

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

DENSO

Crafting the Core

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

July 29 , 2022

DENSO CORPORATION

Overview of FY2023 1st 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 1st 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	
Revenue	1,356.9	1,415.0	+58.1	+4.3%
Operating Profit	(7.9%) 107.2	(4.5%) 63.6	-43.5	-40.6%
Profit before Income Taxes	(9.7%) 131.6	(5.8%) 82.6	-49.0	-37.3%
Profit (*)	(6.6%) 89.3	(3.7%) 51.9	-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%

FY2023 1st Quarter Consolidated Revenue (By Customer)

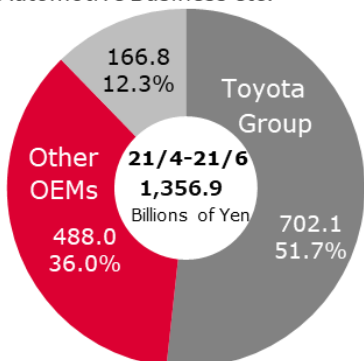
(Unit: Billions of Yen)

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

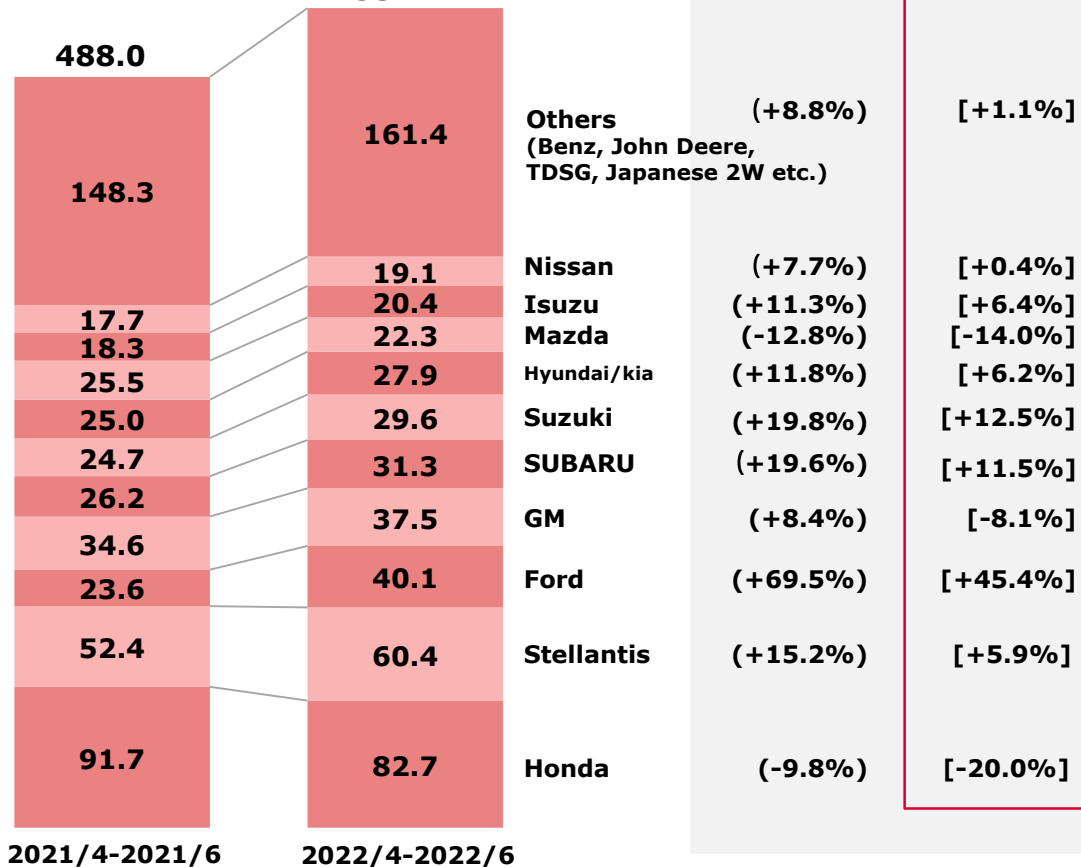
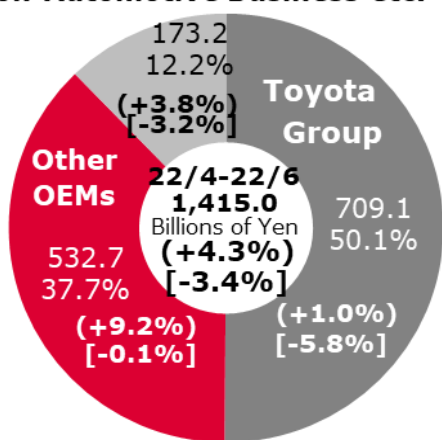
[]:vs 21/4-6
(3 month basis)
INCR/DECR excluding FX diff.

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%]

After-market,
Non-Automotive Business etc.



After-market,
Non-Automotive Business etc.

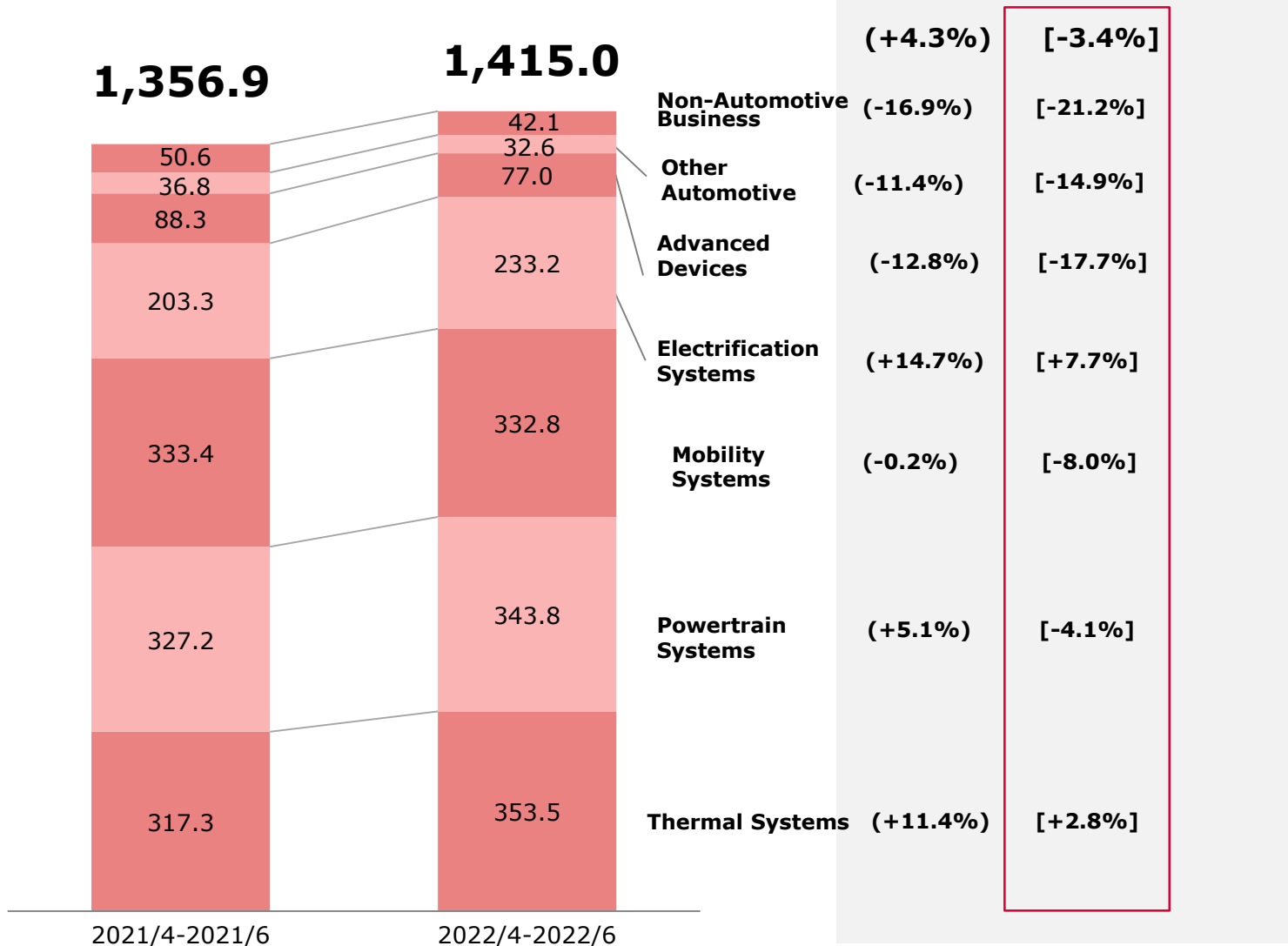


FY2023 1st Quarter Consolidated Revenue (By Product)

(Unit: Billions of Yen)

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

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

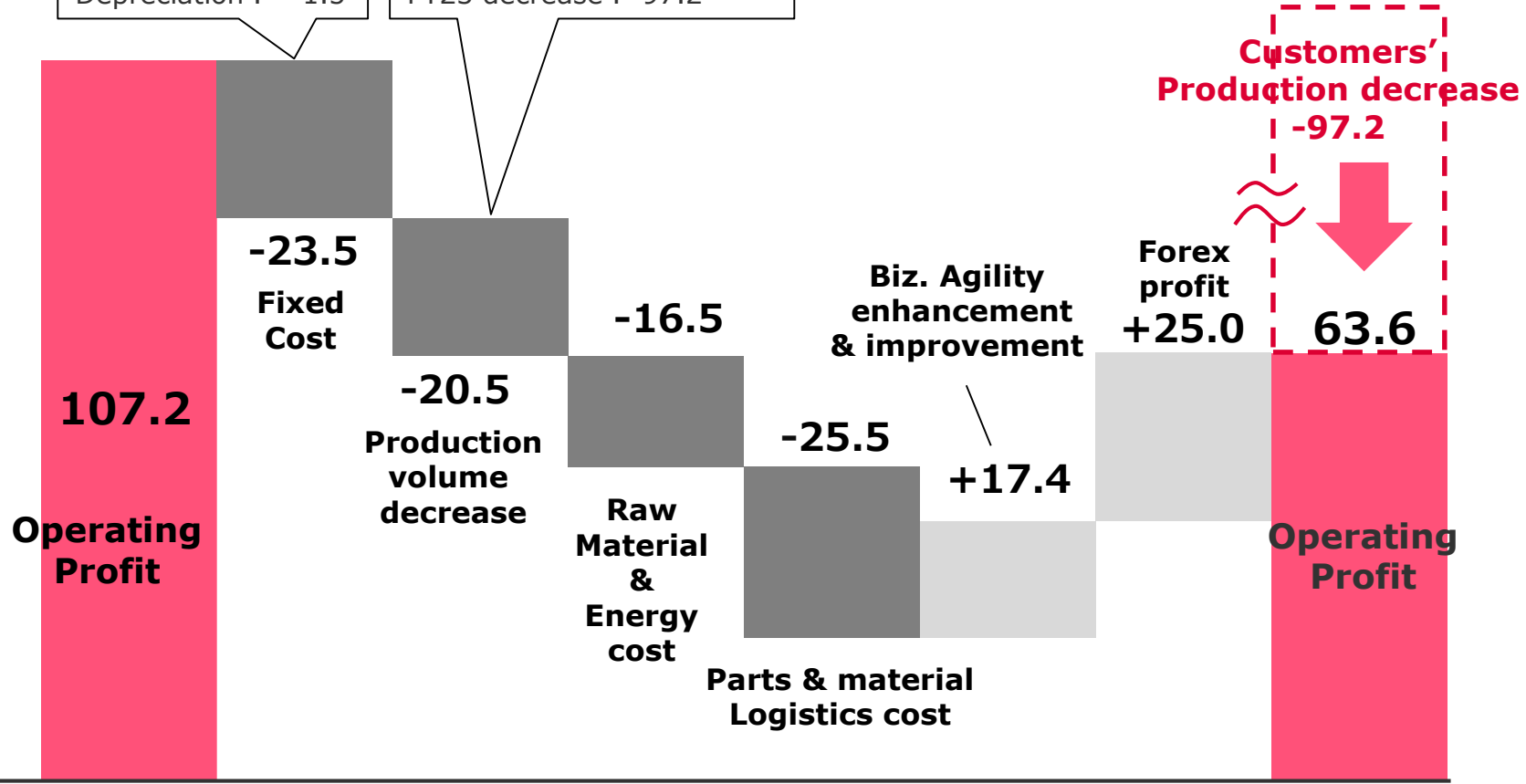


Change in FY2023 1st Quarter Operating Profit

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
 Labor : -8.5
 Depreciation : -1.5

FY22 decrease : +14.0
 FY23 Original plan : +62.7
 FY23 decrease : -97.2



21/4-6

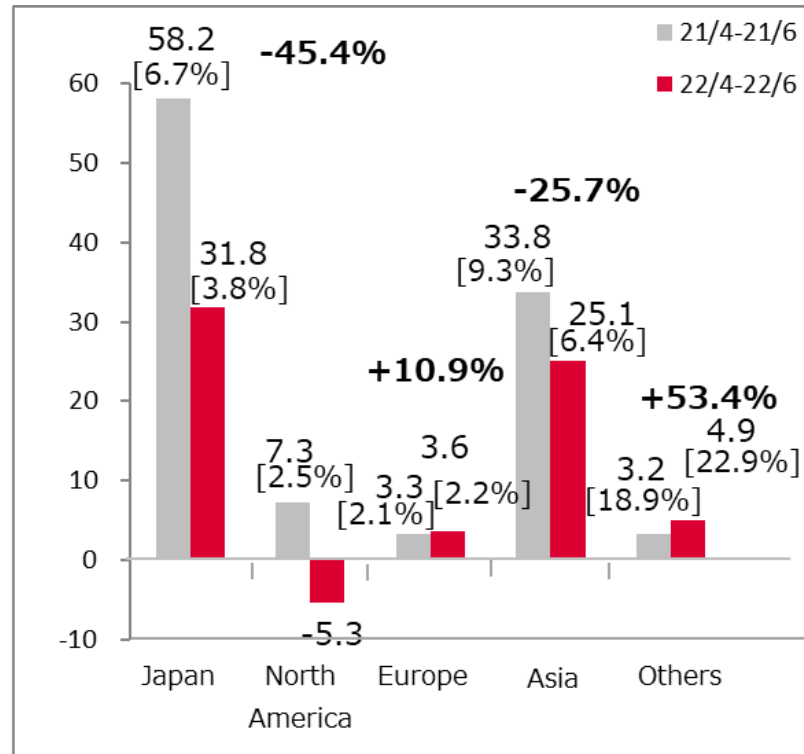
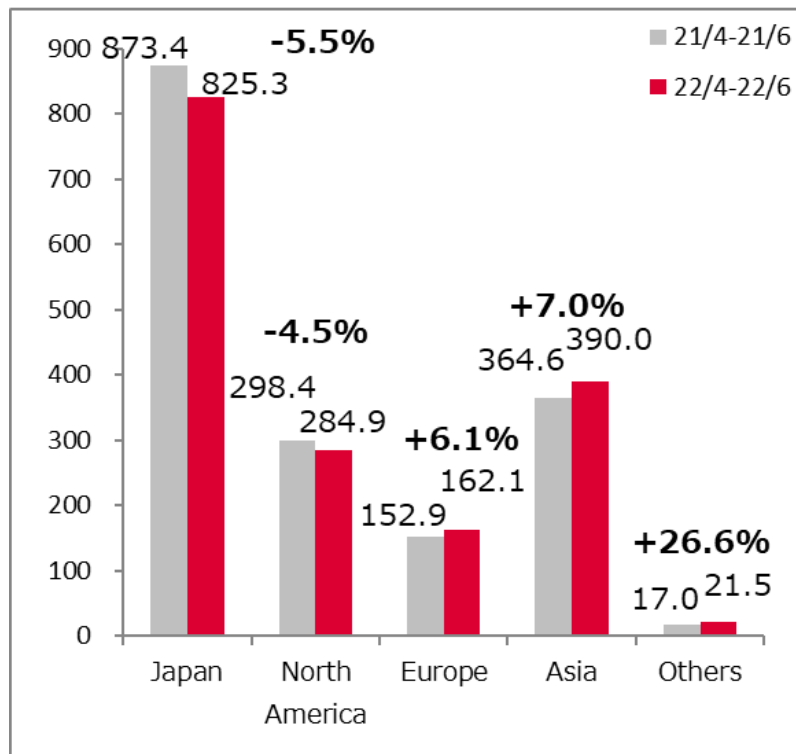
22/4-6

Geographical Segments by Company Location

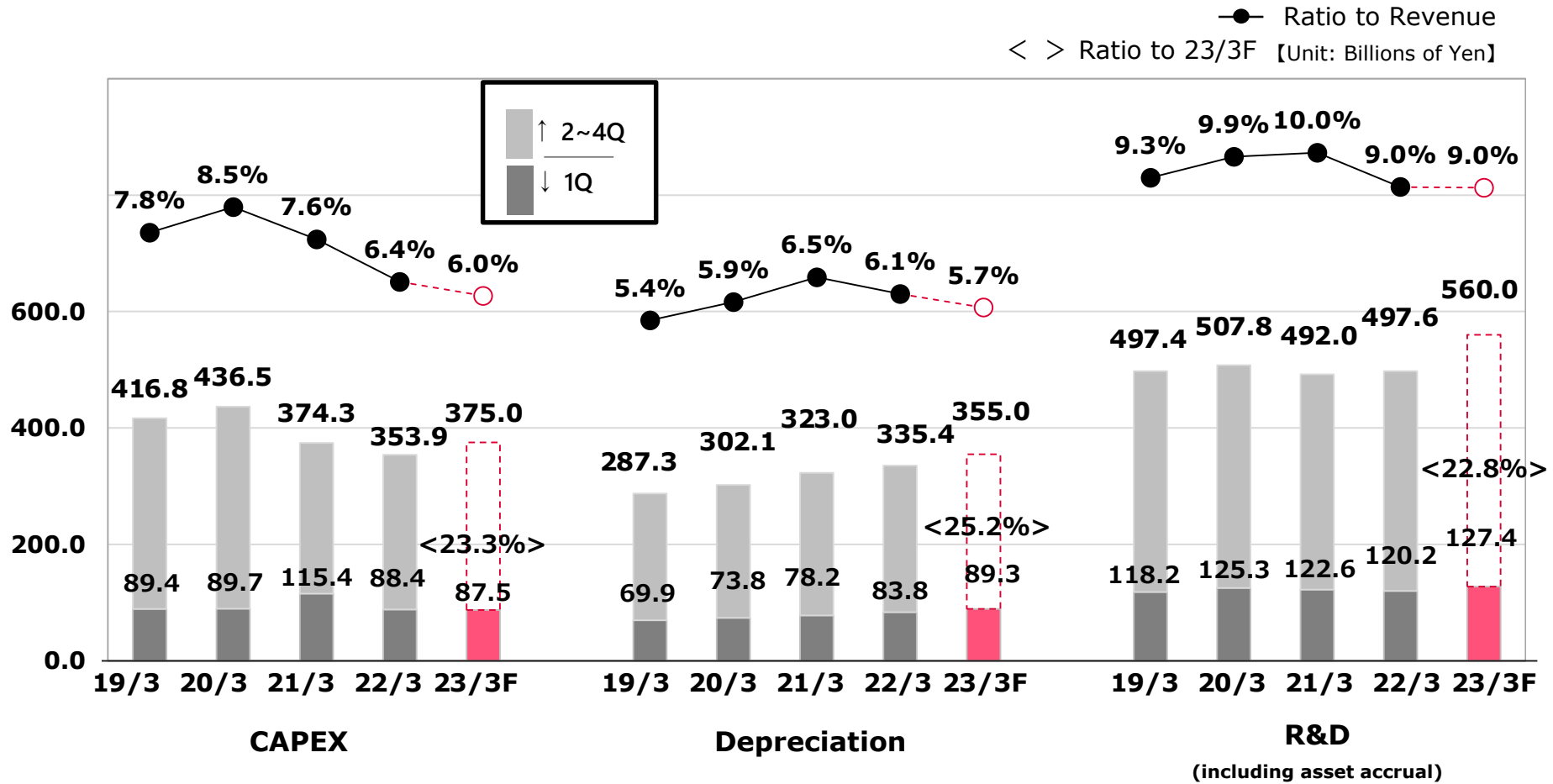
Local currency basis excludes FX difference
 (109.5JPY/1USD, 132.0JPY/1EUR, 17.0JPY/1CNY)

Revenue

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



Trend of Capital Expenditures, Depreciation and R&D Expenditures



FY2023 Financial Forecast

P/L (IFRS)

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

*1 Profit attributable to owners of the parent company

	[Unit: Millions of Units]					
	Precondition		Precondition		Precondition	
Foreign Exchange Rate	JPY 115.0/USD	JPY (*3) 129.9/USD	+14.9 JPY	-	JPY 112.4/USD	
	JPY 130.0/EUR	JPY (*3) 135.8/EUR	+5.8 JPY	-	JPY 130.6/EUR	
	JPY 18.1/CNY	JPY (*3) 19.5/CNY	+1.4 JPY	-	JPY 17.5/CNY	
Domestic Vehicle Production	(*2) 9.42	8.08	-	-	7.33	
Overseas Vehicle Production of Japanese Manufacturers	(*2) 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

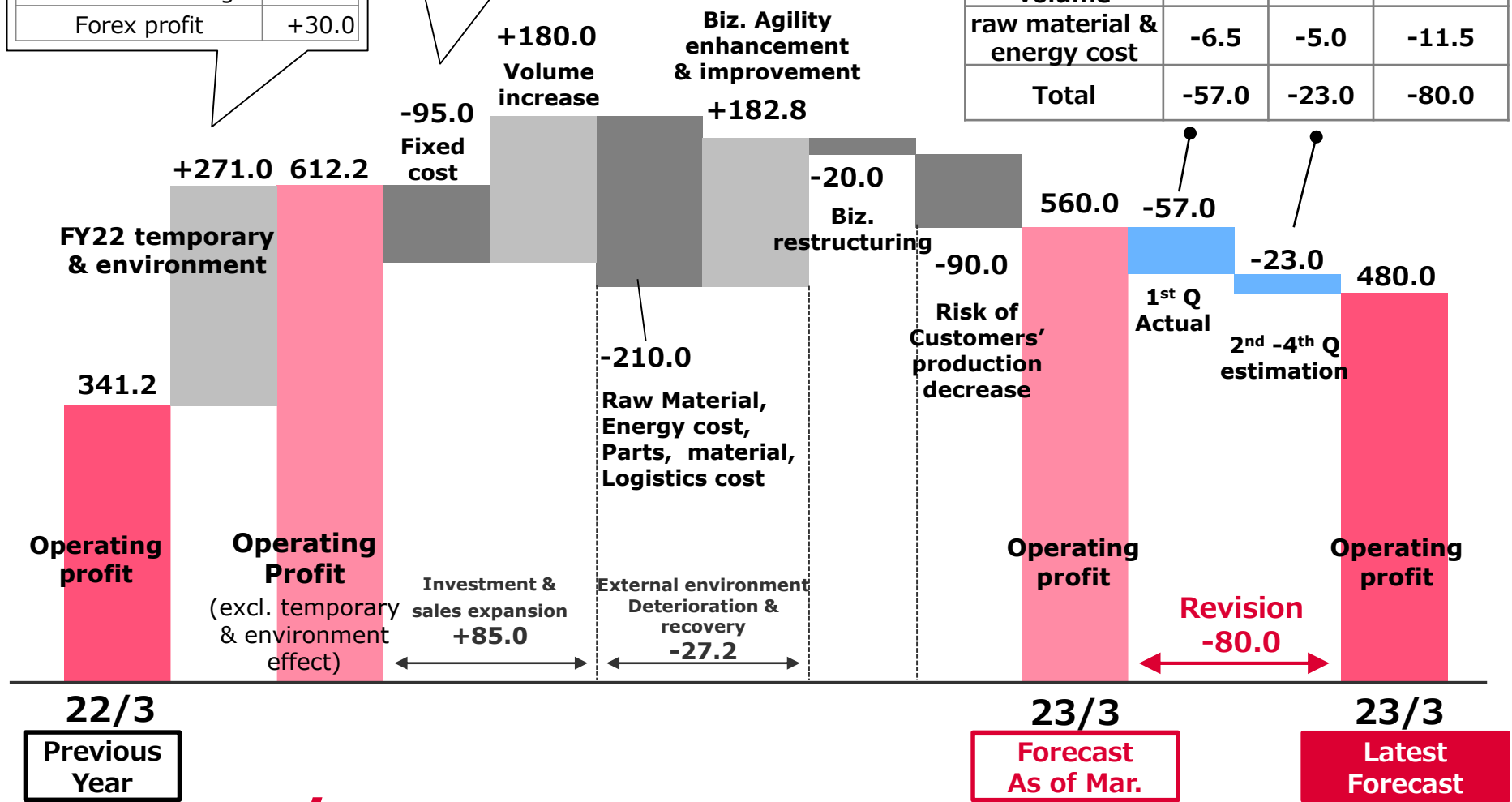
Change in FY2023 Forecast Operating Profit

(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

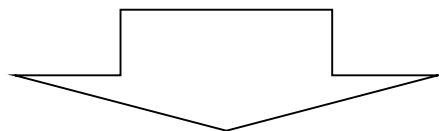
Factor	1Q	2-4Q	fiscal year
forex exchange	+15.0	+59.5	+74.5
Fixed cost	+9.0	--	+9.0
production volume	-74.5	-77.5	-152.0
raw material & energy cost	-6.5	-5.0	-11.5
Total	-57.0	-23.0	-80.0



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 29th 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 .

DENSO

Crafting the Core

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
Toyota Group	702.1	51.7	709.1	50.1	+7.0	+1.0	-5.8
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
Mazuda	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
OEM Total	1,190.1	87.7	1,241.8	87.8	+51.8	+4.4	-3.4
Non-Automotive Business(*)	166.8	12.3	173.2	12.2	+6.3	+3.8	-3.2
Total	1,356.9	100.0	1,415.0	100.0	+58.1	+4.3	-3.4

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

Consolidated Revenue (By Product)

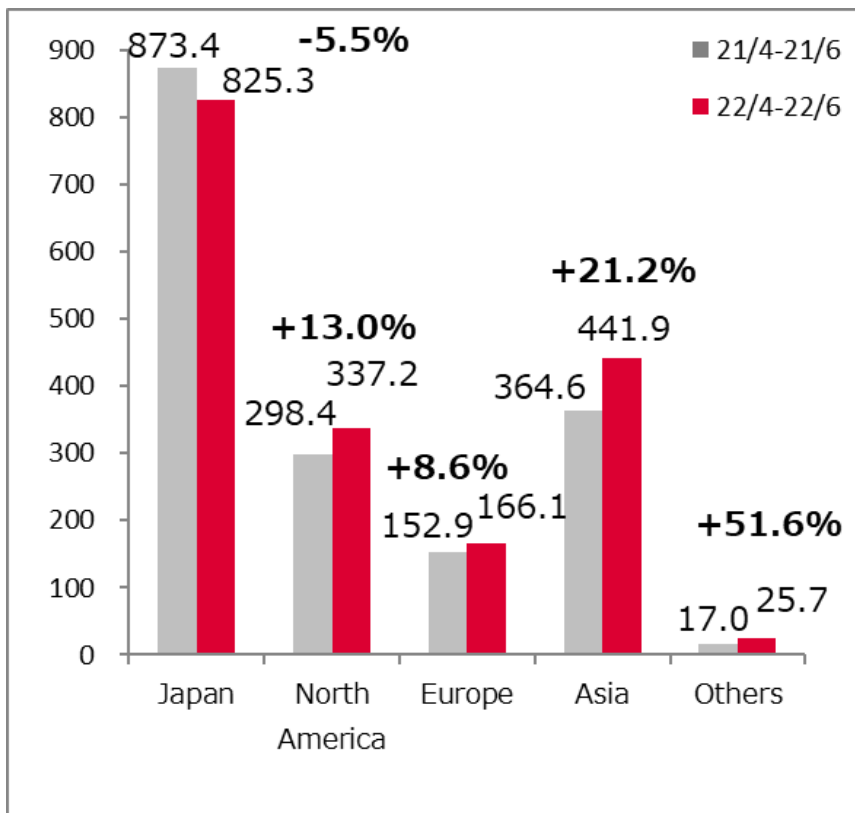
(Unit: Billions of Yen)

	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
Automotive Total	1,306.2	96.3	1,372.9	97.0	+66.7	+5.1	-2.8
Non-Automotive Business Total	50.6	3.7	42.1	3.0	-8.6	-16.9	-21.2
Total	1,356.9	100.0	1,415.0	100.0	+58.1	+4.3	-3.4

* Including revenue of equipment and repair parts etc.

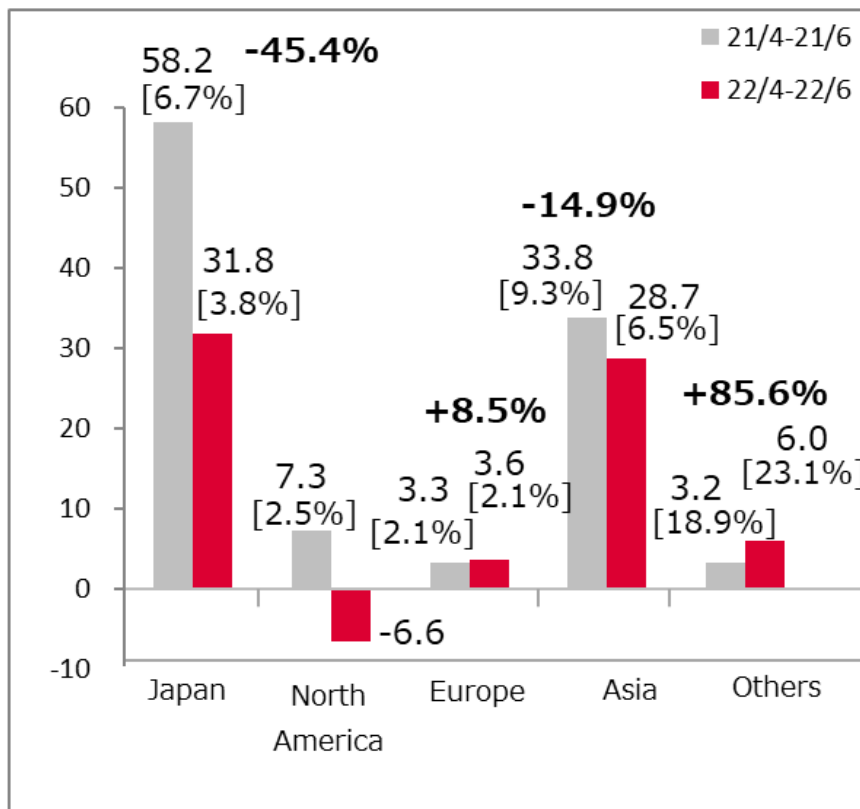
Geographical Segments by Company Location

Revenue



Operating Profit

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



Capital Expenditures, Depreciation and R&D Expenditures

(Unit: Billions of Yen)

	22/3		23/3F		Change	Progress to 23/3 Forecast
	21/6		22/6			
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