

# Supplementary Material for Consolidated Financial Result for the Six Months Ended September 30, 2022

October 28, 2022  
NGK INSULATORS, LTD.

[After inter-segment elimination]

□ April Announcement

□ April Announcement

|   | FY2021<br>1st half     |       | FY2022<br>1st half |       | YOY  | FY2021<br>Full-Year    |       | FY2022<br>Full-Year |       | YOY  |
|---|------------------------|-------|--------------------|-------|------|------------------------|-------|---------------------|-------|------|
|   | Results                | Ratio | Results            | Ratio |      | *Results               | Ratio | Forecast            | Ratio |      |
| Net Sales                                     | Bil. yen<br><b>250</b> | 100%  | Bil. yen<br>275    | 100%  | +10% | Bil. yen<br><b>510</b> | 100%  | Bil. yen<br>580     | 100%  | +14% |
| <Overseas Sales>                              | <190>                  | 76%   | <209>              | 76%   | +10% | <386>                  | 76%   | <440>               | 76%   | +14% |
| Operating Income                              | <b>46</b><br>18%       |       | 41<br>14%          |       | -15% | <b>84</b><br>16%       |       | 90<br>13%           |       | -7%  |
| Environment Business<br>("EN"Business)        | <b>148</b>             | 59%   | 154                | 56%   | +4%  | <b>293</b>             | 57%   | 325                 | 57%   | +13% |
| Operating Income                              | <b>37</b><br>25%       |       | 31<br>17%          |       | -29% | <b>65</b><br>22%       |       | 65<br>18%           |       | -11% |
| Digital Society Business<br>("DS"Business)    | <b>72</b>              | 29%   | 85                 | 32%   | +23% | <b>150</b>             | 29%   | 180                 | 30%   | +16% |
| Operating Income                              | <b>10</b><br>14%       |       | 12<br>16%          |       | +37% | <b>20</b><br>13%       |       | 27<br>13%           |       | +11% |
| Energy & Industry Business<br>("E&I"Business) | <b>31</b>              | 12%   | 36                 | 12%   | +8%  | <b>67</b>              | 13%   | 75                  | 13%   | +13% |
| Operating Income                              | <b>(1)</b><br>(-)      |       | (2)<br>(-)         |       |      | <b>(1)</b><br>(-)      |       | (2)<br>(-)          |       |      |

|  | Ratio             |    | Ratio            | YOY  |                      | Ratio |                      | Ratio | YOY  |
|--|-------------------|----|------------------|------|----------------------|-------|----------------------|-------|------|
| Ordinary Income                                    | 18%               | 39 | 13%              | -21% | 86                   | 17%   | 88                   | 13%   | -14% |
| Net Income Attributable<br>to Owners of the Parent | 13%               | 28 | 10%              | -17% | 71                   | 14%   | 65                   | 11%   | -14% |
| R O E  | —                 | —  | —                |      | <b>12.9%</b>         |       | <b>9.9%</b>          |       |      |
| E P S  | <b>101.86 yen</b> |    | <b>85.06 yen</b> |      | <b>226.56 yen</b>    |       | <b>196.62 yen</b>    |       |      |
| Dividend per share and<br>Dividend Payout Ratio    | <b>30 yen</b>     |    | <b>33 yen</b>    |      | <b>63 yen, 27.8%</b> |       | <b>66 yen, 33.6%</b> |       |      |

|                                  |            |            |            |            |
|----------------------------------|------------|------------|------------|------------|
| Foreign Exchange Rate (Yen/US\$) | <b>110</b> | <b>133</b> | <b>113</b> | <b>137</b> |
| Foreign Exchange Rate (Yen/Euro) | <b>131</b> | <b>139</b> | <b>131</b> | <b>137</b> |

|                      |           |     |           |     |      |           |     |    |    |      |
|----------------------|-----------|-----|-----------|-----|------|-----------|-----|----|----|------|
| Capital Expenditures | <b>16</b> | 7%  | <b>20</b> | 7%  | +21% | <b>38</b> | 7%  | 59 | 9% | +39% |
| Depreciation Costs   | <b>24</b> | 10% | <b>27</b> | 10% | +10% | <b>49</b> | 10% | 53 | 9% | +10% |
| R&D Expenses         | <b>11</b> | 4%  | <b>12</b> | 4%  | +10% | <b>24</b> | 5%  | 26 | 5% | +13% |

\*Business segments have been changed since the beginning of FY2022.

With this change, operating results for FY2021 have also been reclassified into the same segments.

Business segments have been reorganized to three from four, dissolving the Process Technology Business.

The Ceramics Business has been renamed the Environment Business ("EN Business").

The Electronics Business has been dissolved and reorganized into the Digital Society Business ("DS Business") composed of SPE related, Electronics components, and Metal-related.

The Energy Infrastructure Business has been dissolved and reorganized into the Energy & Industry Business ("E&I Business") composed of Energy Storage, Insulators and Industrial Processes.

## The points for the consolidated financial results for the first half of FY 2022 — An increase in sales and a decrease in operating income

(1) Summary of business results by segment

- 【EN Business】 — Sales increased; operating income decreased
  - Automotive related While sales increased due to the weak yen, operating income decreased due to that a decline in demand caused by China lockdown and that soaring raw material and energy prices.
- 【DS Business】 — Increases in sales and operating income
  - SPE related Higher sales and income due to robust capital investments in semiconductor foundries.
  - Electronics components Sales increased due to higher demand mainly for crystal packages.
- 【E&I Business】 — Sales increased; operating loss continued
  - Energy Storage The shipments were sluggish as no large deal. Deficit continued due to soaring material prices.
  - Insulators Despite sales increased due to the positive effect of the weak yen, operating income decreased due to soaring raw material and energy prices.

(2) Exchange Rate Effects Sales increased 19.1 billion yen and operating income increased 7.2 billion yen year on year (110 yen/US\$ and 131 yen/Euro in the first half of FY2021, 133 yen/US\$ and 139 yen/Euro in the first half of FY2022.)

(3) Refund of income taxes In response to the completion of the tax audits on transfer pricing taxation, the estimated tax amount of 4.1 billion yen that had been recorded since FY2015 was reversed.

## The points for the full-year forecasts for consolidated financial statements — An increase in sales and a decrease in operating income

(1) Summary of forecasts by segment

- 【EN Business】 — Sales increase; operating income decreases
  - Automotive related Sales are expected to increase due to tightening emission regulations and the positive effect of the weak yen despite a decline in sales of trucks in China. Operating income decreases due to higher labor costs and soaring raw material and energy prices as a result of inflation.
- 【DS Business】 — Increases in sales and operating income
  - SPE related The latest demand are assumed to be weak due to that a downward tendency in semiconductor capital investments and that new China export regulations for advanced semiconductors by the U.S.. Compared to the previous fiscal year, sales and income are expected to increase due to the weak yen.
  - Electronics components Sales of crystal packages and ceramic packages for base stations will increase; sales of piezoelectric elements for HDDs are expected to decrease due to the sharp decline in data centers investment caused by economic slowdown.
- 【E&I Business】 — Sales increases; operating loss continues
  - Energy Storage Deficit will continue as it takes time to realize and expand the business model that utilizes NAS@ batteries.
  - Insulators Sales are expected to increase due to the positive effect of the weak yen and improving sales prices. Income is to be the same level as the previous year due to soaring raw material and energy prices.
  - Industrial Processes Sales are expected to increase as demands for industrial heating systems for electronic components and lithium-ion battery cathode materials expand.

(2) Exchange Rate Effects  
•Year-on-year Sales to increase 39.3 billion yen and operating income to increase 16.6 billion yen year on year (113 yen/US\$ and 131 yen/Euro in FY2021, 137 yen/US\$ and 137 yen/Euro in FY2022.)  
(Assumed exchange rates in the second half of FY2022 : 140yen /US\$ and 135 yen/Euro)

•Effects of a yen change in exchange rates in 2nd half  
US\$ : Sales 0.7 billion yen and operating income 0.3 billion yen  
Euro: Sales 0.3 billion yen and operating income 40 million yen  
(3) Refund of income taxes In addition to the reversal of estimated tax of 4.1 billion yen recorded in the first half of FY2022, as a result of the revision of the correction in October, 2022 the amount of approximately 7.7 billion yen is to be refunded, and the amount will be recorded as a positive factor for net income.

(4) Dividend Forecast An interim dividend of 33 yen (resolved), a year-end dividend of 33 yen (planned), total dividend will be 66 yen.

(5) Sustainable Finance Eighth Series of NGK INSULATORS, LTD. Unsecured Straight Bonds are scheduled to be issued. Issuance amount : 5 billion yen Issuance date : November, 2022 onwards Maturity : 5 years

(6) Acquisition of own shares and cancellation of treasury shares  
Up to 5.5 million shares or Up to 10 billion yen Acquisition method: Market purchases  
Acquisition period: From October 31, 2022 to February 28, 2023  
Schedule date of cancellation : March 31, 2023 (planned)