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July 4, 2022

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Listing Code: 5333
Stock Exchange Listings: Tokyo and Nagoya
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Notice Regarding Issuance of New Shares as Restricted Stock Compensation

NGK INSULATORS, LTD. (hereinafter referred to as the "Company") hereby announces that it has resolved to issue new shares as follows (hereinafter referred to as the "Issuance of New Shares" or "Issuance") at the meeting of the Board of Directors to be held on July 4, 2022 (hereinafter referred to as the "Allotment Resolution Date")

1. Outline of the Issuance

(1) Payment date	August 3, 2022
(2) Class and number of shares to be issued	The Company's common stock: 118,000 shares
(3) Issue price	1,801yen per share
(4) Aggregate issue amount	212,518,000 yen
(5) Persons eligible for the allotment of the shares and the number thereof, as well as the number of shares to be allotted	Directors (excluding outside directors) of the Company: 6 persons, 43,000 shares Corporate officers who do not concurrently serve as directors of the Company: 21 persons, 75,000 shares (excluding corporate officers who are overseas residents on a non-temporary basis)
(6) Other	The Issuance of New Shares is subject to the effectiveness of the securities registration statement submitted under the Financial Instruments and Exchange Act.

2. Purpose and Reason for the Issuance

The Company has resolved to introduce a restricted stock compensation plan (hereinafter referred to as the "Plan") as a new compensation plan for directors (excluding outside directors) (hereinafter referred to as the "Eligible Directors") and corporate officers who do not concurrently serve as directors (excluding corporate officers who are overseas residents on a non-temporary basis) of the Company (hereinafter, together with the Eligible Directors, referred to as the "Eligible Directors, Etc.") with the aim to further increase their sensitivity to stock prices, to further share the benefits and risks associated with stock price fluctuations with shareholders, and to increase their motivation to improve the Company's corporate value over the medium to long term, at the meeting of the Board

of Directors held on April 28, 2022. Further, it was approved at the 156th Annual Shareholders' Meeting held on June 27, 2022, that, under the Plan, monetary claims payable to the Eligible Directors as monetary compensation that serves as the property to be contributed to acquire restricted stock (hereinafter referred to as "Restricted Stock Compensation") shall be 200 million yen or less per year, the total number of shares of common stock newly issued or disposed of by the Company shall be 50,000 shares or less per year, and the transfer restriction period for restricted stock shall be a period from the day on which the shares of the Company's common stock have been allotted pursuant to a restricted stock allotment agreement to be entered into by an Eligible Director and the Company to immediately following the resignation from a post pre-designated by the Board of Directors of the Company among the posts of the officers and employees of the Company. The outline, etc., of the Plan is as follows.

[Outline, Etc. of the Plan]

Eligible Directors, Etc. shall make a contribution in kind of all monetary claims provided by the Company based on the resolution of the Company's Board of Directors in accordance with the Plan to acquire the shares of the Company's common stock to be issued or disposed of. The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Director's resolution (or the closing price on the most recent trading day if there was no transaction on the above-mentioned day) to the extent that the amount is not particularly favorable to the Eligible Directors, Etc. who will subscribe to the said shares.

In addition, the issuance or disposal of the shares of the Company's common stock under the Plan shall be subject to the execution of a restricted stock allotment agreement between the Company and an Eligible Director, Etc. that includes the following: (i) transfer to a third party, creation of any security interest, or any other disposal associated with the shares of the Company's common stock allotted under the restricted stock allotment agreement shall be prohibited for a certain period; and (ii) in the case of certain events, the Company shall acquire the said shares without consideration.

For this year, we have decided to grant total monetary claims of 212,518,000 yen (hereinafter referred to as the "Monetary Claims") and 118,000 shares of the common stock after consultation with the Nomination and Compensation Advisory Committee.

Through the Issuance of New Shares, 27 Eligible Directors, Etc. who are target allottees shall make a contribution in kind of all of the Monetary Claims to the Company and be allotted the shares of the Company's common stock (hereinafter referred to as the "Allotted Shares") under the Plan. The outline of the restricted stock allotment agreement (hereinafter referred to as the "Allotment Agreement") to be entered into between the Eligible Directors, Etc. and the Company with respect to the Issuance of New Shares is provided for in 3. below.

3. Outline of the Allotment Agreement

(1) Transfer Restriction Period

The period from August 3, 2022, up to immediately following the resignation from all the posts of directors, corporate officers, who do not concurrently serve as directors, audit & supervisory board members, and corporate counselors or senior counselors.

(2) Conditions to Lift the Transfer Restriction

The Company shall lift the transfer restriction on all of the Allotted Shares upon expiry of the transfer restriction period, on the condition that an Eligible Director, Etc. has remained in any of the posts of director, or corporate officer, who does not concurrently serve as director, audit & supervisory board member, and corporate counselors or senior counselors of the Company throughout a period from the day of starting their duties to the time immediately prior to the closure of the first Annual Shareholders' Meeting after their starting duties (hereinafter referred to as the "Service Provision Period").

(3) Handling in the Case that an Eligible Director, Etc. Resigns for Justifiable Reasons During the Service Provision Period

(i) Timing of Lifting the Transfer Restriction

If an Eligible Director, Etc. resigns from all the posts of director, corporate officer who does not concurrently serve as director, audit & supervisory board member, and corporate counselors or senior counselors of the Company due to the expiry of term or other justifiable reasons (including resignation due to death), the Company shall lift the transfer restriction immediately following the resignation of the relevant Eligible Director, Etc.

(ii) Number of shares for which the transfer restriction is to be lifted

It shall be the number of shares as determined by multiplying the number of the Allotted Shares held at the time of the relevant resignation as determined in (i) by a number as calculated by dividing the number of months from the month that includes the Allotment Resolution Date to the month that includes the day of resignation of a relevant Eligible Director, Etc. by the number of months during the Service Provision Period of 12 (1 when the quotient exceeds 1) (however, any resulting fractional shares shall be disregarded).

(4) Acquisition by the Company without Consideration

The Company shall automatically acquire without consideration all of the Allotted Shares at a relevant time, in the event that an Eligible Director, Etc. has engaged in an act that violates laws and regulations or has fallen under certain conditions as stipulated in the Allotment Agreement. Further, the Company shall automatically acquire without consideration the Allotted Shares on which the transfer restriction has not been lifted upon the expiry of the transfer restriction period or at the time of lifting the transfer restriction as stipulated in the (3) above.

(5) Handling in the Event of Reorganization, Etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company is a non-surviving company, a share exchange agreement or share transfer plan in which

the Company becomes a wholly owned subsidiary, or other reorganization, etc., are approved at the Company's shareholders' meeting (or at a meeting of the Company's Board of Directors in the cases where an approval at its shareholders' meeting is not required in relation to the reorganization, etc.), the Company shall lift the transfer restriction on the Allotted Shares for the shares in the number as determined by multiplying the number of the Allotted Shares held at the relevant time by a number as calculated by dividing the number of months from the month that includes the Allotment Resolution Date to the month that includes the day of the relevant approval by the number of months during the Service Provision Period of 12 (1 when the quotient exceeds 1) at the time immediately prior to the business day immediately preceding the date on which the reorganization, etc., becomes effective, by resolution of the Board of Directors. Further, the Company shall automatically acquire without consideration all of the Allotted Shares on which the transfer restriction has not been lifted as of the time immediately after the transfer restriction was lifted.

(6) Administration of the Shares

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the Eligible Directors, Etc. at Nomura Securities Co., Ltd. to prevent transfer, creation of any security interest, or any other disposals associated with the said shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the administration of accounts for the Allotted Shares held by respective Eligible Directors, Etc. to ensure the effectiveness of transfer restriction, etc., on the Allotted Shares. Further, Eligible Directors, Etc. shall consent to the content of the administration of such accounts.

4. Basis of the Calculation of the Amount to Be Paid in and Its Specific Details

The Issuance of New Shares to the Eligible Directors, Etc. will be based on the Monetary Claims paid as Restricted Stock Compensation during the 157th fiscal year of the Company under the Plan that serves as the property to be contributed. The issue price shall be 1,801 yen, the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on July 1, 2022 (the business day immediately preceding the date of resolution by the Board of Directors), in order to eliminate arbitrariness. This is a market price at a time immediately preceding the date of resolution by the Board of Directors. Accordingly, the Company judges it reasonable and not considered as a price particularly favorable.