

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

Consolidated Financial Results
for the Six Months Ended September 30, 2020
<under IFRS>

1-1, Showa-cho, Kariya, Aichi 448-8661, Japan

Representative : Koji Arima
 President and CEO

Contact : Yoshimasa Shinoda
 Director

Telephone : +81-566-61-7910

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(URL <https://www.denso.com/global/en>)

DATE: October 29, 2020

DENSO CORPORATION

CODE: 6902

Listed on the Tokyo and
 Nagoya Stock Exchanges

(Millions of yen, except per share figures)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Revenue		Operating profit (loss)		Profit (loss) before income taxes		Profit (loss) for the period	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2020	2,074,722	(20.8)	(69,627)	—	(55,433)	—	(68,407)	—
September 30, 2019	2,618,424	(0.2)	134,020	(12.0)	151,217	(11.2)	111,683	(10.9)

	Profit (loss) attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2020	(71,124)	—	61,184	(51.0)	(91.79)	—
September 30, 2019	104,223	(8.6)	124,836	(21.1)	134.50	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2020	6,403,834	3,557,899	3,400,661	53.1
March 31, 2020	5,651,801	3,558,869	3,397,136	60.1

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	—	70.00	—	70.00	140.00
Year ending March 31, 2021	—	70.00			
Year ending March 31, 2021 (Forecast)			—	70.00	140.00

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021
(from April 1, 2020 to March 31, 2021)**

(Percentages indicate the change of the same period of the previous year)

	Revenue		Operating profit		Profit before income taxes		Profit for the year		Profit attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	4,540,000	(11.9)	100,000	63.7	131,000	46.2	94,000	11.1	75,000	10.1	96.79

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Sep. 30, 2020
Assets		
Current assets		
Cash and cash equivalents	597,816	992,460
Trade and other receivables	885,461	951,272
Inventories	651,670	666,935
Other financial assets	121,177	121,981
Other current assets	90,194	97,804
Total current assets	2,346,318	2,830,452
Non-current assets		
Property, plant and equipment	1,758,233	1,835,593
Right-of-use assets	47,254	49,176
Intangible assets	96,388	139,797
Other financial assets	1,121,066	1,314,041
Investments accounted for using the equity method	104,590	100,679
Retirement benefit assets	38,298	35,958
Deferred tax assets	117,856	72,510
Other non-current assets	21,798	25,628
Total non-current assets	3,305,483	3,573,382
Total assets	5,651,801	6,403,834

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Sep. 30, 2020
Liabilities and equity		
Current liabilities		
Bonds and borrowings	112,402	641,134
Trade and other payables	891,949	906,196
Other financial liabilities	53,436	48,051
Income tax payables	22,839	9,736
Provisions	269,733	299,798
Other current liabilities	72,708	69,841
Total current liabilities	1,423,067	1,974,756
Non-current liabilities		
Bonds and borrowings	352,970	545,897
Other financial liabilities	34,166	36,518
Retirement benefit liabilities	253,198	255,629
Provisions	4,429	4,356
Deferred tax liabilities	13,469	16,676
Other non-current liabilities	11,633	12,103
Total non-current liabilities	669,865	871,179
Total liabilities	2,092,932	2,845,935
Equity		
Capital stock	187,457	187,457
Capital surplus	272,375	272,386
Treasury stock	(56,815)	(56,819)
Other components of equity	226,653	352,664
Retained earnings	2,767,466	2,644,973
Equity attributable to owners of the parent company	3,397,136	3,400,661
Non-controlling interests	161,733	157,238
Total equity	3,558,869	3,557,899
Total liabilities and equity	5,651,801	6,403,834

Consolidated Statement of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Revenue	2,618,424	2,074,722
Cost of revenue	(2,261,024)	(1,911,309)
Gross profit	357,400	163,413
Selling, general and administrative expenses	(222,947)	(241,297)
Other income	7,522	16,639
Other expenses	(7,955)	(8,382)
Operating profit (loss)	134,020	(69,627)
Finance income	26,024	22,638
Finance costs	(4,947)	(3,655)
Foreign exchange losses	(6,385)	(3,343)
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	2,505	(1,446)
Profit (loss) before income taxes	151,217	(55,433)
Income tax expenses	(39,534)	(12,974)
Profit (loss) for the period	111,683	(68,407)
Attributable to:		
Owners of the parent company	104,223	(71,124)
Non-controlling interests	7,460	2,717

(Unit: Yen)

Earnings per share		
Basic	134.50	(91.79)
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Profit (loss) for the period	111,683	(68,407)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain on equity instruments designated as FVTOCI	70,278	135,433
Remeasurements of defined benefit pension plans	80	112
Share of other comprehensive income of investments accounted for using the equity method	(6)	12
Total	70,352	135,557
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(55,504)	(4,765)
Cash flow hedges	(83)	45
Share of other comprehensive income of investments accounted for using the equity method	(1,612)	(1,246)
Total	(57,199)	(5,966)
Total other comprehensive income	13,153	129,591
Comprehensive income for the period	124,836	61,184
Attributable to:		
Owners of the parent company	120,165	57,471
Non-controlling interests	4,671	3,713

Consolidated Statement of Changes in Equity

(Unit: Millions of yen)

	Equity attributable to owners of the parent company				
	Capital stock	Capital surplus	Treasury stock	Other components of equity	
				Net fair value gain on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2019	187,457	268,776	(56,803)	378,687	—
Profit (loss) for the period	—	—	—	—	—
Other comprehensive income	—	—	—	70,125	242
Comprehensive income for the period	—	—	—	70,125	242
Acquisition of treasury stock	—	—	(4)	—	—
Disposal of treasury stock	—	0	0	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—
Changes by business combinations	—	—	—	—	—
Transfer to retained earnings	—	—	—	(1,172)	(242)
Transfer from retained earnings to capital surplus	—	—	—	—	—
Other	—	—	—	—	—
Total transactions with the owners	—	0	(4)	(1,172)	(242)
As of September 30, 2019	187,457	268,776	(56,807)	447,640	—

As of April 1, 2020	187,457	272,375	(56,815)	273,576	—
Profit (loss) for the period	—	—	—	—	—
Other comprehensive income	—	—	—	135,353	113
Comprehensive income for the period	—	—	—	135,353	113
Acquisition of treasury stock	—	—	(4)	—	—
Disposal of treasury stock	—	(0)	0	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	4	—	—	—
Changes by business combinations	—	—	—	—	—
Transfer to retained earnings	—	—	—	(2,471)	(113)
Transfer from retained earnings to capital surplus	—	0	—	—	—
Other	—	7	—	—	—
Total transactions with the owners	—	11	(4)	(2,471)	(113)
As of September 30, 2020	187,457	272,386	(56,819)	406,458	—

(Unit: Millions of yen)

	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Exchange differences on translating foreign operations	Cash flow hedges	Total				
As of April 1, 2019	22,764	131	401,582	2,794,682	3,595,694	174,672	3,770,366
Profit (loss) for the period	—	—	—	104,223	104,223	7,460	111,683
Other comprehensive income	(54,342)	(83)	15,942	—	15,942	(2,789)	13,153
Comprehensive income for the period	(54,342)	(83)	15,942	104,223	120,165	4,671	124,836
Acquisition of treasury stock	—	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	—	—	—	0	—	0
Dividends	—	—	—	(54,243)	(54,243)	(14,061)	(68,304)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	93	93
Changes by business combinations	—	—	—	—	—	28	28
Transfer to retained earnings	—	—	(1,414)	1,414	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Other	—	—	—	50	50	46	96
Total transactions with the owners	—	—	(1,414)	(52,779)	(54,197)	(13,894)	(68,091)
As of September 30, 2019	(31,578)	48	416,110	2,846,126	3,661,662	165,449	3,827,111

As of April 1, 2020	(46,913)	(10)	226,653	2,767,466	3,397,136	161,733	3,558,869
Profit (loss) for the period	—	—	—	(71,124)	(71,124)	2,717	(68,407)
Other comprehensive income	(6,916)	45	128,595	—	128,595	996	129,591
Comprehensive income for the period	(6,916)	45	128,595	(71,124)	57,471	3,713	61,184
Acquisition of treasury stock	—	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	—	—	—	0	—	0
Dividends	—	—	—	(54,243)	(54,243)	(8,324)	(62,567)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	4	115	119
Changes by business combinations	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(2,584)	2,584	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	(0)	—	—	—
Other	—	—	—	290	297	1	298
Total transactions with the owners	—	—	(2,584)	(51,369)	(53,946)	(8,208)	(62,154)
As of September 30, 2020	(53,829)	35	352,664	2,644,973	3,400,661	157,238	3,557,899

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2019	Six months ended Sep. 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	151,217	(55,433)
Depreciation	153,144	165,439
Increase in retirement benefit liabilities	1,669	2,543
Decrease in retirement benefit assets	1,867	2,338
Interest and dividend income	(24,844)	(20,174)
Interest expenses	3,894	2,452
Foreign exchange losses (gains)	872	(130)
Share of the (profit) loss of associates and joint ventures accounted for using the equity method	(2,505)	1,446
Losses on sales or disposal of property, plant and equipment	2,654	1,876
Decrease (increase) in trade receivables	73,563	(73,326)
Increase in inventories	(21,097)	(9,584)
(Decrease) increase in trade payables	(16,557)	8,775
(Decrease) increase in provisions	(10,113)	30,109
Other	31,390	39,571
Subtotal	345,154	95,902
Interest received	6,846	2,645
Dividends received	19,849	17,763
Interest paid	(4,061)	(2,476)
Income taxes paid	(45,434)	(40,058)
Net cash provided by operating activities	322,354	73,776
Cash flows from investing activities		
Decrease (increase) in time deposits	132,312	(7,273)
Purchases of property, plant and equipment	(208,616)	(195,391)
Proceeds from sales of property, plant and equipment	5,157	10,039
Purchases of intangible assets	(16,171)	(18,815)
Purchases of equity instruments	(42,050)	(1,285)
Purchases of debt instruments	(28,952)	(107)
Proceeds from sales of equity instruments	3,130	3,033
Proceeds from sales and redemption of debt instruments	4,265	165
Proceeds (purchase) from (of) acquisition of subsidiaries and other businesses	142	(105,597)
Other	3,311	(3,453)
Net cash used in investing activities	(147,472)	(318,684)
Cash flows from financing activities		
Net increase in short-term borrowings	21,696	25,838
Proceeds from borrowings	16,295	745,154
Repayments of long-term borrowings	(96,742)	(30,664)
Repayments of lease liabilities	(11,908)	(18,772)
Redemption of bonds	(20,000)	(20,000)
Dividends paid	(54,243)	(54,243)
Dividends paid to non-controlling interests	(14,061)	(8,324)
Purchase of treasury stock	(4)	(4)
Other	2,931	1,551
Net cash used in financing activities	(156,036)	640,536
Foreign currency translation adjustments on cash and cash equivalents	(13,530)	(984)
Net increase in cash and cash equivalents	5,316	394,644
Cash and cash equivalents at beginning of period	711,638	597,816
Cash and cash equivalents at end of period	716,954	992,460

Segment information

For the Six months ended September 30, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,155,809	587,912	276,724	563,856	2,584,301	34,123	—	2,618,424
Intersegment	470,197	15,600	18,228	96,135	600,160	397	(600,557)	—
Total	1,626,006	603,512	294,952	659,991	3,184,461	34,520	(600,557)	2,618,424
Segment profit or losses	56,399	11,215	6,335	50,427	124,376	6,269	3,375	134,020
Finance income								26,024
Finance costs								(4,947)
Foreign exchange losses								(6,385)
Share of the profit of associates and joint ventures accounted for using the equity method								2,505
Profit before income taxes								151,217

(Note) "Others" is an operating segment that is not included in the reportable segments, such as business activities of subsidiaries in South America.

For the Six months ended September 30, 2020

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	968,749	425,025	186,372	480,307	2,060,453	14,269	—	2,074,722
Intersegment	356,004	11,275	13,847	69,555	450,681	105	(450,786)	—
Total	1,324,753	436,300	200,219	549,862	2,511,134	14,374	(450,786)	2,074,722
Segment profit or losses	(93,066)	(8,546)	(4,027)	29,811	(75,828)	2,708	3,493	(69,627)
Finance income								22,638
Finance costs								(3,655)
Foreign exchange losses								(3,343)
Share of the loss of associates and joint ventures accounted for using the equity method								(1,446)
Profit (loss) before income taxes								(55,433)

(Note) "Others" is an operating segment that is not included in the reportable segments, such as business activities of subsidiaries in South America.