. Mid-Term Management Plan 2030 “CORE 2030”
3. Growth Strategies
4. Financial Strategies

# 1

## Review of 2025 Mid-Term Policy

# Review of 2025 Mid-Term Policy

\*3 Factory Automation

	Mobility domain		New domains (FA*3, agriculture, etc.)
	Electrification	Intelligence (ADAS*1)	
			
Value We aim to provide	<b>Reduction of environmental impact (Carbon neutrality)</b>	<b>Reduction in traffic fatalities</b>	<b>Address workforce challenges Improvement of productivity</b>
Value · Initiatives delivered to customers	<b>Multi-pathway Extended driving range and improved drivability</b> Fuel efficiency · emission reduction technologies · electrification technologies (higher output, reduced power loss, etc)	<b>56% accident scenario coverage*2 achieved</b> Highly reliable ADAS products	<b>Solving issues through total solutions</b> Leveraging technologies refined in the mobility domain
Business performance	<b>Electrification revenue 1.1 trillion yen</b>	<b>ADAS revenue 590 billion yen</b>	<b>Strengthen alliances - Foundations for future growth</b>

**Delivered proven value to customers**

\*1 Advanced Driver-Assistance Systems

\*2 A proprietary quantitative index that uses real-world accident data to define accident scenarios—such as crash types, targets, and collision conditions—and quantifies the applicability of ADAS functions through simulation.

# Review of 2025 Mid-Term Policy [Business & Profitability]

## Business

**Advances in semiconductors and communications technologies have greatly increased value mobility can deliver. Deliberate investments to accelerate future growth.**

## Profitability

- Achieved revenue growth exceeding the vehicle [Annual average growth rate(2020⇒2025) [Vehicle market +3%, Revenue growth +9]
- Executed resource investments to accelerate future growth
- Challenges remain in suppressing quality costs and responding to surging material cost

	FY21	FY26 <small>*Forecast at 3Q</small>	25Mid-Term Policy targets
Sales	4.9 trillion yen	7.4 trillion yen	7.0 trillion yen
Operating Margin	3.1 %	7.2 %	10 %
ROE	3.4 %	8.1 % <small>*Cost of equity 7.8%</small>	Over 10 %

**Aim to enhance added value together with investments**

# External Environment

## Escalating Societal Challenges

Shift to decarbonized society

Traffic accidents

## Multipolar, Diversifying World

Borderless information and technology

Importance of economic security

## Changing Values and Lifestyles

AI-driven shifts in human roles and workstyles

# 2

## Mid-Term Management Plan 2030 “CORE 2030”

Our Goal

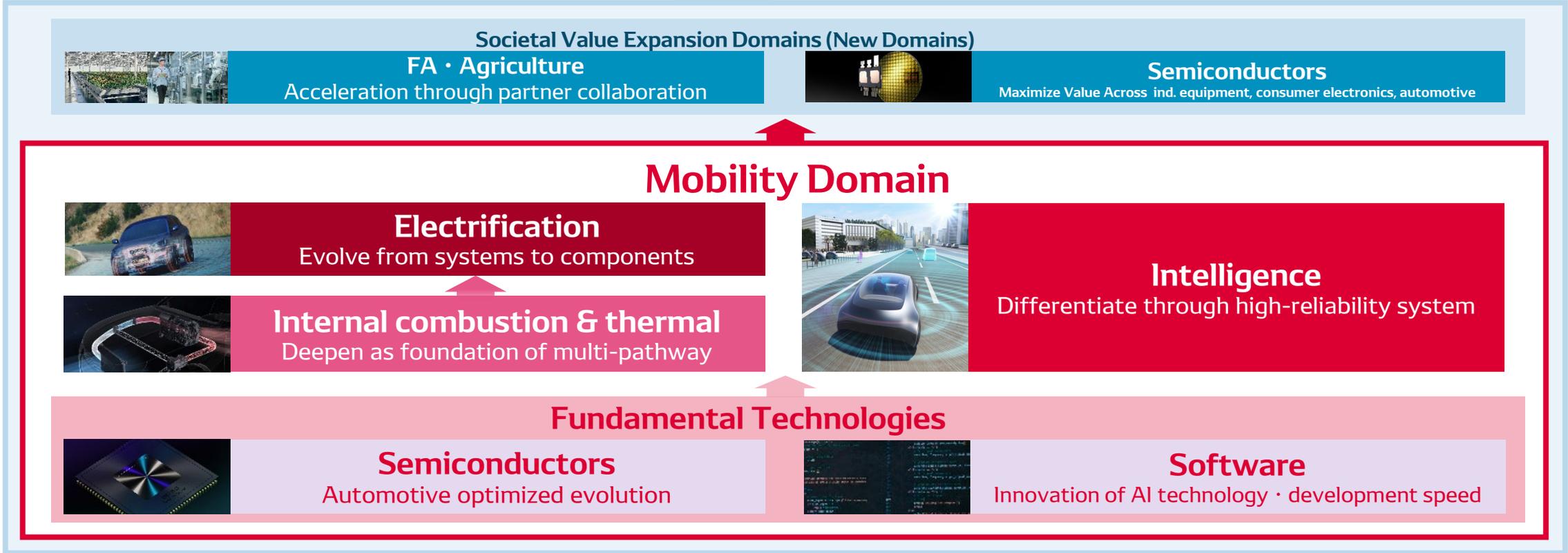
Realize the future society, starting from mobility, through human potential



2030 DENSO Group Mid-Term Management Plan

# CORE 2030

# Overview of Initiatives to Enhance Customer Value



**Enhance value for customer and  
strive to be a company that society continues to count on**

# Growth Strategies

## 3 Growth Strategies

### Pillar 1

Meeting Diverse Mobility Needs

**Strengthening  
Product Development**

### Pillar 2

Combining practical know-how  
from the frontline and AI

**Innovating  
Manufacturing**

### Pillar 3

Driving New Value Creation

**Developing People,  
Co-Creating with  
Partners**

## DENSO's Strengths

**Advanced  
Research and  
Development**

**Highly Efficient  
High-Quality  
Manufacturing**

**Three-pronged  
Solutions for  
System**

(mechanical, electronic and software)

**Talents to Support  
Value Creation**

**Network with  
Customers,  
Partners**



# Diverse evolution of mobility

Diverse evolution rooted in Each Country and Region

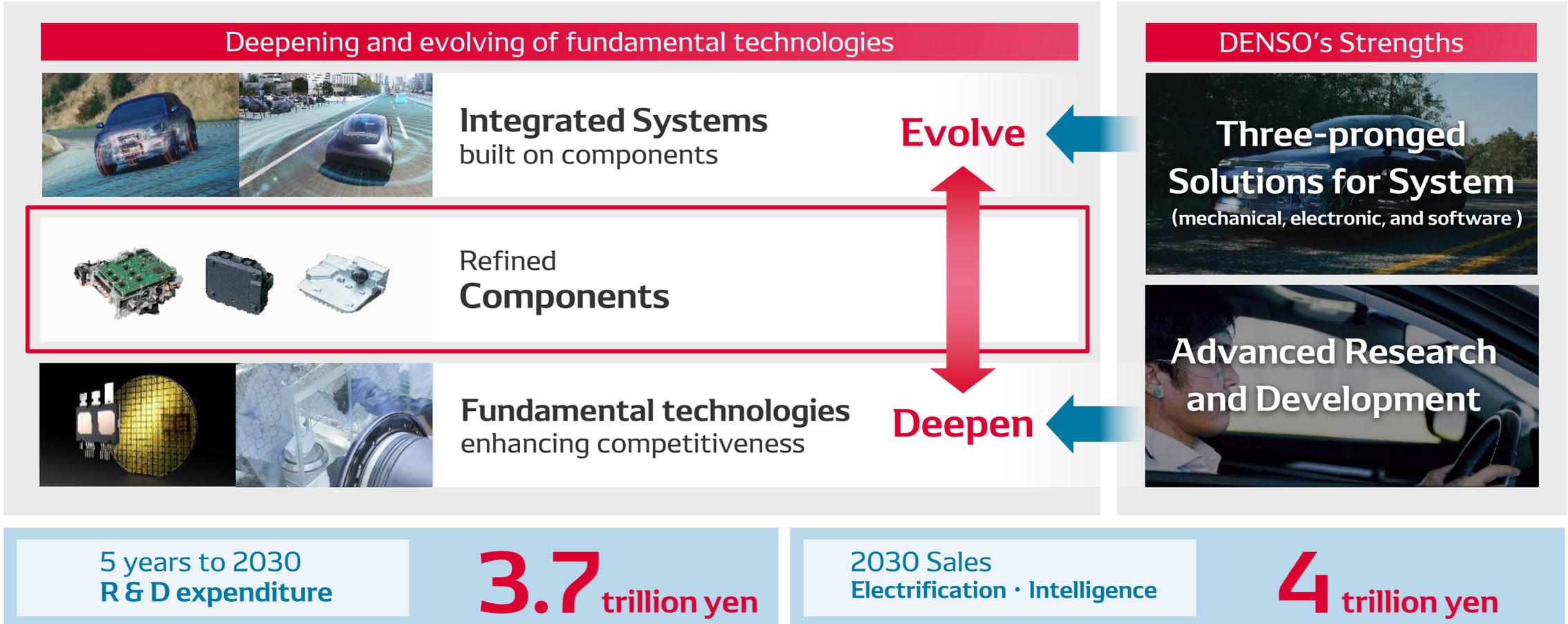
Energy conditions

Policy and Industry Trends

Lifestyles



**Support all customers with DENSO's technology and deliver value**



Take on the challenge of creating new value to strengthen customer competitiveness

AI has reached the stage of frontline deployment



**Vast “practical know-how” embedded in DENSO's frontline becomes a critical competitive asset**

**DENSO's Strengths**

Vast, hard-to-replicate **practical know-how** behind high-efficiency, high-quality manufacturing capability

	<b>Tacit knowledge</b>	Defect-analysis know-how, understanding of material, thermal, and fluid phenomena, automotive quality design, safety DNA, and automotive software quality
	<b>Data</b>	Process logs, material and analysis data, quality data, design-change histories, and automated-driving logs



**AI Application**

**AI development for frontline deployment**



**Achieve Outstanding QCD\***

\*Quality, Cost, Delivery



**Transform how people work, enabling a shift toward higher-value-added operations.**

**New Zenmyo South Plant will advance the evolution of people and AI**  
 (Scheduled for completion in 2027, At Zenmyo Plant, Nishio City, Aichi Prefecture)




**Refine DENSO's practical know-how to elevate global manufacturing**



**New Co-creation Model  
in Mobility Domains**



**Partner Collaboration in  
Societal Value Expansion  
Domains**



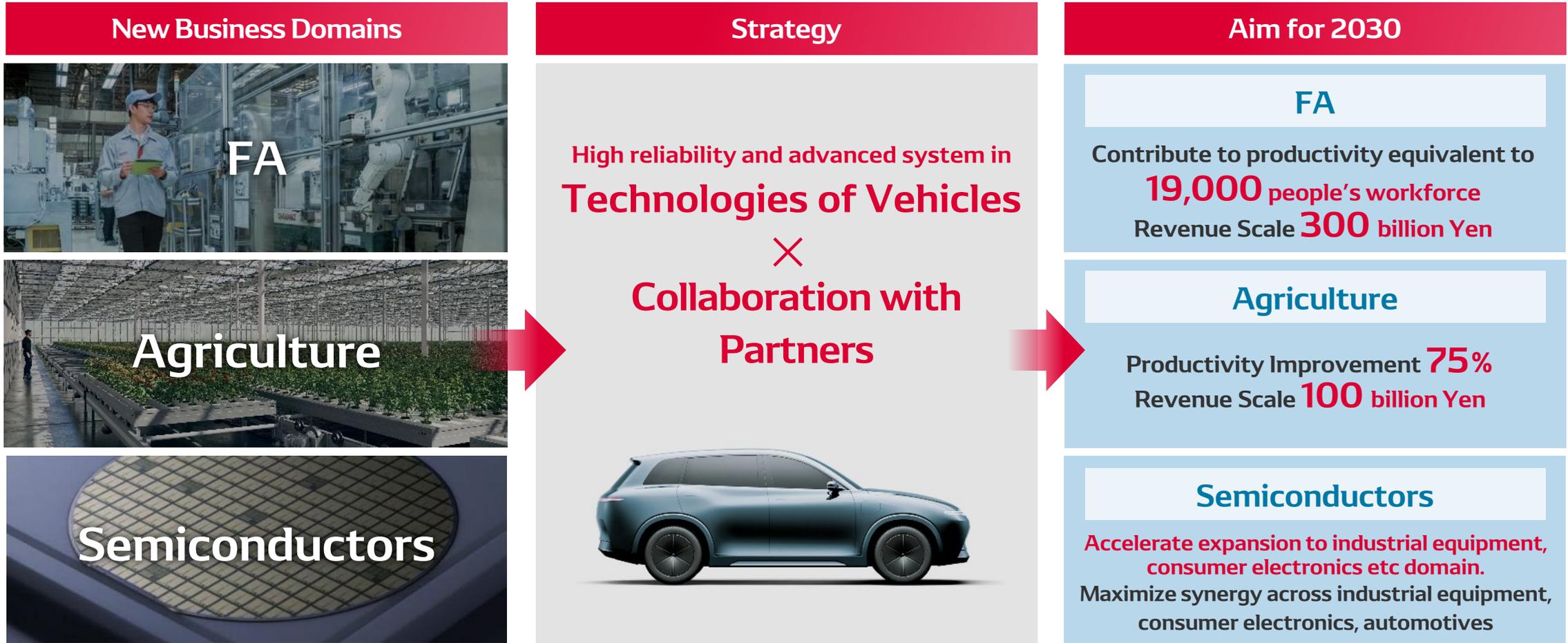
**People Development**



**Bring stakeholders together and step up to lead to solve social issues**

# Pillar 3

## “Developing People, Co-Creating with Partners” to Lead New Value Creation Partner Collaboration in Societal Value Expansion Domains



**Grow with partners to drive broad value enhancement**

“Developing People, Co-Creating with Partners” to Lead New Value Creation  
**People Development**



**Challenges**  
for new value creation

**Credibility and Inspiring**  
to customers and society

**“People” drive growth, DENSO backs every challenger**

# Our Goal

# Realize the future society, starting from mobility, through human potential

## 3 Growth Strategies

Pillar 1

Meeting Diverse Mobility Needs

**Strengthening Product Development**

Pillar 2

Fusing practical know-how in the frontline and AI

**Innovating Manufacturing**

Pillar 3

Driving New Value Creation

**Developing People, Co-Creating with Partners**

## Investment (5 years Cumulative towards 2030)

Business investment  
**6.6 trillion yen**

R&D

**3.7 trillion yen**

Capital expenditures

**2.2 trillion yen**

Value creation fundamentals  
(IT, IP, people)

**0.7 trillion yen**

Strategy investment  
**+ α trillion yen**

## Financial Indicators (2030)

### Sales Revenue

Over **8 trillion yen**

Electrification Intelligence **4 tri. yen**

FA **300 bil. yen**

Agriculture **100 bil. yen**

### Operating Margin

Over **10 %**

### ROE

Over **11 %**

### Investment/Shareholder returns

Over **8 trillion yen**  
[FY27-31 Cumulative]

Business investment **6.6 tri. yen**

Dividends **1.0 tri. yen**

Strategy investment Share Buybacks **+α tri. yen**

# The Purpose Behind CORE 2030



## DENSO's Roots

**Deliver better products and services to our customers through technology, manufacturing and the power of our associates**



# Crafting the Core



For the true needs of our customers and society

**Keep crafting the new “CORE”**

# 3

## Growth Strategies

# Overview of the Growth Strategy

## Pillar 1

Meeting Diverse Mobility Needs

**Strengthening  
Product Development**



Meeting Diverse Customer Needs through  
Core Technologies and Integrated System  
Development

**/ Peace of Mind /  
Zero Traffic Fatalities**

Delivering the safety performance customers  
require through highly reliable, high-quality  
ADAS systems

## Pillar 2

Combining practical know-how  
from the frontline and AI

**Innovating  
Manufacturing**



Implementing Agent AI in Processes



Implementing Physical AI in Factories

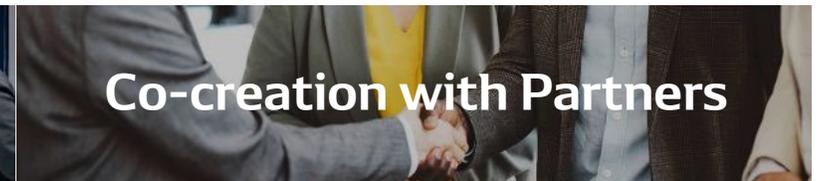
## Pillar 3

Driving New Value Creation

**Developing People,  
Co-Creating with  
Partners**

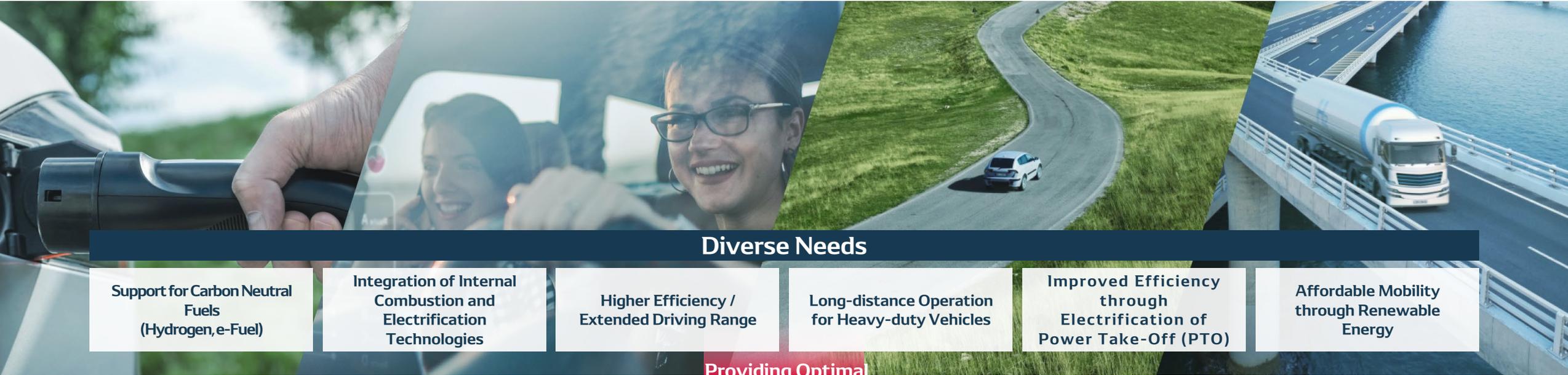


Developing System Talent with a Vehicle-centric  
Perspective  
An Agile Talent Portfolio Aligned with Business  
Strategy



Accelerating Industry Collaboration in the Mobility Field  
Strengthening Cross-industry Alliances in Societal Value  
Expansion Domains

# Development Strategy for Achieving Carbon Neutrality



## Diverse Needs

Support for Carbon Neutral Fuels (Hydrogen, e-Fuel)

Integration of Internal Combustion and Electrification Technologies

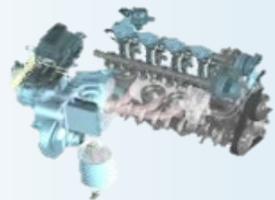
Higher Efficiency / Extended Driving Range

Long-distance Operation for Heavy-duty Vehicles

Improved Efficiency through Electrification of Power Take-Off (PTO)

Affordable Mobility through Renewable Energy

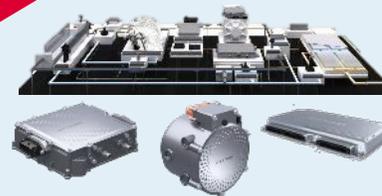
Providing Optimal Options



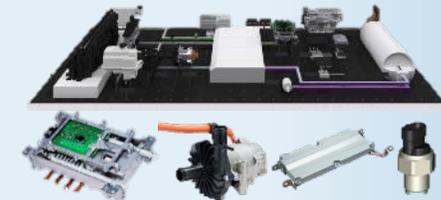
**ICE\* Systems**  
\*Internal Combustion Engine



**HEV/PHEV Systems**



**BEV Systems**



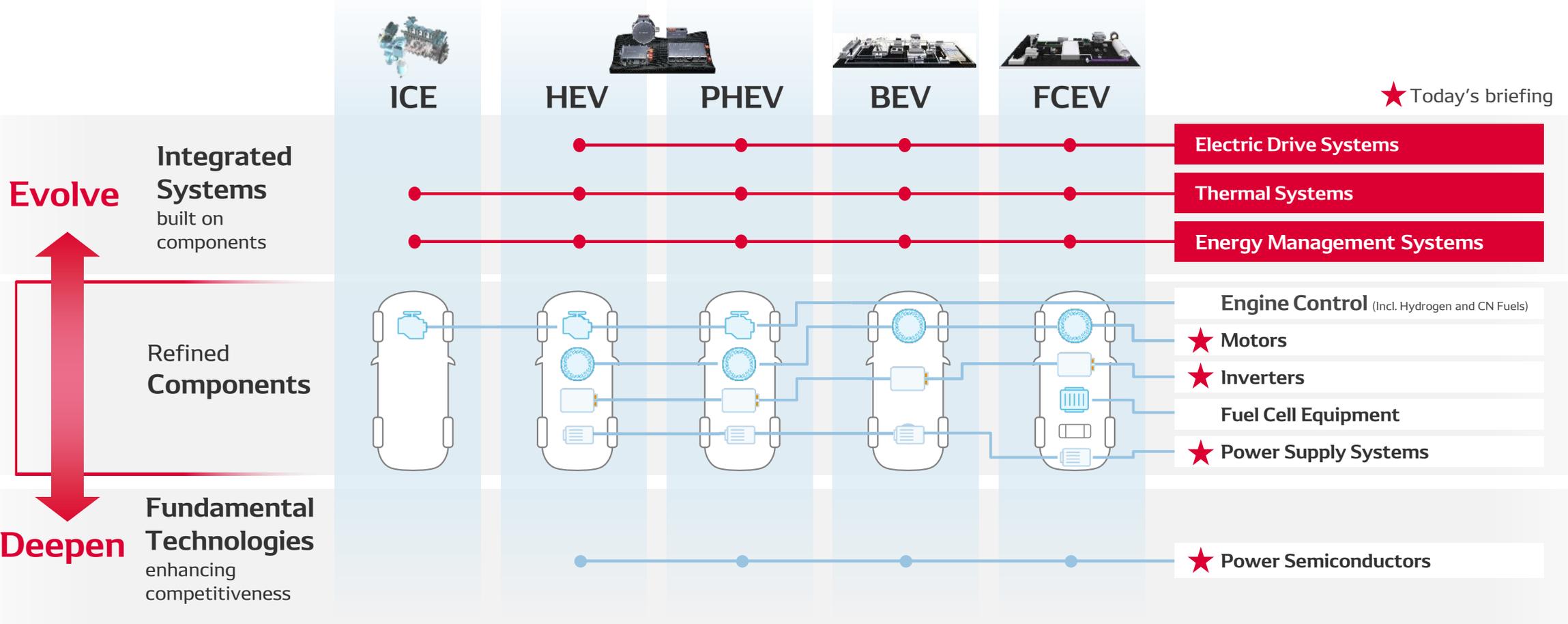
**FCEV Systems**

Expansion into New Domains  
Integration with Social Infrastructure Systems (Dynamic Wireless Power Transfer System etc.)

## Technology Development toward Carbon Neutrality across ICE, HEV, PHEV, BEV, and FCEV

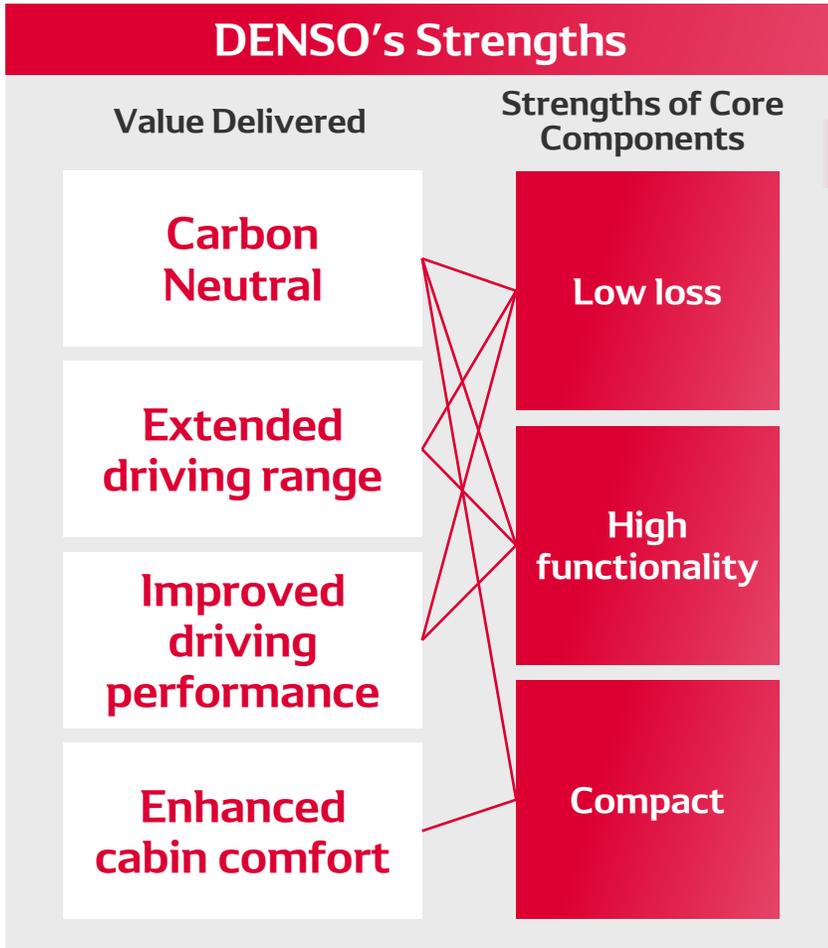
# Development Strategy for Achieving Carbon Neutrality

## Diversification of Options (OEM × Powertrain)

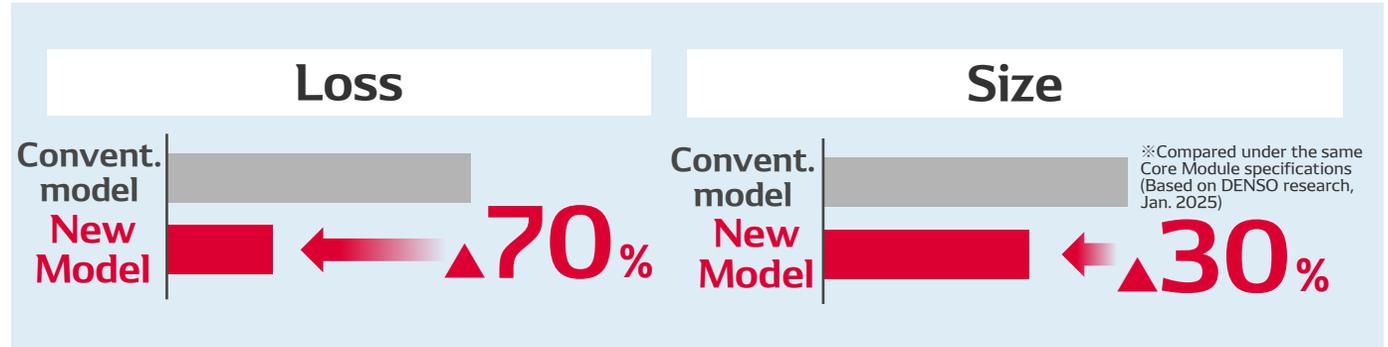
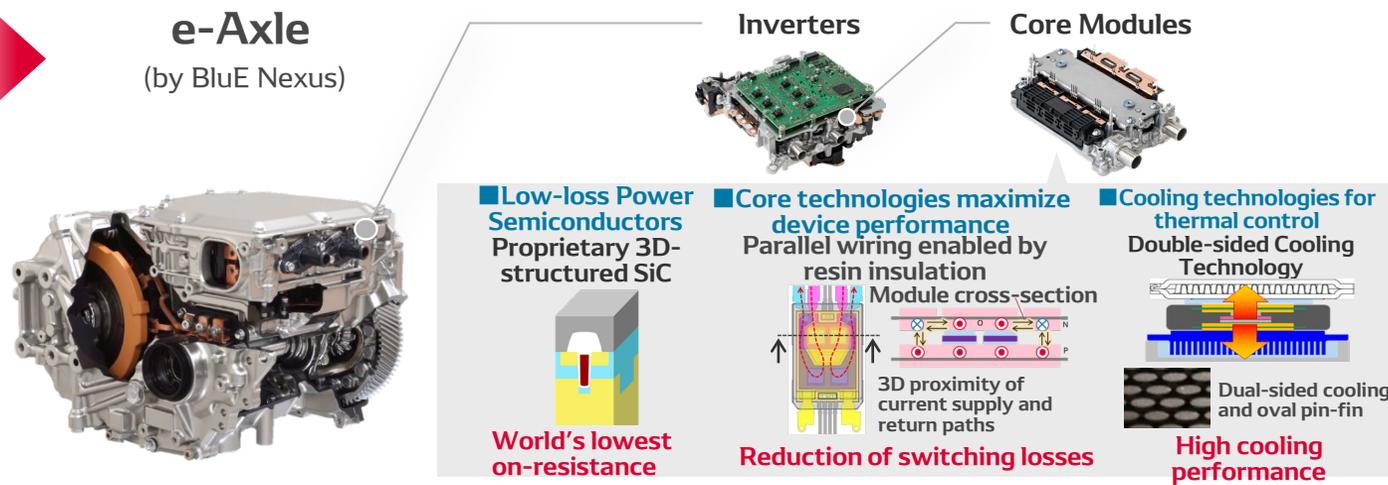


Meet the diverse customer needs through “Core Technologies” and “Integrated System Development”

# Electric Drive Systems



## Inverter for New BEV (Battery Electric Vehicle)



Enables compact, high-performance electric drive systems, by advancing proprietary cooling technologies to address increased heat density resulting from system integration

# Evolution of Core Components for Electric Drive Systems

	Inverters	Motors (MG)	Power Supply Systems
	 <p>Compared with competitors</p>	 <p>Compared with competitors</p>	 <p>Compared with competitors</p>
<b>Compact</b>	<p>Internal substrate implementation technology for power semiconductor wiring</p> <p><b>Market-ready by FY31 or later</b></p> <p><b>Size</b> ▲50%</p>	<p>High power-density increased winding cross-section</p> <p><b>Market-ready by FY31</b></p> <p><b>Equivalent to Neodymium Magnets</b></p>	<p>Integration of BMS/ESU into J/B※ Integration of relay and fuse functions using semiconductors</p> <p><b>Market-ready by FY31 or later</b></p> <p><b>Size</b> ▲60%</p>
<b>High functionality</b>	<p>Advancement of in-house SiC technology with low crystal defects / low on-resistance</p> <p><b>Market-ready by FY29</b></p> <p><b>Power loss</b> ▲50%</p>	<p>Heavy rare-earth-free magnets with low resource risk</p> <p><b>Market-ready by FY30</b></p> <p><b>Magnetic performance</b> <b>Equivalent to Neodymium Magnets</b></p>	<p>Highly reliable high-speed interruption using semiconductor relays and surge suppression circuits</p> <p><b>Market-ready by FY31 or later</b></p> <p><b>Interruption time reduced</b> <b>1/100</b></p>
<b>Low loss</b>	<p>Heat generation control for electrified powertrains with temperature control function</p> <p><b>Market-ready by FY30</b></p> <p><b>Heat generation</b> <b>x3</b></p>	<p>Environmentally friendly magnet elimination</p> <p><b>Market-ready by FY31</b></p> <p><b>CO<sub>2</sub> emissions</b> ▲34%</p>	<p>Dynamic Wireless Power Transfer System with a proprietary magnetic circuit</p> <p><b>Market-ready by FY30</b></p> <p><b>Reduced charging time to alleviate EV range anxiety</b></p>

※J/B : Junction Block BMS : Battery Management System  
ESU : DCDC Converter & On-board Charger

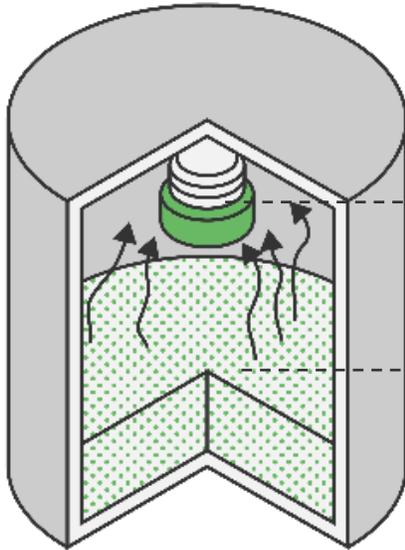
**Enhance competitiveness of a wide range components through technological capabilities, and contribute to improved electrification performance**

# Evolution of Core Components: In-house SiC Technology

## Crystal Growth

### Sublimation Method

2200 deg.



SiC Single Crystal

Source gas

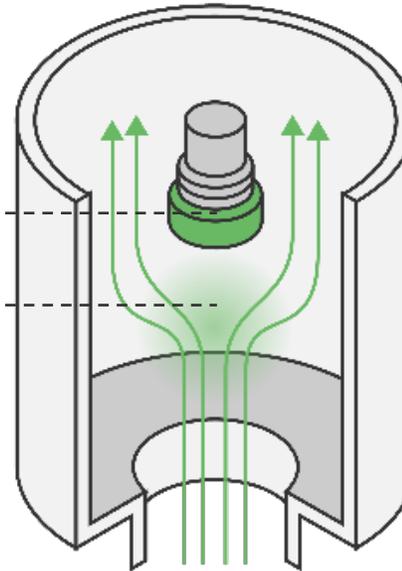
Bulk powder

**×15**

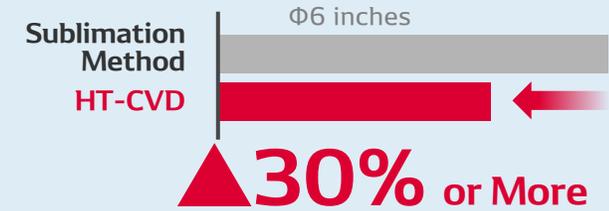
High Growth Rate

### HT-CVD(High Temperature Chemical Vapor Deposition)

2500 deg.



## Reduced Wafer Cost



## CO<sub>2</sub> emission reduction

**▲90% or More**

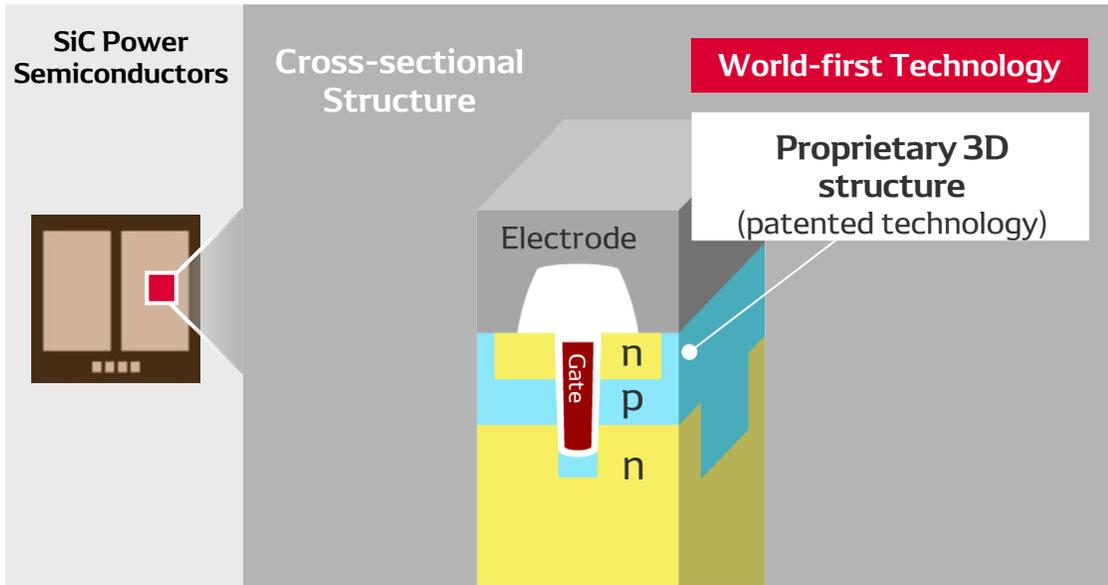
World-first Technology\*

Market-ready by  
FY28

\*company research

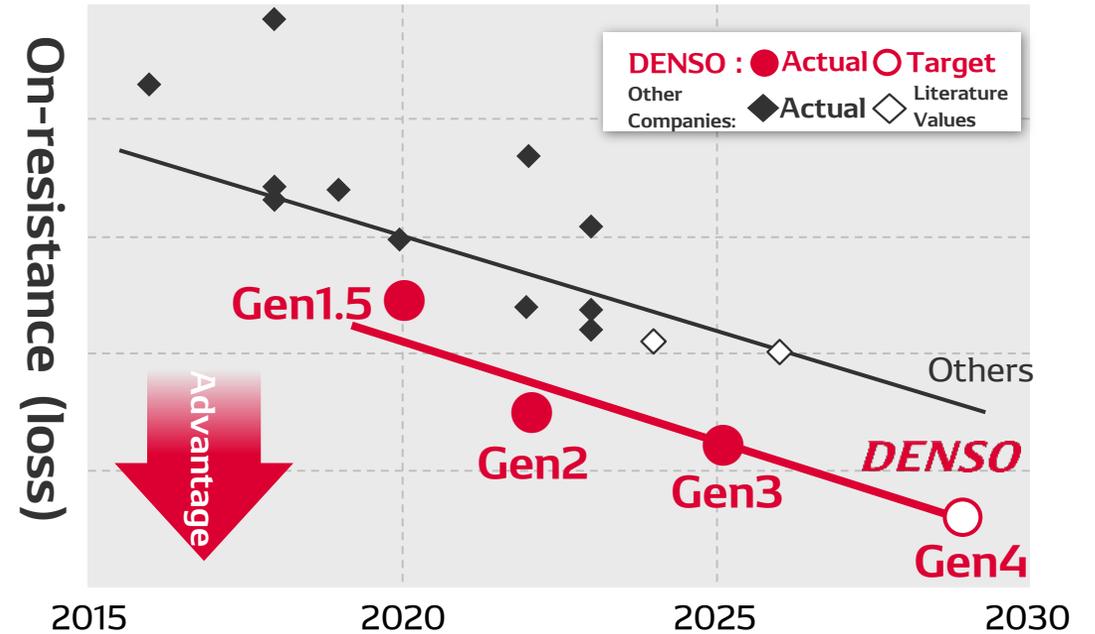
# Evolution of Core Components: In-house SiC Technology

## Device Structure



Ensuring High Quality

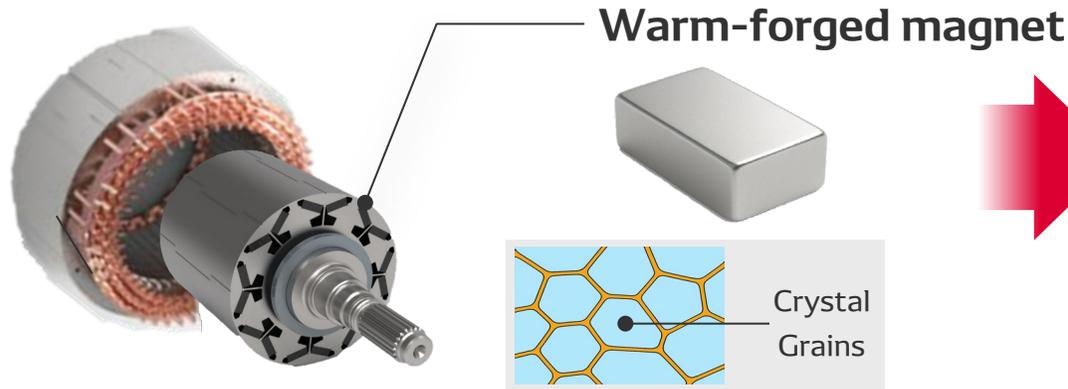
## Performance



**Deliver outstanding value in both cost and performance, by advancing our proprietary in-house technology**

# Evolution of Core Components: Motors

## 1. Heavy Rare-earth-free Motor



- Reduced CO<sub>2</sub> emissions through warm manufacturing using extrusion processing
- Elimination of heavy rare-earth additives through finer, uniform crystal grains
- Improved torque density through optimization of magnetization direction and magnet layout

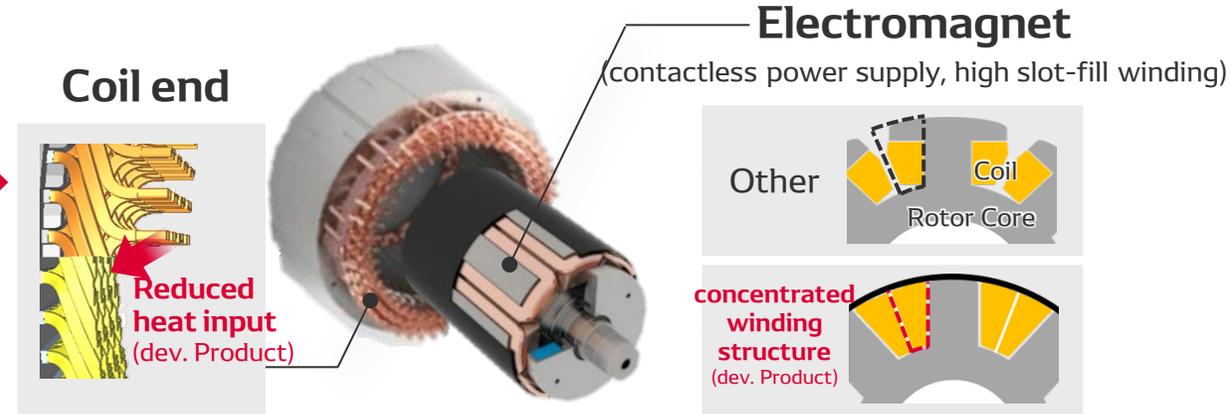
**World-first  
Technology**

Market-ready by  
**FY30**

**CO<sub>2</sub>  
emissions  
reduced  
▲22%**

**Compact, high  
performance  
(torque density)  
Equivalent to  
Neodymium Magnet  
Products**

## 2. Magnet-free Motor



- Adoption of electromagnets in place of magnets
- Achieved lower cost and higher torque density through contactless power supply and high slot-fill winding
- Optimized low-heat-input joining methods (TIG to laser weld) to achieve compact size and higher output density

**World-first  
Technology**

Market-ready by  
**FY31**

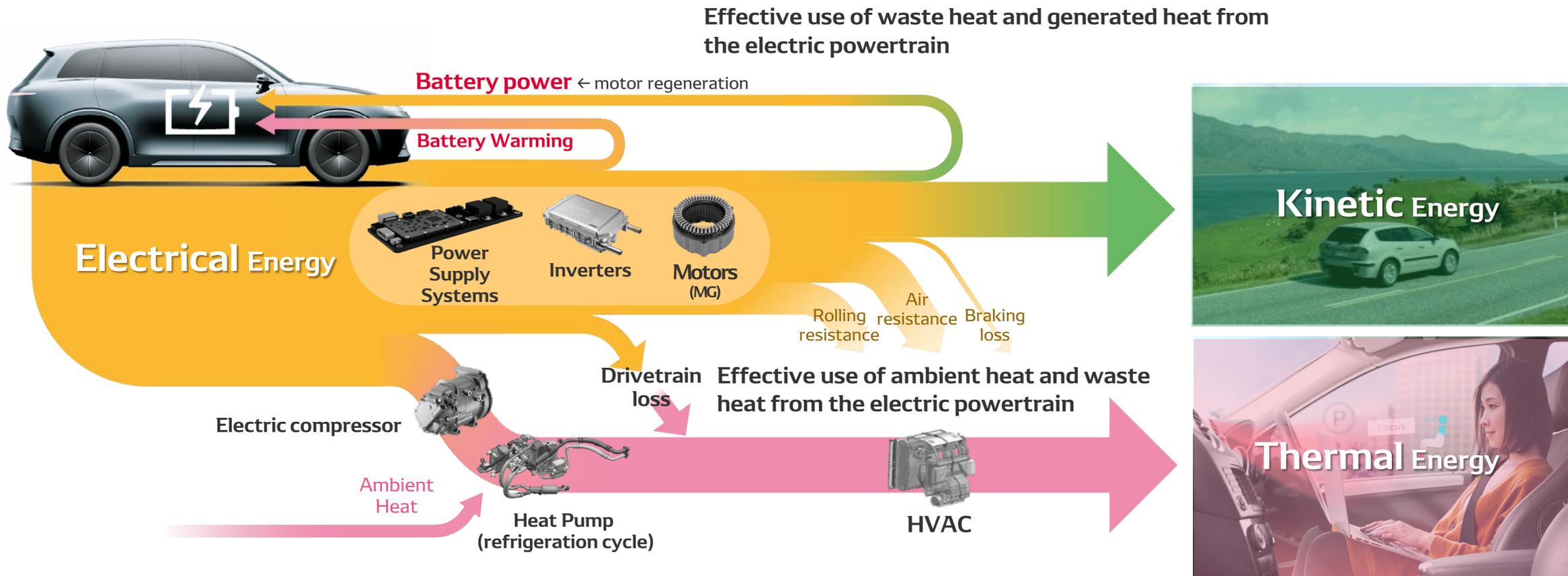
**CO<sub>2</sub>  
emissions  
reduced  
▲34%**

**Compact, high  
performance  
(torque density)  
Equivalent to  
Neodymium Magnet  
Products**

**Innovative materials and structures deliver higher performance, overcoming environmental risk**

# Energy Management

Managing the vehicle's limited energy—**electricity**, **heat**, and **motion**—to match changing conditions  
**Enhancing energy efficiency while delivering vehicle comfort and convenience**



**Enhancing vehicles through high-efficiency components and advanced energy management control**

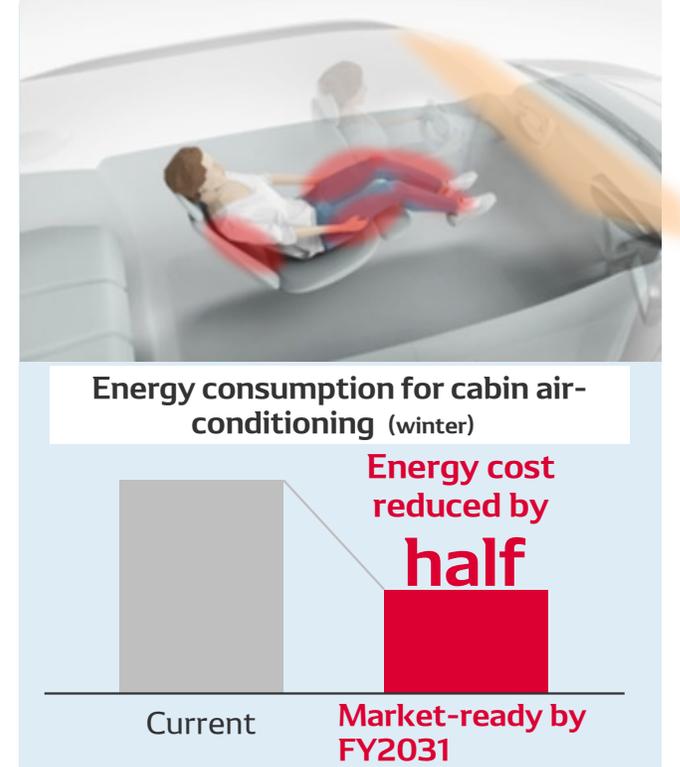
# Energy Management: Innovative Cabin

An innovative cabin that delivers both mobility experience value and energy efficiency

**Creating a comfortable cabin space with library-like quietness and a wide field of view**

**Conventional HVAC Functions**

- Defrost / Anti-fogging**
  - Ensuring visibility while reducing air-conditioning energy consumption
    - Glass Heating Technology
- Airflow Temperature Control**
  - Redesigning the air-conditioning system to create a more spacious and flexible cabin space
    - Relocation of HVAC to the motor room side
- Airflow Distribution**
  - Direct thermal control that warms only where needed
    - Long-range airflow technology
    - Optimal use of airflow, seat heaters, and radiant heaters
- Independent Temp. Control for Driver/Occupants**
  - Install location

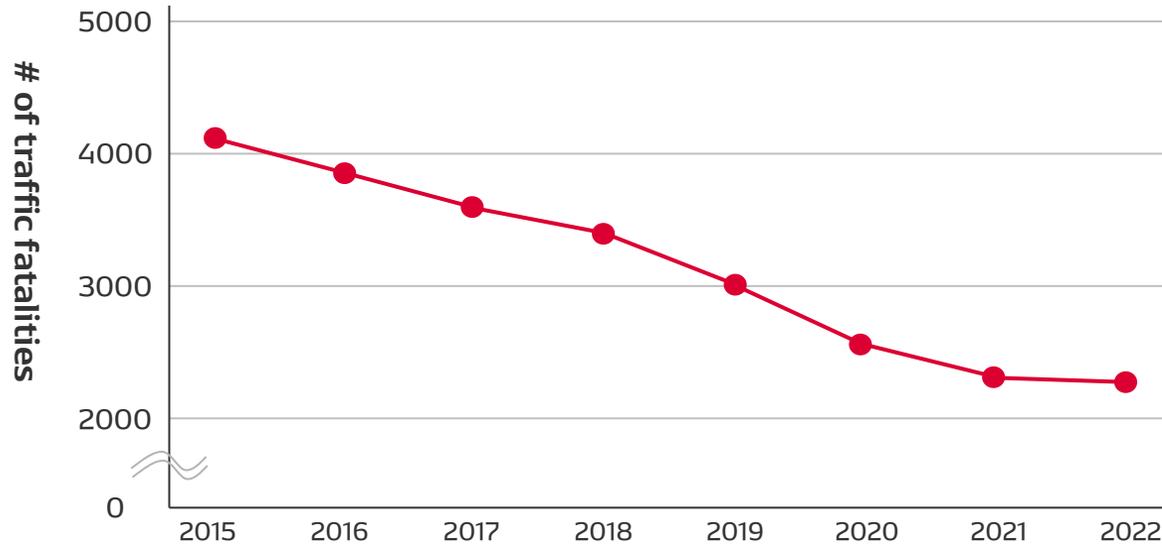


**Create comfortable mobility experiences and spaces with energy-minimum performance**

# Approach Towards Zero Traffic Fatalities

## Trend of Traffic Fatalities in Japan

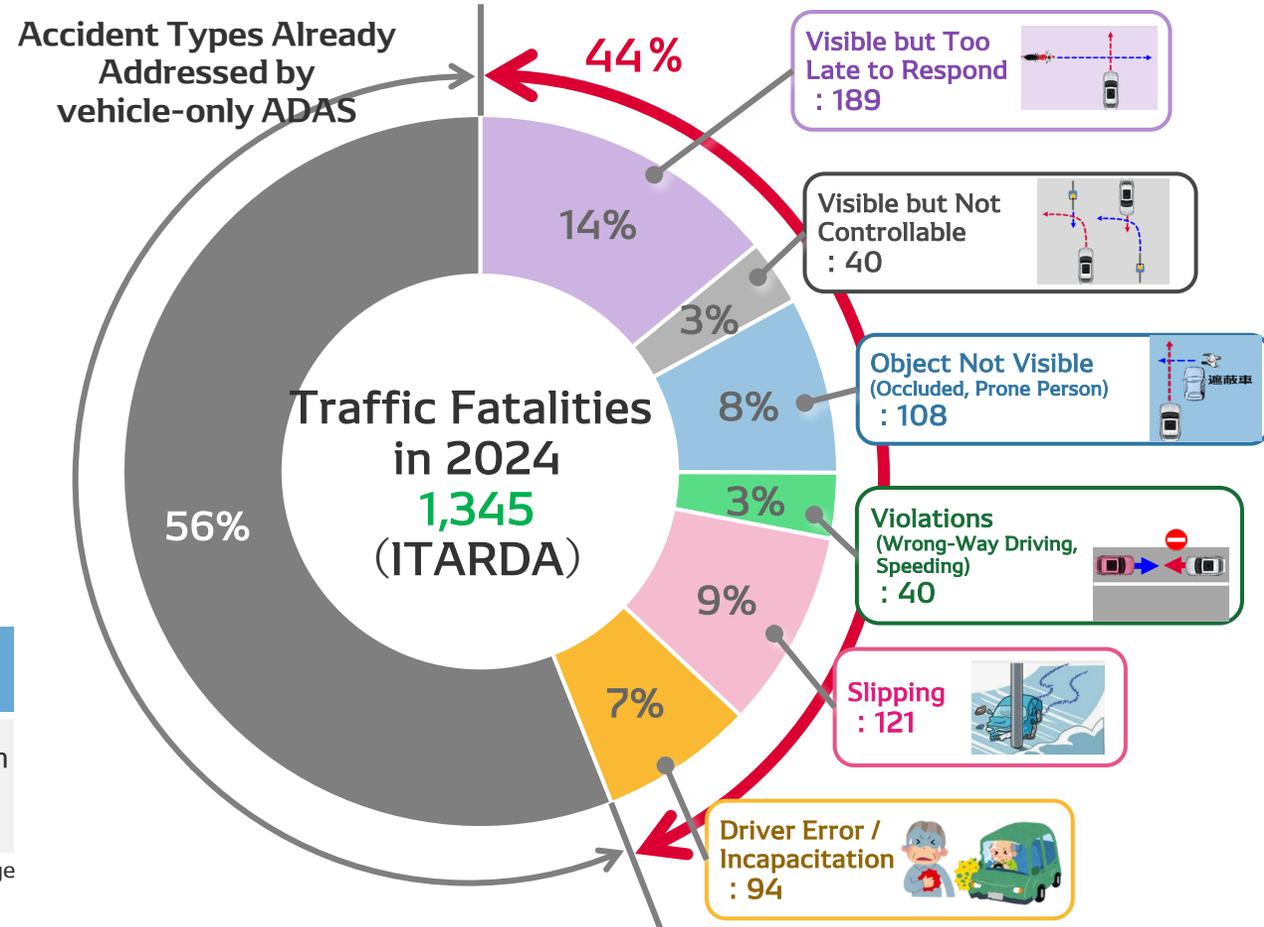
Source: Ministry of Justice  
<https://www.moj.go.jp/content/001413635.pdf>



GSP : Global Safety Package  
ML: Machine Learning

## Accident Characteristics

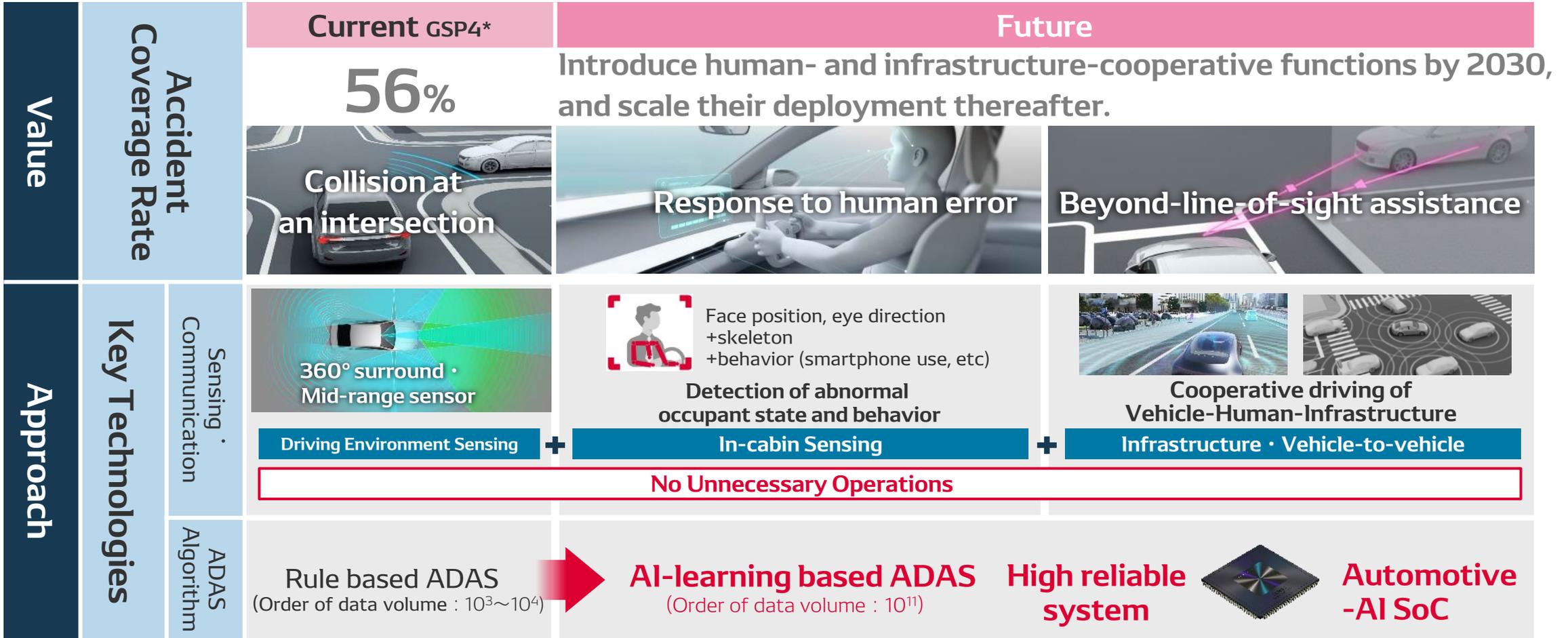
## Accident Types Requiring Further Measures



**Technologies beyond vehicle-only ADAS are required**

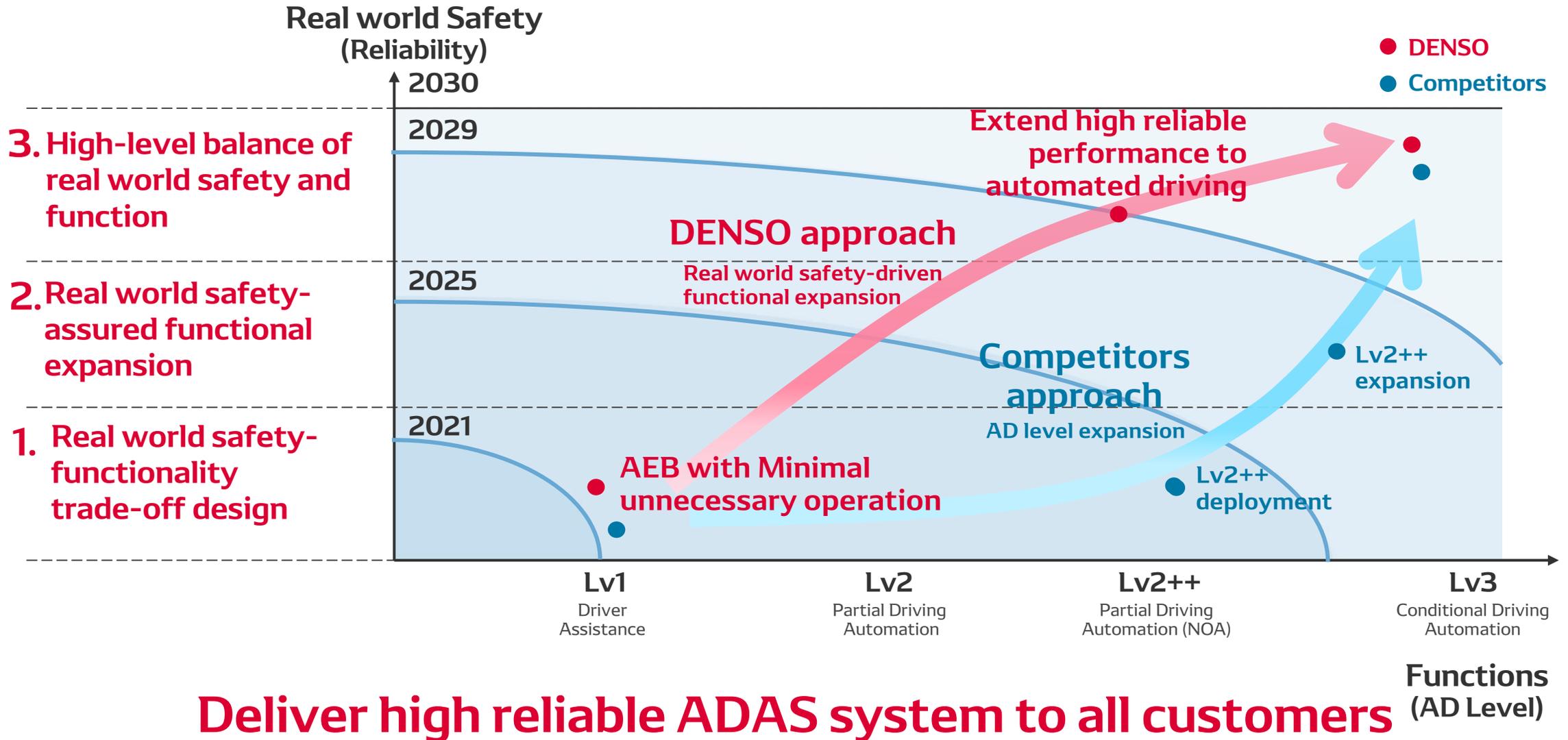
# Roadmap Towards Zero Traffic Fatalities

\*Global Safety Package Gen. X

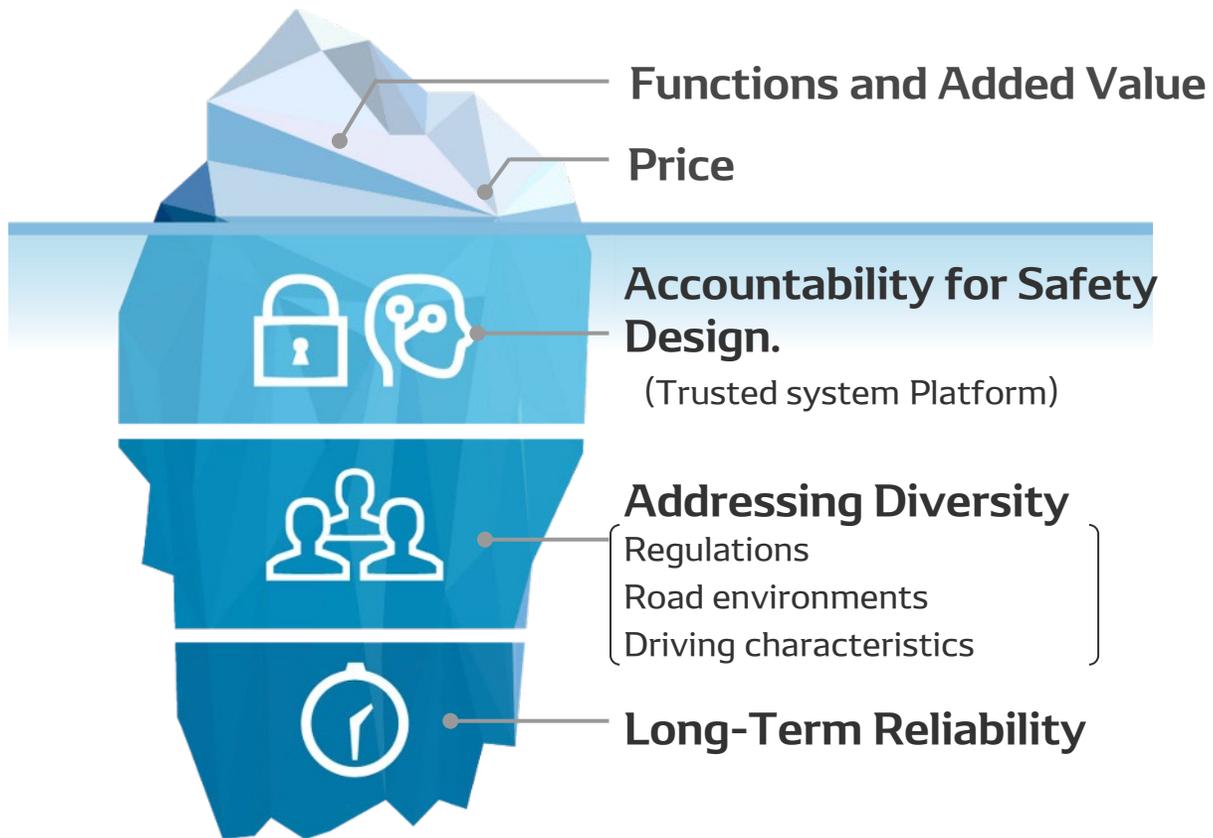


## Toward Zero Traffic Fatalities through Vehicle-Human-Infrastructure Cooperation

# Evolution of AD/ADAS ~Delivering High Reliability~



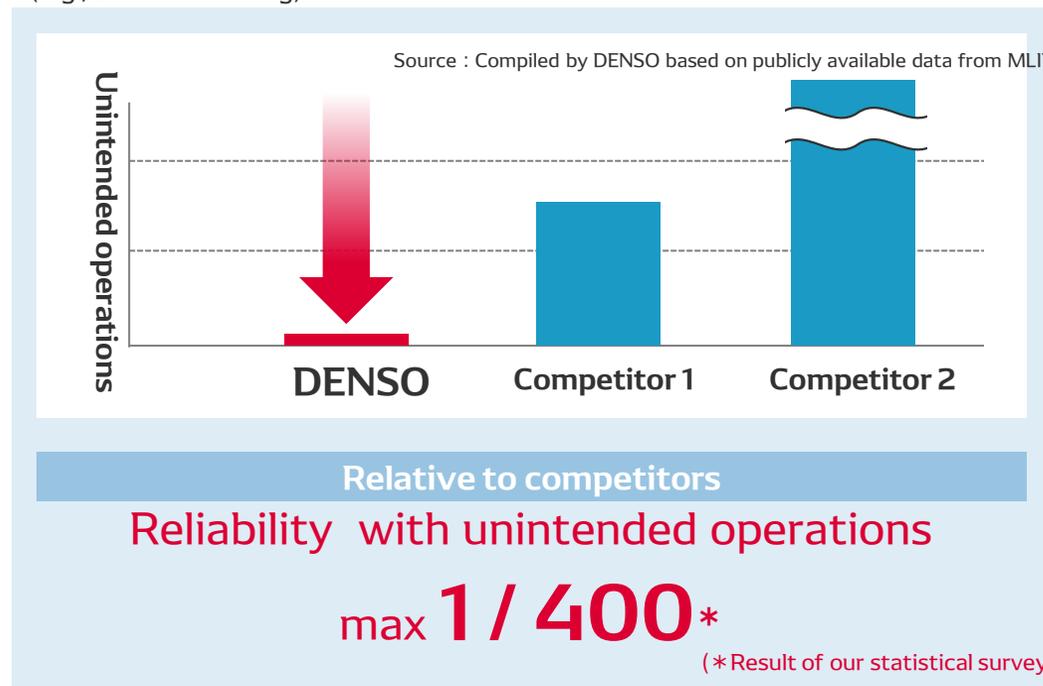
# Strength of AD/ADAS System



## DENSO's High Reliability Performance

**consistently low claim rate.**

User complaint cases/unnatural behavior in unexpected situations (e.g., sudden braking)

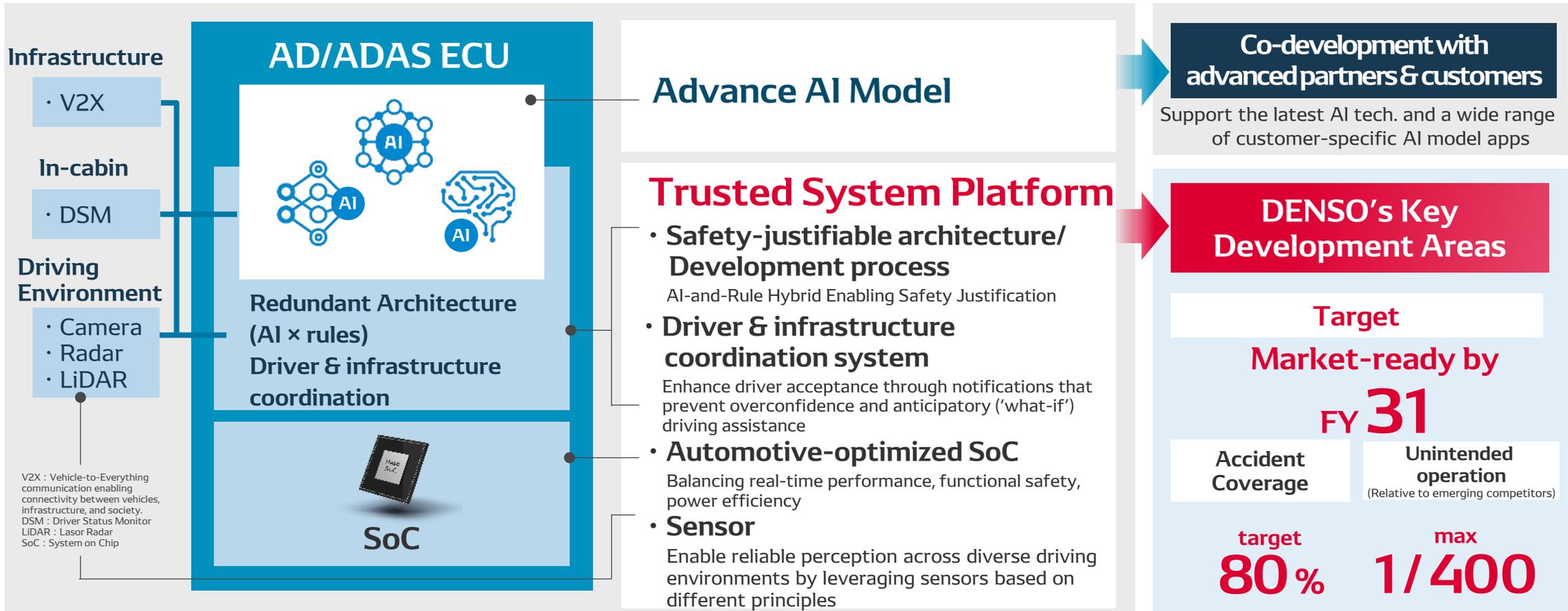


**DENSO's strength lies in its deep commitment to reliability, built together with our customers.**

(Reliability proven through the mass production of 53 million units across 144 countries and regions)

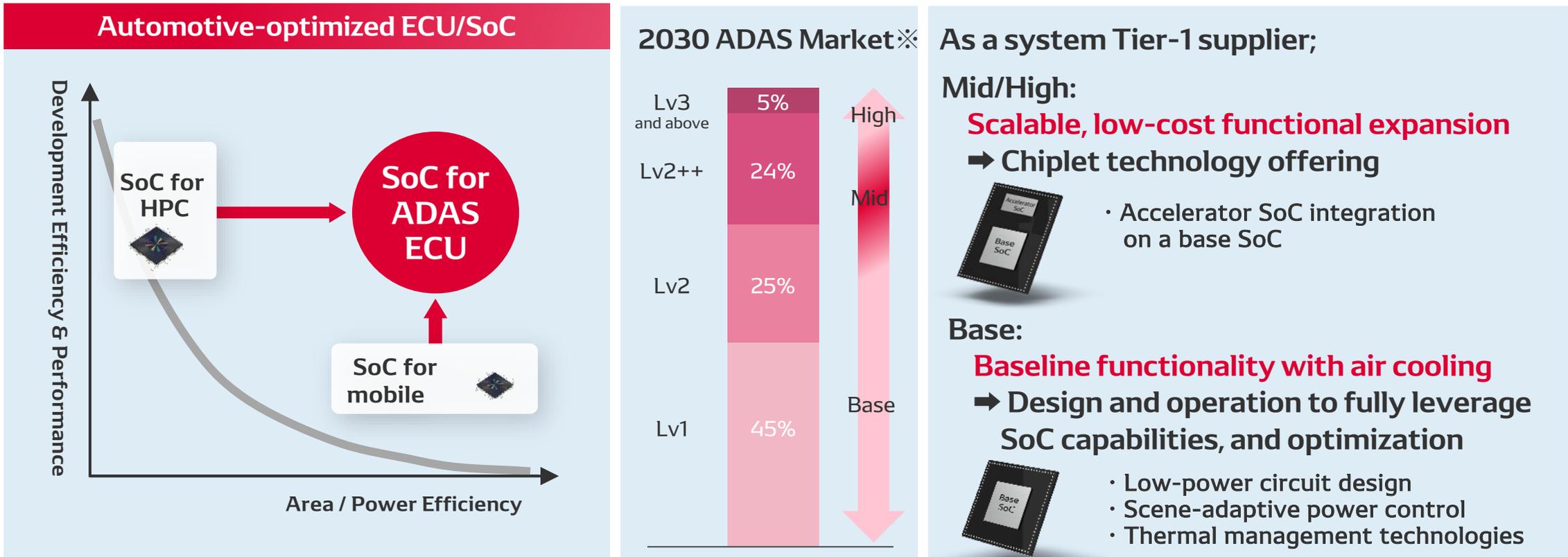
# High Reliable AD/ADAS Systems

Deliver products with high-level balance between the evolution of AI and real-world safety



**Develop and expand a Trusted System Platform that enables customer-driven AI model updates**

# Automotive-Optimized ECU/SoC Supporting AD/ADAS System



Compared with Competitors : Power consumption  
**Reduced by ▲ 25%**

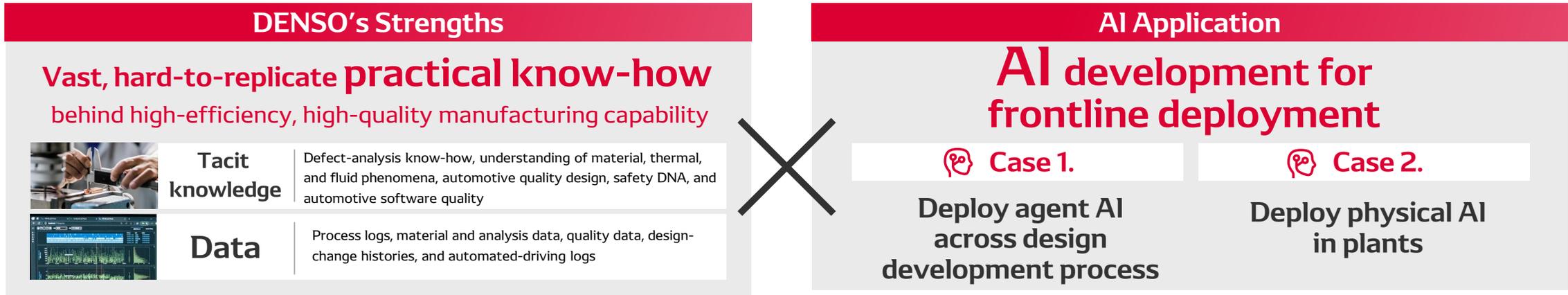
Low-cost, space-efficient integration  
**Enables Use with Air Cooling**

Through automotive industry collaboration,  
**Market-ready by FY31**

※Source : Techno Systems Research "Automotive Sensing Systems Market Analysis 2024-2025"

**High-level balance of compute performance and low power consumption  
 ECUs with optimally selected SoCs tailored to diverse vehicle needs**

# “Innovation in Manufacturing” by Integrating Practical Know-how and AI



## Achieve Outstanding QCD\*

\*Quality, Cost, Delivery

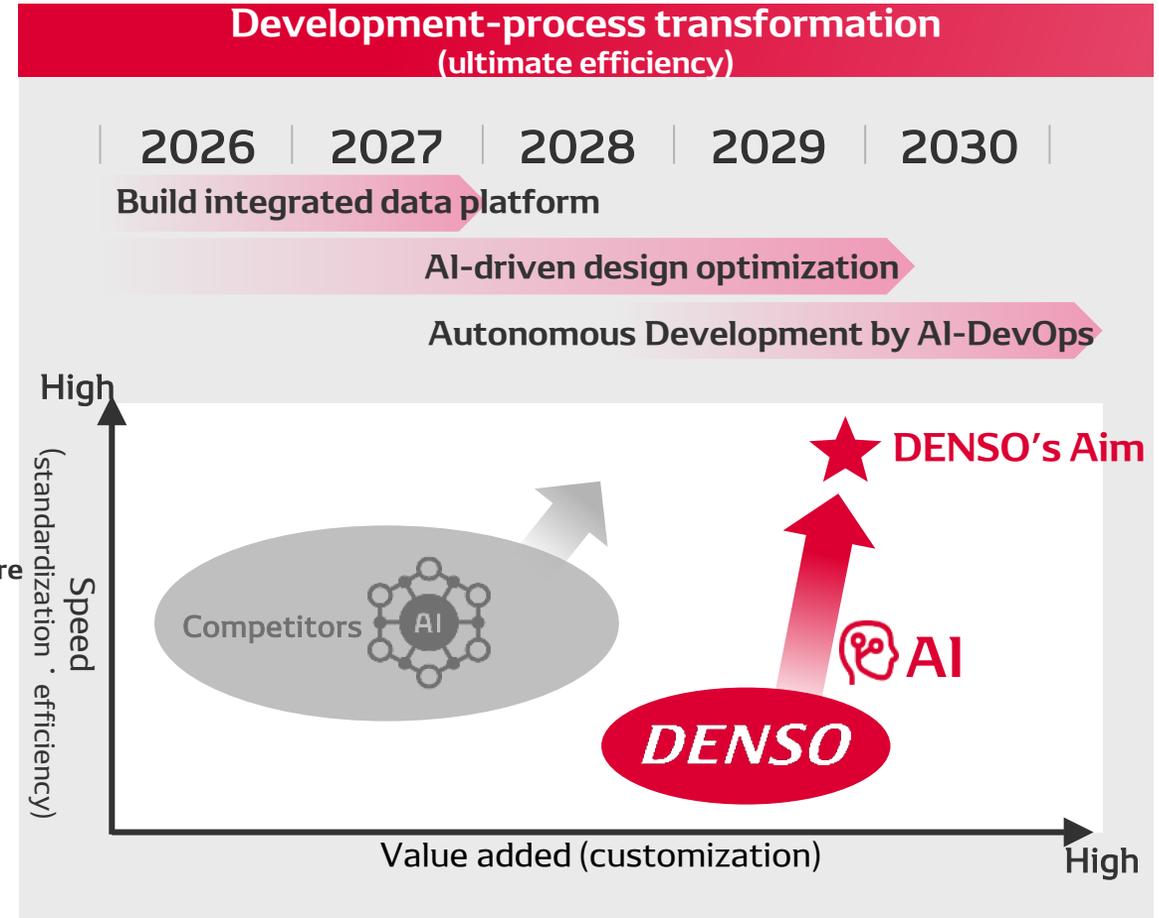
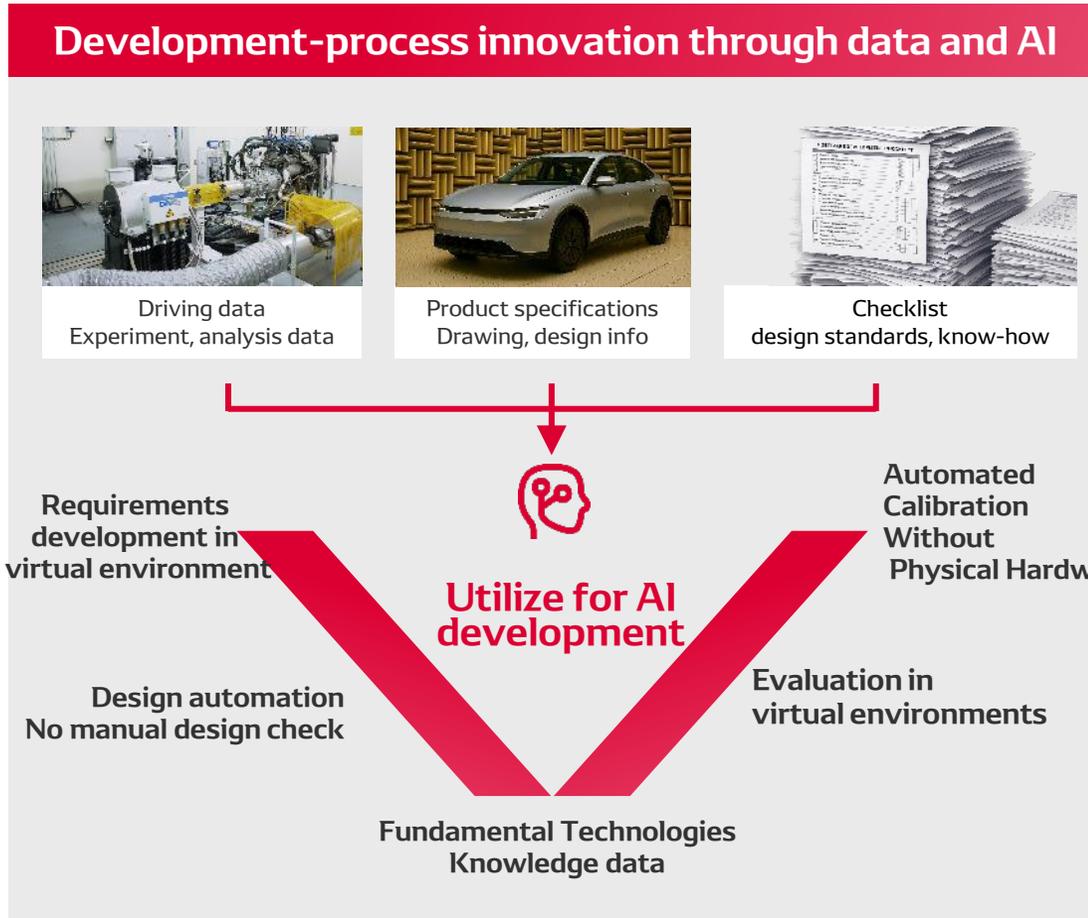


### Transform Workstyle and enable people to shift to higher value-added work



## Deliver value with speed and quality, leveraging DENSO's unique tacit × data

# Case 1. Deploy Agent AI Across Design and Development Process



**Accelerate high-value delivery by adding AI-driven speed to customer refined "driving and analysis data" and "breadth" × "depth" of our technology**

# Case 2. Deploying Physical AI in Plants

## Challenges We Face



## Strengths We Cultivated

Highly reliable, high-quality manufacturing



**Mass-production expertise**

Craftsmanship and on-site improvement capability



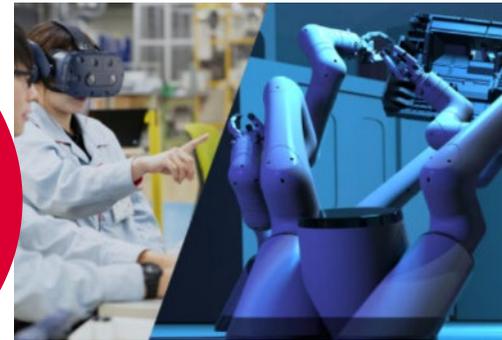
**Robotics technology**

In-house development technology and application know-how



## AI-powered automation and talent shift

Production line



**Physical AI keeps learning from human motion**

Plant operation



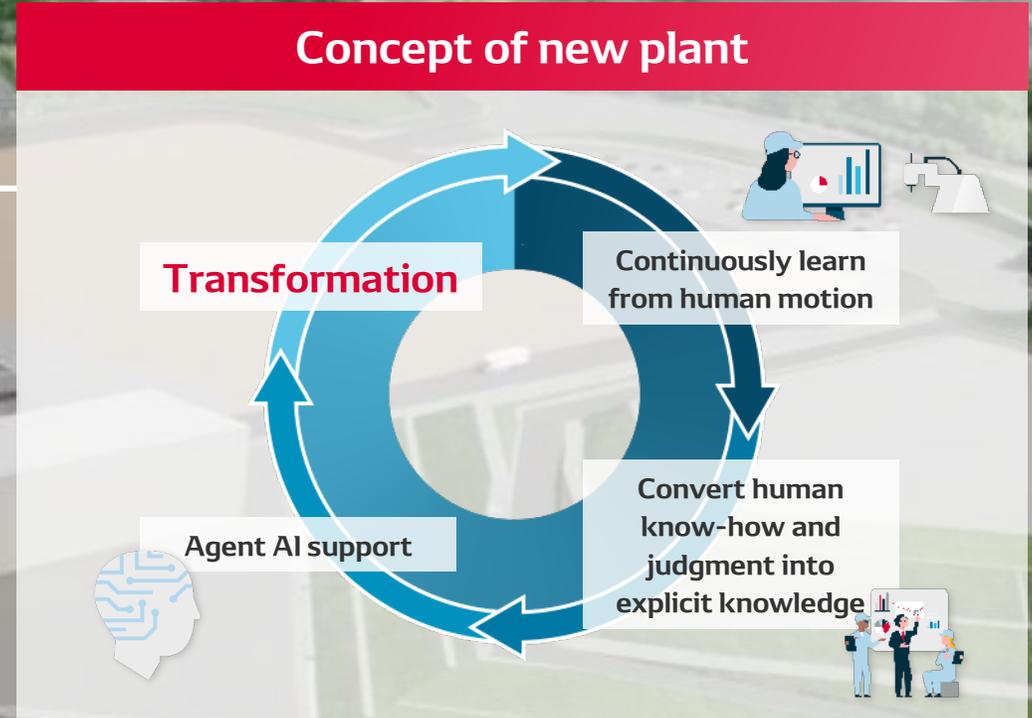
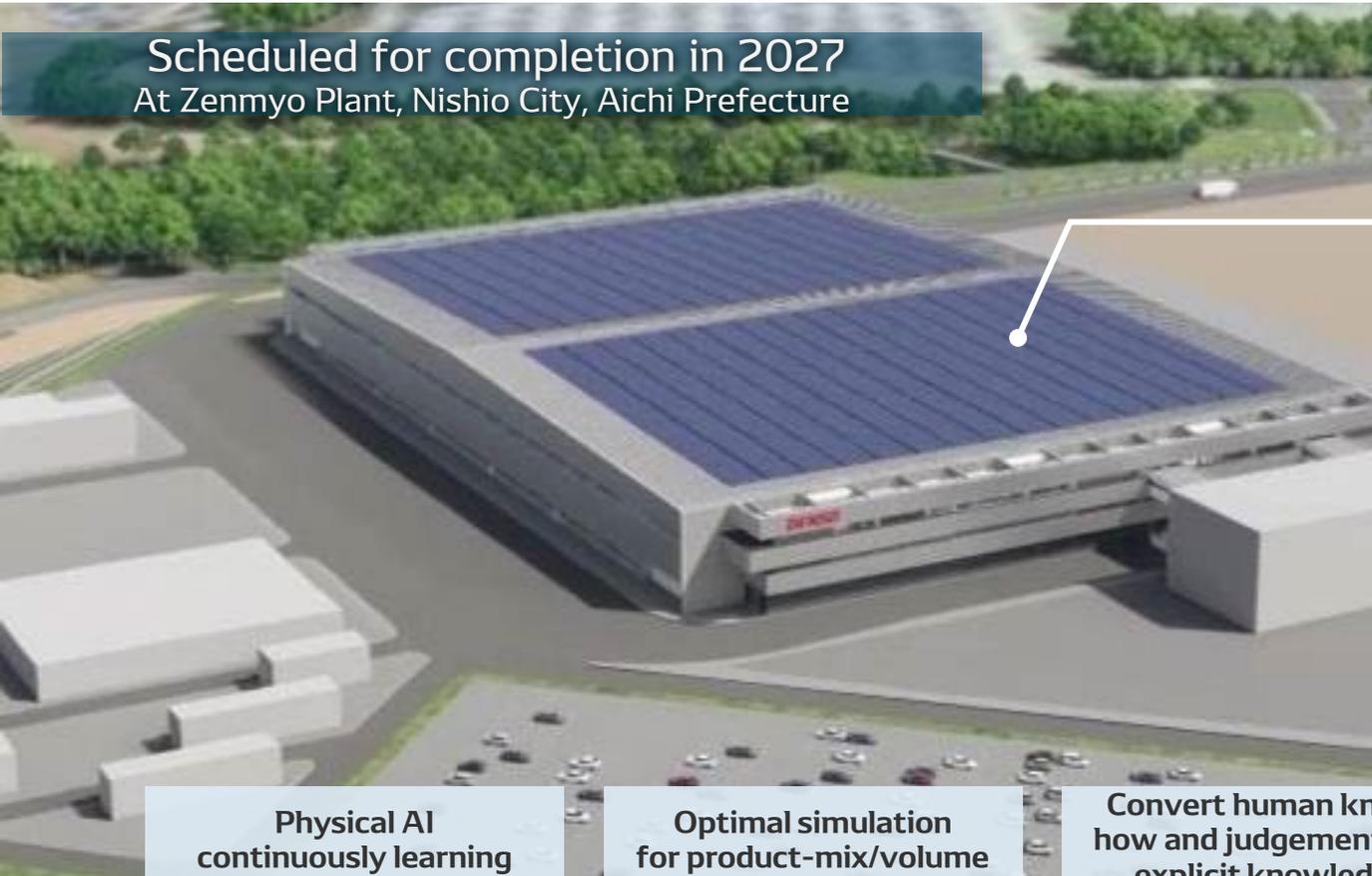
**Expand advanced equipment-maintenance talent to develop with AI**

ex) Develop 7,000 Top Einsteller\*

\*High skilled technicians capable of daily inspections, prevention maintenance, defect analysis, repairs

# Case 2. Deploying Physical AI in Plants — Launch of Zenmyo South New Plant —

Scheduled for completion in 2027  
At Zenmyo Plant, Nishio City, Aichi Prefecture



Physical AI continuously learning from human motion

Optimal simulation for product-mix/volume variability

Convert human know-how and judgement into explicit knowledge through dialogue

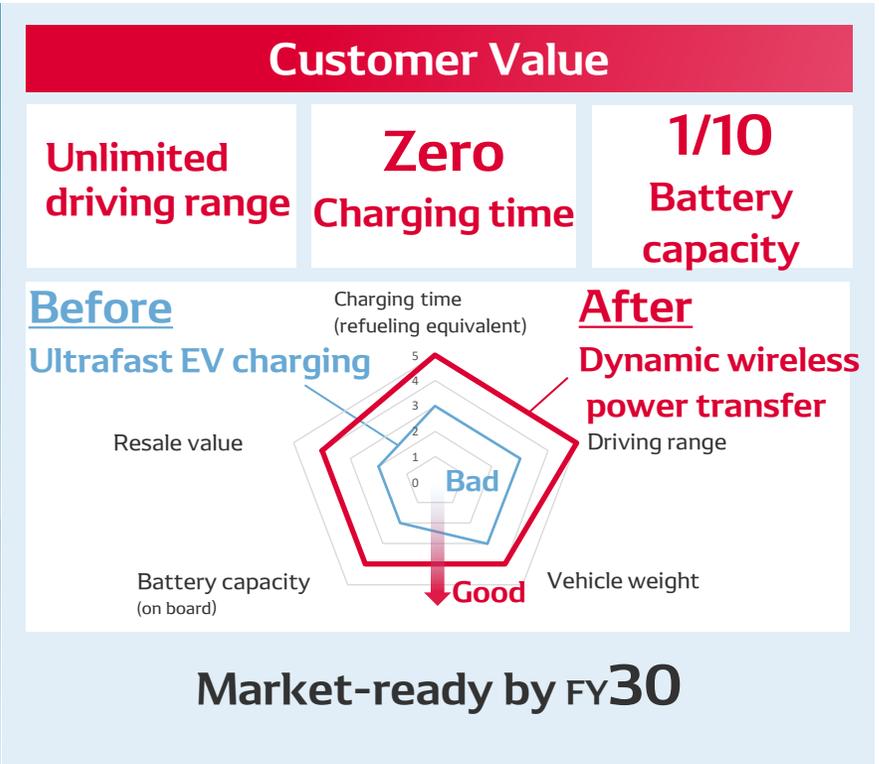
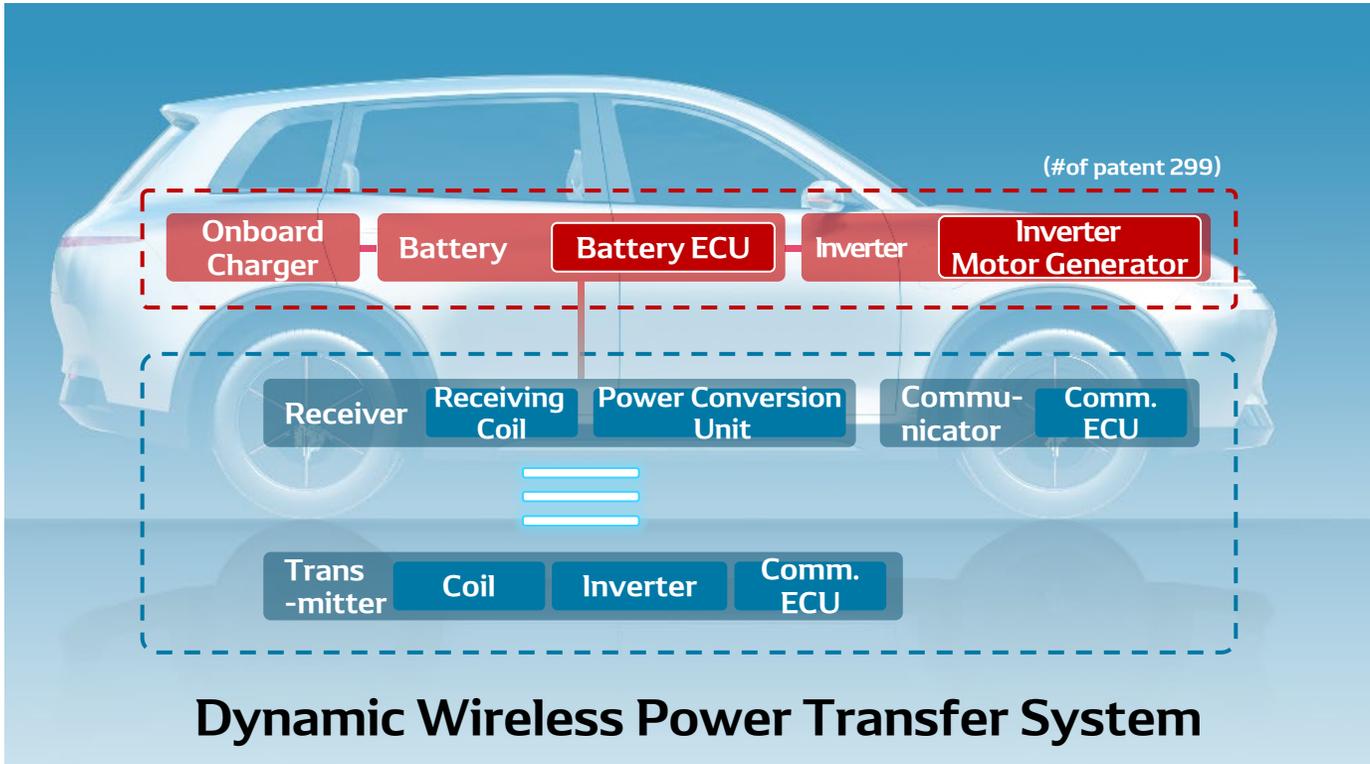
AI Agent for anomaly detection and recovery support

Flexible production instructions based on production, inventory status

**Through hands-on practice in real-world, people and machines learn from one another and enable manufacturing to keep evolving**

# New Approach to Addressing EV Concerns -Dynamic Wireless Power Transfer System-

- By linking road infrastructure with vehicles and supplying power while driving, it **optimizes battery size and eliminates range anxiety**
- **Promote development/demonstration toward social implementation in collaboration with industry, government, and academia**



**Through co-creation with a wide range of partners, aim to address social challenges through optimal citywide energy management**

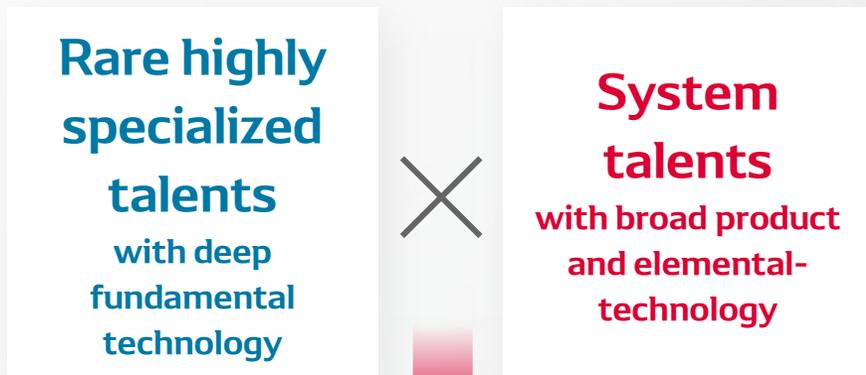
# “Developing People, Co-Creating with Partners” to Lead New Value Creation

## Partner Collaboration in Societal Value Expansion Domains

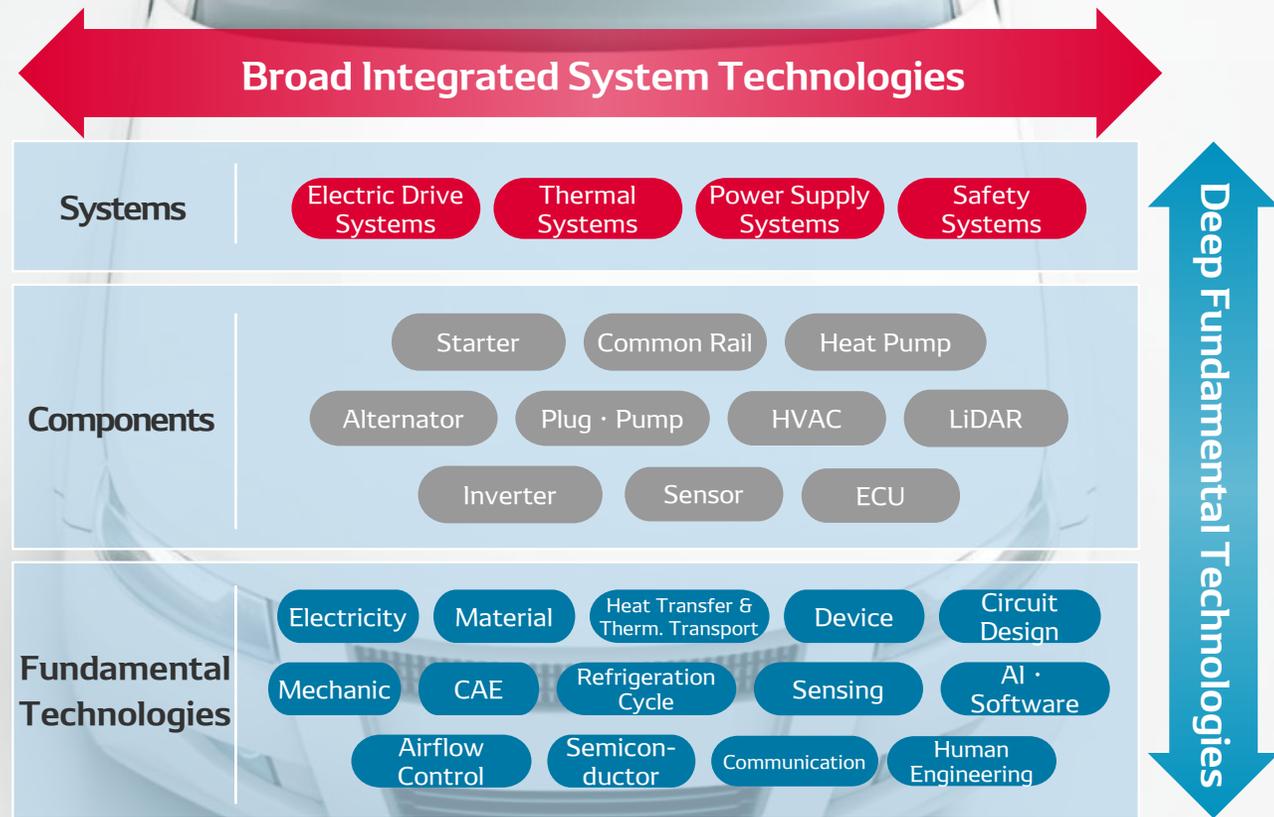


## Grow with partners to drive broad value enhancement

# Reinforcement of Talents with High Expertise



Acquisition	Acquire talent with rare expertise in areas such as AI and SoCs
Development	Visualize quality (expertise) × quantity (headcount) of development design engineers, strengthen optimal placement and development plan



**DENSO strengthens execution of its Growth Strategy by reinforcing talents - enabled by its comprehensive and end-to-end domain coverage**

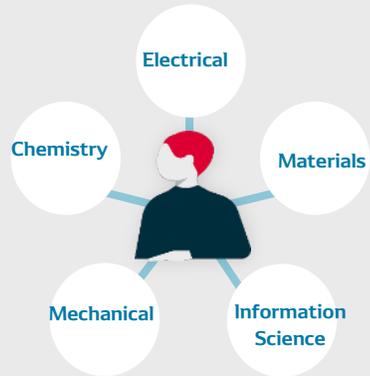
# Development of Integrated System Engineers

## Importance of Integrated System Engineers

Growing need for integrated system development optimized for increasingly diverse customer and societal needs



**Value created when one person brings together multiple areas of expertise**



Requirements for Integrated System Engineer	
<b>Tech</b>	<ul style="list-style-type: none"> <li>• Broadness and depth of technologies</li> <li>• Systems thinking (Architecture design for AI era, etc)</li> </ul>
<b>People</b>	<ul style="list-style-type: none"> <li>• Human capability to co-create with customers and internal team</li> </ul>

## Talent development initiatives

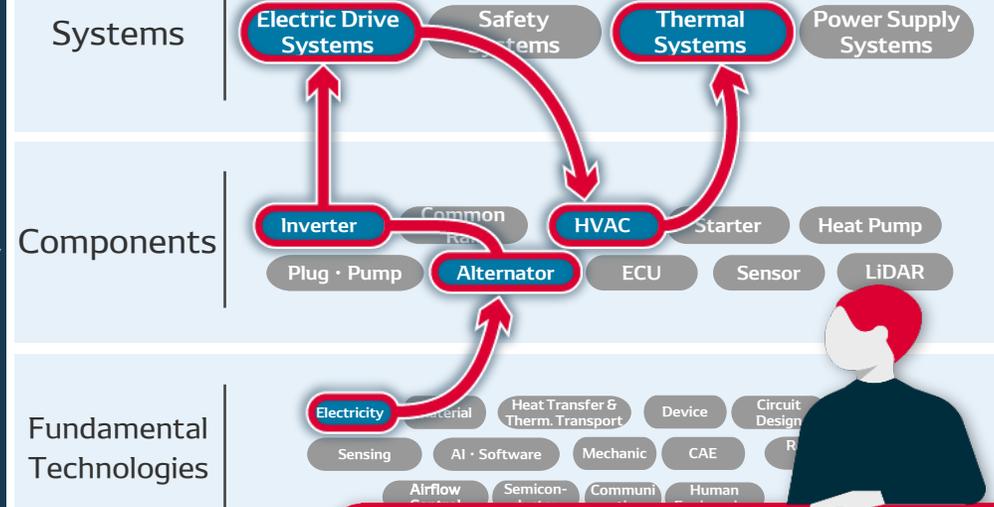
Diverse customers



Diverse products, technology fields

**Car manufacturers worldwide**

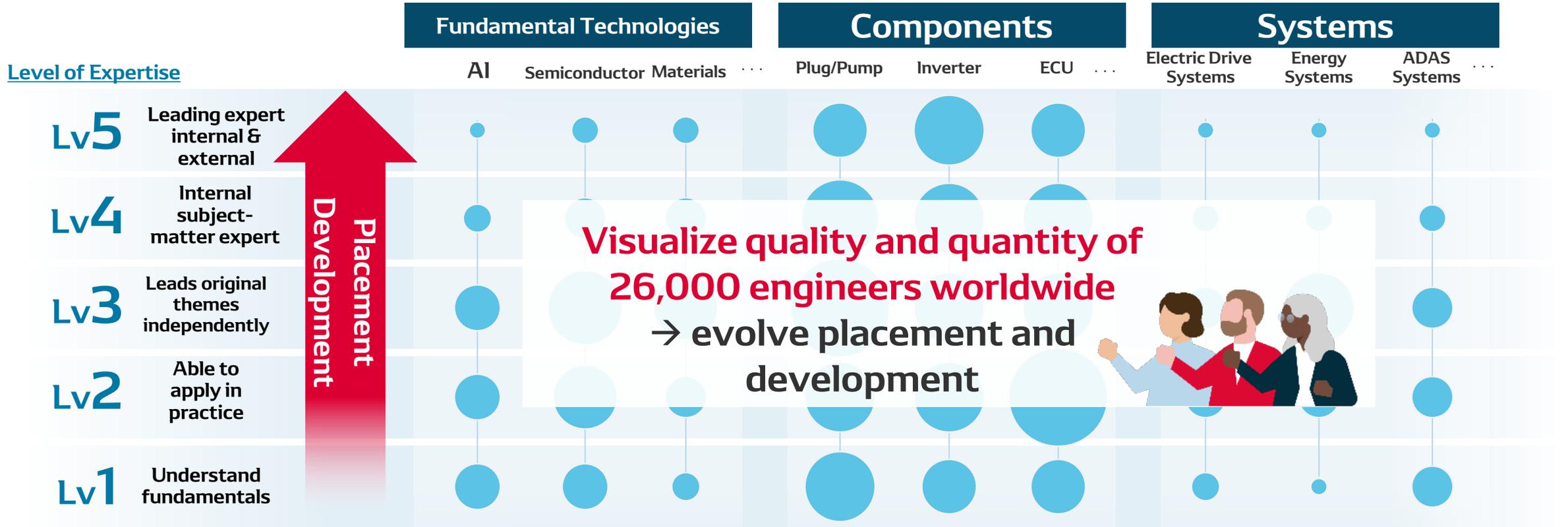
Place where distinctive requirements of car manufacturers around the world are realized



**Plan/provide broad hands-on experience**

**Strengthen strategic talent development by leveraging diverse real-world "settings" that only DENSO can offer**

# Placement /Development Aligned with Strategy Through Visualizing Quality and Quantity of Engineers



**Enhance execution capability by strengthening linkage between business strategy and talent strategy through agile talent-portfolio transformation**

# 4

## Financial Strategies

Review of 2025 Mid-Term Policy Financial Strategies  
Financial Targets and Strategies Toward 2030

# Review of 2025 Mid-Term Policy [Revenue & Finance]

**Revenue** : **Achieved sales growth significantly outperforming the vehicle market** (FY21–FY26 CAGR: Vehicle market +3%, Sales growth +9%)  
**Led the transformation of industry practices to contribute to strengthening supply chain resilience**  
**Further strengthening of the earnings base remains, including continued quality costs**  
**Implement resource investments to accelerate future growth**

**Finance** : Improve ROE (more than cost of equity), returned value to shareholders through agile share buybacks, and led the industry in reducing policy shareholdings

	FY21	FY26	25Mid-Term Policy targets	
<b>Revenue</b>	Sales	4.9 trillion yen	7.4 trillion yen	<b>Growth Investment</b> [FY21⇒26]
	Operating margin	3.1 %	7.2 %	Capital expenditures
	ROE	3.4 %	8.1 % *Cost of equity 7.8%	374.3 bil.yen <b>350</b> bil. yen
<b>Finance</b>	DOE	3.0 %	3.5 %	R & D costs
	Share Buybacks	85 billion yen (FY17-21 cumulative)	847.5 billion yen (FY22-26 cumulative)	492 bil.yen <b>680</b> bil. yen
	Cross-shareholdings	30 issues (as of end FY21)	reduced to 25 issues from 30 (FY22-26 cumulative)	<b>Others</b> [FY26]
				Cash on hand compared with monthly turnover (months)
			Improve with long-term stability	<b>1.0</b> month
			Execute and Enhance with Agile	Equity ratio
			Reduce	<b>61</b> %

# Review of the 2025 Mid-Term Policy [Materiality]

		FY2025	Mid-Term Policy Target	
Green	Factory CO <sub>2</sub> Emissions	Carbon neutrality with credits	Carbon neutrality with credits	▶ Thorough energy saving and introduction of renewable energy
	Electrification revenue	1.1 trillion yen	1.2 trillion yen	
Peace of mind	Accident scene coverage ratio	56 %	56 %	▶ Completion of GSP4 market launch
	ADAS revenue	590 bil. yen	520 bil.yen	▶ Expansion of the adoption of ADAS products

**Based on Green and Peace of mind principles, steadily promoted business growth and contributions to solving social issues**

# Review of the 2025 Mid-Term Policy [External Evaluations & Awards]

## Major SRI / ESG Investment Index



FTSE4Good



FTSE JPX Blossom Japan Index



FTSE JPX Blossom Japan Sector Relative Index



2025 Sompo Sustainability Index



S&P/JPX  
カーボン  
エフィシエント  
指数

2025 CONSTITUENT MSCI日本株  
ESGセレクト・リーダーズ指数

THE INCLUSION OF DENSO CORPORATION IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF DENSO CORPORATION BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

## Other Domestic and International Evaluations



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



CDP 4年連続「A」評価  
(気候変動/水セキュリティ)



女性が活躍しています!



2026  
健康経営優良法人  
KENKO Investment for Health  
大規模法人部門  
ホワイト500



DX銘柄2025  
Digital Transformation



GOOD CAREER COMPANY  
AWARD 2024  
イノベーション賞



work with Pride  
WWP Gold 2025

## Long-Term Credit Ratings

R&I AAA

S&P A+

Moody's A2

(as of March 31, 2026)

## Evaluation of IR Activities



NIKKEI  
Integrated Report Award  
日経総合経営賞アワード



WICI  
JAPAN  
INTEGRATED REPORT AWARD  
2025



Energy Conservation Award  
(15 consecutive years)



AMATA'S WASTE MANAGEMENT  
AWARD IN THAILAND  
(10 consecutive years)

Received numerous external evaluations and awards from both Japan and overseas

# Our Goal for 2030

## Mobility Domains

Customer Value Creation and Steady Growth through Agile Portfolio Transformation

## Societal Value Expansion Domains

Contributing to the Resolution of Social Issues in FA, Agriculture, Semiconductors, and Other Fields

## Investments for Sustainable Growth

Build a Strong Foundation that Supports Enhanced Competitiveness and Value Creation

### Sales Revenue

Over **8 trillion yen**

### Operating Margin

Over **10 %**

### ROE

Over **11 %**

### Investments and Shareholder Returns

Over **8 Trillion yen**  
 [Cumulative from FY27-31]

Business investment	<b>6.6</b> Tri. yen
Dividend	<b>1.0</b> Tri. yen
Strategic Investments & Share Repurchases	<b>+α</b> Tri. yen

## Other Key Financial KPIs

Equity ratio

Over **50 %**

DOE

Over **4.0 %**

Share Buybacks

**Agile Execution and Reinforcement**

Cross-shareholdings

**Ongoing Reduction Based on the Rationale for Holdings**

## Key Materiality KPIs

Electrification sales

**1.9 trillion yen**

Green

CO2 emissions

**Scope1/2 CN with credit  
Scope3 -25% (compared to 2020)**

Peace Of mind

ADAS sales

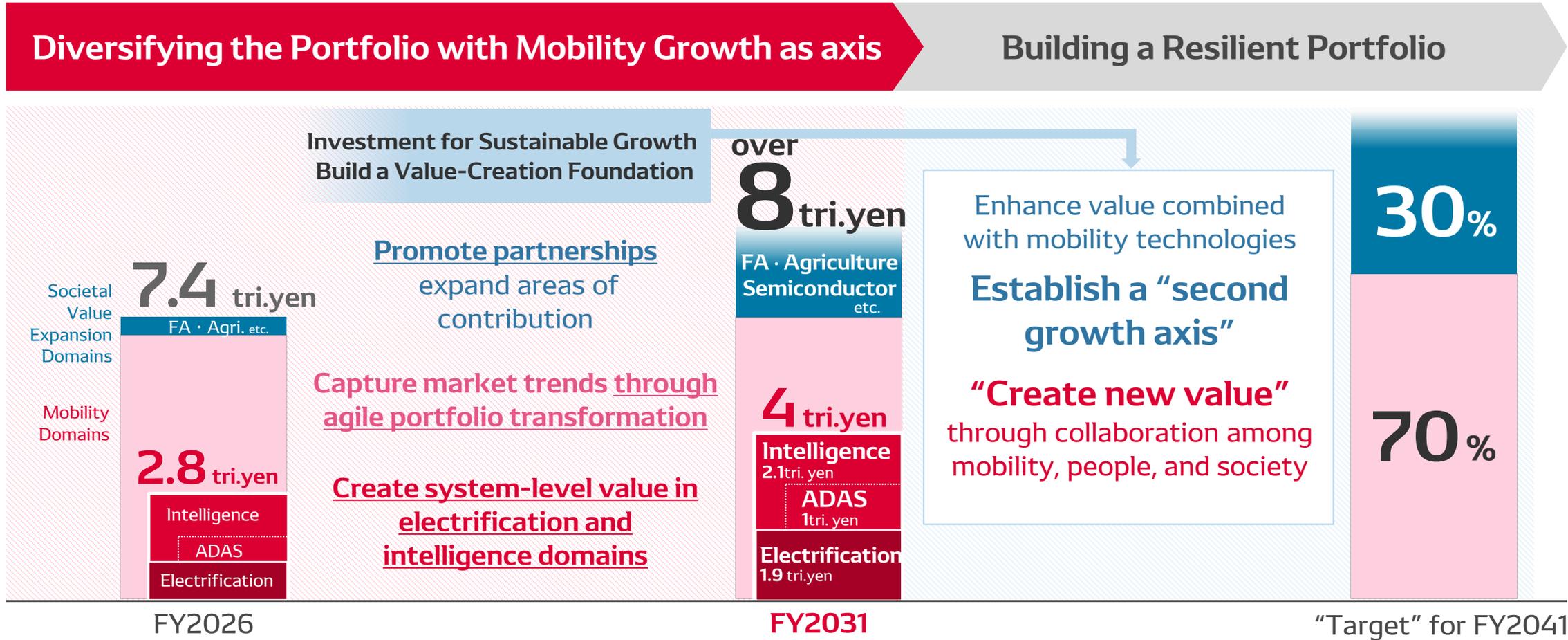
**1.0 trillion yen**

Accident scene coverage ratio

**80 %**

**Achieve sustainable enhancement of corporate value through the creation of social value**

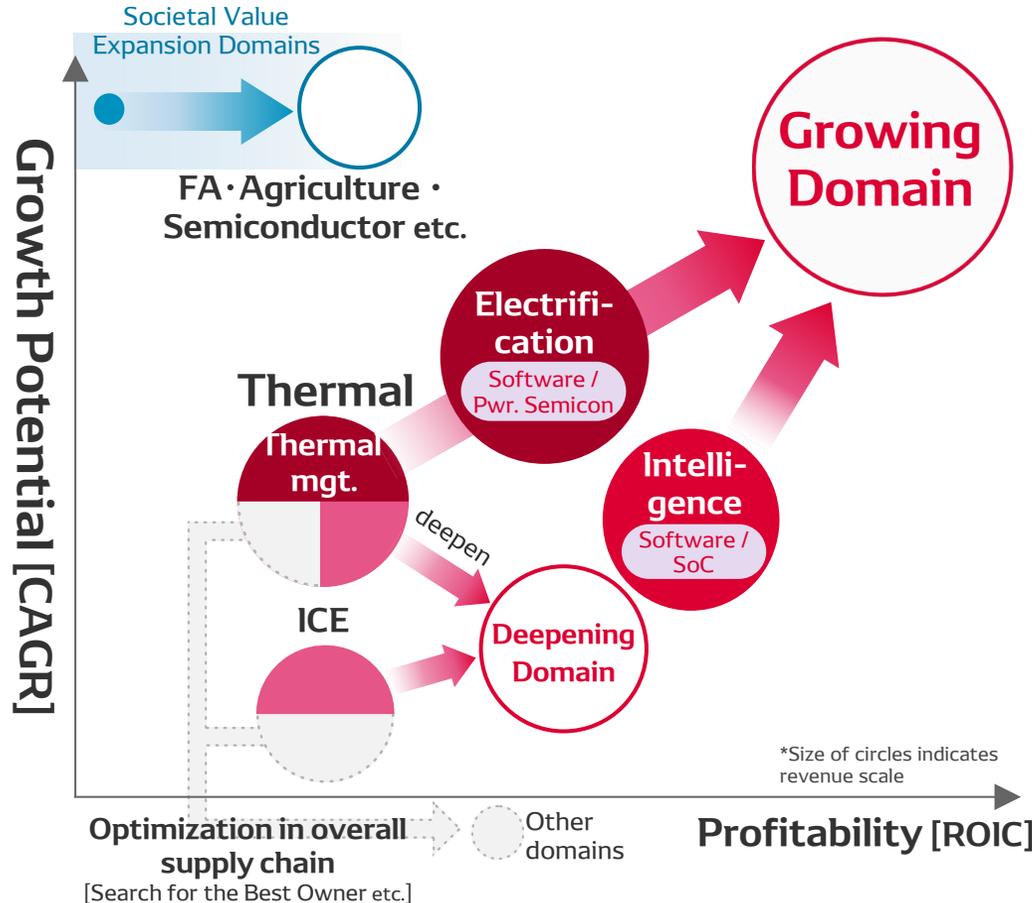
# Business Growth Scenario



**Diversify the portfolio toward resolving social issues and achieving sustainable growth, based on the growth of mobility**

# Direction of Business Evolution

## Transformation of Business Portfolio [FY2026⇒2031]



Societal Val. Expansion Domain	FA · Agriculture
	Semiconductor
Mobility Domain	Electrification (includ. Thermal Management)
	Intelligence
	Internal combustion & thermal
	Fundamental Technologies
	Software

Expand areas of contribution by **integrating partner collaboration with mobility technologies**

Contribute to **wide range of fields, including industrial equipment and consumer electronics**

**Evolve across all layers**, including vehicle control, Energy Management systems, and components

Differentiate through **mass-production implementation capability for high-reliability systems and safety and peace-of-mind value** (Software and SoC)

Support the **foundations of multi-pathway**

- Deepening Domain: improvements in thermal efficiency and environmental adaptability (exhaust emissions, alternative fuels, etc.)
- Other Domain: optimize competitiveness across the entire Supply Chain

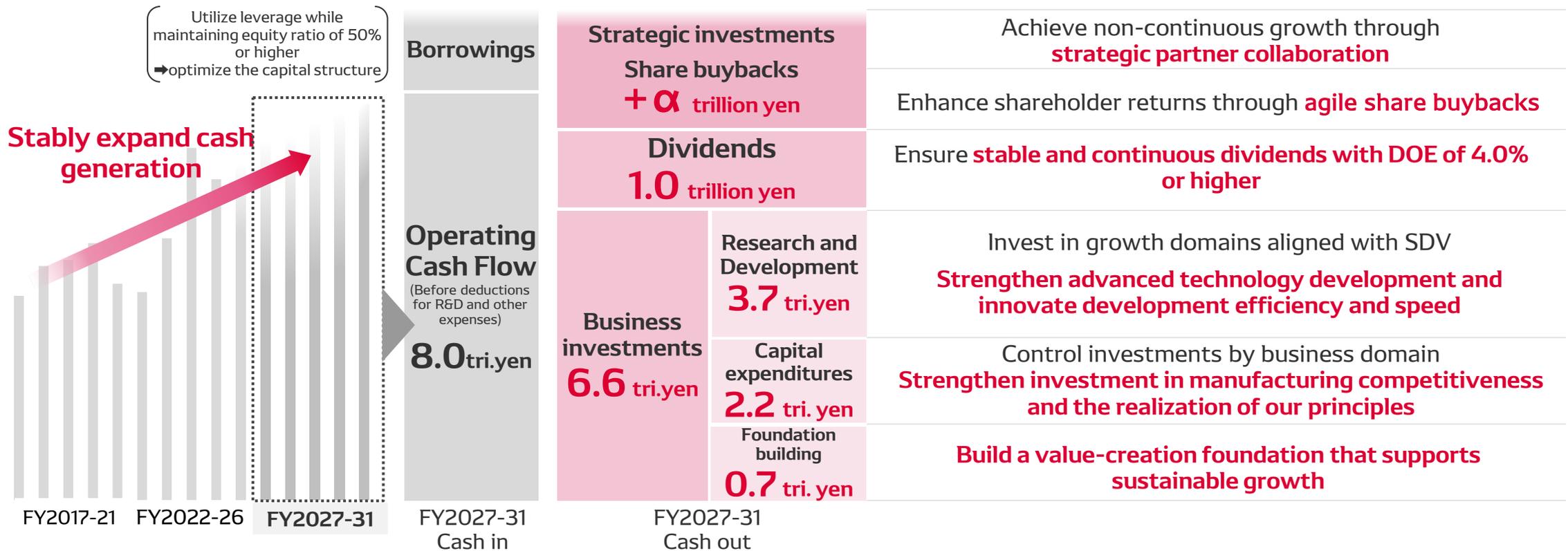
**Power Semiconductor** : Achieve improvements in **performance (low loss) and cost**

**SoC** : Achieve **In-Vehicle Optimization (Computing and Pwr. Efficiency)**

**Innovation in Development Efficiency and Speed** (AI and Flexible Architectures)

**Advance mobility and expand our Societal Value Expansion Domains, by capturing market and customer needs through in-vehicle fundamental technologies**

# Capital Allocation Toward Sustainable Growth



**Strengthen investments for business growth and shareholder returns with stable cash generation**

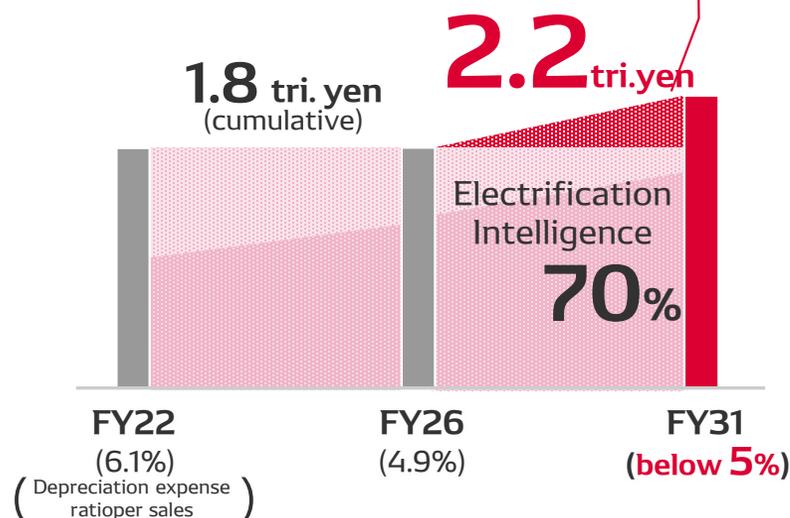
# Business Investments [FY2027–2031 Cumulative]

## Capital Expenditures **2.2** tri.yen

Control investments by business domain based on the balance between “growth” and “capital efficiency”

Strengthen investment in manufacturing competitiveness and the realization of our principles

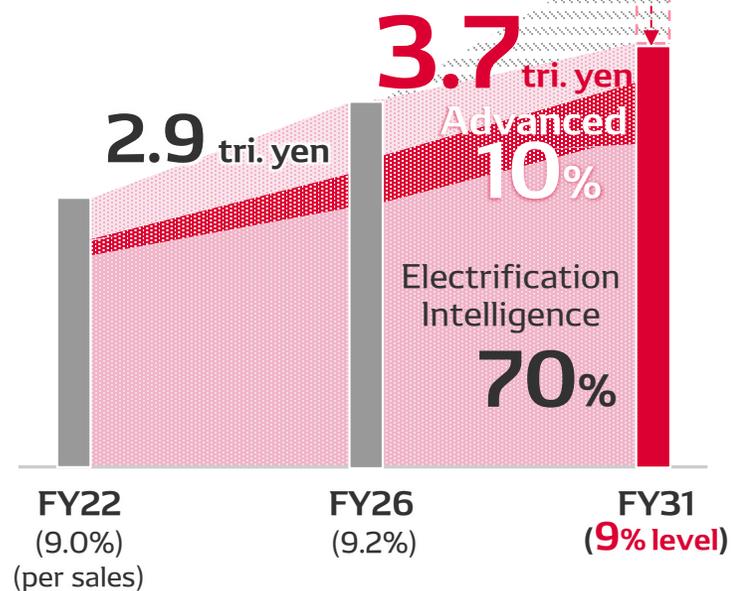
Next-generation factories  
Carbon neutrality-related technologies



## Research & Development **3.7** tri.yen

Stay ahead of changing societal needs through advanced technology development, and achieve improvements in efficiency and speed through process transformation

Efficiency improvement through process transformation



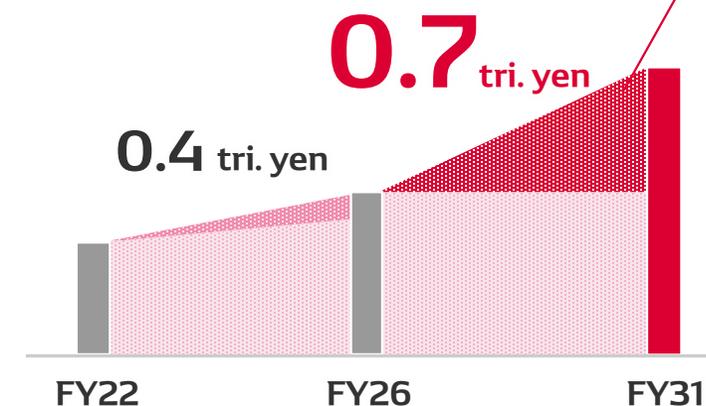
## Value Creation Foundation **0.7** tri.yen

Investment in “IT,” “Intellectual Property,” and “Human Capital”

Build a robust value-creation foundation to realize sustainable growth

Strengthen IP strategies: differentiation and creation of new value

Enhance collaboration between IT and people: boost productivity and innovation



**Through investments exceeding 6 trillion yen, enhance competitiveness for sustainable growth and build a strong value-creation foundation**

# Initiatives in Societal Value Expansion Domains

- FA  
(Factory Automation)
- Agriculture
- Semiconductors

## Social Issues

Advancement of manufacturing driven by the spread of AI and **address workforce challenges in the manufacturing industry**

Responding to climate change and the decline in the farming population, and **ensuring a stable food supply**

Responding to diverse and increasingly sophisticated **semiconductor needs** across society

## Our Initiatives

**Establish a comprehensive line builder business** that provides solutions from control systems to key devices  
Optimize control technologies and manufacturing operations through use of AI

**Build one-stop solutions** covering everything from cultivation planning to stable production  
Advance cutting-edge technologies in the Netherlands, a leading country in agriculture

**Contribute to highly reliable, efficient technological innovation** required by next-generation society  
Maximize Value Across industrial equipment, consumer electronics, automotive

**Contribute to resolve social issues through the integration of mobility technologies**

# Growth of Societal Value Expansion Domains from a Social Value Perspective (FA)

## DENSO's Manufacturing Capabilities

### Broad Range of Elemental Technologies

From small comp. (semiconductors) to middle-sized (BEV Inverters)

44,000 Part numbers      12billion Units/produced annually

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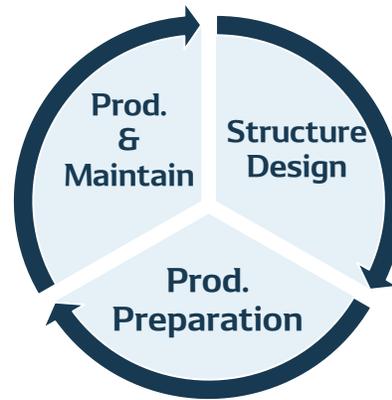
### Optimal Production Systems

Manual	Various type&qty	High-speed automation
38 countries	150 factories	5,000 Prod. lines

## Comprehensive Line Builder

Supporting ideal factory development across the entire lifecycle

Continuous improvement to enhance efficiency and quality



Design and build prod. processes that contribute to prod. differentiation

System design and installation to ensure high-quality mfg.

## DENSO BRAIN

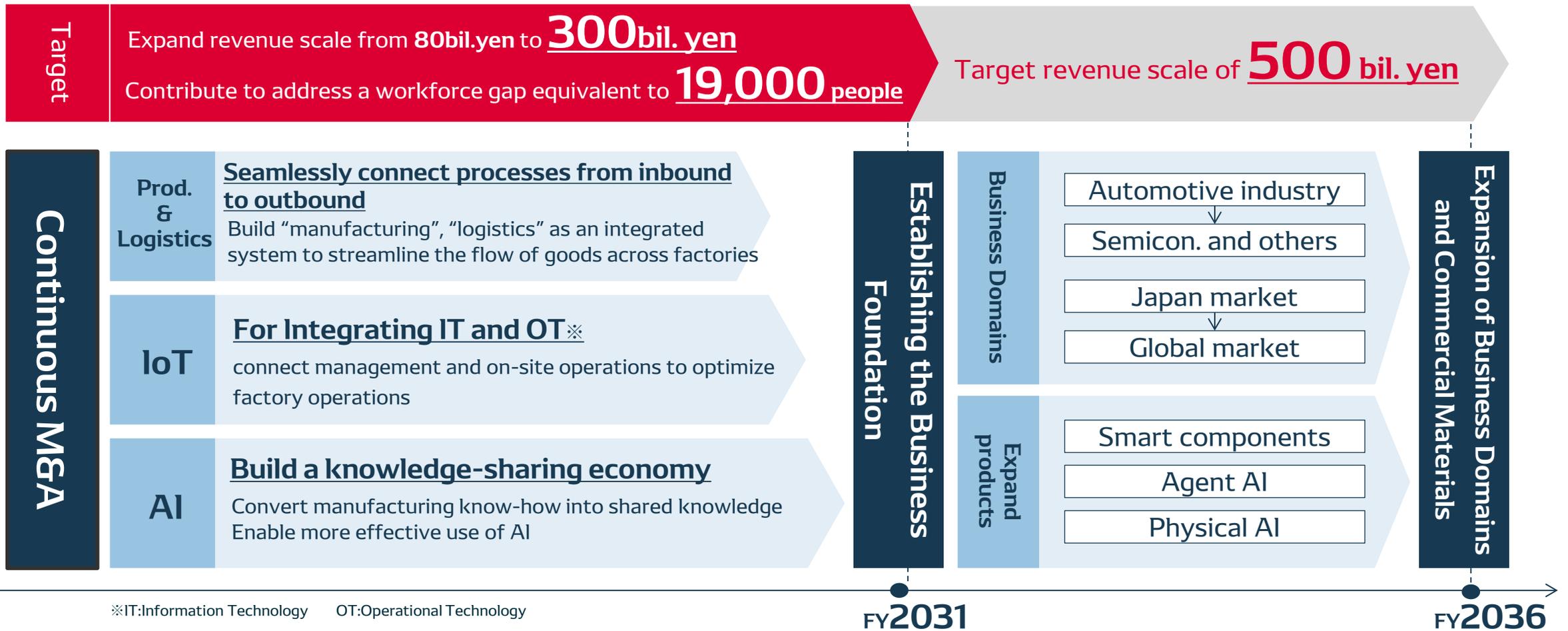
- Leverage manufacturing expertise
- Process design / solid technologies
- Quality management
- Equipment manufacturing
- On-site kaizen capabilities

## Value Delivered to Customers

Electronics factories	Operation ratio increased <b>39%</b>
Food factories	Production volume increased <b>52%</b>
Consumer goods factories	Holiday working days (per month) <b>4</b> → <b>1</b> days

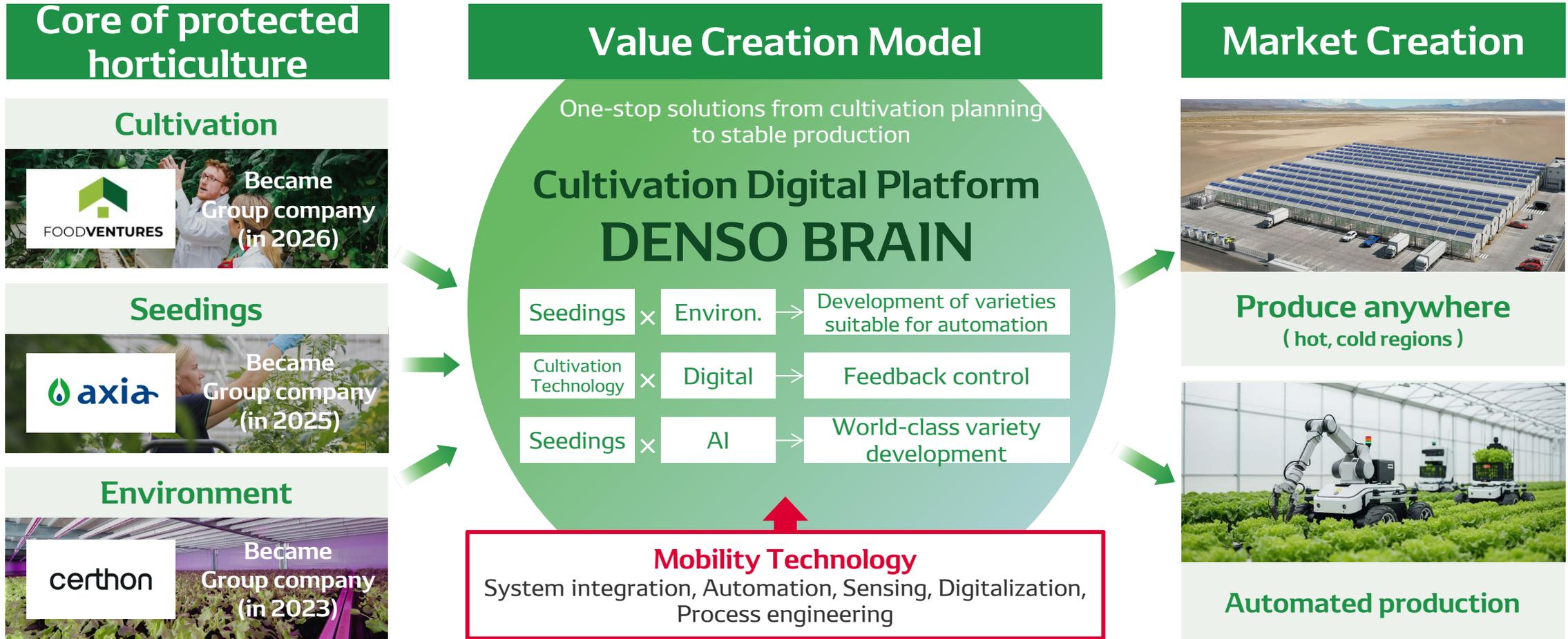
**Build a cycle that continuously increases value by integrating the engineering chain and supply chain, to address workforce challenges**

# Growth Strategy of FA Domain



**Establish a strong business foundation, by combining "technology development for manufacturing" with "continuous M&A"**

# Growth of Societal Value Expansion Domains from a Social Value Perspective (Agriculture)



**Industrialize agriculture to contribute to stable food production through “partner co-creation” × “mobility technologies”**

# Growth Strategy in the Agriculture Domain

## Organizational Structure

Consolidate **organization and talent**

Form **teams of next-generation leaders**



Foster a culture that creates new value

Establish agriculture business headquarters Netherlands, where advanced technologies and information converge (from Apr. 2026)



Accelerate speed of business development



## Revenue Scale

FY2031 **100.0** billion yen

**75** % Improvement in agricultural productivity

Continuous promotion of M&A

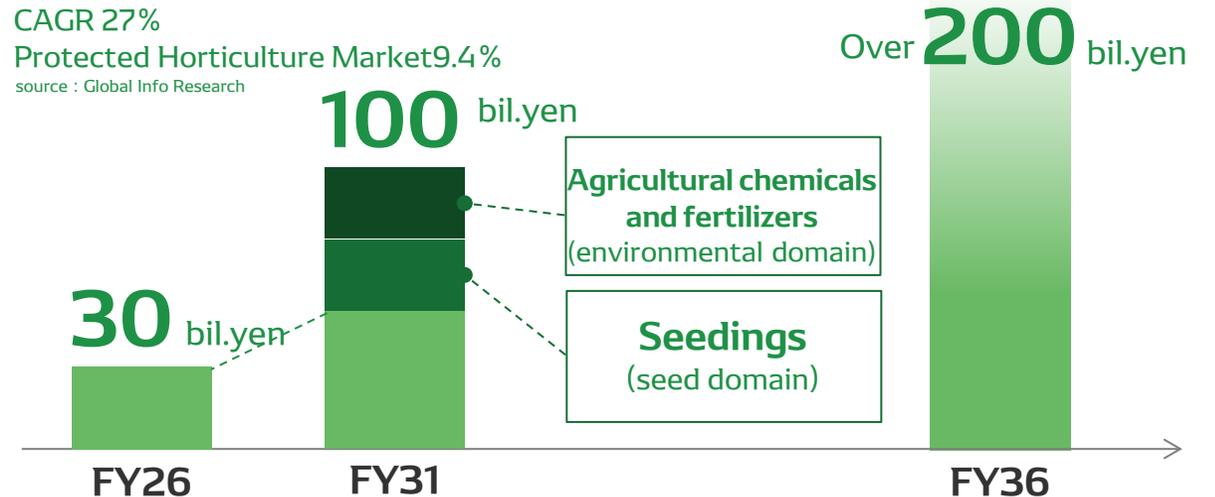
Build one-stop solutions

Develop a cultivation digital platform

CAGR 27%

Protected Horticulture Market 9.4%

source : Global Info Research

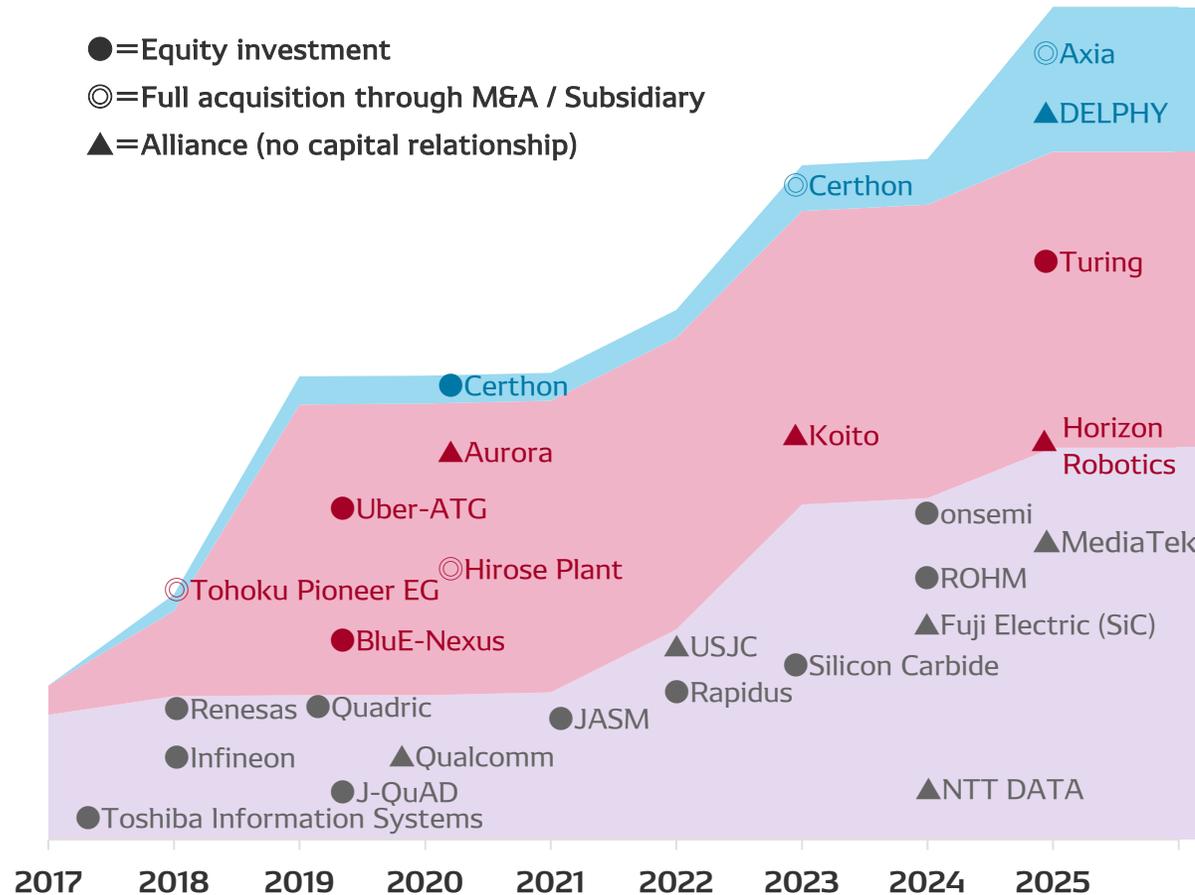


**Build and accelerate the business through a globally integrated organizational strategy**

# Direction of Partner Collaboration

## Strategic Investment Amounts Related to Partner Collaboration (Cumulative total since 2017)

- = Equity investment
- ◎ = Full acquisition through M&A / Subsidiary
- ▲ = Alliance (no capital relationship)



Total  
**560** bil.yen

**100** bil.yen

**170** bil.yen

**290** bil.yen

Promote further non-continuous growth by expanding partnerships at a larger scale

## Future Direction

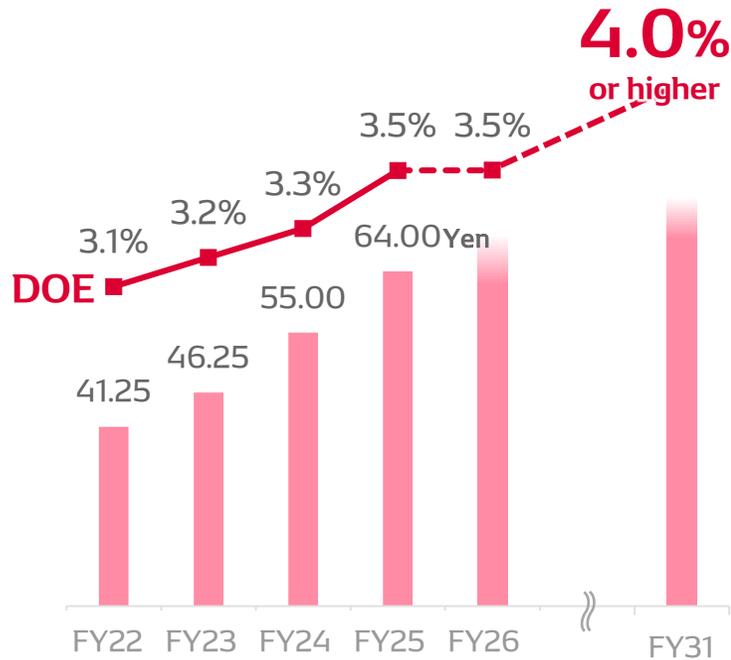
Mobility	Societal Value Expansion	FA/Agri. Semicon	Continue taking steps toward scaling up to create new value
	Fundamental tech.	Electrification/Intelligence	Promote platform transformation with partners, led the evolution of the mobility society
		Semiconductors	Achieve stable supply and strengthen lineup depth and vertical integration
		Software	Establish a development framework for large-scale, high-level R&D

**Continuously advance strategic partnerships to enhance provided value**

# Shareholder Return Policy

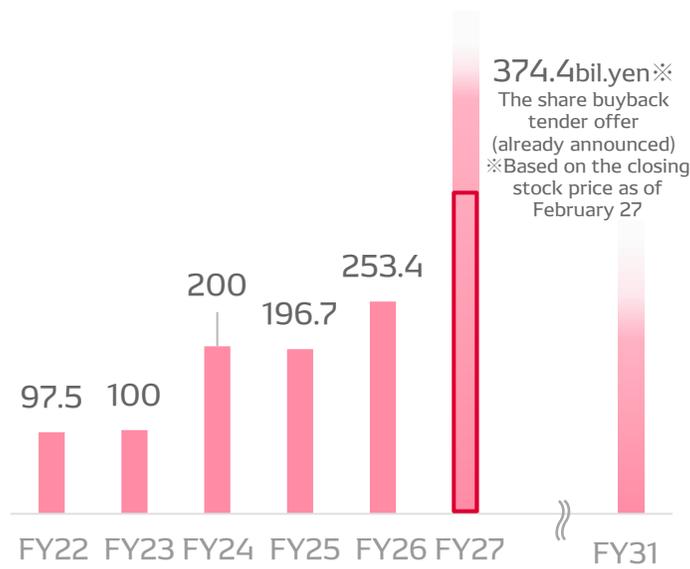
## Dividends

Aim to **achieve DOE of 4.0% or higher by FY2031, improve dividends over the long term**



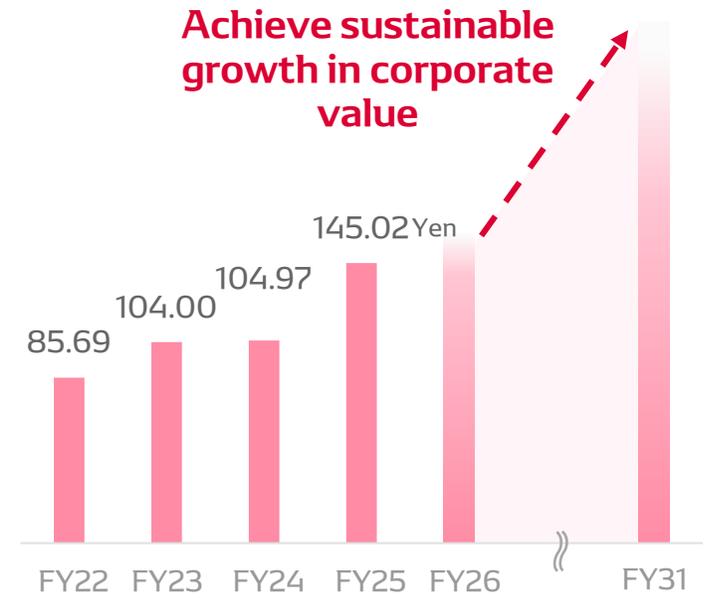
## Share Buybacks

**Conduct flexibly** based on comparisons with its targeted capital structure and theoretical share price



## Reference : EPS (Earnings per Share)

**CAGR growth exceeding 10%** driven by improving profitability and shareholder returns



**Enhance shareholder returns by balancing stability and flexibility**

# Toward Enhancing Corporate Value

## Maximize Social Value

Purpose of  
"Green"

Stable food supply

Purpose of  
"Peace of mind"

Address workforce  
challenges



## Maximize Capital Efficiency

Strengthen  
earning structure

Improve capital  
structure

Reduce low-return  
assets

Dialogue with the  
market

**Enhance corporate value sustainably,  
by advancing both  
the maximization of social value  
and the maximization of capital efficiency**

Our Goal

Realize the future society, starting from mobility, through human potential



2030 DENSO Group Mid-Term Management Plan

# CORE 2030

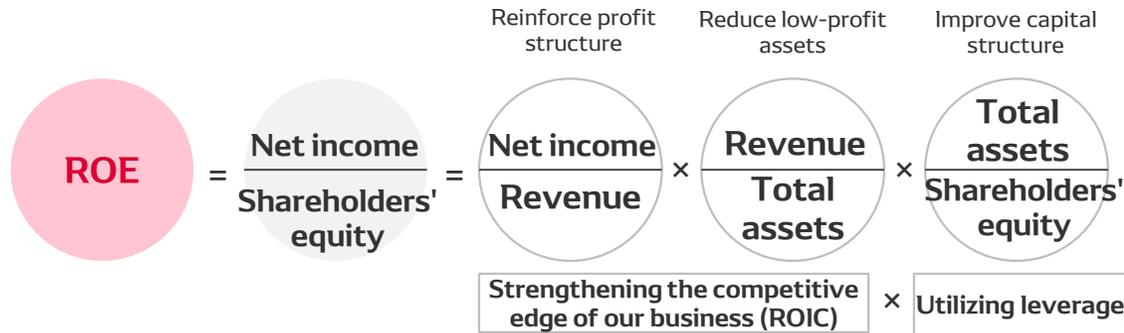
# ***DENSO***

## **Crafting the Core**

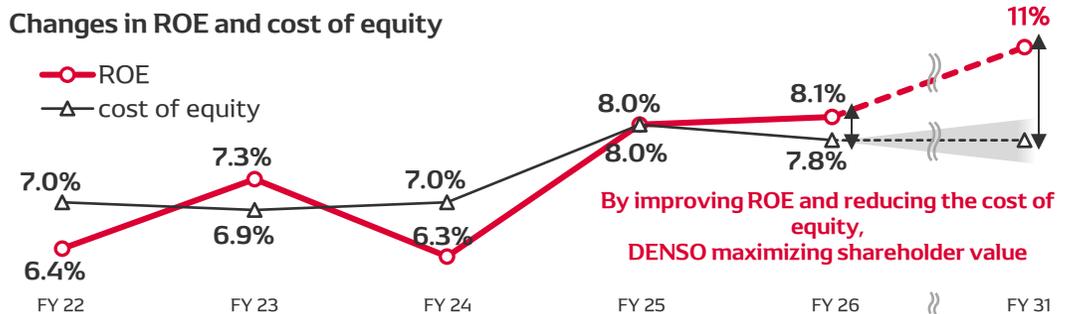
Any statements in this document that are not historical facts, such as performance targets, future prospects and strategies, are based on information currently available to our company. They are affected by uncertain factors such as the economic environment in Japan and overseas, the competitive situation, and the enactment and abolition of laws, regulations and systems. Therefore, actual results and strategies may differ significantly from the forecasts and assumptions in this document.

# Reference: The Four Pillars of Financial Strategy

## Progress of 2025 Mid-Term Policy and "Initiatives for Creating Corporate Value" in 2030 Mid-Term Management Plan



Changes in ROE and cost of equity



### ① Reduce low-profit assets

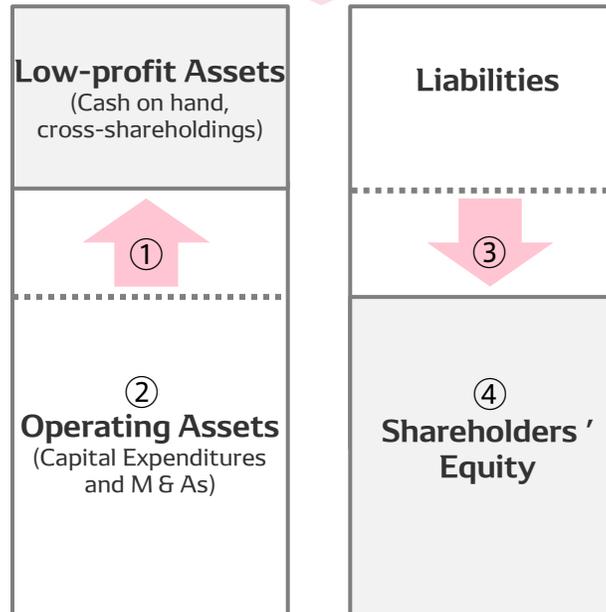


### ② Reinforce profit structure

**25 Mid-Term Policy** Restructuring of business portfolio and growth investment at the same time  
Invested ¥1.8 trillion in capital Expenditures and ¥2.9 trillion in R & D

**30 Mid-Term Management Plan** Continue to **transform business portfolio** with emphasis on ROIC management

### Formulated financial strategy as "4 pillars"



### ③ Improve Capital Structure

**25 Mid-Term Policy** Achieved DOE of 3.5% and acquired 847.5 billion yen of treasury stock  
Equity ratio 59.1% (expected value after the share buyback tender offer announced)

**30 Mid-Term Management Plan** Utilize Borrowings for Strategic Investments and enhance Shareholder Returns  
→ **Over 50% Equity ratio**  
(A level that achieves both capital efficiency and readiness to deal with the risk of rapid deterioration in the business environment)

### ④ Engage in dialogue with markets

**25 Mid-Term Policy** Earned numerous external evaluations and awards for ongoing IR activities

**30 Mid-Term Management Plan** improve and continue dialogue with the market toward 2030, and accelerate reduction of the cost of equity