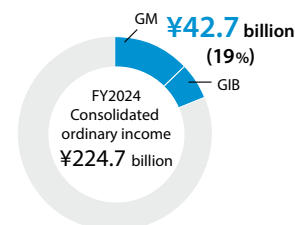


Global Markets & Investment Banking Strategy

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

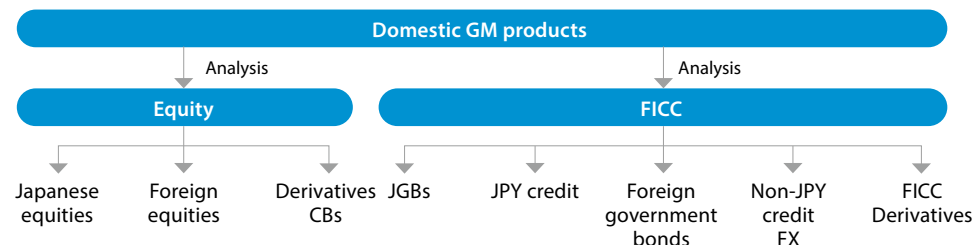
Improvement in investment returns

- ▶ 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.

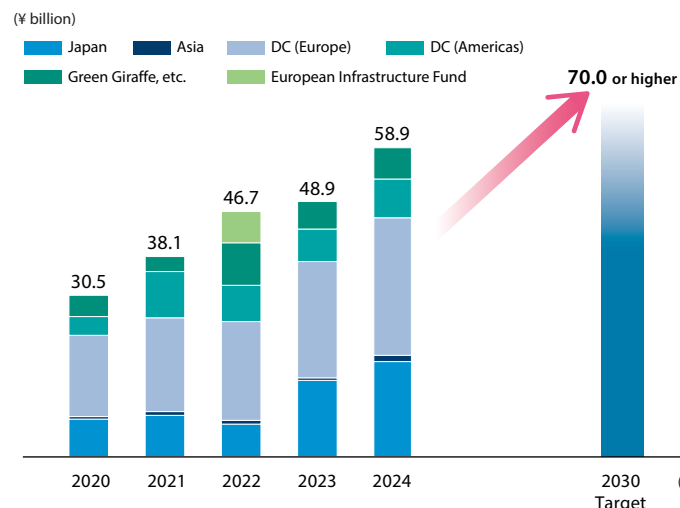
In addition, our focus on providing thematic solutions yielded a dramatic increase in the number of large-scale M&A deals in Japan, improving profitability.

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

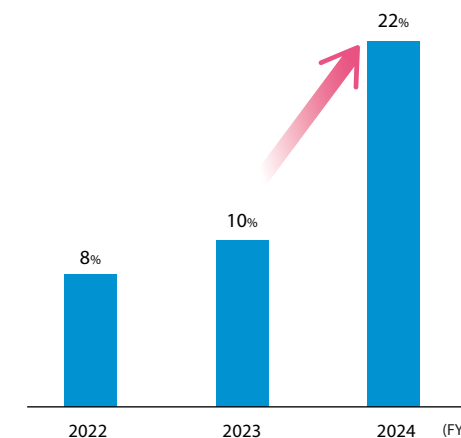
Priority measures going forward

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



(Source) LSEG, our participation rate in Japan-related M&A deals with an enterprise value of ¥50 billion or more (based on the number of deals)