

FY2022 Results (from April 1, 2022 to March 31, 2023) Supplementary Data

April 28, 2023
NGK INSULATORS, LTD.

[After inter-segment elimination]

□ March 2023 Announcement

	FY2021 Year		FY2022 Year			FY2023 Year			
	* Results	Ratio	Results	Ratio	YOY	Forecasts	Ratio	YOY	
Net Sales	Bln. yen 510	100%	550	559	100%	+10%	565	100%	+1%
<Overseas Sales>	<386>	76%	<430>	77%	+11%		<430>	76%	+0%
Operating Income (%)	84 (16%)		65 (12%)	67 (12%)	-20%		56 (10%)		-16%
Environment Business ("EN" Business)	293	57%	310	321	57%	+10%	335	59%	+4%
Operating Income (%)	65 (22%)		49 (16%)	51 (16%)	-22%		51 (15%)		+1%
Digital Society Business ("DS" Business)	150	29%	165	163	29%	+9%	147	26%	-10%
Operating Income (%)	20 (13%)		18 (11%)	18 (11%)	-12%		5 (3%)		-72%
Energy & Industry Business ("E&I" Business)	67	13%	75	75	13%	+12%	83	15%	+10%
Operating Income (%)	(1) (-)		(2) (-)	(2) (-)	-		0 (0%)		-

	Ratio	Ratio	YOY	Ratio	YOY				
Ordinary Income	86	17%	63	66	12%	-24%	53	9%	-20%
Net Income Attributable to Owners of the Parent	71	14%	51	55	10%	-22%	39	7%	-30%
R O E	12.9%		9.0%				6.0%		
E P S	226.56yen		177.47yen				125.67yen		
Dividend per share and Dividend Payout Ratio	63yen, 27.8%		66yen, 37.2%				50yen, 39.8%		

Foreign Exchange Rate (Yen/USD)	113	135	130
Foreign Exchange Rate (Yen/Euro)	131	141	140

Capital Expenditures	38	7%	44	8%	+15%	66	12%	+51%
Depreciation Costs	49	10%	54	10%	+9%	57	10%	+6%
R&D Expenses	24	5%	26	5%	+11%	31	5%	+19%

FY2022 Results — Income Decreased Year on Year, Despite Record-High Sales due to the Effect of the Weak Yen

① Summary of business results by segment

[EN Business] — Sales increased; income decreased
 •Automotive related Although there was the impact of restrictions on economic activities in China, sales increased primarily due to the positive effect of the weak yen. Income declined due to soaring labor costs and raw material and fuel prices caused by inflation.

[DS Business] — Sales increased; income decreased
 •SPE related ※ Sales and income increased due to the effect of the weak yen, although demand declined due to the stagnation in semiconductor investment that manifested itself in the second half.
 •Electronics components Sales and income decreased as a result of a decline in demand against the background of not only sluggish sales of smartphones but also shrinking investment in data centers that became obvious from the second half of the fiscal year.

[E&I Business] — Sales increased; losses continued
 •Energy Storage Losses stayed due to soaring raw material and fuel prices despite an increase in shipments mainly in Japan.
 •Insulators Sales and income increased mainly due to an increase in overseas projects and sales price revisions.
 •Industrial Processes Sales increased due to stronger demand for industrial heating systems for Lithium-ion battery cathode materials.

② Exchange Rate Effects Sales increased 37.9 billion yen and operating income increased 15.5 billion yen year on year (113 yen/ USD and 131 yen/ Euro in FY2021. 135 yen/ USD and 141 yen/ Euro in FY2022.)

③ Extraordinary Loss In addition to extraordinary losses resulting from the optimization of production capacity in the Environment Business, impairment losses related to the termination of the manufacturing and sales of insulator products at the Chita Site were recorded.

④ Refund of income taxes Recorded corporate income tax refunds and the reversal of estimates related to transfer price taxation (a total of 11.8 billion yen)

※ SPE related...Products for semiconductor manufacturing

Forecasts for FY2023 — The EN Business Remains Firm and Posting Record-High Sales, But Income Decreases due to the Poor Performance of the DS Business in the First Half of the Fiscal Year.

① Summary of forecasts by segment

[EN Business] — Sales increase; income will be almost unchanged
 •Automotive related Sales will increase due to an increase in demand for various products resulting from more stringent emission standards, coupled with a recovery in automotive production against the background of an easing of component shortages including semiconductors. Income is expected to remain almost unchanged from the previous fiscal year due to higher labor costs and raw material and fuel prices caused by inflation.

[DS Business] — Decreases in sales and income
 •SPE related Sales and income are expected to decline as demand in the first half of the fiscal year will fall considerably primarily due to curtailment of investment in semiconductors and the tightening of U.S. export controls. Demand is expected to pick up from the second half.
 •Electronics components A contraction of investment in data centers and sluggish sales of smartphones will continue in the first half of the fiscal year. But sales on a full-year basis are forecast to reach the level of the previous year as the market will recover in the second half. Sales are expected to be almost unchanged, but income declined due to a rise in raw material and fuel prices.

[E&I Business] — Sales increase; losses reduce
 •Energy Storage Although shipments will increase for domestic and overseas users, the deficit is expected to persist due to a rise in raw material and fuel prices.
 •Insulators Both sales and income are expected to be on the same level as the previous year through carrying out sales price revisions despite a fall in export projects.
 •Industrial Processes Sales and income will increase due to stronger demand for industrial heating systems for Lithium-ion battery cathode materials.

② Exchange Rate Effects
 •Year-on-year Sales to decrease 6.9 billion yen and operating income to decrease 0.8 billion yen year on year (135 yen/ USD and 141 yen/ Euro in FY2022. 130 yen/ USD and 140 yen/ Euro in FY2023.)

•Effects of a yen change in exchange rates per year
 USD : Sales 1.3 billion yen and operating income 0.5 billion yen
 Euro : Sales 0.6 billion yen and operating income 60 million yen

③ R&D Expenses Expected a record high of 31 billion yen about 70% will be invested in carbon-neutral digital society-related projects to accelerate development.

④ Dividend Forecast An interim dividend of 25 yen, a year-end dividend of 25 yen (planned), total dividend will be 50 yen.

*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.

[After inter-segment elimination]

	FY2021 1st half		FY2022 1st half		FY2023 1st half		YOY
	* Results	Ratio	Results	Ratio	Forecasts	Ratio	
	Bln. yen		Bln. yen		Bln. yen		
Net Sales	250	100%	275	100%	265	100%	-4%
<Overseas Sales>	<190>	76%	<211>	77%	<200>	75%	-5%
Operating Income	46		39		25		-36%
(%)	(18%)		(14%)		(9%)		
Environment Business ("EN" Business)	148	59%	153	56%	166	63%	+8%
Operating Income	37		26		26		-1%
(%)	(25%)		(17%)		(16%)		
Digital Society Business ("DS" Business)	72	29%	88	32%	64	24%	-27%
Operating Income	10		14		0		-
(%)	(14%)		(16%)		(0%)		
Energy & Industry Business ("E&I" Business)	31	12%	33	12%	35	13%	+5%
Operating Income	(1)		(1)		(1)		-
(%)	(-)		(-)		(-)		

		Ratio		Ratio		Ratio	YOY
Ordinary Income	44	18%	35	13%	23	9%	-33%
Net Income Attributable to Owners of the Parent	32	13%	27	10%	16	6%	-40%

Foreign Exchange Rate (Yen/USD) **110** **133** **130**Foreign Exchange Rate (Yen/Euro) **131** **139** **140**

Capital Expenditures	16	7%	20	7%	32	12%	+61%
Depreciation Costs	24	10%	27	10%	28	11%	+6%
R&D Expenses	11	4%	12	4%	15	6%	+26%

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

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