

Maximizing Asset Value

- 30 Message from the COO
- 31 Future Vision for FY2030:
Building an earnings structure resilient to external environments
- 32 ROE by Segment:
Accurately monitor capital profitability by business
- 33 Wealth Management Strategy
- 38 Asset Management Strategy
- 42 Global Markets & Investment Banking Strategy
- 45 Overseas Business
- 46 Promote a disruptive growth strategy
(external alliances, M&As, growth investments)
- 48 Digital Strategy
- 48 Message from the CIO

Message from the COO



Shinsuke Niizuma
Deputy President and COO
Head of Wealth Management
Daiwa Securities Group Inc.

Daiwa Securities Group has set out **maximizing customer asset value** as its Basic Group Management Policy for the three-year Medium-Term Management Plan ending in FY2026. Guided by this Policy, we have been engaging in an array of initiatives within the various business domains since FY2024. These are not simply short-term initiatives. For example, in the Wealth Management Division, since 2017, we have rigorously pursued business operations centered on enhancing customer satisfaction. More specifically, we transitioned to a bottom-up sales structure and introduced NPS, and, based on a deep understanding of our customers, strengthened our consulting with a focus on comprehensive portfolio proposals that include both financial and non-financial assets, pursuing added value through a consistent customer-centric approach.

We're about a year out since the Plan was formulated. My sense is that the Policy of **maximizing customer asset value** has become deeply ingrained in all of the Group's officers and employees, and that they are reflecting the Policy in concrete actions in their day-to-day operations. Going forward, we will continue aiming to contribute to maximizing customer asset value and corporate value over the longer-term by providing the best, most tailored, and highest-quality solutions to meet the needs and circumstances of our customers and the economic environment.

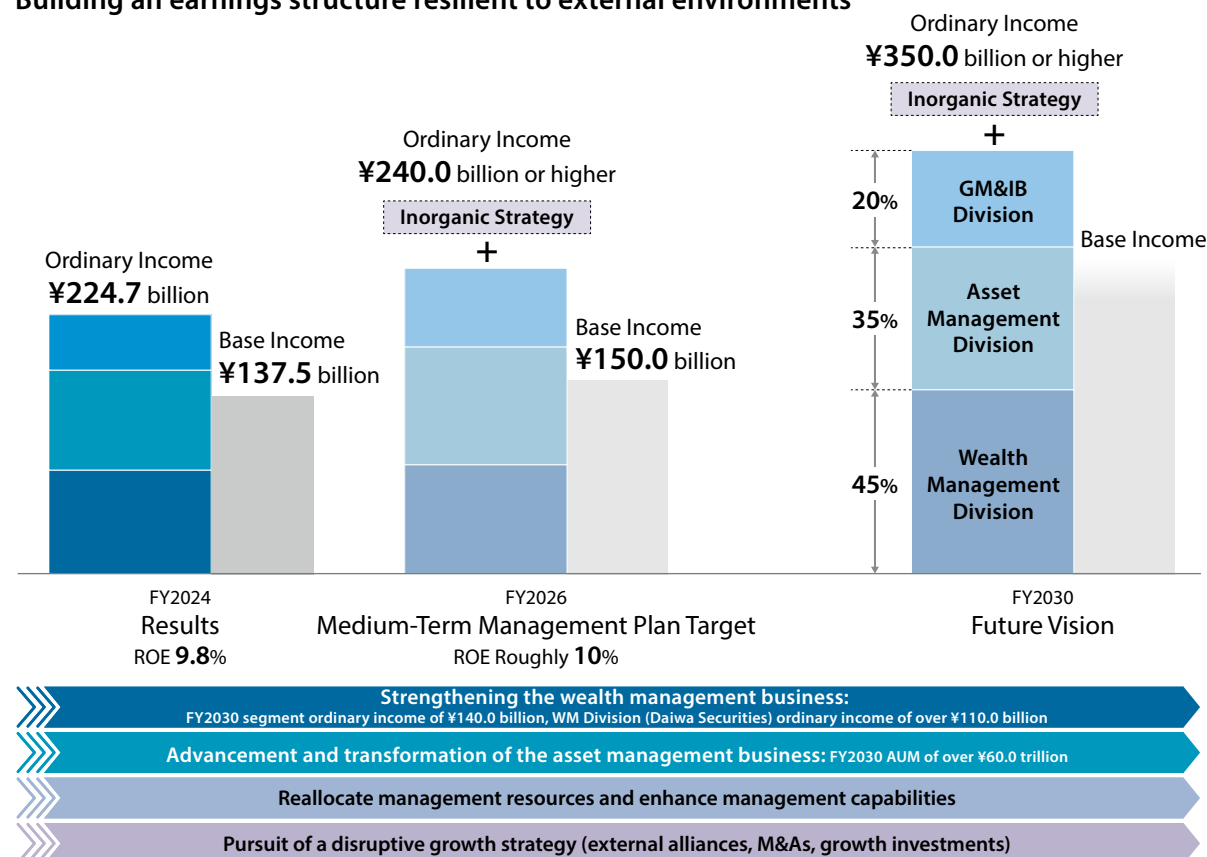
Future Vision for FY2030: Building an earnings structure resilient to external environments

The Group is working toward a future where our earnings structure is resilient to the external environment, targeting ordinary income of over ¥350 billion by FY2030. To achieve this, we will not rely on any one division. Instead, each division will focus on growing its own profits and promoting inorganic growth strategies to sustain high ROE levels.

Our Wealth Management (WM) Division is accelerating its shift to a wealth management business model, aiming to boost asset-based revenue linked to the balance of assets under custody. Our Asset Management (AM) Division is working to enhance its business by expanding its product lineup, including bonds, equities, real estate, and alternative funds. This strategy pursues advancement and transformation of the business by increasing assets under management and by strengthening the asset management business foundation.

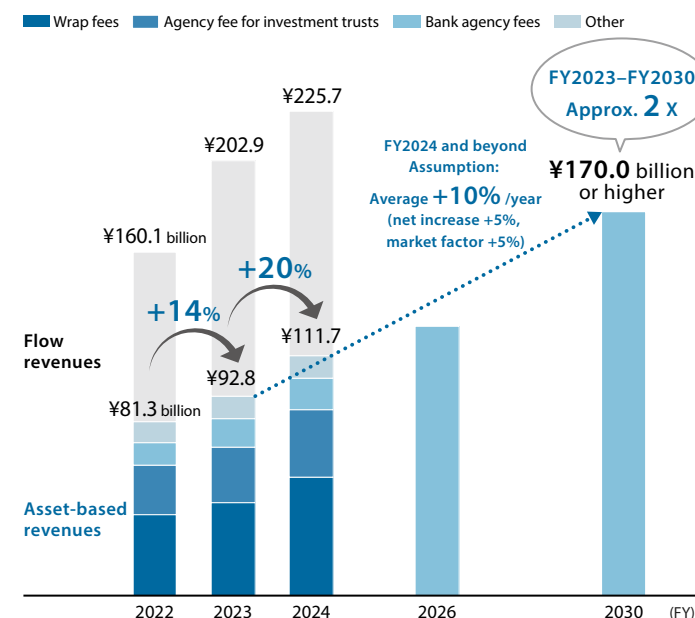
By rigorously evaluating the capital profitability of each business and reducing or exiting unprofitable ones, we are reallocating management resources to growth areas and enhancing management capabilities. Furthermore, to achieve a disruptive growth strategy, we are actively pursuing inorganic strategies, such as collaborations with leading external companies and mergers and acquisitions.

Building an earnings structure resilient to external environments



Growth image of the WM Division (Daiwa Securities)

—Breakdown of asset-based revenues—



Total asset consulting with the aim to maximize customer asset value

ROE by Segment: Accurately monitor capital profitability by business

The Group analyzes capital usage and its return for each segment, striving for optimal capital efficiency to increase our overall ROE.

In FY2024, the Global Markets & Investment Banking (GM&IB) Division's capital usage stood at 40% of the total. The Division is a capital-intensive business that holds trading positions in financial products, leading to lower ROE. The WM and AM Divisions, which use less capital, have higher ROE.

However, we should not allocate management resources based solely on the ROE level of each segment. The WM and GM&IB Divisions work closely together, essential to maintaining each other's competitive edge, like two wheels of a cart. The equities and bonds managed by the GM&IB Division are key drivers for the WM Division's expansion and growth.

By significantly expanding the WM and AM Divisions, we aim to reduce the relative capital usage of the GM&IB Division and enhance capital efficiency in GM, thereby boosting the Group's overall ROE.

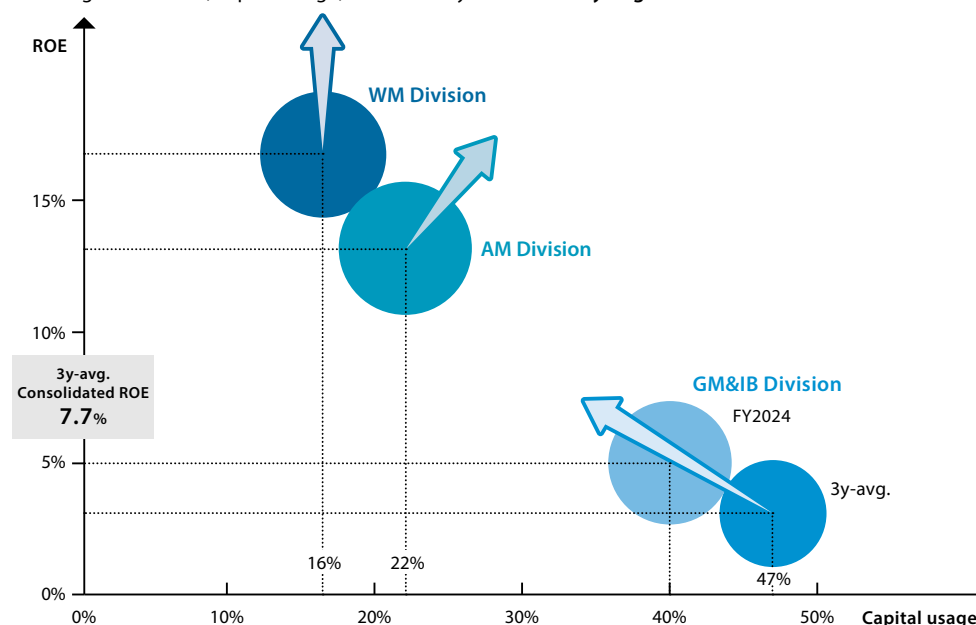
Capital usage (RWA base) and business attributes

Total RWA: **¥6.8** trillion (Avg. of FY2022-FY2024)

Wealth Management	<ul style="list-style-type: none"> - Capital light - Mainly Daiwa Securities and Daiwa Next Bank - Main risks are associated with HR/IT investments
Asset Management	<ul style="list-style-type: none"> - Overall capital light - Real Estate AM and Alternative AM accounts for the majority of RWA
GM&IB	<ul style="list-style-type: none"> - GM is capital intensive as it holds trading positions - GIB is capital light

ROE by segment*

Figures for ROE, capital usage, and ordinary income are **3y-avg.** of FY2022–FY2024



* 3-year-average of FY2022–FY2024. Circle size = ordinary income. The capital usage sum of the main three segments will not be 100% due to the Other segment (capital usage: 15%).

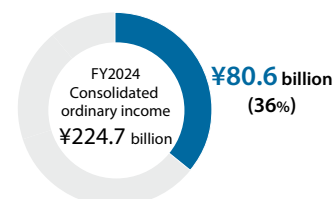
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Group Consolidated ROE	8.6%	17.0%	12.8%	9.5%	8.4%	8.8%	5.1%	4.9%	8.5%	7.0%	4.6%	8.3%	9.8%

(FY)

Wealth Management Strategy

The main sources of revenues in the Wealth Management Division are asset-based revenues, mainly wrap fees and investment trust administration fees, as well as product sales commissions related to the management of assets for individual investors and unlisted companies in Japan.

WM Division ordinary income



Junichi Serizawa
Deputy Head of
Wealth Management

The WM Division posted ordinary income of ¥80.6 billion in FY2024, marking a significant 21.8% year-on-year increase. Asset-based revenues reached ¥111.7 billion, exceeding the projections of the Medium-Term Management Plan. The fixed cost coverage ratio for asset-based revenues over a full fiscal year also topped 100% for the first time, reaching 107%. The shift to a wealth management business model that the Group has been pursuing for more than eight years is steadily bearing fruit.

By promoting total asset consulting, we have decisively taken the first step of gaining a deep understanding of our customers and have enhanced the quality of our proposals for improving their portfolios. This has led to an increase in our NPS, an indicator of customer satisfaction, as well as to an expansion of flow revenue and greater asset inflow. We will continue to develop these initiatives, aiming to dramatically expand assets under management through the improvement of customer satisfaction and the entrustment of customers' core assets, by comprehensively grasping customers' total assets, including their non-financial assets.

Main Companies

■ Daiwa Securities Co. Ltd.	(Daiwa Securities) Number of branches and sales offices in Japan 182
■ Daiwa Next Bank, Ltd.	(Daiwa Securities) Number of customer accounts with balance 3,209 thousand
■ Daiwa Connect Securities Co., Ltd.	(Daiwa Next Bank) Balance of deposits ¥4.3 trillion
■ Fintertech Co. Ltd.	(Daiwa Next Bank) Number of accounts 1,894 thousand
■ Retela Crea Securities Co., Ltd.	

Awareness of Environment

- ▷ Growing inflationary pressure
- ▷ Growing needs for asset preservation as people live longer
- ▷ The money shift to the digital native generation in the future, while the current crop of young people has less investment experience
- ▷ Emergence of new products and services using new technology, changes in regulations in response

Strengths

- ▷ Network of 182 sales branches/sales offices and a customer base built up over 123 years since its foundation
- ▷ Highest number of CFPs among financial institutions in Japan
- ▷ Ability to develop and recommend products and services in line with customer needs
- ▷ Ability to provide products such as foreign equities/bonds, IPOs, primary and secondary offerings, through synergies with the GM&IB Division and other divisions

Business Risks

- ▷ Risk of major decline in earnings due to weak demand for securities investment from customers owing to market slump, or investors becoming less inclined to own overall risk
- ▷ Risk of the necessity of fixed costs, such as real estate-related expenses, personnel expenses, or depreciation on systems investments, for branches, sales representatives, online trading systems, etc.
- ▷ Risk of reduced investment margins caused by changes in monetary policy
- ▷ Risk of sluggish growth in earning power if the strategy to differentiate from other competing banks does not advance as expected
- ▷ Risk of incurring additional costs in the event of an inadequate response to the risks faced by the banking industry

Wealth Management Strategy

Customer-centric total asset consulting

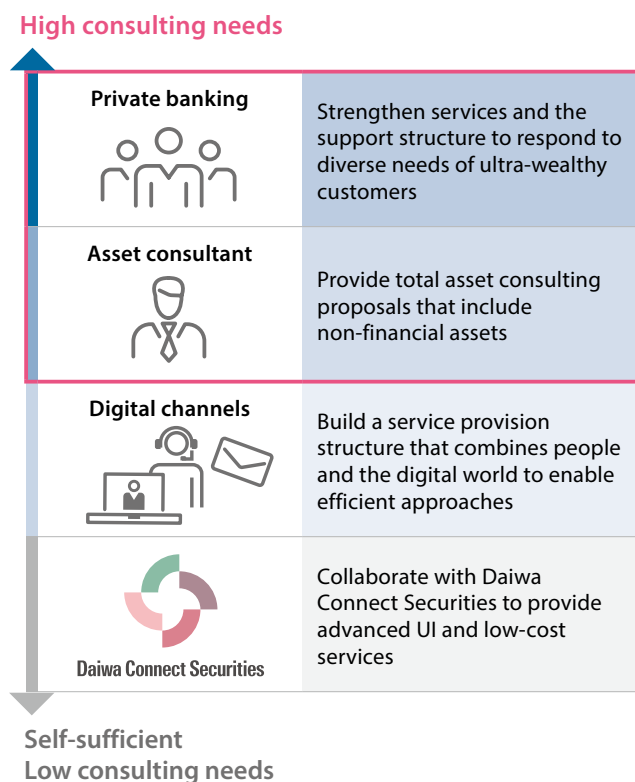
Daiwa Securities provides services tailored to the needs and attributes of each customer through a network of 182 branches, sales offices, and contact centers, as well as via online trading.

In particular, for customers with advanced consulting needs, we have developed a systematic proposal process that takes into account the customer's total assets, including both financial and non-financial assets, such as real estate. Using analytical tools such as asset management and asset inheritance planning, we visualize and analyze their total assets, including those under custody by other firms, and propose optimal asset allocation and high-value-added solutions through ongoing communication.

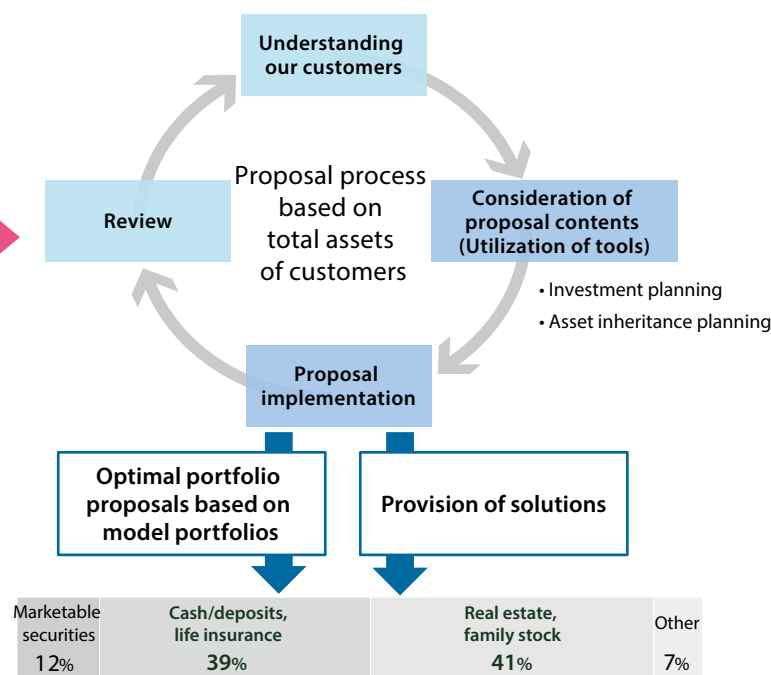
In FY2024, we made steady progress with the initial step of understanding our customers, with our staff now becoming adept at making proposals for improving customers' portfolios based on their particular attributes and needs.

Interest in private asset-related investment trusts is growing from the perspective of diversifying asset classes, particularly among high-net-worth customers, and our assets under management in this area have also grown. By harnessing various tools to visualize the status of customer portfolios and more fully grasping their detailed requests, we have seen an increase in the number of customers transferring assets held with other firms to Daiwa Securities to manage.

Strategies based on the attributes of our customers



Total asset consulting loop



—Asset formation image of high-net-worth individuals—

(Source) Compiled by the Daiwa Institute of Research based on "R4 Property Subject to Inheritance Tax Reporting," National Tax Agency Tax Statistics

Message from a branch manager



Tasuku Onuki
Machida Branch

I've been working in sales for almost 20 years since I joined the Group. In recent years, though, we've stopped selling specific products recommended by headquarters.

Instead, we start with the customer and engage in a consulting approach. I feel we've moved to the next level as a result—now it's second nature to start by asking what the customer's goals are. We use asset management planning tools and other resources to propose the optimal portfolio based on each customer's total assets, and we're getting more and more inquiries from customers who, impressed by our comprehensive approach, want to show us all of their assets for review, or introduce us to other people who have no experience in investment and want us to give them thorough advice. We will continue to learn and grow to meet our customers' needs and become their trusted partner.

Wealth Management Strategy

Organizational support and optimal solutions

To provide timely and more accurate solutions to the increasingly diverse and sophisticated needs of our customers, it is essential to use total asset consulting to broadly grasp their potential needs as well as the needs that are already apparent. To achieve this, in addition to working to improve the skills of each consultant, Daiwa Securities is also focusing on strengthening its organizational support framework and on pursuing collaboration among the various divisions. In addition, we continue to work on expanding our lineup of solutions.

Through these efforts, we have been able to accurately grasp customer needs and provide optimal solutions, which resulted in a significant increase in asset inflow from customers in FY2024 to ¥1,573.3 billion.

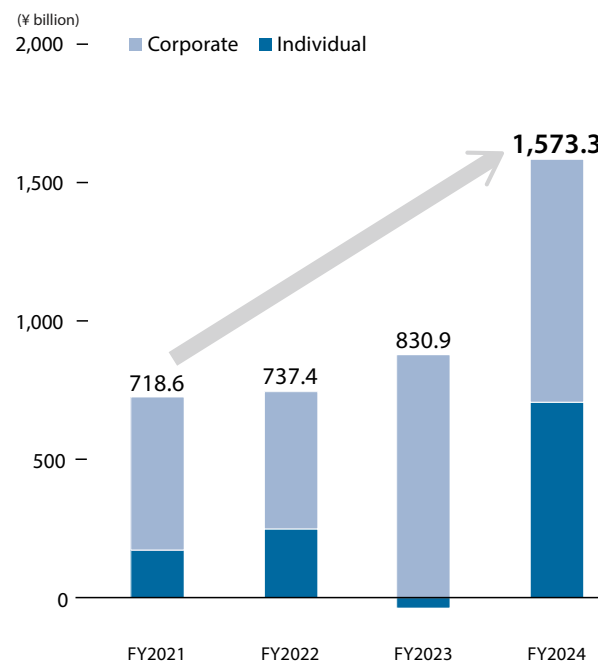
Our NPS, an indicator of customer satisfaction, also improved significantly in the second half of FY2024. Going forward, we will continue to aim at improving customer satisfaction and **maximizing customer asset value** by accurately grasping their potential needs through total asset consulting and proposing and delivering optimal solutions.

Build a coverage structure for ultra-wealthy customers



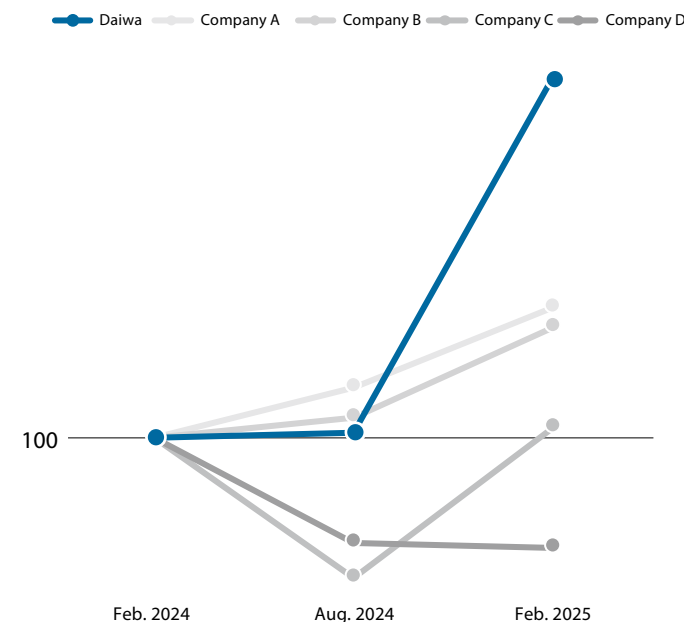
Provide organizational support and build a collaboration structure

Growth in net asset inflow, a measure of customer trust



Indexed NPS:

Comparison among five major face-to-face securities firms*



* The results are based on an online survey conducted through an external research firm, targeting customers who primarily transact with the five major face-to-face securities companies. NPS scores as of February 2024 were used as the basis for indexing.

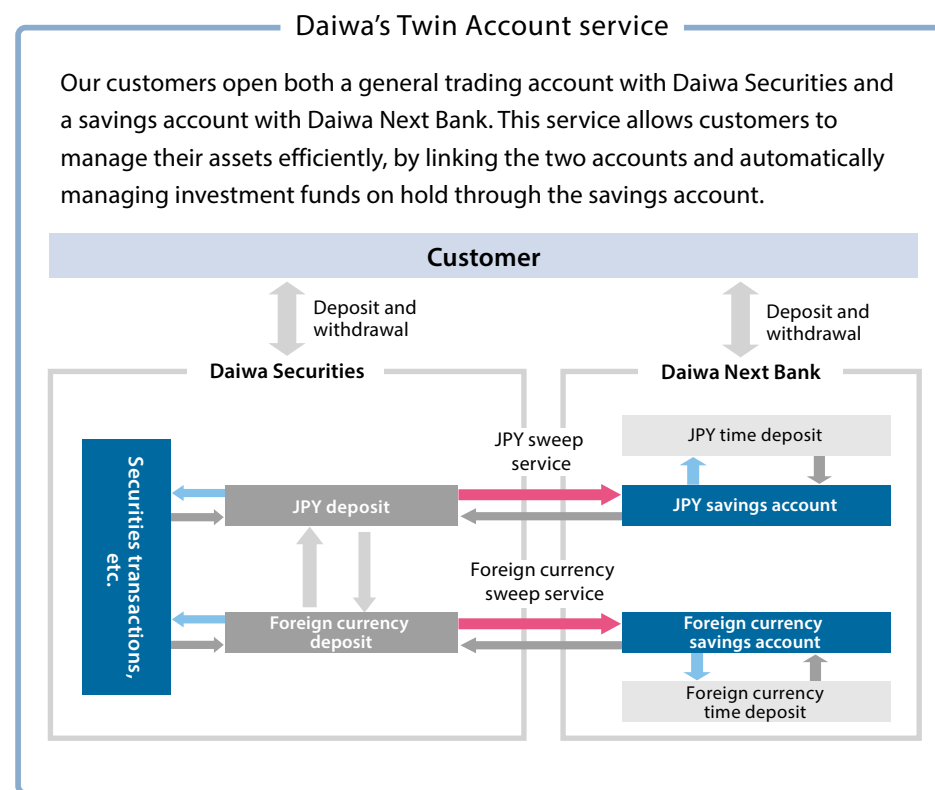
Wealth Management Strategy

Daiwa Next Bank

Formed in 2010, Daiwa Next Bank began operations in 2011. This company functions within the Group as a gateway from savings to investment, and funds on hold in the securities accounts of our customers are automatically managed in a savings account at Daiwa Next Bank.

Another role of Daiwa Next Bank is to offer attractive interest rates to depositors through a low-cost market investment business model. Through a deposit product that is highly secure, it accepts funds from customers and employs them in securities

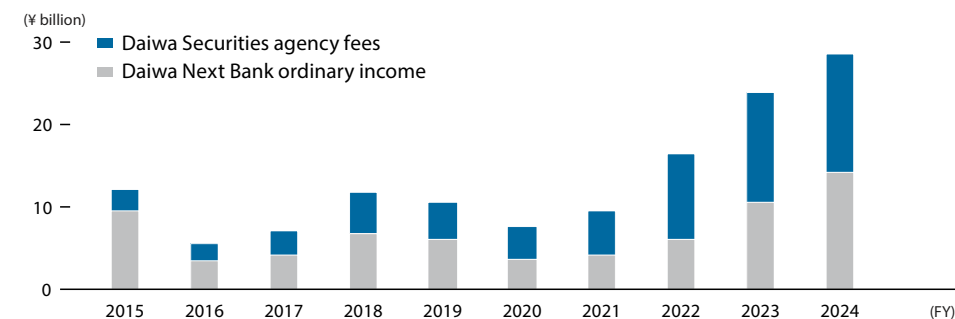
Daiwa Next Bank



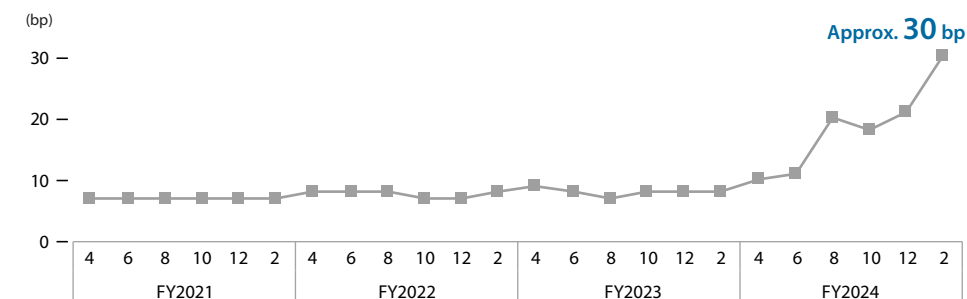
trading and other transactions, as well as to secure profits by way of interest margins by investing the funds raised through deposits. Interest margins on yen-denominated funds remained low for many years due to the negative interest rate environment in Japan. However, since the Bank of Japan lifted its negative interest rate policy in March 2024, interest margins have expanded significantly—as of March 31, 2025, the margin had expanded to about 30 basis points, feeding into improved profitability.

Overall profit from this banking business, which is the sum of stand-alone ordinary income at Daiwa Next Bank and bank agency fees at Daiwa Securities, grew to approximately ¥30 billion in FY2024.

Trends in ordinary income and agency fees



Trends in JPY funds interest margin



Wealth Management Strategy

Daiwa Connect Securities



To further strengthen the Group's customer base, Daiwa Connect Securities was launched in July 2020 as a securities company that is exclusively accessed by smartphone, with the primary mission of making connections with new customers and contributing to the expansion of the investor base. The company is expanding its services with a focus on investment novices and young adults while working with various external companies to grow the customer base to provide new financial services to digitally native customers.

With the launch of the new NISA in 2024, Daiwa Connect Securities is playing an important role in expanding contacts with asset-building customers. Going forward, the company will continue to steadily expand its customer base through a branding strategy as a smartphone-only securities service that prioritizes UI/UX, and will promote continuous transactions centered on installment-type investment services and, in turn, stabilize earnings.



Major Initiatives

Capturing digitally native customers

- ◆ Promote new NISA and installment-type investments
- ◆ Strengthen video utilization and owned media

Stimulate transactions

- ◆ Strengthen installment-type services and promote continuous transactions
- ◆ Utilize data analysis and marketing automation

Collaborate with Daiwa Securities Group companies and external corporations

- ◆ Mutual referrals between Group companies
- ◆ Collaborate with external companies with a customer base

Fintertech



In April 2018, Fintertech was founded with the purpose of creating next-generation financial services in an agile and flexible manner by utilizing cutting-edge technology and collaborating with external companies.

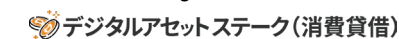
Fintertech offers the following products: (1) Digital Asset-backed Loan, which targets crypto assets that have not been accepted as collateral in Japan; (2) Digital Asset Staking (consumption loans), which offers a fee on the back of crypto lending; (3) KASSAI, a crowd-type monetary assistance service that enables users to easily create and make available their own donation websites; (4) Funvest, a loan-type crowdfunding service that offers carefully selected investment opportunities; and (5) Real Estate Investment Prime Loan, which enables users to borrow funds to purchase investment real estate using these properties as collateral.

By leveraging Daiwa Securities Group's business platform and advanced technologies centered on Web 3.0, Fintertech aims to create new cash flow mechanisms tailored to individual preferences through the synergy of its digital asset finance and crowdfunding businesses.

Major Initiatives

Expand the Digital Asset Finance Business

- ◆ New loan services that use crypto assets as collateral
- ◆ A crypto asset lending service that utilizes Ethereum staking



Crowdfunding-based cash flow creation

- ◆ Service that allows anyone to create and publish tipping sites
- ◆ Loan-type crowdfunding service that provides investments for a shared future



Develop new financial services and form business collaborations with the WM Division

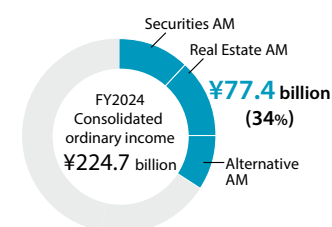
- ◆ Joint development of financial products such as real estate investment loans that contribute to growth for the Daiwa Securities Group real estate business
- ◆ Promote Web 3.0 domain survey research and business development



Asset Management Strategy

The Asset Management Division consists of Securities Asset Management, Real Estate Asset Management, and Alternative Asset Management. The Division manages a wide range of assets, including investment trusts, real estate, venture capital, private equity, and solar power projects.

AM Division ordinary income



Keiko Tashiro
Head of Asset Management

The Asset Management Division offers a diverse range of investment products and services, including traditional and alternative assets. It is a key contributor to the Japanese government's initiative of Promoting Japan as a Leading Asset Management Center. Securities Asset Management and Real Estate Asset Management are part of this Division. Together with the Wealth Management Division, they form Base Income, a key pillar of the Group's stable revenue base.

In FY2024, the division grew earnings across all business lines by steadily expanding assets under management and promoting capital recycling. We actively pursued inorganic growth strategies. This included the capital and business alliance between JAPAN POST INSURANCE, Daiwa Securities Group, and Daiwa Asset Management.

We will continue using both organic and inorganic growth strategies to strengthen our asset management capabilities, grow our customer base, and transform our business model. Our goal is to surpass ¥60 trillion in assets under management by FY2030.

Main Companies

Securities Asset Management

- Daiwa Asset Management Co. Ltd.
- Daiwa Fund Consulting Co. Ltd.

Real Estate Asset Management

- Daiwa Real Estate Asset Management Co. Ltd.
- Daiwa Office Investment Corporation
- Daiwa Securities Realty Co. Ltd.
- Samty Residential Investment Corporation

Alternative Asset Management

- Daiwa Corporate Investment Co., Ltd.
- Daiwa PI Partners Co. Ltd.
- Daiwa Energy & Infrastructure Co. Ltd.

Assets under management by Daiwa Asset Management	¥33.3 trillion
Assets under management by two real estate asset management companies*1	¥1,596.3 billion
Number of investment companies (cumulative)*2	2,369 companies
Investment amount (cumulative)*2	¥470.0 billion
Outstanding principal investment balance*3	¥284.0 billion

*1 Daiwa Real Estate Asset Management and Samty Residential Investment Corporation

*2 Daiwa Corporate Investment cumulative value

*3 Total of Daiwa PI Partners and Daiwa Energy & Infrastructure

Awareness of Environment

- ▷ Mergers and restructuring among major asset management firms around the world
- ▷ Building interest in ESG investments amid growing awareness of Principles for Responsible Investment (PRI) and the SDGs
- ▷ Investment difficulties caused by low interest rates, diversification of investor needs
- ▷ Growing needs for asset accumulation on own initiative

Strengths

- ▷ Product development capabilities to match diverse customer needs
- ▷ Marketing capabilities and support structure for sales network inside and outside the Group
- ▷ Top-class balance of net assets in investment trusts in Japan
- ▷ Research and management capability backed by many years of experience and track record

Business Risks

- ▷ Securities AM: Risk of reduced earnings due to a decrease in the balance of assets under management; risk of being unprofitable in the event of a significant decline in earnings.
- ▷ Real Estate AM: Risk of fluctuations in the real estate market; risk of upswing in expenses, including personnel as well as real estate-related costs.
- ▷ Alternative AM: Risk of losses on the sale or revaluation of securities and other holdings due to changes in the operating conditions or economic environment of investees.

Asset Management Strategy (Securities Asset Management)

Capital and business alliance with JAPAN POST INSURANCE

Securities Asset Management is steadily growing, with assets under management reaching ¥33 trillion by the end of March 2025. This growth is fueled by our unique product offerings. In the public investment trust sector, we are working to expand unique, high-value-added products like alternative investments, while also improving services for distributors.

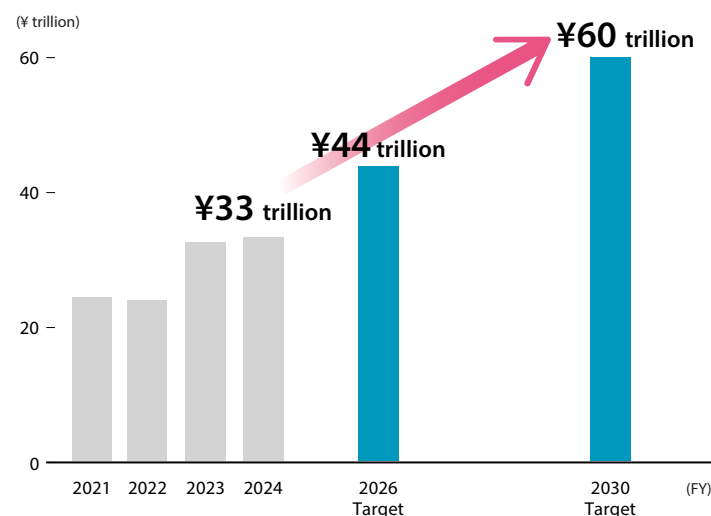
Daiwa Asset Management (Daiwa AM) announced a capital and business alliance in the asset management sector with JAPAN POST INSURANCE in May 2024. By October, JAPAN POST INSURANCE had acquired a 20% stake in Daiwa AM. By partnering with JAPAN POST INSURANCE, one of Japan's largest asset owners, Daiwa AM aims to fully enter the investment advisory business, including alternative investments. This collaboration will enhance its investment capabilities and operations through the exchange of asset management talent and the adoption of an asset owner's perspective.

Through this partnership, JAPAN POST INSURANCE has already entrusted Daiwa AM with more than ¥2 trillion in assets. Additionally, we collaborate on the Emerging Managers Program (EMP), which the Japanese government is supporting, and have completed our first investment. By identifying promising emerging asset management firms through EMP and ensuring a smooth supply of capital, we aim to increase the use of these firms, helping Japan become a Leading Asset Management Center.

Capital and business alliance with JAPAN POST INSURANCE and Mitsui & Co.

In March 2025, we announced a capital and business alliance with JAPAN POST INSURANCE and Mitsui & Co., including the acquisition of Mitsui & Co. Alternative Investments as a subsidiary. Daiwa AM aims to broaden the range of its alternative asset management by developing public and private investment trusts and fostering talent through personnel exchanges. We plan to leverage the strengths of JAPAN POST INSURANCE, Mitsui & Co., and our own Group to drive business growth.

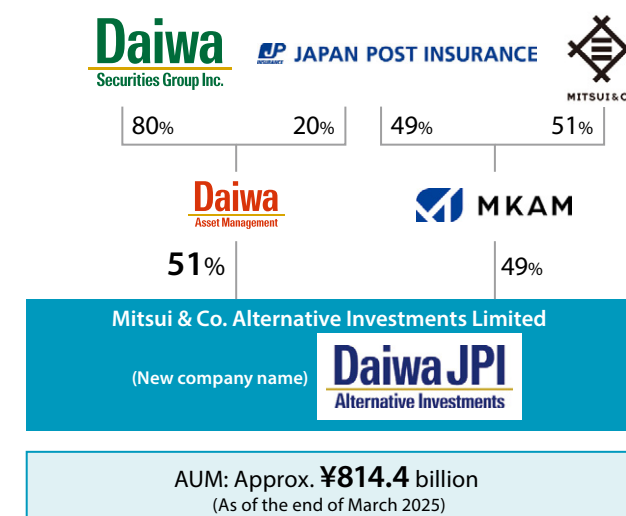
Trends in Securities AM total AUM



Capital and business alliance with JAPAN POST INSURANCE in the asset management field

Full-scale entry into the investment advisory business	<ul style="list-style-type: none"> Entrusted with over ¥2 trillion in assets from JAPAN POST INSURANCE Organizational structure enhancement to fully launch the investment advisory business
Enhance asset management sophistication	<ul style="list-style-type: none"> Active mutual personnel exchange Credit investment operations started at a NY subsidiary
Emerging Managers Program (EMP)	<ul style="list-style-type: none"> Aiming to reach ¥50 billion in assets under management over the next five years Investment in the first project commenced on March 21, 2025

Capital and business alliance in the Alternative Asset Management field



Asset Management Strategy (Real Estate Asset Management)

Expanding assets under management through REITs and private funds

Since entering the real estate asset management business in 2009, this business has steadily grown by expanding the scope of its managed assets, merging with asset management companies and real estate investment trusts (REITs), and strengthening its warehousing functions. These efforts have helped secure stable profits for the Group. In 2019, we entered into a capital and business alliance with real estate developer Samty Holdings to expand and strengthen our businesses through collaboration.

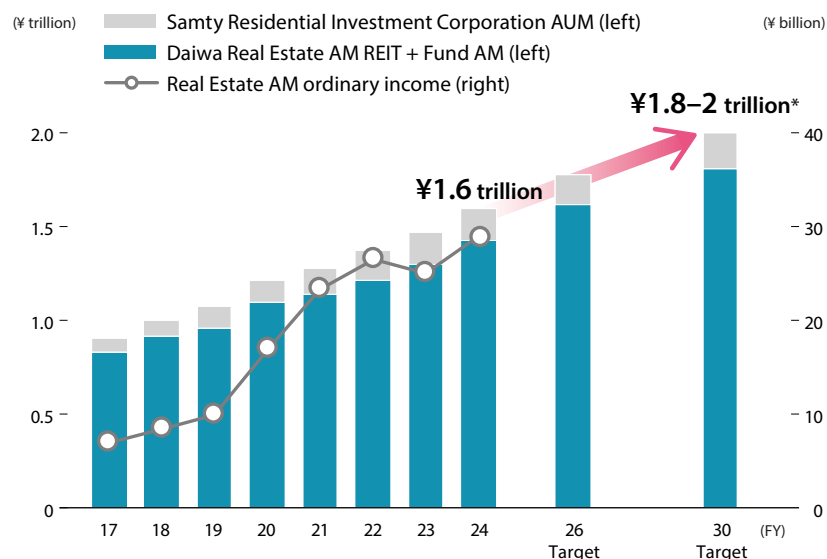
Real estate companies tend to avoid transacting or consulting with competitors when selling properties. As an independent player in the real estate sector, the Group

attracts deals from all directions. By leveraging our warehousing capabilities based on strong creditworthiness along with our flexible ability to make swift decisions, we are increasing our dealmaking success rate and steadily acquiring properties.

As of March 31, 2025, assets under management had grown to around ¥1.6 trillion, contributing to increased stable earnings for the entire Group. The managed assets of this business focus on inflation-resistant residential properties and medium-sized offices. These properties, managed by the Group's REITs, are seeing steady increases in rental income. Other REITs maintain high occupancy rates and stable earnings.

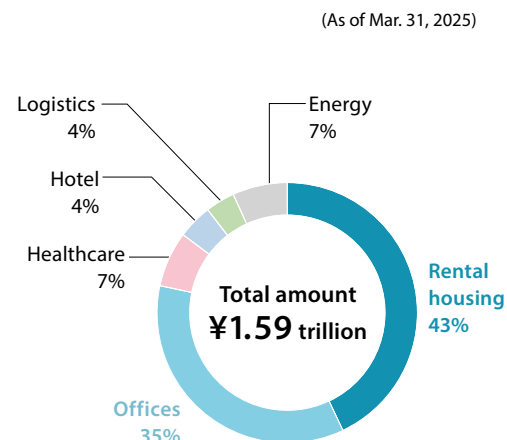
In March 2025, Daiwa Real Estate Asset Management began managing a large private fund. We aim to continue expanding assets under management through both REITs and private funds.

Real Estate AM AUM / Ordinary income

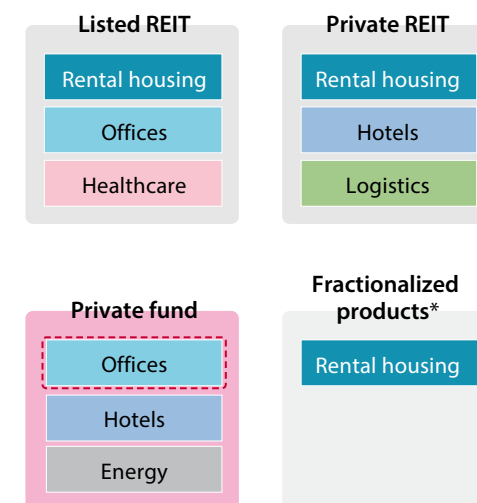


* In order to exceed AUM of ¥1.8 trillion, factors such as a favorable acquisition environment, REIT M&As, funding capacity, etc., among other requirements, must be met.

Asset-type ratio



Diversification of the real estate-related product



* Managed by Daiwa Securities Realty

Asset Management Strategy (Alternative Asset Management)

From self-funded investment to asset management

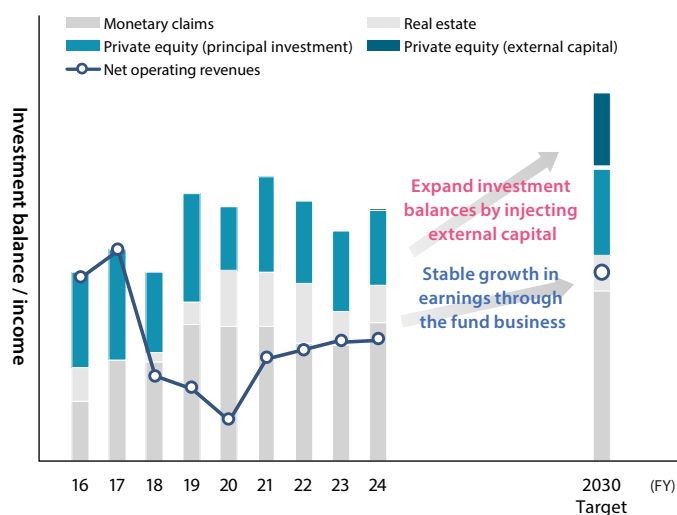
Alternative Asset Management is shifting from investing our own capital to an asset management business that uses external funds. Daiwa Corporate Investment, a veteran in venture capital, has built a 40-year track record in fund management. Daiwa PI Partners and Daiwa Energy & Infrastructure, which have mainly invested their own funds, plan to use their deep investment expertise and strong track records to start a fund business with money raised from outside investors.

In November 2024, Daiwa PI Partners' wholly-owned subsidiary, Daiwa PI Capital, successfully raised ¥26 billion for its private equity fund, Daiwa PIC Business Support No. 1 Investment Limited Partnership. The fund has already made new investments and will focus on enhancing the value of existing portfolio companies while also seeking new investment opportunities.

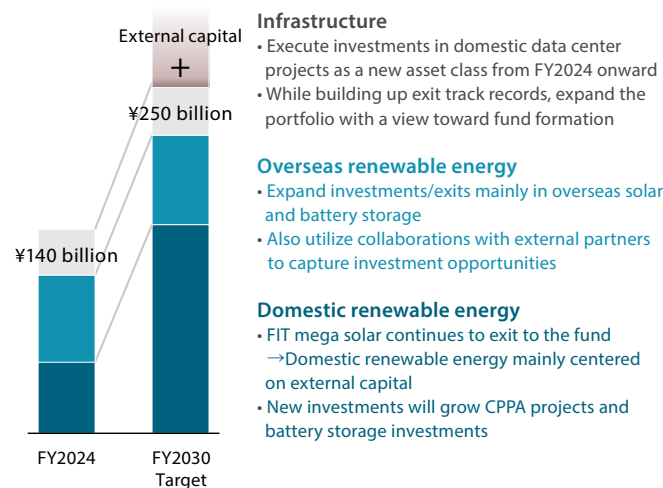
In August 2024, Daiwa Energy & Infrastructure sold part of its stake in Electricity North West Limited, a UK power distribution company acquired in 2019, to Spain's Iberdrola S.A. This deal generated significant capital gains, greatly boosting the Group's profits.

We will use our investment expertise, track record, and network of partners in Japan and abroad to continue investing in quality projects and executing optimal exits. In doing so, we aim to build a strong track record that we can connect to the asset management business.

Shift to the fund business by Daiwa PI Partners



Daiwa Energy & Infrastructure (DEI)



Portfolio companies of Daiwa PIC Business Support No. 1



Installation and operation of capsule vending machines and amusement equipment



A ramen chain expanding primarily along roadside locations and shopping malls in Hiroshima

Collaboration in the power distribution business in the UK

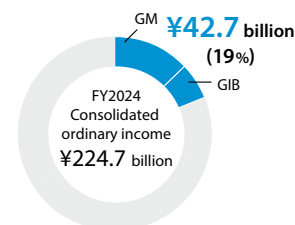
Participate in the management of ENW in collaboration with the new shareholder, Iberdrola S.A.



Global Markets & Investment Banking Strategy

The Global Markets & Investment Banking Division is comprised of Global Markets (GM), which conducts the sales and trading of securities targeted at institutional investors, etc., and Global Investment Banking (GIB), which conducts the underwriting of securities issued by industrial corporations and financial corporations, etc., and M&A advisory services.

GM&IB Division ordinary income



Main Companies

- Daiwa Securities Co. Ltd.
- Daiwa Capital Markets Europe Limited
- Daiwa Capital Markets Hong Kong Limited*
- Daiwa Capital Markets Singapore Limited*
- Daiwa Capital Markets America Inc.

Offices in **22 countries and regions**

Total value of underwriting and distribution..... **¥1,455.4 billion (equity)**

¥10.3 trillion (bond)

* Also part of the Wealth Management Division

Awareness of Environment

- GM** ▷ Changes in monetary and fiscal policy due to trends in inflation in recent years ▷ Continued uncertainty in the global economic environment due to geopolitical risks ▷ Growing awareness and action by investors and issuers toward ESG concerns ▷ Changes in the competitive environment due to the entry of companies from other sectors in line with advances in technology
- GIB** ▷ Rising interest rates, continued inflation ▷ Increase in corporate activity in light of geopolitical risks ▷ Growing influence of investors seeking corporate governance and efficiency ▷ Growing demand for environmental measures with respect to business activities ▷ Growing diversification of methods for supporting start-ups

Strengths

- GM** ▷ Ability to provide products and information across Japan and overseas utilizing the network of overseas bases
- ▷ Robust and advanced execution platform for equities and bonds
 - ▷ Industry-leading research quality
- GIB** ▷ Ability to provide diverse products and advanced solutions
- ▷ Global M&A Advisory Network
 - ▷ Corporate clients marketing structure targeting a wide range of listed and unlisted companies in Japan

Business Risks

- GM** ▷ In trading services, the risk of losses owing to lower market liquidity as a result of sudden, large-scale changes in market conditions
- ▷ In brokerage services, the risk of a significant decline in earnings owing to weaker demand for securities investment or risk-averse investment behavior among investors
 - ▷ System investment risk for large-scale trading systems, risk of system failure
- GIB** ▷ In underwriting and M&A advisory services, the risk of a sudden decline in transaction scale due to market conditions
- ▷ In underwriting deals, the risk of underwritten securities not being sold smoothly
 - ▷ In failing to properly disclose the offer and sale of securities, the risk of a compensation claim for damages from investors as an underwriter



Kenichi Tazawa
Head of Global Markets

We posted ordinary income of ¥29.0 billion in FY2024. The equity business continued to perform well, with overseas investor flows into Japanese equities up by roughly 30%, while the

FICC business saw an upswing in trading activity in line with changing investor needs amid a recovery in Japanese interest rates. Looking ahead, we expect expansion in the flow of orders amid ongoing changes in investor behavior in line with an increase in corporate actions and rising interest rates. Capitalizing on changes in the external environment, we are aiming to provide diverse products and advanced solutions to meet a wide range of customer needs while further deepening collaboration with other divisions and expanding trading income.



Toru Yamamoto
Head of Global Investment Banking

In FY2024, our accumulated track record in a range of products led to ordinary income of ¥11.6 billion—the strongest result since we began disclosing segment information in FY2010. Our business is

fueled by the growing pool of companies in Japan exploring M&As and by structural changes facing Japanese firms. This includes more aggressive corporate actions aimed at reforming corporate governance and improving capital efficiency, as well as firms looking at acquisitions and MBOs as growth strategies. Going forward, we will continue contributing to the sustainable enhancement of corporate value for customers by accurately capturing their increasingly diverse and sophisticated needs and providing high-value-added solutions.

Global Markets & Investment Banking Strategy (Global Markets)

The role of Global Markets

Amid significant changes in the external environment for the Global Markets business, we expect an increase in business opportunities. We will address new customer needs, including heightened corporate investment activity, a focus on capital efficiency, and the restructuring of investment portfolios in line with rising interest rates.

Increase in issuances

- ▶ Underwriting to institutional investors, supporting sales for WM

Unwinding cross-shareholdings

- ▶ Providing execution schemes for sellers
- ▶ Sales to domestic/overseas investors

Increase in investment

- ▶ Involvement in corporate financing, such as providing FX forward contracts

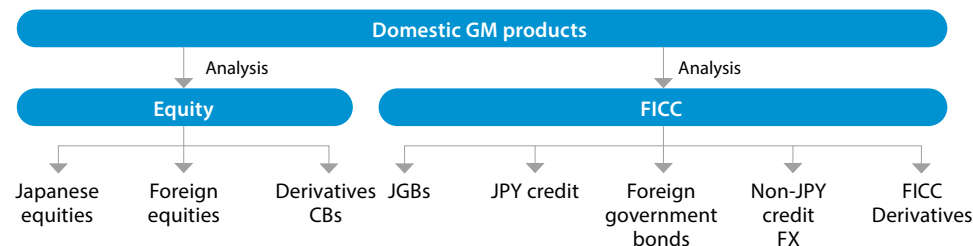
Improvement in investment returns

- ▶ Providing new investment strategies, such as alternative investment

Moves to improve capital efficiency

In terms of efforts to enhance capital efficiency, in addition to risk management based on our risk appetite framework, Global Markets is analyzing the capital efficiency of each desk.

Specifically, we continuously measure ROE separately by product and offer feedback to each business line. At the same time, we created plan-based ROE targets in the FICC business starting in the second half of FY2024 and are carrying out follow-up verification.



Analyst ranking

One of the most traditional equity research institutions in Japan, Daiwa Securities' Research Division maintains a consistent fundamentals-oriented analytical stance. As a result, we have produced numerous analysts who are ranked highly in the Nikkei Veritas and Extel analyst rankings.

2025 top ranked analysts

Equity (No. 1 ranked analysts)



Takumi Sado
(Electronics/
Components)



Eiji Hakomori
(Autos)



Kazuaki Hashiguchi
(Biotechnology &
Pharmaceuticals)



Noritsugu Hirakawa
(Technical Materials)



Hirosuke Tai
(Machinery)



Hideaki Teraoka
(Construction,
Housing & Real Estate)



Syusaku Nishikawa
(Energy & Utilities)



Satoru Sekine
(OTC & Small Companies)



Eiji Kinouchi
(Thematic Research)



Naoki Ieiri
(Sustainability (ESG))

FICC (top ranked analysts)



Eiichiro Tani
(Fixed Income)



Kenji Yamamoto
(Economist)



Kenta Tadaide
(FX)



Fumio Taki
(Credit)



Takao Matsuzaka
(Credit)



Koji Matsushita
(Securitization)



Shun Otani
(Securitization)

Global Markets & Investment Banking Strategy (Global Investment Banking)

Underwriting business

The equity procurement market showed significantly higher growth in FY2024 compared to the previous year, and equity-related revenues were up substantially as we acted as lead manager for large underwriting deals and for sales of strategic shareholdings. The scale of the bond market also remained stable despite a higher interest rate environment, and we accumulated a sizeable track record in debt underwriting deals.

Daiwa Securities was awarded House of the Year in the General Category at the Dealwatch Awards 2024, reflecting the recognition of our underwriting capabilities in a wide range of deals. In collaboration with the WM and GM Divisions, the Group's underwriting business also contributes significantly to flow revenue and asset inflow.

Significant improvement in League Table rankings

Ranked No.1 in straight bonds, municipal bonds, and SDG bonds.
M&A revenues expanded in a robust market environment.

		FY2023	FY2024
Equity	PO	3rd	3rd
	CB	2nd	4th
	IPO	3rd	2nd
	REIT	5th	6th
Debt	Straight bonds (excluding own bonds)	3rd	1st
	FILP agency bond	2nd	2nd
	Municipal bond	2nd	1st
	Samurai bonds (excluding own bonds)	5th	3rd
	Organization RMBS	2nd	5th
	SDG bonds	3rd	1st
	Monetary basis*1	6th	4th
M&A	Number of cases*2	5th	4th
	Global Midcap M&As*3	16th	7th

*1 Based on LSEG (domestic midcap: Deals between US\$5 million and US\$1 billion, excluding accounting firms)

*2 Based on Mergermarket (excluding accounting firms)

*3 Based on Mergermarket (all M&A deals up to US\$500 million in any region, excluding accounting firms)

M&A business

Our efforts in the M&A field have focused on strengthening the framework both in Japan and overseas. We saw a significant improvement in performance, moving up from 16th place in FY2023 to 7th place in the FY2024 Global Mid-Cap M&A Ranking.

Having reached a record high of ¥58.9 billion for the year, the Group's M&A-related revenues are steadily climbing toward our target of over ¥70 billion in FY2030.

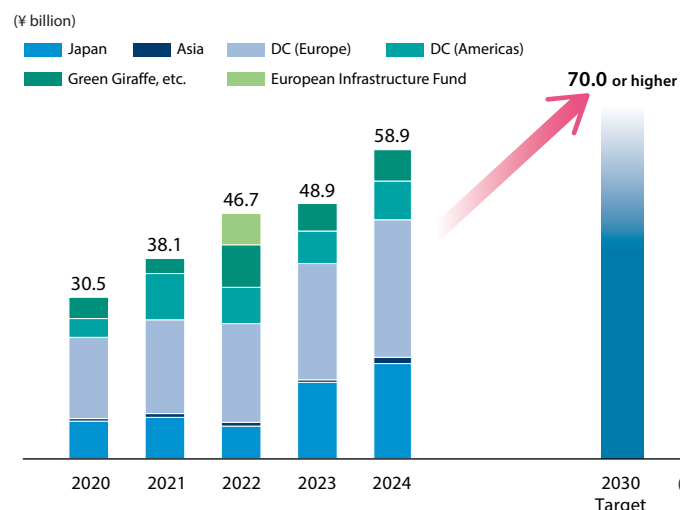
In addition, our focus on providing thematic solutions yielded a dramatic increase in the number of large-scale M&A deals in Japan, improving profitability.

We will continue to focus on expanding revenue in business areas where we can bring the Group's strengths to bear.

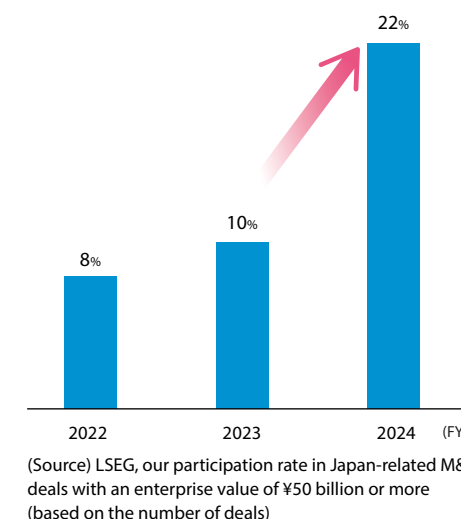
Priority measures going forward

Given the current business environment, we will continue to expand revenue by (1) stepping up our approach to unlisted companies, (2) expanding our involvement in large-scale deals by providing thematic solutions, and (3) reinforcing our M&A framework in Japan and overseas.

Trends and plan on M&A-related revenues



Group's participation rate in large-scale deals



Overseas Business



Naoki Suzuki
Head of Overseas Operations

Overseas operations for FY2024 remained stable despite fluctuations in the markets and mounting geopolitical risks, underpinning the ordinary income of the Group as a whole. Although FY2025 started out with dramatic market fluctuations, the strategic direction for us to take in our overseas operations will be the same as it is in Japan.

To achieve sustainable growth, we will focus on businesses that capitalize more fully on the unique characteristics of each overseas Group company while pursuing synergies among the companies. In Europe and the Americas, we will speed up collaboration in areas such as the FICC and M&A businesses, while in Asia we will pursue partnerships with local businesses in India and other fast-growing markets. We will also strengthen collaboration in investment banking between Hong Kong and China.

In addition, we will reinforce our risk management and compliance frameworks, as well as establishing an efficient and stable business foundation by automating operations at all of our locations. By strengthening cooperation among our overseas Group companies, we will contribute to **maximizing customer asset value**.

The Group's overseas operations are laying the groundwork for sustainable growth through the strategic allocation of resources to leverage the competitive advantages of each region, as well as through proactive collaboration and investment.

In the Americas, the FICC business is our main source of revenue. We are pursuing profitability here through a diverse lineup of products and ensuring a stable flow of customers. We are also diversifying the customer base by establishing satellite offices

in regional financial hubs. In equities, we are strengthening cooperation with the WM Division by improving our sales and analyst capabilities.

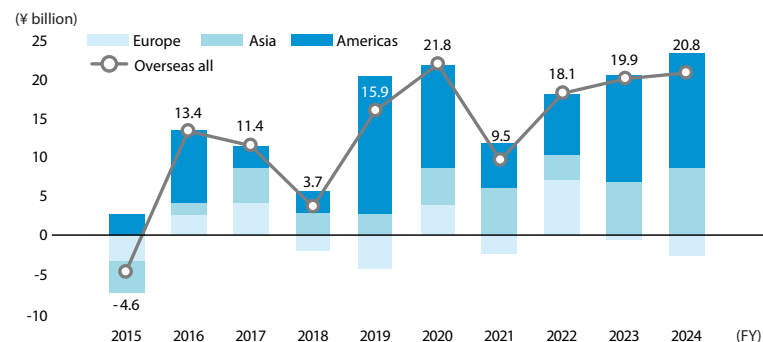
In Europe and the Middle East, we implemented drastic cost cutting measures, putting an organization in place to allow us to record stable profits as efficient sales offices. With regards to the FICC business, we aim to expand our product lines and streamline sales activities by pursuing integrated management with the Americas. In equities, we will further strengthen sales activities in the Middle East. Our focus in the M&A business will be on both establishing a stronger market presence and controlling costs.

In Asia and Oceania, we are working to improve profitability from pan-Asian equity investors by reinforcing our promotion of Japanese equities. In the WCS* business, we plan to establish an office in Bangkok, in addition to our locations in Singapore and Hong Kong. Furthermore, we are actively working to expand the customer base by cultivating high-net-worth Chinese customers in addition to high-net-worth Japanese customers. In our alliance strategy, we are reaping the benefits of market growth with collaborative partners, and are also focusing on generating synergies between these partners and the Group. In 2024, we acquired a 15% stake in Ambit Finvest Private Limited, an Indian non-bank. As we strive to achieve growth in the non-banking business in India, where rapid growth is expected, we are also aiming to contribute to greater financial inclusion in that country.

We will continue to capitalize fully on the strengths of the various regions to achieve sustainable growth in our overseas operations.

* Wealth and Corporate Solutions: Private banking solutions mainly to high-net-worth Japanese citizens living abroad and to corporate customers that are overseas subsidiaries.

Overseas business: Trends in ordinary income



Direction of regional strategy

Europe

- Achieve a simple and efficient business framework to generate stable profits.
- Increase M&A-related revenues at DC Advisory, a global M&A advisory platform.

Asia/Oceania

- Reinforce promotion of Japanese equities across the entire Asian region.
- Enhance the high-net-worth customer business and expand our foundation in Asia
- Expand alliance strategies in existing business areas and consider investments in new fields.

Americas

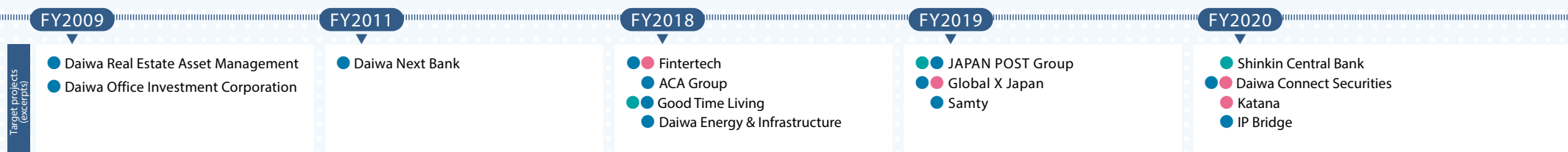
- Maximize the profitability of existing businesses by leveraging strengths in the FICC business.
- Strengthen collaboration with the WM Division in US equities.
- Consider M&A and capital and business alliances in areas that have synergies with existing businesses.

Promote a disruptive growth strategy (external alliances, M&As, growth investments)

Daiwa Securities Group maintains healthy diversity across its entire business portfolio, with steady existing business growth in each division, while actively pursuing so-called inorganic growth on the back of external collaboration that includes strategic investments and partnerships. Moving forward, the Group will work diligently to increase its ROE on a sustainable basis by engaging in both of these activities.

Pursue organic and inorganic strategies on an ongoing basis

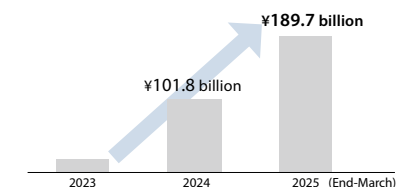
Inorganic strategy direction: ● Expand the customer base ● Enhance functions/expand products ● Open innovation



FY2019 Collaboration with JAPAN POST BANK

- Collaboration on fund wrap with JAPAN POST Group

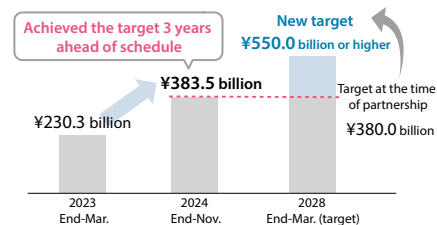
JAPAN POST BANK fund wrap balance*
(Began handling in May 2022)



* From earnings results presentation materials for FY2024 4Q

FY2021 Collaboration with Shikoku Bank

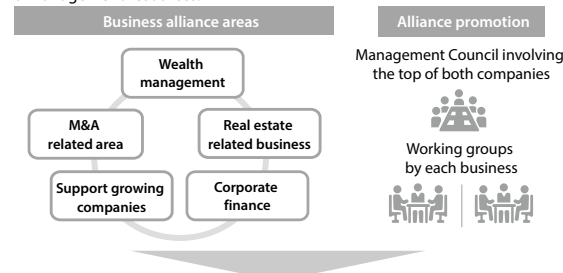
Shikoku Bank securities balance*



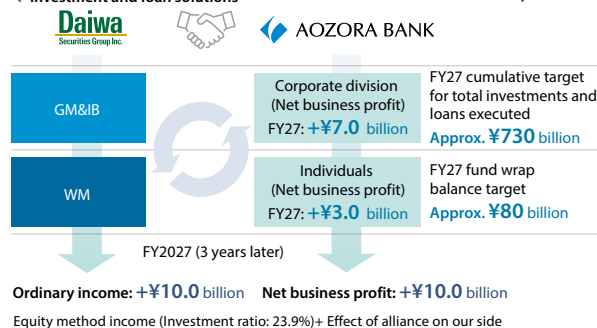
* From the press release of Shikoku Bank

FY2024 Capital and business alliance with Aozora Bank

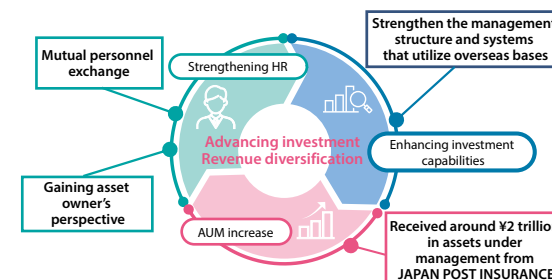
- Accelerate the pace of efforts to maximize customer asset value through collaboration between both companies with differing strengths and management resources.



- (Continue to pursue synergies mainly through the use of Aozora Bank's investment and loan solutions)

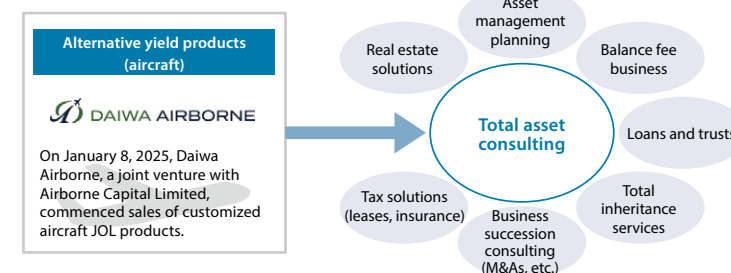


FY2024 Capital and business alliance with JAPAN POST INSURANCE in the asset management field



FY2024 Launch a joint venture with Airborne Capital Limited (head office: Ireland)

- Upgrade and expand alternative yield product lineups targeting ultra-high-net-worth individuals and corporations



Promote a disruptive growth strategy (external alliances, M&As, growth investments)

FY2021

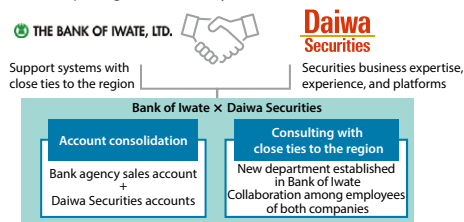
- Daiwa Securities Realty
- Shikoku Bank

FY2024

- Aozora Bank
- JAPAN POST INSURANCE
- Bank of Iwate
- Daiwa Airborne
- Sky
- Kepple Group
- Global X LLC
- Sumitomo Mitsui Trust Group
- Mitsui & Co. Alternative Investments

FY2024 Overview of the comprehensive business alliance with Bank of Iwate

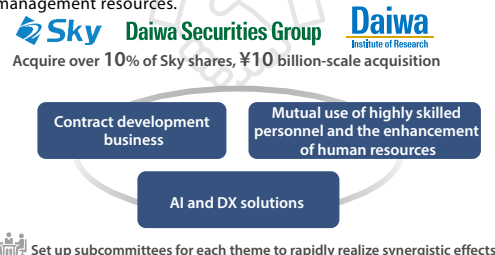
- Develop a regional economy centered on Iwate Prefecture



Assets on deposit held by both companies:
Around **¥580 billion*** → **¥850 billion** after five years
* Includes insurance

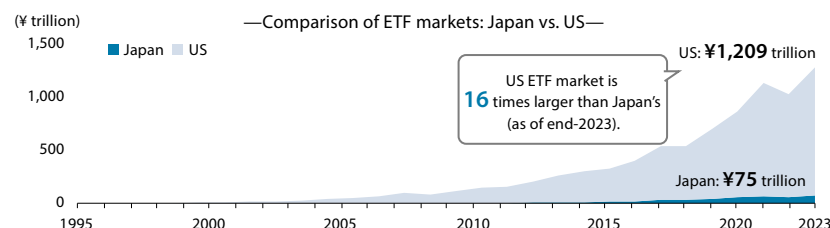
FY2024 Capital and business alliance with Sky / Synergies with Daiwa Institute of Research

- Daiwa Institute of Research and Sky will provide high-value-added solutions and contribute to enhancing corporate value of our customers by mutually leveraging their different strengths and management resources.



FY2024 Capital participation in Global X LLC

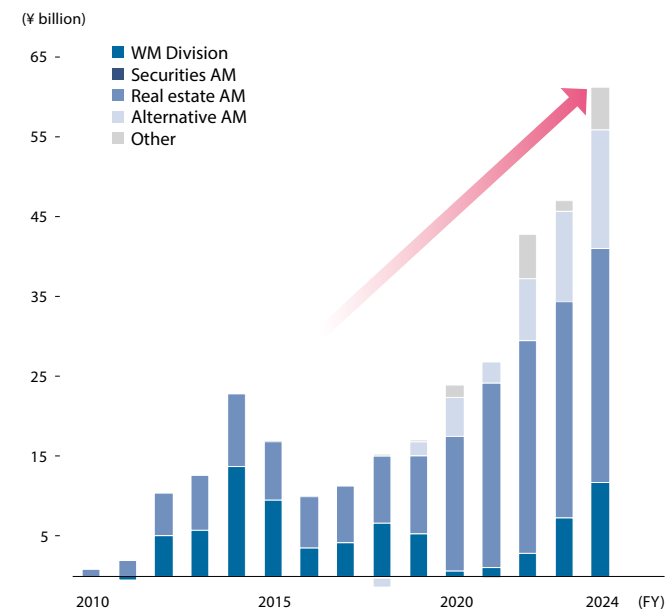
- Acquired a 20% stake in Global X LLC, a leading thematic ETF provider in the US, in Feb. 2025.
- Entered the rapidly growing US ETF market, the world's largest ETF marketplace.



(Source) Compiled by Daiwa Securities Group Inc. based on the data from The Investment Company Institute and The Investment Trusts Association, Japan (Converted to yen at the exchange rate as of the end of March 2025)

Our measures to date have led to new businesses that are steadily contributing to profits in each segment. Cumulative profits from new businesses launched since FY2010 have exceeded ¥300 billion, with ROE reaching 10% in FY2024. Going forward, we will continue to strategically utilize capital to build a foundation for increased growth and work to further enhance corporate value.

Profit trends of new businesses by segment*



The cumulative profit from new businesses for FY2010–FY2024 exceeds **¥300 billion**, and the ROE for FY2024 was **10%**.

A forward-looking approach to capital utilization serves as the foundation for further growth.

* Ordinary income since FY2009 from new businesses is included in the calculation (excluding non-consolidated subsidiaries). The scope of aggregation does not match the listed cases. Figures up to FY2023 have been recalculated based on the current segment structure. Consolidation eliminations are not reflected, and factors such as negative goodwill are excluded.

Digital Strategy

Message from the CIO



Tomoyuki Murase
Deputy President
CIO and CDO
Daiwa Securities Group Inc.

We are now in the second year of our Medium-Term Management Plan. In our previous plan, we built the foundation (our environment, human resources, and culture) to pursue digital innovation. The current plan marks a new phase: fully leveraging the latest technologies to transform our business model and take the Group to the next level.

Digital technology is evolving fast. New advances like AI and blockchain are emerging one after another. Our Group formulated the AI Governance Mission Statement, the first of its kind in the securities industry. By swiftly putting advanced technologies to work, we are deepening our business and driving digital innovation. To guard against cyberattacks and unauthorized access, we are adopting the latest technologies and strengthening our operational systems. We are committed to offering services our customers can trust and use with peace of mind.

To add to this momentum, we have set two KPIs: the number of value created digital projects, which are projects aimed at using digital technology to drive business transformation, and the number of digital project trials, which help build a culture that embraces experimentation and learning from failure. These KPIs reflect our push for digital innovation throughout the Group. We will continue to offer products and services tailored to each customer's portfolio and life plan. By making our services even easier to use, we aim to **maximize customer asset value**.

▶ P85 Daiwa Securities Group AI Governance Mission Statement

Strategy and direction

The current Medium-Term Management Plan positions pursuing digital innovation as a core group strategy—our Digital Strategy. To **maximize customer asset value**, we are pursuing two tracks: deepening our business and driving digital innovation. These efforts rest on three main elements.

The first is transforming the business model for the wealthy. We are developing services that give us a detailed understanding of each high-net-worth customer's total assets and profile, so that we can offer products and services that better meet their varied needs. We are also improving our proposal and analysis tools to deliver sharper portfolio analysis based on a deeper understanding of each customer. In parallel, we are developing high-quality products, including digital assets.

The second is transforming the business model for asset-builders. For customers who are just starting to build assets, we are building a platform to expand our online product and service offerings. We are enhancing our digital approach by introducing and expanding AI operator services. By using AI to respond to customer inquiries and reduce wait times, we aim to improve the quality and speed of our customer service.

The third is digital innovation. We are stepping up our data utilization, rolling out AI across our operations, and creating new businesses in the Web 3.0 space. Generative AI has rapidly advanced in recent years. AI agents, which can carry out tasks once handled by people, hold real promise for deep business reform. We have formed a strategic partnership with Microsoft and are working to embed this collaboration throughout the Group. In Web 3.0, we are building a system that draws on each Group company's strengths, tackling a range of projects through agile coordination. We will keep taking on new challenges, pushing business transformation, creating new ventures, and deepening ties with top-tier tech firms that have advanced capabilities.

People are the driving force behind these efforts. We believe that blending business ideas with cutting-edge digital technology will lead to lasting results. To raise digital literacy among all our employees, we run two key programs. The Digital IT Master certification system develops leaders in business transformation using advanced digital technology. Daiwa Digital College helps employees build both basic and role-specific skills in digital and data use.

Digital Strategy

Key initiatives

In April 2025, our Group was selected as a Noteworthy DX Company 2025 in the DX Stocks program, jointly run by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. We were recognized for our advanced use of digital technologies such as AI, the expansion of our security token business, the creation of social value through new models for asset management and fundraising, the development of skilled digital talent, and our active pursuit of new projects through partnerships both inside and outside the Group. We will continue working to offer products and services that help **maximize customer asset value** and corporate value.

▶ AI operator service

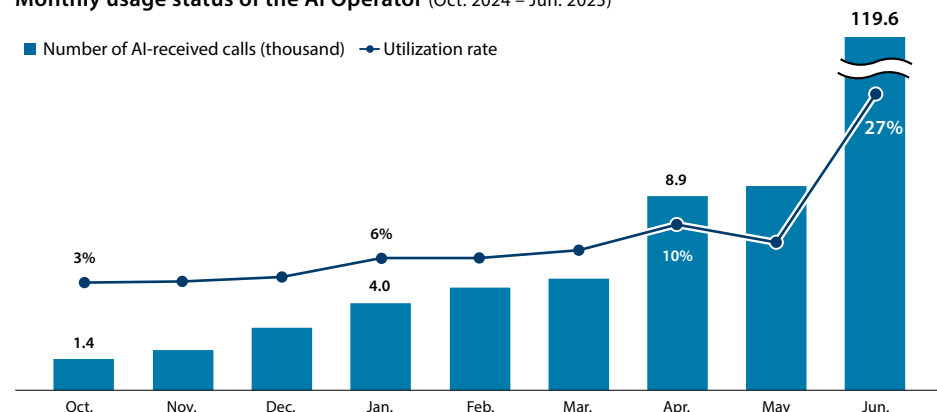
With the launch of the new NISA system in 2024, the shift from savings to asset formation has picked up speed. As more customers take an interest in building assets, inquiries have been rising. In response, we introduced an AI operator service.

Since its launch, the service has seen strong uptake and a high rate of repeat use. The AI handles questions on market trends and account procedures, playing an important role among all the inquiries at our contact centers. By automating routine questions and procedures, we have freed up human operators to focus on more complex consultations and higher-value support.

Until now, our use of AI has mainly aimed at streamlining internal operations. From here on, we will actively develop products and services that deliver direct value to customers.



Monthly usage status of the AI Operator (Oct. 2024 – Jun. 2025)



▶ Daiwa Securities generative AI chat

We have launched the Daiwa Securities generative AI chat, a new service that answers customer questions based on the FAQs on the Daiwa Securities website. This AI chat tool flexibly handles a wide range of customer questions, using charts and links to relevant manuals to give clearer, more detailed answers backed by more data than before. Alongside our AI operator phone service, it helps us further improve the quality of customer support.

▶ Smartphone app: D-Port

To meet the diverse asset-building needs of our customers, we launched D-Port in April 2025. This app supports asset management and investment, offering a seamless platform for accessing services from across our Group companies and partners—regardless of whether the user holds a Daiwa Securities account. D-Port tailors services to each person's profile and life stage, providing a smooth, personalized experience with a biometric login and AI-driven recommendations. We will continue strengthening our partnerships and enhancing asset management features. Through regular updates based on customer feedback, we aim to offer more personal, practical tools—such as expansion of linked asset options and household budgeting features.



▶ Smartphone app: Daiwa Lens

In April 2025, we launched Daiwa Lens as part of our financial and economic education efforts. The app uses generative AI to analyze photos taken by users and displays investment-related information, such as the stock prices of companies linked to the photographed objects. By simply snapping pictures of everyday items, users can easily explore investment opportunities. This feature makes finance and economics more accessible for those unfamiliar with the field.

This app emerged from an idea that won our 2023 internal business idea contest. Bringing it to life has helped foster a culture of innovation within the Group. We will continue to draw on business ideas of our employees and develop new, forward-thinking services that raise long-term corporate value and contribute to society.



Google Play
(Android)



App Store
(iOS)



▶ Agreement with Microsoft Japan on strategic framework

In June 2025, we signed a multi-year strategic agreement with Microsoft Japan to boost employee productivity and greatly enhance the value we offer customers through AI agents. We aim to lead the use of AI in Japan's financial sector and deliver higher-value services.