



March 25, 2022

Company Name:	NGK INSULATORS, LTD.
Listing Code:	5333
Stock Exchange Listings:	Tokyo and Nagoya
Representative:	President Shigeru Kobayashi (Mr.)
Contact:	General Manager Finance & Accounting Dept. Hideaki Tsukui (Mr.) (TEL) +81-52-872-7230

Notification that the Judgment of Second Instance regarding the Action for Revocation of the Correction, etc. based on Transfer Pricing Taxation became Final and Binding

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, the Court rendered its judgment of second instance on March 10, 2022, and, in consideration of the fact that nearly all of NGK's claims were granted in the judgment and other factors, NGK did not petition for final appeal nor acceptance of final appeal thereagainst. The national government did not petition for final appeal nor acceptance of final appeal within the period for appeal, either, and the judgment of second instance became final and binding, as described below.

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 judgment 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

As a result of the judgment of second instance becoming final and binding, the amount of approximately 5.8 billion yen in corporate, local and other taxes already paid will be refunded, and the total amount of the refund and the interest on such refund will be recorded as a positive factor for net profit in March 2022.