



March 10, 2022

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Listing Code: 5333  
Stock Exchange Listings: Tokyo and Nagoya  
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Notice of the Judgement of the Appellate Court regarding Action for Revocation of Correction, etc.  
based on Transfer Pricing Taxation

This is to notify you that, regarding the action for revocation filed by NGK INSULATORS, LTD. ("NGK") against the correction based on transfer pricing taxation and the assessment and determination of additional tax for understatement (hereinafter referred to as the "Correction, etc.") that was pending before the Tokyo High Court, today the Tokyo High Court dismissed both the appeal by the national government and the incidental appeal by NGK.

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, in November 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 in December 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. Details of the judgement of the appellate court

The Tokyo High Court, accepting the First Instance Judgment of the Tokyo District Court that had admitted almost all of NGK's claims, dismissed both the appeal by the national government and the incidental appeal by NGK.

3. Future prospects

NGK will carefully examine the details of the judgment and decide what action to take. If NGK is required to disclose any information regarding this matter in the future, it will promptly disclose the required information in a timely manner. The Correction, etc. has already been accounted for in NGK's financial results and has had no impact on its business performance thus far.