

[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 Nine Months Ended December 31,
2020
<under IFRS>**

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

Representative : Koji Arima

President and CEO

Contact : Yoshimasa Shinoda

Director of Finance & Accounting Div.

Telephone : +81-566-61-7910

Scheduled date of commencement of dividend payment : —

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

DATE: February 2, 2021

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 nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results

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

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2020	3,508,595	(9.9)	66,625	(59.0)	99,105	(49.9)	55,318	(62.7)
December 31, 2019	3,895,044	(2.1)	162,676	(33.2)	197,630	(28.4)	148,499	(28.8)

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
December 31, 2020	43,076	(68.4)	350,445	35.0	55.59	—
December 31, 2019	136,120	(29.1)	259,528	343.6	175.67	—

(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	%
December 31, 2020	6,828,210	3,791,549	3,623,191	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	4,740,000	(8.0)	150,000	145.6	184,000	105.3	129,000	52.4	112,000	64.5	144.54

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Dec. 31, 2020
Assets		
Current assets		
Cash and cash equivalents	597,816	1,277,606
Trade and other receivables	885,461	920,645
Inventories	651,670	664,101
Other financial assets	121,177	112,532
Other current assets	90,194	115,700
Total current assets	2,346,318	3,090,584
Non-current assets		
Property, plant and equipment	1,758,233	1,845,051
Right-of-use assets	47,254	47,419
Intangible assets	96,388	141,502
Other financial assets	1,121,066	1,510,317
Investments accounted for using the equity method	104,590	102,075
Retirement benefit assets	38,298	34,327
Deferred tax assets	117,856	31,112
Other non-current assets	21,798	25,823
Total non-current assets	3,305,483	3,737,626
Total assets	5,651,801	6,828,210

(Unit: Millions of yen)

	As of Mar. 31, 2020	As of Dec. 31, 2020
Liabilities and equity		
Current liabilities		
Bonds and borrowings	112,402	610,620
Trade and other payables	891,949	916,395
Other financial liabilities	53,436	48,062
Income tax payables	22,839	13,298
Provisions	269,733	246,264
Other current liabilities	72,708	97,855
Total current liabilities	1,423,067	1,932,494
Non-current liabilities		
Bonds and borrowings	352,970	755,567
Other financial liabilities	34,166	35,930
Retirement benefit liabilities	253,198	256,975
Provisions	4,429	4,327
Deferred tax liabilities	13,469	39,385
Other non-current liabilities	11,633	11,983
Total non-current liabilities	669,865	1,104,167
Total liabilities	2,092,932	3,036,661
Equity		
Capital stock	187,457	187,457
Capital surplus	272,375	272,331
Treasury stock	(56,815)	(56,823)
Other components of equity	226,653	497,595
Retained earnings	2,767,466	2,722,631
Equity attributable to owners of the parent company	3,397,136	3,623,191
Non-controlling interests	161,733	168,358
Total equity	3,558,869	3,791,549
Total liabilities and equity	5,651,801	6,828,210

Consolidated Statement of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
Revenue	3,895,044	3,508,595
Cost of revenue	(3,353,759)	(3,094,888)
Gross profit	541,285	413,707
Selling, general and administrative expenses	(378,562)	(355,716)
Other income	11,814	21,798
Other expenses	(11,861)	(13,164)
Operating profit	162,676	66,625
Finance income	44,091	39,625
Finance costs	(7,043)	(5,552)
Foreign exchange losses	(6,194)	(1,918)
Share of the profit of associates and joint ventures accounted for using the equity method	4,100	325
Profit before income taxes	197,630	99,105
Income tax expenses	(49,131)	(43,787)
Profit for the period	148,499	55,318
Attributable to:		
Owners of the parent company	136,120	43,076
Non-controlling interests	12,379	12,242

(Unit: Yen)

Earnings per share		
Basic	175.67	55.59
Diluted	—	—

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
Profit for the period	148,499	55,318
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain on equity instruments designated as FVTOCI	133,060	292,850
Remeasurements of defined benefit pension plans	88	99
Share of other comprehensive income of investments accounted for using the equity method	1	37
Total	133,149	292,986
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(20,246)	3,376
Cash flow hedges	(13)	53
Share of other comprehensive income of investments accounted for using the equity method	(1,861)	(1,288)
Total	(22,120)	2,141
Total other comprehensive income	111,029	295,127
Comprehensive income for the period	259,528	350,445
Attributable to:		
Owners of the parent company	246,349	334,177
Non-controlling interests	13,179	16,268

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 for the period	—	—	—	—	—
Other comprehensive income	—	—	—	132,781	246
Comprehensive income for the period	—	—	—	132,781	246
Acquisition of treasury stock	—	—	(7)	—	—
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	—	—	—	(13,315)	(246)
Transfer from retained earnings to capital surplus	—	—	—	—	—
Other	—	—	—	—	—
Total transactions with the owners	—	0	(7)	(13,315)	(246)
As of December 31, 2019	187,457	268,776	(56,810)	498,153	—
As of April 1, 2020	187,457	272,375	(56,815)	273,576	—
Profit for the period	—	—	—	—	—
Other comprehensive income	—	—	—	292,482	100
Comprehensive income for the period	—	—	—	292,482	100
Acquisition of treasury stock	—	—	(8)	—	—
Disposal of treasury stock	—	(0)	0	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	(51)	—	—	—
Changes by business combinations	—	—	—	—	—
Transfer to retained earnings	—	—	—	(20,059)	(100)
Transfer from retained earnings to capital surplus	—	0	—	—	—
Other	—	7	—	—	—
Total transactions with the owners	—	(44)	(8)	(20,059)	(100)
As of December 31, 2020	187,457	272,331	(56,823)	545,999	—

(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 for the period	—	—	—	136,120	136,120	12,379	148,499
Other comprehensive income	(22,786)	(12)	110,229	—	110,229	800	111,029
Comprehensive income for the period	(22,786)	(12)	110,229	136,120	246,349	13,179	259,528
Acquisition of treasury stock	—	—	—	—	(7)	—	(7)
Disposal of treasury stock	—	—	—	—	0	—	0
Dividends	—	—	—	(108,486)	(108,486)	(15,299)	(123,785)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	93	93
Changes by business combinations	—	—	—	—	—	28	28
Transfer to retained earnings	—	—	(13,561)	13,561	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—
Other	—	—	—	(53)	(53)	49	(4)
Total transactions with the owners	—	—	(13,561)	(94,978)	(108,546)	(15,129)	(123,675)
As of December 31, 2019	(22)	119	498,250	2,835,824	3,733,497	172,722	3,906,219

As of April 1, 2020	(46,913)	(10)	226,653	2,767,466	3,397,136	161,733	3,558,869
Profit for the period	—	—	—	43,076	43,076	12,242	55,318
Other comprehensive income	(1,534)	53	291,101	—	291,101	4,026	295,127
Comprehensive income for the period	(1,534)	53	291,101	43,076	334,177	16,268	350,445
Acquisition of treasury stock	—	—	—	—	(8)	—	(8)
Disposal of treasury stock	—	—	—	—	0	—	0
Dividends	—	—	—	(108,486)	(108,486)	(9,815)	(118,301)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	(51)	170	119
Changes by business combinations	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(20,159)	20,159	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	(0)	—	—	—
Other	—	—	—	416	423	2	425
Total transactions with the owners	—	—	(20,159)	(87,911)	(108,122)	(9,643)	(117,765)
As of December 31, 2020	(48,447)	43	497,595	2,722,631	3,623,191	168,358	3,791,549

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2019	Nine months ended Dec. 31, 2020
Cash flows from operating activities		
Profit before income taxes	197,630	99,105
Depreciation	232,023	249,514
Increase in retirement benefit liabilities	3,304	4,051
Decrease in retirement benefit assets	2,766	3,968
Interest and dividend income	(42,530)	(36,731)
Interest expenses	5,527	3,712
Foreign exchange losses (gains)	986	(2,077)
Share of the profit of associates and joint ventures accounted for using the equity method	(4,100)	(325)
Losses on sales or disposal of property, plant and equipment	3,976	2,667
Decrease (increase) in trade receivables	108,622	(42,559)
Increase in inventories	(19,799)	(3,160)
(Decrease) increase in trade payables	(49,420)	67,873
Increase (decrease) in provisions	15,009	(23,585)
Other	2,135	32,391
Subtotal	456,129	354,844
Interest received	11,427	3,910
Dividends received	35,465	31,220
Interest paid	(5,701)	(3,696)
Income taxes paid	(73,410)	(63,178)
Net cash provided by operating activities	423,910	323,100
Cash flows from investing activities		
Decrease in time deposits	159,597	1,760
Purchases of property, plant and equipment	(313,382)	(308,354)
Proceeds from sales of property, plant and equipment	7,179	12,508
Purchases of intangible assets	(23,332)	(27,649)
Purchases of equity instruments	(44,630)	(1,372)
Purchases of debt instruments	(29,484)	(218)
Proceeds from sales of equity instruments	23,803	25,443
Proceeds from sales and redemption of debt instruments	4,458	334
Proceeds (purchase) from (of) acquisition of subsidiaries and other businesses	142	(105,597)
Other	4,106	(1,216)
Net cash used in investing activities	(211,543)	(404,361)
Cash flows from financing activities		
Net increase in short-term borrowings	36,155	4,148
Proceeds from borrowings	18,340	907,831
Repayments of long-term borrowings	(100,177)	(40,649)
Repayments of lease liabilities	(18,130)	(24,670)
Issuance of bonds	—	50,001
Redemption of bonds	(20,000)	(20,000)
Dividends paid	(108,486)	(108,486)
Dividends paid to non-controlling interests	(15,299)	(9,815)
Purchase of treasury stock	(7)	(8)
Other	4,798	1,698
Net cash used in financing activities	(202,806)	760,050
Foreign currency translation adjustments on cash and cash equivalents	(4,813)	1,001
Net increase in cash and cash equivalents	4,748	679,790
Cash and cash equivalents at beginning of period	711,638	597,816
Cash and cash equivalents at end of period	716,386	1,277,606

Segment information

For the Nine months ended December 31, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,708,234	861,885	414,542	861,869	3,846,530	48,514	—	3,895,044
Intersegment	724,340	23,436	24,864	143,174	915,814	612	(916,426)	—
Total	2,432,574	885,321	439,406	1,005,043	4,762,344	49,126	(916,426)	3,895,044
Segment profit or losses	39,984	17,299	10,517	83,259	151,059	8,556	3,061	162,676
Finance income								44,091
Finance costs								(7,043)
Foreign exchange losses								(6,194)
Share of the profit of associates and joint ventures accounted for using the equity method								4,100
Profit before income taxes								197,630

(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 Nine months ended December 31, 2020

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,620,730	712,461	334,748	814,280	3,482,219	26,376	—	3,508,595
Intersegment	629,280	17,918	24,692	118,611	790,501	297	(790,798)	—
Total	2,250,010	730,379	359,440	932,891	4,272,720	26,673	(790,798)	3,508,595
Segment profit or losses	(12,017)	1,452	2,723	71,775	63,933	4,754	(2,062)	66,625
Finance income								39,625
Finance costs								(5,552)
Foreign exchange losses								(1,918)
Share of the profit of associates and joint ventures accounted for using the equity method								325
Profit before income taxes								99,105

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