

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 Six Months Ended September 30, 2024 [Japanese GAAP]

October 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) Vice President, General Manager, Finance & Accounting Department. (Name) Hideaki Tsukui (TEL) +81-52-872-7230

Scheduled date of the filing semi-annual report: November 8, 2024

Scheduled date of commencing of dividend payments: December 3, 2024

Availability of supplementary explanatory materials prepared for financial results: Yes

Briefing session on financial results to be held: Yes (for securities analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (from April 1, 2024, to September 30, 2024)

(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	%
September 30, 2024	298,352	5.5	39,700	22.2	38,367	32.6	25,869	42.3
September 30, 2023	282,884	3.0	32,485	(16.3)	28,940	(16.2)	18,181	(31.4)

(Note) Comprehensive income: Six months ended September 30, 2024 ¥6,698 million (87.7) %
: Six months ended September 30, 2023 ¥54,576 million (9.5) %

Fiscal Year ended	Net income per share	Diluted net income per share
September 30, 2024	87.02	86.88
September 30, 2023	59.35	59.25

(2) Consolidated Financial Position

As of	Total assets	Net assets	Equity ratio
September 30, 2024	1,105,847	697,244	62.4
March 31, 2024	1,127,576	703,225	61.7

(Reference) Equity: As of September 30, 2024 ¥689,737 million
: As of March 31, 2024 ¥695,425 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, 2024	—	25.00	—	25.00	50.00
Fiscal Year ending March 31, 2025	—	30.00			
Fiscal Year ending March 31, 2025 (forecast)			—	30.00	60.00

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

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

% 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, 2025	620,000	7.1	78,000	17.5	74,000	17.4	53,000	30.7	179.41

(Note) Revision of forecasts of consolidated financial results during this period: Yes

Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: None

(2) Application of special accounting methods for preparing semi-annual 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 : 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 "2. Consolidated Financial Statements and Primary Notes (3) Notes to Consolidated Financial Statements (Changes in Accounting Policy)" on page 8 of the Appendix.

(4) Number of shares outstanding (Common Shares)

(i) Number of shares outstanding at period end including treasury shares	September 30, 2024	311,956,996 shares	March 31, 2024	311,956,996 shares
(ii) Number of treasury shares at period end	September 30, 2024	16,838,621 shares	March 31, 2024	14,029,396 shares
(iii) Average number of shares outstanding over period	September 30, 2024	297,270,289 shares	September 30, 2023	306,327,515 shares

*** The report of the semi-annual financial results is not subject to the review by certified public accountants 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. Overview of Business Results and Others, (3) Explanation of Future Statements including Forecasts for Consolidated Financial Statements" on page 3 of the Appendix.

Contents of Appendix

1. Overview of Business Results and Others	2
(1) Overview of Business Results for the Six Months Ended September 30, 2024	2
(2) Summary of Financial Position for the Six Months Ended September 30, 2024	2
(3) Explanation of Future Statements including Forecasts for Consolidated Financial Statements	3
2. Consolidated Financial Statements and Primary Notes	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Income	6
Consolidated Statement of Comprehensive Income	7
(3) Notes to Consolidated Financial Statements	8
(Changes in Accounting Policy)	8
(Segment Information)	9
(Significant Changes in Stockholder's Equity)	9
(Note on the Assumption as a Going Concern)	9
(Revenue Recognition)	10

1. Overview of Business Results and Others

(1) Overview of Business Results for the Six Months Ended September 30, 2024

In the six months ended September 30, 2024, the Japanese economy continued to recover with solid corporate profits and an increase in personal consumption due to the improved income environments. As for the United States and Europe, overheating of the economy showed signs of calming down and the economy shift moderately due to the change of the monetary policy. Meanwhile, China continued to stagnate due to the prolonged slump in the real estate market and severe employment conditions. The outlook remains uncertain due to ongoing geopolitical tensions overseas and concerns about rising prices of commodities and energy.

Under these circumstances, the Environment Business, shipments of automotive-related products decreased due to adjustments in supply chain inventories resulting from the slowdown in demand for automobiles in China and Southeast Asia. Otherwise, in the Digital Society Business, some shipments of components for semiconductor production equipment were intensive and shipments of piezoceramic actuators for HDDs increased due to strong data center investment. In the Energy & Industry Business, shipments of insulators remained strong due to continued strong investment in power transmission and distribution in Japan and the U.S.

As a result, added with the positive effect of the depreciation of the yen, net sales in the six months ended September 30, 2024, increased 5.5% year-on-year to ¥298,352 million. In terms of profits, operating income increased 22.2% year on year to ¥39,700 million due to an increase in sales and the the positive effect of the depreciation of the yen. Ordinary income increased 32.6% year on year to ¥38,367 million, net income attributable to owners of the parent increased 42.3% year on year to ¥25,869 million.

By segment, net sales decreased 0.4% year on year in the Environment Business to ¥192,530 million, and operating income increased 9.4% year on year to ¥35,310 million. In the Digital Society Business, net sales increased 19.8% year on year to ¥79,142 million. Operating income increased 614.2% year on year to ¥5,250 million. In the Energy & Industry Business, net sales increased 14.4% year on year to ¥27,242 million and operating loss was ¥865 million (operating loss of ¥523 million in the same period of the previous fiscal year).

Effective from the first quarter of the current fiscal year, the Industrial Process Business which included in the “Energy & Industry” has been changed to the “Environment”. Year-on-year figures for each segment were calculated after adjusting the figures for the same period of the previous fiscal year to the revised segment classification.

(2) Summary of Financial Position for the Six Months Ended September 30, 2024

As of September 30, 2024, total assets were ¥1,105,847 million, a decrease of ¥21,729 million from the previous fiscal year-end. This was mainly due to decreases in notes and accounts receivable-trade, and contract assets, and tangible assets despite an increase in cash and deposits.

Total liabilities decreased by ¥15,748 million from the previous fiscal year-end to ¥408,602 million. This was mainly due to decreases in long-term borrowings and deferred tax liabilities included in non-current liabilities despite an increase in short-term borrowings.

Total net assets stood at ¥697,244 million, or ¥5,981 million lower than the previous fiscal year-end, due to decrease in foreign currency translation adjustment.

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

Regarding the full-year forecasts for financial statements, although some shipments of a big project of NAS[®] battery in the Energy & Industry Business are expected to be delayed to the next fiscal year, shipments of components for semiconductor production equipment are expected to be ahead of schedule and piezoceramic actuators for HDDs will continue to be strong in the Digital Society Business. Although net sales are expected to be same as the previous forecast, operating income and ordinary income are expected to exceed the previous forecast due to the changes in the shipment composition. The forecast for net income attributable to owners of parent was left unchanged due to impairment loss on business assets in the package business, for which demand recovery has been delayed.

The assumed exchange rates for the second half of the fiscal year are ¥140 to the U.S. dollar and ¥155 to the euro.
(Average exchange rates for the year: ¥147 to the U.S. dollar and ¥161 to the euro)

Consolidated financial results forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	620,000	75,000	71,000	53,000	(yen) 177.90
Revised forecast (B)	620,000	78,000	74,000	53,000	179.41
Change (B-A)	—	3,000	3,000	—	—
Change (%)	—	4.0	4.2	—	—
For Reference: Results from the previous year (Fiscal year ended March 31, 2024)	578,913	66,397	63,042	40,562	133.65

Financial results forecasts are based on information available at the time of the release, but are subject to many uncertainties. Actual results therefore may vary from forecasts due to changes in business conditions and other factors.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	September 30, 2024	March 31, 2024
Assets		
Current assets		
Cash and deposits	207,114	192,656
Notes and accounts receivable-trade, and contract assets	120,418	134,262
Securities	42,702	50,015
Inventories	245,310	239,063
Other	24,662	26,319
Allowance for doubtful accounts	(162)	(165)
Total current assets	640,044	642,151
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	126,237	129,119
Machinery and vehicles, net	163,906	174,122
Other, net	68,310	68,661
Total property, plant and equipment	358,454	371,903
Intangible assets	6,143	6,659
Investments and other assets		
Investment securities	71,960	76,709
Other	29,690	30,469
Allowance for doubtful accounts	(447)	(317)
Total investments and other assets	101,204	106,862
Total non-current assets	465,802	485,425
Total assets	1,105,847	1,127,576

(Millions of yen)

	September 30, 2024	March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	46,498	50,269
Short-term borrowings	18,828	11,342
Current portion of long-term borrowings	40,688	40,897
Income taxes payable	8,212	6,734
Other	62,084	66,559
Total current liabilities	176,312	175,803
Non-current liabilities		
Bonds payable	52,000	52,000
Long-term borrowings	142,515	155,086
Retirement benefit liability	20,898	20,906
Other	16,876	20,554
Total non-current liabilities	232,290	248,547
Total liabilities	408,602	424,351
Net assets		
Shareholders' equity		
Share capital	70,064	70,064
Capital surplus	70,430	70,397
Retained earnings	469,971	451,550
Treasury shares	(30,355)	(25,155)
Total shareholders' equity	580,110	566,856
Accumulated other comprehensive income		
Valuation difference on available -for-sale securities	34,730	38,845
Deferred gains or losses on hedges	4	6
Foreign currency translation adjustment	67,347	82,250
Remeasurements of defined benefit plans	7,544	7,467
Total accumulated other comprehensive income	109,626	128,569
Share acquisition rights	788	852
Non-controlling interests	6,718	6,947
Total net assets	697,244	703,225
Total liabilities and net assets	1,105,847	1,127,576

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

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Net sales	298,352	282,884
Cost of sales	212,757	207,958
Gross profit	85,595	74,926
Selling, general and administrative expenses	45,894	42,440
Operating income	39,700	32,485
Non-operating income		
Interest income	1,017	667
Dividend income	992	693
Share of profit of entities accounted for using equity method	127	—
Gain on valuation of derivatives	1,422	—
Other	1,140	629
Total non-operating income	4,701	1,989
Non-operating expenses		
Interest expense	1,971	1,978
Foreign exchange losses	3,078	1,264
Loss on valuation of derivatives	—	1,277
Other	984	1,013
Total non-operating expense	6,033	5,534
Ordinary income	38,367	28,940
Extraordinary income		
Gain on sales of non-current assets	89	63
Gain on sales of investment securities	711	196
Subsidies income	149	184
Total extraordinary income	949	443
Extraordinary losses		
Loss on disposals of non-current assets	179	214
Impairment loss	1,621	329
Loss on valuation of investment securities	522	956
Total extraordinary losses	2,323	1,501
Income before income taxes	36,993	27,883
Income taxes-current	11,057	8,976
Income taxes-deferred	83	790
Total income taxes	11,141	9,767
Net income	25,852	18,116
Net loss attributable to non-controlling interests	(16)	(65)
Net income attributable to owners of the parent	25,869	18,181

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023
Net income	25,852	18,116
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,114)	4,369
Deferred gain or loss on hedges	(1)	19
Foreign currency translation adjustment	(15,114)	31,701
Defined retirement benefit plans	76	(14)
Share of other comprehensive income of entities accounted for using equity method	—	383
Total other comprehensive income	(19,154)	36,460
Comprehensive income	6,698	54,576
Comprehensive income attributable to:		
Owners of the parent	6,926	54,081
Non-controlling interests	(228)	495

(3) Notes to Consolidated Financial Statements

(Changes in Accounting Policy)

- Accounting Standard for Current Income Taxes

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter referred to as “Accounting Standard Revised in 2022”) since the beginning of the first quarter of the current consolidated fiscal year.

In the past, the Company recognized corporation tax, municipal tax, business tax, etc. (hereinafter referred to as “income taxes”) in profit (loss) in the amount calculated in accordance with the relevant laws and regulations. However, the Company has chosen to recognize income taxes on income separately in profit (loss), shareholders’ equity, and other comprehensive income, depending on transactions that become the sources of the income tax. Regarding income taxes recognized in accumulated other comprehensive income, the Company has elected to recognize the corresponding tax amount in profit (loss) at the time when the transaction, etc. that caused the income tax to be imposed is recognized in profit (loss).

However, in the case that transactions, etc. are related to shareholders’ equity or other comprehensive income in addition to profit (loss), and that it is difficult to determine the amount of income taxes imposed on shareholders’ equity or other comprehensive income, the Company recognizes the amount of such taxes in profit (loss).

With respect to the revision to the accounting classification of income taxes (taxation on other comprehensive income), the Company follows the transitional treatment provided for in the proviso of Paragraph 20-3 of the Accounting Standard Revised in 2022. The Company has applied the new accounting policy since the beginning of the current fiscal year, and the cumulative amount affected by the retrospective application of the new accounting policy prior to the beginning of the initial year of application is added to or subtracted from retained earnings at the beginning of the initial year of application, and the corresponding amount is added to or subtracted from an appropriate classification among capital surplus, valuation and transaction adjustments or other comprehensive income. The Company follows the transitional treatment provided for in the proviso of Paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as “Implementation Guidance Revised in 2022”). The Company has applied the new accounting policy since the beginning of the current fiscal year, and the cumulative amount affected by the retrospective application of the new accounting policy prior to the beginning of the initial year of application is added to or subtracted from retained earnings at the beginning of the initial year of application, and the corresponding amount is added to or subtracted from capital surplus at the beginning of the fiscal year.

In addition, regarding the revision related to changes in treatment in consolidated financial statements in the case of deferring gains or losses from sales of stocks, etc. of subsidiaries between consolidated companies for tax purposes, the Company has applied the Implementation Guidance Revised in 2022 since the beginning of the first quarter of the current consolidated fiscal year. These changes in accounting policies were applied retrospectively, and the semi-annual consolidated financial statements and consolidated financial statements for the previous semi-annual and fiscal year are those after retroactive application.

During the six months ended September 30, 2024, there were no impact on the semi-annual consolidated financial statements.

- Practical Solution on the Accounting for and Disclosure of Current Taxes Related to Global Minimum Tax Rules, etc.

The Company has applied the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to Global Minimum Rules, etc. (ASBJ PITF No. 46, March 22, 2024; hereafter referred to as “ASBJ PITF”) since the beginning of the first quarter of the current consolidated fiscal year.

The Company follows the transitional treatment in paragraph 7 and paragraph 15 of ASBJ PITF. The Company has not recognized income taxes related to global minimum tax in the six months ended in September 30, 2024.

The result of those changes has no impact on the semi-annual consolidated financial statements.

(Segment Information)

(1) Six months ended September 30, 2024 (from April 1, 2024, to September 30, 2024)

(Millions of yen)

	Business Segment				Adjustment *1	Consolidated *2
	Environment	Digital Society	Energy & Industry	Total		
Net sales						
Sales to customers	192,346	79,142	26,863	298,352	—	298,352
Intersegment sales	183	0	379	563	(563)	—
Total	192,530	79,142	27,242	298,915	(563)	298,352
Operating income	35,310	5,250	(865)	39,696	4	39,700

*1. The adjustment of ¥4 million to operating income comprises of intersegment transactions.

*2. Segment profit(loss) is reconciled to operating income in the semi-annual consolidated statement of operations.

(2) Six months ended September 30, 2023 (from April 1, 2023, to September 30, 2023)

(Millions of yen)

	Business Segment				Adjustment *1	Consolidated *2
	Environment	Digital Society	Energy & Industry	Total		
Net sales						
Sales to customers	193,303	66,063	23,517	282,884	—	282,884
Intersegment sales	84	20	300	406	(406)	—
Total	193,388	66,083	23,818	283,290	(406)	282,884
Operating income	32,273	735	(523)	32,484	0	32,485

*1. The adjustment of ¥0 million to operating income comprises of intersegment transactions.

*2. Segment profit(loss) is reconciled to operating income in the semi-annual consolidated statement of operations.

(3) Changes in Segments

Effective from the first quarter of the current fiscal year, the Industrial Process Business which included in the “Energy & Industry” has been changed to the “Environment”.

Year-on-year figures for reportable business segments were calculated after adjusting the figures for the same period of the previous fiscal year to the revised segment classification.

(Significant Changes in Stockholder's Equity)

The Company acquired 2,971,800 shares of its own shares based on the resolution at the meeting of the Board of Directors held on July 29, 2024. As a result, during the six months ended September 30, 2024, treasury shares increased by ¥5,200 million, and as of September 30, 2024, treasury shares stood at ¥30,355 million.

(Note on the Assumption as a Going Concern)

Not applicable

(Revenue Recognition)

Disaggregated revenue recognized from contracts with customers

Six months ended September 30, 2024 (from April 1, 2024, to September 30, 2024)

(Millions of yen)

	Business Segment			Total
	Environment	Digital Society	Energy & Industry	
Major geographical regions				
Japan	23,806	22,852	16,865	63,524
North America	39,432	20,516	5,423	65,372
Europe	66,883	1,920	832	69,636
Asia	59,272	33,733	1,583	94,589
Others	2,951	119	2,158	5,229
Total	192,346	79,142	26,863	298,352
Major product lines				
Automotive ceramics for exhaust gas purification	148,411	—	—	148,411
Sensors	30,198	—	—	30,198
Industrial processes	13,736	—	—	13,736
SPE related (Components for semiconductor production equipment)	—	50,581	—	50,581
Electronics components	—	15,673	—	15,673
Metal related	—	12,887	—	12,887
Energy storage	—	—	2,417	2,417
Insulators	—	—	24,446	24,446
Total	192,346	79,142	26,863	298,352
Timing of revenue recognition				
Goods and services transferred at a point in time	187,249	79,142	26,310	292,702
Goods and services transferred over time	5,096	—	552	5,649
Total	192,346	79,142	26,863	298,352

Six months ended September 30, 2023 (from April 1, 2023, to September 30, 2023)

(Millions of yen)

	Business Segment			Total
	Environment	Digital Society	Energy & Industry	
Major geographical regions				
Japan	24,997	22,283	15,078	62,359
North America	35,735	21,001	5,500	62,237
Europe	67,467	2,016	204	69,688
Asia	61,528	20,694	667	82,890
Others	3,574	66	2,066	5,708
Total	193,303	66,063	23,517	282,884
Major product lines				
Automotive ceramics for exhaust gas purification	146,967	—	—	146,967
Sensors	32,878	—	—	32,878
Industrial processes	13,457	—	—	13,457
SPE related (Components for semiconductor production equipment)	—	41,753	—	41,753
Electronics components	—	11,695	—	11,695
Metal related	—	12,614	—	12,614
Energy storage	—	—	711	711
Insulators	—	—	22,805	22,805
Total	193,303	66,063	23,517	282,884
Timing of revenue recognition				
Goods and services transferred at a point in time	188,542	66,063	23,291	277,897
Goods and services transferred over time	4,761	—	226	4,987
Total	193,303	66,063	23,517	282,884

(Notes) Effective from the current fiscal year, the Industrial Process Business which included in the “Energy & Industry” has been changed to the “Environment.”

Year-on-year figures for disaggregated revenue recognized from contracts with customers were calculated after adjusting the figures for the same period of the previous fiscal year to the revised segment classification.