

<Translation>

Note: This English translation of the original Japanese version of the notice has been prepared for the sole purpose of the convenience of non-Japanese shareholders and shall by no means constitute an official or binding version of the notice.

(Securities Code: 8601)

May 31, 2021

To Our Shareholders

Daiwa Securities Group Inc.
9-1, Marunouchi 1-chome,
Chiyoda-ku, Tokyo
President and CEO
Seiji Nakata

Notice of Convocation of the 84th Ordinary General Meeting of Shareholders

Daiwa Securities Group Inc. (“Company”) would like to express its gratitude for your courtesies.

You are hereby notified that the 84th Ordinary General Meeting of Shareholders (“Meeting”) will be held as stated below.

In view of the situation of the novel coronavirus (COVID-19), the Meeting will be held after implementing appropriate measures to prevent the spread of infection.

In order to prevent the spread of infection, we would appreciate it if shareholders could refrain from visiting the venue. Furthermore, the Meeting will be streamed live via the internet.

Please examine the “Reference Documents for the General Meeting of Shareholders” provided below, and exercise your voting rights by 17:00 (5:00 p.m.) Tuesday, June 22, 2021, following the instructions below.

Particulars

1. Date and time of the Meeting

10:00 a.m., Wednesday, June 23, 2021 (Doors open at 9:00 a.m.) (Tokyo time)

2. Place of the Meeting

Convention Hall, B2, The Prince Park Tower Tokyo

8-1, Shiba-koen 4-chome, Minato-ku, Tokyo

3. Matters to be dealt with at the Meeting

Matters to be reported:

1. Report on the contents of the Business Report, the Consolidated Statutory Report, and the outcome of the audit of the Consolidated Statutory Report conducted by Independent Auditors and the Audit Committee, with respect to the 84th fiscal year (from April 1, 2020 to March 31, 2021).
2. Report on the contents of the Non-Consolidated Statutory Report for the 84th fiscal year (from April 1, 2020 to March 31, 2021).

Matters to be resolved:

Bill: Election of fourteen (14) Directors (Members of the Board)

4. Matters regarding the Exercise of Voting Rights

- (1) You may exercise your voting rights in writing or via electronic device (via the Internet, etc.).
- (2) If you exercise your voting rights in writing and submit the “Voting Rights Exercise Form” without any indication in the space for approval or disapproval of the bill, it shall be deemed as an intention of approval.
- (3) If you exercise your voting rights by proxy, you must delegate your voting rights to a proxy who is a shareholder of the Company entitled to vote. In such case, in addition to the letter of proxy to prove the proxy, the proxy’s own “Voting Rights Exercise Form” would be required. Furthermore, delegation of your voting rights is limited to only one proxy.
- (4) If you choose to exercise your voting rights in a non-uniform manner, please inform the Company, in writing, of your intention to exercise your voting rights in a non-uniform manner and the reason for it three days in advance of the Meeting.

5. Disclosure via the Internet

- (1) As permitted by applicable laws and regulations and Article 23 of the Company’s Articles of Incorporation, “Status of Stock Acquisition Rights, etc.”, “System to Ensure Appropriateness of Business and State of Operation of Such System”, “Consolidated Statement of Changes in Net Assets”, “Notes to the Consolidated Statutory Report”, “Balance Sheet”, “Statement of Income”, “Statement of Changes in Net Assets”, “Notes to the Non-Consolidated Statutory Report”, and “Independent Auditor’s Report” which are to be provided along with this Notice of Convocation, are posted on the website of the Company (<https://www.daiwa-grp.jp/ir/shareholders/meeting/>) and are not attached to this Notice of Convocation. The Business Report, the Consolidated Statutory Report and the Non-Consolidated Statutory Report attached to this Notice of Convocation or posted on the Company’s website as stated above are the documents audited by the Audit Committee or Independent Auditors when they create the audit report or accounting audit report.
- (2) If any modification to the contents of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Statutory Report and/or the Non-Consolidated Statutory Report is needed before the date of the Meeting, the Company will post such modification on the Company’s website as stated above.
- (3) Depending on the situation of the spread of the novel coronavirus, the venue or time of the Meeting may need to be changed. In that case, such change will be posted on the Company’s website as stated above.
- (4) For the purpose of providing early disclosure, the contents of the Notice has been posted on the website of the Company before dispatch of the Notice.

- Please note that any proxy or person accompanying a shareholder **who is not a shareholder of the Company may not attend the Meeting.**
- When you attend the Meeting, **please submit the enclosed “Voting Rights Exercise Form” to the receptionist at the venue of the Meeting.**
- If you are a nominee shareholder of a custodian bank, etc. (including a standing proxy), and if you have applied in advance to use the web-based platform to exercise voting rights for institutional investors that is managed by Investor Communications Japan, Inc. (ICJ), you may use that platform as a method, instead of the Internet, of exercising your voting rights via an electronic device.

Reference Documents for the General Meeting of Shareholders

Bill and reference matters

Election of Fourteen (14) Directors (Members of the Board)

The terms of office of all members (thirteen (13) Directors) of the Board of Directors are expiring as of the conclusion of this Ordinary General Meeting of Shareholders. In order to enhance the management system, the Company intends to add one (1) additional Outside Director and requests shareholders' approval to elect, in total, fourteen (14) Directors pursuant to the decision of the Nominating Committee.

The nominees for Directors (Members of the Board) are as follows. Mr. Michiaki Ogasawara, Mr. Hirotaka Takeuchi, Mr. Ikuo Nishikawa, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa, Mr. Toshio Iwamoto and Ms. Yumiko Murakami are the nominees for Outside Directors as defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

| Candidate Number | Name | Title and charge in the Company (★ indicates a Chairman of the committee) | Years on Board | Attendance Rate (FY2020) |
|------------------|--|--|----------------|--------------------------|
| 1 | Takashi Hibino Reappointment | Chairman of the Board and Corporate Executive Officer Member of the Nominating Committee Member of the Compensation Committee | 17 | 12/12 (100%) |
| 2 | Seiji Nakata Reappointment | Member of the Board, Representative Corporate Executive Officer, President and CEO Member of the Nominating Committee Member of the Compensation Committee | 6 | 12/12 (100%) |
| 3 | Toshihiro Matsui Reappointment | Member of the Board, Representative Corporate Executive Officer, Deputy President and COO | 5 | 12/12 (100%) |
| 4 | Keiko Tashiro Reappointment Female | Member of the Board, Corporate Executive Officer, Deputy President, and Head of Overseas and SDGs | 7 | 12/12 (100%) |
| 5 | Akihiko Oginō Reappointment | Member of the Board, Senior Executive Managing Director, and Head of Planning, Legal and Executive Head of Personnel | 1 | 9/9 (100%) |
| 6 | Sachiko Hanaoka Reappointment Female Non-Executive | Member of the Board Member of the Audit Committee | 2 | 12/12 (100%) |
| 7 | Hiromasa Kawashima Reappointment Non-Executive | Member of the Board Member of the Audit Committee | 1 | 9/9 (100%) |
| 8 | Michiaki Ogasawara Reappointment Outside Independent | Outside Director ★ Member of the Nominating Committee Member of the Audit Committee | 6 | 12/12 (100%) |
| 9 | Hirotaka Takeuchi Reappointment Outside Independent | Outside Director Member of the Nominating Committee ★ Member of the Compensation Committee | 5 | 12/12 (100%) |

| | | | | | |
|----|---------------------|---|--|---|-----------------|
| 10 | Ikuo Nishikawa | Reappointment Outside Independent | Outside Director ★Member of the Audit Committee Member of the Compensation Committee | 5 | 12/12 (100%) |
| 11 | Eriko Kawai | Reappointment Female Outside Independent | Outside Director Member of the Nominating Committee Member of the Audit Committee | 3 | 12/12 (100%) |
| 12 | Katsuyuki Nishikawa | Reappointment Outside Independent | Outside Director Member of the Nominating Committee Member of the Audit Committee | 2 | 12/12 (100%) |
| 13 | Toshio Iwamoto | Reappointment Outside Independent | Outside Director Member of the Nominating Committee Member of the Compensation Committee | 1 | 9/9 (100%) |
| 14 | Yumiko Murakami | New Appointment Female Outside Independent | | - | - |

Expertise and Experience of the candidates for Outside Director

| Name | Corporate Management | Global Business | Finance/ Accounting | Legal/ Compliance | DX (Note)/ ICT |
|---------------------|----------------------|-----------------|---------------------|-------------------|----------------|
| Michiaki Ogasawara | | | | ● | ● |
| Hiroataka Takeuchi | ● | ● | | | |
| Ikuo Nishikawa | | | ● | | |
| Eriko Kawai | | ● | | | |
| Katsuyuki Nishikawa | | | | ● | |
| Toshio Iwamoto | ● | ● | | | ● |
| Yumiko Murakami | ● | ● | | | |

(Note) DX: DX is short for Digital Transformation. It means responding to rapid changes in the business situation, innovating business itself, organization, business process and corporate culture as well as products, services and business models, and establishing superiority in competition on the basis of the needs of customers and society through utilization of data and digital technologies.



Candidate
Number

1

Takashi Hibino

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | September 27, 1955 |
| Title and charge in the Company | Chairman of the Board and Corporate Executive Officer |
| Number of shares of the Company held | common stock 322,690 shares |
| Years on Board | 17 |
| Attendance Rate | Board of Directors 12/12 (100%) Nominating Committee 6/6 (100%) Compensation Committee 5/5 (100%) |

The reason for election

He joined the Company in 1979, served successively as the Head of Products, Overseas, Corporate Planning and Personnel and thereby has broad experience related to the business of the whole Daiwa Securities Group. Also, he served as the Representative Corporate Executive Officer, President and CEO of the Company from 2011 to 2017 and has broad experience and insights as a manager. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|---|--|
| Apr. 1979 | Joined the Company |
| Apr. 2002 | Managing Director of Corporate Planning Dept. of the Company |
| June 2002 | Senior Managing Director and Head of Equity of Daiwa Securities SMBC Co. Ltd. |
| May 2004 | Executive Managing Director, Head of Corporate Planning, Personnel, Legal and Secretariat and Managing Director of Personnel Dept. of the Company |
| June 2004 | Member of the Board, Executive Managing Director, Head of Planning, Personnel and Legal, and Managing Director of Personnel Dept. of the Company |
| July 2004 | Head of Planning, Personnel and Legal of the Company |
| Apr. 2005 | Head of Planning and Personnel of the Company |
| Apr. 2007 | Member of the Board and Senior Executive Managing Director of the Company |
| July 2008 | Head of Planning and Personnel and Deputy Head of Wholesale of the Company; and Senior Executive Managing Director of Daiwa Securities SMBC Co. Ltd. |
| Apr. 2009 | Member of the Board, Deputy President and Deputy Head of Wholesale of the Company; and Representative Director and Deputy President of Daiwa Securities SMBC Co. Ltd. |
| Apr. 2011 | Member of the Board, Representative Corporate Executive Officer, President, CEO and Head of Retail and Wholesale of the Company; Representative Director and President of Daiwa Securities Co. Ltd.; and Representative Director and President of Daiwa Securities Capital Markets Co. Ltd. |
| Apr. 2013 | CEO of the Company |
| Apr. 2017 | Chairman of the Board and Corporate Executive Officer of the Company (to date); and Representative Director and Chairman of the Board of Daiwa Securities Co. Ltd. |
| Apr. 2020 | Chairman of the Board of Daiwa Securities Co. Ltd.(to date) |
| (Significant concurrent positions) | |
| Chairman of the Board of Daiwa Securities Co. Ltd.; and Outside Director of Imperial Hotel, Ltd. | |



Candidate
Number

2

Seiji Nakata

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | July 16, 1960 |
| Title and charge in the Company | Member of the Board, Representative Corporate Executive Officer, President and CEO |
| Number of shares of the Company held | common stock 258,430 shares |
| Years on Board | 6 (Note) |
| Attendance Rate | Board of Directors 12/12 (100%) Nominating Committee 6/6 (100%) Compensation Committee 5/5 (100%) |

(Note) The total years served as Member of the Board.

The reason for election

He joined the Company in 1983 and served successively as the Deputy Head of Planning and Personnel of the Company, Head of Corporate Institution and Head of Sales of Daiwa Securities Co. Ltd., and COO and Head of Retail of the Company. He serves as the Representative Corporate Executive Officer, President and CEO of the Company from 2017. He has expertise and experience to present a management strategy based on a wide vision and also to execute adequately the management and control of Daiwa Securities Group. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|---|
| Apr. 1983 | Joined the Company |
| Apr. 1999 | Transferred to Daiwa Securities SB Capital Markets Co., Ltd. |
| Apr. 2005 | Managing Director of Product Strategy Dept. of Daiwa Securities SMBC Co. Ltd. |
| Apr. 2006 | Senior Managing Director and Head of Planning of the above company |
| Apr. 2007 | Corporate Executive Officer, Deputy Head of Planning and Personnel, and Managing Director of Corporate Planning Dept. of the Company |
| Oct. 2008 | Deputy Head of Planning and Personnel of the Company |
| Apr. 2009 | Executive Managing Director of the Company |
| June 2009 | Member of the Board and Executive Managing Director of the Company |
| Apr. 2010 | Member of the Board of the Company; and Member of the Board and Executive Managing Director of Daiwa Securities Capital Markets Co. Ltd. |
| June 2010 | Senior Head of Corporate Sales, Corporate Institution Sales and Head of Corporate Presiding of Daiwa Securities Capital Markets Co. Ltd. |
| Apr. 2011 | Senior Head of Corporate Institution Sales and Head of Corporate Sales and Corporate Presiding of the above company |
| Apr. 2012 | Member of the Board, Senior Executive Managing Director and Head of Corporate Institution of Daiwa Securities Co. Ltd. |
| Apr. 2015 | Senior Executive Managing Director and Deputy Head of Retail of the Company |
| Apr. 2016 | Representative Corporate Executive Officer, Deputy President, COO and Head of Retail of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. |
| June 2016 | Member of the Board, Representative Corporate Executive Officer and Deputy President of the Company |
| Apr. 2017 | Member of the Board, Representative Corporate Executive Officer, President (to date), CEO and Head of Retail of the Company; and Representative Director and President of Daiwa Securities Co. Ltd. (to date) |
| Apr. 2020 | CEO of the Company (to date) |

(Significant concurrent positions)

Representative Director and President of Daiwa Securities Co. Ltd.



Candidate
Number

3

Toshihiro Matsui

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | April 27, 1962 |
| Title and charge in the Company | Member of the Board, Representative Corporate Executive Officer, Deputy President and COO |
| Number of shares of the Company held | common stock 211,100 shares |
| Years on Board | 5 |
| Attendance Rate | Board of Directors 12/12 (100%) |

The reason for election

He joined the Company in 1985 and served as the Managing Director of Corporate Institutions and Corporate Finance of Daiwa Securities SMBC Co. Ltd. and Corporate Planning Dept. of the Company. Since his inauguration as Corporate Executive Officer of the Company in 2009, he served as the Head of Legal, Deputy Head of Planning, Head of Planning and Personnel and Head of Wholesale, etc., of the Company. He serves now as the Representative Corporate Executive Officer, Deputy President and COO of the Company. He has broad experience and knowledge in broad areas such as Retail, Wholesale, Investment Banking, Planning and Personnel. Therefore, he is considered to be qualified to serve as a member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|---|--|
| Apr. 1985 | Joined the Company |
| Apr. 1999 | Transferred to Daiwa Securities SB Capital Markets Co., Ltd. |
| Sept. 2007 | Transferred to the Company |
| Oct. 2008 | Managing Director of Corporate Planning Dept. of the Company |
| Apr. 2009 | Corporate Executive Officer, Head of Legal, Deputy Head of Planning and Managing Director of Corporate Planning Dept. of the Company |
| Apr. 2010 | Deputy Head of Planning and Personnel of the Company |
| Apr. 2011 | Executive Managing Director, Head of Legal, Deputy Head of Planning and Personnel of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. |
| Jan. 2012 | Executive Managing Director of the Company; Senior Managing Director of Daiwa Securities Co. Ltd.; and Senior Managing Director of Daiwa Securities Capital Markets Co. Ltd. |
| Apr. 2012 | Head of Planning and Legal and Deputy Head of Personnel of the Company; and Executive Managing Director of the Daiwa Securities Co. Ltd. |
| Apr. 2014 | Senior Executive Managing Director and Head of Planning and Personnel of the Company; and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Apr. 2016 | Head of Planning and Deputy Head of Wholesale of the Company |
| June 2016 | Member of the Board and Senior Executive Managing Director of the Company |
| Apr. 2018 | Representative Corporate Executive Officer, Deputy President (to date), COO and Head of Planning and Wholesale of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date) |
| Apr. 2019 | COO and Head of Wholesale of the Company |
| Apr. 2020 | COO of the Company (to date) |
| (Significant concurrent positions) | |
| Representative Director and Deputy President of Daiwa Securities Co. Ltd. | |



Candidate
Number

4

Keiko Tashiro

Reappointment

Female

| | |
|--------------------------------------|--|
| Date of Birth | August 5, 1963 |
| Title and charge in the Company | Member of the Board, Corporate Executive Officer, Deputy President, and Head of Overseas and SDGs |
| Number of shares of the Company held | common stock 110,000 shares |
| Years on Board | 7 |
| Attendance Rate | Board of Directors 12/12 (100%) |

The reason for election

She joined the Company in 1986 and served successively as the Managing Director of the IR Office of the Company and Managing Director of the Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd. Since her inauguration as Senior Managing Director of the above company in 2009, she served successively as its Head of Daiwa Direct Business, Fixed Income, Currency and Commodities and as Head of the Americas business and Deputy Head of Overseas (in charge of the Americas) of the Company and Chairperson of the Board of Daiwa Capital Markets America Holdings Inc. She serves now as the Corporate Executive Officer, Deputy President, the Head of Overseas and the Head of SDGs of the Company. She has broad knowledge and experience in the Overseas and Corporate Planning. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|---|---|
| Apr. 1986 | Joined the Company |
| Apr. 1999 | Transferred to Daiwa Securities SB Capital Markets Co., Ltd. |
| July 1999 | Transferred to the Company |
| Sept. 2005 | Managing Director of Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd. |
| Apr. 2009 | Senior Managing Director, Head of PTS and Daiwa Direct Business of the above company |
| June 2009 | Head of Online Product and Daiwa Direct Business of the above company |
| Apr. 2011 | Senior Managing Director, Head of Fixed Income, Currency and Commodities of Daiwa Securities Capital Markets Co. Ltd. |
| Apr. 2012 | Senior Managing Director, Head of Fixed Income, Currency and Commodities of Daiwa Securities Co. Ltd. |
| Apr. 2013 | Executive Managing Director (in charge of the Americas) of the Company; and Chairperson of the Board of Daiwa Capital Markets America Holdings Inc. |
| July 2013 | Chairperson of the Board of Daiwa Capital Markets America Inc. |
| Apr. 2014 | Executive Managing Director, Deputy Head of Overseas (in charge of the Americas) of the Company |
| June 2014 | Member of the Board and Executive Managing Director of the Company |
| Apr. 2016 | Member of the Board, Senior Executive Managing Director and Head of Overseas of the Company; and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Apr. 2019 | Member of the Board, Corporate Executive Officer, Deputy President (to date) of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date) |
| Apr. 2020 | Head of Overseas and SDGs of the Company (to date) |
| (Significant concurrent positions) | |
| Representative Director and Deputy President of Daiwa Securities Co. Ltd. | |



Candidate
Number

5

Akihiko Ogino

Reappointment

| | |
|---|---|
| Date of Birth | January 28, 1966 |
| Title and charge in the Company | Member of the Board, Senior Executive Managing Director, and Head of Planning and Legal, and Executive Head of Personnel |
| Number of shares of the Company held | common stock 128,400 shares |
| Years on Board | 1 |
| Attendance Rate (Note) | Board of Directors 9/9 (100%) |
| <i>(Note) Attendance Rate at the Board of Directors' meetings, etc. since his appointment in June 2020.</i> | |

The reason for election

He joined the Company in 1989 and served as Managing Director of the Executive Office, the Corporate Planning Dept. and the Legal Dept. of the Company. Since his inauguration as the Senior Managing Director of the Company in 2014, he served successively as Head of Legal, Deputy Head of Planning and Overseas of the Company and now serves as Head of Planning and Legal, and Executive Head of Personnel of the Company. He has broad knowledge and experience in Planning and Personnel and also has experience in Investment Banking. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|---|---|
| Apr. 1989 | Joined the Company |
| Oct. 2008 | Managing Director of the Executive Office of the Company |
| Apr. 2014 | Senior Managing Director, Head of Legal and Deputy Head of Planning of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. |
| Apr. 2015 | Head of Legal and Deputy Head of Planning and Overseas of the Company |
| Apr. 2017 | Executive Managing Director, Head of Legal and Deputy Head of Planning of the Company; and Executive Managing Director of the Daiwa Securities Co. Ltd. |
| Apr. 2019 | Senior Executive Managing Director, and Head of Planning and Legal, and Executive Head of Personnel of the Company (to date); and Member of the Board, Senior Executive Managing Director of the Daiwa Securities Co. Ltd. (to date) |
| June 2020 | Member of the Board, Senior Executive Managing Director of the Company (to date) |
| (Significant concurrent positions) | |
| Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd.; | |
| Member of the Board of Daiwa Asset Management Co. Ltd.; | |
| Member of the Board of Daiwa Next Bank, Ltd.; and | |
| Representative Director of DG Daiwa Ventures Inc. | |



Candidate
Number

6

Sachiko Hanaoka

Non-Executive

Reappointment

Female

| | |
|--------------------------------------|---|
| Date of Birth | May 28, 1967 |
| Title and charge in the Company | Member of the Board |
| Number of shares of the Company held | common stock 48,200 shares |
| Years on Board | 2 |
| Attendance Rate | Board of Directors 12/12 (100%) Audit Committee 15/15 (100%) |

The reason for election

She joined the Company in 1990. After serving in the Research and Product Divisions, she served successively as the Managing Director of the Products Planning Dept., the Education and Training Dept., and the Investment Strategy Dept. of Daiwa Securities Co. Ltd. Throughout her broad accumulated experience in the Research Division, she has developed a strong analytical ability and broad knowledge in business accounting and broad accumulated experience in management. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|--|---|
| Apr. 1990 | Joined the Company |
| Mar. 1995 | Transferred to Daiwa Institute of Research Ltd. |
| Oct. 1999 | Transferred to Daiwa Securities Co. Ltd. |
| Apr. 2012 | Managing Director of Investment Strategy Dept. of the above company |
| Apr. 2019 | Senior Managing Director of the Company; Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. (to date); Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd. (to date) ; Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd.; and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. |
| June 2019 | Member of the Board of the Company (to date) |
| Apr. 2021 | Audit & Supervisory Board Member of Daiwa Institute of Research Ltd. (to date) |
| (Significant concurrent positions) | |
| Audit & Supervisory Board Member of Daiwa Securities Co. Ltd.; | |
| Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd.; and | |
| Audit & Supervisory Board Member of Daiwa Institute of Research Ltd. | |



Candidate
Number

7

Hiromasa Kawashima

Non-Executive

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | July 18, 1968 |
| Title and charge in the Company | Member of the Board |
| Number of shares of the Company held | common stock 61,700 shares |
| Years on Board | 1 |
| Attendance Rate (Note) | Board of Directors 9/9 (100%) Audit Committee 12/12 (100%) |

(Note) Attendance Rate at the Board of Directors' meetings, etc. since his appointment in June 2020.

The reason for election

He joined the Company in 1992. After serving in the Personnel and Investment Banking Divisions, he served successively as Managing Director of the Executive Office and Internal Audit Dept. of the Company. He has broad knowledge and experience in Personnel and Internal Audit. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|---|
| Apr. 1992 | Joined the Company |
| Apr. 2006 | Transferred to Daiwa Securities SMBC Co. Ltd. |
| Apr. 2011 | Transferred to the Company |
| Apr. 2016 | Managing Director of Internal Audit Dept. of the Company; and Managing Director of Internal Audit Dept. of Daiwa Securities Co. Ltd. |
| Apr. 2020 | Senior Managing Director of the Company; Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. (to date); and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. (to date) |
| June 2020 | Member of the Board of the Company (to date) |

(Significant concurrent positions)

Audit & Supervisory Board Member of Daiwa Securities Co. Ltd.; and
Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.



Candidate
Number

8

Michiaki Ogasawara

Reappointment

Outside

Independent

| | |
|--------------------------------------|--|
| Date of Birth | January 29, 1954 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 17,200 shares |
| Years on Board | 6 |
| Attendance Rate | Board of Directors 12/12 (100%) Nominating Committee 6/6 (100%) Audit Committee 15/15 (100%) |

The reason for election and overview of the expected roles

He served successively as the Director-General of Global ICT Strategy Bureaus, the Vice-Minister of the Ministry of Internal Affairs and Communication, etc. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his specialized experience and knowledge accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors even though he had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|--|
| Apr. 1976 | Entered Ministry of Posts and Telecommunications |
| Jan. 2003 | Director-General of Tohoku Bureau of Telecommunication, Ministry of Internal Affairs and Communications |
| Jan. 2004 | Director-General of Kanto Bureau of Telecommunication, the above Ministry |
| Feb. 2005 | Deputy Director-General of the above Ministry |
| Aug. 2005 | Director-General of Local Public Service Personnel Dept., Local Administration Bureau the above Ministry |
| July 2006 | Director-General of Civil Protection and Disaster Management Dept., Fire and Disaster Management Agency, the above Ministry |
| July 2007 | Director-General of the Information and Communications Policy, the above Ministry |
| July 2008 | Director-General of the Global ICT Strategy Bureau, the above Ministry |
| Jan. 2010 | Assistant Vice-Minister of the above Ministry |
| Sept. 2012 | Vice-Minister of the above Ministry |
| Oct. 2013 | Advisor of Daiwa Institute of Research Ltd. |
| June 2015 | Resigned as Advisor of the above company |
| June 2015 | Member of the Board of the Company (to date) |

(Significant concurrent positions)

Advisor of Sumitomo Corporation;

Outside Director of Tokyu Fudosan Holdings Corporation;

Chairman of Foundation for MultiMedia Communications; and

Advisor of Fujitsu Future Studies Center Ltd.



Candidate
Number

9

Hirotaka Takeuchi

Reappointment

Outside

Independent

| | |
|--------------------------------------|---|
| Date of Birth | October 16, 1946 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 20,700 shares |
| Years on Board | 5 |
| Attendance Rate | Board of Directors 12/12 (100%) Nominating Committee 6/6 (100%) Compensation Committee 5/5 (100%) |

The reason for election and overview of the expected roles

He served successively as a Professor of Hitotsubashi University, Faculty of Commerce and Management and Professor of Harvard Business School, etc. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his specialized experience and knowledge accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors even though he had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|---|
| Sept. 1976 | Lecturer of Harvard Business School |
| Dec. 1977 | Assistant Professor of Harvard Business School |
| Apr. 1983 | Assistant Professor of Hitotsubashi University, Faculty of Commerce and Management |
| Apr. 1987 | Professor of Hitotsubashi University, Faculty of Commerce and Management |
| Apr. 1998 | Dean of Hitotsubashi University, the Graduate School of International Corporate Strategy |
| Apr. 2010 | Professor Emeritus of Hitotsubashi University |
| July 2010 | Professor of Harvard Business School (to date) |
| June 2016 | Member of the Board of the Company (to date) |

(Significant concurrent positions)

Professor of Harvard Business School;

Outside Director of Integral Corporation;

Senior Advisor of P&E Directions, Inc;

Outside Director of BrightPath Biotherapeutics Co., Ltd;

Member of the Board of t-lab;

Principal of Global Academy K. K.;

Co-founder and Special Advisor to the Board of GlobalTreehouse Inc.; and

Chair of the Board of Trustees of International Christian University



Candidate
Number

10

Ikuo Nishikawa

Reappointment

Outside

Independent

| | |
|--------------------------------------|-----------------------------------|
| Date of Birth | July 1, 1951 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 10,300 shares |
| Years on Board | 5 |
| Attendance Rate | Board of Directors 12/12 (100%) |
| | Audit Committee 15/15 (100%) |
| | Compensation Committee 5/5 (100%) |

The reason for election and overview of the expected roles

He served successively as the Representative Partner of Century Audit Corporation and Chairman of Accounting Standards Board of Japan, etc. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his specialized experience and knowledge accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors, even though he had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|---|
| Sept. 1990 | Representative Partner of Century Audit Corporation (currently known as Ernst & Young ShinNihon LLC) |
| Jan. 1993 | Representative of JICPA in International Accounting Standards Committee |
| July 1995 | Executive Director of the Japanese Institute of Certified Public Accountants |
| Aug. 2001 | Deputy Chairman of Accounting Standards Board of Japan |
| Apr. 2007 | Chairman of Accounting Standards Board of Japan |
| Apr. 2012 | Professor of Keio University, Faculty of Business & Commerce |
| June 2016 | Member of the Board of the Company (to date) |
| Apr. 2017 | Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce (to date) |

(Significant concurrent positions).

Outside Director of MEGMILK SNOW BRAND Co., Ltd.;

Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce; and

Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.



Candidate
Number

11

Eriko Kawai

Reappointment

Female

Outside

Independent

| | |
|--------------------------------------|--|
| Date of Birth | April 28, 1958 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 8,300 shares |
| Years on Board | 3 |
| Attendance Rate | Board of Directors 12/12 (100%) Nominating Committee 6/6 (100%) Audit Committee 15/15 (100%) |

The reason for election and overview of the expected roles

She held positions such as the Pension Funds Administrator of BIS and the OECD, etc., and she has extensive experience at global companies and international organizations, experience and record as a manager. The Company requests that shareholders elect her as an Outside Director since the Company expects, based on her significant experience and knowledge about corporate management accumulated through her career, she will be advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|---|
| Oct. 1981 | Joined Nomura Research Institute, Ltd. |
| Sept. 1985 | Management Consultant at McKinsey & Company, Inc. |
| Oct. 1986 | Fund Manager of Mercury Asset Management / SG Warburg plc |
| Nov. 1995 | CIO of Yamaichi Regent ABC Polska, Head of Investment |
| July 1998 | Pension Funds Administrator of Bank for International Settlements (BIS) |
| Oct. 2004 | Senior Pension Funds Administrator of Organization for Economic Cooperation and Development (OECD) |
| Mar. 2008 | Representative of Kawai Global Intelligence |
| Apr. 2012 | Professor of Institute for the Promotion of Excellence in Higher Education, Kyoto University |
| Apr. 2013 | Professor of Institute for Liberal Arts and Sciences, Kyoto University |
| Apr. 2014 | Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University |
| June 2018 | Member of the Board of the Company (to date) |
| Apr. 2021 | Emeritus Professor of Kyoto University (to date) |

(Significant concurrent positions)

Outside Director of CMIC HOLDINGS Co., Ltd.;

Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd.;

Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Social Innovation Center, Kyoto University; and

Senior Advisor of International Management Forum Co., Ltd.



Candidate
Number

12

Katsuyuki Nishikawa

Reappointment

Outside

Independent

| | |
|--------------------------------------|--|
| Date of Birth | February 20, 1954 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 1,600 shares |
| Years on Board | 2 |
| Attendance Rate | Board of Directors 12/12 (100%) Nominating Committee 6/6 (100%) Audit Committee 15/15 (100%) |

The reason for election and overview of the expected roles

He served successively as the Vice-Minister of Justice, the Superintending Prosecutor of the Tokyo High Public Prosecutors Office and the Prosecutor General and is currently an attorney at law. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his significant experience and professional knowledge about law and compliance accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers even though he had never previously been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|--|
| Apr. 1979 | Prosecutor of Osaka District Public Prosecutors Office |
| Jan. 2008 | Director-General of the Rehabilitation Bureau of the Ministry of Justice |
| July 2008 | Director-General of the Immigration Bureau of the Ministry of Justice |
| July 2009 | Director-General of the Criminal Affairs Bureau of the Ministry of Justice |
| Aug. 2011 | Vice-Minister of the Ministry of Justice |
| Jan. 2014 | Superintending Prosecutor of the Sapporo High Public Prosecutors Office |
| Dec. 2015 | Superintending Prosecutor of the Tokyo High Public Prosecutors Office |
| Sep. 2016 | Prosecutor General |
| July 2018 | Retired as Prosecutor General |
| Sept. 2018 | Attorney at law (to date) |
| June 2019 | Member of the Board of the Company (to date) |

(Significant concurrent positions)

Attorney at Nishikawa Katsuyuki Law Office; and

Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation



Candidate
Number

13

Toshio Iwamoto

Reappointment

Outside

Independent

| | |
|--------------------------------------|---|
| Date of Birth | January 5, 1953 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 1,600 shares |
| Years on Board | 1 |
| Attendance Rate (Note) | Board of Directors 9/9 (100%) Nominating Committee 5/5 (100%) Compensation Committee 4/4 (100%) |

(Note) Attendance Rate at the Board of Directors' meetings, etc. since his appointment in June 2020.

The reason for election and overview of the expected roles

He held positions such as the President of NTT DATA Corporation, etc. and currently is the Advisor of NTT DATA Corporation. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his significant experience in management of global companies and experience and extensive knowledge about IT accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|--|
| Apr. 1976 | Joined Nippon Telegraph and Telephone Public Corporation |
| June 2004 | Member of the Board of NTT DATA Corporation |
| June 2005 | Senior Managing Director of the above company |
| June 2007 | Member of the Board and Executive Managing Director of the above company |
| June 2009 | Representative Director and Deputy President of the above company |
| June 2012 | Representative Director and President of the above company |
| June 2018 | Advisor of the above company (to date) |
| June 2020 | Member of the Board of the Company (to date) |

(Significant concurrent positions)

Advisor of NTT DATA Corporation; and

Outside Audit & Supervisory Board Member of IHI Corporation



Candidate
Number

14

Yumiko Murakami

New Appointment

Female

Outside

Independent

| | |
|--------------------------------------|-----------------------|
| Date of Birth | February 6, 1965 |
| Title and charge in the Company | - |
| Number of shares of the Company held | common stock 0 shares |
| Years on Board | - |
| Attendance Rate | - |

The reason for election and overview of the expected roles

She worked for the United Nations, Goldman Sachs Japan Co., Ltd. and Credit Suisse Securities (Japan) Limited, and Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre, etc. The Company requests that shareholders elect her as an Outside Director since the Company expects, based on her significant global experience and experience about corporate management and understanding of the securities business, she will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------------------------------|---|
| Aug. 1989 | United Nations Development Programme (Barbados) |
| Jan. 1991 | United Nations Secretariat (New York) |
| Sept. 1991 | United Nations Transitional Authority in Cambodia (Phnom Penh) |
| Aug. 1994 | Vice President of Goldman Sachs International (London) |
| May 1997 | Managing Director of Goldman Sachs and Co. (New York) |
| Apr. 2008 | Managing Director of Goldman Sachs Japan Co., Ltd. (Tokyo) |
| Sept. 2009 | Managing Director of Credit Suisse Securities (Japan) Limited (Tokyo) |
| Sept. 2013 | Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre |
| (Significant concurrent positions) | |
| General Partner of MPower | |

(Notes)

1. *The independence of the nominees for Outside Director from the Company is as follows.*
 - *None of the nominees for Outside Director has executed business of or has become an executive of the Company or its subsidiaries by means other than being an Outside Director of the Company in the past.*
 - *None of the nominees for Outside Director executes business of or is an executive of, or has done or been so during the last ten (10) years, any entity that has a special relationship with the Company.*
 - *None of the nominees for Outside Director received a large sum of money or other financial benefits from the Company or any entity that has a special relationship with the Company in the past, and none of them anticipates receiving them in the future.*
 - *None of the nominees for Outside Director has a spouse, family member within the third degree of kinship or other similar person who executes business of or is an executive of the Company or any entity that has a special relationship with the Company.*
 - *All of the nominees for Outside Director fulfill the requirements for Independent Directors as defined by the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. The Company is scheduled to designate all of the nominees for Outside Director as Independent Directors and to report this designation to the exchanges mentioned above.*
2. *The current Outside Directors, Mr. Michiaki Ogasawara, Mr. Hirotaka Takeuchi, Mr. Ikuo Nishikawa, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa and Mr. Toshio Iwamoto have each executed an agreement to limit liability to the Company. Each agreement stipulates that the maximum amount of liability is 10 million yen or the minimum amount of liability provided in Paragraph 1 of Article 425 of the Companies Act, whichever is higher. In case the election of those nominees for Outside Director is duly approved, the Company will continue to be a party to such agreement with each Outside Director. Also, in case the election of Ms. Yumiko Murakami for Outside Director is duly approved, the Company plans to enter into a similar agreement to limit her liability as Outside Director.*
3. *The Company has entered into a directors and officers liability insurance agreement as provided in Paragraph 1 of Article 430-3 of the Companies Act with an insurance company, and the insurance agreement is designed to cover damages that may be incurred by the insured including the Directors of the Company as a result of damages that may occur to the Directors who are liable for the execution of the duties or receiving a claim for pursuing the responsibility of the Directors. If each candidate is appointed and assumes office as Director, he/she will be included as insured under the insurance agreement. The Company also plans to renew the insurance agreement on the same terms at the time of the next renewal.*

[References]

The Company is scheduled to appoint the following directors as members and chairman of the Nominating Committee, the Audit Committee and the Compensation Committee respectively, through resolutions of the Board of Directors and each committee to be held after the conclusion of the Ordinary General Meeting of Shareholders. A majority and chairman of each committee will be Outside Directors as described below.

| Name | Title | Nominating Committee | Audit Committee | Compensation Committee |
|---------------------|---|----------------------|-----------------|------------------------|
| Takashi Hibino | Chairman of the Board and Corporate Executive Officer | ○ | | ○ |
| Seiji Nakata | Member of the Board, Representative Corporate Executive Officer and President | ○ | | ○ |
| Sachiko Hanaoka | Member of the Board | | ○ | |
| Hiromasa Kawashima | Member of the Board | | ○ | |
| Michiaki Ogasawara | Member of the Board (Outside) Independent Officer | ◎ | ○ | |
| Hiroataka Takeuchi | Member of the Board (Outside) Independent Officer | ○ | | ◎ |
| Ikuo Nishikawa | Member of the Board (Outside) Independent Officer | | ◎ | ○ |
| Eriko Kawai | Member of the Board (Outside) Independent Officer | ○ | ○ | |
| Katsuyuki Nishikawa | Member of the Board (Outside) Independent Officer | ○ | ○ | |
| Toshio Iwamoto | Member of the Board (Outside) Independent Officer | ○ | | ○ |
| Yumiko Murakami | Member of the Board (Outside) Independent Officer | | ○ | ○ |

(Note) ◎ indicates the director is a Chairman of such committee and ○ indicates the director is a member of such committee.

Business Report (From April 1, 2020 to March 31, 2021)

I. Status of the Group's Business Activities

The Group strives to improve the corporate value of the Group through its core business - the securities business. The outline of the Group's performance in the current fiscal year (FY2020) is as follows.

(Note) In this report, the "Group" means the corporate group consisting of Daiwa Securities Group Inc. (the "Company") and its subsidiaries and affiliates.

1. Economic and Market Environment

During the FY2020, as various economic activities were suppressed due to the global expansion of the novel coronavirus (COVID-19), our country's economy faced a difficult situation. In April 2020, a state of emergency was declared, following which restaurants, retail stores, leisure facilities, etc. were closed and non-essential and non-urgent outings were restricted, and, as a result, domestic demand, mainly the personal consumption, significantly shrank. Exports to China, which succeeded in promptly controlling the spread of infection, continue to increase, on the other hand, exports to Europe and U.S., where lockdowns were imposed, drastically decreased. As a result, the real GDP growth rate of April - June 2020 was significantly negative compared to the previous year at -29.3% after seasonal adjustment that can be said to be the worst since WWII. After June, when the state of the emergency was lifted, economic activities resumed both in Japan and overseas, and the "Go To campaign" has pushed the recovery of the demand for travel, restaurants, etc. The Bank of Japan has introduced Special Funds-Supplying Operations to Facilitate Financing in Response to COVID-19 with a view to ensure smooth financing in private sector and the government has expanded the Employment Adjustment Subsidy, established Subsidy Program for Sustaining Businesses, and provided virtually interest-free and unsecured loans, etc. As a result, the number of bankruptcies declined and the unemployment rate rose only slightly. In October - December 2020, the personal consumption and exports recovered to a level close to that before the declaration of the state of emergency, meanwhile equipment investment and housing investment remained at a low level due to the significant uncertainties regarding the future. In January - March 2021, exports, etc. showed steady to growth and supported the economy, but the personal consumption fell sharply due to the second declaration of a state of emergency.

In the stock market, due to the implementation of large-scale monetary easing and fiscal spending by Japan, the U.S. and Europe, expectations for a recovery in business performance rose and the Nikkei Stock Average, which started at the 18,000 yen level at the beginning of the fiscal year, exceeded 25,000 yen in November for the first time since November 1991. The Nikkei Stock Average continued to rise in 2021, in February, the Nikkei Stock Average marked 30,000 yen for the first time in 30 years. As a result, the Nikkei Stock Average at the end of FY2020 was 29,178.80 yen.

In the bond market, while the extremely accommodative financial environment was maintained, on the other hand, the gradual recovery of the economy and the deterioration of the supply and demand balance of government bonds due to the significant amount of fiscal spending resulted in the 10-year Japanese Government Bond yields that were generally in a slightly positive range during the current fiscal year. As a result, the 10-year Japanese Government Bond yield at the end of FY2020 was 0.120%.

2. Outline of the Consolidated Performance

(1) Profits and Losses of the Group

(Billions of yen)

| | Fiscal 2020 As of March 31, 2021 | Change (%) from Previous Term |
|---|-------------------------------------|----------------------------------|
| Operating Revenue | 576.1 | △14.3% |
| Net Operating Revenue | 466.6 | 9.5% |
| Ordinary Income | 115.1 | 63.9% |
| Profit attributable to owners of parent | 108.3 | 79.6% |

(Millions of yen)

| | Net Operating Revenues | | | Ordinary Income | | |
|------------------|----------------------------|----------------------------|------------------------------------|----------------------------|----------------------------|------------------------------------|
| | Fiscal 2019 (83rd term) | Fiscal 2020 (84th term) | Change from Previous Term | Fiscal 2019 (83rd term) | Fiscal 2020 (84th term) | Change from Previous Term |
| Retail | 166,430 | 169,505 | 1.8% | 6,405 | 20,070 | 213.3% |
| Wholesale | 172,289 | 215,860 | 25.3% | 38,034 | 74,737 | 96.5% |
| Asset Management | 48,091 | 51,145 | 6.3% | 26,580 | 32,775 | 23.3% |
| Investment | 2,502 | 4,602 | 83.9% | △877 | 1,123 | - |
| Others | 36,943 | 25,546 | △30.9% | 140 | △13,532 | - |
| Total | 426,259 | 466,660 | 9.5% | 70,283 | 115,175 | 63.9% |

(2) Assets, Debts and Net Assets of the Group

(Billions of yen)

| | Fiscal 2020 As of March 31, 2021 | Change from Previous Term |
|---|-------------------------------------|------------------------------|
| Total Assets | 26,099.3 | 2,277.2 |
| Debts | 24,507.4 | 1,943.1 |
| Shareholders' equity (Net Assets) | 1,591.8 | 334.0 |
| Shareholders' equity (Net Assets) per share (Yen) | 875.12 | 78.79 |

3. Outcome of the Group's Business Activities (Performance by each Operating Division)

Retail Business

Daiwa Securities Co. Ltd., aiming at “Quality No.1” , tries to significantly increase its credibility with customers by establishing a principle-based sales approach such as “Pursuit of Customers’ Best Interests” , “Improving Quality of Products and Services” and “Expansion of Contact Points with Customers” .

In FY2020, Daiwa Securities Co. Ltd., held the “Customer Satisfaction Council” semi-annually to improve products and services based on customer feedback, review investment target funds for wrap accounts, introduce procedures for opening the accounts without paper documents, etc. As a result, Daiwa Securities Co. Ltd. ranked first place in an external NPS survey (Note 1) in the face-to-face securities section for the second consecutive year.

Daiwa Securities Co. Ltd. has sought to provide appealing products and services to meet various needs of customers. In October 2020, it provided the “Asset based fee plan for investment trust” which made the purchase fee of investment funds free and the management fee the amount based on the estimated value of the funds deposited and holding period. It enabled customers to choose fee systems that suit their investment styles. The funds balance exceeded 189 billion yen at the end of FY2020.

In addition, Daiwa Securities Co. Ltd. has added, to “Daiwa Future Designers (Note 2)” , “Investment Planning (Note 3)” which support the realization of customer goals. By providing retail customers with services used by institutional investors, it has become possible to provide optimal solutions in various asset management situations.

Furthermore, it considered and promoted the collaboration with Japan Post Group, Shinkin Central Bank, Credit Saison, etc. in order to expand customer base and provide services in the asset building area.

Regarding branch strategy, while promoting the integration and streamlining of large existing branches, Daiwa Securities Co. Ltd., has been expanding small, low-cost sales offices to create an efficient branch network. At the end of FY2020, the number of domestic branches was 177, including 64 sales offices. In addition, it worked to expand the points of contact with customers by actively utilizing digital tools such as webinars and online interviews.

(Note 1) The NPS survey is the NPS benchmark results of an industry specific survey conducted on users, announced in September 2020 by NTTCom Online Marketing Solutions Corporation.

(Note 2) Asset management consulting service introduced in July 2018, which provides “Life Planning” that proposes the optimal asset management plan for realization of customers’ life plans and “Succession Planning” that proposes the optimal succession plan according to the customer’ s intentions, etc.

(Note 3) A customized portfolio risk analysis solution service “WealthBench” provided by MSCI Inc. Daiwa Securities Co. Ltd. is the first company in Japan to provide “WealthBench” to individual customers.

Wholesale Business

The wholesale business of the Group is comprised of the Global Markets business and the Global Investment Banking business.

In the Global Markets business, Daiwa Securities Co. Ltd. conducts sales and trading of equities, bonds, forex and financial derivative products to and with institutional investors and corporate clients and also provides products and sales support to the retail business division.

In the current fiscal year, in the favorable market environment, the timely provision of products through cooperation with the retail division, trading of the bonds, etc. in response to changes in the interest rates, and trading of the stocks, in response to changes in the market environment made a great contribution to revenue.

In addition, as a result of striving to achieve “Quality No.1”, Daiwa Securities Co. Ltd. ranked first place in the equity analyst ranking of Nikkei Veritas for the third consecutive year.

In the Global Investment Banking business, Daiwa Securities Co. Ltd. is involved in underwriting, M&A advisory, etc.

In the underwriting business, Daiwa Securities Co. Ltd. served as joint global coordinator on the multiple large-scale financing projects such as Softbank Corp., Japan Airlines Co., Ltd. and etc., and as lead manager on a number of major projects that were the first of their kind in Japan such as the SDGs-IPO (Note 1) by Poppins Holding Inc., the Social PO (Note 2) by GAKKEN HOLDING CO., LTD., and the Social Bond issuance (Note 3) by the University of Tokyo, etc.

Furthermore, in the M&A advisory business, it has made use of its global M&A advisory network and been involved in many projects inside and outside the country. In the merger project between Nitori Holdings Co., Ltd. and SHIMACHU CO., LTD, it served as financial advisor to Nitori Holdings Co., Ltd. It also ranked first place in the Global Infrastructure League Tables 2020 by inspiratia.

(Note 1) SDGs-IPO (Initial Public Offering) is a type of public offering in which shares are sold to the public for the first time and the issuer and use of the funds are evaluated by a third-party evaluation organization, regarding the use of the funds and issuers, for their contribution to the SDGs and compliance to Social Bond Principles.

(Note 2) Social PO (Public Offering) is fund raising through public offering in accordance with the Social Equity Finance Framework, which has been evaluated as compliant with the Social Bond Principles, etc. from a third-party evaluation organization.

(Note 3) A Social Bond is a bond issued to raise funds for new or existing projects aiming to address or mitigate specific social issues or to achieve positive social effects.

Asset Management Business

Daiwa Asset Management Co. Ltd. strove to increase its assets under management by providing products through broad distribution channels and also by strengthening its asset management expertise.

Sales of the “Daiwa Society 5.0 Fund”, which was set up in July 2020, were strong, resulting in an asset increase of 116.5 billion yen. In addition, mainly due to capital inflow to the exchange-traded funds, its net assets of Publicly Offered Stock Investment Trusts increased by 1,052.2 billion yen in the FY2020 to 19.4 trillion yen at the end of FY2020.

In addition, with the background of Japanese and Chinese government cooperation regarding Japan and China securities market, it prepared for the listing of two Chinese stock ETFs regarding the “Japan-China ETF Connectivity” which lists ETF on both Japanese and Chinese stock exchanges.

Global X Japan Co. Ltd. provided six listed ETFs, such as theme-based ETF and smart beta ETF (Note). Its assets under management were 31.9 billion yen at the end of FY2020.

In the real estate asset management business, it sought to improve the quality of its real estate portfolio by acquiring new properties and replacing assets and also to improve the value of existing properties. The scale of assets under management at the end of the FY 2020 were 1,212.9 billion yen.

In December 2020, Daiwa Securities Living Investment Corporation, which is managed by Daiwa Real Estate Asset Management Co. Ltd., issued new investment units, for the first time since its merger and acquired new properties.

(Note) A smart beta ETF is an ETF that is linked to an index that aims to outperform the average returns for a market or industry, by selecting stocks quantitatively focusing on factors such as financial indicators or dividends.

Investment Business

Daiwa Corporate Investment Co., Ltd. has invested in venture companies at various stages in Japan and overseas and has promoted the exit of existing investment through listing of the investee, etc. In addition, in October 2020, Daiwa Corporate Investment Co., Ltd., in collaboration with the China Energy Conservation and Environmental Protection Group and Hubei Wings Investment Corp., established a fund which invests in blue-chip companies in the fields of energy conservation, the environment, circular economy and etc., in December 2020, it established a successor fund invest in unlisted bio-ventures focusing on development of new pharmaceuticals in Japan and Taiwan.

Daiwa PI Partners Co. Ltd. invested in money claims, real estate loans and equity and loans to corporations at home and abroad.

Daiwa Energy & Infrastructure Co. Ltd. invested in renewable energy businesses such as solar power generation and infrastructure businesses such as overseas power distribution. In May 2020, it invested in Aquila Capital Holding GmbH in Germany, which develops and operates the renewable energy business.

Others

Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. (Note) supported enhancing the DX of the Group, such as by building a remote work environment. In addition, they provided a wide range of information as a think-tank, such as by formulating and publishing the guidelines for evaluating Health and Productivity Management.

Daiwa Next Bank, Ltd. provides high-interest yen deposits, foreign currency deposits and other convenient services to a wide range of customers through Daiwa Securities Co. Ltd.'s nationwide branch network. In October 2020, the balance of “Ouen’(Supporting) Term Deposits” exceeded 100 billion yen and in December 2020, the balance of foreign currency deposits exceeded 600 billion yen.

In July 2020, CONNECT CO. Ltd., launched a service focusing on asset forming and the young generation, and that allows customers to open an accounts, trade stocks and manage assets through smartphone.

(Note) Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. have merged with Daiwa Institute of Research Holdings Ltd. on April 1, 2021.

4. Status of the Capital Investment of the Group

The Group has been making capital investments for the purpose of establishing “Customer-first Operations” , providing products and services responding to customer needs, propelling DX, which aims at improvement of efficiency of existing business, business innovation and business process innovation in order to engage in high-value-added business, establishing basic infrastructure indispensable for business continuation, corresponding to legal requirements, and enhancing the risk management system.

In FY2020, Daiwa Securities Co. Ltd. worked toward implementing “Investment Planning” , “Asset based fee plan for investment trust” and “Web service for stock-based compensation and benefit plans (Note)” . In addition, by utilizing mobile business devices, the Group worked on digitizing a series of processes related to customers’ services, and on increasing the sophistication of risk management such as by strengthening cyber security and compliance. As a result of these measures, the Group made 29.5 billion yen in IT-related capital investments.

Further, Daiwa Securities Co. Ltd. opened new sales offices in Izumigaoka, Gakuenmae, Musashi-Koganei, Higashiosaka, Toyota, Hadano, Kitanoda, Chiryu, Yamato-Yagi, and Kusatsu.

(Note) Web service for stock-based compensation and benefit plans is a service that manages stock compensation plans, company benefits utilizing shares, etc., such as stock ownership plans, Workplace NISA, Defined Contribution Pension System, on the internet.

5. Status of Financing of the Group

The Company issued the bonds (Daiwa Securities Group Future Support Bond) below amounting to 75 billion yen in total.

| | Issue Amount | Payment Date |
|--------------------------------|----------------|--------------|
| 34th Series of Unsecured Bonds | 37 billion yen | June 2, 2020 |
| 35th Series of Unsecured Bonds | 38 billion yen | June 2, 2020 |

6. Five-year trend of Consolidated Performance and Assets

(Billions of yen)

| Item \ Term | 80 th | 81 st | 82 nd | 83 rd | 84 th |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | (Apr. 1, 2016- Mar. 31, 2017) | (Apr. 1, 2017- Mar. 31, 2018) | (Apr. 1, 2018- Mar. 31, 2019) | (Apr. 1, 2019- Mar. 31, 2020) | (Apr. 1, 2020- Mar. 31, 2021) |
| Operating revenue | 616.4 | 712.6 | 720.5 | 672.2 | 576.1 |
| Net operating revenue | 472.7 | 505.3 | 441.2 | 426.2 | 466.6 |
| Ordinary income | 135.6 | 155.6 | 83.1 | 70.2 | 115.1 |
| Profit attributable to owners of parent | 104.0 | 110.5 | 63.8 | 60.3 | 108.3 |
| Shareholders' equity (Net Assets) | 1,343.4 | 1,370.5 | 1,256.4 | 1,257.7 | 1,591.8 |
| Total Assets | 19,827.2 | 21,135.0 | 21,126.7 | 23,822.0 | 26,099.3 |
| Shareholders' equity (Net Assets) per share (Yen) | 745.80 | 786.56 | 794.54 | 796.33 | 875.12 |
| Profit per share (Yen) | 61.53 | 66.88 | 39.95 | 39.11 | 71.20 |
| Return on Equity (ROE) (%) | 8.4% | 8.8% | 5.1% | 4.9% | 8.5% |
| Number of consolidated Subsidiaries | 52 | 59 | 60 | 66 | 118 |
| Number of affiliates accounted for using the equity method | 11 | 10 | 10 | 15 | 17 |

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) has been applied from the beginning of the 82nd. The number of total assets in the 81st term is the number calculated by retroactively applying the Standard.

7. Issues to be Addressed by the Group

FY2020 was a tumultuous year due to the impact of COVID-19. The stock market reached record levels with the Nikkei average returning to 30,000 yen mark for the first time in 30 years backed by overcoming the COVID-19 shock, practical implementation of vaccines and the expected recovery of corporate earnings.

It was a pivotal year for building the foundations for a new era in which the Group dynamically responded to customers through the promotion of DX and proceeded to establish infrastructure aimed at the realization of flexible work styles in the era of the new normal. Furthermore, due to increasingly heightened interest in sustainable finances as a result of COVID-19, it was also a year in which we strongly realized the necessity of the promotion of SDGs and ESG, reaffirming our social mission as a securities group connecting companies and investors.

As we experience this unprecedented crisis and the world makes the transition to new ways of life, the Group established "Passion for the Best" 2023 as the Group's new Medium-Term Management Plan extending to FY2023 in order to serve as the best partner for creating the future together.

In addition to embodying "Quality No.1" and more clearly promoting the creation of value through a hybrid strategy, we aim to provide added value that satisfies all stakeholders by pursuing "the best mix of digital and real" in a variety of situations and providing customers with a sense of security and convenience.

In FY2021, which is the first year of the plan, we aim to steadily execute action plans on themes such as further penetration of business models aimed at seeking the best interests of customers, supporting companies' growth strategies for the new era and producing results in new business areas.

Daiwa Securities Group will engage in the creation of a new cycle of funds for the realization of a sustainable and rich society in order to be a necessary presence for all stakeholders.

The Action Plans for Each Business Division

Retail Division

- 1 Realization of wealth management type business model
- 2 Provision of products and services that meet customers' needs and expansion of solution business through a total assets approach
- 3 Expansion of contact points with customers and optimization of costs through the merging of digital and real
- 4 Operation and monetization of new business utilizing external channels

Wholesale Division

- 1 Provision of diverse products and advanced solutions that meet customers' needs
- 2 Expansion of pan-Asian business base as a regional Asian broker
- 3 Support for the sustainability of companies through the promotion of SDGs financing
- 4 Improvement of flexibility and service quality utilizing digital technology

Asset Management Division

- 1 Expansion and enhancement of existing business by strengthening management capability, discovery capability and product arrangement capability

- 2 Research and development, and commercialization of new businesses. Transition to corporate management grounded in ESG
- 3 Strengthening of asset management capability and establishment of business foundation in the real estate asset management business
- 4 Promotion of real estate business such as the consideration of new real estate investment products through coordination within the Group

Investment Division

- 1 Discovery of excellent investment opportunities, enhancement of value of investments and strengthening of monitoring systems
- 2 Promotion of capital recycling model in the energy sector
- 3 Establishment of ongoing VC fund (Note) management business
- 4 Development of socially meaningful investments conscious of SDGs

Other (Daiwa Institute of Research Group)

- 1 Establishment of IT service platforms and creation of new value through AI and data science
- 2 Contribution to the reduction of costs of the Daiwa Securities Group by providing high-quality, stable services at low cost
- 3 Acquisition of new customers through the coordination of systems, research and consulting, and expansion of external sales revenue through the operation of new businesses
- 4 Enhancement of research quality by creating a virtuous cycle of communication, information gathering and exchange of opinions

Other (Daiwa Next Bank)

- 1 Provision of competitive interest rates and provision of appealing new products and new services
- 2 Further strengthening of coordination within the Group and execution of new businesses such as financing projects
- 3 Diversification of investment
- 4 Expansion of balance of Ouen (Supporting) Term Deposits and efforts to promote ESG investment and lending

(Note) VC fund: VC fund is short for venture capital fund. It is a fund that invests in venture companies.

8. Status of the Group

(1) The Group's Primary Business

The Group's primary business is the investment/financial business, with securities-related business at its core. Specifically, the Group is involved in trading and brokerage of securities and derivative products, underwriting and secondary offering of securities, dealing in public offering, secondary offering and private placement of securities and other security-related business, banking business and other financial business.

(2) Status of Major Subsidiaries and Affiliates

| Company Name | Location | Capital (millions of yen) | Ratio of Voting Rights (Directly owned) | Main Business |
|--|-------------------|------------------------------|--|---|
| Daiwa Securities Co. Ltd. | Chiyoda-ku, Tokyo | 100,000 | 100.0% (100.0%) | Securities-related business Investment advisory and agency business |
| Daiwa Asset Management Co. Ltd. | Chiyoda-ku, Tokyo | 15,174 | 100.0% (100.0%) | Investment management business Investment advisory and agency business |
| Daiwa Institute of Research Holdings Ltd. (Note) | Koto-ku, Tokyo | 3,898 | 100.0% (100.0%) | Integration and management of subsidiaries |
| Daiwa Securities Business Center Co, Ltd. | Koto-ku, Tokyo | 100 | 100.0% (100.0%) | Back office operation |
| Daiwa Facilities Co., Ltd. | Chuo-ku, Tokyo | 100 | 100.0% (100.0%) | Lending, borrowing and management of real estate |
| Daiwa Next Bank, Ltd. | Chiyoda-ku, Tokyo | 50,000 | 100.0% (100.0%) | Banking business |
| Daiwa Institute of Research Ltd. (Note) | Koto-ku, Tokyo | 1,000 | 100.0% (—) | Information service |
| Daiwa Institute of Research Business Innovation Ltd. | Koto-ku, Tokyo | 3,000 | 100.0% (—) | Information service |
| Daiwa Corporate Investment Co., Ltd. | Chiyoda-ku, Tokyo | 100 | 100.0% (—) | Investment business |
| Daiwa PI Partners Co. Ltd. | Chiyoda-ku, Tokyo | 12,000 | 100.0% (—) | Investment business |
| Daiwa Energy & Infrastructure Co. Ltd. | Chiyoda-ku, Tokyo | 500 | 100.0% (—) | Investment business |
| Daiwa Real Estate Asset Management Co. Ltd. | Chuo-ku, Tokyo | 200 | 100.0% (100.0%) | Investment management business Investment advisory and agency business |
| Daiwa Office Investment Corporation | Chuo-ku, Tokyo | 247,876 | 40.2% (13.7%) | Investment in specified assets |
| Samty Residential Investment Corporation | Chiyoda-ku, Tokyo | 58,524 | 40.1% (38.4%) | Investment in specified assets |

| Company Name | Location | Capital (millions of yen) | Ratio of Voting Rights (Directly owned) | Main Business |
|--|-------------------------|--|--|---|
| Daiwa Capital Markets Europe Limited | London, U.K. | GBP732 million | 100.0% (—) | Securities-related business |
| Daiwa Capital Markets Hong Kong Limited | Hong Kong, China | HKD100 million USD276 million | 100.0% (—) | Securities-related business |
| Daiwa Capital Markets Singapore Limited | Singapore, Singapore | SGD140 million | 100.0% (—) | Securities-related business |
| Daiwa Capital Markets America Holdings Inc. | New York, U.S.A. | USD621 million | 100.0% (—) | Integration and management of subsidiaries |
| Daiwa Capital Markets America Inc. | New York, U.S.A. | USD100 million | 100.0% (—) | Securities-related business |

(Note) Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., and Daiwa Institute of Research Business Innovation Ltd. have merged on April 1, 2021 and changed its name to Daiwa Institute of Research Ltd.

(3) Situation of Specified Wholly-Owned Subsidiary at the end of FY2020

| Company Name | Location | Book value of the specified wholly-owned subsidiary at the end of FY2020 |
|---------------------------|---|--|
| Daiwa Securities Co. Ltd. | 9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo | 646,130 million yen |

(Note) The amount of total assets of the Company at the end of FY2020 is 2,491,844 million yen.

(4) Status of the Group's Business Combinations, etc.

Daiwa Property Co., Ltd. and Daiwa Office Services Co., Ltd., on October 1, 2021, transferred all businesses of the both company to Daiwa Facilities Co., Ltd., and were dissolved through an absorption-type merger with Daiwa Securities Co. Ltd., which is a surviving company.

On March 8, 2021, Daiwa Office Investment Corporation became a consolidated subsidiary of the Company through the acquisition of its own investment units.

(5) Status of Major Business Alliances

Not applicable.

(6) The Group's Primary Business Locations

① **The Company's Head Office:** 9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo

② **Main Subsidiary's Business Locations**

Daiwa Securities Co. Ltd.

| | |
|----------------------------|--|
| Hokkaido / Tohoku | Sapporo Branch, Sendai Branch, and 8 other branches |
| Kanto (excluding Tokyo) | Yokohama Branch, Chiba Branch, Omiya Branch, and 38 other branches |

| | |
|-------------------|---|
| Tokyo | Head Office, Ginza Branch, Shinjuku Branch, Shibuya Branch, Ikebukuro Branch, and 34 other branches |
| Chubu / Hokuriku | Nagoya Branch, Shizuoka Branch, and 27 other branches |
| Kinki | Kyoto Branch, Osaka Branch, Umeda Branch, Namba Branch, Kobe Branch, and 28 other branches |
| Chugoku / Shikoku | Hiroshima Branch, and 12 other branches |
| Kyushu / Okinawa | Fukuoka Branch, and 11 other branches |

(7) Status of Employees

① The Group's Employees

| Number of employees | Change from previous fiscal year |
|---------------------|----------------------------------|
| 15,096 | - 224 |

(Note 1) The number of employees reflects the number of the people who actually work in the Group.

(Note 2) The annual average number of part-time workers is 390.

② The Company's Employees

| Number of employees | Average age | Average years of service |
|---------------------|-------------|--------------------------|
| 575 | 42.1 | 14.8 |

(Note 1) The number of employees reflects the number of the people who actually work in the Company. 571 employees work for both the Company and Daiwa Securities Co. Ltd.

(Note 2) Average age and average years of service above show the average age and years of the employees including those who work concurrently for the Company and Daiwa Securities Co. Ltd.

(Note 3) In calculating the average years of service above, we include the years of service in other companies in the Group.

(8) Major Lenders

| Name of Lender | Type of Loan | Balance (Millions of yen) |
|-------------------------------------|-----------------------|------------------------------|
| Sumitomo Mitsui Banking Corporation | Long-Term Borrowings | 172,142 |
| Mizuho Bank Ltd. | Long-Term Borrowings | 102,000 |
| MUFG Bank, Ltd. | Short-Term Borrowings | 11,071 |
| | Long-Term Borrowings | 81,000 |
| Resona Bank Ltd. | Long-Term Borrowings | 33,000 |
| Yamaguchi Bank Corporation | Short-Term Borrowings | 8,928 |
| | Long-Term Borrowings | 13,000 |

(Note) We state above the main borrowings from outside of the Group (excluding call

money, etc.).

(9) Other Significant Matters relating to the Group' s Current Status

Not applicable.

(Note): This business report is prepared in accordance with the provisions of the Companies Act (Act No. 86 of 2005), the Ordinance for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 12 of 2006) and the Accounting Regulation Ordinance (Ministry of Justice Ordinance No. 13 of 2006). We stated the status of the Group instead of the status of the Company alone, where possible.

II. Summary of the Company (as of March 31, 2021)

1. Status of Shares

(1) **Total number of authorized shares:** 4,000,000,000 shares

Total number of authorized shares in a class of each type of shares is as follows:

| Type of Shares | Total Number of Authorized Class Shares |
|-----------------------------|---|
| Common Stock | 4,000,000,000 |
| First kind Preferred Stock | 100,000,000 |
| Second kind Preferred Stock | 100,000,000 |
| Third kind Preferred Stock | 100,000,000 |

(2) **Total number of issued and outstanding shares:** 1,699,378,772 shares of Common Stock (including treasury stock)

(3) **Total number of Shareholders:** 150,789

(4) **Major Shareholders (top ten)**

| Name | Number of Shares of Common Stocks held (% of total outstanding shares) |
|--|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 129,328 thousand shares (8.49%) |
| Custody Bank of Japan, Ltd. (Trust Account) | 61,931 thousand shares (4.06%) |
| Taiyo Life Insurance Company | 41,140 thousand shares (2.70%) |
| Barclays Securities Japan Limited | 34,390 thousand shares (2.25%) |
| NIPPON LIFE INSURANCE COMPANY | 31,164 thousand shares (2.04%) |
| NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST | 30,973 thousand shares (2.03%) |
| JAPAN POST HOLDINGS Co., Ltd. | 30,000 thousand shares (1.96%) |
| Daiwa's Employee Stock Ownership Association | 23,389 thousand shares (1.53%) |
| Custody Bank of Japan, Ltd. (Trust Account 5) | 22,649 thousand shares (1.48%) |
| STATESTREET BANK WEST CLIENT - TREATY 505234 | 22,299 thousand shares (1.46%) |

(Note 1) The Company holds 175,501,735 of its own shares as treasury stock as of March 31, 2021 and the Company is excluded from the above list of major shareholders.

(Note 2) Treasury stock shares are excluded for calculating the percentages in the list of major shareholders above.

(5) Status of shares allotted to officers as consideration for execution of duties during the current fiscal year

The Company has introduced the Restricted Stock Compensation Plan for the purpose of further enhancing incentives to improve medium and long term business performance and promoting further value sharing between the Company, its subsidiaries' Directors, Corporate Executive Officers, Senior Managing Directors, etc. and shareholders. The Restricted Stock allotted to Directors and Corporate Executive Officers during FY2020 is as follows.

| | Numbers allotted (person) | Allotted Shares |
|-------------------------------------|--------------------------------------|------------------------|
| Directors | 2 | 28,400 |
| Corporate Executive Officers | 16 | 454,500 |
| Outside Directors | - | - |

(Note) Number of shares allotted to five (5) persons, who concurrently take on the post of Directors and Corporate Executive Officers is listed in the column of the Corporate Executive Officers.

2. The Corporate Governance System of the Group.

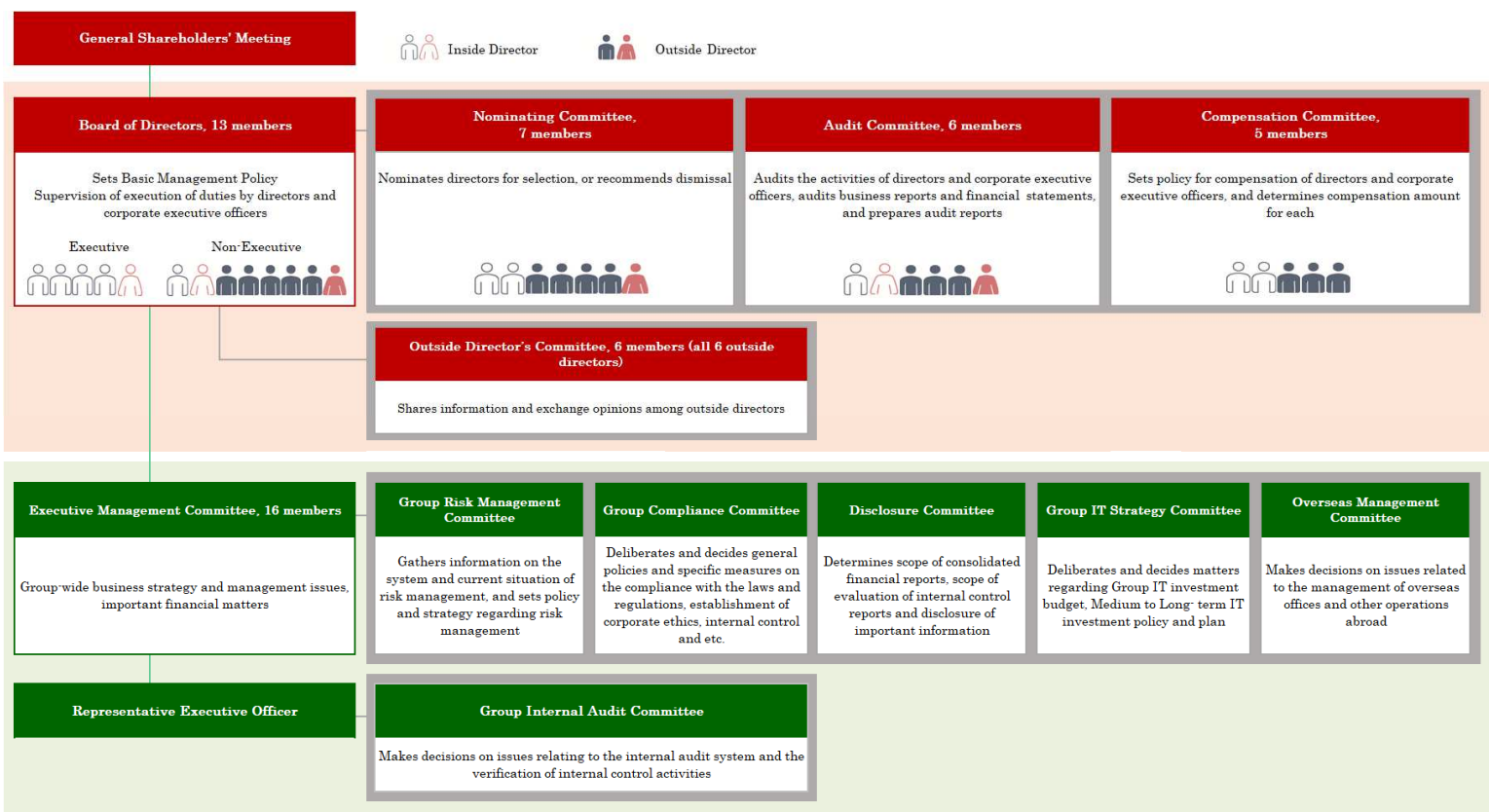
Basic Stance on Corporate Governance

The Company practices group management based on a holding company structure, establishes a highly transparent and objective governance structure that conforms to international standards, and builds a unified group management system that elicits synergies among group companies with highly efficient oversight of group companies.

The Company has adopted a company with Three Committees System (a company with nominating committee, etc.) as an institutional design with the objective of supervising management through the following (1) and (2). The chairperson of each committee is appointed from among the Outside Directors who are members of each committee.

- (1) Making swift and decisive decisions by having the Board of Directors assign wide-ranging authority to Corporate Executive Officers while clarifying the division of duties among Corporate Executive Officers.
- (2) Improving transparency and fairness of the management by establishing of three committees: the Nominating Committee, Audit Committee and Compensation Committee with highly independent Outside Directors as a majority of their members.

Corporate Governance System (as of March 31, 2021)



(Note) In principle, it is the policy of the Company that the majority of the Directors do not concurrently serve as the Corporate Executive Officers.

Main Roles and Activity Status of the Three Committees in FY2020

To create a highly transparent and objective corporate governance system, all of the chairpersons of the three committees (Nominating Committee, Audit Committee and Compensation Committee) are Outside Directors.

| Nominating Committee | |
|----------------------------------|---|
| Main Roles | Determining the agenda for the election and dismissal of Directors which will be submitted to the Shareholders' Meeting. |
| Activity Status in FY2020 | In FY2020, the Nominating Committee met six (6) times to discuss matters, including the composition of the Board of Directors with consideration of corporate governance, the basic policy for nominating candidates for Director, the selection of Director candidates, the succession plan for CEO. The Nominating Committee selects candidates for Director in light of the Group's selection standards for Directors. These standards include criteria to ensure the independence of Outside Directors. |
| Members | Michiaki Ogasawara (Chairman, Outside Director) Takashi Hibino Seiji Nakata Hirotaka Takeuchi (Outside Director) Eriko Kawai (Outside Director) Katsuyuki Nishikawa (Outside Director) Toshio Iwamoto (Outside Director) |
| Audit Committee | |
| Main Roles | Auditing the legalities and appropriateness of the activities of Directors and Corporate Executive Officers. |
| Activity Status in FY2020 | In FY2020, the Audit Committee met fifteen (15) times. The committee evaluated the activities of Directors and Corporate Executive Officers, audited documentation, including financial statements and business reports, and prepared an audit report for the period under review. |
| Members | Ikuo Nishikawa (Chairman, Outside Director) Sachiko Hanaoka Hiromasa Kawashima Michiaki Ogasawara (Outside Director) Eriko Kawai (Outside Director) Katsuyuki Nishikawa (Outside Director) |
| Compensation Committee | |
| Main Roles | Setting policy for compensation of Directors and Corporate Executive Officers and determining the compensation amount for each. |
| Activity Status in FY2020 | In FY2020, the Compensation Committee met five (5) times to discuss the compensation policy and to determine the compensation of each Director and Corporate Executive Officer. It also studied a Group-wide incentive plan aimed at improving consolidated earnings results. |
| Members | Hirotaka Takeuchi (Chairman, Outside Director) Takashi Hibino Seiji Nakata Ikuo Nishikawa (Outside Director) Toshio Iwamoto (Outside Director) |

3. Status of the Company's Officers

(1) Status of Directors

| Title | Name | Area of Responsibility and Significant Concurrent Positions |
|-----------------------|---------------------|--|
| Chairman of the Board | Takashi Hibino | See “(2) Corporate Executive Officers” |
| Member of the Board | Seiji Nakata | See “(2) Corporate Executive Officers” |
| Member of the Board | Toshihiro Matsui | See “(2) Corporate Executive Officers” |
| Member of the Board | Keiko Tashiro | See “(2) Corporate Executive Officers” |
| Member of the Board | Akihiko Ogino | See “(2) Corporate Executive Officers” |
| Member of the Board | Sachiko Hanaoka | Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd. Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd. |
| Member of the Board | Hiromasa Kawashima | Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. |
| Member of the Board | Michiaki Ogasawara | See “(3) Outside Officers” |
| Member of the Board | Hiroataka Takeuchi | See “(3) Outside Officers” |
| Member of the Board | Ikuo Nishikawa | See “(3) Outside Officers” |
| Member of the Board | Eriko Kawai | See “(3) Outside Officers” |
| Member of the Board | Katsuyuki Nishikawa | See “(3) Outside Officers” |
| Member of the Board | Toshio Iwamoto | See “(3) Outside Officers” |

(Note 1) Members of the Board, Michiaki Ogasawara, Hiroataka Takeuchi, Ikuo Nishikawa, Eriko Kawai, Katsuyuki Nishikawa and Toshio Iwamoto are Outside Directors as defined under Article 2, Item 15 of the Companies Act. The Company reports to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. that those Directors are Independent Directors.

(Note 2) Ikuo Nishikawa is a certified public accountant and has considerable knowledge of finance and accounting.

(Note 3) As a “company with a nominating committee, etc.”, the Company formed the following three committees, composed of the following Directors.

| | |
|----------------------|---|
| Nominating Committee | Michiaki Ogasawara (Chairman), Takashi Hibino, Seiji Nakata, Hiroataka Takeuchi, Eriko Kawai, Katsuyuki Nishikawa, Toshio Iwamoto |
| Audit Committee | Ikuo Nishikawa (Chairman), Sachiko Hanaoka, Hiromasa Kawashima, Michiaki Ogasawara, Eriko Kawai, Katsuyuki Nishikawa |

| | |
|-------------------------------|--|
| <i>Compensation Committee</i> | <i>Hiroataka Takeuchi (Chairman), Takashi Hibino, Seiji Nakata, Ikuo Nishikawa, Toshio Iwamoto</i> |
|-------------------------------|--|

(Note 4) The Company selected Sachiko Hanaoka and Hiromasa Kawashima as a full-time Audit Committee Member to hear from the Corporate Executive Officers, receive reports from the Internal Audit Department, gather information through the audit of subsidiaries, and attend the meetings continuously and effectively.

(Note 5) Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. have merged on April 1, 2021, through an absorption-type merger with Daiwa Institute of Research Holdings Ltd., which is a surviving company and changed its name to Daiwa Institute of Research Ltd. As a result, Sachiko Hanaoka has been transferred to the Audit & Supervisory Board Member of Daiwa Institute of Research Ltd..

(2) Status of Corporate Executive Officers

| Title | Name | Area of Responsibility and Significant Concurrent Positions |
|---|-------------------|---|
| President/ Representative Corporate Executive Officer | Seiji Nakata | Chief Executive Officer (CEO) and Representative Director/ President of Daiwa Securities Co. Ltd. |
| Deputy President/ Representative Corporate Executive Officer | Toshihiro Matsui | Chief Operating Officer (COO) and Representative Director/ Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Keiko Tashiro | Head of Overseas and SDGs of the Company and Representative Director/ Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Kazuo Takahashi | Head of Wholesale of the Company and Representative Director/ Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Mikita Komatsu | Deputy Head of Wholesale of the Company and Representative Director/ Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Koichi Matsushita | Head of Asset Management of the Company and Representative Director/President of Daiwa Asset Management Co. Ltd. |
| Deputy President | Masahisa Nakagawa | Head of Think-tank of the Company and Representative Director/ President of Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., and Daiwa Institute of Research Business Innovation Ltd. |
| Senior Executive Managing Director | Akihiko Ogino | Head of Planning and Legal, and Executive Head of Personnel of the Company, Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd., Member of the Board of Daiwa Asset Management Co. Ltd., Member of the Board of Daiwa Next Bank, Ltd. and Representative Director of DG Daiwa Ventures Inc. |
| Senior Executive Managing Director | Shinsuke Niizuma | Head of Retail of the Company and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Senior Executive | Atsushi Mochizuki | Head of Compliance of the Company and |

| | | |
|-----------------------------|------------------|---|
| Managing Director | | Representative Director/ Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Junichi Arihara | Chief Risk Management Officer (CRO) and Chief Data Officer (CDO) of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Yoshifumi Otsuka | Head of Internal Audit of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Kana Shirakawa | Head of Personnel and Chief Health Officer (CHO) of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Tomoyuki Murase | Chief Information Officer (CIO) of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Eiji Sato | Chief Financial Officer (CFO) and Deputy Head of Planning and Overseas of the Company and Executive Managing Director of Daiwa Securities Co. Ltd. |
| Corporate Executive Officer | Takashi Hibino | Representative Director/ Chairman of the Board of Daiwa Securities Co. Ltd. and Outside Director of Imperial Hotel, Ltd. |

(Note) Corporate Executive Officers Seiji Nakata, Toshihiro Matsui, Keiko Tashiro, Akihiko Ogino and Takashi Hibino also serve as Directors.

(3) Outside Officers

① Significant concurrent positions held by outside officers in other companies and the relationships between these companies and the Company

| Name | Significant Concurrent Positions |
|--------------------|---|
| Michiaki Ogasawara | Advisor of Sumitomo Corporation |
| | Outside Director of Tokyu Fudosan Holdings Corporation |
| | Chairman of Foundation for MultiMedia Communications |
| | Advisor of Fujitsu Future Studies Center Ltd. |
| Hirotaka Takeuchi | Professor of the Harvard Business School |
| | Outside Director of Integral Corporation |
| | Senior Advisor of P&E Directions, Inc. |
| | Outside Director of BrightPath Biotherapeutics Co., Ltd. |
| | Director of t-lab |
| | Principal of Global Academy K. K. |
| | Co-founder and Special Advisor to the Board of GlobalTreehouse Inc. |
| | Chair of International Christian University |

| | |
|---------------------|--|
| Ikuko Nishikawa | Outside Director of Megmilk Snow Brand Co., Ltd. |
| | Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce |
| | Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd. |
| Eriko Kawai | Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University |
| | Outside Director of CMIC HOLDINGS Co., Ltd. |
| | Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. |
| Katsuyuki Nishikawa | Attorney at Nishikawa Katsuyuki Law Office |
| | Outside Audit & Supervisory Board Member of AEON Hokkaido Co., Ltd. |
| Toshio Iwamoto | Advisor of NTT DATA Corporation |
| | Outside Director of NSK Ltd |
| | Outside Audit & Supervisory Board Member of IHI Corporation |

(Note) The Company has no special relationships with the companies listed above in which outside officers hold concurrent positions

② Major activities during the current fiscal year

| Name | Status of attendance and remarks and overview of the performed duties regarding expected roles |
|--------------------|--|
| Michiaki Ogasawara | Attended all 12 Board of Directors' meetings and, as chairman of the Nominating Committee and member of the Audit Committee, attended all 6 meetings of the Nominating Committee and 15 meetings of the Audit Committee held in FY2020. Made remarks on the bills, contributed to discussion in such meetings and played a role related to advice for and supervision over management, etc. based mainly on knowledge and experience acquired in his career as a government officer. |
| Hiroataka Takeuchi | Attended all 12 Board of Directors' meetings and, as chairman of the Compensation Committee and member of the the Nominating Committee, attended all 5 meetings of Compensation Committee and 6 meetings of the Nominating Committee held in FY2020. Made remarks on the bills, contributed to discussion in such meetings and played a role related to advice for and supervision over management, etc. based mainly on his knowledge and experience relating to management strategies. |
| Ikuko Nishikawa | Attended all 12 Board of Directors' meetings and, as chairman of the Audit Committee and member of the Compensation Committee, attended all 15 meetings of the Audit Committee and 5 meetings of the Compensation Committee held in FY2020. Made remarks on the bills, contributed to discussion in such meetings and plays a role related to advice for and supervision over management, etc. from his professional perspectives as a certified public accountant. |
| Eriko Kawai | Attended all 12 Board of Directors' meetings and, as member of the Nominating Committee and Audit Committee, attended all 6 |

| | |
|---------------------|--|
| | meetings of the Nominating Committee and 15 meetings of the Audit Committee held in FY2020. Made remarks on the bills, contributed to discussion in such meetings and plays a role related to advice for and supervision over management, etc. based mainly on knowledge and experience relating to the financial business. |
| Katsuyuki Nishikawa | Attended all 12 Board of Directors' meetings and, as member of the Nominating Committee and Audit Committee, attended all 6 meetings of the Nominating Committee and 15 meetings of the Audit Committee held in FY2020. Made remarks on the bills, contributed to discussion in such meetings and played a role related to advice for and supervision over management, etc. from his professional perspectives as a lawyer. |
| Toshio Iwamoto | Attended all 9 Board of Directors' meetings and, as member of the Nominating Committee and Compensation Committee, attended all 5 meetings of the Nominating Committee and 4 meetings of the Compensation Committee held after his appointment as a Director in FY2020. Made remarks on the bills, contributed to discussion in such meetings, and played a role related to advice for and supervision over management, etc. based mainly on abundant experience as a manager and his knowledge of IT. |

(Note) Michiaki Ogasawara, Ikuo Nishikawa, Eriko Kawai and Katsuyuki Nishikawa are members of the Audit Committee.

③ Outline of the Agreement to limit liability

Each outside director executed an agreement with the Company to limit liability as provided for in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the said agreement shall be 10 million yen or the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act, whichever is higher.

(4) Remuneration of Directors and Corporate Executive Officers

① Policies for Determination of Remuneration of Directors and Corporate Executive Officers

a) Decision of the policy

As stipulated by the Companies Act, the Compensation Committee has determined “Policies for Determination of Remuneration of Directors and Corporate Executive Officers” .

b) Outline of the contents of the policy

【Policies for Determination of Remuneration of Directors and Corporate Executive Officers】

Compensation for Directors and Corporate Executive Officers is based on the following fundamental policies.

- To create effective incentives, which contribute to the increase of shareholders' value through sound business development and also lead to the improvement of business performance in the short-term and in the medium/long-term.
- To maintain a remuneration level which is competitive enough to recruit and retain people not only in Japan but also in the world as a global securities company group.
- To ensure the execution and supervision functions operate effectively as a company with a nominating committee, etc.

Remuneration of Directors and Corporate Executive Officers consists of base remuneration, performance-linked remuneration and stock-linked remuneration, and determined at the Compensation Committee which are specifically as below.

| |
|--|
| Base remuneration |
| · A fixed amount calculated based on his/her position, duties and role, and paid monthly and in cash. |
| Performance-linked remuneration |
| · Determined depending on the level of individual contribution, mainly on the basis of consolidated ROE and consolidated ordinary income, which are set as Performance KPIs of the Medium-Term Management Plan, while also comprehensively taking into account achievement status of the managerial goals set in the Medium-Term Management Plan and the other relevant factors and provided at a certain time every year. |
| · A certain limit is set for the cash payment regarding Performance-linked remuneration based on business performance. If Performance-linked remuneration exceeds the limit, the part exceeding the limit will be replaced from cash to restricted stock. |
| · It does not apply to Directors who do not serve as Corporate Executive Officers. |
| Stock-linked remuneration |
| · To increase the link between remuneration and shareholders' value, the Company grants, as stock-linked remuneration, restricted stock, etc., the value of which corresponds to a certain percentage of base remuneration as non-monetary remuneration at a certain time every year. |
| · It does not apply to Outside Directors. |

c) Reasons for determining the remuneration is in line with the policy

Regarding remuneration of Directors and Corporate Executive Officers for the current fiscal year the Compensation Committee decided its content after confirming the consistency with “Policies for Determination of Remuneration of Directors and Corporate Executive Officers”. Therefore we determined that it is in line with the policy.

② Matters regarding the Performance-linked remuneration

a) Indicators related to Performance-linked remuneration and reasons for choosing the indicators

The Company sets Performance KPIs, Customer-oriented KPIs, and Financial KPIs, which are set as the Group numerical goal in the Medium-Term Management Plan “Passion for the Best” 2020, as indicators to calculate Performance-linked remuneration.

b) How to determine Performance-linked remuneration

Performance Evaluation to calculate Performance-linked remuneration reflects (i) Financial Performance Evaluation based on Performance KPIs, and (ii) Quality Evaluation that comprehensively evaluates Customer-oriented KPIs and Financial KPIs. Financial Performance Evaluation and Quality Evaluation are determined in the Compensation Committee.

Performance-linked remuneration is calculated by multiplying (i) reference value determined for each position and (ii) Performance Evaluation together.

c) Performance of indicators related to the Performance-linked remuneration for the FY2020

| | | Performance |
|------------------------|---|-------------------|
| Performance KPIs | Consolidated ROE | 8.5% |
| | Consolidated Ordinary Income | 115.1 Billion yen |
| Customer-oriented KPIs | Daiwa Securities AUM | 75.3 Trillion yen |
| Financial KPIs | Consolidated total capital adequacy ratio | 23.52% (Note) |

(Note) The figure of Consolidated total capital adequacy ratio is as of the end of December 2020.

③ Matters regarding the non-monetary remuneration

The Company introduced the Restricted Stock Compensation Plan as non-monetary remuneration

| | |
|---|--|
| Stock Remuneration I (remuneration linked to stock price) | It is intended to provide restricted stock for amount which equals to fixed ratio of the Base remuneration. To function effectively as an incentive for long-term performance improvement, restriction will be released when he/she resigns his/her position as director, officers etc., of the Company and its subsidiaries and affiliates. |
|---|--|

| | |
|---|--|
| Stock Remuneration II (remuneration linked to performance) | A certain limit is set for the cash payment regarding Performance-linked remuneration based on business performance, and if Performance-linked remuneration exceeds the limit, the part exceeding the limit will be replaced from cash to restricted stock. Restriction period is 3 years, it will function as substantial fee defer when Performance-linked remuneration exceeds a certain limit. |
|---|--|

④ Remuneration paid to Directors and Corporate Executive Officers

| | Total amount of remuneration (¥ million) | Total amount by type of remuneration, etc. (¥ million) | | | | Number Paid (person) |
|------------------------------|---|---|-------------------|---------------------------------|---------------------|-------------------------|
| | | Base Remuneration | Restricted Stocks | Performance linked Remuneration | Retirement Benefits | |
| Directors | 68 | 55 | 12 | - | - | 2 |
| Corporate Executive Officers | 1,307 | 556 | 203 | 546 | - | 16 |
| Outside Officers | 126 | 126 | - | - | - | 7 |

(Note 1) The remuneration to the five (5) Directors who also serve as the Corporate Executive Officers are stated in the column of Amount Paid to the Corporate Executive Officers.

(Note 2) The amount of Performance-linked Remuneration is the amount to be paid for the current fiscal year.

(Note 3) Performance-linked Remuneration does not include Restricted Stocks.

4. Status of Independent Auditors

(1) Name: KPMG AZSA LLC

(2) Amount of Fees, etc.

① The amount of fees, etc. to be paid by the Company to the independent auditor.

84 million yen

② The total amount of benefits to be paid by the Company and its subsidiaries to the independent auditor.

597 million yen

(Note 1) We did not distinguish clearly, in the audit engagement contract between the Company and the independent auditor, and also cannot distinguish practically, the amounts of audit fees for audit services under the Companies Act and for audit service under the Financial Instruments and Exchange Act of Japan. Therefore, the fees, etc. above are the aggregated amount of both.

(Note 2) The Audit Committee consented to the audit fees after reviewing the adequacy of the fees in FY 2020, by examining the appropriateness of the audit plan explained by the independent auditor and also by confirming the calculation basis of the fee estimate such as working hours and hourly rate through the procedure of analysis and evaluation of actual records in previous fiscal years, comparison to other companies, etc.

(Note 3) The Company and its subsidiaries pay fees to the independent auditor for its services such as the assessment of control risk as to business commissioned to third parties and also the compliance concerning segregation of customers' assets, in addition to the service stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law (audit and attestation service).

(3) Policies for Determination of Discharge or Refusal of Reappointment

① Discharge in the cases stipulated in law

The Audit Committee shall discharge an independent auditor with the consent of all members of the committee, in the case where the independent auditor falls under any of the items of paragraph 1 of Article 340 of the Companies Act.

② Discharge or refusal of reappointment in other cases

The Audit Committee evaluates the independent auditor's general competency, independence, quality control system, etc. every year. In the case where the Audit Committee, after such evaluation, deems that the adequacy of the independent auditor is questionable or deems it reasonable to retain another independent auditor from the viewpoint of efficacy, etc., the Audit Committee will determine content of a bill to be voted upon at a shareholders meeting as to discharge or refuse reappointment of an Independent Auditor.

(4) Other

Among major subsidiaries of the Company, Daiwa Capital Markets Europe Limited, Daiwa Capital Markets America Holdings Inc. and other foreign subsidiaries are audited by certified public accountants or audit corporations (including those who have comparable qualifications in foreign countries) other than the independent auditor of the Company in relation to the audits stipulated in the Companies Act or the Financial Instruments and Exchange Act (including foreign

laws equivalent to those).

(Note) The Company has not executed an agreement to limit liability with the independent auditor, “KPMG AZSA LLC” .

5. Policies for Determination of Distribution of Surpluses

The Company aims to continuously raise shareholder value, including profit-sharing.

The Company will generally pay dividends semiannually as the mid-term dividend and the year-end dividend at a pay-out ratio of at least 50% based on the consolidated financial performance. The Company will also, taking account of stability, consider increasing returns to its shareholders in various ways including share buybacks when it has sufficient accumulated capital to pursue further growth.

Based on the basic policies above, we have decided that the distributions of surplus for FY2020 are 11 yen per share as the mid-term dividend (resolved at the Board of Directors’ meeting held on October 29, 2020) and 25 yen per share as the year-end dividend. Accordingly, the annual dividend will be 36 yen per share.

[References] SDGs of the Group

The Group recognizes SDGs as overarching goals to lead the world. Through the Group's business, we will work actively toward the realization of a prosperous society by simultaneously pursuing both the Company's economic value and solutions to social challenges.

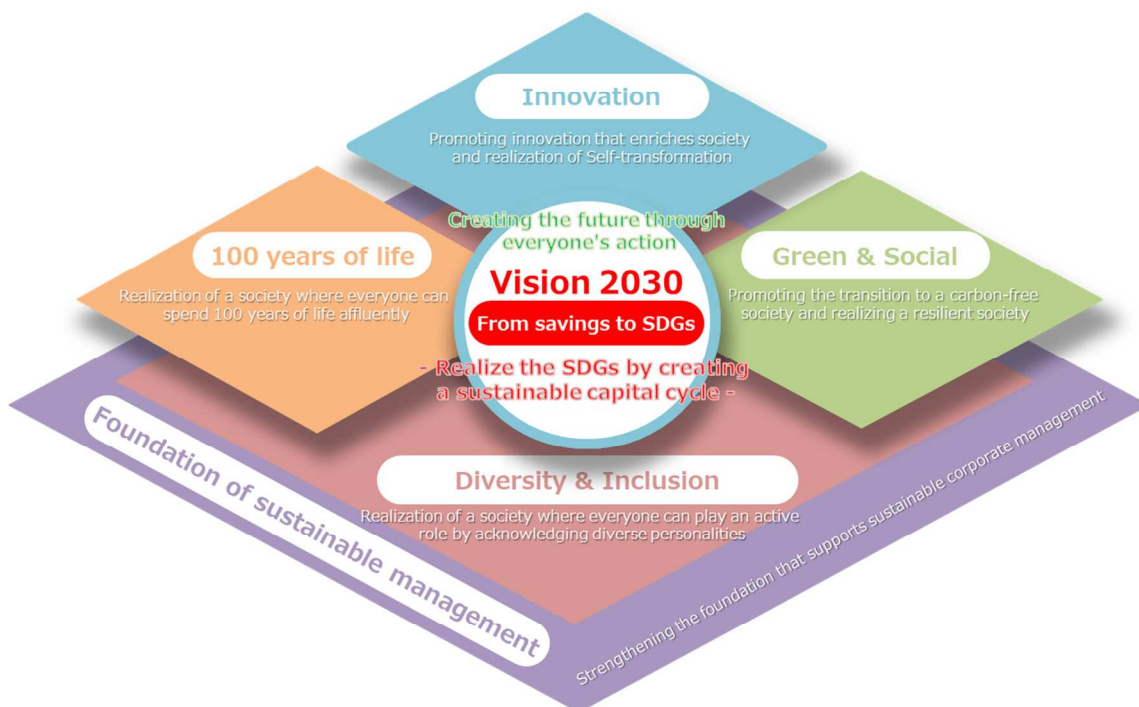
The Group has established the management vision "Vision 2030" toward 2030, the deadline for achieving SDGs.

Vision 2030

The core concept of "Vision 2030" is "From savings to SDGs", in which we aim to realize the SDGs by creating sustainable capital cycle. In order to achieve "Vision 2030", we have identified five priority areas and issues which we should focus on as "materiality".

In addition, we have set the new Medium-term Management Plan as the initial three years of "Vision 2030" and have set KPIs to manage the progress within the plan.

The image of "Vision 2030"



Major Promotion in FY2020



Promotion of SDGs Finance

Daiwa Securities Co. Ltd. has established a team specialized in SDGs Finance to promote SDGs Finance. We strive to popularize and spread SDGs Finance, including SDGs Bonds, by providing products and services related to SDGs Finance that meet the customer needs and holding seminars.

Also, Daiwa Securities Co. Ltd. was selected as a member of the International Capital Market Association's Advisory Council of the Green Bond and Social Bond Principles as the only underwriting firm in Asia. This Advisory Council in ICMA is an advisory body established in 2019 with the aim of supporting the committee to establish rules such as Green Bond Principles and formulating a system that is more in line with the market.



<SDGs Bond webinar held in February 2021>



Expanding the lineup of SDGs related funds

Daiwa Securities Co. Ltd. is expanding its lineup of SDGs related funds to provide products that meet the customer needs.

In July 2020, it started to handle “Daiwa Society 5.0 Fund”, fund with the theme of “Society 5.0”.

(Lineup of SDGs related funds)

- Daiwa Society 5.0 Fund
- Global Impact Fund
- Alliance Bernstein Global SDGs Equity Fund
- Social Issue Solving Supporting Fund
- Global Mobility Service Equity Fund
- Food Innovation Selected Equity Fund
- Global All Bio Genome Equity Fund
- Fidelity Global Medical Equipment Fund





Investment in Renewable Energy

Daiwa Energy & Infrastructure Co. Ltd. aims to solve social issues by establishing a new energy system through investment in renewable energy.

The construction of the solar power plant, which had been developed in Shiraoi Town, Hokkaido, was completed in October 2020. With an output scale of approximately 35 megawatts of electricity, it has become the one of the largest power plants owned by the Daiwa Energy & Infrastructure Co. Ltd.



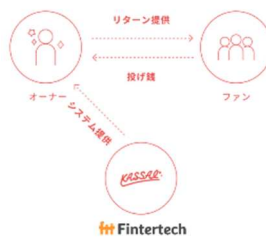
(Overview of power plant construction area)



Launching of Social Tipping Product “KASSAI”

Fintertech Co. Ltd. is promoting “creation of next-generation financial services” utilizing cutting-edge technologies such as block chain technology mainly for the digital natives.

Fintertech Co. Ltd. wishes to contribute to the realization of SDGs by strengthening the basic structure of the industry by launching “KASSAI”, a service that allows users to create a social tipping site with no initial cost. August to December 2020, the service was used for projects such as supporting Kansai Philharmonic Orchestra, whose concert was canceled due to the novel coronavirus (COVID-19).



<the image of “KASSAI”>

Consolidated Balance Sheets

(Millions of yen)

| | Fiscal 2020, As of Mar. 31, 2021, | [References] Fiscal 2019, As of Mar. 31, 2020, |
|---|--------------------------------------|--|
| <i>Assets</i> | | |
| Current assets: | | |
| Cash and deposits | 4,763,197 | 3,964,512 |
| Cash segregated as deposits | 485,876 | 415,953 |
| Notes and accounts receivable-trade | 21,488 | 18,427 |
| Securities | 996,683 | 873,064 |
| Trading products: | 7,834,093 | 8,027,289 |
| Trading securities and other | 5,374,191 | 4,300,600 |
| Derivatives | 2,459,901 | 3,726,689 |
| Operational investment securities | 97,092 | 202,557 |
| Allowance for investment loss | (588) | (1,160) |
| Operating loans | 1,996,121 | 1,768,471 |
| Work in process | 603 | 609 |
| Margin transaction assets: | 162,078 | 114,384 |
| Loans on margin transactions | 152,077 | 105,203 |
| Cash collateral pledged for securities borrowing on margin transactions | 10,001 | 9,180 |
| Loans secured by securities: | 7,448,321 | 6,685,756 |
| Cash collateral pledged for securities borrowed | 5,054,451 | 4,813,361 |
| Loans on Gensaki transactions | 2,393,870 | 1,872,394 |
| Advances paid | 20,131 | 25,682 |
| Short-term loans receivable | 595 | 3,087 |
| Accrued income | 36,229 | 36,483 |
| Other | 788,790 | 711,935 |
| Allowance for doubtful accounts | (4,401) | (415) |
| Total current assets | 24,646,314 | 22,846,637 |
| Non-current assets: | | |
| Property, plant and equipment: | 880,477 | 309,166 |
| Buildings | 210,109 | 115,882 |
| Machinery and equipment | 9,251 | 8,004 |
| Equipment | 18,030 | 19,153 |
| Land | 598,541 | 127,751 |
| Construction in progress | 44,544 | 38,375 |
| Intangible assets: | 128,786 | 124,115 |
| Goodwill | 21,229 | 13,629 |
| Leasehold right | 5,787 | 3,217 |
| Software | 84,276 | 77,985 |
| Other | 17,493 | 29,283 |
| Investments and other assets: | 443,751 | 542,179 |
| Investment securities | 402,590 | 491,660 |
| Long-term loans receivable | 6,313 | 5,915 |
| Guarantee deposits | 17,692 | 17,877 |
| Deferred tax assets | 11,397 | 17,125 |
| Other | 10,415 | 10,042 |
| Allowance for doubtful accounts | (1,037) | (440) |
| Allowance for investment loss | (3,620) | — |
| Total non-current assets | 1,453,016 | 975,462 |
| Total assets | 26,099,330 | 23,822,099 |

(Millions of yen)

| | Fiscal 2020, As of Mar. 31, 2021, | [References] Fiscal 2019, As of Mar. 31, 2020, |
|---|--------------------------------------|--|
| <i>Liabilities</i> | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 5,382 | 8,938 |
| Trading products: | 4,367,822 | 5,362,261 |
| Trading securities and other | 2,032,969 | 1,805,910 |
| Derivatives | 2,334,853 | 3,556,351 |
| Trade date accrual | 1,320,279 | 544,689 |
| Margin transaction liabilities: | 64,022 | 59,256 |
| Borrowings on margin transactions | 4,139 | 3,994 |
| Cash received for securities lending on margin transactions | 59,882 | 55,261 |
| Borrowings secured by securities: | 8,176,094 | 7,198,730 |
| Cash received on debt credit transaction of securities | 4,699,647 | 4,839,095 |
| Borrowings on Gensaki transaction | 3,476,447 | 2,359,635 |
| Deposits from banking business | 4,416,097 | 4,037,201 |
| Deposits received | 419,994 | 353,943 |
| Guarantee deposits received | 366,351 | 414,641 |
| Short-term borrowings | 1,408,288 | 1,276,948 |
| Commercial papers | 265,000 | 178,000 |
| Current portion of bonds | 203,774 | 277,852 |
| Income taxes payable | 17,962 | 7,403 |
| Provision for bonuses | 36,316 | 26,747 |
| Other | 151,966 | 172,101 |
| Total current liabilities | 21,219,352 | 19,918,716 |
| Non-current liabilities: | | |
| Bonds payable | 1,557,333 | 1,379,226 |
| Long-term borrowings | 1,586,913 | 1,183,272 |
| Deferred tax liabilities | 43,176 | 4,369 |
| Retirement benefit liability | 44,773 | 44,359 |
| Provision for loss on litigation | 1,809 | 1,570 |
| Other | 50,430 | 28,900 |
| Total non-current liabilities | 3,284,436 | 2,641,697 |
| Reserves under special laws: | | |
| Reserve for financial instruments transaction liabilities | 3,699 | 3,918 |
| Total reserves under special laws | 3,699 | 3,918 |
| Total liabilities | 24,507,489 | 22,564,333 |
| <i>Net assets</i> | | |
| Shareholders' equity: | | |
| Capital stock | 247,397 | 247,397 |
| Capital surplus | 230,651 | 230,808 |
| Retained earnings | 911,742 | 834,442 |
| Treasury shares | (107,646) | (110,351) |
| Deposit for subscriptions to treasury shares | 9 | 13 |
| Total shareholders' equity | 1,282,154 | 1,202,310 |
| Accumulated other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 41,587 | 26,853 |
| Deferred gains or losses on hedges | (3,058) | (13,592) |
| Foreign currency translation adjustment | 12,886 | (5,556) |
| Total accumulated other comprehensive income | 51,415 | 7,703 |
| Subscription rights to shares | 9,125 | 8,901 |
| Non-controlling interests | 249,145 | 38,849 |
| Total net assets | 1,591,841 | 1,257,766 |
| Total liabilities and net assets | 26,099,330 | 23,822,099 |

Consolidated Statements of Income

(Millions of yen)

| | Fiscal 2020, Apr. 1, 2020, - Mar. 31, 2021, | [References] Fiscal 2019, Apr. 1, 2019, - Mar. 31, 2020, |
|--|---|---|
| Operating revenue: | | |
| Commission received: | 286,835 | 266,574 |
| Brokerage commission | 78,026 | 56,503 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 38,098 | 29,818 |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors | 19,211 | 23,254 |
| Other fees received | 151,499 | 156,997 |
| Net trading income | 118,895 | 93,802 |
| Net gain on private equity and other securities | 4,808 | 14 |
| Financial revenue | 93,188 | 258,122 |
| Other operating revenue | 72,444 | 53,772 |
| Total operating revenue | 576,172 | 672,287 |
| Financial expenses | 54,480 | 209,916 |
| Other operating expenses | 55,031 | 36,110 |
| Net operating revenue | 466,660 | 426,259 |
| Selling, general and administrative expenses: | | |
| Trading related expenses | 57,612 | 68,891 |
| Personnel expenses | 193,002 | 184,032 |
| Real estate expenses | 38,441 | 36,647 |
| Office cost | 24,365 | 25,969 |
| Depreciation | 33,920 | 30,813 |
| Taxes and dues | 11,493 | 10,529 |
| Provision of allowance for doubtful accounts | 281 | 170 |
| Other | 14,682 | 14,917 |
| Total selling, general and administrative expenses | 373,800 | 371,970 |
| Operating income | 92,859 | 54,288 |
| Non-operating income: | | |
| Dividend income | 3,381 | 5,062 |
| Share of profit of entities accounted for using equity method | 12,369 | 8,586 |
| Gain on investments in investment partnerships | 5,539 | — |
| Other | 4,210 | 3,816 |
| Total non-operating income | 25,500 | 17,465 |
| Non-operating expenses: | | |
| Interest expenses | 636 | 269 |
| Foreign exchange losses | 252 | 123 |
| Loss on investments in investment partnerships | — | 207 |
| Bond issuance cost | 163 | 128 |
| Other | 2,132 | 741 |
| Total non-operating expenses | 3,184 | 1,470 |
| Ordinary income | 115,175 | 70,283 |
| Extraordinary income: | | |
| Gain on sales of non-current assets | 57 | 8,749 |
| Gain on sales of investment securities | 4,231 | 12,442 |
| Gain on step acquisitions | 46,962 | 4,642 |
| Gain on change in equity | 180 | 11,413 |
| Reserve for financial instruments transaction liabilities | 218 | 19 |
| Other | — | 208 |
| Total extraordinary income | 51,650 | 37,476 |
| Extraordinary losses: | | |
| Loss on sales and retirement of non-current assets | 1,386 | 609 |
| Impairment loss | 9,394 | 1,283 |
| Loss on sale of investment securities | 219 | — |
| Loss on valuation of investment securities | 1,738 | 8,114 |
| Loss on valuation of shares of subsidiaries and associates | 896 | — |
| Provision of allowance for investment loss | 3,620 | — |
| Structural reform cost | 4,319 | 12,500 |
| Other | 684 | 422 |
| Total extraordinary losses | 22,259 | 22,930 |
| Income before income taxes | 144,567 | 84,828 |
| Income taxes-current | 35,589 | 26,087 |
| Income taxes-deferred | (673) | (2,524) |
| Total income taxes | 34,915 | 23,563 |
| Profit | 109,651 | 61,265 |
| Profit(loss) attributable to non-controlling interests | 1,255 | 918 |
| Profit attributable to owners of parent | 108,396 | 60,346 |

Independent Auditor's Report

May 13, 2021

To the Board of Directors of Daiwa Securities Group Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Kanako Ogura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomomi Mase (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Koji Fukai (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, a summary of significant accounting policies and other explanatory information of Daiwa Securities Group Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the audit committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent

Auditor's Report as required by the Companies Act for the conveniences of the reader.

Audit Report

The Audit Committee has audited the execution of duties by the Directors and the Corporate Executive Officers for the 84th fiscal year from April 1, 2020 to March 31, 2021. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

The Audit Committee has audited the contents of the resolutions of the Board of Directors regarding the matters stipulated in Article 416, Paragraph 1, Item 1(b) and 1(e) of the Companies Act and the system (internal control systems) organized based on such resolutions, by receiving the report on the situation of the development and maintenance of the systems from the Directors, the Corporate Executive Officers and the employee at fixed intervals, demanding explanation as needed, expressing an opinion and also by the following methods.

- ① In conformity with the audit standard of the audit committee decided by the Committee and in accordance with audit policies, assignment of duties, etc. and cooperating with the internal control department, the Audit Committee attended significant meetings, received reports from Directors and Corporate Executive Officers, etc. about their execution, requested their explanation when necessary, inspected the contents of the important approval documents and other important documents, and investigated the status of the Company's business and assets. As to subsidiaries, the Audit Committee communicated and exchanged information with and, when necessary, received reports of business from subsidiaries' Directors and Audit & Supervisory Board Member, etc..
- ② The Audit Committee observed and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee also received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. Further, the Audit Committee received notification from the independent auditor that it had established the "system for ensuring the proper execution of its duties" (as enumerated in each Item of Article 131 of the Accounting Regulation Ordinance) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Council on October 28, 2005), etc. When necessary, the Audit Committee requested explanations regarding the notification.

Based on the methods above, the Audit Committee has examined the business report and its supplementary schedules, and the consolidated statutory report (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, a summary of significant accounting policies and other explanatory information) and the statutory report (the balance sheet, the statement of income, the statement of changes in net assets, a summary of significant accounting policies and other explanatory information) and its supplementary schedules .

2. Results of the Audit

- (1) Results of audit of the business report, etc.
 - In our opinion, the business report and its supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws, regulations and the Articles of Incorporation.
 - In our opinion, none of the actions taken by Directors and Corporate Executive Officers in executing their duties were fraudulent and none of their actions materially violated the provisions of applicable laws, regulations or the Articles of Incorporation.
 - In our opinion, the content of the resolution by the Board of Directors regarding the organization of the internal control system was appropriate, the contents of the business report regarding internal control systems was appropriate, and, furthermore, all actions of Directors and Corporate Executive Officers with respect to executing internal control systems were carried out appropriately.
- (2) Results of the audit of the consolidated statutory report

In our opinion, the auditing methods used by the independent auditor KPMG AZSA LLC and the results of its audit were appropriate.

(3) Results of the audit of the statutory report and its supplementary schedules

In our opinion, the auditing methods used by the independent auditor KPMG AZSA LLC and the results of its audit were appropriate.

May 13, 2021

Audit Committee
Daiwa Securities Group Inc.

Committee Chairperson
Ikuo Nishikawa

Committee Member
Sachiko Hanaoka

Committee Member
Hiromasa Kawashima

Committee Member
Michiaki Ogasawara

Committee Member
Eriko Kawai

Committee Member
Katsuyuki Nishikawa

(Note) Mr. Ikuo Nishikawa, Mr. Michiaki Ogasawara, Ms. Eriko Kawai and Mr. Katsuyuki Nishikawa are the outside directors provided under the provisions of Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.