

[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 Fiscal Year Ended March 31, 2023 <under IFRS>

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

Representative : Koji Arima
President and CEO

Contact : Yoshimasa Shinoda
Director

Telephone : +81-566-61-7910

Scheduled date of the general meeting of shareholders : June 20, 2023

Scheduled date of commencement of dividend payment : May 25, 2023

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

DATE: April 27, 2023

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 fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit for the year	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	6,401,320	16.1	426,099	24.9	456,870	18.7	347,861	20.5
March 31, 2022	5,515,512	11.7	341,179	120.0	384,808	98.6	288,754	95.0

	Profit attributable to owners of the parent company		Comprehensive income for the year		Basic earnings per share	Diluted earnings per share
Year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2023	314,633	19.2	348,749	(46.8)	416.01	—
March 31, 2022	263,901	111.0	655,525	3.1	342.77	—

	Ratio of profit to equity attributable to owners of the parent company	Ratio of profit before income taxes to total assets	Ratio of operating profit to revenue
Year ended	%	%	%
March 31, 2023	7.3	6.2	6.7
March 31, 2022	6.4	5.4	6.2

Reference: Share of the (loss) profit of associates and joint ventures accounted for using the equity method:

Fiscal year ended March 31, 2023: ¥(2,931) million; Fiscal year ended March 31, 2022: ¥5,759 million

(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	Equity attributable to owners of the parent company per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2023	7,408,662	4,579,711	4,376,928	59.1	5,845.08
March 31, 2022	7,432,271	4,489,526	4,299,357	57.8	5,632.38

(3) Consolidated cash flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	602,720	(363,676)	(400,099)	733,850
March 31, 2022	395,637	(301,579)	(159,536)	867,808

2. Cash dividends

	Annual dividends per share					Total amount of dividends (total)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of the parent company (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	80.00	—	85.00	165.00	126,508	48.1	3.1
Year ended March 31, 2023	—	90.00	—	95.00	185.00	139,033	44.5	3.2
Year ending March 31, 2024 (Forecast)	—	95.00	—	95.00	190.00		37.2	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024
(from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes)

	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	6,300,000	(1.6)	510,000	19.7	555,000	21.5	420,000	20.7	383,000	21.7	511.47

※ Notes

(1) Significant changes in scope of consolidated subsidiaries: 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 shares issued (ordinary shares)

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

2) Number of treasury shares at the end of the period

3) Average number of shares issued during the period

FY2023	787,944,951 shares	FY2022	787,944,951 shares
FY2023	39,122,931 shares	FY2022	24,616,949 shares
FY2023	756,317,417 shares	FY2022	769,915,806 shares

(Note) For the number of shares used as the basis of calculating basic earnings per share (consolidated), see "Earnings per share."

[Reference] Overview of non-consolidated financial results

1. Non-Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-Consolidated operating results

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Ordinary profit		Profit for the year	
Year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	3,221,034	4.2	162,604	24.6	244,281	15.0	227,434	12.9
March 31, 2022	3,090,937	9.6	130,456	—	212,397	556.3	201,389	393.0

	Basic earnings per share	Diluted earnings per share
Year ended	Yen	Yen
March 31, 2023	300.70	—
March 31, 2022	261.56	—

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	4,370,332	2,403,830	55.0	3,210.00
March 31, 2022	4,583,941	2,515,249	54.9	3,294.96

Reference: Equity

As of March 31, 2023: ¥2,403,830million; As of March 31, 2022: ¥2,515,249million

※ This Financial Results report is not required to be audited by certified public accountants or audit firm.

List of Contents of Attachments

Summary of Consolidated Financial Results for the fiscal year ending March 31,2023	2
Basis of Policy	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Income	7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	11
Notes to Consolidated Financial Statements	12
Assumption for Going Concern	12
Basis of Presenting Consolidated Financial Statements	12
Segment information	13
Earnings per share	16
Subsequent events	16

Summary of Consolidated Financial Results for the fiscal year ending March 31, 2023

1. Summary of Management Results

The Group formulated the DENSO Group Long-term Policy 2030. Under the slogan “Bringing hope for the future for our planet, society and all people,” we are aiming to resolve social issues through our business activities emphasizing “green” and “peace of mind.”, and contribute to realization of a sustainable society with smiling faces through the provision of new value that will be inspired by the Group's initiatives. The external business environment continues to be challenging, such as reduction in vehicle production and soaring costs of parts and materials. The Group has been striving to strengthen the management foundation and the financial structure and has worked on formulation of the growth strategy for the future centering on the fields of “green” and “peace of mind.” We have started to see positive results, including improvement of efficiency by digitization of work and optimization of resourced through reorganization of the business portfolio. As well as embedding these activities, the Group will promote value creation through provision of products and solutions leveraging existing strengths and achieve both resolution of social issues through business and business growth.

For the fiscal year ended March 31, 2023, the global economy experienced a moderate recovery as restrictions on economic activities by COVID-19 were eased. While as a result of the prolonged Russian invasion of Ukraine, there was a global shortage of energy and semiconductor, which caused prices to soar. The global economy remained uncertain due to concerns of a recession caused by monetary tightening in western countries, and inside and outside country turmoil caused by the zero-COVID19 policy in China.

For the fiscal year ended March 31, 2023, revenue increased by ¥885.8 billion or 16.1%, year over year, to ¥6,401.3 billion due to sales expansion in electrification and advanced safety area, and recovery from the impact of operational restrictions by COVID-19 in spite of reduction in vehicle production by the shortage of semiconductors.

Operating profit increased by ¥84.9 billion or 24.9%, year over year, to ¥426.1 billion due to sales expansion and improvement of profitability of R&D efficiency in spite of impact of the external environment such as soaring material cost of mainly electronic parts, logistics and energy. Profit before income taxes increased by ¥72.1 billion or 18.7%, year over year, to ¥456.9 billion. Profit attributable to owners of the parent company increased by ¥50.7 billion or 19.2% to ¥314.6 billion.

By geographical segment, revenue increased, year over year, in all regions due to recovery from the impact of COVID-19 and realization of sales expansion in spite of recent reduction in vehicle production. Operating profit increased, year over year, in all regions due to the global progress in reaping the benefits of business agility enhancement in spite of the external environmental deterioration.

Revenue in Japan increased by ¥190.7 billion, or 5.4%, year over year, to ¥3,705.8 billion. Operating profit increased by ¥26.7 billion, or 14.1%, year over year, to ¥215.6 billion due to foreign exchange gains, recovery of vehicle production and improvement of profitability against the external environmental deterioration.

Revenue in North America increased by ¥343.9 billion, or 29.6%, year over year, to ¥1,504.1 billion. Operating profit increased by ¥13.7 billion, or 320.5%, year over year, to ¥17.9 billion due to improvement of profitability in spite of the impact of the external environmental deterioration.

Revenue in Europe increased by ¥124.1 billion, or 22.1%, year over year, to ¥685.6 billion. An operating profit of ¥17.5 billion was recorded in contrast to operating loss of ¥3.4 billion in the previous year due to recovery of vehicle production, improvement of profitability and elimination of restructuring cost.

Revenue in Asia increased by ¥293.8 billion, or 17.9%, year over year, to ¥1,931.7 billion. Operating profit increased by ¥14.5 billion, or 10.0%, year over year, to ¥158.3 billion due to improvement of profitability and weak yen.

Revenue in other regions increased by ¥24.6 billion, or 32.2%, year over year, to ¥101.2 billion. Operating profit increased by ¥3.8 billion, or 24.5%, year over year, to ¥19.3 billion due to recovery of vehicle production and improvement of profitability.

2. Summary of Financial Position

Total assets as of March 31, 2023, decreased by ¥23.6 billion, to ¥7,408.7 billion mainly due to a decrease in other financial assets.

The total of current and non-current liabilities decreased by ¥113.8 billion, to ¥2,829.0 billion mainly due to a decrease in bonds and borrowings.

Equity increased by ¥90.2 billion, to ¥4,579.7 billion mainly due to an increase in retained earnings.

3. Cash flows

In terms of cash flows for the fiscal year ended March 31, 2023, operating activities provided net cash of ¥602.7 billion, investing activities used net cash of ¥363.7 billion, and financing activities used net cash of ¥400.1 billion. As a result, cash and cash equivalents decreased by ¥134.0 billion, to ¥733.9 billion.

Net cash provided by operating activities for the fiscal year ended March 31, 2023 increased by ¥207.1 billion from ¥395.6 billion in the previous fiscal year to ¥602.7 billion. This increase was mainly due to the ¥72.1 billion increase in profit before income taxes and ¥193.6 billion decrease in increase in inventories.

Net cash used in investing activities increased by ¥62.1 billion from ¥301.6 billion in the previous fiscal year to ¥363.7 billion. This increase was mainly due to the ¥24.2 billion increase in purchases of property, plant and equipment.

Net cash used in financing activities increased by ¥240.6 billion from ¥159.5 billion in the previous fiscal year to ¥400.1 billion. This increase mainly reflected the ¥119.9 billion decrease in borrowings and ¥60.0 billion increase in redemption of bonds.

Purchases of property, plant and equipment increased by 7.2% from ¥336.4 billion in the previous fiscal year to ¥360.6 billion. This increase was due to the promotion of investments while simultaneously strengthening investments in focused areas and disciplined business operations.

4. Summary of Financial Forecast

The full-year forecast for the fiscal year ending March 31, 2024, taking into account the risk of reduction in vehicle production due to continued uncertainty about the external environment, despite the realization of sales expansion in electrification and advanced safety area due to the gradual normalization of the supply chain, the Group expect revenue decreased by ¥101.3 billion, or 1.6%, year over year, to ¥6,300.0 billion.

Operating profit increased by ¥83.9 billion, or 19.7%, year over year, to ¥510.0 billion due to sales expansion, control fixed costs discipline and business agility enhancement. Profit before income taxes increased by ¥98.1 billion, or 21.5%, year over year, to ¥555.0 billion. Profit for the year increased by ¥72.1 billion, or 20.7%, year over year, to ¥420.0 billion. Profit attributable to owners of the parent company increased by ¥68.4 billion, or 21.7%, year over year, to ¥383.0billion.

The exchange rate assumption is 1USD = 125 yen. 1EUR= 135 yen.

The above is included full-year forecast 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.

Basis of Policy

The Group has adopted International Financial Reporting Standards ("IFRS") for preparing its consolidated financial statements in the annual report since the fiscal year ended March 31, 2015.

Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of Mar. 31, 2022	As of Mar. 31, 2023
Assets		
Current assets		
Cash and cash equivalents	867,808	733,850
Trade and other receivables	1,120,781	1,263,768
Inventories	1,032,161	1,119,780
Other financial assets	17,730	33,716
Other current assets	107,696	126,472
Subtotal	3,146,176	3,277,586
Assets held for sale	22,638	—
Total current assets	3,168,814	3,277,586
Non-current assets		
Property, plant and equipment	1,912,607	1,955,240
Right-of-use assets	45,394	43,642
Intangible assets	155,580	170,212
Other financial assets	1,861,373	1,699,202
Investments accounted for using the equity method	113,580	110,173
Retirement benefit assets	111,351	78,212
Deferred tax assets	36,871	42,967
Other non-current assets	26,701	31,428
Total non-current assets	4,263,457	4,131,076
Total assets	7,432,271	7,408,662

(Unit: Millions of yen)

	As of Mar. 31, 2022	As of Mar. 31, 2023
Liabilities and equity		
Current liabilities		
Bonds and borrowings	262,819	303,509
Trade and other payables	1,131,375	1,219,317
Other financial liabilities	51,034	54,641
Income tax payables	36,995	42,630
Provisions	144,560	106,524
Other current liabilities	75,286	70,163
Subtotal	1,702,069	1,796,784
Liabilities directly associated with assets held for sale	476	—
Total current liabilities	1,702,545	1,796,784
Non-current liabilities		
Bonds and borrowings	728,616	585,765
Other financial liabilities	33,860	30,929
Retirement benefit liabilities	265,188	249,266
Provisions	1,228	1,643
Deferred tax liabilities	197,122	151,507
Other non-current liabilities	14,186	13,057
Total non-current liabilities	1,240,200	1,032,167
Total liabilities	2,942,745	2,828,951
Equity		
Capital stock	187,457	187,457
Capital surplus	273,803	273,664
Treasury stock	(152,346)	(252,270)
Other components of equity	972,783	955,829
Retained earnings	3,017,660	3,212,248
Equity attributable to owners of the parent company	4,299,357	4,376,928
Non-controlling interests	190,169	202,783
Total equity	4,489,526	4,579,711
Total liabilities and equity	7,432,271	7,408,662

Consolidated Statement of Income

(Unit: Millions of yen)

	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023
Revenue	5,515,512	6,401,320
Cost of revenue	(4,714,024)	(5,490,176)
Gross profit	801,488	911,144
Selling, general and administrative expenses	(460,449)	(490,454)
Other income	39,161	37,361
Other expenses	(39,021)	(31,952)
Operating profit	341,179	426,099
Finance income	42,254	51,483
Finance costs	(8,403)	(13,666)
Foreign exchange gains (losses)	4,019	(4,115)
Share of the profit (loss) of associates and joint ventures accounted for using the equity method	5,759	(2,931)
Profit before income taxes	384,808	456,870
Income tax expenses	(96,054)	(109,009)
Profit for the year	288,754	347,861
Attributable to:		
Owners of the parent company	263,901	314,633
Non-controlling interests	24,853	33,228

(Unit: Yen)

Earnings per share		
Basic	342.77	416.01
Diluted	—	—

Consolidated Statement of Other Comprehensive Income

(Unit: Millions of yen)

	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023
Profit for the year	288,754	347,861
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	153,317	(102,637)
Remeasurements of defined benefit pension plans	44,904	(14,092)
Share of other comprehensive income of investments accounted for using the equity method	5	7
Total	198,226	(116,722)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	165,770	114,556
Cash flow hedges	(2,819)	(1,704)
Share of other comprehensive income of investments accounted for using the equity method	5,594	4,758
Total	168,545	117,610
Total other comprehensive income	366,771	888
Comprehensive income for the year	655,525	348,749
Attributable to:		
Owners of the parent company	617,752	309,087
Non-controlling interests	37,773	39,662

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 (loss) on equity instruments designated as FVTOCI	Remeasurements of defined benefit pension plans
As of April 1, 2021	187,457	272,517	(56,830)	664,905	—
Profit for the year	—	—	—	—	—
Other comprehensive income (loss)	—	—	—	152,937	43,119
Comprehensive income (loss) for the year	—	—	—	152,937	43,119
Acquisition of treasury stock	—	—	(97,540)	—	—
Disposal of treasury stock	—	1,281	2,024	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	5	—	—	—
Changes by business combinations	—	—	—	—	—
Transfer to retained earnings	—	—	—	(29,366)	(43,119)
Other	—	—	—	—	—
Total transactions with the owners	—	1,286	(95,516)	(29,366)	(43,119)
As of March 31, 2022	187,457	273,803	(152,346)	788,476	—

As of April 1, 2022	187,457	273,803	(152,346)	788,476	—
Profit for the year	—	—	—	—	—
Other comprehensive (loss) income	—	—	—	(102,304)	(14,726)
Comprehensive (loss) income for the year	—	—	—	(102,304)	(14,726)
Acquisition of treasury stock	—	—	(100,012)	—	—
Disposal of treasury stock	—	18	88	—	—
Dividends	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	(157)	—	—	—
Changes by business combinations	—	—	—	—	—
Transfer to retained earnings	—	—	—	(26,134)	14,726
Other	—	—	—	—	—
Total transactions with the owners	—	(139)	(99,924)	(26,134)	14,726
As of March 31, 2023	187,457	273,664	(252,270)	660,038	—

(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, 2021	26,472	40	691,417	2,796,451	3,891,012	185,705	4,076,717
Profit for the year	—	—	—	263,901	263,901	24,853	288,754
Other comprehensive income (loss)	160,614	(2,819)	353,851	—	353,851	12,920	366,771
Comprehensive income (loss) for the year	160,614	(2,819)	353,851	263,901	617,752	37,773	655,525
Acquisition of treasury stock	—	—	—	—	(97,540)	—	(97,540)
Disposal of treasury stock	—	—	—	—	3,305	—	3,305
Dividends	—	—	—	(115,865)	(115,865)	(39,518)	(155,383)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	5	(23)	(18)
Changes by business combinations	—	—	—	—	—	6,309	6,309
Transfer to retained earnings	—	—	(72,485)	72,485	—	—	—
Other	—	—	—	688	688	(77)	611
Total transactions with the owners	—	—	(72,485)	(42,692)	(209,407)	(33,309)	(242,716)
As of March 31, 2022	187,086	(2,779)	972,783	3,017,660	4,299,357	190,169	4,489,526

As of April 1, 2022	187,086	(2,779)	972,783	3,017,660	4,299,357	190,169	4,489,526
Profit for the year	—	—	—	314,633	314,633	33,228	347,861
Other comprehensive (loss) income	113,188	(1,704)	(5,546)	—	(5,546)	6,434	888
Comprehensive (loss) income for the year	113,188	(1,704)	(5,546)	314,633	309,087	39,662	348,749
Acquisition of treasury stock	—	—	—	—	(100,012)	—	(100,012)
Disposal of treasury stock	—	—	—	—	106	—	106
Dividends	—	—	—	(132,777)	(132,777)	(25,890)	(158,667)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	(157)	(420)	(577)
Changes by business combinations	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(11,408)	11,408	—	—	—
Other	—	—	—	1,324	1,324	(738)	586
Total transactions with the owners	—	—	(11,408)	(120,045)	(231,516)	(27,048)	(258,564)
As of March 31, 2023	300,274	(4,483)	955,829	3,212,248	4,376,928	202,783	4,579,711

Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Year ended Mar. 31, 2022	Year ended Mar. 31, 2023
Cash flows from operating activities		
Profit before income taxes	384,808	456,870
Depreciation	346,526	364,635
Impairment losses	9,934	1,240
Decrease in retirement benefit liabilities	(7,120)	(10,314)
Decrease in retirement benefit assets	823	3,920
Interest and dividend income	(40,111)	(50,202)
Interest expenses	4,699	9,346
Foreign exchange gains	(8,558)	(13,040)
Share of the (profit) loss of associates and joint ventures accounted for using the equity method	(5,759)	2,931
Losses on sales or disposal of property, plant and equipment	6,322	904
Decrease (Increase) in trade receivables	8,494	(75,342)
Increase in inventories	(239,972)	(46,338)
Increase in trade payables	8,280	14,141
Decrease in provisions	(105,585)	(38,577)
Other	41,022	41,584
Subtotal	403,803	661,758
Interest received	6,059	15,078
Dividends received	36,616	41,800
Interest paid	(4,652)	(9,075)
Income taxes paid	(46,189)	(106,841)
Net cash provided by operating activities	395,637	602,720
Cash flows from investing activities		
Decrease (Increase) in time deposits	3,429	(15,007)
Purchases of property, plant and equipment	(336,410)	(360,576)
Proceeds from sales of property, plant and equipment	20,648	18,431
Purchases of intangible assets	(35,734)	(53,738)
Purchases of equity instruments	(3,611)	(18,875)
Purchases of debt instruments	(250)	(690)
Proceeds from sales and redemption of equity instruments	55,012	46,145
Proceeds from sales and redemption of debt instruments	330	503
Payments for acquisition of subsidiaries and other businesses	(4,003)	—
Proceeds from sales of subsidiaries or other businesses	—	17,980
Other	(990)	2,151
Net cash used in investing activities	(301,579)	(363,676)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	103,696	(35,771)
Proceeds from borrowings	25,395	69,299
Repayments of long-term borrowings	(58,234)	(82,522)
Repayments of lease liabilities	(26,773)	(30,100)
Issuance of bonds	55,960	—
Redemption of bonds	(10,000)	(70,000)
Dividends paid	(115,865)	(132,777)
Dividends paid to non-controlling interests	(39,518)	(25,890)
Purchase of treasury stock	(97,540)	(100,012)
Other	3,343	7,674
Net cash used in financing activities	(159,536)	(400,099)
Foreign currency translation adjustments on cash and cash equivalents	35,891	27,097
Net decrease in cash and cash equivalents	(29,587)	(133,958)
Cash and cash equivalents at beginning of period	897,395	867,808
Cash and cash equivalents at end of year	867,808	733,850

Notes to Consolidated Financial Statements

Assumption for Going Concern

There are no applicable items.

Basis of Presenting Consolidated Financial Statements

(1) Compliance with IFRS

The Group meets all of the requirements for a "Specified Company for the designated IFRS" to prepare its consolidated financial statements by applying the designated IFRS as stipulated under Article 1-2 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements"

(Ministry of Finance of Japan Regulation No. 28, 1976, hereafter "the Regulation"). Hence, in accordance with Article 93 of the Regulation, the Group's consolidated financial statements have been prepared in accordance with IFRS.

(2) Significant accounting policies

Significant accounting policies used in the condensed interim consolidated financial statements are the same as those for the previous fiscal year.

Segment information

(1) Outline of reportable segments

The Group's reportable segments are operating segments, or aggregations of operating segments, which are components of an entity for which separate financial information is available. Such information is evaluated regularly by the president of the Company for the purposes of making decisions on how to allocate resources and assessing performance.

The Group mainly manufactures and sells automotive parts and has directors in charge in Japan, North America, Europe, and Asia. As independent management units, subsidiaries in each region have developed business activities, as exemplified by establishment or expansion of manufacturing companies, aiming for optimum production and supply for orders received through operating activities to regional customers.

The Company is in charge of business activities in Japan. Meanwhile, DENSO INTERNATIONAL AMERICA, INC. is in charge in the United States of America, Canada, and Mexico as the North America region, DENSO INTERNATIONAL EUROPE B.V. is in charge in Europe regions (mainly Netherlands, United Kingdom, Italy, Spain, Hungary, and Czech, etc.), respectively. In Asia (mainly Thailand, Malaysia, Indonesia, India, Taiwan, China, and Korea, etc.), DENSO INTERNATIONAL ASIA CO., LTD. (Thailand), DENSO INTERNATIONAL ASIA PTE. LTD. (Singapore), and DENSO (CHINA) INVESTMENT CO., LTD. have been cooperating together as a management unit to strengthen the system that is closely linked to the region for both sides of optimal production and supply system.

Since the Group is composed of regional segments based on manufacturing and selling systems, the Group determined that "Japan," "North America," "Europe," and "Asia" are its reportable segments. The Group has been manufacturing and selling mainly automotive parts in each reportable segment.

Intersegment transactions are priced with reference to those applicable to transactions with external parties.

Reportable segment profit is measured on the basis of operating profit in the consolidated statement of income. Finance income, finance costs, foreign exchange gains/losses, share of profit/loss of associates and joint ventures accounted for using the equity method, and income tax expenses are excluded from the reportable segment profit, since they are not included in the financial information evaluated by the president of the Company.

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

For the year ended March 31, 2022

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	2,375,673	1,143,929	506,203	1,414,347	5,440,152	75,360	—	5,515,512
Intersegment	1,139,424	16,276	55,237	223,538	1,434,475	1,244	(1,435,719)	—
Total	3,515,097	1,160,205	561,440	1,637,885	6,874,627	76,604	(1,435,719)	5,515,512
Segment profit or losses	188,904	4,262	(3,354)	143,831	333,643	15,476	(7,940)	341,179
Finance income								42,254
Finance costs								(8,403)
Foreign exchange gains								4,019
Share of the profit of associates and joint ventures accounted for using the equity method								5,759
Profit before income taxes								384,808

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

Other material items

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Depreciation and amortization	249,109	43,193	26,376	60,261	378,939	1,867	—	380,806
Impairment losses	994	—	8,940	—	9,934	—	—	9,934
Reversal of impairment losses	—	—	—	—	—	—	—	—
Investments accounted for using the equity method	77,160	5,270	8,599	22,819	113,848	—	(268)	113,580
Increase in non-current assets (Note 2)	259,317	42,719	20,165	90,304	412,505	2,575	—	415,080

(Note 1) "Others" is an operating segment that is not included in the reportable segments, such as business activities of subsidiaries in South America.

(Note 2) Non-current assets are a total of property, plant and equipment, right-of-use assets, and intangible assets.

For the year ended March 31, 2023

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	2,509,604	1,486,718	624,329	1,680,872	6,301,523	99,797	—	6,401,320
Intersegment	1,196,230	17,370	61,223	250,783	1,525,606	1,436	(1,527,042)	—
Total	3,705,834	1,504,088	685,552	1,931,655	7,827,129	101,233	(1,527,042)	6,401,320
Segment profit	215,573	17,921	17,460	158,286	409,240	19,260	(2,401)	426,099
Finance income								51,483
Finance costs								(13,666)
Foreign exchange losses								(4,115)
Share of the loss of associates and joint ventures accounted for using the equity method								(2,931)
Profit before income taxes								456,870

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

Other material items

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Depreciation and amortization	252,587	50,708	25,606	71,636	400,537	2,578	—	403,115
Impairment losses	1,240	—	—	—	1,240	—	—	1,240
Reversal of impairment losses	—	—	—	—	—	—	—	—
Investments accounted for using the equity method	73,491	5,687	9,800	21,496	110,474	—	(301)	110,173
Increase in non-current assets (Note 2)	275,380	53,620	25,098	75,228	429,326	4,378	—	433,704

(Note 1) "Others" is an operating segment that is not included in the reportable segments, such as business activities of subsidiaries in South America.

(Note 2) Non-current assets are a total of property, plant and equipment, right-of-use assets, and intangible assets.

(3) Assets for each reportable segment

(Unit: Millions of yen)

	FY2022 As of March 31, 2022	FY2023 As of March 31, 2023
Japan	4,732,271	4,715,599
North America	824,767	830,651
Europe	427,418	489,271
Asia	1,508,705	1,637,956
Others (Note 1)	67,431	80,312
Corporate assets (Note 2)	(128,321)	(345,127)
Consolidated	7,432,271	7,408,662

(Note 1) "Others" is an operating segment that is not included in the reportable segments, such as business activities of subsidiaries in South America.

(Note 2) Corporate assets mainly consist of funds which are not attributable to the reportable segments.

(4) Information about products and services

For the year ended March 31, 2022

Revenue of automotive parts account for most of revenue in consolidated statement of income.

For the year ended March 31, 2023

Revenue of automotive parts account for most of revenue in consolidated statement of income.

(5) Geographic information

1) Revenue

(Unit: Millions of yen)

	FY2022 2021/4-2022/3	FY2023 2022/4-2023/3
Japan	2,294,046	2,415,938
The United States	964,658	1,236,514
China	761,992	831,431
Others	1,494,816	1,917,437
Total	5,515,512	6,401,320

(Note) 1. Countries which have significant impact on the consolidated financial statements are individually presented.

2. Revenue is attributed to geographic areas based on customer locations.

2) Non-current assets

(Unit: Millions of yen)

	FY2022 As of March 31, 2022	FY2023 As of March 31, 2023
Japan	1,342,229	1,349,153
China	223,381	235,859
Others	547,971	584,082
Total	2,113,581	2,169,094

(Note) 1. Countries which have significant impact on the consolidated financial statements are individually presented.

2. Non-current assets, a total of property, plant and equipment, right-of-use assets, and intangible assets, are attributed to geographic areas based on locations of assets.

(6) Information about major customers

The major customer is Toyota Motor Corporation and its subsidiaries. Revenue from the major customer is recorded in all segments, such as Japan, North America, Europe, and Asia.

(Unit: Millions of yen)

FY2022 2021/4-2022/3	FY2023 2022/4-2023/3
2,846,572	3,158,814

Earnings per share

(1) Basis of calculating basic earnings per share

1) Profit for the year attributable to owners of the parent company

(Unit: Millions of yen)

	FY2022 2021/4-2022/3	FY2023 2022/4-2023/3
Profit attributable to owners of the parent company	263,901	314,633

2) Average number of shares—basic

(Unit: Thousands of shares)

	FY2022 2021/4-2022/3	FY2023 2022/4-2023/3
Average number of shares—basic	769,916	756,317

(2) Basis of determination of profit used to determine diluted earnings per share

Earnings per share-diluted is not presented since shares with a dilutive effect do not exist.

Subsequent events

There are no applicable items.