

Notice Regarding Issuance of Stock Options Utilizing Share Acquisition Rights

Attention

This document is an unofficial translation of a press release announced on July 31, 2023 by Daiwa Securities Group Inc. The original press release is in Japanese.

Daiwa Securities Group Inc. (hereinafter “Company”) resolved at an Executive Management Committee held today to issue share acquisition rights pursuant to Articles 236, 238 240 and 416 of the Companies Act for the purpose of granting stock options. The terms are as outlined below.

1. Name of Common Share Acquisition Rights

Series 20 Share Acquisition Rights

2. Number of Common Share Acquisition Rights to be Issued

79,034 Share Acquisition Rights set according to 4. below.

The aggregate number of shares to be issued upon exercise of Common Stock Subscription Rights shall be 7,903,400. If the Number of Granted Shares (defined in 4. ①) is adjusted pursuant to 4.① below, the aggregate number of shares to be issued shall be the number of Common Share Acquisition Rights multiplied by the Number of Granted Shares after the adjustment.

3. Amount to be Paid in upon Issuance of Common Share Acquisition Rights

Common Share Acquisition Rights shall be issued without consideration and require no payment. Such issuance without consideration or payment is not classified as a favorable issuance because Common Share Acquisition Rights are issued as incentive compensation.

4. Terms of Common Share Acquisition Rights

① Class and Number of Shares to be Issued upon Exercise of Common Share Acquisition Rights

The number of shares to be issued upon exercise of one (1) Common Share Acquisition Right (hereinafter, “Number of Granted Shares”) shall be 100 shares of Common Stock. If the Company splits the shares of Common Stock (including gratis allotment of the shares of Common Stock; hereinafter the same shall apply) or consolidates the shares of Common Stock after the date of the resolution of the Executive Management

Committee (hereinafter, "Resolution Date"), the Number of Granted Shares shall be adjusted in accordance with the following formula. An adjustment shall be made only with respect to the Number of Granted Shares for the Common Share Acquisition Rights which have not been exercised at the time of the adjustment. Any fraction of less than one (1) share resulting from the adjustment shall be disregarded.

$$\text{Number of Granted Shares after adjustment} = \text{Number of Granted Shares before adjustment} \times \text{Ratio of split or consolidation}$$

In addition, in the case of a merger with any other company, corporate split or capital reduction of the Company, or in any other case similar thereto where an adjustment of the Number of Granted Shares shall be required, in each case after the Resolution Date, the Number of Granted Shares shall be appropriately adjusted to the extent reasonable.

② Amount to be Paid in upon Exercise of Common Share Acquisition Rights

The amount to be paid in upon exercise of each Common Share Acquisition Rights shall be the amount to be paid in per share (hereinafter, "Exercise Price") multiplied by the Number of Granted Shares.

The Exercise Price shall be The Closing Price on the Allocation Date of Common Share Acquisition Rights (if there is no Closing Price on such date, the Closing Price for the immediately preceding trading day). Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest one (1) yen.

If the Company splits or consolidates the shares of Common Stock after the Allocation Date, the Exercise Price shall be adjusted in accordance to the following formula, and any fraction of less than one (1) yen resulting from the adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of split or consolidation}}$$

The Exercise Price shall be adjusted using the following formula, in the event the Company issues shares or disposes treasury stocks below market price (except in the case of conversion of securities to be converted or that can be converted to Common Stock of the Company, or exercise of common share acquisition rights (including those attached to bonds with common share acquisition rights) which can require issuance of Common Stock of the Company). Any fraction of less than one (1) yen resulting from the adjustment shall be rounded up to the nearest one (1) yen.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Outstanding number of shares} + \frac{\text{Number of newly issued shares} \times \text{Payment for one share}}{\text{Market price of one share}}}{\text{Outstanding number of shares} + \text{Number of newly issued shares}}$$

“Outstanding number of shares” is the number of shares of Common Stock issued minus the number of any treasury stock of Common Stock and in the case of disposition of treasury stocks, “Number of newly issued shares” shall read “Number of treasury stocks disposed”.

Other than the above, in the case of a merger with any other company, corporate split or capital reduction of the Company, or in any other case similar thereto where an adjustment of the Exercise Price shall be required, in each case after the Allocation Date, the Exercise Price shall be appropriately adjusted to the extent reasonable.

③ Exercise Period of Common Share Acquisition Rights

From September 1, 2025 to July 30, 2033

④ Terms Regarding Increase in Capital Stock and Additional Paid-in Capital upon Exercise of Common Share Acquisition Rights

1) The amount by which capital stock will be increased upon issuance of Common Stock due to exercise of Common Share Acquisition Rights shall be half of the limit of the capital increase calculated according to Paragraph 1 of Article 17 of the Accounting Regulation Ordinance. Any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest one (1) yen.

2) The amount by which additional paid-in capital will be increased upon issuance of Common Stock due to exercise of Common Share Acquisition Rights shall be the difference between the limit of the capital increase and the increase in capital stock, both as stipulated in 1) above.

⑤ Restriction on Transfer of Common Share Acquisition Rights

Common Share Acquisition Rights are non-transferable unless the Board of Directors of the Company approves such transfer.

⑥ Conditions for Exercise of Common Share Acquisition Rights

1) Common Share Acquisition Rights cannot be exercised in part.

2) Other conditions for exercise shall be set forth in a Share Acquisition Rights Allocation Agreement between the Company and the holder of Common Share Acquisition Rights.

- ⑦ **Terms and Conditions of Acquisition of Common Share Acquisition Rights**
The Company may acquire Common Share Acquisition Rights without consideration when a holder loses all qualifications for exercising Common Share Acquisition Rights or waives all or part of his/her Common Share Acquisition Rights.
- ⑧ **Treatment of Fractional Shares Less Than One Share**
Any fraction of less than one (1) share of Common Stock issued upon exercise of Common Share Acquisition Rights shall be disregarded.

5. Date of Allocation of Share Acquisition Rights

August 15, 2023

6. Reason for Issuance of Common Share Acquisition Rights, Persons to Whom Common Share Acquisition Rights Shall Be Allocated, and the Number of Common Share Acquisition Rights Being Allocated

The Company will issue Share Acquisition Rights as stock options to a total of 5,412 persons out of employees of the Company's wholly owned subsidiaries, as an incentive to contribute towards increasing consolidated performance. Details of to whom and the number of Share Acquisition Rights being allocated shall be in accordance with a resolution of the CEO of the Company.

7. The Place Where Payments Made upon Exercise of Common Share Acquisition Rights Are Processed

1-1-2, Marunouchi, Chiyoda-ku, Tokyo, 100-0005, Japan
Sumitomo Mitsui Banking Corporation Tokyo Main Office

- 8. Other matters about the solicitation of candidates to subscribe for Common Share Acquisition Rights, and the issuance and acquisition of Common Share Acquisition Rights shall be in accordance with a resolution of the CEO of the Company.**