



December 23, 2020

Company Name: NGK INSULATORS, LTD.  
Listing Code: 5333  
Stock Exchange Listings: Tokyo and Nagoya  
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Notice of Incidental Appeal regarding Action for Revocation of Correction, etc. based on Transfer Pricing Taxation

This is to notify you that NGK INSULATORS, LTD. (“NGK”) filed an incidental appeal today with the Tokyo High Court with respect to the appeal dated December 9, 2020 filed by the national government with the Tokyo High Court against the judgment in the first instance in the action for revocation of the correction based on transfer pricing taxation and of the assessment and determination of additional tax for understatement (hereinafter referred to as the “Correction, etc.”) that had been filed by NGK with the Tokyo District Court.

1. Circumstances leading to the action

In March 2012, NGK received the Correction, etc. based on transfer pricing taxation from the Nagoya Regional Taxation Bureau with respect to transactions with its subsidiary in Poland that took place during the period from the fiscal year ended March 31, 2007 to the fiscal year ended March 31, 2010. In response, NGK paid approximately 6.2 billion yen in back taxes, including local taxes. Subsequently, NGK filed a request for examination with the Nagoya National Tax Tribunal in August 2014, seeking revocation of the dispositions imposed by the National Tax Agency. In June 2016, NGK received a decision providing for revocation of part of the Correction, etc. However, at this stage, NGK only received a refund of approximately 0.1 billion yen in corporate, local, and other taxes. As NGK believed that the dispositions should be revoked in entirety, it filed an action with the Tokyo District Court in December 2016 for revocation of the Correction, etc., seeking a refund of the balance. After the subsequent proceedings, on November 26, 2020, the Tokyo District Court rendered a judgment that granted most of NGK’s claims and revoked the Correction, etc. with respect to a total of approximately 5.8 billion yen in corporate and local taxes, etc. (hereinafter referred to as the “First Instance Judgment”).

Dissatisfied with the First Instance Judgment described above, the national government filed an appeal with the Tokyo High Court on December 9 of the same year. In response, NGK decided to file an incidental appeal with respect to the portions of the First Instance Judgment that did not grant its claims.

2. Date on which, and court with which, our incidental appeal was filed.

- (1) Date: December 23, 2020
- (2) Court: Tokyo High Court

3. Future prospects

NGK intends to continue to assert its legitimacy in front of the appeals court. The Correction, etc. has already been accounted for in NGK’s financial results and has had no impact on its business performance thus far. NGK will promptly make an announcement if disclosure becomes necessary.