Company Name : NGK INSULATORS, LTD.
Stock Exchange Listings : Tokyo and Nagoya
Listing Code : 5333
URL : https://www.ngk-insulators.com/en/
Representative : President Taku Oshima (Mr.)
Contact : Vice President, General Manager Finance & Accounting Department Hideaki Shindo (Mr.) (TEL) +81-52-872-7230
Date of the Filing of Securities Report "Shihanki Hokokusho" (Scheduled) : November 8, 2019
Date of Dividend Payment (Scheduled) : December 6, 2019
Availability of supplementary explanatory materials prepared for financial results : Available
Briefing session on financial results to be held : Yes (for securities analysts and institutional investors)

   (1) Consolidated Operating Results

<table>
<thead>
<tr>
<th></th>
<th>Net sales</th>
<th>Operating income</th>
<th>Ordinary income</th>
<th>Profit attributable to owners of parent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
</tr>
<tr>
<td>Six months ended September 30, 2019</td>
<td>219,766 (3.7)</td>
<td>31,643 (11.4)</td>
<td>29,679 (13.3)</td>
<td>21,244 (14.0)</td>
</tr>
<tr>
<td>Six months ended September 30, 2018</td>
<td>228,163 3.8</td>
<td>35,733 (0.4)</td>
<td>34,234 0.1</td>
<td>24,705 24.8</td>
</tr>
</tbody>
</table>

(Note) Comprehensive income : Six months ended September 30, 2019 5,967 million yen (81.4) %
Six months ended September 30, 2018 32,002 million yen (16.1) %

<table>
<thead>
<tr>
<th></th>
<th>Profit per share</th>
<th>Diluted profit per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six months ended September 30, 2019</td>
<td>66.02</td>
<td>65.91</td>
</tr>
<tr>
<td>Six months ended September 30, 2018</td>
<td>76.78</td>
<td>76.66</td>
</tr>
</tbody>
</table>

(2) Consolidated Financial Position

<table>
<thead>
<tr>
<th></th>
<th>Total assets</th>
<th>Total net assets</th>
<th>Ratio of net worth to total assets %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions of yen</td>
<td>Millions of yen</td>
<td></td>
</tr>
<tr>
<td>September 30, 2019</td>
<td>864,732</td>
<td>487,196</td>
<td>55.1</td>
</tr>
<tr>
<td>March 31, 2019</td>
<td>863,636</td>
<td>489,245</td>
<td>55.3</td>
</tr>
</tbody>
</table>

(Reference) Net worth : As of September 30, 2019 476,120 million yen
As of March 31, 2019 477,516 million yen

2. Dividend Payment

<table>
<thead>
<tr>
<th></th>
<th>Cash dividends per share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First quarter-end</td>
</tr>
<tr>
<td>Year ended March 31, 2019</td>
<td>Yen</td>
</tr>
<tr>
<td>Year ending March 31, 2020</td>
<td>Yen</td>
</tr>
<tr>
<td>Year ending March 31, 2020</td>
<td>Yen</td>
</tr>
</tbody>
</table>

(Note) Revision of cash dividend forecast during this period: None
3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020

(Percentage figures represent increase (decrease) from previous period.)

<table>
<thead>
<tr>
<th>Year ending</th>
<th>Net sales</th>
<th>Operating income</th>
<th>Ordinary income</th>
<th>Profit attributable to owners of parent</th>
<th>Profit per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 31, 2020</td>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
<td>%</td>
<td>Millions of yen</td>
</tr>
<tr>
<td></td>
<td>450,000</td>
<td>(2.9)</td>
<td>60,000</td>
<td>(7.3)</td>
<td>60,000</td>
</tr>
</tbody>
</table>

(Note) Revision of forecasts of consolidated financial results during this period: Yes

Notes

(1) Significant changes in subsidiaries during this period (changes in specified subsidiaries, "tokutei kogaisha" defined in the "Cabinet Office Ordinance on Disclosure of Corporate Information, etc.", involving a change of the scope of consolidation during this period): None

   New → company ( ), Exclusion → company ( )

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates or retrospective restatements

   i. Changes due to revisions of accounting standards: Yes
   ii. Changes in accounting policies other than the above (i): None
   iii. Changes in accounting estimates: None
   iv. Retrospective restatement: None

(Note) For details, please refer to "2. Consolidated Financial Statements and Notes (3) Notes to Consolidated Financial Statements (Changes in accounting policy)" on page 7 of the Appendix.

(4) Number of shares outstanding (Common Shares)

   i. Number of shares outstanding at period end including treasury stocks

<table>
<thead>
<tr>
<th>September 30, 2019</th>
<th>March 31, 2019</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>327,560,196 shares</td>
<td>327,560,196 shares</td>
<td></td>
</tr>
</tbody>
</table>

   ii. Number of treasury stocks at period end

<table>
<thead>
<tr>
<th>September 30, 2019</th>
<th>March 31, 2019</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,729,423 shares</td>
<td>5,779,637 shares</td>
<td></td>
</tr>
</tbody>
</table>

   iii. Average number of shares outstanding over period

<table>
<thead>
<tr>
<th>September 30, 2019</th>
<th>September 30, 2018</th>
<th>September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>321,807,345 shares</td>
<td>321,769,369 shares</td>
<td></td>
</tr>
</tbody>
</table>

* These quarterly financial statements are not subject to the quarterly review procedure of certified public accountant or audit firm

* Explanation of appropriate use of results forecasts and other notes

This document contains forward-looking statements that are based on information and certain assumption NGK INSULATORS, LTD. ("NGK") has acquired and deemed reasonable as of the time of the release and NGK does not guarantee the achievement of them. Actual future results and trends may differ materially from those in the forecasts due to a variety of factors.
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   (2) Explanation of Financial Position .................................................. 2  
   (3) Explanation of Forward-looking Statements including Forecasts for Consolidated Financial Statements  2  

2. **Consolidated Financial Statements and Notes**  ................................................................. 3  
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       Consolidated Statement of Comprehensive Income ........................................... 6  
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1. Qualitative Information on Quarterly Financial Statements

(1) Explanation of Business Results

During the six months ended September 30, 2019, the Japanese economy continued to recover gradually due to improvements in the employment and income environments. The overseas economies, notably the U.S. economy, continued on a recovery path, while the Chinese economy decelerated as reflected in its slower rate of growth.

In the Power Business Segment, the NGK Group saw a drop in demand for insulators against a backdrop of reduced capital investment by domestic electric power companies and increased competition overseas. In addition, shipment volumes of NAS batteries were poor. In the Ceramics Business Segment, while shipments of ceramic substrates for automotive catalytic converters (HONEYCERAM) dropped due to a decline in global passenger car sales, the distribution volume of gasoline particulate filters (GPF) and sensors for gasoline-fueled vehicles increased, with tightened regulation of emissions in Europe and China. In the Electronics Business Segment, the volume of beryllium copper alloy products and noise filters used in industrial equipment declined due to a delay in the recovery of market conditions caused by China–United States trade war. In the Process Technology Business Segment, sales of industrial heating systems decline due to increased competition for kilns for cathode materials used in lithium-ion batteries. In addition, the distribution volume of products for semiconductor manufacturing equipment dropped against a backdrop of reduced capital investment by semiconductor manufacturers.

As a result of the above, consolidated net sales for the six months ended September 30, 2019 decreased by 3.7% year on year to ¥219,766 million. In terms of earnings, an increase in depreciation costs in addition to a decrease in net sales, causing operating income to fall 11.4% year on year to ¥31,643 million, and ordinary income was down 13.3% to ¥29,679 million. Profit attributable to owners of the parent decreased 14.0% to ¥21,244 million due to a decrease in income before income taxes and non-controlling interests despite the recording of refund of income taxes.

By segment, the Power Business Segment posted ¥20,631 million in net sales, a decrease of 14.7% year on year, and an operating loss of ¥2,418 million, compared to an operating loss of ¥3,119 million in the same period of the previous year. In the Ceramics Business Segment, net sales increased by 4.5% year on year to ¥128,185 million and operating income increased by 7.2% year on year to ¥30,932 million. In the Electronics Business Segment, net sales decreased by 6.6% year on year to ¥282,272 million and operating income increased by 35.3% year on year to ¥421 million. In the Process Technology Business Segment, net sales decreased by 16.0% year on year to ¥44,088 million and operating income decreased by 72.1% year on year to ¥2,699 million.

(2) Explanation of Financial Position

As of September 30, 2019, total assets were ¥864,732 million, an increase of ¥1,096 million from the previous fiscal year-end. This was mainly due to increases in tangible assets and inventories despite decreases in securities, cash and bank deposits and notes and accounts receivable trade.

Total liabilities increased by ¥3,144 million from the previous fiscal year-end to ¥377,535 million. This was mainly due to increase in long-term borrowings.

Total net assets stood at ¥487,196 million, or ¥2,048 million lower than the previous fiscal year-end, due to decreases in foreign currency translation adjustments and unrealized gain on available-for-sale securities despite an increase in retained earnings.

(3) Explanation of Forward—looking Statements including Forecasts for Consolidated Financial Statements

With regard to the financial forecasts for the full year ending March 31, 2020, both net sales and profits are expected to fall short of the previous forecasts as a result of following factors including a stronger yen compared to the previous assumption (USD 1/JPY 110, EUR 1/JPY 125), a decline in passenger car sales in China and Europe in the Ceramics Business Segment and a delay in the recovery of demand for semiconductor manufacturing equipment in the Process Technology Business Segment.

The consolidated financial results forecasts for the second half of the fiscal year assume that the yen trades at ¥105 to the U.S. dollar and ¥115 to the euro. (Average exchange rates during the period: ¥107 to the U.S. dollar and ¥118 to the euro)

<table>
<thead>
<tr>
<th>Forecasts of consolidated financial results for the fiscal year ending March 31, 2020</th>
<th>(Millions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2018 - March 31, 2019</td>
<td>Net sales   Operating income Ordinary income Profit attributable to owners of parent Profit per share (yen)</td>
</tr>
<tr>
<td>Previous forecast (A)</td>
<td>490,000      70,000       71,000       47,000       146.06</td>
</tr>
<tr>
<td>Revised forecast (B)</td>
<td>450,000      60,000       60,000       42,000       131.28</td>
</tr>
<tr>
<td>Change (B-A)</td>
<td>(40,000)     (10,000)     (11,000)     (5,000)    -</td>
</tr>
<tr>
<td>Change (%)</td>
<td>(8.2)        (14.3)       (15.5)       (10.6)     -</td>
</tr>
</tbody>
</table>

For Reference: Results from previous year (the year ended March 31, 2019) 463,504 64,705 64,410 35,506 110.35

Above financial results forecasts are based on information that are currently available and actual results may differ materially from those in the forecasts due to various factors.
### 2. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>As of September 30, 2019</th>
<th>As of March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>89,863</td>
<td>97,133</td>
</tr>
<tr>
<td>Notes and accounts receivable trade</td>
<td>99,149</td>
<td>106,413</td>
</tr>
<tr>
<td>Securities</td>
<td>54,020</td>
<td>67,029</td>
</tr>
<tr>
<td>Inventories</td>
<td>160,661</td>
<td>148,031</td>
</tr>
<tr>
<td>Other</td>
<td>23,127</td>
<td>24,886</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(121)</td>
<td>(124)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>426,700</td>
<td>443,370</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tangible assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>101,931</td>
<td>94,934</td>
</tr>
<tr>
<td>Machinery and vehicles</td>
<td>151,677</td>
<td>135,880</td>
</tr>
<tr>
<td>Other</td>
<td>94,920</td>
<td>95,247</td>
</tr>
<tr>
<td><strong>Total tangible assets</strong></td>
<td>348,529</td>
<td>326,061</td>
</tr>
<tr>
<td><strong>Intangible assets</strong></td>
<td>3,477</td>
<td>3,700</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>64,692</td>
<td>69,860</td>
</tr>
<tr>
<td>Other</td>
<td>21,635</td>
<td>20,790</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(303)</td>
<td>(147)</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>86,024</td>
<td>90,503</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>438,031</td>
<td>420,265</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>864,732</td>
<td>863,636</td>
</tr>
</tbody>
</table>
## Liabilities

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th>As of September 30, 2019</th>
<th>As of March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes and accounts payable trade</td>
<td>47,179</td>
<td>51,353</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>6,136</td>
<td>4,230</td>
</tr>
<tr>
<td>Current portion of long-term borrowings</td>
<td>28,359</td>
<td>29,198</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>※ 1 11,411</td>
<td>※ 1 11,731</td>
</tr>
<tr>
<td>Provision for NAS battery safety measures</td>
<td>1,813</td>
<td>2,029</td>
</tr>
<tr>
<td>Provision for loss related to competition law</td>
<td>1,177</td>
<td>1,177</td>
</tr>
<tr>
<td>Other</td>
<td>44,135</td>
<td>48,065</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>140,213</strong></td>
<td><strong>147,786</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-term liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds payable</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>181,434</td>
<td>170,994</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>21,065</td>
<td>20,934</td>
</tr>
<tr>
<td>Other</td>
<td>9,822</td>
<td>9,675</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td><strong>237,322</strong></td>
<td><strong>226,604</strong></td>
</tr>
</tbody>
</table>

**Total liabilities**

377,535

## Net assets

<table>
<thead>
<tr>
<th>Shareholders' equity</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>69,849</td>
<td>69,849</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>71,946</td>
<td>71,978</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>356,523</td>
<td>343,323</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>(12,016)</td>
<td>(12,122)</td>
</tr>
<tr>
<td><strong>Total shareholders' equity</strong></td>
<td><strong>486,303</strong></td>
<td><strong>473,029</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated other comprehensive income</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gain on available-for-sale securities</td>
<td>18,330</td>
<td>21,260</td>
</tr>
<tr>
<td>Deferred gain (loss) on derivatives under hedge accounting</td>
<td>(14)</td>
<td>(136)</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(23,212)</td>
<td>(11,056)</td>
</tr>
<tr>
<td>Defined retirement benefit plans</td>
<td>(5,286)</td>
<td>(5,580)</td>
</tr>
<tr>
<td><strong>Total accumulated other comprehensive income</strong></td>
<td>(10,182)</td>
<td>4,486</td>
</tr>
</tbody>
</table>

| Stock acquisition rights                  | 915                       | 923                  |
| Non-controlling interests                 | 10,160                    | 10,805               |
| **Total net assets**                      | **487,196**               | **489,245**          |

**Total liabilities and net assets**

864,732

863,636
## Consolidated Statement of Income

### Consolidated Statement of Income

<table>
<thead>
<tr>
<th></th>
<th>Six months ended September 30, 2019</th>
<th>Six months ended September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>219,766</td>
<td>228,163</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>151,539</td>
<td>156,717</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>68,227</td>
<td>71,445</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>36,583</td>
<td>35,711</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>31,643</td>
<td>35,733</td>
</tr>
<tr>
<td><strong>Non-operating income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>267</td>
<td>362</td>
</tr>
<tr>
<td>Dividend income</td>
<td>706</td>
<td>650</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td>—</td>
<td>495</td>
</tr>
<tr>
<td>Gain on valuation of derivatives</td>
<td>103</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>576</td>
<td>391</td>
</tr>
<tr>
<td>Total non-operating income</td>
<td>1,653</td>
<td>1,900</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,473</td>
<td>1,342</td>
</tr>
<tr>
<td>Equity in loss of unconsolidated subsidiaries and associated companies</td>
<td>558</td>
<td>622</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>394</td>
<td>—</td>
</tr>
<tr>
<td>Loss on valuation of derivatives</td>
<td>738</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>1,191</td>
<td>684</td>
</tr>
<tr>
<td>Total non-operating expense</td>
<td>3,617</td>
<td>3,398</td>
</tr>
<tr>
<td><strong>Ordinary income</strong></td>
<td>29,679</td>
<td>34,234</td>
</tr>
<tr>
<td><strong>Extraordinary income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sales of fixed assets</td>
<td>193</td>
<td>37</td>
</tr>
<tr>
<td>Gain on sales of investment securities</td>
<td>311</td>
<td>35</td>
</tr>
<tr>
<td>Total extraordinary income</td>
<td>505</td>
<td>73</td>
</tr>
<tr>
<td><strong>Extraordinary loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on sales and disposals of fixed assets</td>
<td>277</td>
<td>234</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>1,353</td>
<td>1,462</td>
</tr>
<tr>
<td>Provision of reserve for loss related to competition law</td>
<td>—</td>
<td>178</td>
</tr>
<tr>
<td>Total extraordinary loss</td>
<td>1,631</td>
<td>1,875</td>
</tr>
<tr>
<td><strong>Income before income taxes and non-controlling interests</strong></td>
<td>28,553</td>
<td>32,433</td>
</tr>
<tr>
<td><strong>Income taxes-current</strong></td>
<td>8,013</td>
<td>6,779</td>
</tr>
<tr>
<td>Refund of income taxes</td>
<td>(425)</td>
<td>—</td>
</tr>
<tr>
<td>Income taxes-deferred</td>
<td>80</td>
<td>902</td>
</tr>
<tr>
<td><strong>Income taxes-total</strong></td>
<td>7,688</td>
<td>7,682</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>20,885</td>
<td>24,750</td>
</tr>
<tr>
<td>Profit (loss) attributable to non-controlling interests</td>
<td>(359)</td>
<td>45</td>
</tr>
<tr>
<td><strong>Profit attributable to owners of parent</strong></td>
<td>21,244</td>
<td>24,705</td>
</tr>
</tbody>
</table>
## Consolidated Statement of Comprehensive Income

(Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Six months ended September 30, 2019</th>
<th>Six months ended September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit</strong></td>
<td>20,885</td>
<td>24,750</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain/(loss) on available-for-sale securities</td>
<td>(2,931)</td>
<td>1,271</td>
</tr>
<tr>
<td>Deferred gain on derivatives under hedge accounting</td>
<td>129</td>
<td>43</td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(12,354)</td>
<td>5,376</td>
</tr>
<tr>
<td>Defined retirement benefit plans</td>
<td>224</td>
<td>681</td>
</tr>
<tr>
<td>Share of other comprehensive (loss) income of associates accounted for by using the equity method</td>
<td>14</td>
<td>(120)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td>(14,917)</td>
<td>7,252</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>5,967</td>
<td>32,002</td>
</tr>
<tr>
<td>Comprehensive income attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of parent</td>
<td>6,575</td>
<td>31,808</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(607)</td>
<td>193</td>
</tr>
</tbody>
</table>
(3) Notes to Consolidated Financial Statements
(Note on the Assumption as a Going Concern)
Not applicable

(Significant Changes in Stockholder’s Equity)
Not applicable

(Changes in Accounting Policy)
The NGK Group’s subsidiaries reporting under IFRS have applied IFRS 16 “Leases” from the three months ended June 30, 2019. Accordingly, lessees in principal recognize all leases as assets and liabilities on the balance sheet. the NGK group applies this standard in accordance with transitional treatment of IFRS 16.

The impact of this change on the consolidated financial statements for the six months ended September 30, 2019 is insignificant.

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### (Segment Information)

(1) Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Elimination or Adjustment</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Power</td>
<td>Ceramics</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to customers</td>
<td>20,595</td>
<td>128,176</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td>35</td>
<td>8</td>
</tr>
<tr>
<td>Total sales</td>
<td>20,631</td>
<td>128,185</td>
</tr>
<tr>
<td>Operating income/loss</td>
<td>(2,418)</td>
<td>30,932</td>
</tr>
</tbody>
</table>

(Notes) Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.

(2) Six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

<table>
<thead>
<tr>
<th>Business Segment</th>
<th>Elimination or Adjustment</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Power</td>
<td>Ceramics</td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales to customers</td>
<td>24,177</td>
<td>122,628</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>Total sales</td>
<td>24,200</td>
<td>122,630</td>
</tr>
<tr>
<td>Operating income/loss</td>
<td>(3,119)</td>
<td>28,860</td>
</tr>
</tbody>
</table>

(Notes) Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.

### (Significant Subsequent Event)

(Acquisition of Own Shares and Cancellation of Treasury Shares)

NGK hereby announces that, at the meeting of the Board of Directors held on October 31, 2019, it has resolved the acquisition of own shares pursuant to the provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to the provisions of Article 165, paragraph 3 of said Act, and has resolved the cancellation of treasury shares pursuant to the provisions of Article 178 of the Companies Act, as described below.

1. Reasons for the acquisition of own shares and cancellation of treasury shares
   To improve capital efficiency and enable NGK to flexibly exercise its capital policy in response to the changing managerial environment.

2. Details of matters pertaining to the acquisition of own shares
   (1) Types of shares to be acquired: Shares of common stock
   (2) Total number of shares to be acquired: Up to 7 million shares (2.2% of the total number of outstanding shares excluding treasury shares)
   (3) Total value of shares to be acquired: Up to 10 billion yen
   (4) Acquisition period: From November 1, 2019 to February 21, 2020
   (5) Acquisition method: Market purchases
   (6) Plan for the acquired shares: All the acquired shares to be cancelled

3. Details of matters pertaining to the cancellation of treasury shares
   (1) Types of shares to be cancelled: Shares of common stock
   (2) Total number of shares to be cancelled: All of the shares acquired as stated in 2 hereinabove
   (3) Schedule date of cancellation: March 31, 2020 (planned)
NGK hereby announces that, at the meeting of the Board of Directors held on October 31, 2019, it has resolved the subscription to the tender offer by METAWATER Co. Ltd (“METAWATER”).

1. Reasons for sale
   To enhance NGK’s corporate value

2. Counterparty the shares sold to
   METAWATER Co. Ltd

3. Selling period
   From October 30, 2019 to November 27, 2019 (Tender offer period)

4. Details of associated company subject to be sold
   Company name: METAWATER Co. Ltd
   Business: Design and construction of equipment for water treatment plants, sewage treatment plants, and waste treatment facilities; design, manufacture, and sale of various devices; implementation of repair work; provision of services including operation management.
   Relationships with the company: Sales of industrial ceramics products and equipment.

5. Number and value of shares to be sold
   Total number of shares to be sold: 2 million shares
   Total value of shares to be sold: 6,804 million yen
   With regard to the tender offer, while the total shareholding expected to be acquired by METAWATER is set at up to 4.3 million shares, not all the 2 million shares for the subscription NGK owns may be sold depending on the subscription status of other shareholders.
   The impact herein on the consolidated financial results is insignificant.

6. Shareholding ratio after compilation of the sale
   21.22%
   The shareholding ratio hereinabove is calculated based on the following premise that completion of the tender offer, that all 2 million of METAWATER shares for subscription that NGK owns are purchased, and that the number of METAWATER’s outstanding shares including treasury shares as of September 30, 2019.