FY2026 1st Half Results

(From April 1, 2026 to September 30, 2026)

November 2, 2026

NGK Corporation

President

Shigeru Kobayashi

Agenda

- Summary of Financial 1st Half Results for FY2026
- Forecast for FY2026 (Ending March 31, 2027)
- Forecast for Each Business Segment
- Business Portfolio and the Business Turnaround and Exit Process / NV1000 to NV3000
- R&D / Capital Expenditures & Depreciation Costs
- Summary of Cash Flow
- Capital Policy / Dividend
- Promoting Sustainability Management
- Improving Enterprise Value

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Amounts stated in this document are rounded to the nearest hundred million yen.
As a result, the totals may not necessarily correspond to the sum of the individual figures.

Summary of Financial 1st Half Results for FY2026

(Bln. Yen)	FY2025 1st half	Forecasts In April	FY2026 1st half	YoY Change FX Impact	YoY Change Growth ratio
Net Sales	326.2	350.0	371.3	+17.8	+14%
Operating Income	48.7	53.0	69.9	+7.9	+44%
Ordinary Income	46.7	53.0	70.4		+51%
Net income Attributable to Owners of the Parent	23.9	45.0	60.8		+155%
Exchange Rate USD	147 yen	(150 yen)	160 yen		+12 yen
Exchange Rate EUR	168 yen	(175 yen)	184 yen		+16 yen

Net sales and all income figures significantly exceeded previous first-half record highs.
Gain on sale of investment securities was recorded as extraordinary income.

- **Environment (EN)**: Net sales increased, driven by higher shipments primarily in the U.S. market. Profit increased due to the positive impact of higher sales and cost control measures. The Industrial Process Business also performed solidly, driven by demand for membrane equipment for pharmaceutical water and refractory products for electronic components.
- **Digital Society (DS)**: Sales and income increased significantly year on year. Demand for semiconductors for AI applications increased significantly, with components for semiconductor manufacturing equipment capturing robust demand and shipments of HICERAM Carrier increasing as additional production capacity came online. Demand for piezoelectric elements for HDDs also remained solid, supported by expanding data center investments.
- **Energy & Industry (E&I)**: While sales declined due to the termination of manufacturing and sales of NAS® batteries, demand for insulators remained solid as investment in power transmission and distribution networks expanded, particularly in the U.S., driven by growing electricity demand. Operating income turned positive.

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Forecasts for FY2026

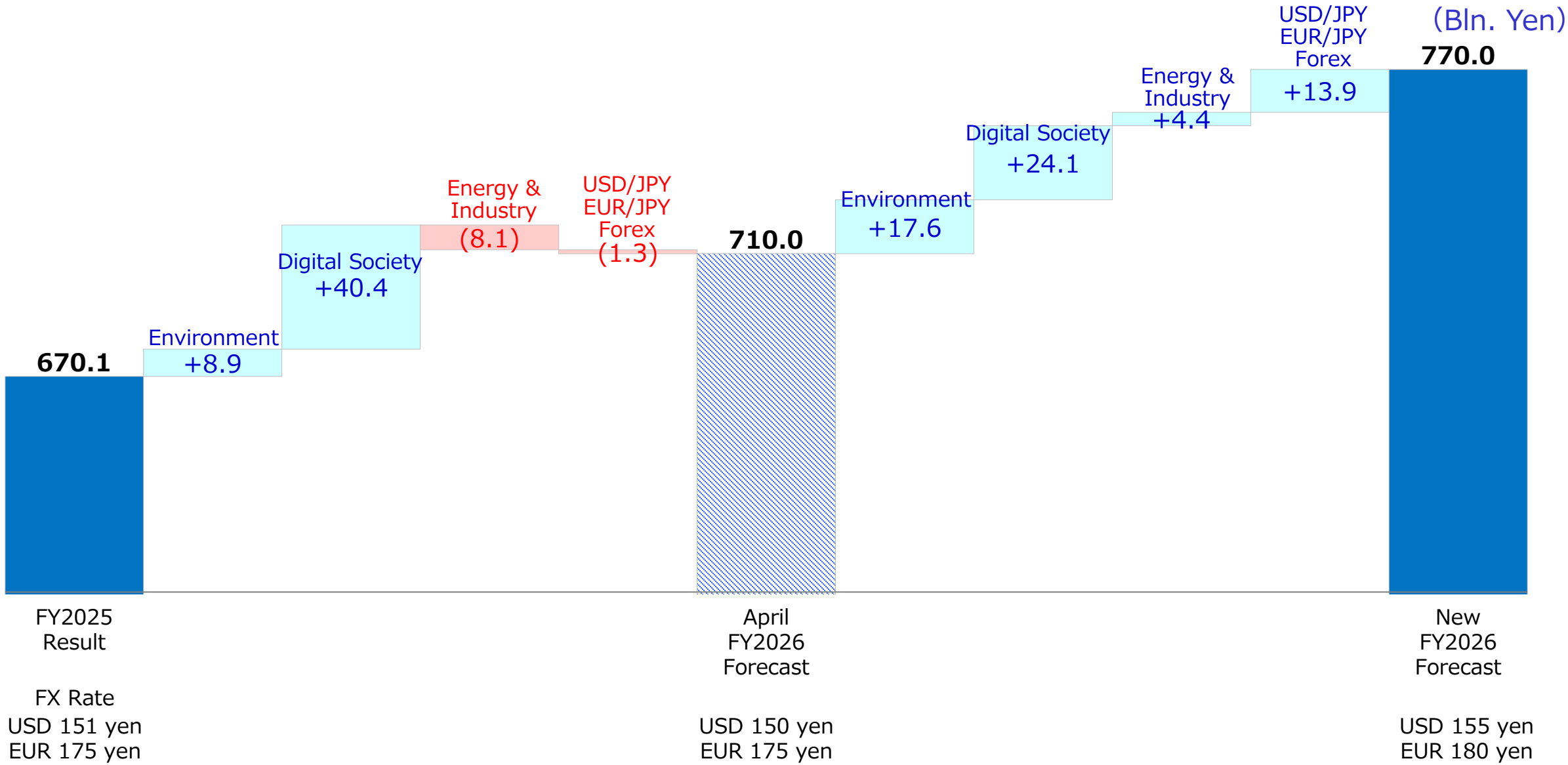
(Bln. Yen)	FY2025	Forecasts In April	FY2026	YoY Change FX Impact	YoY Change Growth ratio
Net Sales	670.1	710.0	770.0	+12.5	+15%
Operating Income	95.0	107.0	130.0	+7.7	+37%
Ordinary Income	95.2	105.0	126.0		+32%
Net income Attributable to Owners of the Parent	59.9	82.0	100.0	Assumed exchange rates in 2nd half	+67%
Exchange Rate USD	151 yen	(150 yen)	155 yen	150 yen	+4 yen
Exchange Rate EUR	175 yen	(175 yen)	180 yen	175 yen	+6 yen
ROE	7.8%	(10.0%)	12.1%		

All segments are expected to achieve higher sales and income than the figures announced in April.
Net sales and all income figures are projected to significantly exceed previous record highs.

- **Environment (EN)**: Automotive-related products are expected to benefit from the higher sales and the weaker yen in the first half, despite the anticipated reversal of first-half expenses and other factors. Solid demand for refractory products for electronic components in the Industrial Process Business is also reflected, resulting in higher sales and income than forecast in April.
- **Digital Society (DS)**: Driven by expanding demand for AI semiconductors, sales of components for semiconductor manufacturing equipment and HICERAM Carrier increased, resulting in higher sales and income than forecast in April. We will continue to make proactive investments for further growth.
- **Energy & Industry (E&I)**: In the insulator business, investment in power transmission and distribution networks continued, particularly in the U.S., driven by increased data center investments, resulting in higher sales and income than forecast in April. The Energy Plant Business is expected to remain generally in line with the plan, supported mainly by replacement demand and maintenance services.

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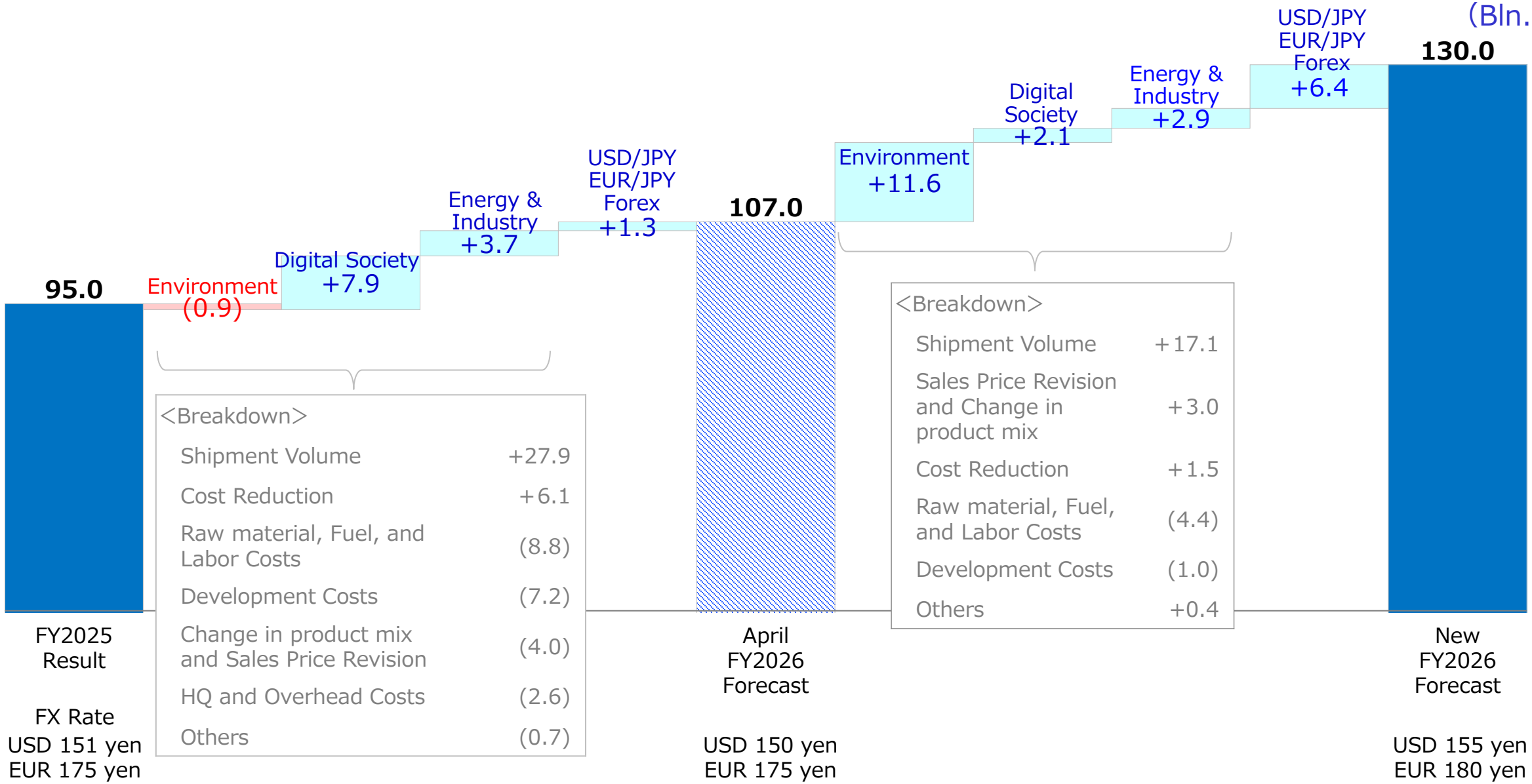
Sales Change Analysis for FY2026



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Operating Income Change Analysis for FY2026

(Bln. Yen)



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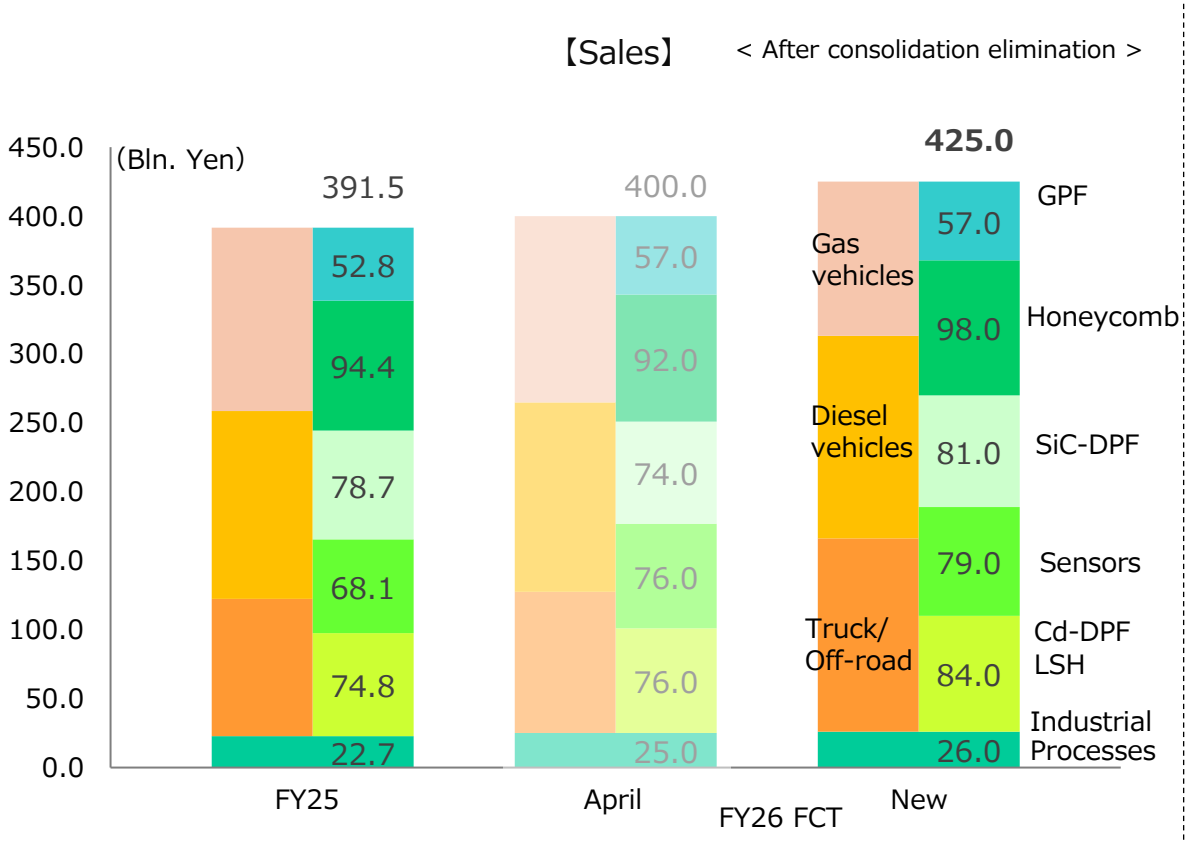
Forecasts for the Environment（EN）Business

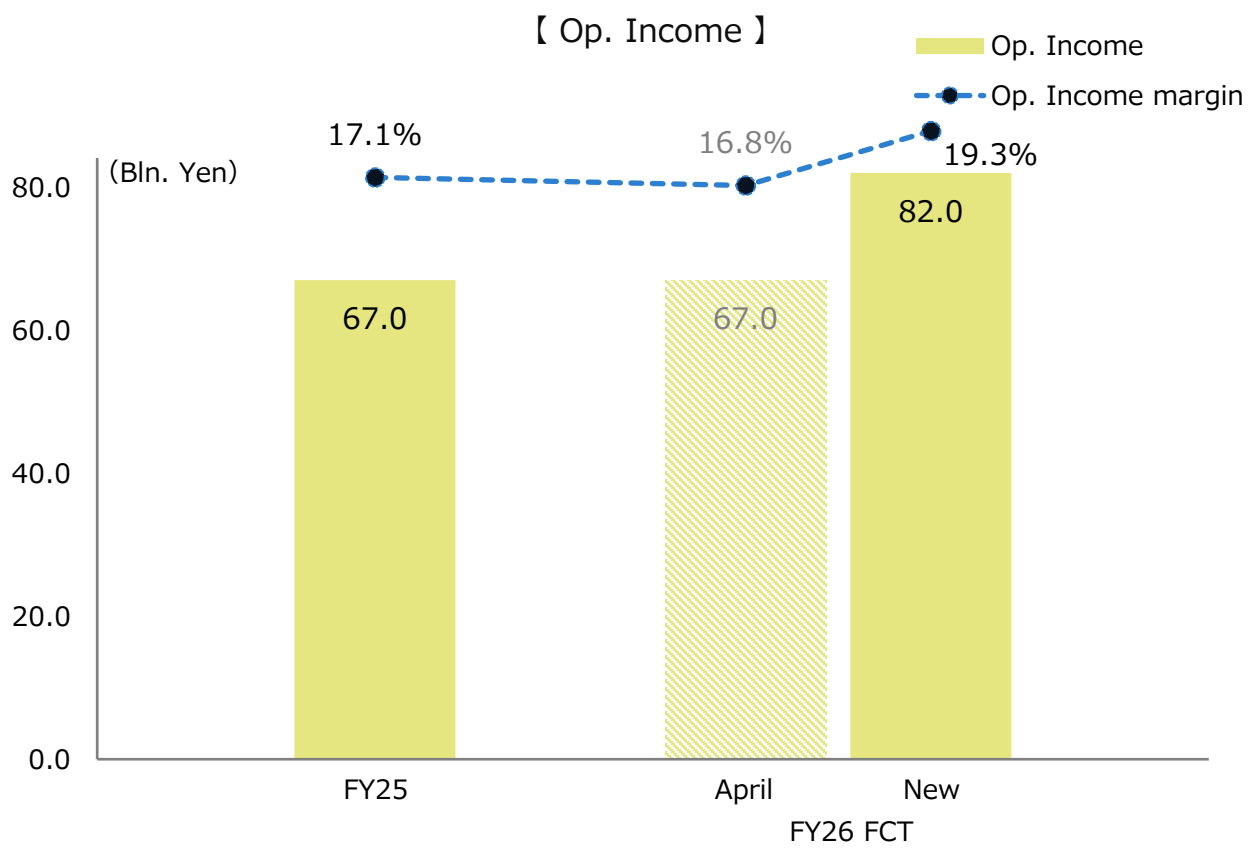
Automotive related

- Although the automotive market has shown weakness, particularly in China, full-year sales and income are projected to exceed the April forecast, reflecting higher shipment volumes to the U.S. market in the first half, the weaker yen, cost reductions, and other factors.
  Amid tightening emissions regulations, demand for sensors is expected to accelerate in Europe in FY2027. The introduction of U.S. regulations for GPF is expected to be delayed by approximately two years from the initial forecast and is now expected around FY2029.

Industrial Processes

- In addition to capturing stable demand for equipment for pharmaceutical water, solid demand for refractory products for electronic components contributed to an increase in sales and income compared to the April forecast.





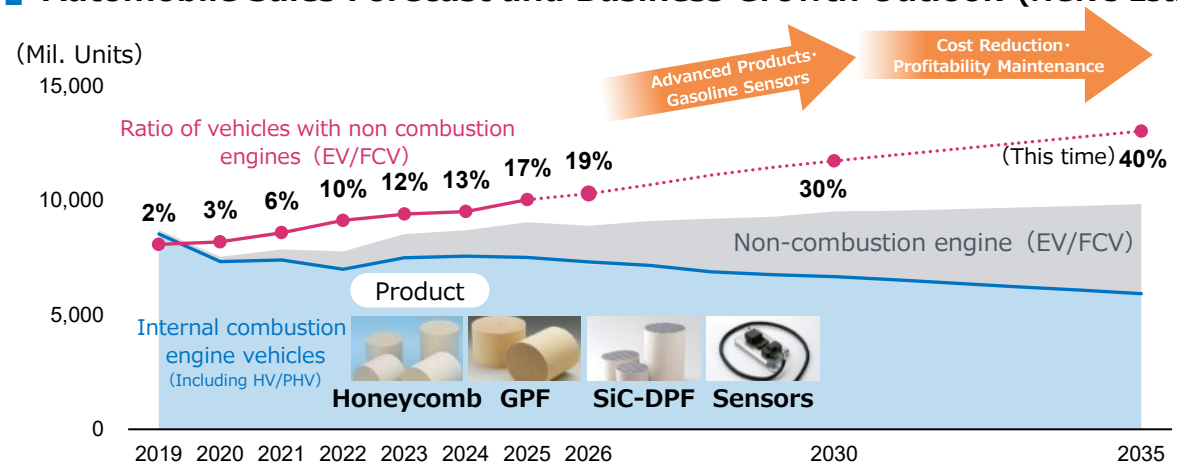
※The business segments have been changed effective from the beginning of FY2026. As a result of this change, the operating results for FY2025 have been reclassified and presented based on the same segment classification. The radioactive waste treatment systems were transferred from the Environment segment to the Energy & Industry segment.

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The future perspective for the EN Business

- **While the shift to EVs is progressing as expected by the Company, demand for internal combustion engine vehicles continues. By introducing high-performance products and new products such as gasoline sensors, we will maximize added value within existing resources and generate stable cash flow over the medium to long term.**

Automobile Sales Forecast and Business Growth Outlook (NGK's Est.)



Forecast for emission regulations (NGK's Est.)

Market	2022	2023	2024	2025	2026	…	2030	…	2035
Japan	PPNLT (WLTC)					GE/GDI·MPI RDE			
Europe	EU6d-Full					Sensors EU7			
U.S.	Tier3 LEV Ⅲ		U.S. regulation rollout delayed by approx. 2 years			PM1mg GPF		Tier4 (PM0.5mg)	
China	China6a (All)		China6b (All)			China7			
India	BS6 Stage Ⅰ		BS6 StageⅡ			BS7			
Thailand	EU4		EU5			EU6b			

DPF-equipped system for catching PM from diesel generators for data centers

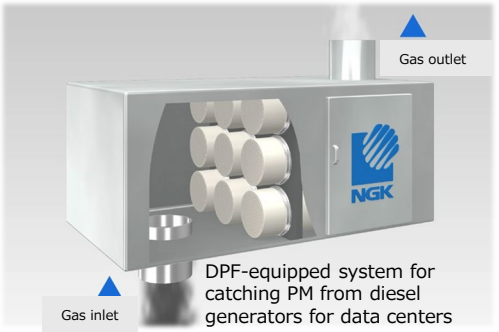


Expanding data center investments and the black smoke issue

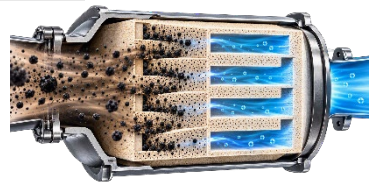
- Construction of large-scale data centers (DCs) in Japan and overseas
- Increasing installation of emergency diesel generators as a measure against power outages
- Growing concerns about the impact of black smoke emitted from diesel generators on the living environment

Equipped with high-performance ceramic filters with a proven track record in automotive diesel engines

- Developed a black smoke removal system equipped with a diesel particulate filter (DPF).
- Providing reliable solutions for DC operators and industrial facilities that prioritize coexistence with local communities.
- Compact design allowing direct installation on top of generators, making it ideal for urban areas and facilities where environmental considerations are important.



DPF-equipped system for catching PM from diesel generators for data centers



How DPF removes black smoke (Illustration)

This illustration was created by our company using generative AI.

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Forecasts for the Digital Society（DS） Business

SPE Related (Components for semiconductor production equipment)

- Demand related to advanced semiconductors for AI applications continues to expand.
  Despite rising costs due to inflation and changes in product mix, sales and income are expected to exceed the April forecast.
  We will continue to make proactive investments for further growth.

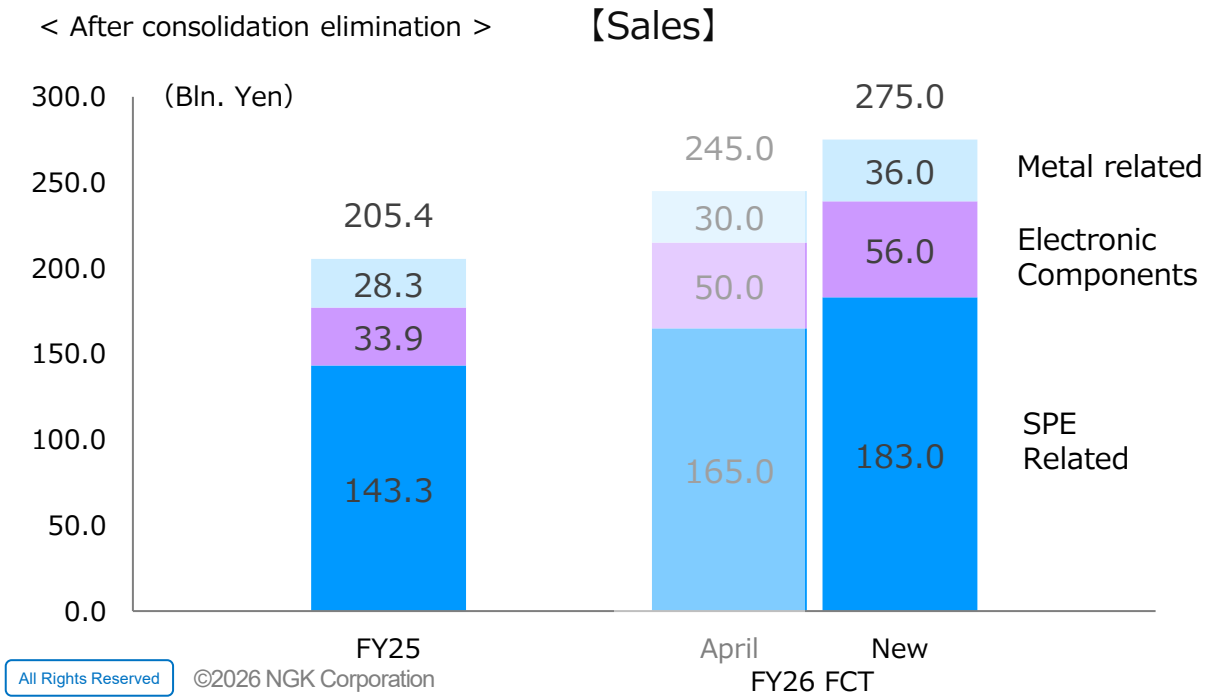
Electronic Components

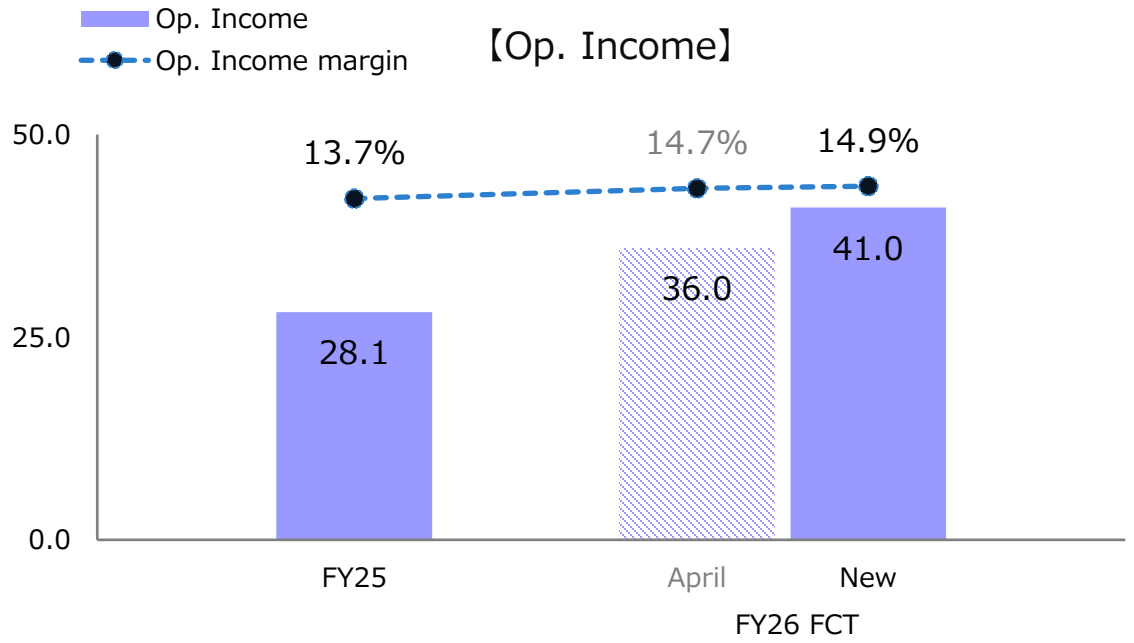
- Demand for piezoelectric elements for HDDs remains solid amid continued growth in data center investments.
- Demand for high-performance GPUs for AI servers remains strong, and HICERAM Carrier is expected to capture this demand as additional production capacity comes online.
- For ceramic packages, market conditions remain favorable; however, losses are expected to continue due to higher costs resulting from inflation. We will continue to implement price revisions and obtain new certifications for smaller products and other items.

Metal Related

- Demand increased primarily in the semiconductor and telecommunications sectors. We are promoting price revisions to ensure appropriate profitability.

< After consolidation elimination >





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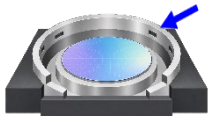
Product Lineup for Semiconductor Manufacturing Processes and Growth Strategy

- Offering a product lineup that supports the manufacturing of increasingly high-performance AI semiconductors through miniaturization and higher integration
- Aiming for further growth by expanding production capacity in anticipation of sustained growth in demand for high-performance AI semiconductors and broadening our product and application areas

Manufacturing of semiconductors

Strengthening production capacity

SPE



Chamber Components (Aluminium・Thermal spray material)

Contributing to stable production in advanced processes

Growth strategy in the semiconductor sector

Deepening Existing Domains
Proactively expanding production capacity to capture growth opportunities in existing businesses

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Expanding Growth Domains
Creating new products and expanding applications for existing products by leveraging proprietary technologies

Front-end Process						Middle/Back-end Process			Impl
Silicon Wafer	Deposition	Lithography	Etching	Ion Implantation	Inspection	Dicing	Chiplet, etc.	Final Test	PCB Assembly

SPE



Ceramic heaters

Contributing to the realization of circuit miniaturization

SPE

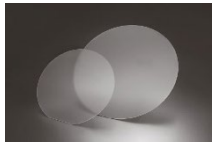


Electrostatic chucks

Contributing to higher integration of circuits

Further expansion of production capacity, including the establishment of the new Ishikawa plant

Electronic Components



HICERAM Carrier

Contributing to the stable production of advanced packages

Promoting development for panel-type and memory applications

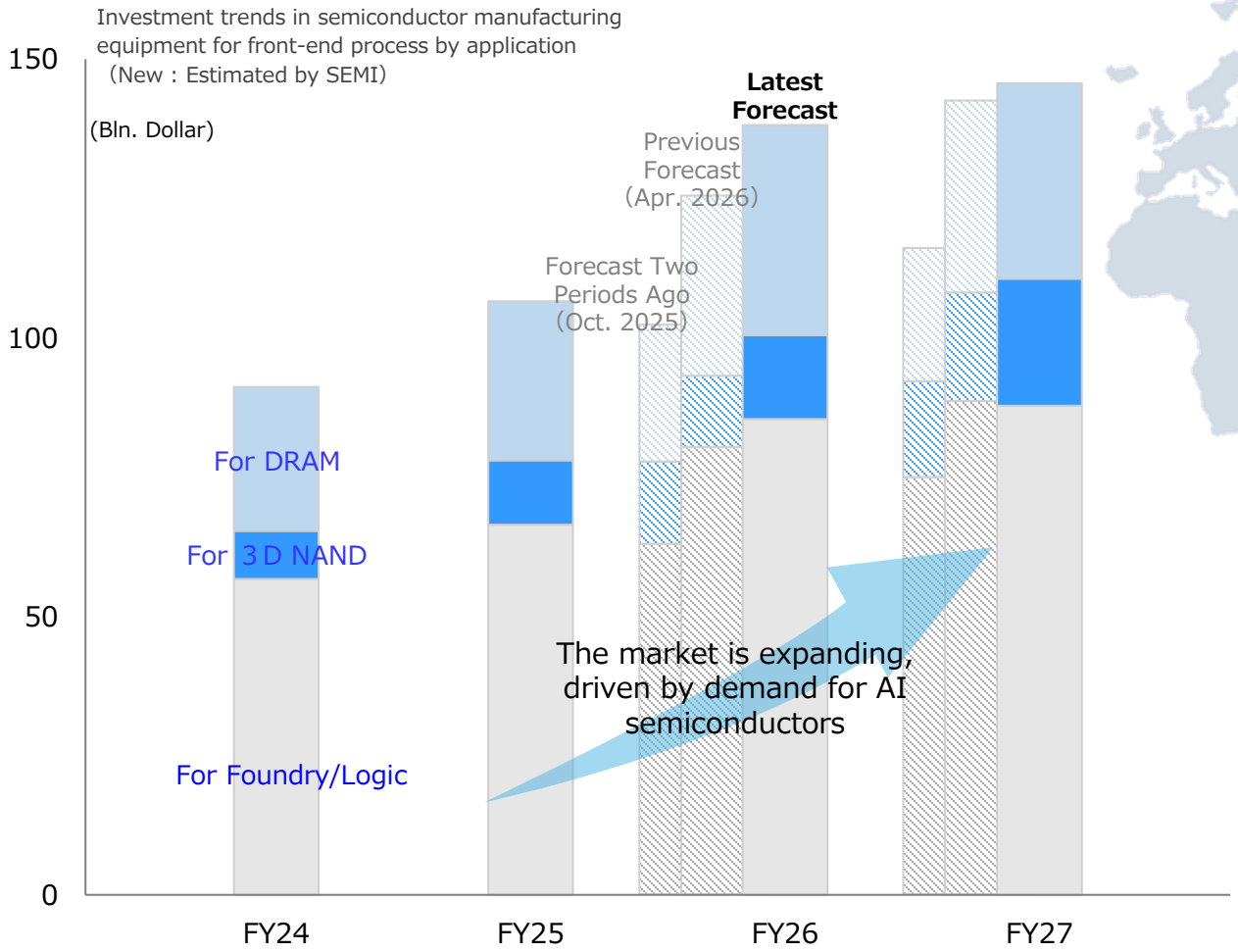
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Market Conditions and Our Response for Components for Semiconductor Production Equipment (SPE)

■ **Expanding production capacity in Japan and overseas to capture growing demand for AI semiconductors.**
In addition to the capital investments already announced, we are maximizing operations at existing plants while expanding both staffing and equipment. We are also considering further expansion of production capacity in anticipation of medium- to long-term demand growth.

■ The Market Environment for Semiconductor Production Equipment Components (SPE)



■ Business Development of the Semiconductor Production Equipment (SPE) Products Business

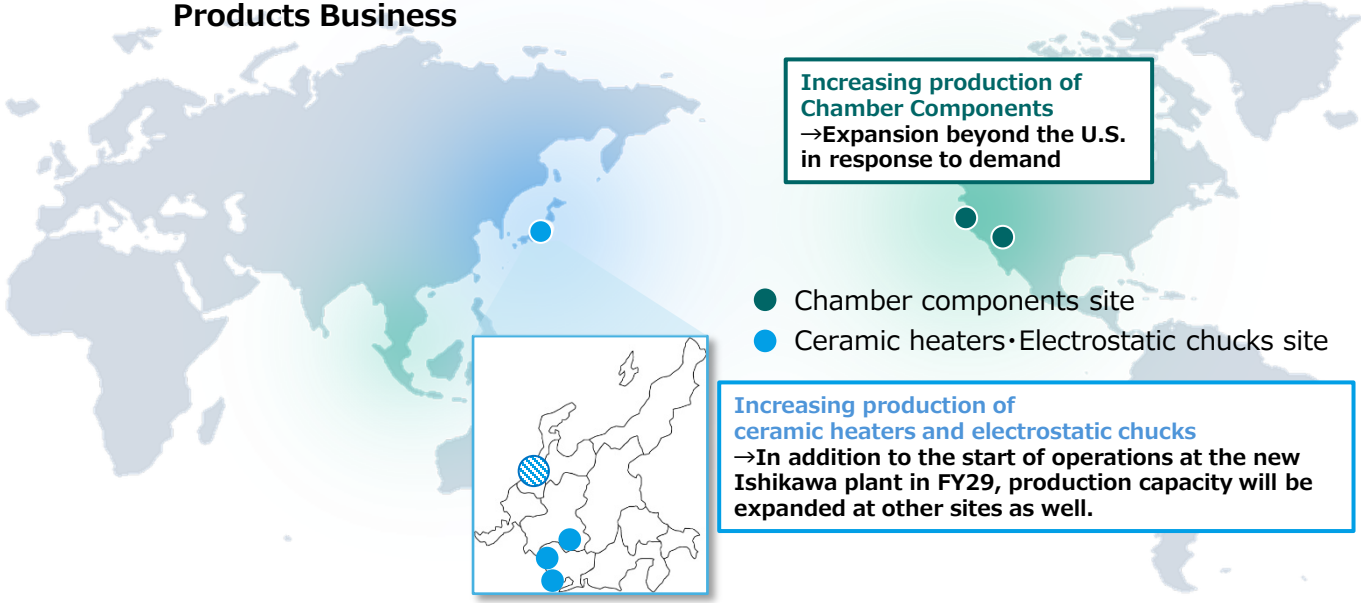
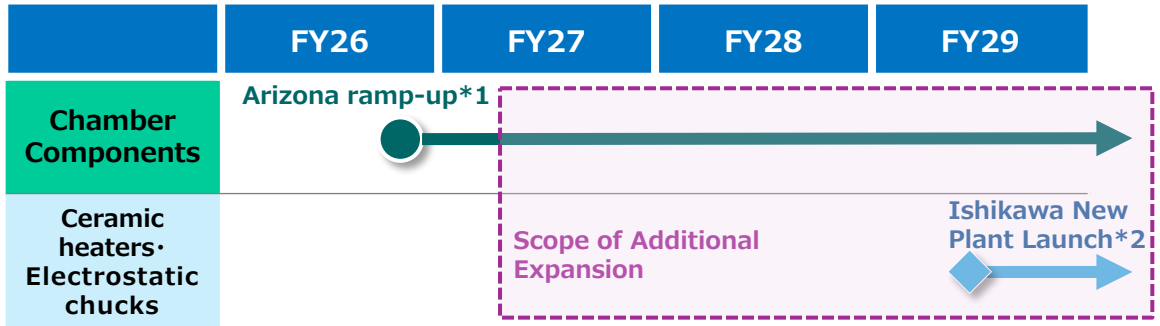


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<Capital investment ramp-up schedule>



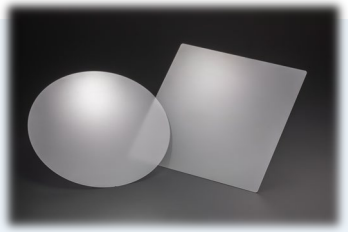
*1 October 31, 2025 press release: Expansion of U.S. production capacity for SPE
https://www.ngk.co.jp/news/2025/20251031_5.html

*2 April 24, 2026 press release: NGK to Increase Production Capacity of Ceramics for Semiconductor Manufacturing Equipment
https://www.ngk.co.jp/news/2026/20260424_1.html

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Expanded Applications of HICERAM Carrier

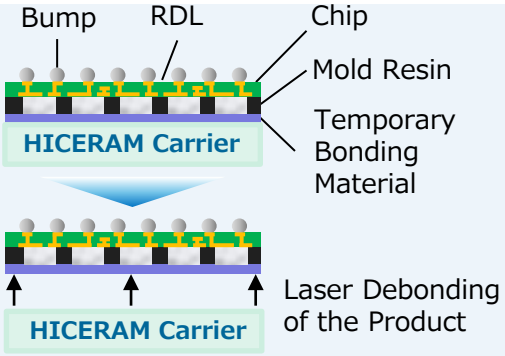
■ **Aiming for further growth by developing products for panel-type and memory applications in response to changes in semiconductor manufacturing processes**



HICERAM Carrier
Advanced Ceramic Carriers Supporting the Evolution of Semiconductors

HICERAM Carrier Advantages

High Rigidity	Substrate flatness is maintained during processing, suppressing warpage and distortion
Chemical Compatibility	Chemical resistance enables repeated use in manufacturing
Translucency	Compatibility with the laser debonding process facilitates debonding after wiring formation

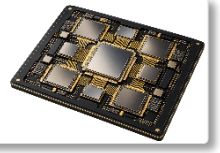


Changes in Manufacturing Processes Driven by the Evolution of Semiconductors

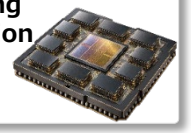
Miniaturization Higher Integration



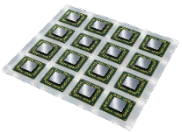
Chiplet Integration



Advanced Packaging Higher Sophistication



Larger Area (Panelization)



As AI semiconductors become more highly integrated and higher performing, the performance requirements for carriers are also becoming more demanding.

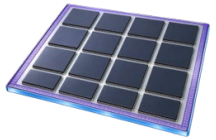
Application Expansion of HICERAM Carrier

Current : Primary Applications



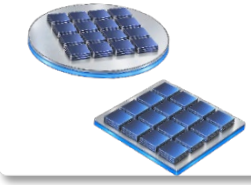
For logic (Wafer type)
Used in mass production processes for advanced logic semiconductors

Sample Shipment: Expansion of Product Form Factors



For logic (Panel type)
Serving as a next-generation carrier for larger areas and higher productivity

Sample Shipment / Improving Precision: Expansion of Applications



For memory
Requires high-precision flatness.
Meets growing demand for HBM.

Value Delivered to Customers

- **Stabilizing manufacturing processes by reducing warpage and breakage, thereby contributing to improved yield and quality.**
- **Supporting higher performance and mass production of next-generation semiconductors through expansion into high-precision and panel-type products.**

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Forecasts for the Energy & Industry Business

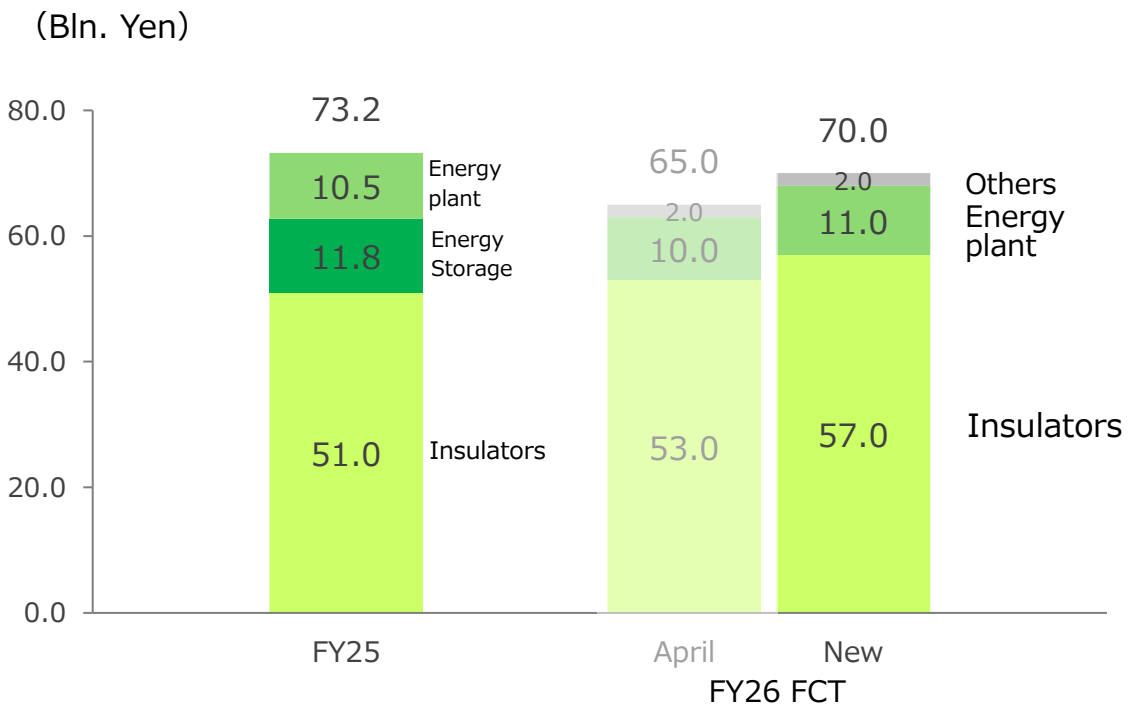
Insulators

- Demand for insulator products increased as power transmission and distribution infrastructure in the United States was expanded, supported by growing data center investments and other factors.
  Progress has also been made in measures related to the discontinuation of production of substation insulator products at the Chita site, and the associated costs are expected to come in below initial assumptions. Recognized expected future costs as non-operating expenses.

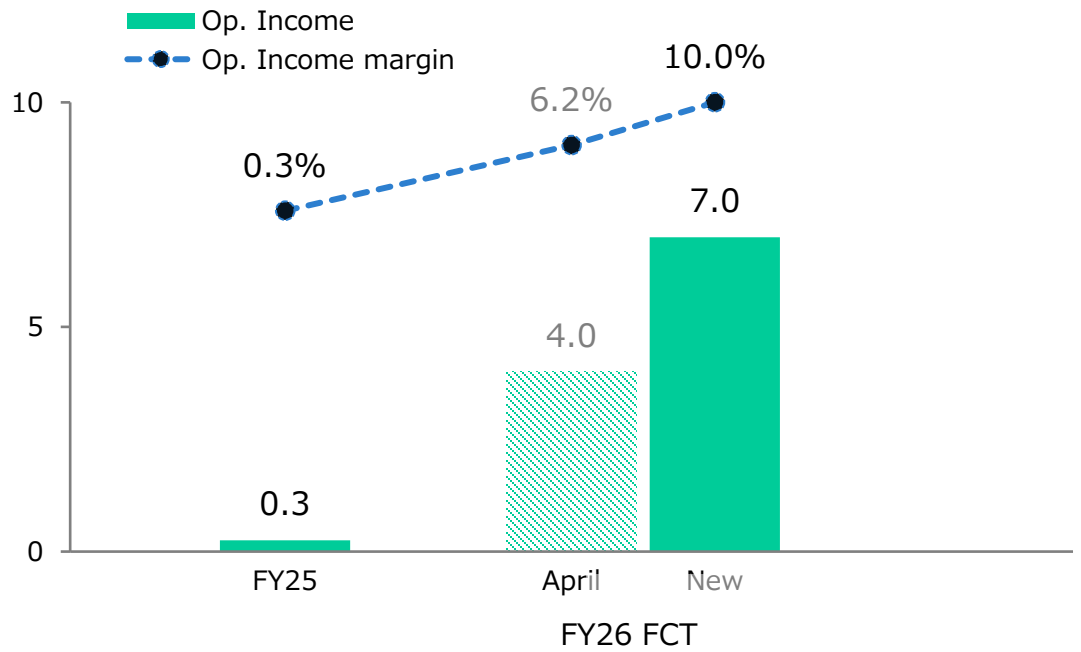
Energy plant

- Driven mainly by replacement demand for existing installations and maintenance services, sales are expected to increase compared to the April forecast, while income is expected to remain unchanged.

< After consolidation elimination > 【Sales】



【 Op. Income】



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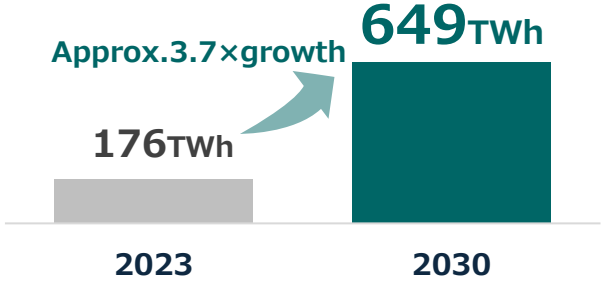
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Increasing demand for power transmission and substation equipment driven by expanding data center investments in the U.S.

■ **In the U.S., demand for the construction of high-voltage transmission lines and new substations is expanding as large-scale data centers are built in suburban areas.**
We aim to strengthen our earnings base by capturing growing demand for polymer insulators for high-voltage transmission lines and ceramic insulators for substations.

U.S. : Expansion of Data Center Investment and Growing Power Demand

1 Estimated Data Center Power Demand



2 Site Characteristics

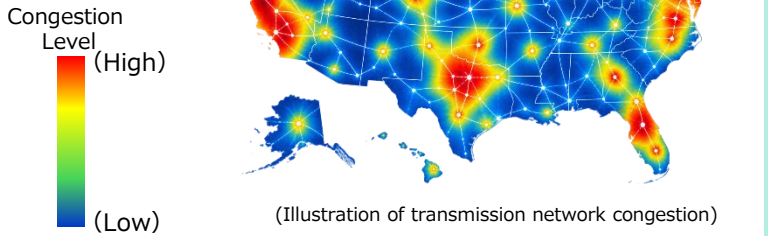
- Large campus-style sites in suburban areas
- Vast land area with fewer land-use constraints
- New grid connections are required
- Construction of new transmission routes (long-distance / wide-area)



(Illustration of a U.S. Data Center)

3 Bottleneck : Power Infrastructure Constraints

- **Regional power interchange capacity**
- **Wide-area transmission network**

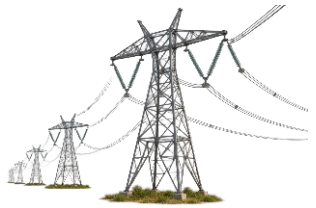


(Illustration of transmission network congestion)

4 Major Equipment Investment Requirements

- **Installation of new high-voltage transmission lines**
- **Construction of new substations**

Significant Impact on Insulator Demand



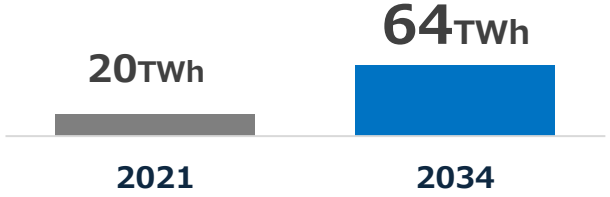
(Illustration of new high-voltage transmission line construction))



(Illustration of New Substation Construction)

Japan : Data Center Investment Expansion Primarily Focused on Utilizing Existing Facilities

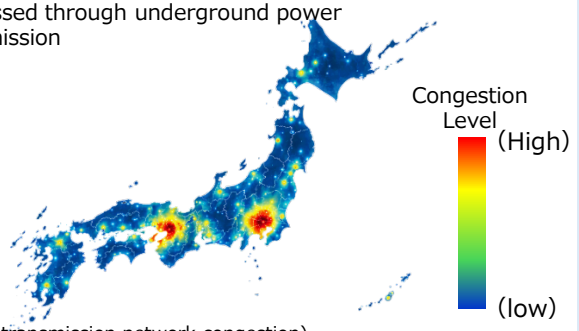
1 Estimated Data Center Power Demand



2 Site Characteristics・Equipment Investment Requirements

- Investments concentrated in the Tokyo metropolitan area and Kansai region
- Limited land area and significant site constraints
- Expansion and upgrading of existing substations
- Addressed through underground power transmission

Limited Impact on Insulator Demand



(Illustration of transmission network congestion)

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Source:Considerations on the Characteristics of Data Center Electricity Demand and Future Projections: Using the FY2025 OCCTO Supply Plan ;United States Data Center Energy Usage Report: 2025 Update | Energy Technologies Area
Estimates by the Company based on the above sources. The illustration was created by the Company using generative AI.

Business Portfolio and the Business Turnaround and Exit Process

■ **With stable cash generation from highly profitable businesses as our foundation, we will enhance growth potential and capital profitability by allocating resources to growth domains and restructuring our businesses, thereby consistently exceeding the rising cost of capital and expanding the equity spread.**

	Digital Society Domain	Existing Business Domains		Carbon Neutrality Domain
Business Segment	**Digital Society** Semiconductors, Information & Communications, etc.	**Environment** Automotive, Industrial Equipment, etc.	**Energy & Industry** Power Infrastructure, etc.	
Business	**SPE** (Components for semiconductor production equipment) **Electronic Components** **Metal Related**	**Automotive related** **Industrial Processes**	**Insulators** **Energy Plant**	**Carbon Neutrality Business Promotion Department**
	Investment Expansion & Growth Driver	Profit Maximization	Business Creation
	Driving company-wide growth through business expansion in anticipation of increased demand	**Securing funds for investments to transform the business portfolio**	**Strengthening business model design, technological advancement, and business development**

(Implemented in FY26) Business Turnaround & Exit Review Process

Grouping / Screening

Strategy Meeting
- Decision Deadline
- Decision Criteria
- Decision Tree

Improvement

Regular Follow-up
Target Business & Products
- Ceramic Packages
- DCB and AMB Substrates for Power Modules

Not Achieved

Restructuring and Withdrawal Decision

Divestiture / Partial Exit / Full Exit..

Business Restructuring

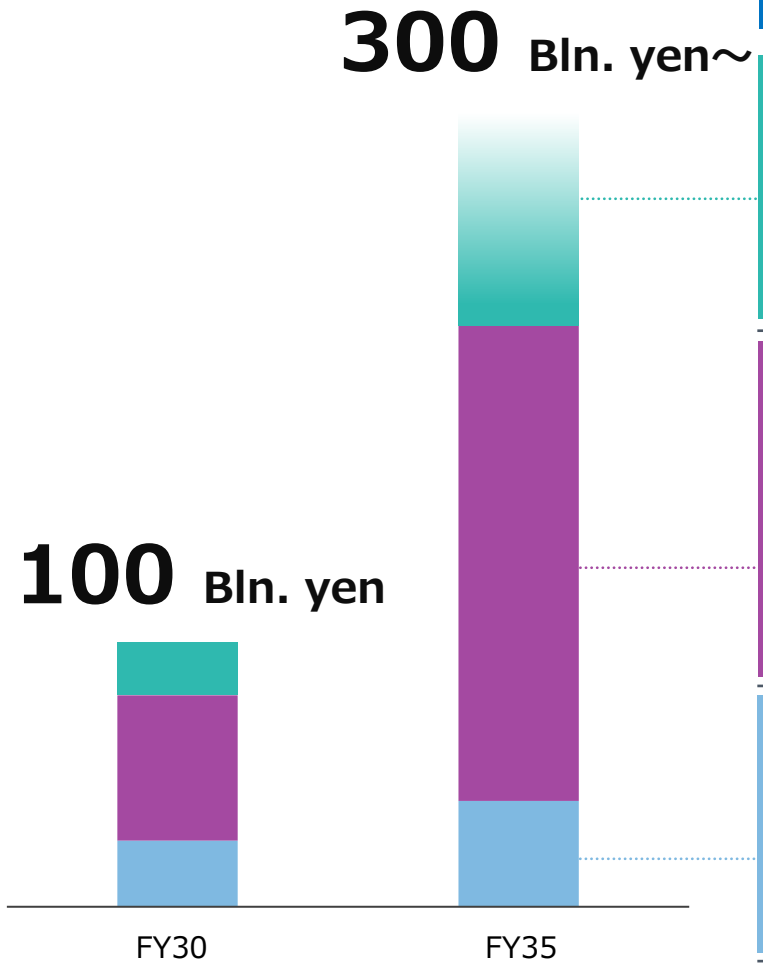
Target Business/Product	Key Initiatives
Ceramic Packages	■ The business structure has been reorganized since this fiscal year. In addition to reducing fixed costs, we are focusing on high-value-added products to improve profitability.
DCB and AMB Substrates for Power Modules	■ In light of the worsening business environment resulting from the slowdown in EV market growth, we are fundamentally reassessing the direction of the business.

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New Value 1000 to New Value 3000

- **With a focus on the DS business domain, we aim to achieve revenue from newly commercialized products※ of 100 Bln. yen by FY2030 and more than 300 Bln. yen by FY2035.**
- **The CN business domain will contribute through solution businesses and products entering full-scale commercialization after FY2035.**

Estimated sales



	Product candidates (examples)			Expected Sales in FY2030
CN	Environment, Separation & Recovery		DAC （Direct Air Capture）、Sub-nano Ceramic Membrane（CO_2） etc.	
	Energy		Energy Solutions Business、Dehydration membrane、Beryllium components for nuclear fusion etc.	10 Bln. yen～
DS	Data center		Components for next-generation HDDs、Bonded wafers for co-packaged optics、Core substrates for semiconductor packaging、High thermal conductivity components etc.	
	Semiconductor manufacturing		HICERAM Carrier、Components for SPE etc.	25 Bln. yen～
Environment/ Others	Environment		Gasoline sensor etc.	25 Bln. yen～
	Others		Organic Compound Crystal Search Service etc.	

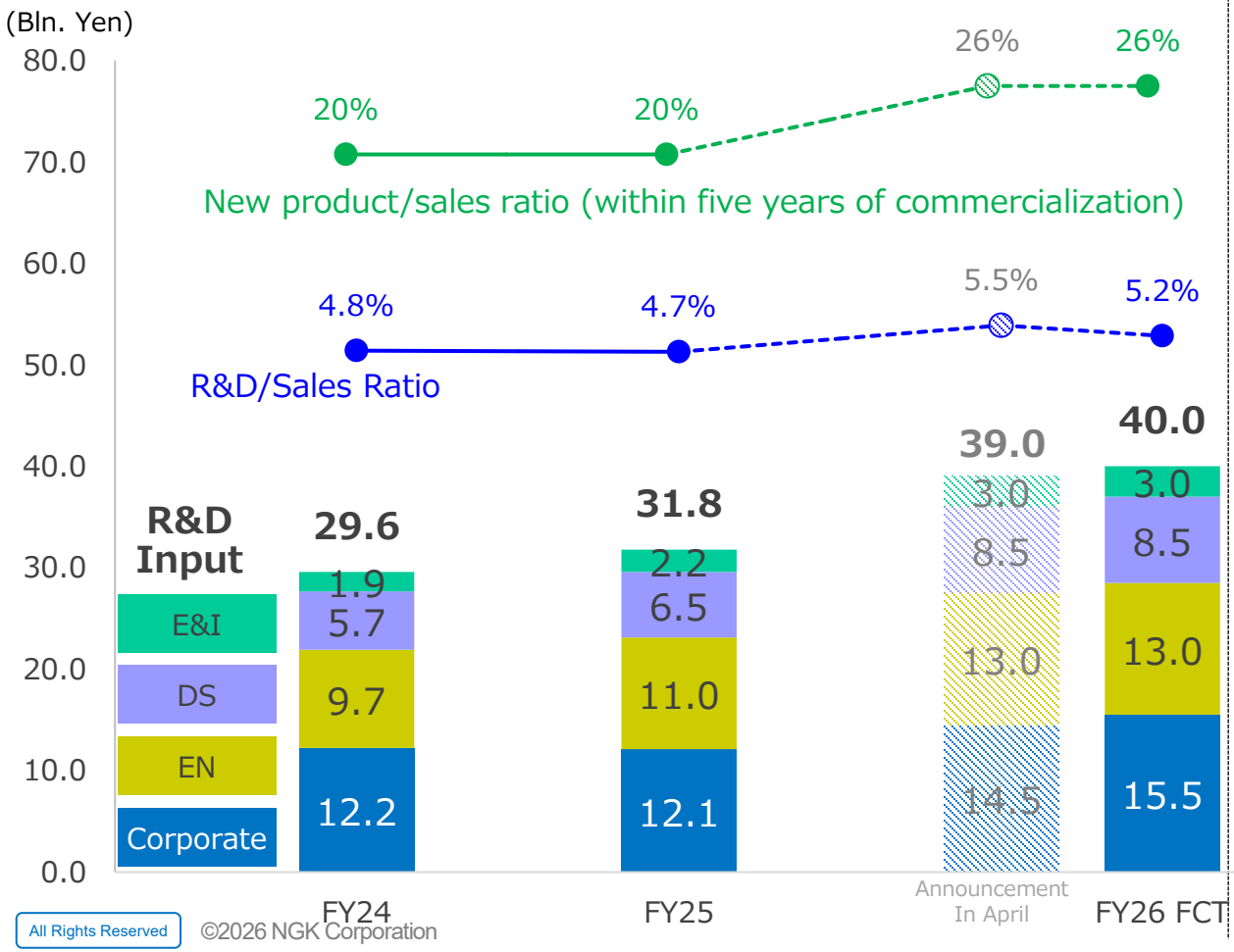
※Products commercialized since FY21

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R&D Input, Capital Expenditures & Depreciation Costs

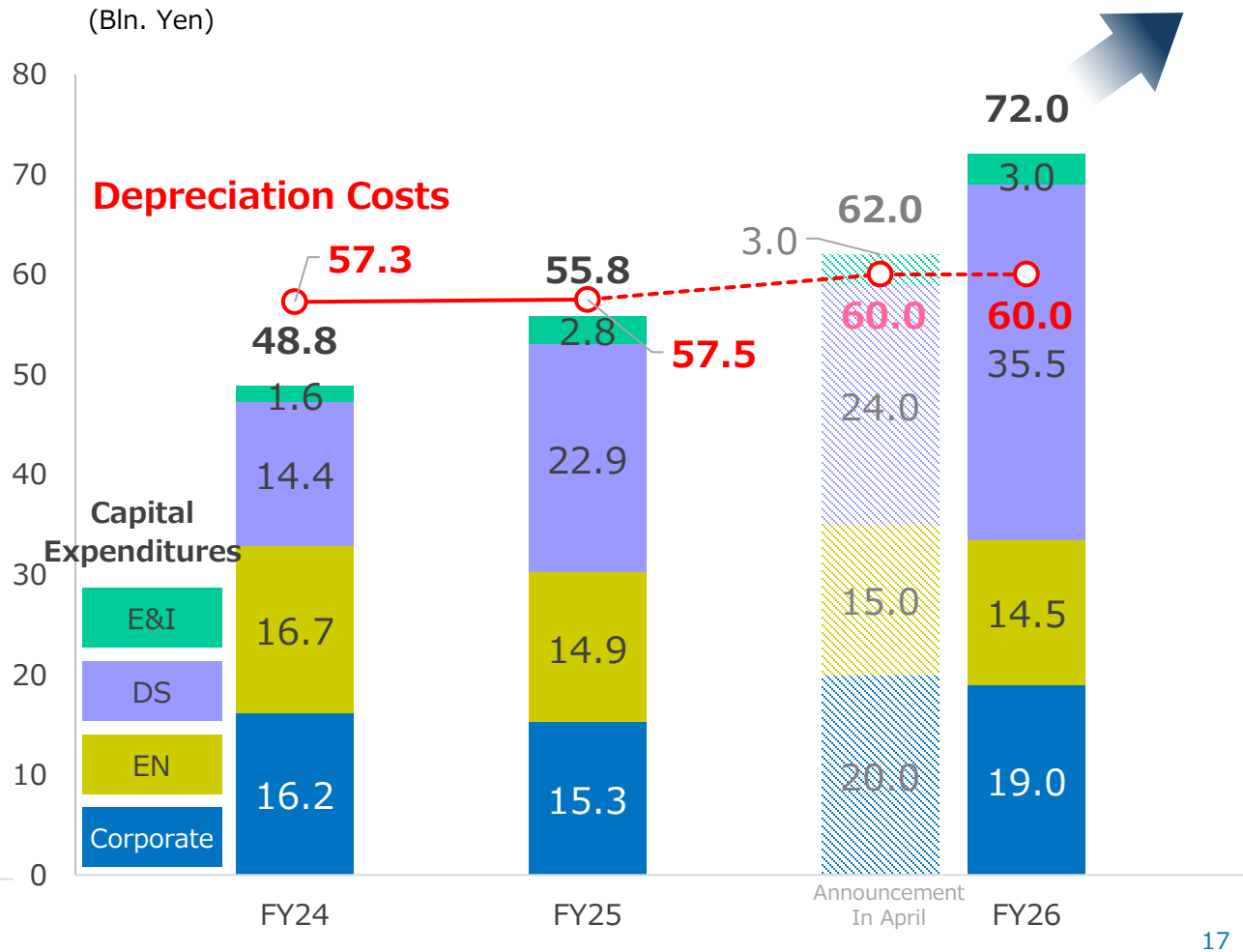
R&D

- Expect to record high R&D spending, especially on CN and DS.
- The Marketing, R&D, and Manufacturing Engineering divisions will work closely together to steadily advance new product development in each focus area and strengthen our technological capabilities, while proactively acquiring external technologies and resources.



Capital Expenditures & Depreciation Costs

- In FY 2026, capital investment has been revised upward to 72 Bln. yen mainly for production increases in the Digital Society Business.
- Accelerate investments to meet the medium- to long-term growth in demand, particularly in the Digital Society Business.



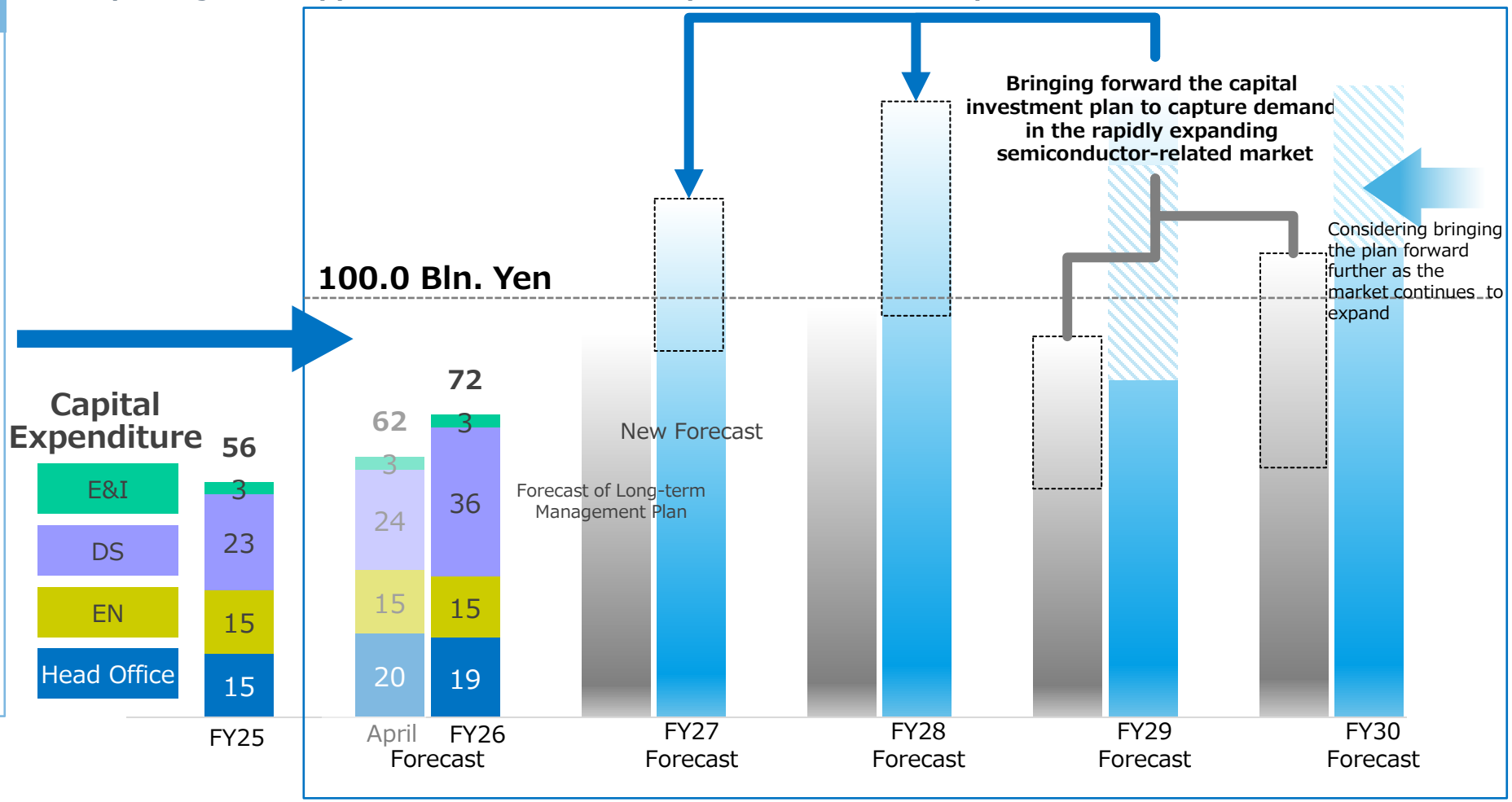
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Capital Expenditure（Future Outlook）

- For FY2026, capital investment has been revised upward to 72 Bln. yen, primarily for production capacity expansion in the Digital Society Business.
- We are bringing forward the capital investments outlined in our long-term management plan to capture rapidly expanding demand in the Digital Society Business. While maintaining financial discipline, we aim to capture growth opportunities earlier and expand both sales and profits.

FY2026～FY2030
（Cumulative Plan）

Cash in	Cash out
Operating Cash Flow Before R&D Expenditures + Loans and Others 1 Tln. yen～	R&D Expense 200.0 Bln. Yen
	Capital Expenditure 450.0 Bln. Yen
	Strategic Investment, Shareholder Returns and Others 350.0 Bln. Yen



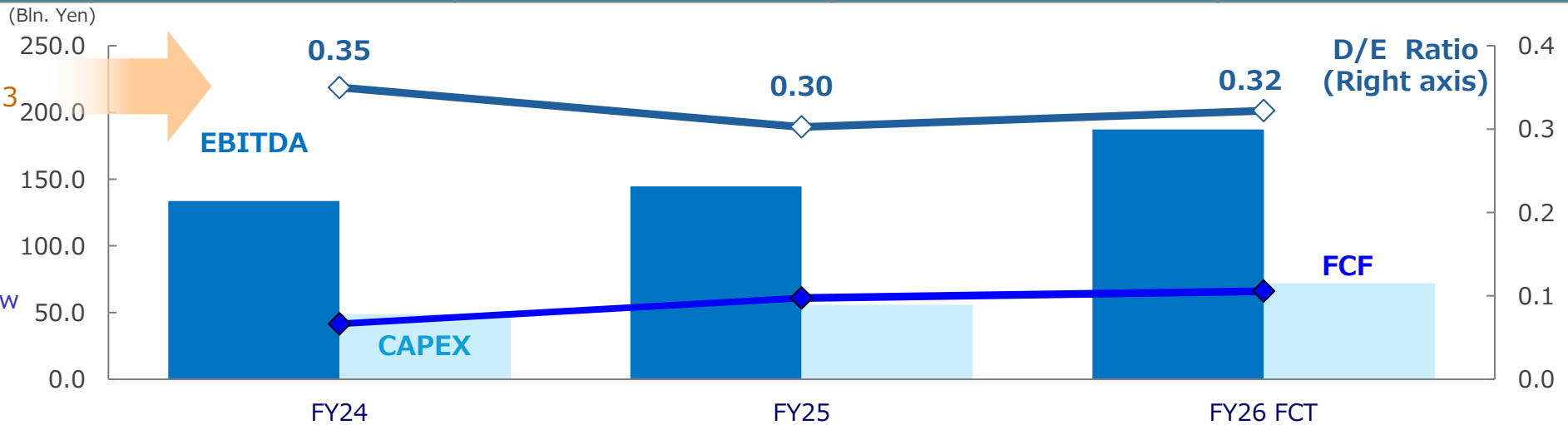
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Summary of Cash Flow

(Bln. Yen)	FY24	FY25	FY26 FCT	
			April Announcement	New Forecast
Operating Activities	96.7	138.0	126.0	126.0
Investing Activities	△55.1 Investment △43.7	△77.1 Investment △55.5	△66.0 Investment △62.0	△60.0 Investment △72.0
Financing Activities	△34.2 New loans +25.1 Repayment △31.8 Treasury shares Purchase △9.4	△48.3 New loans +40.0 Repayment △51.4 Treasury shares Purchase △15.0	△68.2 New loans +30.0 Repayment △39.1 Treasury shares Purchase △33.0	△32.2 **New loans +70.0** Repayment △40.6 Treasury shares Purchase △31.0
Effect of Exchange Rate Changes on Cash & Cash Equivalents	△1.1	9.3	0.0	△5.4
Net Increase (Decrease) in Cash & Cash Equivalents	6.3	21.9	△8.2	28.4
Cash & Cash Equivalents at End of Period	177.7	199.6	191.5	228.0

Invest funds in growth domains based on a debt-to-equity ratio of 0.3

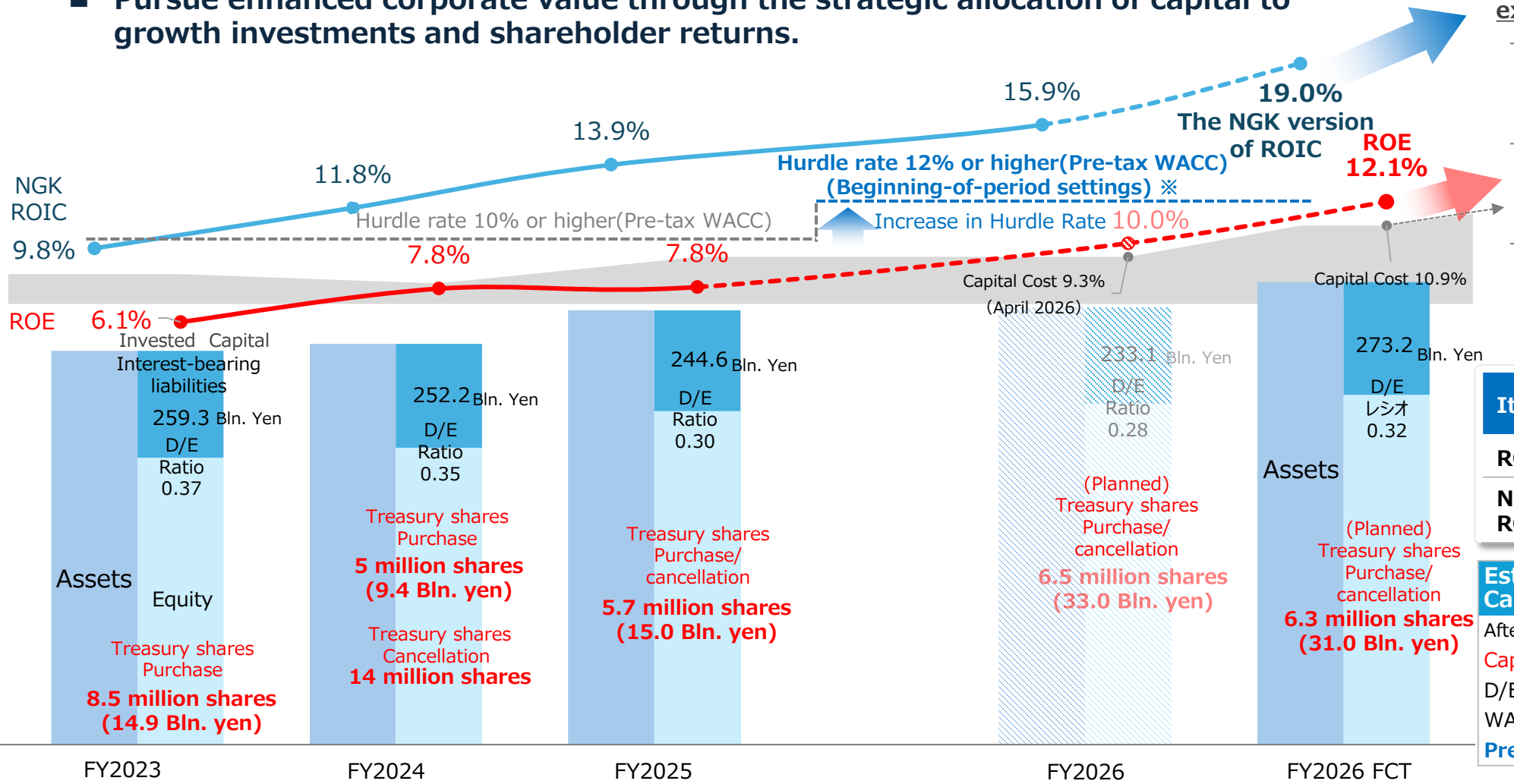
Free cash flow is expected to remain positive despite aggressive investment in growing digital society (DS)and the creation of new businesses.



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Capital Policy

- **Sustainably secure profitability exceeding the cost of capital.**
- **Expand growth investments through business portfolio transformation and the strategic use of debt financing.**
- **Pursue enhanced corporate value through the strategic allocation of capital to growth investments and shareholder returns.**



Creating value exceeding the cost of capital by improving profitability through business portfolio transformation and expanding growth domains

Both the cost of capital and WACC are trending upward, partly due to rising interest rates

Item	FY2030 Targets
ROE	**12%**
NGK version of ROIC	**12% or higher**

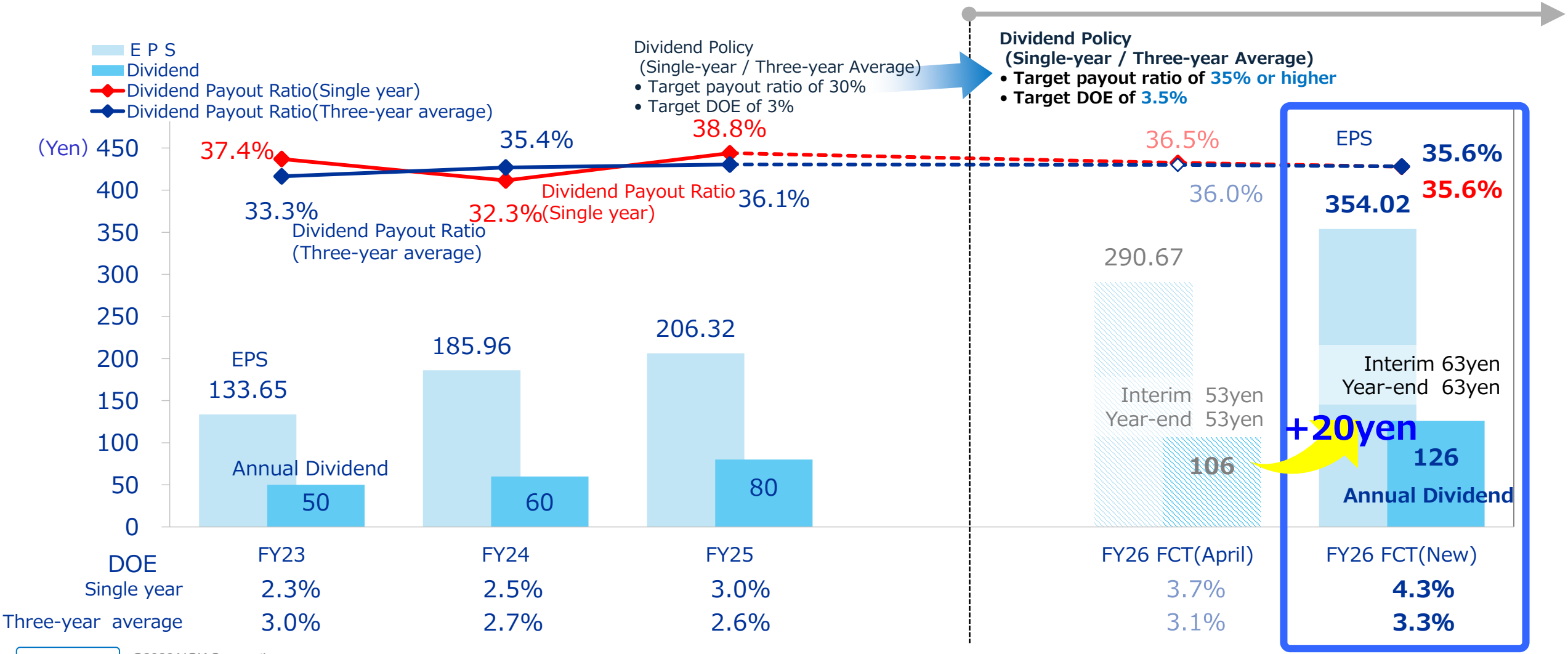
Estimation of the NGK's Capital Cost	
After-tax Debt Cost	0.8%
Capital Cost	**10.9%**(CAPM)
D/E Ratio	0.32
WACC	9.4%
Pre-tax WACC	**13.7%**

※The hurdle rate is set based on the pre-tax WACC at the beginning of the fiscal year. The hurdle rate remains unchanged, while capital cost trends are closely monitored.

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Dividend

- **While adapting to changes in business risks, initiatives will be pursued to contribute to the sustainable improvement of corporate value, with performance linkage over an approximately three-year period (ROE) taken into account.**
- **The dividend policy targets DOE of 3.5% and a dividend payout ratio of 35% or higher.**
- **The annual dividend for FY2026 is planned to be increased to 126 yen (+20 yen).**



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A Virtuous Cycle of Growth Investments and Shareholder Returns Supported by Operating Cash Flow and Interest-Bearing Debt

- Using operating cash flow generated by existing businesses as the primary funding source, we will balance growth investments with stable shareholder returns.
- Under a financial discipline targeting a D/E ratio of 0.3, we will strategically utilize interest-bearing debt to support growth investments.
- To prepare for increased capital expenditures and a rising interest rate environment in the coming years, we have secured funding in advance.

◆ Corporate Value Creation Cycle Driven by the Expansion of Cash Flow

Prioritize allocation to further growth investments.

Financing Leveraging a Strong Financial Foundation
Securing funds in advance to avoid missing rapidly expanding investment opportunities. Utilizing debt capacity to support strategic investments.
FY26 (Forecast) Financing 70.0 Bln. yen

Abundant operating cash flow from existing businesses
A stable, high-profit earnings base centered on the Environment Business.
FY26 (Forecast) Operating cash flow before R&D expenditures 166.0 Bln. yen

Strategic Capital Allocation

Expansion of Operating Cash Flow
Strengthen cash generation by realizing returns on growth investments, particularly in DS, and improving profitability in EN and E&I.

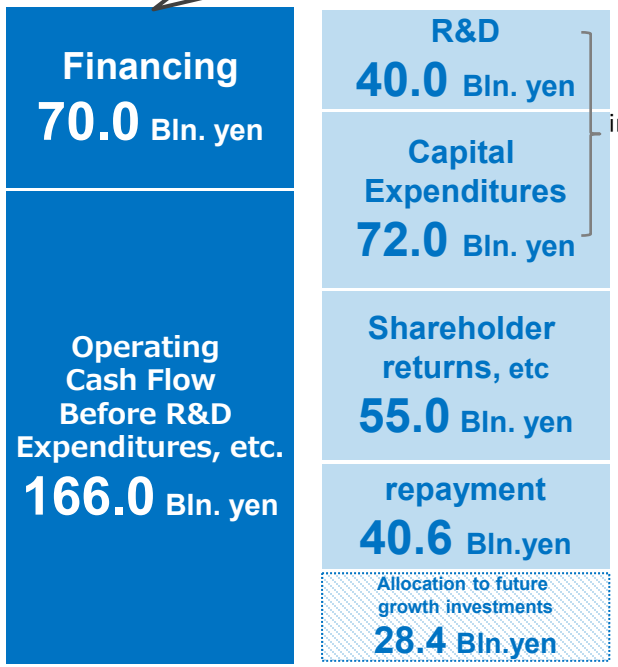
·Target payout ratio of 35% or higher
·Target DOE of 3.5%

Growth Investment
Capturing rapidly growing investment opportunities, we are strengthening production capacity and competitiveness, particularly in the Digital Society Business. To keep pace with rapidly expanding demand, we are accelerating capital investments outlined in the Long-Term Management Plan.

FY26 (Forecast)
Growth investments
112.0 Bln. yen

Rating and Investment Information, Inc. (R&I)
Credit Rating **AA-** (Upgraded in Aug. 2026)

Corporate Bonds Approx.20.0 Bln. yen + Borrowings Approx.50.0 Bln. yen



Cash Allocation for FY26 (Forecast)

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Expanding the NGK Version of Value Added and Fostering a Culture of Challenge

■ **Enhance corporate value through both financial and non-financial initiatives by achieving sustainable growth in operating income, while balancing investments in R&D and human capital, and reducing environmental impact.**

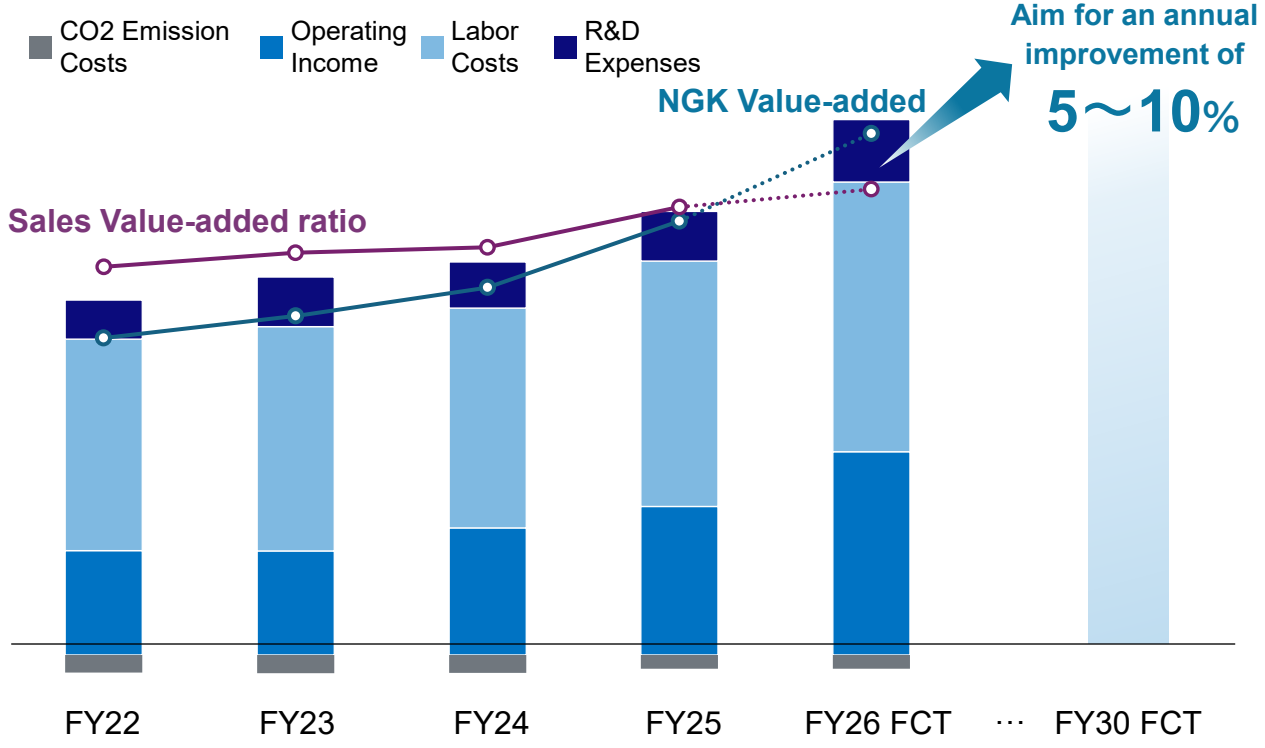
NGK Value-added

= (Operating Income − CO2 Emission Costs※ + Labor Costs + R&D) × The ESG Target Achievement Rate

Short-term Profitability

Mid to Long-term Growth Potential

NGK Value-added



Fostering a Corporate Culture That Embraces Challenges

Employee Engagement "Challenge" Score	FY25	FY30 Target	
	3.3	3.8	Aiming to Improve

▶Strengthening management commitment

Starting this fiscal year, improvements in employee engagement and the NGK version of Value Added, among other factors, have been added to the evaluation criteria for performance-linked bonuses for executives. This is intended to encourage actions that contribute to sustainable growth.

▶Enhancing HR systems to encourage employees to take on challenges

- **June 2024: Launched a new business proposal program**
  - ・Establishing an environment for co-creation across departments for all employees
- **April 2025: Revamped the HR system for management positions**
  - ・Establishing grades and compensation based on duties and roles
  - ・Diversifying career paths
  - ・Expanding internal job postings and introducing an internal scouting system
  - ・Reflecting transformation and a willingness to take on challenges in behavioral evaluations
- **October 2025: Introduced a stock incentive plan for employees in management positions**
- **October 2026: Expanded support measures for employees taking on new challenges**
  - ・Establishing the "New Assignment Challenge Support Allowance" to encourage employees to take on challenges in new environments and roles

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Improving Enterprise Value

■ Enhance capital profitability via corporate management that is conscious of the formula, Equity spread = ROE − Cost of shareholders' equity.
■ Ensure growth potential through advancing business portfolio management, and investment in intellectual capital (R&D, etc.) and human capital for growth.
■ Upgrade non-financial value primarily via an effort to reduce environmental footprint and respect human rights.

Estimation of the NGK's Capital Cost	
After-tax Debt Cost	0.8%
Capital Cost	**10.9%**(CAPM)
D/E Ratio	0.32
WACC	9.4%
Pre-tax WACC	**13.7%**

Relations between Enterprise Value and Management Indicators

Market value as of September 30, 2026

Aim to increase enterprise value by enhancing capital profitability, growth potential and non-financial value

(Lower enterprise value) → (Higher enterprise value)

Enterprise Value

Shareholders' equity (on book value basis) | Financial Value (PBR 1.81, PER 15.37) | Non-Financial value | Market premium

Management Policy

Sustainability Management

ROE 12% or higher (Management focused on capital efficiency)

Business Portfolio Transformation (Increase profitability of existing businesses + Business turnaround/exit + Creation of new businesses)

Management Indicators (KPIs)

- **Capital Policy (Financial Leverage)**
  - **Return to Stockholders**
  - **Leverage interest-bearing debt**
- **NGK version of ROIC** (12% or higher)
  - **Improve Asset Turnover Ratio**
  - **Improve Profitability**
- **Sales Growth** (CAGR5% or higher)
  - **Commercialization**
  - **Research & Development**
- **NGK Value-added**
  - **The Reduction of Environmental Burden**

Performance target for 2030

- Dividend Payout Ratio 35% or higher DOE3.5% (Three-year average) + Acquire treasury shares flexibly
- Maintain Financial soundness D/E Ratio 0.3
- ROIC hurdle rate 12%: Capital turnover rate 0.75 or higher × Operating margin 16% or higher
- **NewValue1000** New products Sales 100 Bln. yen or higher (DS50%,CN30%)
- R&D Expenses Inject 340 Bln. yen over 10 years (80% or more to be invested in CN & DS)
- CO2 Emissions a reduction of 50% compared with 2013

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Sales by Product (Annual)

(Bln. Yen)

<After consolidation elimination>	FY2023	FY2024	FY2025	FY2026 FCT
Honeycomb	90.1	91.2	94.4	98.0
GPF	49.8	51.1	52.8	57.0
Cd-DPF・LSH	85.5	79.2	74.8	84.0
SiC-DPF	71.9	73.3	78.7	81.0
Sensors	64.6	61.7	68.1	79.0
Industrial Processes ※	28.8	33.8	22.7	26.0
Environment Business	390.7	390.4	391.5	425.0
SPE related	86.5	113.8	143.3	183.0
Electronics components	26.1	31.3	33.9	56.0
Metal related	25.6	26.5	28.3	36.0
Digital Society Business	138.2	171.6	205.4	275.0
Energy Storage	2.1	6.5	11.8	
Energy Plant ※			10.5	11.0
Insulators	47.9	51.1	51.0	57.0
Others				2.0
Energy & Industry Business	50.0	57.6	73.2	70.0
Total	578.9	619.5	670.1	770.0

※1 The Industrial Processes, which belonged to the E&I business, has been transferred to the EN business from the FY2024. Consequently, the performance for the FY2023 has been reclassified under the same segment categories.
※2 The radioactive waste treatment systems within the Industrial Processes business, which previously belonged to the EN business, were transferred to the E&I business from the beginning of FY2026. Consequently, the financial results for FY2025 has been reclassified under the same segment classification.

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Sales by Product (Semi Annual)

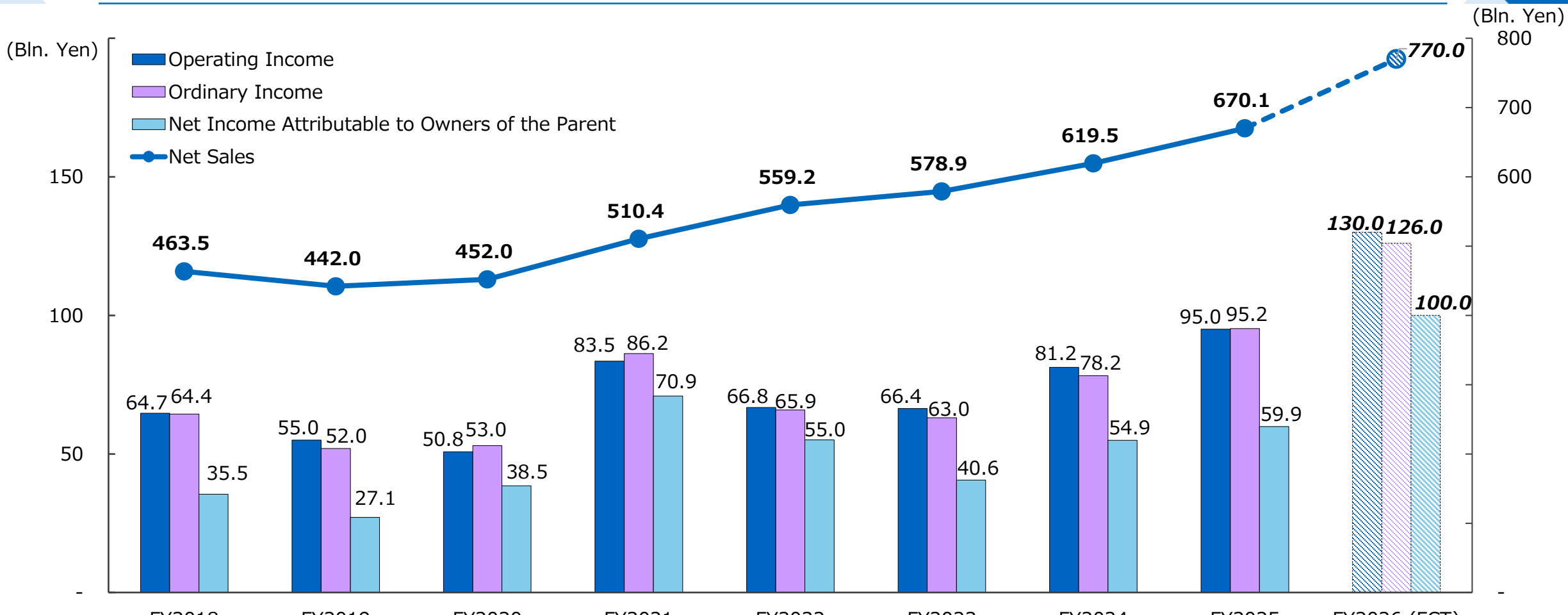
(Bln. Yen)

<After consolidation elimination>	FY2025		FY2026 Forecast	
	1H	2H	1H	2H
Honeycomb	46.6	47.8	49.8	48.2
GPF	27.0	25.8	25.3	31.7
Cd-DPF・LSH	37.3	37.6	42.9	41.1
SiC-DPF	38.1	40.6	40.3	40.7
Sensors	32.9	35.2	38.5	40.5
Industrial Processes ※	10.6	12.1	11.5	14.5
Environment Business	192.5	199.0	208.2	216.8
SPE related	69.7	73.5	86.5	96.5
Electronics components	15.0	18.9	27.1	28.9
Metal related	13.1	15.2	16.4	19.6
Digital Society Business	97.8	107.6	129.9	145.1
Energy Storage	6.7	5.1		
Energy Plant ※	5.1	5.4	6.1	4.9
Insulators	24.1	26.8	26.7	30.3
Others			0.4	1.6
Energy & Industry Business	35.9	37.3	33.2	36.8
Total	326.2	343.9	371.3	398.7

※ The radioactive waste treatment systems within the Industrial Processes business, which previously belonged to the EN business, were transferred to the E&I business from the beginning of FY2026. Consequently, the financial results for FY2025 has been reclassified under the same segment classification.

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Consolidated Operating Results



FX Rate	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (FCT)
USD	¥ 111	¥ 109	¥ 106	¥ 113	¥ 135	¥ 144	¥ 152	¥ 151	¥ 155
EUR	¥ 128	¥ 121	¥ 124	¥ 131	¥ 141	¥ 157	¥ 164	¥ 175	¥ 180
ROE	7.6%	5.8%	7.9%	12.9%	9.0%	6.1%	7.8%	7.8%	12.1%
EPS	¥ 110.35	¥ 84.73	¥ 121.61	¥ 226.56	¥ 177.47	¥ 133.65	¥ 185.96	¥ 206.32	¥ 354.02
Dividend	¥ 50	¥ 50	¥ 30	¥ 63	¥ 66	¥ 50	¥ 60	¥ 80	¥ 126

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Surprising Ceramics.

The purpose of this brief is information disclosure for better understanding of NGK Group's policies, projections and financial condition. This brief does not solicit buying and selling of NGK's shares. The figures included in this brief, including the business performance targets and figures, are all projected data based on the information currently available to the NGK Group, and are subject to variable factors such as economic conditions, competitive environments and future demands. Accordingly, please be advised that the actual results of business performance may differ substantially from the projections described here.

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Note: In the event of any discrepancy between the English and Japanese versions, the Japanese version shall prevail.