

[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 Three Months Ended June 30, 2024
<under IFRS>

1-1, Showa-cho, Kariya, Aichi 448-8661, Japan
Representative : Shinnosuke Hayashi
President and CEO
Contact : Tadashi Arai
Director, Finance and Accounting Div.
Telephone : +81-566-25-5511
Scheduled date of commencement of dividend payment : -
(URL <https://www.denso.com/global/en/>)

DATE: July 31, 2024
DENSO CORPORATION
CODE: 6902
Listed on the Tokyo and
Nagoya Stock Exchanges

1. Consolidated financial results for the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	1,753,841	2.4	120,568	27.7	137,718	6.5	102,021	10.0
June 30, 2023	1,712,860	21.0	94,378	48.3	129,270	56.6	92,743	72.0

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
June 30, 2024	94,459	10.5	44,605	(92.0)	32.45	—
June 30, 2023	85,460	64.7	555,835	361.2	28.53	—

(Note) On October 1, 2023, the Company effected a 4-for-1 split of common stock. Basic earnings per share is calculated on the assumption that the stock split was implemented at the beginning of the year ended March 31, 2024.

(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	%
June 30, 2024	8,898,083	5,689,289	5,478,152	61.6
March 31, 2024	9,093,370	5,746,505	5,534,986	60.9

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Year ended March 31, 2024	Yen —	Yen 100.00	Yen —	Yen 30.00	Yen —
Year ending March 31, 2025	—				
Year ending March 31, 2025 (Forecast)		32.00	—	32.00	64.00

(Note) Change in cash dividends: None

On October 1, 2023, the Company effected a 4-for-1 split of common stock. Due to the stock split, the total dividend for the year ended March 31, 2024 is not disclosed.

3. Consolidated full-year financial results forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	7,330,000	2.6	692,000	81.8	745,000	70.8	578,000	62.6	525,000	67.8	180.36

(Note) Change in consolidated earnings forecasts for the fiscal year ending March 31, 2025: Yes

For more information, please refer to "Notice Concerning Revisions to Consolidated Full-Year Financial Results Forecast" released today (July 31, 2024).

※ Notes

(1) Significant changes in the scope of consolidation during the period: None

In : - (Company Name :) Out : - (Company Name :)

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies due to the revision of the accounting standards : None

2) Changes in accounting policies except for those in 1) : None

3) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

1) Number of issued shares at the end of the period (including treasury shares)

FY2025 1st quarter	3,151,779,804 shares	FY2024	3,151,779,804 shares
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2) Number of treasury shares at the end of the period

FY2025 1st quarter	240,936,727 shares	FY2024	241,014,828 shares
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3) Average number of issued shares during the three months ended June 30

FY2025 1st quarter	2,910,777,898 shares	FY2024 1st quarter	2,995,301,237 shares
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(Note) On October 1, 2023, the Company effected a 4-for-1 split of common stock. Number of issued shares (ordinary shares) is calculated on the assumption that the stock split was implemented at the beginning of the year ended March 31, 2024.

※ Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2024

1. Summary of Management Results

Guided by the philosophy of "green," "peace of mind," and "inspiring," the Company has been committed to the realization of "lasting vitality for the environment" and "safe, comfortable, and flexible mobility for all people" with the aim of reducing the Company's environmental burden and realizing a society without traffic accidents. The Company will leverage the strengths gained with automobiles and broaden the perspective of the solutions to encompass society as a whole, not just vehicles, thereby contributing to solving issues faced by society.

For the three months ended June 30, 2024, revenue increased by ¥41.0 billion or 2.4%, year over year, to ¥1,753.8 billion due to depreciation of yen despite the impact of suspended operations of Japanese customers and vehicle production decrease due to slow sales in Asia.

Operating profit increased by ¥26.2 billion or 27.7%, year over year, to ¥120.6 billion due to depreciation of yen and efforts of cost reduction in spite of production volume decrease. Profit before income taxes increased by ¥8.4 billion or 6.5%, year over year, to ¥137.7 billion. Profit for the period increased by ¥9.3 billion or 10.0%, year over year to ¥102.0 billion. Profit attributable to owners of the parent company increased by ¥9.0 billion or 10.5% to ¥94.5 billion.

By geographical segment, revenue decreased in Asia due to the impact of slow vehicle sales. Revenue increased in Japan, North America, Europe and other regions, year over year, due to depreciation of yen and sales expansion mainly in focus fields such as electrification and safety. Operating profit increased in Japan, North America and other regions due to global improvement of profitability, while decreased in Europe and Asia, where there was a production volume decrease.

Revenue in Japan increased by ¥3.5 billion, or 0.4%, year over year, to ¥984.6 billion due to depreciation of yen despite the impact of suspended operations of Japanese customers. Operating profit increased by ¥20.3 billion, or 81.6%, year over year, to ¥45.1 billion due to efforts of cost reduction in spite of production volume decrease.

Revenue in North America increased by ¥75.2 billion, or 17.7%, year over year, to ¥500.1 billion due to sales expansion mainly in focus fields such as electrification and safety. Operating profit increased by ¥17.0 billion, or 270.2%, year over year, to ¥23.3 billion due to efforts of cost reduction.

Revenue in Europe increased by ¥1.4 billion, or 0.7%, year over year, to ¥199.8 billion due to depreciation of yen in spite of decrease vehicle sales. Operating profit decreased by ¥2.5 billion, or 33.0%, year over year, to ¥5.0 billion due to production volume decrease despite depreciation of yen and efforts of cost reduction.

Revenue in Asia decreased by ¥2.9 billion, or 0.6%, year over year, to ¥461.4 billion due to decrease vehicle sales. Operating profit decreased by ¥4.8 billion, or 11.7%, year over year, to ¥35.8 billion due to production volume decrease despite efforts of cost reduction.

Revenue in other regions increased by ¥0.5 billion, or 1.8%, year over year, to ¥29.0 billion. Operating profit increased by ¥1.0 billion, or 19.5%, year over year, to ¥5.9 billion.

2. Summary of Financial Position

Total assets as of June 30, 2024, decreased by ¥195.3 billion, to ¥8,898.1 billion compared with prior year-end mainly due to a decrease in other financial assets.

The total for current and non-current liabilities decreased by ¥138.1 billion, to ¥3,208.8 billion compared with prior year-end mainly due to a decrease in deferred tax liabilities.

Equity decreased by ¥57.2 billion, to ¥5,689.3 billion compared with prior year-end mainly due to a decrease in other comprehensive income associated with assets held for sale.

3. Summary of Financial Forecast

In the first quarter, revenue and operating profit decreased compared to the announcement at the beginning of the year due to the impact of suspended operations of Japanese customers and the decrease in vehicle production by slow sales in Asia.

From the second quarter onward, the impact of the suspended operations of Japanese customers is expected to lessen, but vehicle sales, mainly in Asia, are expected to remain slow, while depreciation of yen. Due to such uncertainties in the external environment, the Group will maintain the announcement at the beginning of the year.

Based on the above, the Group expects revenue to be ¥7,330.0 billion, operating profit to be ¥692.0 billion reflecting only the downturn in the first quarter.

Profit before income taxes to be ¥745.0 billion, profit for the year to be ¥578.0 billion, and profit attributable to owners of the parent company to be ¥525.0 billion.

The exchange rates used for the assumption from the second quarter onward are 1 USD = 145 yen and 1 EUR = 155 yen, maintain the announcement at the beginning of the year.

The above includes future forecasts based on information currently available. Actual results may differ materially from these forecasts due to changes in business operations, exchange rate fluctuations, and other internal and external factors.

Unaudited Condensed Interim Consolidated Statement of Financial Position

[As of June 30, 2024]

(Unit: Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	789,390	1,072,510
Trade and other receivables	1,281,279	1,183,675
Inventories	1,172,257	1,204,869
Other financial assets	48,398	72,816
Other current assets	156,477	175,554
Subtotal	3,447,801	3,709,424
Assets held for sale	417,578	389,704
Total current assets	3,865,379	4,099,128
Non-current assets		
Property, plant and equipment	2,043,600	2,081,841
Right-of-use assets	46,347	54,405
Intangible assets	199,761	207,717
Other financial assets	2,624,839	2,133,920
Investments accounted for using the equity method	124,430	127,861
Retirement benefit assets	105,937	105,943
Deferred tax assets	56,057	53,693
Other non-current assets	27,020	33,575
Total non-current assets	5,227,991	4,798,955
Total assets	9,093,370	8,898,083

(Unit: Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and equity		
Current liabilities		
Bonds and borrowings	332,516	254,153
Trade and other payables	1,232,463	1,272,509
Other financial liabilities	47,672	43,455
Income tax payables	61,768	81,083
Provisions	295,239	298,961
Other current liabilities	83,972	105,320
Subtotal	2,053,630	2,055,481
Liabilities directly associated with assets held for sale	111,343	89,072
Total current liabilities	2,164,973	2,144,553
Non-current liabilities		
Bonds and borrowings	518,205	517,035
Other financial liabilities	29,115	30,440
Retirement benefit liabilities	238,201	239,105
Provisions	1,716	1,775
Deferred tax liabilities	382,752	263,442
Other non-current liabilities	11,903	12,444
Total non-current liabilities	1,181,892	1,064,241
Total liabilities	3,346,865	3,208,794
Equity		
Capital stock	187,457	187,457
Capital surplus	273,481	273,186
Treasury stock	(452,140)	(451,994)
Other components of equity	1,815,558	1,678,414
Other comprehensive income associated with assets held for sale	258,936	207,144
Retained earnings	3,451,694	3,583,945
Equity attributable to owners of the parent company	5,534,986	5,478,152
Non-controlling interests	211,519	211,137
Total equity	5,746,505	5,689,289
Total liabilities and equity	9,093,370	8,898,083

Unaudited Condensed Interim Consolidated Statement of Income

[For the three-month period ended June 30, 2024]

(Unit: Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Revenue	1,712,860	1,753,841
Cost of revenue	(1,484,873)	(1,502,027)
Gross profit	227,987	251,814
Selling, general and administrative expenses	(131,707)	(133,682)
Other income	3,754	7,128
Other expenses	(5,656)	(4,692)
Operating profit	94,378	120,568
Finance income	28,642	35,696
Finance costs	(5,516)	(7,832)
Foreign exchange gains (losses)	3,175	(12,311)
Share of the profit of associates and joint ventures accounted for using the equity method	8,591	1,597
Profit before income taxes	129,270	137,718
Income tax expenses	(36,527)	(35,697)
Profit for the period	92,743	102,021
Attributable to:		
Owners of the parent company	85,460	94,459
Non-controlling interests	7,283	7,562

(Unit: Yen)

Earnings per share		
Basic	28.53	32.45
Diluted	—	—

Unaudited Condensed Interim Consolidated Statement of Comprehensive Income

[For the three-month period ended June 30, 2024]

(Unit: Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Profit for the period	92,743	102,021
Other comprehensive income (loss)		
Items that will not be reclassified subsequently to profit or loss		
Net fair value gain (loss) on equity instruments designated as FVTOCI	322,572	(194,617)
Remeasurements of defined benefit pension plans	3	35
Share of other comprehensive income (loss) of investments accounted for using the equity method	17	(4)
Total	322,592	(194,586)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	137,871	132,598
Cash flow hedges	(865)	274
Share of other comprehensive income of investments accounted for using the equity method	3,494	4,298
Total	140,500	137,170
Total other comprehensive income (loss)	463,092	(57,416)
Comprehensive income for the period	555,835	44,605
Attributable to:		
Owners of the parent company	541,776	30,642
Non-controlling interests	14,059	13,963

Unaudited Condensed Interim Consolidated Statement of Changes in Equity

[For the three-month period ended June 30, 2024]

(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	Exchange differences on translating foreign operations
As of April 1, 2023	187,457	273,664	(252,270)	660,038	—	300,274
Profit for the period	—	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	322,208	2	134,971
Comprehensive income (loss) for the period	—	—	—	322,208	2	134,971
Acquisition of treasury stock	—	—	(6)	—	—	—
Disposal of treasury stock	—	43	153	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	(29)	(2)	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with the owners	—	43	147	(29)	(2)	—
As of June 30, 2023	187,457	273,707	(252,123)	982,217	—	435,245

As of April 1, 2024	187,457	273,481	(452,140)	1,301,445	—	518,254
Profit for the period	—	—	—	—	—	—
Other comprehensive (loss) income	—	—	—	(194,181)	35	130,055
Comprehensive (loss) income for the period	—	—	—	(194,181)	35	130,055
Acquisition of treasury stock	—	—	(1)	—	—	—
Disposal of treasury stock	—	59	147	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	(354)	—	—	—	—
Transfer to retained earnings	—	—	—	(125,084)	(35)	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	51,792	—	—
Other	—	—	—	—	—	—
Total transactions with the owners	—	(295)	146	(73,292)	(35)	—
As of June 30, 2024	187,457	273,186	(451,994)	1,033,972	—	648,309

(Unit: Millions of yen)

	Equity attributable to owners of the parent company					Non-controlling interests	Total equity
	Other components of equity		Other comprehensive income associated with assets held for sale	Retained earnings	Total		
	Cash flow hedges	Total					
As of April 1, 2023	(4,483)	955,829	—	3,212,248	4,376,928	202,783	4,579,711
Profit for the period	—	—	—	85,460	85,460	7,283	92,743
Other comprehensive income (loss)	(865)	456,316	—	—	456,316	6,776	463,092
Comprehensive income (loss) for the period	(865)	456,316	—	85,460	541,776	14,059	555,835
Acquisition of treasury stock	—	—	—	—	(6)	—	(6)
Disposal of treasury stock	—	—	—	—	196	—	196
Dividends	—	—	—	(71,141)	(71,141)	(21,515)	(92,656)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	—	—	—
Transfer to retained earnings	—	(31)	—	31	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—
Other	—	—	—	6	6	—	6
Total transactions with the owners	—	(31)	—	(71,104)	(70,945)	(21,515)	(92,460)
As of June 30, 2023	(5,348)	1,412,114	—	3,226,604	4,847,759	195,327	5,043,086

As of April 1, 2024	(4,141)	1,815,558	258,936	3,451,694	5,534,986	211,519	5,746,505
Profit for the period	—	—	—	94,459	94,459	7,562	102,021
Other comprehensive (loss) income	274	(63,817)	—	—	(63,817)	6,401	(57,416)
Comprehensive (loss) income for the period	274	(63,817)	—	94,459	30,642	13,963	44,605
Acquisition of treasury stock	—	—	—	—	(1)	—	(1)
Disposal of treasury stock	—	—	—	—	206	—	206
Dividends	—	—	—	(87,327)	(87,327)	(13,997)	(101,324)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	(354)	(391)	(745)
Transfer to retained earnings	—	(125,119)	—	125,119	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	51,792	(51,792)	—	—	—	—
Other	—	—	—	—	—	43	43
Total transactions with the owners	—	(73,327)	(51,792)	37,792	(87,476)	(14,345)	(101,821)
As of June 30, 2024	(3,867)	1,678,414	207,144	3,583,945	5,478,152	211,137	5,689,289

Unaudited Condensed Interim Consolidated Statement of Cash Flows

[For the three-month period ended June 30, 2024]

(Unit: Millions of yen)

	Three-month period ended June 30, 2023	Three-month period ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	129,270	137,718
Depreciation	92,512	94,956
Decrease in retirement benefit liabilities	(751)	(465)
Decrease in retirement benefit assets	839	66
Interest and dividend income	(28,477)	(35,517)
Interest expenses	3,773	3,096
Foreign exchange gains	(6,897)	(5,246)
Share of the profit of associates and joint ventures accounted for using the equity method	(8,591)	(1,597)
Losses (gains) on sales or disposal of property, plant and equipment	1,539	(199)
Decrease in trade receivables	87,940	98,609
Decrease (increase) in inventories	30,807	(602)
Decrease in trade payables	(36,269)	(36,032)
Increase in provisions	5,940	2,691
Other	54,768	43,891
Subtotal	326,403	301,369
Interest received	6,089	7,823
Dividends received	22,792	29,474
Interest paid	(4,330)	(3,763)
Income taxes paid	(52,962)	(61,732)
Net cash provided by operating activities	297,992	273,171
Cash flows from investing activities		
Increase in time deposits	(23,251)	(18,129)
Purchases of property, plant and equipment	(89,424)	(90,582)
Proceeds from sales of property, plant and equipment	4,640	5,486
Purchases of intangible assets	(11,481)	(15,207)
Purchases of equity instruments	(5,597)	(1,939)
Purchases of debt instruments	(133)	(152)
Proceeds from sales of equity instruments	277	295,304
Proceeds from sales and redemption of debt instruments	199	252
Other	(2,625)	(8,131)
Net cash (used in) provided by investing activities	(127,395)	166,902
Cash flows from financing activities		
Net decrease in short-term borrowings	(41,577)	(88,173)
Proceeds from borrowings	79,110	503
Repayments of long-term borrowings	(10,884)	(27)
Repayments of lease liabilities	(10,454)	(8,222)
Dividends paid	(71,141)	(87,327)
Dividends paid to non-controlling interests	(21,515)	(15,123)
Purchase of treasury shares	(6)	(1)
Other	(33)	(1,108)
Net cash used in financing activities	(76,500)	(199,478)
Foreign currency translation adjustments on cash and cash equivalents	29,972	42,525
Net increase in cash and cash equivalents	124,069	283,120
Cash and cash equivalents at beginning of period	733,850	789,390
Cash and cash equivalents at end of period	857,919	1,072,510

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Basis of Presentation of Consolidated Financial Statements

The accompanying condensed interim consolidated financial statements have been prepared in accordance with the Article 5-2 of the Tokyo Stock Exchange and the Nagoya Stock Exchange's standards for preparation of quarterly financial statements, omitting certain disclosures under the Article 5-5 of the Tokyo Stock Exchange and the Nagoya Stock Exchange's standards for preparation of quarterly financial statements. A part of the disclosures required under International Accounting Standard 34 "Interim Financial Reporting" is omitted under the Article 5-5 of the Tokyo Stock Exchange and the Nagoya Stock Exchange's standards for preparation of quarterly financial statements.

Assumption for Going Concern

There are no applicable items.

Segment information

(1) Outline of reportable segments

In the three-month period ended June 30, 2024, there were no material changes to the method used to identify the reportable segments, the business activities carried out by each reportable segment, or the measurement standards used to determine segment profits.

(2) Revenue, profit/loss for each reportable segment

[For the three-month period ended June 30, 2023]

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	685,991	420,982	180,842	397,060	1,684,875	27,985	—	1,712,860
Intersegment	295,070	3,962	17,512	67,217	383,761	471	(384,232)	—
Total	981,061	424,944	198,354	464,277	2,068,636	28,456	(384,232)	1,712,860
Segment profit	24,831	6,291	7,459	40,516	79,097	4,972	10,309	94,378
Finance income								28,642
Finance costs								(5,516)
Foreign exchange gains								3,175
Share of the profit of associates and joint ventures accounted for using the equity method								8,591
Profit before income taxes								129,270

(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 three-month period ended June 30, 2024]

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	655,370	495,572	182,321	391,651	1,724,914	28,927	—	1,753,841
Intersegment	329,191	4,561	17,463	69,726	420,941	32	(420,973)	—
Total	984,561	500,133	199,784	461,377	2,145,855	28,959	(420,973)	1,753,841
Segment profit	45,099	23,288	4,994	35,763	109,144	5,943	5,481	120,568
Finance income								35,696
Finance costs								(7,832)
Foreign exchange losses								(12,311)
Share of the profit of associates and joint ventures accounted for using the equity method								1,597
Profit before income taxes								137,718

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