

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2020
[Japanese GAAP]**

May 18, 2020

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.)
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 Date of the Annual Shareholders' Meeting (Scheduled) : June 29, 2020
 Date of the Filing of Securities Report "Yuka Shoken Hokokusho" (Scheduled) : June 29, 2020
 Date of Year-End Dividend Payment (Scheduled) : June 30, 2020
 Availability of Supplementary Explanatory Materials Prepared for Financial Results : Available
 Briefing Session on Financial Results to be held : None

(All yen amounts are rounded down to the nearest million.)

1. Consolidated Financial Results for the Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results (Percentage figures represent increase (decrease) from previous period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2020	441,956	(4.6)	55,000	(15.0)	51,952	(19.3)	27,135	(23.6)
Year ended March 31, 2019	463,504	2.7	64,705	(7.6)	64,410	(8.8)	35,506	(22.5)

(Note) Comprehensive income : Year ended March 31, 2020 5,725 million yen (81.6%)
 : Year ended March 31, 2019 31,164 million yen (46.4%)

	Profit per share	Diluted profit per share	Ratio of profit to net worth	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Year ended	Yen	Yen	%	%	%
March 31, 2020	84.73	84.60	5.8	6.1	12.4
March 31, 2019	110.35	110.17	7.6	7.6	14.0

(Reference) Equity in earnings of unconsolidated subsidiaries and associated companies : Year ended March 31, 2020 1,351 million yen
 : Year ended March 31, 2019 1,565 million yen

(2) Consolidated Financial Position

	Total assets	Total net assets	Ratio of net worth to total assets	Net worth per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	833,085	469,118	55.0	1,448.62
March 31, 2019	863,636	489,245	55.3	1,483.98

(Reference) Net worth : As of March 31, 2020 458,551 million yen, As of March 31, 2019 477,516 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents, end of year
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	53,200	(60,830)	(18,796)	94,691
March 31, 2019	61,224	(109,743)	3,564	123,984

2. Dividend Payment

	Cash dividends per share					Total amounts of dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net worth (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total (Full-year)			
Year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2019	—	25.00	—	25.00	50.00	16,088	45.3	3.4
March 31, 2020	—	25.00	—	25.00	50.00	15,959	59.0	3.4
Year ending March 31, 2021 (forecast)	—	—	—	—	—		—	

(Note) A dividend for the fiscal year ending March 31, 2021 is undecided due to difficulties to estimate the financial results forecasts at this point.

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021

Consolidated financial results forecasts for the fiscal year ending March 31, 2021 is undecided due to difficulties to estimate financial impact of global spread of COVID-19 at this point. The forecasts will be promptly announced at the time it become possible to reasonably estimate.

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) 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 "4. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policy)" on page 14 of the Appendix.

(3) Number of shares outstanding (Common Shares)

i. Number of shares outstanding at period end including treasury stocks	March 31, 2020	322,211,996 shares	March 31, 2019	327,560,196 shares
ii. Number of treasury stocks at period end	March 31, 2020	5,668,060 shares	March 31, 2019	5,779,637 shares
iii. Average number of shares outstanding over period	March 31, 2020	320,252,749 shares	March 31, 2019	321,772,501 shares

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-Consolidated Operating Results

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

Year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	254,165	(4.4)	29,409	(14.8)	46,414	(13.6)	20,135	(27.9)
March 31, 2019	265,936	10.4	34,511	6.5	53,730	(8.5)	27,936	(39.5)

Year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2020	62.87	62.77
March 31, 2019	86.82	86.68

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Ratio of net worth to total assets	Net worth per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	539,041	288,634	53.4	909.21
March 31, 2019	584,525	304,385	51.9	943.07

(Reference) Net worth: As of March 31, 2020 287,805 million yen, As of March 31, 2019 303,462 million yen

* These financial statements are not subject to the audit 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.

(Briefing Session on Financial Results)

The briefing session on the financial results (for securities analysts and institutional investors) was canceled in order to prevent the spread of COVID-19.

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1. Overview of Business Results and Others

(1) Overview of Business Results for the Fiscal Year Ended March 31, 2020

During the fiscal year ended March 31, 2020, the Japanese economy recorded negative growth during the fourth quarter of the fiscal year due to the spread of COVID-19, which turned from the moderate growth due to improvements in the employment and income environments. Overseas, the world experienced a sharp deterioration in economic, reflecting curbs on economic activities due to the spread of COVID-19 during the fourth quarter of the fiscal year despite being underpinned by the good employment environment and monetary easing.

Under the circumstance, the NGK Group experienced weak shipments of both insulators and NAS® batteries in the Power Business Segment. In the Ceramics Business Segment, shipments of automotive ceramics were sluggish due to declines in global car sales and production. In the Electronics Business Segment, demand for ceramic packages declined against the backdrop of stagnant capital investment for mobile phone base stations in China. In the Process Technology Business Segment, 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 fiscal year ended March 31, 2020 decreased 4.6% year on year to ¥441,956 million.

In terms of earnings, an increase in depreciation costs in addition to a decrease in net sales hereinabove, causing operating income to fall 15.0% year on year to ¥55,000 million, and ordinary income was down 19.3% year on year to ¥51,952 million. Profit attributable to owners of the parent decreased 23.6% year on year to ¥27,135 million due to the recording of impairment loss of ¥12,558 million in the subsidiary manufacturing automotive ceramics in Thailand and package business, reflecting the impact of COVID-19.

Financial results by segment are as follows.

[Power Business Segment]

Net sales of the Power Business Segment decreased by 13.0% year on year to ¥43,377 million.

Sales of insulators decreased due to sluggish domestic shipments against the backdrop of reduced capital investment by electric power companies, coupled with a decrease in overseas shipments due to scaling down of manufacturing base. Sales of NAS® batteries decreased due to a lack of large shipments.

In terms of earnings, there was an operating loss of ¥4,915 million compared with an operating loss of ¥8,498 million in the previous fiscal year.

[Ceramics Business Segment]

Net sales of the Ceramics Business Segment increased by 0.1% year on year to ¥251,785 million.

Net sales were comparable to the result of the previous fiscal year due to the impact of declines in global car sales and production and strong yen despite the distribution volume of gasoline particulate filters (GPF) for gasoline-fueled vehicles increased with tightened regulation of emissions in Europe and China.

Operating income decreased 4.4% year on year to ¥53,484 million due to an increase in depreciation.

[Electronics Business Segment]

Net sales of the Electronics Business Segment decreased by 5.8% year on year to ¥55,426 million.

Regarding metals, the distribution volume of beryllium copper products decreased due to a deterioration in the Chinese market. Regarding electronic components, the distribution volumes of bonded wafers for SAW filters and piezoceramics actuators for HDD increased. On the other hand, the distribution volume of ceramic packages dropped against the backdrop of stagnant capital investment for mobile phone base stations in China. Net sales of Soshin Electric Co., Ltd., our consolidated subsidiary, decreased year on year due to a deterioration of semiconductors and machine tools market.

In terms of earnings, there was an operating income of ¥25 million yen compared with an operating loss of ¥314 million in the previous fiscal year.

[Process Technology Business Segment]

Net sales of the Process Technology Business Segment decreased by 11.5% year on year to ¥94,296 million.

Net sales of products for semiconductor manufacturing equipment decreased from the previous fiscal year due to a decline in demand, reflecting a reduction of capital investment by semiconductor manufacturers. Regarding components for industrial equipment, sales decreased due to a decline in demand for kilns for cathode materials used in lithium-ion batteries for vehicle.

Operating income decreased 63.5% year on year to ¥6,436 million due to an increase in depreciation in addition to decrease in distribution volume.

Power Business was renamed Energy Infrastructure Business as of April 1, 2020.

(2) Summary of Financial Position for the Fiscal Year Ended March 31, 2020

As of March 31, 2020, total assets were decreased by 3.5% from the previous fiscal year-end to ¥833,085 million.

Current assets decreased by 10.1% from the previous fiscal year-end to ¥398,374 million, mainly reflecting decreases in cash and bank deposits and securities despite an increase in inventories. Non-current assets were increased by 3.4% from the previous fiscal year-end to ¥434,710 million, mainly due to an increase in tangible assets, reflecting capital investment to increase production capacity for automotive ceramics and semiconductor manufacturing equipment.

Current liabilities decreased by 22.7% from the previous fiscal year-end to ¥114,289 million. This was mainly due to decreases in current portion of long-term borrowings and notes and accounts payable trade. Long-term liabilities increased by 10.2% from the previous fiscal year-end to ¥249,677 million, mainly reflecting an increase in long-term borrowings.

Total net assets stood at ¥469,118 million, down 4.1% year on year, due to decreases in foreign currency translation adjustments and unrealized gain on available -for-sale securities despite an increase in retained earnings.

As a result, the ratio of net worth to total assets as of March 31, 2020 was 55.0% (compared with 55.3% at the previous fiscal year-end), with net worth per share standing at ¥1,448.62, down ¥35.36 from the previous fiscal year-end.

(3) Summary of Cash Flows for the Fiscal Year Ended March 31, 2020

There was a net decrease ¥29,293 million in cash and cash equivalents from the previous fiscal year-end to ¥94,691 million. This reflected ¥53,200 million in net cash provided by operating activities, ¥60,830 million in net cash used in investing activities, and ¥18,796 million in net cash used in financing activities.

[Cash flows from operating activities]

Net cash provided by operating activities was total ¥53,200 million. This was mainly attributable to posting an income before income taxes and non-controlling interests of ¥43,836 million and depreciation and amortization, despite cash outflows mainly due to income tax paid and an increase in inventories. In comparison with the previous fiscal year, net cash provided by operating activities decreased by ¥8,024 million.

[Cash flows from investing activities]

Net cash used in investing activities was total ¥60,830 million. In terms of sales of investment securities, there were proceeds from sales of a part of stock of associated company, sales of cross-shareholdings, and redemption of marketable securities. In terms of purchases of property, plant and equipment, there were cash outflows due to capital investment for the plants manufacturing automotive ceramics in China and Poland and the plant in Tajimi, Japan manufacturing semiconductor manufacturing equipment, and purchases of marketable securities. In comparison with the previous fiscal year, net cash used in investing activities decreased by ¥48,912 million.

[Cash flows from financing activities]

Net cash used in financing activities was total ¥18,796 million. This was mainly due to cash dividends paid, repayment of long-term borrowings and the acquisition of own shares to improve capital efficiency and enable NGK to flexibly exercise its capital policy in response to the changing managerial environment, despite proceeds from long-term borrowings in foreign currency appropriated to overseas capital investment. In comparison with the previous fiscal year, net cash provided by financing activities decreased by ¥22,360 million.

(4) Forecast for the Next Fiscal Years

Consolidated financial results forecasts for the fiscal year ending March 31, 2021 is undecided due to difficulties to estimate financial impact of global spread of COVID-19 at this point. The forecasts will be promptly announced at the time it become possible to reasonably estimate.

(5) Basic Policy for Profit Sharing and Dividends for the Current and Next Fiscal Years

NGK views the return of profits to shareholders as one of its most important management policies.

As a basic policy, we strive for shareholder-oriented management that emphasizes return on equity (ROE), and distribute the benefits of successful management with a medium-term target consolidated payout ratio of approximately 30% after consideration of a comprehensive range of factors, including business performance, financial position, and future business development.

NGK plans to pay a year-end dividend of ¥25 per share for the fiscal year ended March 31, 2020. This and the interim dividend of ¥25, which has already been paid, will bring the total annual dividend per share to ¥50.

A dividend for the fiscal year ending March 31, 2021 is undecided due to difficulties to estimate the financial results forecasts at this point. The dividend will be promptly announced in connection with it become possible to disclose the consolidated financial results forecasts.

2. Management Policies

(1) Basic Management Policies of the Company

NGK marked the 100th anniversary of its founding in 2019. On this occasion, we reviewed the NGK Group Philosophy with the aim of conveying the Company's purpose of existence to the Group's broad-ranging group member companies operating globally, employees, and all the stakeholders, while succeeding the spirit we have adhered to since the founding of the Company.

<NGK Group Philosophy>

Our Mission

"Enriching Human Life by Adding New Value to Society."

Our Values

"Quality of People	Embrace challenges and teamwork"
"Quality of Products	Exceed expectations"
"Quality of Management	Social trust is our foundation"

The NGK Group's basic management policies for fulfilling its corporate philosophy are as follows.

First, through selective concentration of resources and investment, the NGK Group will establish new technologies surpassing those of its competitors, to create new products that will secure the top positions in their respective fields ("Strategic Growth").

Next, the NGK Group will seek to increase return on equity (ROE) by implementing efficient management that makes the most of each company's capacity for dynamism and individuality, all based on consolidated group business management ("A Highly Efficient Organization").

Furthermore, the NGK Group will disclose information to shareholders and investors and communicate information broadly to society at large in a timely and proactive manner. In addition, the company, bearing the social development goals (SDGs) in mind, will fulfill its social responsibilities through means such as protecting the environment, respecting human rights, and creating a safe and comfortable workplace environment, and contribute to the development of regional communities and society ("Being a Good Corporate Citizen").

(2) Targeted Management Indicators and Capital Policy

Regarding the return on invested capital (ROIC) as the key management indicator relevant to ROE as an important indicator of business performance, the NGK Group promotes management with a focus on capital efficiency. Aiming to achieve a minimum medium-/long-term target ROE of 10%, we will implement a capitalization strategy that is conducive to a sustained enhancement of corporate value by accommodating changes in business risks. The NGK Group will strive to reduce capital costs through communication with shareholders and investors, as well as investing business resources efficiently to expand existing core businesses, reduce costs, and new businesses, utilizing ROIC for business planning and decision-making process for capital investment, to secure earnings beyond capital costs. In addition, we will take a proactive approach to shareholder returns by referring to key indicators including the dividend payout ratio and the dividend on equity (DOE) ratio. Through these measures, while seeking to maintain financial soundness, we will aim to maintain good levels of profitability measured by ROE, capital turnover, and financial leverage consistent with our business strategies.

(3) Medium- to Long-Term Management Strategies and Issues to Be Addressed

In 2020, the global economy could fall into a serious recession due to the economic slowdown caused by the global outbreak of COVID-19. On the other hand, from a mid- to long-term perspective, opportunities are expected to expand in businesses that are driven by social and environmental issues, such as stricter emission regulations and CO2 reduction, as well as technological innovations such as IoT, AI and 5G.

Under these circumstances, the Group aims to be a company that continues to grow globally by creating new products that exceed society's expectations in the triple-E business fields of energy, ecology, and electronics, while flexibly responding to the current decline in demand and minimizing negative impacts.

In fiscal 2020, we will implement the following measures.

- 1) Enhancing Profitability in Existing Businesses - New Manufacturing Structure Innovation
- 2) Creation of New Products and Businesses - Keep up 30
- 3) Improvement of ESG and Compliance Awareness
- 4) Respect for Human Rights and Promotion of Employee Diversity
- 5) Review of Risks and Countermeasures

1) Enhancing Profitability in Existing Businesses - New Manufacturing Structure Innovation

As part of its new manufacturing structure innovation, the Group is working to increase product value based on technological innovation and improve productivity through innovative manufacturing processes. At major plants, we measure overall productivity using Overall Equipment Effectiveness (OEE) as an indicator, and make new capital investments with ROIC in mind to certainly achieve results.

In the Ceramic Products Business, we are currently being forced to adjust the production of ceramic catalyst carriers for automobile exhaust gas purification (HONEYCERAM) mainly due to a decline in the number of passenger cars sold worldwide. However, in the medium to long term, with stricter emission regulations, we expect an increase in the volume of GPF (Gasoline Particulate Filter) for passenger cars and DPF (Diesel Particulate Filter) for trucks and off-road vehicles. We also believe that there are opportunities for growth, as seen in the increase in the ratio of high value-added items in existing products. In response to this situation, we will build a state-of-the-art, high-efficiency global production system, improve OEE at existing production lines, and improve the productivity of highly difficult items, with the aim of increasing profitability. We will also focus on product development that meets new emission regulations and advances in the use of electric vehicles, thereby strengthening our business competitiveness and achieving sustainable growth.

In the Process Technology Business, the semiconductor market is expected to grow due to the introduction of 5G and the development of IoT. By fully utilizing the integrated production line of the new plant to produce products for semiconductor manufacturing equipment (Tajimi City, Gifu), which went into operation in October 2019, we will improve productivity while meeting growing demand. We will also develop and introduce next-generation products as a top supplier to meet the exacting technical and performance requirements of our customers. In the Industrial Process Business, we will focus on low-level radioactive waste processing equipment for nuclear power plants, where demand is growing.

In the Electronics Business, we are expanding production in response to demand which is expected to increase for our high-performance bonded wafer for SAW filter application and piezoelectric microactuators for HDDs, bolstered by faster mobile communications and increased investment in data centers. We will also focus on expanding sales of insulating substrates for automotive power modules in response to the shift to electric vehicles. We will promote the development of new products and new applications and expand the business by integrating research, manufacturing and sales.

In the Energy Infrastructure Business (*), we will work to return to profitability as soon as possible by withdrawing from unprofitable insulator products, reducing personnel and costs and reviewing product prices in light of the control of capital investment by electric power companies in Japan and overseas. In the field of energy storage, we believe it will take some time for the demand for NAS® batteries to expand. We are working with BASF, a German chemical manufacturer, to promote joint development and expand sales channels. We will also work on early commercialization of zinc rechargeable batteries (ZNB), continue to build a business base and establish a foothold for future growth in demand.

(*) As a result of the organizational change effective April 1, 2020, the Power Business was renamed the “Energy Infrastructure Business”.

By adding ZNB for consumers to existing insulators and NAS® batteries for power systems, we will expand our lineup and comprehensively strengthen our infrastructure business in the power system and storage field.

2) Creation of New Products and Businesses - Keep up 30

The Group has set “Keep up 30” as its company-wide target to maintain the percentage of new products to net sales at 30% or more, and aims to secure growth potential by creating new products and businesses. The “EnerCera®” series, a small and thin high-capacity chip-type ceramic rechargeable battery commercialized in April 2019, is highly regarded as an energy storage device that solves the problem of securing a power source that hinders the full-scale spread of IoT modules. It was awarded the grand prize in the Device and Technology category at “CEATEC 2019” in October 2019. In addition, for zinc rechargeable batteries (ZNB), tests were conducted based on the “UL9540A” standard by UL (Headquarters: Northbrook, IL), a third party safety science organization in the United States. As a result of the demonstration of high safety performance that does not cause thermal runaway or ignition, ZNB obtained the world’s first UL verification mark in the field of rechargeable batteries. In addition, we will focus our resources on promising development themes, such as all-solid-state batteries and FGaN wafers, and create the following new products and commercialized products using our proprietary ceramic technology.

3) Improvement of ESG and Compliance Awareness

The Group operates 44 group companies in 20 overseas countries, 20 of which are engaged in manufacturing. As our overseas business expands, we are increasing the transparency and autonomy of our management. We will create an environment where all NGK Group employees can act in accordance with fair values and international standards of judgment. At the management level, we established the “ESG Committee” in April 2019 to discuss a wide range of important issues related to E (Environment), S (Society) and G (Governance). In addition, in order for all Group members to realize a sustainable society, respect human rights, and practice compliance, we provide opportunities for dialogue and are working to raise awareness of the “NGK Group Code of Conduct”.

From the viewpoint of environmental management, as the Fourth Five-Year Environmental Action Plan that commenced in fiscal 2016 is coming to an end in fiscal 2020, we will continue to focus on the development and diffusion of products and services that contribute to the reduction of environmental impact and on the development and introduction of production technologies that reduce environmental impact, with the aim of achieving our targets. In February 2020, the Group expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We, as a responsible party, will work to realize a sustainable society and strive to disclose and enhance related information.

With regard to compliance with laws and regulations, such as the Competition Law and the Foreign Corrupt Practices Act, we are working to ensure thorough compliance by continuously communicating messages from top management, providing compliance education to officers and employees of domestic and overseas group companies for the purpose of preventing harassment, operating the program for compliance with the Competition Law in line with international standards, and utilizing the “Competition Law Compliance Handbook”.

With regard to quality compliance, reflecting on the inconsistencies found in the delivery inspections of insulators and other products in 2018, we will continue to strengthen our systems, including quality activities by top management and direct guidance by the Quality Committee, and work to improve our corporate structure through providing thorough quality education for management and employees. In terms of occupational health and safety, we will work to strengthen the site management capabilities of the entire Group and reduce occupational accident risks, in addition to the identification of serious accident risks through risk assessment at domestic and overseas group companies and strengthening preventive measures.

With regard to corporate governance, in order to ensure management transparency and strengthen the supervisory and monitoring functions of the Board of Directors, we have established the Nomination and Compensation Advisory Committee, the majority of which consists of Outside Directors and Outside Audit & Supervisory Board Members, and the Business Ethics Committee, which consists primarily of Outside Directors and Outside Audit & Supervisory Board Members, to deal with issues such as fraud and legal violations involving officers, and report or make recommendations to the Board of Directors. In addition to the Helpline for consultation and reporting by employees, we have established “Hotline”, a whistle-blowing system directly linked to the Business Ethics Committee, as a system to prevent such misconduct and legal violations. We are also enhancing our compliance system by reviewing regulations and applications thereof to comply with the ISO standards that will be established soon.

Through these efforts, we will further enhance compliance awareness, reduce risks, and strengthen and enhance our governance system, which supports global management.

4) Respect for Human Rights and Promotion of Employee Diversity

While complying with international rules for human rights, the Group respects the diversity of its employees, including race, nationality and gender, and employs a diverse range of people based on the Company's basic policy of stable employment and equal opportunity. We have introduced a mandatory retirement age of 65 to ensure that employees with extensive experience and expertise can work with a sense of security. In April 2020, we established the "HR Committee" as an organ for cross-sectional discussion of corporate activities that respect human rights and human resource issues that should be addressed by the Group as a whole. At the same time, we established the Diversity & Inclusion Department to strengthen functions from the perspective of emphasizing group management and respecting individuals. To promote the active participation of female employees, we provide training for employees who return to work from childcare leave as well as career design training. We are also promoting the use of the system to support an early return to work from childcare leave as well as telecommuting. As for the employment of persons with disabilities, a group company has been certified as a special subsidiary and is working to expand their employment.

5) Review of Risks and Countermeasures

The Group is strengthening its risk management to minimize the impact of diversifying business risks as its business expands globally. In a meeting of the aforementioned "ESG Committee" established in April 2019, we classified risks deemed important from a management perspective into the categories of business environment, strategy, and internal factors, and we continuously review them. In addition, we conduct risk analysis through surveys and evaluations of special risks in the internal control process, with each committee and departments in charge taking the lead in efforts to avoid and prevent risks on a case-by-case basis.

In order to prevent the spread of COVID-19, we have positioned COVID-19 as a special crisis management issue, and the BCP (Business Continuity Planning) Countermeasures Headquarters gathers information and looks into various measures for business continuity, while ensuring the safety of employees as a top priority.

Through these efforts, the Group will strive to further strengthen its management foundation, achieve sustainable growth and increase corporate value, and continue its management that emphasizes capital efficiency and shareholders.

3. Basic Policies Concerning Selection of Accounting Standards

The NGK Group applies Japanese GAAP, on the other hand, the NGK Group has already unified its accounting standards for accounting period and depreciation and amortization methods, etc. to standards which are same as those of IFRS, in order to make a financial report more appropriate.

4. Consolidated Financial Statements and Notes Thereto
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2019
Assets		
Current assets		
Cash and bank deposits	80,160	97,133
Notes and accounts receivable trade	101,377	106,413
Securities	31,016	67,029
Inventories	※1 157,389	※1 148,031
Other	28,583	24,886
Allowance for doubtful accounts	(153)	(124)
Total current assets	398,374	443,370
Non-current assets		
Tangible assets		
Buildings and structures	106,886	94,934
Machinery and vehicles	168,550	135,880
Tools and equipment	7,636	6,454
Land	29,168	30,648
Construction in progress	45,375	58,144
Other	1,789	—
Total tangible assets	359,407	326,061
Intangible assets		
Software	3,344	2,858
Other	115	841
Total intangible assets	3,460	3,700
Investments and other assets		
Investment securities	49,996	69,860
Deferred tax assets	12,766	10,441
Net defined benefit asset	6,386	7,468
Other	3,332	2,879
Allowance for doubtful accounts	(639)	(147)
Total investments and other assets	71,842	90,503
Total non-current assets	434,710	420,265
Total assets	833,085	863,636

(Millions of yen)

	As of March 31, 2020	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable trade	43,241	51,353
Short-term borrowings	6,407	4,230
Current portion of long-term borrowings	9,218	29,198
Accounts payable others	16,223	21,858
Accrued expenses	16,647	18,417
Income taxes payable	※2 12,225	※2 11,731
Provision for NAS battery safety measures	1,657	2,029
Provision for loss related to competition law	1,145	1,177
Other	7,522	7,790
Total current liabilities	114,289	147,786
Long-term liabilities		
Bonds payable	25,000	25,000
Long-term borrowings	193,773	170,994
Deferred tax liabilities	1,998	1,869
Provision for product warranties	898	1,631
Net defined benefit liability	21,012	20,934
Other	6,994	6,174
Total long-term liabilities	249,677	226,604
Total liabilities	363,966	374,391
Net assets		
Shareholders' equity		
Common stock	69,849	69,849
Capital surplus	70,199	71,978
Retained earnings	345,688	343,323
Treasury stock	(11,264)	(12,122)
Total shareholders' equity	474,473	473,029
Accumulated other comprehensive income		
Unrealized gain on available -for-sale securities	11,336	21,260
Deferred loss on derivatives under hedge accounting	(461)	(136)
Foreign currency translation adjustments	(21,390)	(11,056)
Defined retirement benefit plans	(5,406)	(5,580)
Total accumulated other comprehensive income	(15,921)	4,486
Stock acquisition rights	828	923
Non-controlling interests	9,737	10,805
Total net assets	469,118	489,245
Total liabilities and net assets	833,085	863,636

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income
Consolidated Statement of Income

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Net sales	441,956	463,504
Cost of sales	313,458	323,224
Gross profit	128,497	140,280
Selling, general and administrative expenses	※1 73,496	※1 75,574
Operating income	55,000	64,705
Non-operating income		
Interest income	496	680
Dividend income	1,316	1,261
Equity in earnings of unconsolidated subsidiaries and associated companies	1,351	1,565
Reversal of provision for product warranties	660	94
Other	2,126	1,773
Total non-operating income	5,951	5,374
Non-operating expenses		
Interest expense	3,025	2,763
Foreign exchange loss	3,071	735
Loss on liquidation of subsidiaries and affiliates	351	1,425
Other	2,551	745
Total non-operating expense	9,000	5,669
Ordinary income	51,952	64,410
Extraordinary income		
Gain on sales of fixed assets	250	167
Gain on sales of investment securities	4,154	675
Subsidy income	591	—
Total extraordinary income	4,995	843
Extraordinary loss		
Loss on sales and disposals of fixed assets	479	519
Impairment loss	※2 12,558	10,935
Loss on sales of investment securities	73	—
Loss on business of subsidiaries and associates	—	2,961
Provision of reserve for loss related to competition law	—	389
Total extraordinary loss	13,111	14,805
Income before income taxes and non-controlling interests	43,836	50,448
Income taxes -current	15,815	13,824
Refund of income taxes	※3 (425)	—
Income taxes -deferred	1,956	1,013
Income taxes - total	17,346	14,837
Profit	26,489	35,611
Profit (loss) attributable to non-controlling interests	(645)	104
Profit attributable to owners of parent	27,135	35,506

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit	26,489	35,611
Other comprehensive income		
Unrealized loss on available-for-sale securities	(9,927)	(3,452)
Deferred loss on derivatives under hedges accounting	(314)	(109)
Foreign currency translation adjustments	(10,504)	(3,046)
Defined retirement benefits plans	(100)	2,055
Share of other comprehensive income of associates accounted for by using the equity method	82	106
Total other comprehensive loss	(20,763)	(4,446)
Comprehensive income	5,725	31,164
Comprehensive income attributable to:		
Owners of parent	6,726	31,276
Non-controlling interests	(1,000)	(111)

(3) Consolidated Statement of Changes in Equity
Year Ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year (as previously reported)	69,849	71,978	343,323	(12,122)	473,029
Cumulative effect of accounting change			242		242
Balance at the beginning of the year (as restated)	69,849	71,978	343,565	(12,122)	473,271
Changes during the period					
Cash dividends			(16,090)		(16,090)
Profit attributable to owners of parent			27,135		27,135
Purchase of treasury stock				(10,004)	(10,004)
Disposal of treasury stock		(72)		233	161
Cancellation of treasury stock		(1,706)	(8,921)	10,628	—
Net changes other than shareholders' equity					
Total changes during the period	—	(1,778)	2,122	857	1,201
Balance at the end of the year	69,849	70,199	345,688	(11,264)	474,473

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year (as previously reported)	21,260	(136)	(11,056)	(5,580)	4,486	923	10,805	489,245
Cumulative effect of accounting change								242
Balance at the beginning of the year (as restated)	21,260	(136)	(11,056)	(5,580)	4,486	923	10,805	489,487
Changes during the period								
Cash dividends								(16,090)
Profit attributable to owners of parent								27,135
Purchase of treasury stock								(10,004)
Disposal of treasury stock								161
Cancellation of treasury stock								—
Net changes other than shareholders' equity	(9,923)	(325)	(10,333)	174	(20,408)	(94)	(1,067)	(21,570)
Total changes during the period	(9,923)	(325)	(10,333)	174	(20,408)	(94)	(1,067)	(20,368)
Balance at the end of the year	11,336	(461)	(21,390)	(5,406)	(15,921)	828	9,737	469,118

Year Ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity
Balance at the beginning of the year (as previously reported)	69,849	71,948	322,622	(12,153)	452,266
Cumulative effect of accounting change			639		639
Balance at the beginning of the year (as restated)	69,849	71,948	323,262	(12,153)	452,906
Changes during the period					
Cash dividends			(15,444)		(15,444)
Profit attributable to owners of parent			35,506		35,506
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		(6)		35	29
Change in ownership interest of parent due to transactions with non-controlling interests		36			36
Net changes other than shareholders' equity					
Total changes during the period	—	30	20,061	31	20,122
Balance at the end of the year	69,849	71,978	343,323	(12,122)	473,029

	Accumulated other comprehensive income					Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale securities	Deferred loss on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year (as previously reported)	24,659	(31)	(7,990)	(7,919)	8,717	857	11,021	472,863
Cumulative effect of accounting change							(29)	610
Balance at the beginning of the year (as restated)	24,659	(31)	(7,990)	(7,919)	8,717	857	10,991	473,473
Changes during the period								
Cash dividends								(15,444)
Profit attributable to owners of parent								35,506
Purchase of treasury stock								(4)
Disposal of treasury stock								29
Change in ownership interest of parent due to transactions with non-controlling interests								36
Net changes other than shareholders' equity	(3,398)	(105)	(3,065)	2,339	(4,230)	65	(185)	(4,350)
Total changes during the period	(3,398)	(105)	(3,065)	2,339	(4,230)	65	(185)	15,772
Balance at the end of the year	21,260	(136)	(11,056)	(5,580)	(4,486)	923	10,805	489,245

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities		
Income before income taxes and non-controlling interests	43,836	50,448
Depreciation and amortization	39,579	35,728
Impairment loss	12,558	10,935
Decrease (increase) in net defined benefit asset	468	1,821
Interest and dividend income	(1,812)	(1,941)
Interest expenses	3,025	2,763
Gain on sales of investment securities	(4,081)	(675)
Decrease (increase) in notes and accounts receivable - trade	2,520	(3,595)
Decrease (increase) in inventories	(13,965)	(18,193)
Decrease (increase) in other current assets	(2,410)	(6,352)
Increase (decrease) in notes and accounts payable - trade	(6,751)	5,453
Increase(decrease) in other current liabilities	(6,781)	1,995
Other, net	3,083	1,727
Sub-total	69,269	80,115
Interest and dividends received	1,774	2,010
Dividends received from associated companies	465	450
Interest paid	(3,275)	(2,944)
Income taxes paid	(15,032)	(18,406)
Net cash provided by operating activities	53,200	61,224
Cash flows from investing activities		
Purchases of marketable securities	(34,748)	(67,999)
Proceeds from sales and redemption of marketable securities	54,532	62,220
Purchases of property, plant and equipment	(93,798)	(102,826)
Proceeds from sales and redemption of investment securities	12,661	830
Net decrease (increase) in time deposits	2,238	(806)
Other, net	(1,715)	(1,160)
Net cash used in investing activities	(60,830)	(109,743)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,408	(1,918)
Proceeds from long-term borrowings	34,558	16,852
Repayment of long-term borrowings	(28,980)	(10,844)
Proceeds from issuance of bonds	—	15,000
Purchase of treasury stock	(10,004)	(4)
Cash dividends paid	(16,090)	(15,444)
Other, net	(689)	(75)
Net cash provided by financing activities	(18,796)	3,564
Foreign currency translation adjustments on cash and cash equivalents	(2,866)	(980)
Net increase (decrease) in cash and cash equivalents	(29,293)	(45,933)
Cash and cash equivalents, beginning of the year	123,984	169,918
Cash and cash equivalents, end of the year	94,691	123,984

(5) Notes to Consolidated Financial Statements
(Note on the Assumption as a Going Concern)
 Not applicable

(Significant Items Underlying the Preparation of Consolidated Financial Statements)

Accounting standards

Accounting standards for significant allowances

1) Provision for NAS battery safety measures

In response to the fire involving NGK-manufactured NAS® batteries that occurred in September 2011, NGK reserved an allowance as "Provision for NAS battery safety measures" to cover anticipated future expenses on safety measures necessary to expand the NAS battery business.

2) Provision for loss related to competition law

NGK estimated and recorded an allowance for potential losses related to competition law.

3) Provision for product warranties

NGK and some consolidated subsidiaries estimate and accrue the costs of warranty repair for products sold in reserve for future expenses.

(Changes in Accounting Policy)

"Revenue from Contracts with Customers" (ASU2014-09, Topic606)

The NGK Group's subsidiaries reporting under US-GAAP have applied US-GAAP "Revenue from Contracts with Customers" (ASU2014-09, Topic606) from the beginning of fiscal year ended March 31, 2020. It requires the entities to recognize revenue at the estimated transaction price when the entity satisfies a performance obligation. The NGK Group applies this standard in accordance with transitional treatment of Topic 606.

The impact of this change on the consolidated financial statement for the fiscal year ended March 31, 2020 is insignificant.

"Leases" (IFRS 16)

The NGK Group's subsidiaries reporting under IFRS have applied IFRS 16 "Leases" from the beginning of fiscal year ended March 31, 2020. 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 fiscal year ended March 31, 2020 is insignificant.

(Additional Information)

(Regarding filing action for the revocation of correction based on transfer pricing taxation)

With regard to the transactions between NGK and its subsidiary in Poland from the fiscal year ended March 31, 2007 through the fiscal year ended March 31, 2010, NGK received a correction (approximately 6.2 billion yen in tax penalties) based on transfer pricing taxation issued by the Nagoya Regional Taxation Bureau in March 2012. NGK filed an action with the Tokyo District Court for the revocation of correction in December 2016, and it is still under examination.

Following the correction abovementioned, also with regard to the transactions between NGK and its subsidiary in Poland from the fiscal year ended March 31, 2011 through the fiscal year ended March 31, 2015, NGK received a correction based on transfer pricing taxation from the Nagoya Regional Taxation Bureau in June 2017, and it made payment of approximately 8.5 billion yen in tax penalties, including local taxes. A request for re-examination was submitted to the Nagoya National Tax Tribunal in July 2018 as a request for cancellation of the correction, and NGK received a written verdict that partially rescinded the correction in July 2019. However, it went only so far as to refund approximately 0.4 billion yen of corporate taxes and local taxes, etc. at this stage. Because NGK takes the position that the entire amount should be rescinded, it filed an action with the Tokyo District Court for the revocation of correction in December 2019.

In light of the above, NGK estimated tax amounts for the said period based on the premise that it would be subject to the said correction for fiscal years subsequent to March 31, 2016 and recognized the amounts in the financial statements.

(Consolidated Balance Sheet)

※1. The breakdown of inventories is as follows:

	As of March 31, 2020	As of March 31, 2019
Finished products	64,125 million yen	56,746 million yen
Cost of contracts in progress	893	897
Work in process	17,292	14,980
Raw materials and supplies	75,077	75,406

※2. Income taxes payable

With respect to transactions between NGK and its Polish subsidiary, NGK received a correction notice based on transfer pricing taxation in June 2017. Therefore, the amount includes estimated tax amounts based on the premise that NGK would be subject to the said correction for the fiscal years subsequent to March 31, 2016.

3. Contingent liabilities

The NGK Group is subject to an international investigation on the situation of competition. Since the receiving of a subpoena by a U.S. subsidiary of NGK from the U.S. Department of Justice (DOJ) in 2011, NGK has cooperated in the investigation concerning ceramic substrates for catalytic converters including establishing the Independent Committee in 2012. In September 2015, NGK entered into a Plea Agreement with DOJ, agreeing to pay a fine of US\$65.3 million based on charges that it violated U.S. laws including the antitrust law in connection with some transactions for ceramic substrates for catalytic converters, and paid the total amount in November 2015. We have entered into negotiations for compensation for damages with the relevant customers. In addition to some customers requiring monetary compensation, civil lawsuits (class action) have also been filed.

In consideration of such progresses, the NGK Group made an estimate of potential losses, and recognized the estimated amount as of the fiscal year ended March 31, 2020, as "provision for loss related to competition law," however, additional losses may arise with the emergence of new facts. Overall details of the investigation and negotiations are not disclosed because they may put the NGK Group at a disadvantage.

(Consolidated Statement of Income)

※1. The major items and their amounts of selling, general and administrative expenses are as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages, and bonuses	19,875 million yen	20,755 million yen
Freight outward	6,485	9,052
Research and development expenses	10,085	9,200
Retirement benefit expenses	1,250	1,595

※2. Impairment loss

Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

The NGK Group recognized impairment losses as follows:

Groups	Asset category	Location	Millions of yen
Ceramics Business	Buildings and structures, Machinery and vehicle, Construction in progress and other	Thailand	9,687
Package Business	Buildings and structures, Machinery and vehicle, Construction in progress and other	Japan and Malaysia	2,248
Industrial Process Business	Machinery and equipment and other	China	310

The NGK Group recognized an impairment loss mainly in the asset groups and idle assets which deteriorated in profitability or to be disposed, and the carrying amounts of the relevant assets were written down to the recoverable value for the year ended March 31, 2020. The NGK Group recognized impairment losses as ¥2,866 million in buildings and structures, ¥4,947 million in machinery and vehicle, ¥3,279 million in construction in progress and ¥1,464 million in other.

The recoverable value of those assets was measured at the higher of their value in use and net realizable value. Their value in use were computed by discounting their future cash flows by 9.4%, and their net realizable value were based on appraisal values assessed by a third party.

※3. Refund of income taxes

Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

The amount of tax refunded following the receipt of a written verdict, which partially rescinded the correction based on transfer pricing taxation on tax penalties paid by NGK with respect to transactions between NGK and its Polish subsidiary, issued by the Nagoya National Tax Tribunal in July 2019.

(Segment Information)
[Segment Information]
1. Overview of reportable business segments

The NGK Group's reportable business segments are components of the NGK Group about which separate financial information is available that is evaluated regularly by the Company's management in deciding how to allocate resources and in assessing performance.

The NGK Group develops and conducts its operations under four business segments: the Power Business Segment, Ceramics Business Segment, Electronics Business Segment, and Process Technology Business Segment while planning a comprehensive strategy for domestic and overseas markets. Consequently, the NGK Group defines those four business segments as its reportable business segments.

Business segment	Main products
Power	Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester and NAS® (sodium-sulfur) batteries
Ceramics	Automotive ceramics for exhaust gas purification
Electronics	Ceramic components for electronics, beryllium copper products, and molds
Process Technology	Components for semiconductor manufacturing equipment, corrosion-resistant ceramic apparatuses, for chemical industries, gas analyzer, industrial heating systems, refractory products and radioactive waste treatment systems

Power Business was renamed Energy Infrastructure Business as of April 1, 2020.

2. Methods of calculating sales, income or loss, assets, liabilities, and other items by business segment

The accounting methods applied to the reported business segments are generally the same as those listed in "Significant items underlying the preparation of consolidated financial statements" in the NGK's most recent securities report "Yuka Shoken Hokokusho" filed on June 21, 2019.

Business segment income is based on operating income. Intersegment sales is based on market prices.

3. Sales, income or loss, assets, liabilities, and other items by business segment
Year ended March 31, 2020

(Millions of yen)

	Business segment					Elimination or Adjustment	Consolidated
	Power	Ceramics	Electronics	Process Technology	Total		
Sales							
Sales to customers	43,293	251,773	55,425	91,463	441,956	—	441,956
Intersegment sales	83	12	1	2,833	2,930	(2,930)	—
Total sales	43,377	251,785	55,426	94,296	444,886	(2,930)	441,956
Operating income(loss)	(4,915)	53,484	25	6,436	55,030	(29)	55,000
Total assets	56,636	423,998	68,669	132,907	682,212	150,873	833,085
Other							
Depreciation	1,965	28,003	3,032	6,577	39,579	—	39,579
Impairment loss	204	9,687	2,305	310	12,508	50	12,558
Capital expenditures	1,245	52,265	8,778	22,221	84,510	9,487	93,997

- (Notes)
1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.
 2. Corporate assets within total assets that are included in elimination or adjustment are ¥158,885 million, consisting mainly of surplus funds managed by NGK (cash and securities), long-term investment funds (investment securities) and assets related to administrative divisions.
 3. Elimination or adjustment of capital expenditures is an increase at head office divisions.

Year ended March 31, 2019

(Millions of yen)

	Business segment					Elimination or Adjustment	Consolidated
	Power	Ceramics	Electronics	Process Technology	Total		
Sales							
Sales to customers	49,802	251,442	58,838	103,421	463,504	—	463,504
Intersegment sales	51	7	4	3,086	3,150	(3,150)	—
Total sales	49,853	251,450	58,843	106,508	466,654	(3,150)	463,504
Operating income(loss)	(8,498)	55,920	(314)	17,629	64,736	(30)	64,705
Total assets	65,720	417,790	65,559	110,820	659,890	203,745	863,636
Other							
Depreciation	2,376	24,402	4,337	4,612	35,728	—	35,728
Impairment loss	3,227	253	5,780	—	9,260	1,674	10,935
Capital expenditures	1,697	61,959	4,952	23,937	92,547	12,789	105,336

- (Notes)
1. Elimination or adjustment of operating income (loss) is an adjustment of intersegment transactions.
 2. Corporate assets within total assets that are included in elimination or adjustment are ¥216,415 million, consisting mainly of surplus funds managed by NGK (cash and securities), long-term investment funds (investment securities) and assets related to administrative divisions.
 3. Elimination or adjustment of capital expenditures is an increase at head office divisions.

[Related information]

Year ended March 31, 2020

Information about geographical areas

Sales

(Millions of yen)

Sales to customers	Japan	North America			Europe			Asia			Others	Total
		Total	USA	Others	Total	Germany	Others	Total	China	Others		
	132,151	90,114	86,016	4,098	111,593	54,491	57,102	92,573	47,881	44,692	15,522	441,956

(Note) Sales are attributed to countries based on the location of the customers.

Year ended March 31, 2019

Information about geographical areas

Sales

(Millions of yen)

Sales to customers	Japan	North America			Europe			Asia			Others	Total
		Total	USA	Others	Total	Germany	Others	Total	China	Others		
	134,140	101,458	95,473	5,984	110,722	60,080	50,642	98,942	46,660	52,281	18,240	463,504

(Note) Sales are attributed to countries based on the location of the customers.

(Per Share Information)

	Year ended March 31, 2020	Year ended March 31, 2019
Net worth per share	1,448.62 yen	1,483.98 yen
Profit per share	84.73 yen	110.35 yen
Diluted profit per share	84.60 yen	110.17 yen

(Note) The basis for calculation of profit per share and diluted profit per share is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Profit per share		
Profit attributable to owners of parent (Millions of yen)	27,135	35,506
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit on common stock (Millions of yen)	27,135	35,506
Average number of shares of common stock over the period (Thousand shares)	320,252	321,772
Diluted profit per share		
Adjustment to profit (Millions of yen)	—	—
Increase in common shares (Thousand shares)	509	523
(Stock options in the form of stock acquisition rights)	(509)	(523)
Summary of potentially dilutive shares not included in the calculation of diluted profit per share due to their anti-dilutive effect	—	—

(Significant Subsequent Event)

Not applicable