

June 21, 2024

Press Release

Daiwa Securities Group Inc.

Notice concerning the Disposal of Treasury Shares for Restricted Stock Compensation

Attention

This document is an unofficial translation of a press release announced on June 21, 2024 by Daiwa Securities Group Inc. The original release is in Japanese.

Daiwa Securities Group Inc. (“Company”) hereby announces that its Executive Management Committee, having authority delegated by its Board of Directors, resolved at a meeting to dispose of its treasury shares for the purpose of restricted stock compensation (“Disposal of Treasury Shares” or “Disposal”). The details of the said resolution are as follows:

1. Overview of the Disposal of Treasury Shares

(1) Class and number of shares to be disposed	Common Shares of the Company: 914,200 shares
(2) Disposal value of shares to be disposed	1,189 JPY per share
(3) Total disposal value	1,086,983,800 JPY
(4) Recipients of allocation	Directors and Corporate Executive Officers of the Company: 19 persons, 147,300 shares Executive Officers, etc. of the Company: 9 persons, 59,900 shares Directors of the Company’s subsidiaries: 70 persons, 367,000 shares Executive Officers, etc. of the Company’s subsidiaries: 77 persons, 340,000 shares
(5) Disposal date	July 16, 2024
(6) Other	The Disposal of Treasury Shares is conditioned on the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and Reasons for the Disposal

In 2018, the Company resolved at a meeting of its Compensation Committee to introduce the Restricted Stock Compensation Plan for the Company’s and its subsidiaries’ directors, corporate executive officers, executive officers, etc. (“Eligible Officers, etc.”) in order to incentivize Eligible Officers, etc. to contribute towards the sustainable enhancement of performance in the medium and long term and further promote shared interests between the Eligible Officers, etc. and shareholders. In 2024, the Company resolved at a meeting of its Compensation Committee to make partial changes to the plan, including the addition of performance-based compensation (the “Plan”).

The number of shares to be disposed in the Disposal of Treasury Shares is 914,200 common shares, and the ratio of such shares to the total number of issued and outstanding shares (1,569,378,772 common shares as of May 31, 2024 (including treasury stock)) is 0.06%. The Company has judged

that the dilution due to the Disposal of Treasury Shares is reasonable in consideration of the above purpose of the Plan.

An overview of the Plan is provided below.

<Overview of the Plan>

The Plan consists of “Stock Compensation Plan I”, “Stock Compensation Plan II” and “Stock Compensation Plan III”.

“Stock Compensation Plan I” grants restricted stock, the value of which corresponds to a certain percentage of base compensation. In order to function as an incentive to enhance long-term performance, the period during which an Eligible Officer, etc. will be prohibited from transferring, creating any security interest on, or otherwise disposing of the restricted stock (“Transfer Restriction Period”) is from the date of allocation to the time when such Eligible Officer, etc. loses status as an officer, etc. of the Company or the Company’s subsidiaries and affiliates.

“Stock Compensation Plan II” grants restricted stock with a value equivalent to a certain percentage of performance-based compensation. The Transfer Restriction Period of the restricted stock is 3 years, and in addition to providing an incentive to enhance long-term performance, it will function as deferred compensation.

“Stock Compensation Plan III” will set an upper limit on performance-based cash compensation, and the part of the cash compensation which exceeds the upper limit will be replaced by the grant of restricted stock. The Transfer Restriction Period of the restricted stock is 3 years. Restricted stock will function as deferred compensation when performance-based cash compensation exceeds the upper limit.

The Eligible Officers, etc. will pay as property contributed in kind all the monetary compensation claims granted based on the Plan, and receive the common shares of the Company (“Restricted Stock”). The monetary compensation for the Company’s Directors and Corporate Executive Officers will be determined by the Compensation Committee of the Company.

When issuing and disposing of common shares of the Company pursuant to the Plan, the Company will enter into Restricted Stock allotment contracts with the Eligible Officers, etc. (“Allocation Agreements”).

The Disposal of Treasury Shares is the disposal of common shares of the Company pursuant to “Stock Compensation Plan I” and there is no issuance or disposal of common shares of the Company pursuant to “Stock Compensation Plan II” and “Stock Compensation Plan III” at this time.

<Overview of the Allocation Agreements (regarding “Stock Compensation Plan I”)>

With the Disposal of Treasury Shares, the Company and each of the Eligible Officers, etc. shall enter into individual Allocation Agreements. The overview of the Allocation Agreements is as follows:

(1) Transfer Restriction Period

From July 16, 2024 (the date of disposal) to the time when the Eligible Officer, etc. loses status as an officer, etc. of the Company or the Company’s subsidiaries and affiliates.

(2) Conditions for lifting transfer restrictions

The Company will lift the transfer restrictions for all of the Company's common shares allotted to an Eligible Officer, etc. ("Allotted Stock") upon expiration of the Transfer Restriction Period, on the condition that such Eligible Officer, etc. has remained in the post of Director, Corporate Executive Officer, or Executive Officer, etc. of the Company or the Company's subsidiaries or affiliates continuously (i) with respect to Directors and Corporate Executive Officers of the Company and Directors of the Company's subsidiaries, according to their respective terms of office, during the period from the close of the ordinary general meeting of shareholders of the Company or its subsidiaries for the fiscal year ending March 31, 2024 to the close of the ordinary general meeting of shareholders for the fiscal year ending March 31, 2025, and (ii) with respect to Executive Officers, etc. of the Company and its subsidiaries, from April 1, 2024 to March 31, 2025. In case, however, the Eligible Officer, etc. loses status as Director, Corporate Executive Officer, and Executive Officer, etc. of the Company and the Company's subsidiaries and affiliates for personal reasons, the Company shall lift the transfer restrictions for the number of shares of the Allotted Stock apportioned by the calculation set forth in the Allocation Agreement immediately after the Eligible Officer, etc. loses such status.

(3) The Company's acquisition of Allotted Stock without compensation

At the end of the Transfer Restriction Period, the Company shall automatically acquire without compensation all of the Allotted Stock for which transfer restrictions are not then lifted.

(4) Malus and Clawback

During the Transfer Restriction Period and until the last day of the last fiscal year ending within 3 years from the day on which the Transfer Restriction Period expires, In the event that the Company's credit or reputation is seriously damaged due to fraudulent or unfair acts, the Company's internal rules or regulations are violated in a material respect, or the Company's financial statements are materially revised due to a material error, etc., the Company will freely acquire the Allotted Stock during the restricted transfer period ("Malus") or freely transfer after lifting the transfer restrictions of the Allotted Stock (If the Eligible Officer, etc. does not hold the Allotted Stock, the Eligible Officer, etc. shall return the money equivalent to such Allotted Stock) ("Clawback").

(5) Management of stock

In order to prevent Eligible Officers, etc. from transferring, creating a security interest on, or otherwise disposing of Allotted Stock during the Transfer Restriction Period, the Allotted Stock shall be managed in dedicated accounts opened by Eligible Officers, etc. at Daiwa Securities Co. Ltd.

(6) Treatment during reorganization, etc.

If during the Transfer Restriction Period a merger agreement in which the Company will be the disappearing company, a share exchange agreement or share transfer plan in which the Company will become a wholly-owned subsidiary, or other reorganization, etc. is approved at the Company's shareholders meeting (or by the Company's Board of Directors or Executive Management Committee if the approval of the shareholders meeting is not required for such reorganization, etc.), the transfer restrictions on the Allotted Stock shall be lifted immediately prior to the business day preceding the effective date of such reorganization, etc. by a resolution of the Executive Management Committee.

3. Basis of Calculation and Specific Details for the Disposal Value

The Disposal of Treasury Shares shall be made by way of an in-kind contribution of the monetary compensation claims granted to Eligible Officers, etc. under the Plan. To avoid disposing of shares based on arbitrary decisions about value, the disposal value of the shares shall be 1,189 JPY per share, which is the average closing price of the Company's common shares on the Tokyo Stock Exchange for the 30 business day period ending on June 20, 2024 (the business day immediately prior to the date of the resolution by the Executive Management Committee). As the price is the average closing price of the adjacent period prior to the date of the resolution by the Executive Management Committee, the Company believes that this is a reasonable price that appropriately reflects the corporate value of the Company and is not especially favorable to Eligible Officers, etc..

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