

[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 Six Months Ended September 30, 2024
<under IFRS>

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

Scheduled date of commencement of dividend payment : November 26, 2024
(URL <https://www.denso.com/global/en/>)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	3,474,852	(1.1)	251,227	18.6	281,734	13.8	205,556	10.8
September 30, 2023	3,513,498	16.3	211,820	36.3	247,663	45.1	185,601	59.3

	Profit attributable to owners of the parent company		Comprehensive income for the period		Basic earnings per share	Diluted earnings per share
Six months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
September 30, 2024	190,837	13.0	(402,396)	—	65.56	—
September 30, 2023	168,923	59.7	824,801	563.7	56.40	—

(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	%
September 30, 2024	8,134,333	5,231,354	5,029,347	61.8
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	—	32.00			
Year ending March 31, 2025 (Forecast)			—	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	7,020,000	(1.7)	550,000	44.5	609,000	39.6	476,000	33.9	437,000	39.7	152.49

(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 (October 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 2nd 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 2nd quarter	240,905,207 shares	FY2024	241,014,828 shares
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3) Average number of issued shares during the six months ended September 30

FY2025 2nd quarter	2,910,813,019 shares	FY2024 2nd quarter	2,995,338,453 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.

※ Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

List of Contents of Attachments

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024	2
Unaudited Condensed Interim Consolidated Statement of Financial Position	4
Unaudited Condensed Interim Consolidated Statement of Income	6
Unaudited Condensed Interim Consolidated Statement of Comprehensive Income	7
Unaudited Condensed Interim Consolidated Statement of Changes in Equity	8
Unaudited Condensed Interim Consolidated Statement of Cash Flows	10
Notes to Unaudited Condensed Interim Consolidated Financial Statements	11
Assumption for Going Concern	11
Segment information	11
Subsequent events	12

Summary of Consolidated Financial Results for the Six Months Ended September 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 six months ended September 30, 2024, revenue decreased by ¥38.6 billion or 1.1%, year over year, to ¥3,474.9 billion due to vehicle production decrease due to the impact of suspended operations of Japanese customers and slow vehicle sales in Asia despite depreciation of yen.

Operating profit increased by ¥39.4 billion or 18.6%, year over year, to ¥251.2 billion mainly due to depreciation of yen and efforts of cost reduction in spite of production volume decrease. Profit before income taxes increased by ¥34.1 billion or 13.8%, year over year, to ¥281.7 billion. Profit for the period increased by ¥20.0 billion or 10.8%, year over year to ¥205.6 billion. Profit attributable to owners of the parent company increased by ¥21.9 billion or 13.0% to ¥190.8 billion.

By geographical segment, revenue in Japan decreased by ¥30.7 billion, or 1.5%, year over year, to ¥2,030.5 billion due to vehicle production decrease due to the impact of suspended operations of Japanese customers. Operating profit increased by ¥31.4 billion, or 36.8%, year over year, to ¥116.6 billion due to efforts of cost reduction in spite of production volume decrease.

Revenue in North America increased by ¥67.7 billion, or 7.9%, year over year, to ¥924.3 billion due to depreciation of yen. Operating profit increased by ¥22.3 billion, or 157.1%, year over year, to ¥36.5 billion due to efforts of cost reduction in spite of production volume decrease.

Revenue in Europe decreased by ¥7.1 billion, or 1.9%, year over year, to ¥365.7 billion due to slow vehicle sales. Operating profit decreased by ¥8.0 billion, or 57.7%, year over year, to ¥5.9 billion due to production volume decrease despite efforts of cost reduction.

Revenue in Asia decreased by ¥36.2 billion, or 3.7%, year over year, to ¥937.9 billion due to slow vehicle sales. Operating profit decreased by ¥11.5 billion, or 13.1%, year over year, to ¥76.7 billion due to production volume decrease despite efforts of cost reduction.

Revenue in other regions decreased by ¥1.7 billion, or 2.8%, year over year, to ¥58.6 billion. Operating profit increased by ¥0.7 billion, or 6.1%, year over year, to ¥12.2 billion.

2. Summary of Financial Position

Total assets as of September 30, 2024, decreased by ¥959.0 billion, to ¥8,134.3 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 ¥443.9 billion, to ¥2,903.0 billion compared with prior year-end mainly due to a decrease in deferred tax liabilities.

Equity decreased by ¥515.2 billion, to ¥5,231.4 billion compared with prior year-end mainly due to an decrease in mark-to-market of investment securities.

3. Summary of Financial Forecast

The full-year forecast for the fiscal year ending March 31, 2025, due to reflecting financial results in the second quarter and lower vehicle production volumes due to slow vehicle sales in the second half, the Company expects revenue to be ¥7,020.0 billion, operating profit to be ¥550.0 billion.

Profit before income taxes to be ¥609.0 billion, profit for the year to be ¥476.0 billion, and profit attributable to owners of the parent company to be ¥437.0 billion.

From the second half onward, the exchange rate assumptions are 1USD = 145 yen. 1EUR= 155 yen.

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 September 30, 2024]

(Unit: Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	789,390	1,106,386
Trade and other receivables	1,281,279	1,144,156
Inventories	1,172,257	1,185,625
Other financial assets	48,398	38,624
Other current assets	156,477	146,892
Subtotal	3,447,801	3,621,683
Assets held for sale	417,578	228,800
Total current assets	3,865,379	3,850,483
Non-current assets		
Property, plant and equipment	2,043,600	2,016,946
Right-of-use assets	46,347	53,047
Intangible assets	199,761	214,412
Other financial assets	2,624,839	1,691,345
Investments accounted for using the equity method	124,430	118,083
Retirement benefit assets	105,937	106,165
Deferred tax assets	56,057	50,865
Other non-current assets	27,020	32,987
Total non-current assets	5,227,991	4,283,850
Total assets	9,093,370	8,134,333

(Unit: Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Current liabilities		
Bonds and borrowings	332,516	175,686
Trade and other payables	1,232,463	1,204,877
Other financial liabilities	47,672	43,422
Income tax payables	61,768	107,783
Provisions	295,239	267,866
Other current liabilities	83,972	97,704
Subtotal	2,053,630	1,897,338
Liabilities directly associated with assets held for sale	111,343	57,739
Total current liabilities	2,164,973	1,955,077
Non-current liabilities		
Bonds and borrowings	518,205	529,230
Other financial liabilities	29,115	29,773
Retirement benefit liabilities	238,201	237,453
Provisions	1,716	708
Deferred tax liabilities	382,752	138,600
Other non-current liabilities	11,903	12,138
Total non-current liabilities	1,181,892	947,902
Total liabilities	3,346,865	2,902,979
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	1,199,446
Other comprehensive income associated with assets held for sale	258,936	134,275
Retained earnings	3,451,694	3,686,977
Equity attributable to owners of the parent company	5,534,986	5,029,347
Non-controlling interests	211,519	202,007
Total equity	5,746,505	5,231,354
Total liabilities and equity	9,093,370	8,134,333

Unaudited Condensed Interim Consolidated Statement of Income

[For the six-month period ended September 30, 2024]

(Unit: Millions of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Revenue	3,513,498	3,474,852
Cost of revenue	(3,011,459)	(2,975,233)
Gross profit	502,039	499,619
Selling, general and administrative expenses	(290,033)	(270,692)
Other income	12,471	34,871
Other expenses	(12,657)	(12,571)
Operating profit	211,820	251,227
Finance income	37,202	44,617
Finance costs	(11,550)	(17,042)
Foreign exchange gains	31	1,552
Share of the profit of associates and joint ventures accounted for using the equity method	10,160	1,380
Profit before income taxes	247,663	281,734
Income tax expenses	(62,062)	(76,178)
Profit for the period	185,601	205,556
Attributable to:		
Owners of the parent company	168,923	190,837
Non-controlling interests	16,678	14,719

(Unit: Yen)

Earnings per share		
Basic	56.40	65.56
Diluted	—	—

Unaudited Condensed Interim Consolidated Statement of Comprehensive Income

[For the six-month period ended September 30, 2024]

(Unit: Millions of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Profit for the period	185,601	205,556
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	449,790	(534,773)
Remeasurements of defined benefit pension plans	40	14
Share of other comprehensive income (loss) of investments accounted for using the equity method	36	(8)
Total	449,866	(534,767)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	184,089	(75,764)
Cash flow hedges	(1,006)	1,823
Share of other comprehensive income of investments accounted for using the equity method	6,251	756
Total	189,334	(73,185)
Total other comprehensive income (loss)	639,200	(607,952)
Comprehensive income (loss) for the period	824,801	(402,396)
Attributable to:		
Owners of the parent company	799,295	(418,163)
Non-controlling interests	25,506	15,767

Unaudited Condensed Interim Consolidated Statement of Changes in Equity

[For the six-month period ended September 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)	—	—	—	449,122	42	182,214
Comprehensive income (loss) for the period	—	—	—	449,122	42	182,214
Acquisition of treasury stock	—	—	(19)	—	—	—
Disposal of treasury stock	—	43	153	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	4	—	—	—	—
Transfer to retained earnings	—	—	—	1,200	(42)	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with the owners	—	47	134	1,200	(42)	—
As of September 30, 2023	187,457	273,711	(252,136)	1,110,360	—	482,488

As of April 1, 2024	187,457	273,481	(452,140)	1,301,445	—	518,254
Profit for the period	—	—	—	—	—	—
Other comprehensive (loss) income	—	—	—	(533,686)	13	(77,150)
Comprehensive (loss) income for the period	—	—	—	(533,686)	13	(77,150)
Acquisition of treasury stock	—	—	(2)	—	—	—
Disposal of treasury stock	—	59	147	—	—	—
Dividends	—	—	—	—	—	—
Changes in the ownership interest in subsidiaries without a loss of control	—	(354)	—	—	—	—
Transfer to retained earnings	—	—	—	(131,760)	(13)	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	124,661	—	—
Other	—	—	1	—	—	—
Total transactions with the owners	—	(295)	146	(7,099)	(13)	—
As of September 30, 2024	187,457	273,186	(451,994)	760,660	—	441,104

(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	—	—	—	168,923	168,923	16,678	185,601
Other comprehensive income (loss)	(1,006)	630,372	—	—	630,372	8,828	639,200
Comprehensive income (loss) for the period	(1,006)	630,372	—	168,923	799,295	25,506	824,801
Acquisition of treasury stock	—	—	—	—	(19)	—	(19)
Disposal of treasury stock	—	—	—	—	196	—	196
Dividends	—	—	—	(71,141)	(71,141)	(28,426)	(99,567)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	4	(5)	(1)
Transfer to retained earnings	—	1,158	—	(1,158)	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—
Other	—	—	—	2	2	28	30
Total transactions with the owners	—	1,158	—	(72,297)	(70,958)	(28,403)	(99,361)
As of September 30, 2023	(5,489)	1,587,359	—	3,308,874	5,105,265	199,886	5,305,151

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	—	—	—	190,837	190,837	14,719	205,556
Other comprehensive (loss) income	1,823	(609,000)	—	—	(609,000)	1,048	(607,952)
Comprehensive (loss) income for the period	1,823	(609,000)	—	190,837	(418,163)	15,767	(402,396)
Acquisition of treasury stock	—	—	—	—	(2)	—	(2)
Disposal of treasury stock	—	—	—	—	206	—	206
Dividends	—	—	—	(87,327)	(87,327)	(24,924)	(112,251)
Changes in the ownership interest in subsidiaries without a loss of control	—	—	—	—	(354)	(391)	(745)
Transfer to retained earnings	—	(131,773)	—	131,773	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	124,661	(124,661)	—	—	—	—
Other	—	—	—	—	1	36	37
Total transactions with the owners	—	(7,112)	(124,661)	44,446	(87,476)	(25,279)	(112,755)
As of September 30, 2024	(2,318)	1,199,446	134,275	3,686,977	5,029,347	202,007	5,231,354

Unaudited Condensed Interim Consolidated Statement of Cash Flows

[For the six-month period ended September 30, 2024]

(Unit: Millions of yen)

	Six-month period ended September 30, 2023	Six-month period ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	247,663	281,734
Depreciation	186,990	188,659
Decrease in retirement benefit liabilities	(2,159)	(574)
Decrease (increase) in retirement benefit assets	1,041	(285)
Interest and dividend income	(36,888)	(43,684)
Interest expenses	7,098	6,403
Foreign exchange (gains) losses	(9,742)	1,031
Share of the profit of associates and joint ventures accounted for using the equity method	(10,160)	(1,380)
Losses (gains) on sales or disposal of property, plant and equipment	3,484	(17,982)
Decrease in trade receivables	71,842	56,478
Decrease (increase) in inventories	26,749	(41,763)
(Decrease) increase in trade payables	(30,842)	2,233
Increase (decrease) in provisions	30,443	(27,763)
Other	71,006	49,230
Subtotal	556,525	452,337
Interest received	13,529	15,433
Dividends received	23,254	30,035
Interest paid	(7,480)	(6,311)
Income taxes paid	(84,741)	(98,619)
Net cash provided by operating activities	501,087	392,875
Cash flows from investing activities		
Decrease in time deposits	23,213	13,903
Purchases of property, plant and equipment	(194,410)	(194,290)
Proceeds from sales of property, plant and equipment	6,937	31,586
Purchases of intangible assets	(23,977)	(31,905)
Purchases of equity instruments	(21,035)	(3,225)
Purchases of debt instruments	(133)	(152)
Proceeds from sales of equity instruments	746	391,551
Proceeds from sales and redemption of debt instruments	247	425
Payments for acquisition of subsidiaries or other businesses	(11,110)	–
Payment for sales of subsidiaries or other businesses	9,451	3,208
Other	(894)	(3,794)
Net cash (used in) provided by investing activities	(210,965)	207,307
Cash flows from financing activities		
Net decrease in short-term borrowings	(52,703)	(73,945)
Proceeds from borrowings	84,141	503
Repayments of long-term borrowings	(54,156)	(134,397)
Repayments of lease liabilities	(20,046)	(16,701)
Issuance of bonds	–	71,800
Dividends paid	(71,141)	(87,327)
Dividends paid to non-controlling interests	(28,426)	(26,071)
Purchase of treasury shares	(19)	(2)
Other	(2,445)	2,928
Net cash used in financing activities	(144,795)	(263,212)
Foreign currency translation adjustments on cash and cash equivalents	45,974	(19,974)
Net increase in cash and cash equivalents	191,301	316,996
Cash and cash equivalents at beginning of period	733,850	789,390
Cash and cash equivalents included in assets held for sales	(6,185)	–
Cash and cash equivalents at end of period	918,966	1,106,386

Notes to Unaudited Condensed Interim Consolidated Financial Statements

Assumption for Going Concern

There are no applicable items.

Segment information

(1) Outline of reportable segments

In the six-month period ended September 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 six-month period ended September 30, 2023]

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,439,068	847,078	337,376	830,622	3,454,144	59,354	—	3,513,498
Intersegment	622,129	9,513	35,428	143,404	810,474	925	(811,399)	—
Total	2,061,197	856,591	372,804	974,026	4,264,618	60,279	(811,399)	3,513,498
Segment profit	85,188	14,180	13,879	88,200	201,447	11,499	(1,126)	211,820
Finance income								37,202
Finance costs								(11,550)
Foreign exchange gains								31
Share of the profit of associates and joint ventures accounted for using the equity method								10,160
Profit before income taxes								247,663

(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 six-month period ended September 30, 2024]

(Unit: Millions of yen)

	Reportable segment					Others (Note)	Eliminations	Consolidated
	Japan	North America	Europe	Asia	Total			
Revenue								
Customers	1,377,659	916,739	329,094	792,856	3,416,348	58,504	—	3,474,852
Intersegment	652,865	7,589	36,628	145,019	842,101	67	(842,168)	—
Total	2,030,524	924,328	365,722	937,875	4,258,449	58,571	(842,168)	3,474,852
Segment profit	116,557	36,450	5,870	76,665	235,542	12,203	3,482	251,227
Finance income								44,617
Finance costs								(17,042)
Foreign exchange gains								1,552
Share of the profit of associates and joint ventures accounted for using the equity method								1,380
Profit before income taxes								281,734

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

Subsequent events

Repurchase of shares

At the meeting of the Board of Directors held on October 31, 2024, Denso corporation (hereinafter referred to as the "Company") resolved to conduct repurchase of a number of its shares pursuant to the provisions of Article 156 of the Companies Act, which are applied by the deemed replacement of terms pursuant to the provisions of Article 165, Paragraph 3 of the Companies Act.

For more information, please refer to "Notice Concerning the Repurchase of Shares" released on October 31, 2024.

Cancellation of Own Shares

At the meeting of the Board of Directors held on October 31, 2024, the Company resolved to conduct cancellation of a number of its shares pursuant to the provisions of Article 178 of the Companies Act.

For more information, please refer to "Notice Concerning the Cancellation of Own Shares" released on October 31, 2024.