



New Fiscal Year Message

Today is the beginning of our new fiscal year, so I want to bring my message to you.

First of all, let's review FY20. We faced a once-in-a-century paradigm shift called "CASE" such as electrification, automated driving and connected. In addition, we faced one of the largest quality issues in our history. And finally, the once-in-a-century pandemic of COVID-19

occurred.

In order to survive from continuous negative encounters, we started Reborn21. It was a turbulent year to strive for our company transformation. You must have been confused in the uncertain situation but you have always looked forward and taken a step ahead.

I would like to express my appreciation to all 170,000 associates who have worked so hard through the time.

Thank you.

1st half of the year, we were restricted to travel around the world from the outbreak of COVID-19 which stagnated the economy and the automobile demand also dropped drastically.

Through the uncertain times when we could not operate our production, I was able to appreciate the importance of each vehicle and what it means for us from the bottom of my heart. Our customers around the world had sold vehicles in each region which sustains our daily work and production today.

Thanks to the associates in the manufacturing site, you had strong will never to cause a cluster and delivered products to customers. When the production was reduced, you thought about "what you could do" and put them into practice not only for kaizen but also producing masks and face shields.

Also, associates in the office, you were unexpectedly forced to work from home and it must have confused you. I am sure there were many unexpected difficulties in working remotely. It was not easy to have casual conversation in your team. But you have continued to challenge new ways of working.

I thank you for that.

The second half of the year, production recovered and increased rapidly.

However, there was a delay in logistics caused by COVID-19, the shortage of semiconductors and materials which could not be kept up with a high demand, and finally the natural disasters of the earthquake in Japan and the great cold wave happened in North America. These elements disrupted the supply chain severely.

Despite the fact that our customers from all over the world were waiting for DENSO products, we faced difficulties and was not able to operate productions as we planned.

This reminds us how important it is to be aware of risks and be ready for actions at all times. We were also strongly reminded that we are supported by many suppliers and region worldwide.

Even under such situation, many associates rushed to factories of the affected suppliers and immediately took actions. You have used your power and knowledge fully, and

implemented every single action you could take with amazing speed, never to stop the supply for our customers.

I truly thank every one of you.

Also, regarding the reconstruction of our quality and making open and positive workplace, your concrete actions have shown great results. The number of market claims and delivery problems has started to look better.

Thank you for all your contribution.

It will be necessary for us to further improve the quality and make it solid. From now on, the true value will be questioned. We should not forget that the most important basis of regaining trust from our customers is to have consistent awareness of the quality first and continue taking action at all times.

We can also say the same for the cost structure reinforcement.

Thanks to your strong effort and the rapid improvement of digitalization, we were able to reduce the cost by 150 billion yen. If not for your effort, we, DENSO would have been in red for FY20.

Once we fall into the red, without knowing, we start to take this for granted and tend to lose our awareness. And that will make it difficult to get out of it. There is a huge difference in our company's future whether we stay in black or red.

I would like to express my sincere appreciation to all of you for the effort to keep the company in black.

Thank you.

However, Just like our quality, it is important not to lose awareness and keep improving with our relentless effort. It will be our competitive strength and the basis of our sustainable growth. It can rebound easily even if it's lean.

Let's keep it going.

Just as I mentioned, last year was a year focusing on reconstructing our foundation. As a result, I think we are now ready for our company transformation and finally set up to be launched.

This year, I am strongly determined to accelerate, expand and work through Reborn21 with you aiming for our extreme zero goal, such as zero CO2 for green and zero accidents for safety.

To fulfill these challenges, we need your commitment and passion to work it through. Because you have overcome the challenges in FY20, and because you are here with us now, I am confident that we can make FY21 a powerful year and jump dynamically towards our new challenges.

We would like to solve the social issues through green and peace of mind. And we would like to contribute to people's happiness and to create a future with smiles together.

The movement for green has become active rapidly in the past year.

Some major countries have declared the goal of zero CO2 and Japan, the EU, and the United States are aiming to achieve it by 2050 and China by 2060. Also, in the automobile industry, especially around the European carmakers, CO2 agreement is becoming one of the required trading criteria and competitors like Bosch and Continental have declared carbon neutrality.

In that current situation, DENSO declared to aim for carbon neutrality by 2035 for the

very first in the global manufacturing industry.

Now, Carbon neutrality is based on the concept of "life cycle assessment", which aims to reduce CO2 emissions through the whole process from manufacturing to disposal. This includes CO2 generated when creating manufacturing equipment, transporting products, and creating energy to activate the equipment.

In other words, even if we produce an environment friendly product, it won't be purchased if we emit much CO2 in its process. For example, in countries like Japan, renewable energy such as solar or wind energy is not developed enough, but if these countries keep producing without using clean energy customers may find it better to produce them in other countries.

Carbon neutrality puts an enormous impact on the economies of each country. Since this is a huge social issue, energy policy has been taken into action by each government. But let's grasp each government's actions and social movements accurately and do what DENSO should do.

Engineers in R&D and design, let's create with our own hands something in the technological innovation that doesn't exist anywhere in the world yet.

Associates involved in manufacturing, let's challenge around the technological innovation with the environment-friendly processes and methods, in addition to the energy-saving actions we have expanded to our suppliers.

All associates, let's change the way of working and have a sense of ownership to think through and to do what you can do.

For example, reducing CO2 generated during our business transportation by working online, or saving every small energy in our private life, these efforts will also be a step toward carbon neutrality.

Each step may seem small, but I believe that it will lead to big progress by connecting all our steps together. Although these important challenges range from national to the individual level, they are also opportunities for DENSO to make a significant contribution to our society.

We have been creating the world's very first and the very best products since our foundation. So if we can work together as one to solve the social issues of the carbon neutrality, we can definitely create and deliver value to society with impact.

Green and digital movement will accelerate in society.

However, no matter the digitalization develops, it will always be people which will bring value with impact to society in real world.

We should be people focused and always be there for the customers and society with sincere passion then, from each heart, we will be able to create value that people will agree to say "This is it, this is DENSO." That is the expectation from the customers and society and that is what makes us DENSO.

DENSO has 170,000 global associates who have passion for contributing to society just as DENSO creed, which has been passed on since the day of the foundation. Also, our associates have outstanding knowledge, skills, and capabilities which have been built and passed on for over 70 years. There won't be any challenge we cannot overcome with the power of 170,000 associates.

Now, we are at a huge turning point in history. It may seem like a difficult time, but on the other hand, I feel that we are on a big stage where we can make a big change to

the world. It is not an easy stage to stand for everyone.

Let's appreciate the special connection with our customers, suppliers, each local society and all 170,000 associates who have chosen DENSO.

Let's respect others, trust each other and work together.

I strongly hope DENSO would be full of passion, energy, smile and appreciation and implement everything we can do to accelerate and expand Reborn21. We will contribute to the happiness of people and society.

We are ready.

All we have to do is to move forward. So let's accelerate and expand Reborn21. Let's inspire the world with our passion and smiles.

And lastly even if the future is uncertain, let's be positive and cheerful, and enjoy this year.

More than anything, I wish for you and your family's health and happiness.

Stay safe, stay connected.

Thank you.

1st April, 2021,
President & CEO,

A handwritten signature in black ink, appearing to read "Koji Oima". The signature is written in a cursive, flowing style.