

The DENSO logo is written in a bold, italicized, red sans-serif font.

Crafting the Core

**FY2023 1<sup>st</sup> Quarter  
Financial Results  
(2022/4-2022/6)**

July 29 , 2022

DENSO CORPORATION

A decorative graphic on the right side of the page consists of several overlapping, diagonal stripes in shades of red and light blue, creating a dynamic, abstract pattern.

## Overview of FY2023 1<sup>st</sup> Quarter Financial Results

1. Revenue in the first quarter increased compared to the previous year due to sales expansion and foreign exchange gains, though sales were negatively impacted by semiconductor shortages and lockdowns in China. Operating profit decreased compared to the previous year due to challenging business conditions such as vehicle production declines.
2. We have revised our full-year forecast based on a continuation of vehicle production losses and gains made through changing foreign exchange preconditions, adjusting our revenue projection to 6,220.0 billion yen and operating profit projection to 480.0 billion yen.
3. To achieve shareholder return and improve capital efficiency, we decided repurchase of treasury stock up to 100.0 billion yen (US\$0.7 billion) or 16.0 million shares, whichever is lesser.

# FY2023 1<sup>st</sup> Quarter Financial Results (2022/4-2022/3)

## P/L (IFRS)

	(Ratio to Revenue)		[Unit: Billions of Yen, %]	
	2021/4-2021/6	2022/4-2022/6	Change	
<b>Revenue</b>	1,356.9	<b>1,415.0</b>	+58.1	+4.3%
<b>Operating Profit</b>	(7.9%) 107.2	<b>(4.5%) 63.6</b>	-43.5	-40.6%
<b>Profit before Income Taxes</b>	(9.7%) 131.6	<b>(5.8%) 82.6</b>	-49.0	-37.3%
<b>Profit (*)</b>	(6.6%) 89.3	<b>(3.7%) 51.9</b>	-37.5	-41.9%

\* Profit attributable to owners of the parent company

		[Unit: Millions of Units]					
Precondition	Foreign Exchange Rate	JPY	109.5/USD	JPY	129.6/USD	+20.1 JPY	-
		JPY	132.0/EUR	JPY	138.1/EUR	+6.1 JPY	-
		JPY	17.0/CNY	JPY	19.6/CNY	+2.6 JPY	-
	Domestic Vehicle Production		1.90		1.63	-0.27	-14.2%
	Overseas Vehicle Production of Japanese Manufacturers		4.36		4.01	-0.36	-8.0%

## [Overview of the Consolidated Financial Results]

1. Consolidated revenue totaled 1,415.0 billion yen, increased by 58.1 billion yen (+4.3%) from the previous year.
2. Consolidated operating profit totaled 63.6 billion yen, decreased by 43.5 billion yen (-40.6%) from the previous year.
3. Consolidated profit attributable to owners of the parent company totaled 51.9 billion yen, decreased by 37.5 billion yen (-41.9%) from the previous year.

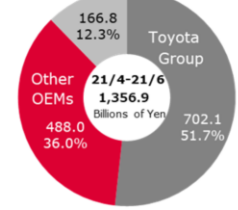
# FY2023 1st Quarter Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

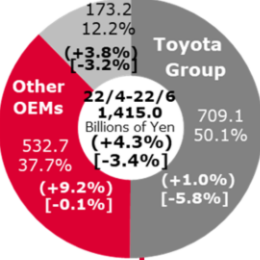
( ):vs 21/4-6  
(3 month basis)  
INCR/DECR

[ ]:vs 21/4-6  
(3 month basis)  
INCR/DECR excluding FX diff.

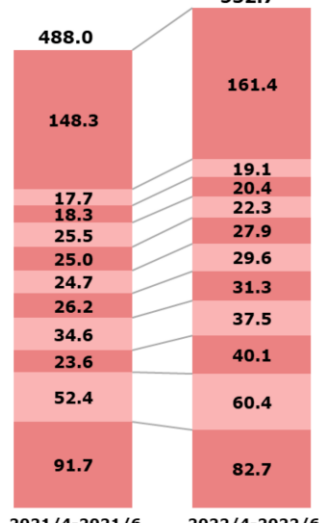
After-market,  
Non-Automotive Business etc.



After-market,  
Non-Automotive Business etc.



Revenue	1,356.9 ⇒ 1,415.0	(+4.3%)	[-3.4%]
· Toyota group	702.1 ⇒ 709.1	(+1.0%)	[-5.8%]
· Other OEMs	488.0 ⇒ 532.7	(+9.2%)	[-0.1%]



OEM	(% vs 21/4-6)	(% vs 21/4-6 excluding FX diff.)
Others (Benz, John Deere, TDSG, Japanese 2W etc.)	(+8.8%)	[+1.1%]
Nissan	(+7.7%)	[+0.4%]
Isuzu	(+11.3%)	[+6.4%]
Mazda	(-12.8%)	[-14.0%]
Hyundai/kia	(+11.8%)	[+6.2%]
Suzuki	(+19.8%)	[+12.5%]
SUBARU	(+19.6%)	[+11.5%]
GM	(+8.4%)	[-8.1%]
Ford	(+69.5%)	[+45.4%]
Stellantis	(+15.2%)	[+5.9%]
Honda	(-9.8%)	[-20.0%]

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## [Revenue by Customer(Quantity Base)]

Despite the impact of reduced vehicle production due to semiconductor shortages at each company, Increased sales and installation rate for electrification and ADAS products.

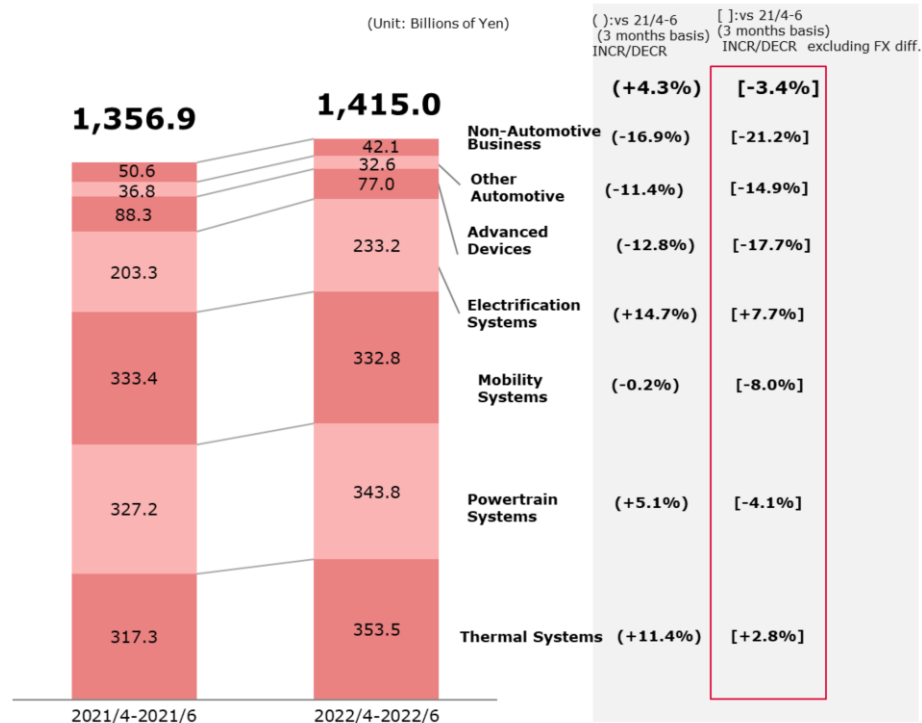
### Toyota Group

Revenue decreased by -5.8% from the previous year, due to the large impact of production cuts in Japan and North America.

### Non-Toyota Group

Due to the recovery from last year's large production reduce, slight decrease this year.

# FY2023 1st Quarter Consolidated Revenue ( By Product )



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## <Revenue by Product (Quantity base)>

Although there was sales expansion in electric products, overall sales decreased on a volume basis due to the impact of reduced production.

### Electrification system

Inverters expand sales in North America and China

### Thermal system

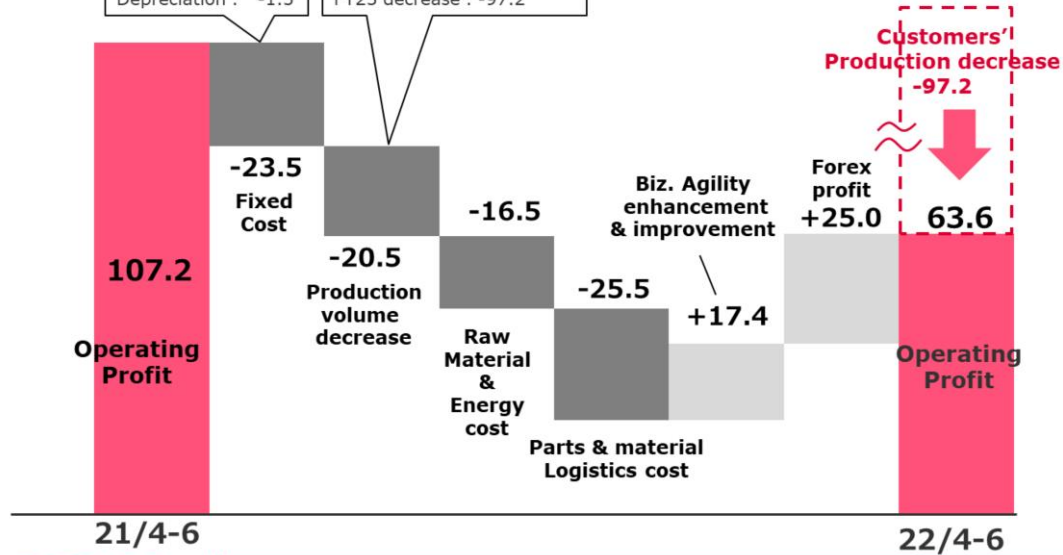
Electric compressors expand sales in Europe

Although revenue of ADAS products decreased due to the impact of reduced production, the installation rate improved.

# Change in FY2023 1st Quarter Operating Profit

Despite promoting business agility enhancement for environmental deterioration in addition to usual improvement activities, expansion of customers' production decrease resulted in profit decrease.

Expenses	: -13.5	FY22 decrease	: +14.0
Labor	: -8.5	FY23 Original plan	: +62.7
Depreciation	: -1.5	FY23 decrease	: -97.2



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## [Factor that Contributed to increases or Decreases in Operating Profit]

### Positive Factors

- Biz. Agility enhancement & improvement 17.4 billion yen.
- Forex profit 25.0 billion yen.

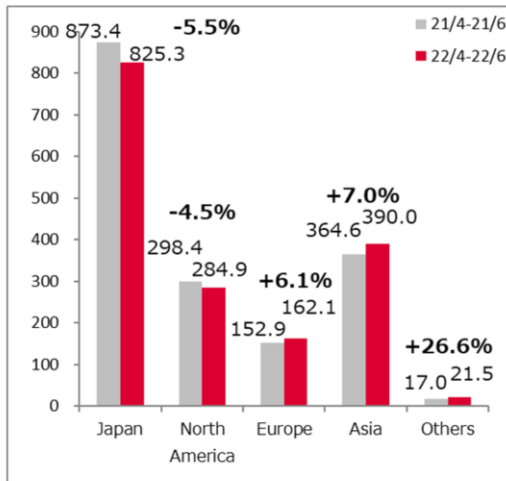
### Negative Factors

- Fixed costs -23.5 billion yen
- Production volume decrease -20.5 billion yen
- Row material and energy costs -16.5 billion yen
- Parts and logistics costs -25.5 billion yen

# Geographical Segments by Company Location

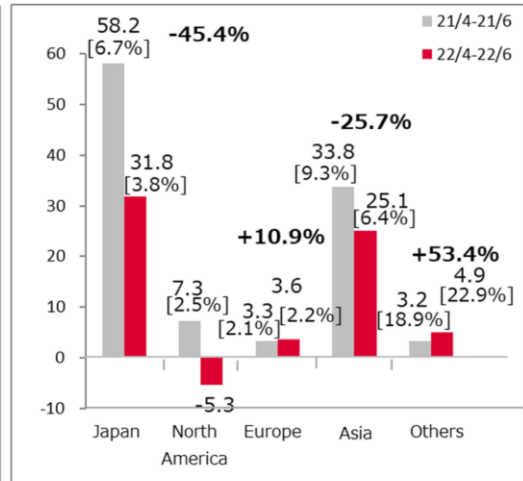
Local currency basis excludes FX difference  
(109.5JPY/1USD, 132.0JPY/1EUR, 17.0JPY/1CNY)

## Revenue



## Operating Profit

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



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## [Revenue and Operating Profit by Each Region\*]

\*Excluding the effect of foreign exchange

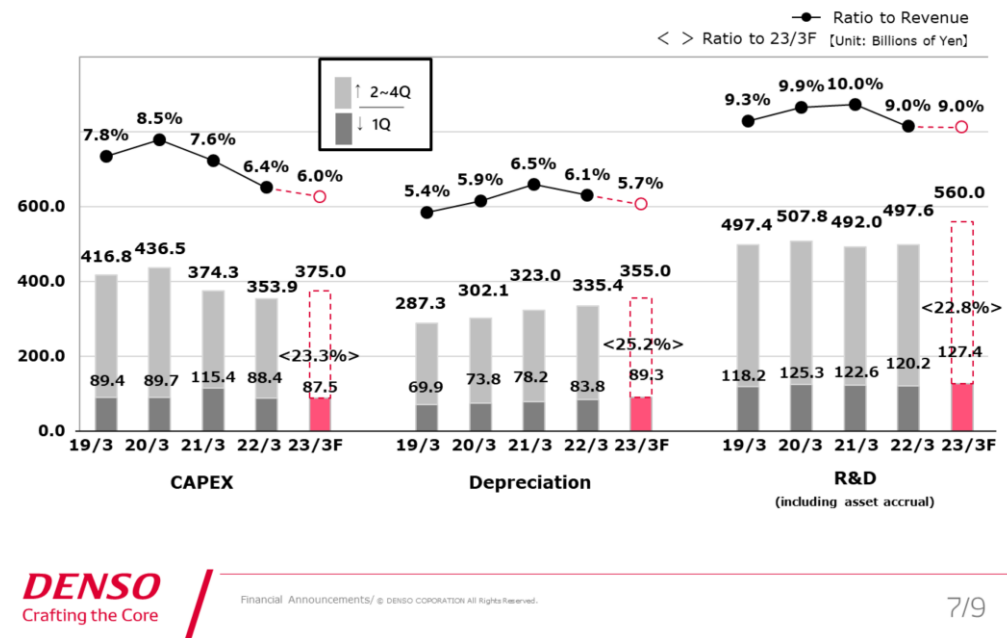
### Revenue

Revenue increased from the previous year in respective regions, except Japan and North America which were significantly impacted by the decrease in vehicle production due to the semiconductor shortage.

### Operating profit

Despite global efforts to improve profitability, operating profit decreased from the previous year in respective regions, except for Europe and Others, due to the worsening impact of the external environment.

## Trend of Capital Expenditures, Depreciation and R&D Expenditures



### [Capital Expenditures, Depreciation and R&D Expenditures]

#### Capital expenditures

Actual capital investment 87.5 billion yen.  
 In fiscal year we expect of 375.0 billion yen.

We will study and curb the increase in capital expenditures from the previous year, taking into account the recent uncertainty in the business environment. Meanwhile, we will accelerate necessary investments in the focus fields (electrification and advanced safety).

→ To meet the growth in the electrification field, we will enhance the competitiveness of power semiconductors and make investments to increase capacity.

For the full-year forecast, we will change the foreign exchange preconditions to depreciation of the yen. We will make more disciplined investment judgments and maintain the capital expenditures announced at the beginning of the fiscal year.

#### R&D expenditures

Actual R&D expenses were 127.4 billion yen.  
 In fiscal year we expect of 560.0 billion yen.

We will accelerate the development of electrification technologies in anticipation of the needs of customers and the development of advanced safety technologies to cope with various types of accidents and promote widespread use of these technologies to eliminate fatal traffic accidents.



# FY2023 Financial Forecast

## P/L (IFRS)

	(Ratio to Revenue)		Change from previous forecast		[Unit: Billions of Yen, %]		
	Forecast as of Mar. 2022	2023/3 Forecast			2022/3 Actual	Change from Mar. 2022	
<b>Revenue</b>	6,350.0	<b>6,220.0</b>	-130.0	-2.0%	5,515.5	+704.5	+12.8%
<b>Operating Profit</b>	(8.8%) 560.0	<b>(7.7%) 480.0</b>	-80.0	-14.3%	(6.2%) 341.2	+138.8	+40.7%
<b>Profit before Income Taxes</b>	(9.5%) 603.0	<b>(8.4%) 523.0</b>	-80.0	-13.3%	(7.0%) 384.8	+138.2	+35.9%
<b>Profit (*1)</b>	(6.8%) 434.0	<b>(6.1%) 378.0</b>	-56.0	-12.9%	(4.8%) 263.9	+114.1	+43.2%

\*1 Profit attributable to owners of the parent company

Precondition	[Unit: Millions of Units]					
	JPY	USD	JPY	EUR	CNY	JPY
Foreign Exchange Rate	115.0/USD	129.9/USD	+14.9 JPY	130.0/EUR	135.8/EUR	+5.8 JPY
	18.1/CNY	19.5/CNY	+1.4 JPY			
Domestic Vehicle Production	(*) 9.42	8.08	—			7.33
Overseas Vehicle Production of Japanese Manufacturers	(*) 21.56	17.95	—			17.21

\*2 Risk of external environment deterioration is not reflected to Forecast as of Mar. 2022.

\*3 Foreign Exchange Rate of Forecast for the 2nd quarter and after : JPY 130.0/USD, 135.0/EUR, 19.5/CNY

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## [Full year Financial Forecast]

- We expect revenue of 6,220.0 billion yen.  
(change from Mar.2022 -130.0 billion yen)
- We expect revenue of 480.0 billion yen.  
(change from Mar.2022 -80.0 billion yen)
- We used 129.9 yen to the U.S. dollar and 135.8 yen to the Euro,  
19.5 yen to the CNY.

We have revised our full-year forecast based on a continuation of vehicle production losses and gains made through changing foreign exchange preconditions.

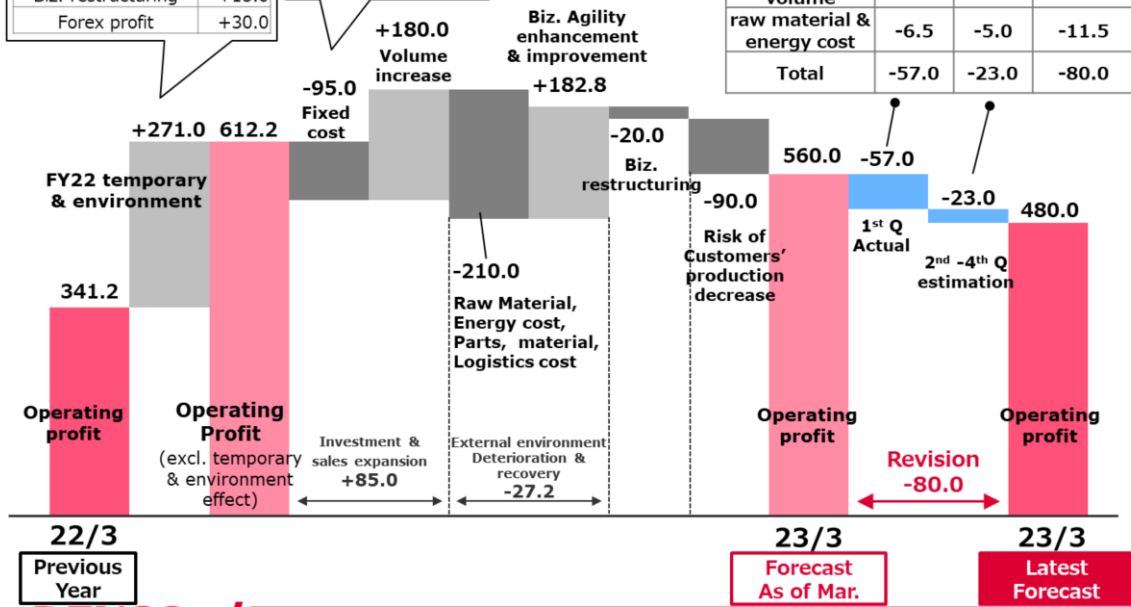
# Change in FY2023 Forecast Operating Profit

(Unit: Billions of Yen)

Production decrease	+160.5
Parts & material cost	+65.5
Biz. restructuring	+15.0
Forex profit	+30.0

expense	: -47.0
Labor	: -32.0
depreciation	: -16.0

Factor	1Q	2-4Q	fiscal year
forex exchange	+15.0	+59.5	+74.5
Fixed cost	+9.0	--	+9.0
production volume	-74.5	-77.5	-152.0
raw material & energy cost	-6.5	-5.0	-11.5
Total	-57.0	-23.0	-80.0



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## <variance from previous estimation>

### 1st quarter

- Forex exchange profit 15 billion yen
- Restrain fixed costs 9.0 billion yen
- Production volume decrease -74.5 billion yen
- Raw material and energy costs -6.5 billion yen

### 2nd quarter onwards

- Forex exchange profit 59.5 billion yen
- Production volume decrease -77.5 billion yen
- Raw material and energy costs -5.0 billion yen

•While making steady but disciplined investments in the growth fields, we will resolutely carry out structural reforms in mature businesses and accelerate efforts to adjust the business portfolio.

•In response to the surging costs of parts and materials (mainly electronic parts), logistics, and energy, we will make gains by improving profitability and pass on costs to customers by communicating closely with them.

# Return to Shareholders

## ■ Policy of shareholders return

Execute and strengthen the shareholder return policy that consider the cost of capital to control the increase of shareholder's equity ratio.



A resolution was adopted at the board of directors meeting held , July 29<sup>th</sup> to acquire own shares.

- Purpose of the stock purchase:  
To increase returns to shareholders and improve capital efficiency.
- Total number of shares to be purchased: Up to 100 billion yen or 16 million shares .

## [Return to Shareholders]

At the board of directors meeting, a resolution was adopted to repurchase treasury stock of up to 100 billion yen or 16 million shares to further return profits to shareholders and improve capital efficiency. We will make further efforts to enhance corporate value.

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## Appendix

- Pre-Conditions (Foreign Exchange Rate/Vehicle Production)
- Consolidated Revenue by Customer
- Consolidated Revenue by Product
- Geographical Segments by Company Location
- Capital Expenditures, Depreciation and R&D Expenditures

## Pre-Conditions (Foreign Exchange Rate/Vehicle Production)

		FY2023 Full Year 22/4-23/3F						
		FY2023 1st Quarter 22/4-22/6						
		Prior Year	Actual	Change	Prior Year	Forecast (Original)	Forecast (Revised)	Change
Foreign Exchange Rate (Yen)	USD	109.5	129.6	+ 20.1	112.4	115.0	129.9	+17.5
	EUR	132.0	138.1	+ 6.1	130.6	130.0	135.8	+5.2
	CNY	17.0	19.6	+ 2.6	17.5	18.1	19.5	+2.0
Forex Impact on Operating Income per Yen (Billions of Yen)	USD				3.3	3.4	3.3	-0.0
	EUR				1.1	0.8	0.9	- 0.2
	CNY				19.0	22.3	22.5	+3.5
Vehicle Production of Japanese Manufacturers (Millions of Units)	Domestic	1.90	1.63	- 14.2%	7.33	※ 9.42	8.08	+ 10.3%
	Overseas	4.36	4.01	- 8.0%	17.21	※ 21.56	17.95	+ 4.3%

※ Risk of external environment deterioration is not reflected to Forecast as of Mar. 2022.

# Consolidated Revenue (By Customer)

(Unit: Billions of Yen)

	21/4-21/6		22/4-22/6		Change		Change excludes FX difference, etc.
	Amount	% to Total	Amount	% to Total	Amount	%	
Toyota	655.8	48.3	660.9	46.7	+5.1	+0.8	-6.2
Daihatsu	32.3	2.4	35.3	2.5	+3.0	+9.4	+4.1
Hino	14.0	1.0	12.9	0.9	-1.1	-8.2	-8.9
<b>Toyota Group</b>	<b>702.1</b>	<b>51.7</b>	<b>709.1</b>	<b>50.1</b>	<b>+7.0</b>	<b>+1.0</b>	<b>-5.8</b>
Honda	91.7	6.9	82.7	5.8	-8.9	-9.8	-20.0
Stellantis	52.4	3.9	60.4	4.3	+8.0	+15.2	+5.9
(FCA)	42.1	3.1	48.7	3.4	+6.6	+15.7	+5.2
(PSA)	10.3	0.8	11.7	0.8	+1.4	+13.2	+8.4
Ford	23.6	1.7	40.1	2.8	+16.4	+69.5	+45.4
GM	34.6	2.5	37.5	2.6	+2.9	+8.4	-8.1
SUBARU	26.2	1.9	31.3	2.2	+5.1	+19.6	+11.5
Suzuki	24.7	1.8	29.6	2.1	+4.9	+19.8	+12.5
Hyundai/Kia	25.0	1.8	27.9	2.0	+3.0	+11.8	+6.2
Mazda	25.5	1.9	22.3	1.6	-3.3	-12.8	-14.0
ISUZU	18.3	1.4	20.4	1.4	+2.1	+11.3	+6.4
Nissan	17.7	1.3	19.1	1.3	+1.4	+7.7	+0.4
VW·AUDI	15.1	1.1	15.8	1.1	+0.7	+4.7	-3.2
BMW	12.8	0.9	12.4	0.9	-0.4	-2.8	-8.3
Mitsubishi	11.1	0.8	11.6	0.8	+0.5	+4.4	-1.9
Volvo	7.9	0.6	7.0	0.5	-0.9	-11.5	-17.9
Benz	6.0	0.4	8.8	0.6	+2.8	+45.9	+39.3
OE Sales for others	95.4	7.0	105.8	7.5	+10.5	+11.0	+2.6
<b>OEM Total</b>	<b>1,190.1</b>	<b>87.7</b>	<b>1,241.8</b>	<b>87.8</b>	<b>+51.8</b>	<b>+4.4</b>	<b>-3.4</b>
<b>Non-Automotive Business(*)</b>	<b>166.8</b>	<b>12.3</b>	<b>173.2</b>	<b>12.2</b>	<b>+6.3</b>	<b>+3.8</b>	<b>-3.2</b>
<b>Total</b>	<b>1,356.9</b>	<b>100.0</b>	<b>1,415.0</b>	<b>100.0</b>	<b>+58.1</b>	<b>+4.3</b>	<b>-3.4</b>

\* Including revenue of industrial systems and consumer products, revenue for After Market, and revenue of property/equipment etc.

## Consolidated Revenue (By Product)

(Unit: Billions of Yen)

	21/4-21/6		22/4-22/6		Change		Change excludes FX difference
	Amount	% to Total	Amount	% to Total	Amount	%	%
Thermal Systems	317.3	23.4	353.5	25.0	+36.2	+11.4	+2.8
Powertrain Systems	327.2	24.1	343.8	24.3	+16.6	+5.1	-4.1
Mobility Electronics	333.4	24.6	332.8	23.5	-0.6	-0.2	-8.0
Electrification Systems	203.3	15.0	233.2	16.5	+30.0	+14.7	+7.7
Advanced Devices	88.3	6.5	77.0	5.4	-11.3	-12.8	-17.7
Others(*)	36.8	2.7	32.6	2.3	-4.2	-11.4	-14.9
<b>Automotive Total</b>	<b>1,306.2</b>	<b>96.3</b>	<b>1,372.9</b>	<b>97.0</b>	<b>+66.7</b>	<b>+5.1</b>	<b>-2.8</b>
<b>Non-Automotive Business Total</b>	<b>50.6</b>	<b>3.7</b>	<b>42.1</b>	<b>3.0</b>	<b>-8.6</b>	<b>-16.9</b>	<b>-21.2</b>
<b>Total</b>	<b>1,356.9</b>	<b>100.0</b>	<b>1,415.0</b>	<b>100.0</b>	<b>+58.1</b>	<b>+4.3</b>	<b>-3.4</b>

\* Including revenue of equipment and repair parts etc.



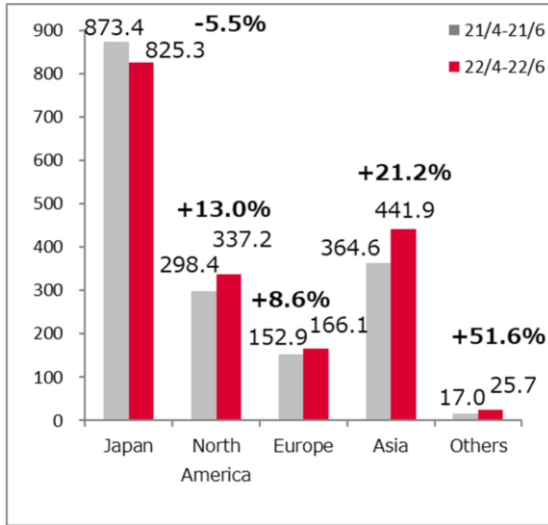
# Geographical Segments by Company Location

JPY basis

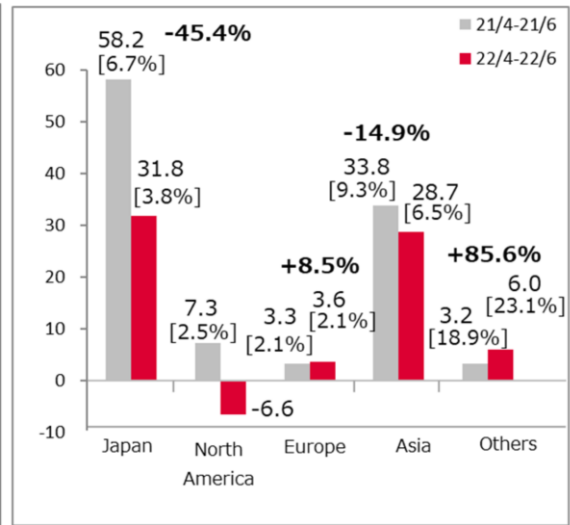
(Unit: Billions of Yen)

[ ] : Ratio to Revenue

## Revenue



## Operating Profit



# Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	22/3		23/3F		Change	Progress to 23/3 Forecast
	21/6	22/3	22/6	23/3F		
Japan	59.3	219.2	50.6	231.0	- 14.7%	21.9%
North America	10.6	40.6	17.1	40.0	+61.3%	42.8%
Europe	4.7	19.3	4.9	21.0	+4.3%	23.3%
Asia	13.2	71.6	14.1	79.0	+6.8%	17.8%
Others	0.6	3.2	0.8	4.0	+33.3%	20.0%
Capital Expenditure	88.4	353.9	87.5	375.0	- 1.0%	23.3%
Japan	52.5	211.6	53.7	219.0	+2.3%	24.5%
North America	10.3	40.8	12.9	43.0	+25.2%	30.0%
Europe	6.8	25.2	6.4	26.0	- 5.9%	24.6%
Asia	13.8	56.2	15.8	64.0	+14.5%	24.7%
Others	0.4	1.6	0.5	3.0	+25.0%	16.7%
Depreciation	83.8	335.4	89.3	355.0	+6.6%	25.2%
R&D Expenditure (Ratio to Revenue)	120.2 (8.9%)	497.6 (9.0%)	127.4 (9.0%)	560.0 (9.0%)	+6.0%	22.8%

\*R&D Expenditures includes asset accrual