

The following statement is an English translation of the original Japanese document provided for your convenience.  
In the event of any discrepancy between this translation and the Japanese original, the original is presumed to be correct.



## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 [Japanese GAAP]

January 31, 2024

Company name: **NGK INSULATORS, LTD.**

Stock exchange listings: Tokyo and Nagoya

Stock code: 5333

URL: <https://www.ngk-insulators.com/en/>

Representative: (Title) President (Name) Shigeru Kobayashi

Contact: (Title) General Manager, Finance & Accounting Department. (Name) Hideaki Tsukui (TEL) +81-52-872-7230

Scheduled date of the filing quarterly report: February 7, 2024

Scheduled date of commencing of dividend payments: —

Availability of supplementary explanatory materials prepared for financial results: None

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 Nine Months Ended December 31, 2023 (from April 1, 2023, to December 31, 2023)

#### (1) Consolidated Operating Results

% represents increase (decrease) from the previous period

Fiscal Year ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2023	422,527	1.8	50,317	(12.6)	47,447	(15.6)	33,876	(34.4)
December 31, 2022	415,081	11.6	57,589	(10.8)	56,227	(11.3)	51,636	11.4

(Note) Comprehensive income: Nine months ended December 31, 2023 ¥58,093 million (16.1) %  
: Nine months ended December 31, 2022 ¥69,260 million 24.9%

Fiscal Year ended	Net income per share	Diluted net income per share
December 31, 2023	Yen 111.00	Yen 110.82
December 31, 2022	Yen 165.90	Yen 165.62

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2023	1,075,478	668,082	61.4
March 31, 2023	1,029,168	642,446	61.7

(Reference) Equity: As of December 31, 2023 ¥660,646 million  
: As of March 31, 2023 ¥635,447 million

## 2. Dividend Payments

	Cash dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2023	—	33.00	—	33.00	66.00
Fiscal Year ending March 31, 2024	—	25.00			
Fiscal Year ending March 31, 2024 (forecast)			—	25.00	50.00

(Note) Revision of dividend forecasts during this period: None

## 3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

% represents increase (decrease) from the previous period

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal Year ending March 31, 2024	575,000	2.8	62,000	(7.1)	58,000	(12.0)	39,000	(29.2)	128.26

(Note) Revision of forecasts of consolidated financial results during this period: None

## Notes

(1) Changes in significant subsidiaries during nine months ended December 31, 2023: None

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

(4) Number of shares outstanding (Common Shares)

(i) Number of shares outstanding at period end including treasury shares	December 31, 2023	311,956,996 shares	March 31, 2023	311,829,996 shares
(ii) Number of treasury shares at period end	December 31, 2023	14,033,845 shares	March 31, 2023	5,539,120 shares
(iii) Average number of shares outstanding over period	December 31, 2023	305,185,431 shares	December 31, 2022	311,250,672 shares

**\* The report of the quarterly financial results is not subject to the quarterly review by certified public accountant or audit firm**

**\* Explanation about the appropriate use of the business forecasts and other notes**

This document contains forward-looking statements that are based on information and certain assumptions that NGK INSULATORS, LTD. (hereinafter referred to as "the Company") has acquired and deemed reasonable as of the time of the release and the Company 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. For the basis of presumption of the business forecast and the notes on its use, please refer to "1. Qualitative Information on Quarterly Financial Statements, (3) Explanation of Forward-looking Statements including Forecasts for Consolidated Financial Statements" on page 2 of the Appendix.

**Contents of Appendix**

<b>1. Qualitative Information on Quarterly Financial Statements</b> .....	<b>2</b>
(1) Explanation of Business Results .....	2
(2) Explanation of Financial Position .....	2
(3) Explanation of Forward-looking Statements including Forecasts for Consolidated Financial Statements .....	2
<b>2. Consolidated Financial Statements and Notes</b> .....	<b>3</b>
(1) Consolidated Balance Sheet .....	3
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	5
Consolidated Statement of Income .....	5
Consolidated Statement of Comprehensive Income .....	6
(3) Notes to Consolidated Financial Statements .....	7
(Note on the Assumption as a Going Concern) .....	7
(Significant Changes in Stockholder's Equity) .....	7
(Other Notes) .....	7
(Segment Information) .....	8
(Revenue Recognition) .....	9
(Significant Subsequent Event) .....	11

## 1. Qualitative Information on Quarterly Financial Statements

### (1) Explanation of Business Results

In the nine months ended December 31, 2023, the Japanese economy made a moderate recovery due to improvements in the employment and income environments in addition to progress in the normalization of economic and a pickup in private consumption expenditures, despite the capital investment was slowing down. Overseas, although the economic recovery in China was slowing down as the real estate market stagnated, the economy recovered moderately due to a strong consumption mainly in the U.S. However, the outlook remains uncertain mainly due to prolonged monetary tightening across the world, the trend of the Chinese economy and the situation in Middle East and Ukraine.

Under these circumstances, the Environment Business of the Group increased shipments of automotive-related products mainly for the Chinese market largely due to a recovery in the automotive production volume against the background of an easing of component shortages including semiconductors, and stricter exhaust gas emission regulations. In the Digital Society Business, shipments of components for semiconductor manufacturing equipment and electronic components, declined primarily due to the continued reduction in investments in semiconductors and data centers. In the Energy & Industry Business, shipments of products for industrial processes such as industrial heating system decreased, despite an increase shipment of insulators in U.S.

As a result, net sales in the nine months ended December 31, 2023, increased 1.8% year-on-year to ¥422,527 million, due to the positive effect of the depreciation of the yen and an increase in sales of the automotive-related products, despite a decrease shipment of components for semiconductor manufacturing equipment. With regard to profits, operating income decreased 12.6% year on year to ¥50,317 million due to a decrease shipment of components for semiconductor manufacturing equipment and the impact of rising labor costs and others despite increase shipments of the automotive-related products. Ordinary income decreased 15.6% year on year to ¥47,447 million due to a decline in operating income and foreign exchange losses. Quarterly net income attributable to owners of the parent decreased 34.4% year on year to ¥33,876 million due to a decline in ordinary income and recorded the income taxes-refund and others in the same period of the previous fiscal year.

By segment, net sales increased 15.4% year on year in the Environment Business to ¥267,754 million, and operating income increased 23.3% year on year to ¥49,440 million. In the Digital Society Business, net sales decreased 21.6% year on year to ¥102,066 million. Operating income decreased 91.6% year on year to ¥1,567 million. In the Energy & Industry Business, net sales decreased 0.9% year on year to ¥54,224 million and operating loss was ¥704 million (operating loss of ¥1,208 million in the same period of the previous fiscal year).

### (2) Explanation of Financial Position

As of December 31, 2023, total assets were ¥1,075,478million, an increase of ¥46,310 million from the previous fiscal year-end. This was mainly due to increases in cash and deposits, inventories and tangible assets and others.

Total liabilities increased by ¥20,674 million from the previous fiscal year-end to ¥407,396 million. This was mainly due to increases bonds payable and short-time borrowings despite a decrease in long-term borrowings.

Total net assets stood at 668,082 million, or ¥25,636 million higher than the previous fiscal year-end, due to increases in foreign currency translation adjustment and retained earnings despite a decrease resulting from the acquisition of own shares.

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

With regard to the financial results forecasts for the full year ending March 31, 2024 no revisions have been made to those announced on October 27, 2023 and the previous forecasts remain unchanged. If there is any necessity to revise the full year forecasts, updated information will be disclosed immediately.

Financial results forecasts are based on information that are currently available. Actual results may differ significantly from those in the forecasts due to various factors.

**2. Consolidated Financial Statements and Notes**
**(1) Consolidated Balance Sheets**

(Millions of yen)

	December 31, 2023	March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	190,810	168,447
Notes and accounts receivable-trade, and contract assets	117,478	120,118
Securities	43,822	46,260
Inventories	235,811	214,423
Other	22,039	24,632
Allowance for doubtful accounts	(156)	(162)
Total current assets	609,806	573,718
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	127,267	126,436
Machinery and vehicles, net	172,910	172,418
Other, net	69,919	67,592
Total property, plant and equipment	370,097	366,446
Intangible assets	6,786	6,414
Investments and other assets		
Investment securities	62,844	58,223
Other	26,246	24,668
Allowance for doubtful accounts	(302)	(303)
Total investments and other assets	88,788	82,588
Total non-current assets	465,672	455,449
<b>Total assets</b>	<b>1,075,478</b>	<b>1,029,168</b>

(Millions of yen)

	December 31, 2023	March 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	46,032	44,872
Short-term borrowings	14,041	11,143
Current portion of long-term borrowings	35,694	34,860
Income taxes payable	5,241	4,164
Other	57,643	54,466
<b>Total current liabilities</b>	<b>158,654</b>	<b>149,507</b>
Non-current liabilities		
Bonds payable	52,000	40,000
Long-term borrowings	162,768	167,353
Retirement benefit liability	20,944	20,283
Other	13,028	9,576
<b>Total non-current liabilities</b>	<b>248,741</b>	<b>237,214</b>
<b>Total liabilities</b>	<b>407,396</b>	<b>386,721</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	70,064	69,955
Capital surplus	70,393	70,305
Retained earnings	456,638	440,530
Treasury shares	(25,163)	(10,294)
<b>Total shareholders' equity</b>	<b>571,933</b>	<b>570,496</b>
Accumulated other comprehensive income		
Valuation difference on available -for-sale securities	20,512	17,101
Deferred gains or losses on hedges	11	(9)
Foreign currency translation adjustment	63,234	42,849
Remeasurements of defined benefit plans	4,955	5,009
<b>Total accumulated other comprehensive income</b>	<b>88,713</b>	<b>64,951</b>
Share acquisition rights	865	882
Non-controlling interests	6,570	6,116
<b>Total net assets</b>	<b>668,082</b>	<b>642,446</b>
<b>Total liabilities and net assets</b>	<b>1,075,478</b>	<b>1,029,168</b>

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

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
<b>Net sales</b>	<b>422,527</b>	<b>415,081</b>
Cost of sales	307,239	293,669
<b>Gross profit</b>	<b>115,288</b>	<b>121,411</b>
Selling, general and administrative expenses	64,970	63,822
<b>Operating income</b>	<b>50,317</b>	<b>57,589</b>
Non-operating income		
Interest income	1,091	507
Dividend income	1,353	1,319
Share of profit of entities accounted for using equity method	35	—
Income on valuation of derivatives	317	1,614
Other	928	1,332
Total non-operating income	3,725	4,773
Non-operating expenses		
Interest expense	2,969	2,885
Share of loss of entities accounted for using equity method	—	100
Foreign exchange losses	2,438	971
Loss on liquidation of subsidiaries	48	907
Other	1,140	1,270
Total non-operating expense	6,596	6,135
<b>Ordinary income</b>	<b>47,447</b>	<b>56,227</b>
Extraordinary income		
Gain on sales of non-current assets	124	114
Gain on sales of investment securities	623	1,048
Subsidies income	162	332
Total extraordinary income	910	1,495
Extraordinary losses		
Loss on disposals of non-current assets	311	293
Impairment loss	329	834
Loss on valuation of investment securities	956	—
Total extraordinary losses	1,598	1,128
<b>Income before income taxes</b>	<b>46,759</b>	<b>56,594</b>
Income taxes-current	12,576	14,647
Income taxes-refund	(2)	*1 (7,654)
Income taxes for prior periods	—	*2 (4,100)
Income taxes-deferred	304	1,931
Total income taxes	12,879	4,824
<b>Net income</b>	<b>33,880</b>	<b>51,770</b>
Net income attributable to non-controlling interests	3	134
<b>Net income attributable to owners of the parent</b>	<b>33,876</b>	<b>51,636</b>



**Consolidated Statement of Comprehensive Income**

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2022
<b>Net income</b>	<b>33,880</b>	<b>51,770</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	3,406	375
Deferred gain or loss on hedges	15	186
Foreign currency translation adjustment	20,369	15,738
Defined retirement benefit plans	(154)	333
Share of other comprehensive income of entities accounted for using equity method	576	855
Total other comprehensive income	24,212	17,489
<b>Comprehensive income</b>	<b>58,093</b>	<b>69,260</b>
Comprehensive income attributable to:		
Owners of the parent	57,638	68,880
Non-controlling interests	454	379

### **(3) Notes to Consolidated Financial Statements**

#### **(Note on the Assumption as a Going Concern)**

Not applicable

#### **(Significant Changes in Stockholder's Equity)**

The Company acquired 8,500,000 shares of its own shares based on the resolution at the meeting of the Board of Directors held on October 27, 2023. As a result, during the nine months ended December 31, 2023, treasury shares increased by ¥14,868 million, and as of December 31, 2023, treasury shares stood at ¥25,163 million.

#### **(Other Notes)**

##### **(Consolidated Balance Sheet)**

###### **Contingent liabilities**

(Lawsuit filed against the Company)

On July 6, 2021, a lawsuit was filed against the Company in Nagoya District court and the Company received the complaint on October 29, 2021 that P.T.Paiton Energy ("Paiton"), its insurance companies and their reinsurer companies ("the plaintiffs") filed a claim against the Company for compensation for damages of US\$151,392,337.48 (¥16,828,772,234) and the amount of the relevant delay charges. Thereafter, the plaintiffs issued petition for amendment of claim on January 11, 2022, the amount of the claim increased by US\$41.36 (¥4,796) to US\$151,392,378.84 (¥16,828,777,030) and the relevant delay charges.

In January 2018, a fire incident allegedly occurred in a transformer ("Transformer") installed in a thermal power plant ("Power Plant") in Indonesia operated by Paiton. In connection with this accident, the plaintiffs filed a claim against the Company for damages and relevant delay charges based on alleged product liability and torts.

The Company is a distributor of the bushing (manufactured in 2010) incorporated in the Transformer. The Company delivered the bushing to a third-party transformer manufacturer that incorporated the same into the Transformer. The Transformer was then delivered to the Power Plant through a plant engineering manufacturer.

The Company believes that it is not liable for the incident described above. Therefore, the Company will take necessary actions in response to the claim to demonstrate the quality of the bushings and the adequacy of the Company's operations.

The Company will make timely disclosures in relation to this lawsuit upon the occurrence of any incident that may have a material impact on the Company's financial results.

The number in yen terms for the damage compensation in the text is the amount stated in the complaint and is converted into yen at a different exchange rate from that used by the Company to prepare the consolidated financial statements.

##### **(Consolidated Statement of Income)**

###### **\*1. Income taxes-refund**

Nine months ended December 31, 2022 (from April 1, 2022, to December 31, 2022)

In December 2019, the Company filed an appeal with the Tokyo District Court contesting a transfer pricing correction (the "Correction") made in June 2017 by the Nagoya Regional Taxation Bureau in relation to transactions the Company conducted with its Polish subsidiary from the fiscal year ended March 31, 2011 to the fiscal year ended March 31, 2015. In October 2022, the Company received a notice of correction from the Nagoya Regional Taxation Bureau stating that the amount of the Correction would be reduced. Accordingly income taxes-refund relating corporate, local refund relating corporate, local and other taxes already paid in the past was recorded.

## \*2. Income taxes for prior periods

Nine months ended December 31, 2022 (from April 1, 2022, to December 31, 2022)

In June 2017, as the Company received a notice of reassessment based on transfer pricing taxation regarding transactions between the Company and its Polish subsidiary, the Company had recorded the estimated tax for each consolidated fiscal year from the fiscal year ended March 2016 as income taxes payable. However, as a result of the completion of tax audits for the fiscal year ended March 2016 and thereafter, the Company reversed the estimated amount that had been recorded.

### (Segment Information)

(1) Nine months ended December 31, 2023 (from April 1, 2023, to December 31, 2023)

(Millions of yen)

	Business Segment				Adjustment	Consolidated
	Environment	Digital Society	Energy & Industry	Total		
Net sales						
Sales to customers	267,749	102,042	52,734	422,527	—	422,527
Intersegment sales	4	24	1,489	1,518	(1,518)	—
Total	267,754	102,066	54,224	424,045	(1,518)	422,527
Operating income	49,440	1,567	(704)	50,303	14	50,317

(Note) The adjustment of ¥14 million to operating income comprises of intersegment transactions.

(2) Nine months ended December 31, 2022 (from April 1, 2022, to December 31, 2022)

(Millions of yen)

	Business Segment				Adjustment	Consolidated
	Environment	Digital Society	Energy & Industry	Total		
Net sales						
Sales to customers	231,975	130,204	52,901	415,081	—	415,081
Intersegment sales	2	18	1,818	1,839	(1,839)	—
Total	231,978	130,222	54,719	416,920	(1,839)	415,081
Operating income	40,089	18,695	(1,208)	57,577	12	57,589

(Note) The adjustment of ¥12 million to operating income comprises of intersegment transactions.

**(Revenue Recognition)**

Disaggregated revenue recognized from contracts with customers

(1) Nine months ended December 31, 2023 (from April 1, 2023, to December 31, 2023)

(Millions of yen)

	Business Segment			Total
	Environment	Digital Society	Energy & Industry	
Major geographical regions				
Japan	22,423	33,696	40,050	96,170
North America	52,162	30,847	8,725	91,735
Europe	99,325	2,898	315	102,539
Asia	88,121	34,474	746	123,343
Others	5,717	125	2,896	8,739
Total	267,749	102,042	52,734	422,527
Major product lines				
Automotive ceramics for exhaust gas purification	220,694	—	—	220,694
Sensors	47,054	—	—	47,054
SPE related (Components for semiconductor production equipment)	—	63,990	—	63,990
Electronics components	—	18,901	—	18,901
Metal related	—	19,150	—	19,150
Energy storage	—	—	1,387	1,387
Insulators	—	—	35,196	35,196
Industrial processes	—	—	16,151	16,151
Total	267,749	102,042	52,734	422,527
Timing of revenue recognition				
Goods and services transferred at a point in time	267,749	102,042	44,409	414,201
Goods and services transferred over time	—	—	8,325	8,325
Total	267,749	102,042	52,734	422,527

(2) Nine months ended December 31, 2022 (from April 1, 2022, to December 31, 2022)

(Millions of yen)

	Business Segment			Total
	Environment	Digital Society	Energy & Industry	
Major geographical regions				
Japan	21,696	38,809	36,168	96,674
North America	48,386	49,223	6,659	104,269
Europe	87,250	2,908	352	90,510
Asia	71,203	39,196	6,509	116,909
Others	3,438	66	3,212	6,717
Total	231,975	130,204	52,901	415,081
Major product lines				
Automotive ceramics for exhaust gas purification	190,225	—	—	190,225
Sensors	41,749	—	—	41,749
SPE related (Components for semiconductor production equipment)	—	86,814	—	86,814
Electronics components	—	22,981	—	22,981
Metal related	—	20,408	—	20,408
Energy storage	—	—	1,865	1,865
Insulators	—	—	31,858	31,858
Industrial processes	—	—	19,177	19,177
Total	231,975	130,204	52,901	415,081
Timing of revenue recognition				
Goods and services transferred at a point in time	231,975	130,204	43,797	405,977
Goods and services transferred over time	—	—	9,103	9,103
Total	231,975	130,204	52,901	415,081

### (Significant Subsequent Event)

(Changes in Business Segment)

The Company decided to change the categories of its business segment at the meeting of the directors of the company held on January 31, 2024. The change of organization effective on April 1, 2024, the Industrial Process Business which included in the “Energy & Industry” has been changed to the “Environment” from the fiscal year ending March 31, 2025.

Listed below are main products of the respective new business segments.

Business Segment	Main products
Environment	Automotive ceramics for exhaust gas purification and sensors, corrosion-resistant ceramic apparatuses, for chemical industries, gas analyzer, industrial heating systems, refractory products and radioactive waste treatment systems
Digital Society	Components for semiconductor manufacturing equipment, electronics components, beryllium copper products, and molds
Energy & Industry	NAS® (sodium-sulfur) batteries, Insulators, hardware for insulator assemblies, current limiting arching horn, bushing shells, fuse cut-outs, APM, line arrester

Amounts of net sales, and income or loss by business segment and disaggregated revenue recognized from contracts with customers for nine months ended December 31, 2023 accordance with the new business segments are as below.

(1) Net sales and income or loss by business segment

Nine months ended December 31, 2023 (from April 1, 2023, to December 31, 2023)

(Millions of yen)

	Business segment				Elimination or Adjustment	Consolidated
	Environment	Digital Society	Energy & Industry	Total		
Net sales						
Sales to customers	283,901	102,042	36,583	422,527	—	422,527
Intersegment sales	145	24	499	669	(669)	—
Total	284,046	102,066	37,083	423,196	(669)	422,527
Operating income	48,684	1,567	65	50,317	0	50,317

(Notes) The adjustment of ¥0 million to operating income comprises of intersegment transactions.

(2) Disaggregated revenue recognized from contracts with customers  
 Nine months ended December 31, 2023 (from April 1, 2023, to December 31, 2023)

(Millions of yen)

	Business Segment			
	Environment	Digital Society	Energy & Industry	Total
Major geographical regions				
Japan	39,133	33,696	23,339	96,170
North America	52,556	30,847	8,331	91,735
Europe	99,385	2,898	255	102,539
Asia	87,057	34,474	1,811	123,343
Others	5,768	125	2,845	8,739
Total	283,901	102,042	36,583	422,527
Major product lines				
Automotive ceramics for exhaust gas purification	220,694	—	—	220,694
Sensors	47,054	—	—	47,054
Industrial processes	16,151	—	—	16,151
SPE related (Component for semiconductor production equipment)	—	63,990	—	63,990
Electronics components	—	18,901	—	18,901
Metal related	—	19,150	—	19,150
Energy storage	—	—	1,387	1,387
Insulators	—	—	35,196	35,196
Total	283,901	102,042	36,583	422,527
Timing of revenue recognition				
Goods and services transferred at a point in time	275,890	102,042	36,268	414,201
Goods and services transferred over time	8,010	—	315	8,325
Total	283,901	102,042	36,583	422,527