



November 26, 2020

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Listing Code: 5333
Stock Exchange Listings: Tokyo and Nagoya
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Notice of Judgment in Action for Revocation of Correction, etc. based on Transfer Pricing Taxation

This is to notify you that, with respect to the action NGK INSULATORS, LTD. (“NGK”) filed with the Tokyo District Court 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.”), a judgment was rendered today providing that the Correction, etc. should be revoked in general, as follows.

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 between NGK and 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 tax penalties, including local taxes. Subsequently, NGK filed an appeal seeking revocation of the dispositions imposed by the National Tax Agency, and filed a request for examination with the Nagoya National Tax Tribunal in August 2014. 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.

2. Content of the judgment

The judgment generally upheld NGK’s claims and revoked the Correction, etc. with respect to a total of approximately 5.8 billion yen of corporation tax, local tax, etc.

3. Future prospects

NGK will carefully examine the content of the judgment and decide what action to take. If NGK are 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.