

Supplementary Material for Consolidated Financial Result for the Six Months Ended September 30, 2023

October 27, 2023
NGK INSULATORS, LTD.

[After inter-segment elimination]

□ April Announcement

□ April Announcement

	FY2022 1st half		FY2023 1st half		YOY	FY2022 Full-Year		FY2023 Full-Year		YOY
	Results	Ratio	Results	Ratio		Results	Ratio	Forecast	Ratio	
Net Sales	Bln. yen 275	100%	265 283	100%	+3%	Bln. yen 559	100%	565 575	100%	+3%
<Overseas Sales>	<211>	77%	<221>	78%	+5%	<430>	77%	<450>	78%	+5%
Operating Income	39 14%		25 32 11%		-16%	67 12%		56 62 11%		-7%
Environment Business ("EN"Business)	153	56%	166 180	64%	+17%	321	57%	335 351	61%	+9%
Operating Income	26 17%		26 32 18%		+23%	51 16%		51 60 17%		+18%
Digital Society Business ("DS"Business)	88	32%	64 66	23%	-25%	163	29%	147 140	24%	-14%
Operating Income	14 16%		0 1 1%		-95%	18 11%		5 2 1%		-89%
Energy & Industry Business ("E&I"Business)	33	12%	35 37	13%	+11%	75	13%	83 84	15%	+12%
Operating Income	(1) (-)		(1) (1) (-)			(2) (-)		0 0 0%		

	Ratio	Ratio	Ratio	YOY	Ratio	Ratio	Ratio	YOY		
Ordinary Income	35	13%	23 29	10%	-16%	66	12%	53 58	10%	-12%
Net Income Attributable to Owners of the Parent	27	10%	16 18	6%	-31%	55	10%	39 39	7%	-29%
ROE	—		—			9.0%		6.1%		
EPS	85.06yen		59.35yen			177.47yen		128.26yen		
Dividend per share and Dividend Payout Ratio	33yen		25yen			66yen,37.2%		50yen,39.0%		

Foreign Exchange Rate (Yen/US\$)	133		141			135		141	
Foreign Exchange Rate (Yen/Euro)	139		154			141		152	

Capital Expenditures	20	7%	23	8%	+18%	44	8%	66 56	10%	+28%
Depreciation Costs	27	10%	28	10%	+5%	54	10%	57 56	10%	+4%
R&D Expenses	12	4%	15	5%	+22%	26	5%	31 32	6%	+22%

The points for the consolidated financial results for the first half of FY 2023
— An increase in sales and a decrease in income year on year

- ① Summary of business results by segment
- 【EN Business】 — Increases in sales and income
 ・Automotive related Both sales and income increased due to a rise in demand resulting from higher sales quantities of trucks in China in addition to a recovery in automotive production against the background of an easing of component shortages including semiconductors.
- 【DS Business】 — Decreases in sales and income
 ・SPE related ※ Both sales and income decreased due to lower demand caused by the stagnation of investment in semiconductors.
 ・Electronics components Sales decreased due to a fall in demand for piezoelectric elements for HDDs resulting from the stagnation of investment in data centers.
- 【E&I Business】 — Sales increased; losses decreased
 ・Insulators Sales increased due to steady demand in U.S. in addition to sales price revisions.
 ・Industrial Processes Sales increased due to a rise in demand for Industrial heating systems for Lithium-ion battery cathode materials.
- ② Exchange Rate Effects Sales increased 9.4 billion yen and operating income increased 2.6 billion yen year on year (133 yen/ USD and 139 yen/ Euro in the first half of FY2022. 141 yen/ USD and 154 yen/ Euro in the first half of FY2023.)

※ SPE related...Products for semiconductor manufacturing

The points for the full-year forecasts for consolidated financial statements
— An increase in sales and a decrease in income year on year
The April announcement is revised upward, and Sales are reaching record-high

- ① Summary of forecasts by segment
- 【EN Business】 — Increases in sales and income
 ・Automotive related Both sales and income are expected to increase mainly due to a recovery in automotive production coupled with an easing of component shortages which continued from the first half of the fiscal year, higher sales volumes of trucks in China and the positive effect of the weaker yen.
- 【DS Business】 — Decreases in sales and income
 ・SPE related Both sales and income are expected to decrease due to a decline in demand as reduced investments in semiconductors will continue and market recovery will be delayed further than assumed at the beginning of the fiscal year. Demand is forecast to recover on a full-scale basis from the next fiscal year onwards.
- ・Electronics components Sales are expected to decrease and the business will fall into the red due to lower demand as investments in data centers will reduce, sluggish sales of smartphones will continue, and the timing of recovery will be delayed further than assumed at the beginning of the fiscal year.
- 【E&I Business】 — Higher sales, breakeven as a deficit decreases
 ・Insulators Both sales and income are expected to increase due to steady demand underpinned by plans for expanding and reinforcing transmission networks in U.S. in addition to revisions of sales prices.
- ・Energy Storage The deficit is expected to stay mainly due to a rise in material prices despite increasing inquiries globally.
- ② Exchange Rate Effects
 ・Year-on-year Sales to increase 13.8 billion yen and operating income to increase 3.9 billion yen year on year (135 yen/ USD and 141 yen/ Euro in FY2022. 141 yen/ USD and 152 yen/ Euro in FY2023.)
 (Assumed exchange rates in the second half of FY2023 : 140 yen/ USD and 150 yen/ Euro)
 ・Effects of a yen change in exchange rates in 2nd half
 USD : Sales 0.5 billion yen and operating income 0.16 billion yen
 Euro : Sales 0.3 billion yen and operating income 0.0 billion yen
- ③ Dividend Forecast An interim dividend of 25 yen (resolved), a year-end dividend of 25 yen (planned), total dividend will be 50 yen.
- ④ Sustainable Finance Ninth Series of NGK INSULATORS, LTD. Unsecured Straight Bonds are scheduled to be issued. Issuance amount : 10 billion yen Issuance date : November, 2023 onwards Maturity : 5 years
- ⑤ Acquisition of treasury shares Up to 8.5 million shares or Up to 15 billion yen Acquisition method : Market purchases Acquisition period : From October 30, 2023 to February 29, 2024