



FY2025 2nd Quarter Financial Results (2024/4-2024/9)

October 31st, 2024

DENSO CORPORATION



Overview of FY2025 2nd Quarter Financial Results

1. Revenue decreased compared to the previous year due in part to suspensions of operations by Japanese customers and lower vehicle production volumes related to fewer vehicle sales in Asia, though slowing yen depreciation did contribute to overall performance. Operating profit increased compared to the previous year through foreign exchange gains and cost management efforts, despite, lower production volumes.
2. Our forecast of revenue and operating profit reflects on actuals of lower production volumes in the second quarter and forecast in the second half of the year and revises downward to 7,020.0 billion yen and 550.0 billion yen.
3. The annual dividends for the end of the fiscal year will be 64 yen, a 9 yen increase from the previous year. We will continue to improve DOE levels over the long term and in a stable manner.
4. To achieve shareholder returns and improve capital efficiency, we decided repurchase of treasury stock up to 450.0 billion yen or 280 million shares, whichever is lesser in the board of directors meeting.

We would like to explain our financial results for the second quarter ending September 30, 2024, for the 2025 fiscal year, ending March 31, 2025.

There are four points.

The first point is the results of the current fiscal year.

Revenue decreased compared to the previous year due in part to suspensions of operations by Japanese customers and lower vehicle production volumes related to fewer vehicle sales in Asia, though slowing yen depreciation did contribute to overall performance.

Operating profit increased compared to the previous year through foreign exchange gains and cost management efforts, despite, lower production volumes.

The second point is the annual forecast.

Our forecast of revenue and operating profit reflects on actuals of lower production volumes in the second quarter and forecast in the second half of the year and revises downward to 7,020.0 billion yen and 550.0 billion yen.

The third point is the annual dividends.

The annual dividends for the end of the fiscal year will be 64 yen, a 9 yen increase from the previous year. We will continue to improve DOE levels over the long term and in a stable manner.

The fourth point is the repurchase of treasury stock.

To achieve shareholder returns and improve capital efficiency, we decided repurchase of treasury stock up to 450.0 billion yen or 280 million shares, whichever is lesser in the board of directors meeting.

FY2025 2nd Quarter Consolidated Financial Results (2024/4-2024/9)

【Unit : Billions of Yen, %]
(Ratio to Revenue)

| | 2023/4-2023/9 | | 2024/4-2024/9 | | Change | |
|----------------------------|---|---------------|---------------|-----------|--------|--------|
| Revenue | | 3,513.5 | | 3,474.9 | -38.6 | -1.1% |
| Operating Profit | (6.0%) | 211.8 | (7.2%) | 251.2 | +39.4 | +18.6% |
| Profit before Income Taxes | (7.0%) | 247.7 | (8.1%) | 281.7 | +34.1 | +13.8% |
| Profit (*) | (4.8%) | 168.9 | (5.5%) | 190.8 | +21.9 | +13.0% |
| Precondition | Foreign Exchange Rate | JPY 141.0/USD | JPY 152.6/USD | +11.6 JPY | - | |
| | | JPY 153.4/EUR | JPY 165.9/EUR | +12.5 JPY | - | |
| | | JPY 19.7/CNY | JPY 21.1/CNY | +1.4 JPY | - | |
| | Domestic Vehicle Production | 4.26Mil | 4.01Mil | -0.25Mil | -5.9% | |
| | Overseas Vehicle Production of Japanese Manufacturers | 9.00Mil | 8.52Mil | -0.48Mil | -5.3% | |

(*)Profit attributable to owners of the parent company



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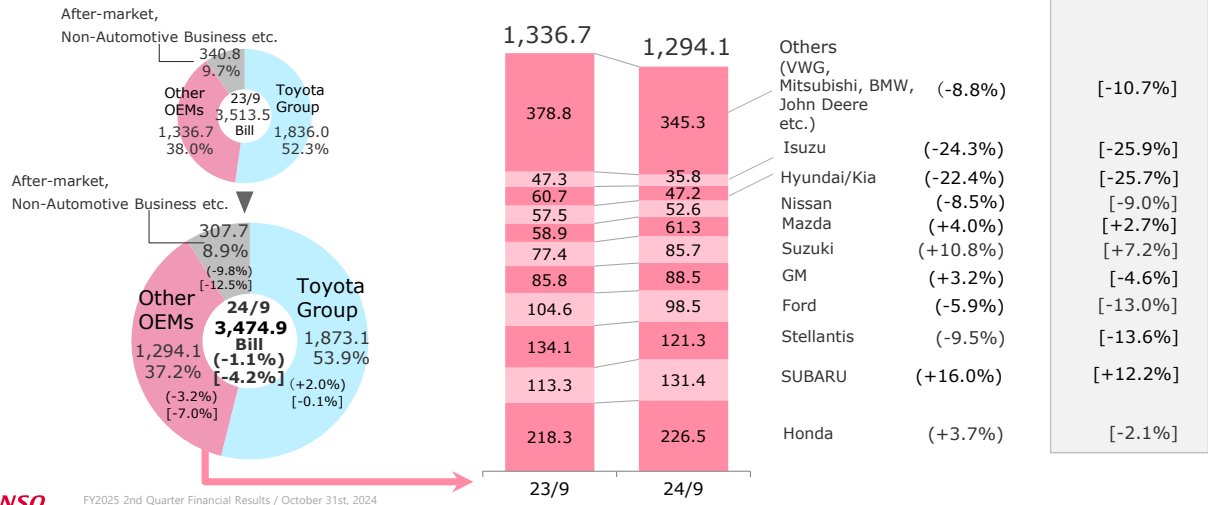
Next is overview of consolidated financial results in the second quarter.

Consolidated revenue totaled 3,474.9 billion yen, decreased by 38.6 billion yen (-1.1%) from the previous year. Consolidated operating profit totaled 251.2 billion yen, increased by 39.4 billion yen (+18.6%) from the previous year.

FY2025 2nd Quarter Consolidated Revenue (By Customer)

(Unit: Billions of Yen)
 (vs 23/9 (6 months basis)
 INCR/DECR)
 [vs 24/9 (6 months basis)
 INCR/DECR excluding FX diff.]

| | | | |
|----------------|---------------------------------|----------------|----------------|
| Revenue | 3,513.5 ⇒ 3,474.9 | (-1.1%) | [-4.2%] |
| ·Toyota group | 1,836.0 ⇒ 1,873.1 | (+2.0%) | [-0.1%] |
| ·Other OEMs | 1,336.7 ⇒ 1,294.1 | (-3.2%) | [-7.0%] |



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Next is consolidated revenue by customer and by product in the second quarter. This explanation is based on local currency, excluding the impact of FX rates.

The first is consolidated revenue by customs.

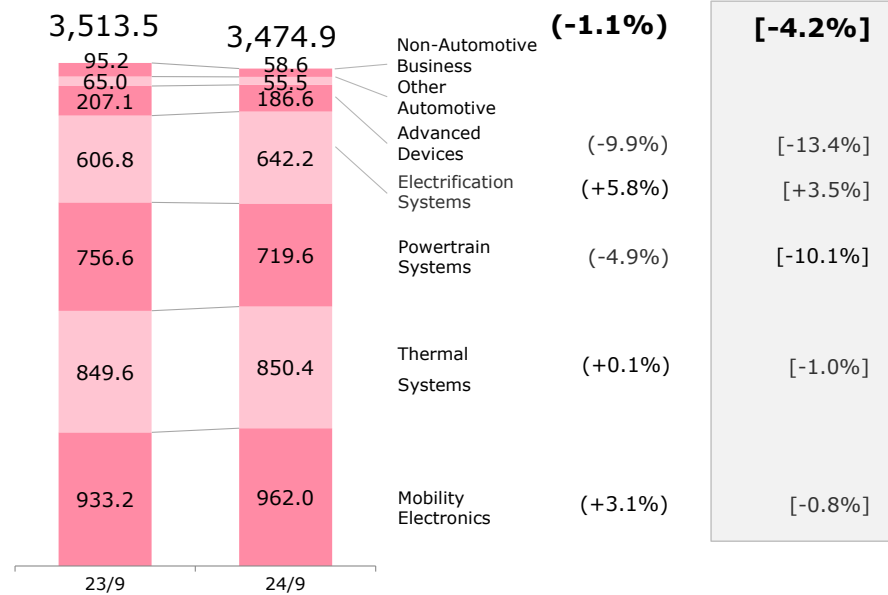
Revenue from Toyota group was able to decrease only 0.1% from the previous year as a result of increasing HEV vehicles though lower vehicle production volumes due in part to suspensions of operations by Japanese customers.

On the other hand, revenue from other OEMs decreased 7.0% from the previous year due to lower vehicle production volumes to fewer vehicle sales in Asia.

Overall, revenue decreased 4.2% from the previous year due to decreasing revenue from after-market and non-automotive businesses etc. by transferring TD Mobile Co., Ltd.

FY2025 2nd Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)
 (vs 23/9 (6 months basis)
 INCR/DECR)
 [vs 24/9 (6 months basis)
 INCR/DECR excluding FX diff.]



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Next is consolidated revenue by product.

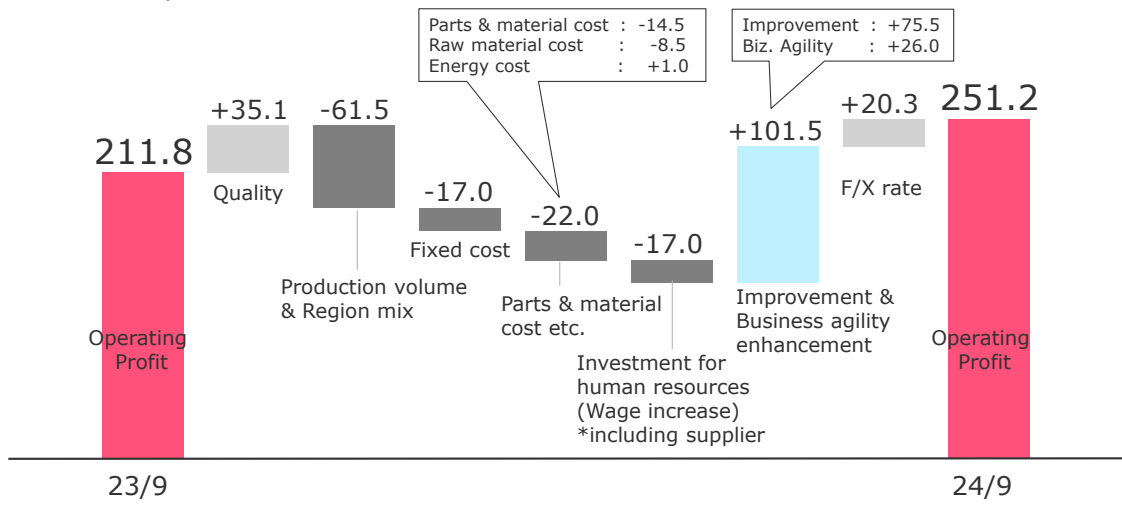
Revenue increased from the previous year as a result of expansion of products for electrification (inverters and motor generators) in Electrification Systems.

On the other hand, revenue of internal combustion engines decreased in Powertrain Systems business and Advanced Devices business. But revenue of the Advanced Devices business indicates sensors which are sold directly to customers. and products by sold in-house such as power semiconductors and ASICs are included as part of revenue of Electrification Systems business and Mobility Electronics business.

Additionally, revenue decreased from the previous year due to lower vehicle production volumes in the Thermal Systems business and the Mobility Electronics business. However, the expansion of growing products such as electric compressors and GSP3 are progressing smoothly.

Change in FY2025 2nd Quarter Consolidated Operating Profit

(Unit: Billions of Yen)



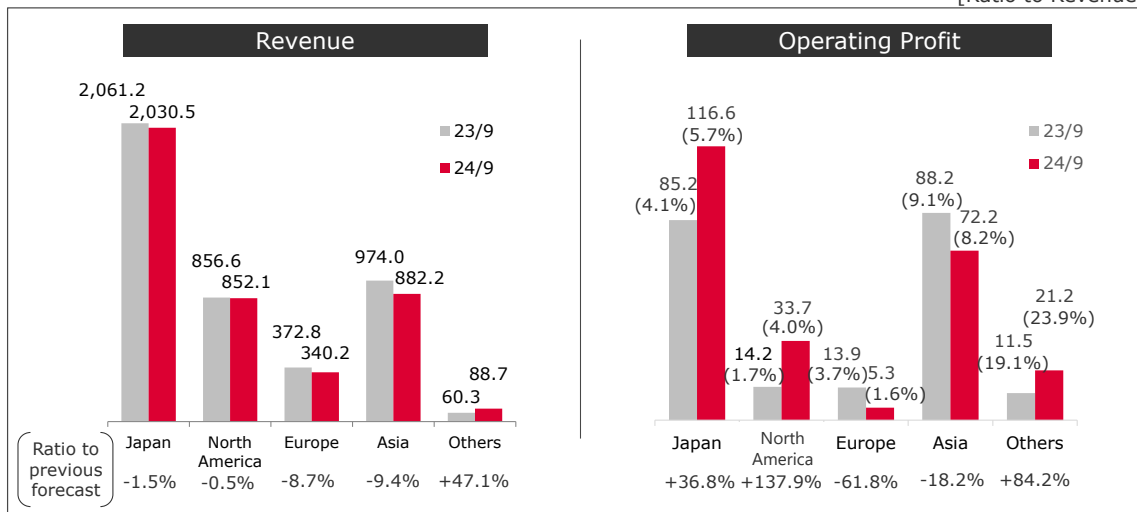
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Next is change of increases or decreases in consolidated operating profit in the second quarter.

Operating profit increased from the previous year as a result of improvement efforts and foreign exchange gains though lower production volumes, increasing fixed cost and parts & material cost etc. and investment for human resources.

FY2025 2nd Quarter Consolidated Geographical Segments by Company Location

[Unit : Billions of Yen]
[Ratio to Revenue]



*Local currency basis excludes FX difference (141.0JPY/1USD, 153.4JPY/1EUR, 19.7JPY/1CNY)



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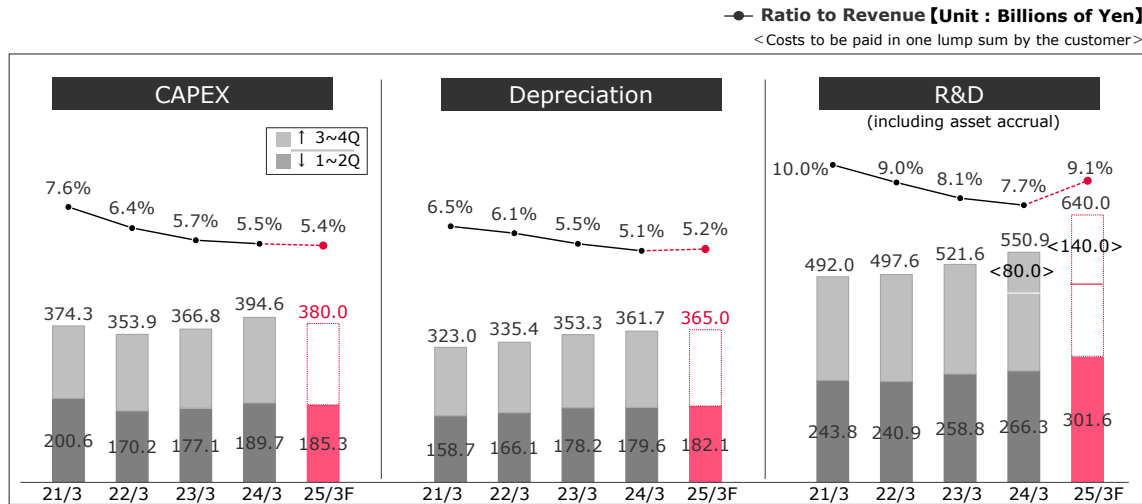
Next is consolidated revenue and operating profit by each region. This explanation is based on local currency, excluding the impact of FX rates, for regions other than Japan.

Revenue decreased in each region exclude other region from the previous year due in part to suspensions of operations by Japanese customers and lower vehicle production volumes related to fewer vehicle sales in Asia.

Operating profit increased from the previous year as a result of improvement efforts in Japan and North America though lower production volumes in each region exclude other region. On the other hand, operating profit in Asia and Europe decreased from the previous year due to lower production volumes.

In China, we are promoting structural reforms through decreasing fixed costs because of continuing fewer vehicle sales.

Trend of Capital Expenditures, Depreciation and R&D Expenditures



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Next is capital expenditures, depreciation and R&D expenditures.

The actual results for capital expenditures decreased to 185.3 billion yen, down 4.4 billion yen from the previous year due to lower production volumes in China.

As a recent capital expenditures example, we recently announced that it will build a new plant for ECU by expanding the site of Zenmyo Plant in Nishio City, Aichi Prefecture to contribute to the advancement of SDV and electrification. The new factory will enable a production system that can quickly and flexibly handling changes in the types and quantities of products by introducing digital infrastructure and automation technology, and it will also realize 24-hour unmanned operation.

As more example, in the field of electrification, we also installed a new inverter production line at DENSO Fukushima to reinforce its manufacturing capability in Japan and it is starting production.

The annual forecast was maintained 380 billion yen of the previous announcement. While ensuring disciplined investment, accelerate necessary investment in focus areas such as electrification and advanced safety.

The actual results for R&D Expenditures increased to 301.6 billion yen, up 35.3 billion yen from the previous year.

The annual forecast was maintained 640 billion yen of the previous announcement. We will accelerate the investment of development for future growth and realize efficient development.

FY2025 Financial Forecast

[Unit : Billions of Yen, %]
(Ratio to Revenue)

| | Forecast as of June 2024 | 2025/3 Forecast | Change from previous forecast | | 2024/3 Actual | Change from Mar. 2024 | |
|----------------------------|--------------------------|-----------------|-------------------------------|--------|---------------|-----------------------|--------|
| Revenue | 7,330.0 | 7,020.0 | -310.0 | -4.2% | 7,144.7 | -124.7 | -1.7% |
| Operating Profit | (9.4%) 692.0 | (7.8%) 550.0 | -142.0 | -20.5% | (5.3%) 380.6 | +169.4 | +44.5% |
| Profit before Income Taxes | (10.2%) 745.0 | (8.7%) 609.0 | -136.0 | -18.3% | (6.1%) 436.2 | +172.8 | +39.6% |
| Profit (*1) | (7.2%) 525.0 | (6.2%) 437.0 | -88.0 | -16.8% | (4.4%) 312.8 | +124.2 | +39.7% |
| Return on Equity | 9.3% | 8.3% | — | -1.0% | 6.3% | — | +2.0% |

| Precondition | Exchange Rate | JPY 147.7/USD | (*2) 148.8/USD | +1.1 JPY | — | JPY 144.6/USD | +4.2 JPY | — |
|---|-----------------------------|---------------|----------------|----------|----------|---------------|----------|-------|
| | | JPY 158.2/EUR | (*2) 160.5/EUR | +2.3 JPY | — | JPY 156.8/EUR | +3.7 JPY | — |
| | | JPY 20.4/CNY | (*2) 20.6/CNY | +0.2 JPY | — | JPY 20.1/CNY | +0.5 JPY | — |
| | Domestic Vehicle Production | 8.62Mil | 8.27Mil | -0.35Mil | -4.1% | 8.53Mil | -0.26Mil | -3.0% |
| Overseas Vehicle Production of Japanese Manufacturers | 17.48Mil | 16.80Mil | -0.68Mil | -3.9% | 17.87Mil | -1.06Mil | -6.0% | |

(*1) Profit attributable to owners of the parent company

(*2) Foreign exchange rate of forecast for the 3rd quarter and after : JPY 145.0/USD, 155.0/EUR, 20.0/CNY



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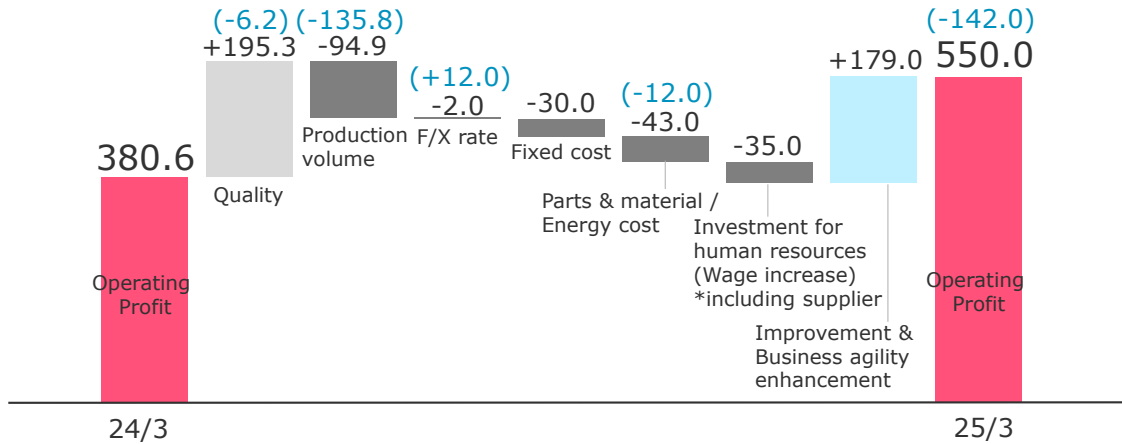
Next is annual forecast.

As we explained at the beginning, we expect revenue of 7,020.0 billion yen and operating profit of 550.0 billion yen.

Change in FY2025 Forecast Operating Profit

(Unit: Billions of Yen)

(Diff. from previous forecast)



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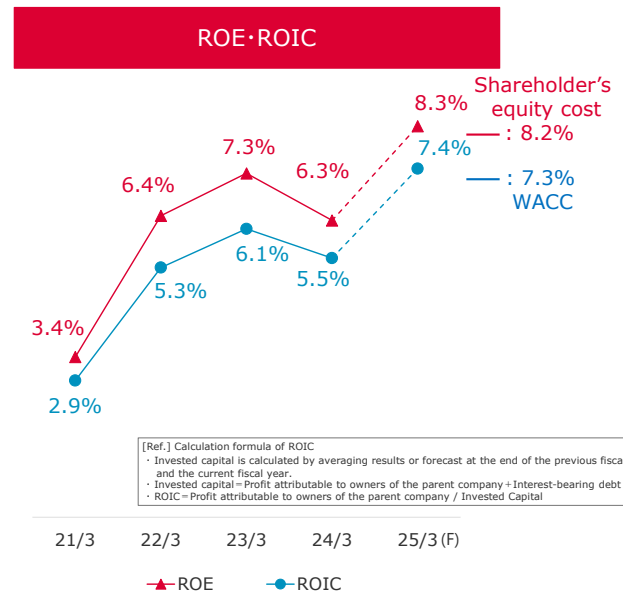
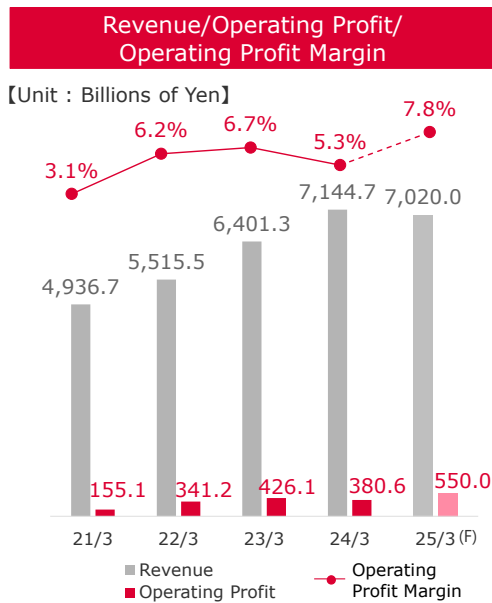
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Next is change of increases or decreases in operating profit for annual forecast. We would like to mainly explain the change in blue letters from the previous announcement.

Operating profit for annual forecast would decrease to 550.0 billion yen, down 142.0 billion yen from the previous year due to quality, lower production volumes and increasing material cost, though foreign exchange gains.

Major Financial Indicator



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Next is major financial indicator.

Due to the annual forecast decrease, ROE will be 8.3% and ROIC will be 7.4%.

For cross-shareholdings, we have completed the sale of all Toyota group stocks about the 520.0 billion yen disclosed in last November, considering that the shares of Toyota Industries are being sold in installments according to the concluded contract. We will continue to promote the reduction of stacks through careful dialogue with our invest companies except stocks which we need to have considering strategic business partnership.

Additionally, in September, we agreed to transfer our group company Nippa to Japan Mirai Capital. And we begin considering a strategic partnership with ROHM.

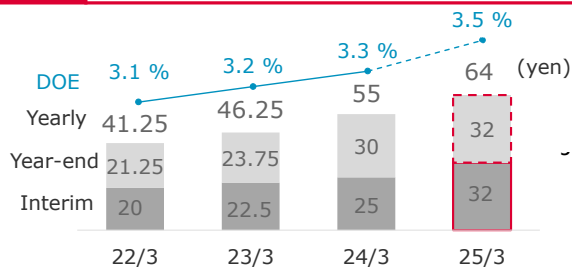
We will continue to promote our business portfolio transformation.

Shareholder returns (Annual dividend/Repurchase of treasury stock)

Annual dividend

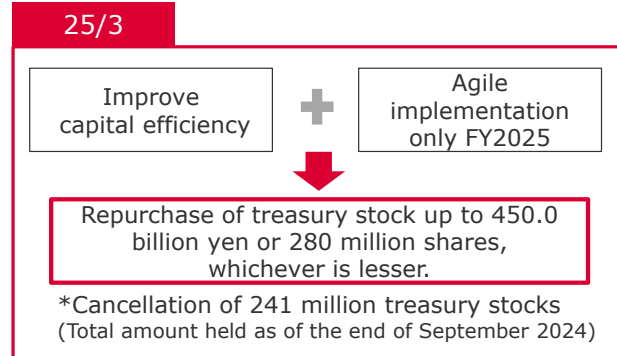
| | |
|--------|---|
| Policy | Continue to improve DOE* levels over the long term and in a stable manner. *Dividend on equity ratio |
|--------|---|

25/3 The announcement at the beginning of the year remains unchanged, and yearly dividend is 64 yen.
Interim dividend : 32 yen (+7 yen from the previous year)
Year-end dividend forecast : 32 yen (+2 yen from the previous year)



Repurchase of treasury stock

| | | |
|--------|---|--|
| Policy | Agile implementation based on capital structure and stock price | |
| | Capital structure | Stock price level |
| | Shareholders' Equity Ratio Corrected more than 60% | Comparison with theoretical stock prices |



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Next is the annual dividend and repurchase of treasury stock.

The annual dividend for the concluded fiscal year will be 64 yen, up 9 yen from the previous year, maintaining the forecast announced at the beginning of the year.

Additionally, we decided to repurchase of treasury stock up to 450 billion yen or 280 million shares, whichever is lesser, and same time, to cancel 241 million treasury stocks.

This repurchase of treasury stock of 450 billion yen is agile implementation.

If we only improve the capital structure to the shareholder's equity ratio of less than 60%, we decide to repurchase of treasury stock to 140 million yen. But in this time, we decided 450 billion yen considering the possibility of existing shareholders including financial institutions will sell their shares.

Currently, only a few financial institutions have approached us about selling, but considering the restriction that we cannot repurchase of treasury stock if we have insider information, we decided to this large-scale repurchase of treasury stock at this time to reduce shareholders' concerns about future market supply and demand.

If any major shareholders approach to sell a large cost of shares in the future, we will consider additional repurchase.

Regarding our cash allocation policy, we will continue to take growth investments as a priority. However, we will flexibility repurchase of treasury stock to maintain the shareholders' equity ratio of less than 60%.

We will continue to enhance our corporate value and shareholder returns to gain the empathy of more shareholders.

DENSO published "Integrated Report 2024"



Finally, we have an announcement.

We have published this year's integrated report to help you gain a deeper understanding of our efforts to enhance sustainable corporate value. Please check it out on our web site.

Thank you very much.

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