



Nomura Research Institute Group



June 18, 2021

Company name Nomura Research Institute, Ltd.
(Code: 4307 TSE First Section)
Representative Shingo Konomoto
Chairman and President & CEO,
Representative Director,
Member of the Board

NRI Announces Issuance of New Shares as Restricted Stock Compensation

Nomura Research Institute, Ltd. (NRI) announced that a resolution on the issuance of new shares as restricted stock compensation (the “Stock Issuance”) was passed at the meeting of its Board of Directors today. Details are as follows.

1. Outline of issuance

(1) Payment date	July 16, 2021
(2) Class and number of shares to be issued	696,500 shares of NRI common stock
(3) Issue price	3,560 yen per share
(4) Total amount of issuance	2,479,540,000 yen
(5) Allottees, number of allottees, and number of shares to be allotted	6 NRI directors (excluding outside directors) 107,000 shares 47 executive officers and other employees (executive arrangements) 589,500 shares
(6) Other details	This Stock Issuance is conditional on the securities registration statement going into effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reasons for the issuance

At the Board of Directors meeting held April 26, 2018, NRI passed a resolution to implement a restricted stock compensation plan (“This Plan”) to award incentives to directors other than outside directors (“Applicable Directors”) for making lasting improvements to the corporate value of NRI, and also to provide the same restricted stock compensation plan as a new compensation system for NRI’s executive officers and other employees residing in Japan (executive arrangements, referred to collectively as “Applicable Directors and Others”) in addition to Applicable Directors, in order to further increase the level of shared value with shareholders. Additionally, at the 53rd Ordinary General Meeting of Shareholders on June 22, 2018 (“This Shareholder Meeting”) shareholders approved the issuance of (i) a maximum of 120 million yen per year for “stock compensation as long-term incentives,” and (ii) a maximum of 280 million yen per year for “stock compensation as medium-term incentives,” totaling a maximum of 400 million yen per year (not including employee salary for employees who double as directors) in monetary compensation (“Restricted

Stock Compensation”) in monetary compensation receivables to Applicable Directors to invest as properties contributed in kind for the acquisition of restricted stock through This Plan.

An overview of This Plan is as follows.

[Overview of This Plan]

This Plan is comprised of (i) “stock compensation as long-term incentives” for which restrictions on transfer of ownership cannot be cancelled until the time that the recipient leaves the company, as a means of promoting shared value with shareholders through stock holdings while also providing long-term incentives for lasting improvements to NRI’s corporate value, and (ii) “stock compensation as medium-term incentives” for which restrictions on transfer of ownership are set to periods of three to five years, as medium-term incentives geared toward increases in NRI stock price and medium-term business performance, of which the medium-term management plan is indicative.

Applicable Directors and Others shall invest the entire amount of monetary compensation receivables they receive from NRI through This Plan as properties contributed in kind, and in turn will receive issuances or dispositions of shares of NRI common stock.

The total number of shares of common stock that NRI will newly issue or dispose of to Applicable Directors through This Plan will be a maximum of 54,000 shares per year for stock compensation as long-term incentives, and a maximum of 126,000 shares per year for stock compensation as medium-term incentives, totaling a maximum of 180,000 shares per year. (however, when there are stock splits (including allotment of NRI common stock without contribution) or consolidations of NRI common stock that are effective on or after the day that the resolution is passed at This Shareholder Meeting, or when circumstances otherwise arise requiring adjustment to the total number of shares of NRI common stock to be issued or disposed of as restricted stock, the total number of shares will be adjusted reasonably according to the ratio of the split, consolidation, or other such change, on or after the effective date of the split, consolidation, or other applicable circumstances. NRI also conducted a one-to-three share split of its common stock with effective date July 1, 2019. In accordance with this share split, NRI is adjusting the total number of shares of common stock to be newly issued to Applicable Directors or disposed of, as approved at the 53rd Ordinary General Meeting of Shareholders on June 22, 2018 (a maximum of 18,000 shares per year for stock compensation as long-term incentives and a maximum of 42,000 shares per year for stock compensation as medium-term incentives, totaling a maximum of 60,000 shares per year)).

The amount paid for each of these shares shall be decided by the Board of Directors, based on the closing price of NRI common stock on the Tokyo Stock Exchange on the business day before the resolution by the Board of Directors (if trading was not conducted that day, then the closing price on the trading day immediately before). The price will be within a range that is not particularly advantageous to the Applicable Directors and Others who receive the common stock.

The conditions for the issuances or dispositions of NRI common stock through This Plan are that NRI and the Applicable Directors and Others (1) prohibit transfers to third parties, arrangements of security interests, or other such dispositions related to the allocations of NRI common stock received by the Applicable Directors and Others through allocation agreements for a set period of time, and (2) conclude agreements on the allocation of restricted stock (the “Allocation Agreements”), which stipulate that when certain circumstances arise NRI can acquire this common stock at no cost, and other such provisions.

By resolution at the Board of Directors meeting held on June 18, 2021, NRI has decided to issue a combined total of 2,479,540,000 yen in monetary compensation receivables (the “Receivables”) and a total of 696,500 shares of common stock (the “Stock”) in stock compensation as long-term and medium-term incentives to Applicable Directors and Others as incentives for increases in NRI stock price and medium to long-term business performance. Breakdowns of these amounts are as follows.

(i) Stock compensation as long-term incentives: 678,180,000 yen in monetary compensation receivables, 190,500 shares of common stock

(ii) Stock compensation as medium-term incentives: 1,801,360,000 yen in monetary compensation receivables, 506,000 shares of common stock

To facilitate long-term, lasting improvements to the corporate value of NRI, restrictions on transfer of ownership shall apply to stock compensation as long-term incentives until the time that the recipient leaves the company. Taking the duration of NRI's Medium-Term Management Plan and other such factors into consideration, restrictions on transfer of ownership shall apply to stock compensation as medium-term incentives for a period of three years.

The 53 Applicable Directors and Others scheduled to receive allotments shall invest the entire amount of the Receivables they receive from NRI through This Plan as properties contributed in kind, and in turn will receive shares of NRI common stock through this Stock Issuance, on the condition of entering into the Allocation Agreements with NRI for stock compensation as long-term incentives and stock compensation as medium-term incentives respectively (hereinafter the agreement pertaining to stock compensation as long-term incentives shall be referred to as the "Allocation Agreement (Long-term Incentives)" and the agreement pertaining to stock compensation as medium-term incentives shall be referred to as the "Allocation Agreement (Medium-term Incentives)."

3. Overview of the Allocation Agreements

1) Allocation Agreement (Long-term Incentives)

(1) Period of restrictions on transfers

From July 16, 2021 (payment date) until the date of leaving any and all positions including that of director, audit & supervisory board member, senior managing director, managing director, executive fellow, adviser, counselor, research counselor, or any other such position or position as employee (collectively "Positions Including Director") with NRI or its subsidiaries.

(2) Conditions for cancellation of restrictions

During the period of restrictions on transfers, Applicable Directors and Others shall no longer be restricted on the transfer of the entirety of their share allotment once the period of restrictions on transfers has ended, on the condition of having continuously served in any Positions Including Director throughout the period of restrictions on transfers.

(3) Situations in which Applicable Directors and Others leave at the expiration of their term in office, reach retirement age, reach the end of the term of their employment agreements, or leave due to other justifiable circumstances during the period of restrictions on transfers shall be handled as follows.

(a) Time of cancellation

When Applicable Directors and Others leave any Positions Including Director due to expiration of their term in office, reaching retirement age, reaching the end of the term of their employment agreements, or for any other justifiable reason (except when leaving the position due to death), transfer restrictions shall be cancelled once the period of restrictions on transfers has ended. When Applicable Directors and Others leave their positions due to death, transfer restrictions shall be cancelled at the time of leaving the positions due to death.

(b) Number of shares subject to cancellation of transfer restrictions

Transfer restrictions shall be cancelled for the entirety of this allotment of shares at the time of leaving the applicable position.

(4) Acquisition by NRI at no cost

When Applicable Directors and Others leave any Positions Including Director (except when due to justifiable reasons specified in (3) above or when due to death) or if they are found to have committed an improper act in violation of laws, regulations, or company rules, NRI shall unquestionably be able to acquire this allotment of shares in its entirety at no cost at the time these circumstances arise.

NRI shall also unquestionably be able to acquire at no cost the shares from this allotment for which transfer restrictions are not cancelled at the time that the period of restrictions on transfers of shares ends or at the time that transfer restrictions are cancelled as specified in (3) above.

(5) Managing allocated shares

NRI plans to have Applicable Directors and Others open dedicated accounts at Nomura Securities

Co., Ltd. for the management of their share allotments during the period of restrictions on transfers, so the Applicable Directors and Others cannot transfer the shares, arrange security interests, or otherwise dispose of the shares during this period. NRI has entered into an agreement with Nomura Securities Co., Ltd. for the management of accounts to hold the shares belonging to each of the Applicable Directors and Others in order to ensure the effectiveness of transfer restrictions and other stipulations on this share allocation. Applicable Directors and Others shall also consent to provisions of the management of these accounts.

(6) If Organizational Restructuring Occurs

If the NRI General Meeting of Shareholders (or the NRI Board of Directors if approval on restructuring by the General Meeting of Shareholders is not needed) approves motions on the absorption of NRI in a merger agreement or a share exchange agreement or share transfer plan in which NRI becomes a wholly owned subsidiary, or any other such organizational restructuring transaction, by resolution of the Board of Directors the transfer restrictions on the entirety of these shares to be allocated to Applicable Directors and Others at that time shall be cancelled immediately before the business day preceding the date that the organizational restructuring or similar transaction goes into effect.

2) Allocation Agreement (Medium-term Incentives)

(1) Period of restrictions on transfers

July 16, 2021 (payment date) – July 31, 2024

(2) Conditions for cancellation of restrictions

During the period of restrictions on transfers, Applicable Directors and Others shall no longer be restricted on the transfer of the entirety of their share allotments once the period of restrictions on transfers has ended, on the condition of having continuously served in any Positions Including Director throughout the period of restrictions on transfers.

(3) Situations in which Applicable Directors and Others leave at the expiration of their term in office, reach retirement age, reach the end of the term of their employment agreements, or leave due to other justifiable circumstances during the period of restrictions on transfers shall be handled as follows.

(a) Time of cancellation

When Applicable Directors and Others leave any Positions Including Director due to expiration of their term in office, reaching retirement age, reaching the end of the term of their employment agreements, or for any other justifiable reason (except when leaving the position due to death), transfer restrictions shall be cancelled once the period of restrictions on transfers has ended. When Applicable Directors and Others leave their positions due to death, transfer restrictions shall be cancelled at the time of leaving the positions due to death.

(b) Number of shares subject to cancellation of transfer restrictions

Transfer restrictions shall be cancelled for the entirety of this allotment of shares held at the time of leaving the applicable position

(4) Provisions for other matters involving acquisition of shares by NRI at no cost, managing allocated shares, and any organizational restructuring transaction shall be the same as those specified in 1) Allocation Agreement (Long-term Incentives).

4. Basis for Calculating Amount Paid and Other Details

Monetary compensation receivables paid as Restricted Stock Compensation for this Stock Issuance to those who are to receive them during NRI's 57th business year (April 1, 2021 – March 31, 2022) based on this plan will be executed as contributions in kind. To eliminate arbitrariness in determining the amount paid, the amount to be paid per share has been set at 3,560 yen which was the closing price of NRI common stock on the Tokyo Stock Exchange on June 17, 2021 (the business day before the date of the Board of Directors resolution). This was the price on the stock market immediately before the date of the Board of Directors resolution, and NRI believes it is a logical price that is not particularly advantageous.

[General Inquiries]

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