

**Daiwa Securities Group**

**Integrated Report**

**2025**

Year ended March 31, 2025





# Daiwa Securities Group will do everything in its power to help Maximize Customer Asset Value.

We thought long and hard about what our customers most want from the Daiwa Securities Group, and the answer we arrived at is: to help **Maximize Customer Asset Value**.

Nothing is certain when it comes to investment returns, but we can honestly offer customers the options and approaches we believe to **be best for them, drawing on all of our insights**.

We will **do everything in our power to accomplish this**.

As spelled out in our Corporate Principles, **the trust of customers** forms the very foundation of the Daiwa Securities Group.

The Group will aim to always place the needs of customers first, and strive to develop the advanced, specialized skills to offer them the most attractive products and services of any securities group.







## Editorial Policy

### Publication of Daiwa Securities Group Integrated Report 2025

We have prepared this Integrated Report with the aim of conveying the overall picture of value creation at Daiwa Securities Group to stakeholders in an easy-to-understand manner, to gain deeper understanding and greater support. The trust of customers has always been at the core of the Group's corporate activities. This trust—which is the firm foundation for our sustainable growth and enhanced corporate value—is the starting point for all of our efforts.

We hope this report will also serve as a tool to promote dialogue with our stakeholders, which will lead to the further enhancement of our corporate value. The Group considers such dialogue to be a key element of management—we have taken seriously the invaluable feedback and advice received from stakeholders, and have reflected this in the content of this report.

The 2025 Integrated Report highlights our progress in the first year of the three-year Medium-Term Management Plan we formulated in April 2024 and the challenges we face, as well as our future growth strategies, from both financial and non-financial perspectives, along with comments from outside directors and management. The report curates the key points that need to be conveyed and is structured to be both easy to read and useful.

Our hope is that this report will help our stakeholders better understand the Group's stance of pursuing both stability and growth on the basis of trust, and more fully communicate the appeal of Daiwa Securities Group.

With the aim of communicating the history, current, and future value creation activities of Daiwa Securities Group to stakeholders in an easy-to-understand manner, we have selected information on important points and efforts over the last year. In identifying information to be presented as well as the composition of the Report, we referred to the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0 produced by the Ministry of Economy, Trade and Industry and the International Integrated Reporting Framework of the IFRS Foundation.



Note: Please send your comments and questions here: <https://www.daiwa-grp.jp/ir/english/inquiry.html>





# At a Glance

Daiwa Securities Group is working to build a resilient revenue base that is less susceptible to external market fluctuations, while striving to expand stable earnings.

## Ordinary income

**¥224.7 billion**

Targeting ¥240 billion or more under the FY2024 to FY2026 Medium-Term Management Plan.

## ROE

**9.8%**

Working to improve the Group's performance and capital efficiency while targeting an ROE of around 10%.

## Stable earnings growth

Base Income\*

**¥137.5 billion**

Promoting a wealth management business model in a bid to secure Base Income of ¥150 billion.

## Assets under Custody (Daiwa Securities)

**¥90.2 trillion**

A measure of customers' trust.

## A professional group

Number of CFP accredited staff

**1,677**

The largest number of CFPs among financial institutions in Japan. 10 analysts were ranked first in the Nikkei Veritas Analyst Rankings for 2025.

## Ratio of female managers (Daiwa Securities)

**23.2%**

## Ratio of female directors on the Board (Daiwa Securities Group Inc.)

**50.0%**

The Group has engaged in efforts to empower women since the 2000s.

## External evaluations

### Nadeshiko Brand



10th selection

### Health & Productivity Stock



10th selection

### Noteworthy DX Companies 2025



### ESG rating



Received the highest AAA rating in MSCI's ESG Ratings for the third consecutive year.

## Credit ratings

### Daiwa Securities Group Inc. (Outlook)

S&P  
**BBB+(Positive)**

Moody's  
**Baa1(Positive)**

Fitch  
**A-(Stable)**

JCR  
**A+(Positive)**

R&I  
**A+(Stable)**

### Daiwa Securities Co. Ltd. (Outlook)

S&P  
**A-(Positive)**

Moody's  
**A3(Positive)**

Fitch  
**A-(Stable)**

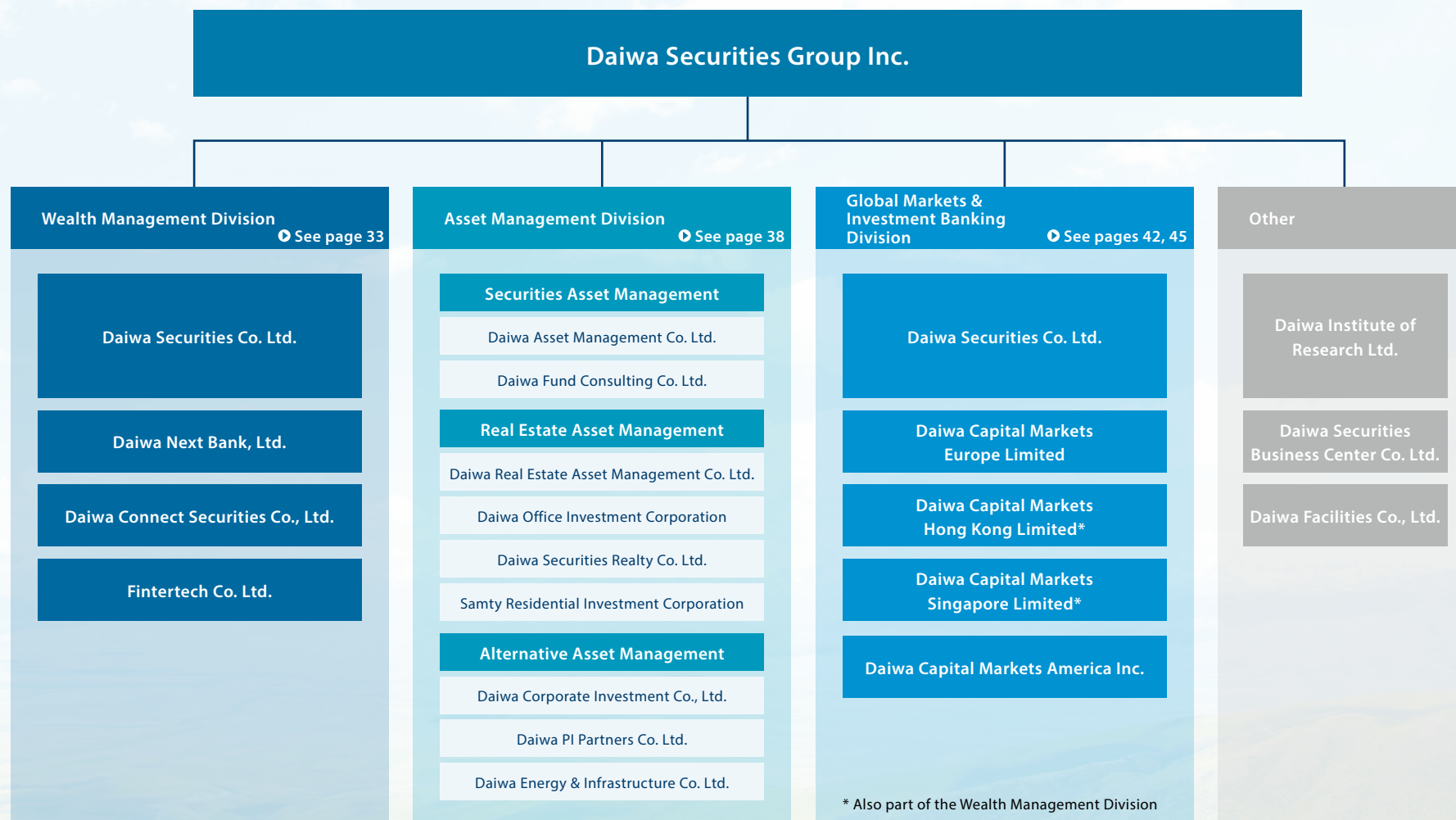
JCR  
**A+(Positive)**

R&I  
**A+(Stable)**

Note: Figures are as of March 31, 2025. Credit ratings are as of August 21, 2025. \* Total ordinary income from the Wealth Management Division, Securities Asset Management, and Real Estate Asset Management

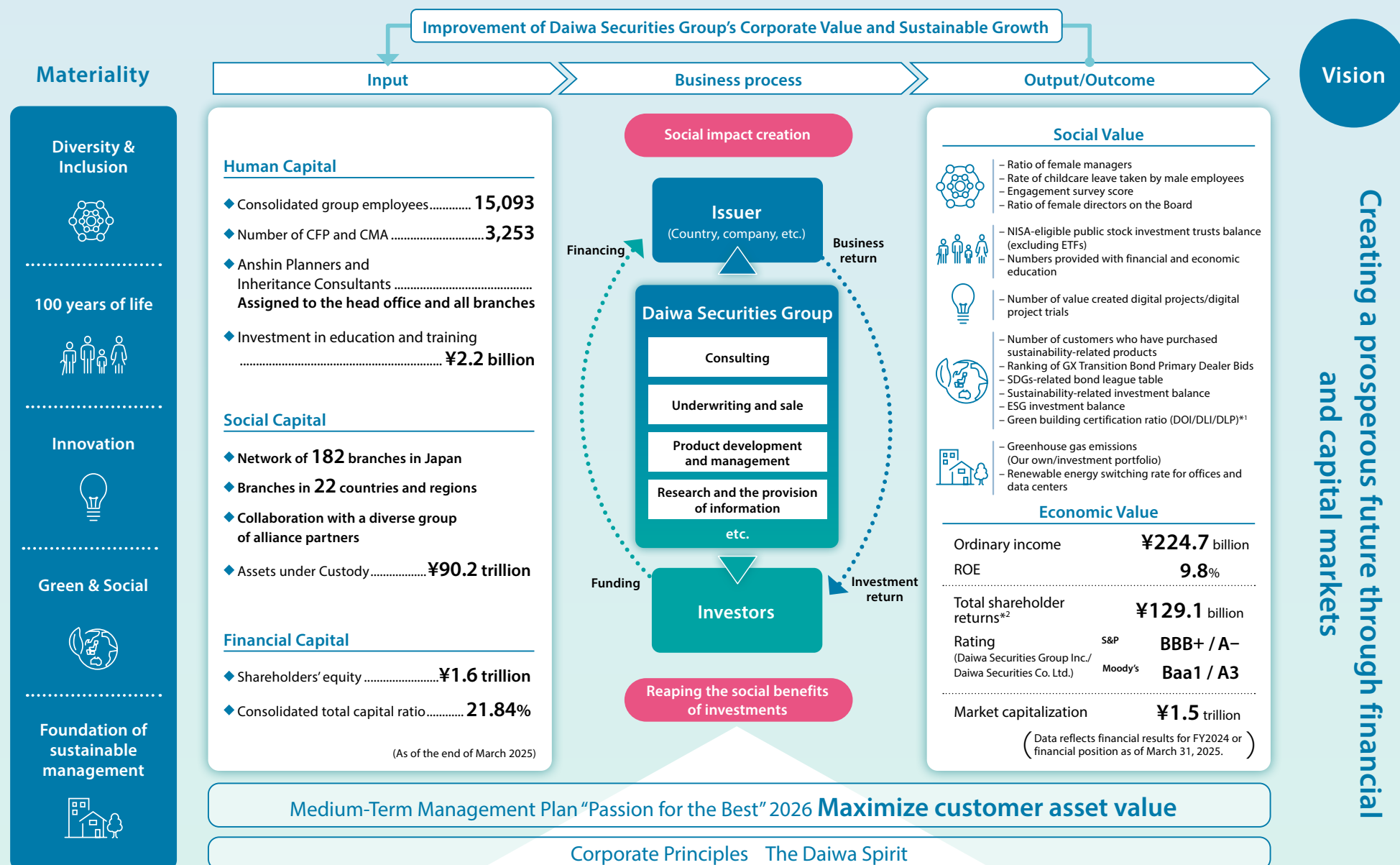


# Main Companies





# Daiwa Securities Group Value Creation Model



\*1 DOI: Daiwa Office Investment Corporation, DLI: Daiwa Securities Living Investment Corporation, DLP: Daiwa Securities Logistics Private Investment Corporation

\*2 FY2024 total shareholder returns. Calculation for the repurchase of shares is based on a total acquisition value upper limit of ¥50 billion.



# Contents

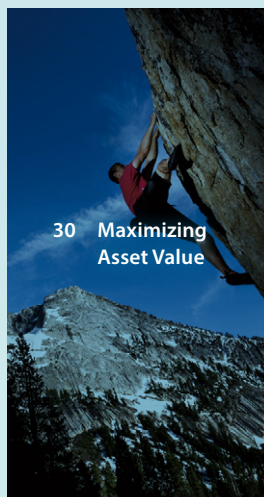
- 1 ..... Editorial Policy
- 2 ..... At a Glance
- 3 ..... Main Companies
- 4 ..... Daiwa Securities Group Value Creation Model
- 5 ..... Contents
- 6 ..... Message from the CEO



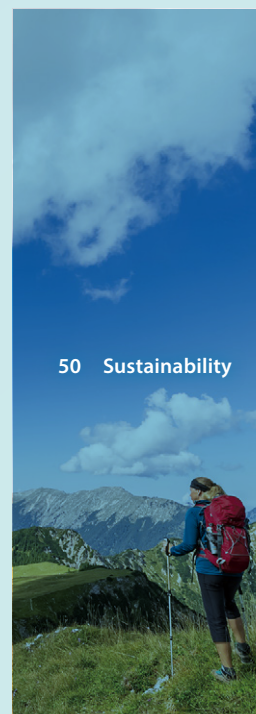
- 13 ..... Corporate Principles of Daiwa Securities Group
- 14 ..... 123 Years of History — Principles and values that still stand today
- 16 ..... Sales reform focused on improving customer satisfaction
- 17 ..... Realizing the Aim of Promoting Japan as a Leading Asset Management Center
- 22 ..... Corporate Executive Officers

## 24 ..... Message from the CFO

- 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



## 50 Sustainability



- 51 ..... Message from the Head of Sustainability
- 52 ..... Vision 2030
- 53 ..... Sustainability KPIs
- 54 ..... Risks and Opportunities
- 56 ..... Sustainability-related Business
- 59 ..... Carbon Neutrality Initiatives
- 61 ..... Human Capital
- 67 ..... Corporate Governance Dialogue
- 70 ..... Directors (Members of the Board)
- 72 ..... Messages from Outside Directors
- 74 ..... Corporate Governance
- 80 ..... Executive Compensation
- 82 ..... Reports from Committees
- 83 ..... Risk Management
- 84 ..... Compliance
- 85 ..... Systems Risk Management and AI Governance
- 86 ..... Stakeholder Engagement

## 88 Other Information

- 88 ..... Key Financial and Non-financial Data
- 92 ..... Stock Information

### Forward-Looking Statements

This Integrated Report contains forward-looking statements about the Daiwa Securities Group. You can identify these statements by the fact that they do not relate strictly to historic or current facts. These statements discuss future expectations, identify strategies, contain projections of results of operations or of financial condition, or state other "forward-looking" information. These statements are based on currently available information and represent the beliefs of the management of the Daiwa Securities Group. These statements are subject to numerous risks and uncertainties that could cause the Daiwa Securities Group's actual results, performance, achievements or financial condition to differ materially from those described or implied in the forward-looking statements. The Daiwa Securities Group undertakes no obligation to publicly update any forward-looking statements after the date of issuance of this report. These potential risks and uncertainties include, but are not limited to: competition within the financial services industries in Japan and overseas, our ability to adjust our business focus and to maintain profitable strategic alliances, volatile and sudden movements in the international securities markets, and foreign exchange and global economic situations affecting the Daiwa Securities Group. "FY2024" refers to the fiscal year ended March 31, 2025, and other fiscal years are referred to in a corresponding manner.

In the event that any material corrections are made to the content of the Integrated Report, an erratum will be posted on the Group's website. <https://www.daiwa-grp.jp/english/ir/toolkit/annualreport/>



## Message from the CEO

Through the Group's mission of **maximizing customer asset value**, we will help speed up the shift "From savings to investment" in Japan and bring our Medium-Term Management Plan targets and our FY2030 target of ¥350 billion or more in ordinary income within reach

Akihiko Ogino  
President and CEO  
Daiwa Securities Group Inc.





## Message from the CEO

### We are in the same boat as our customers, aiming for the same goals

.....

Last year, I set **maximizing customer asset value** as the Basic Group Management Policy in the three-year Medium-Term Management Plan starting in FY2024. We positioned the past year as a phase for making sure that employees truly understood the basic thinking and philosophy behind the Plan, and worked in various ways to gain an in-depth understanding of the strategic concept. For example, in various meetings, including the biannual meetings of Group division and branch managers, and whenever I visited our offices in Japan and abroad, I tried to convey in my own words the strategic significance and management intent behind the Policy. A lot of thinking went into the notion of **maximizing customer asset value**: It includes drilling down into the needs and issues of customers—including things they themselves aren't aware of—understanding these needs and issues, and offering the best, most appropriate high-quality solutions taking into consideration their assets, including real estate, and the emerging economic environment. The exact same concept applies to corporate as well as individual customers—we also want to maximize corporate value for our client companies.

When it comes to asset management, risk tolerance is fairly high for some customers and relatively low for others. We always ask a comprehensive range of questions—how much they can tolerate risk, whether they have any experience in investing and how much, which financial products they prefer, how much funds are available to invest, what their thoughts on future life

planning are. Only then do we make a proposal for building an optimal portfolio for the customer, and help with their asset management informed by ongoing feedback. This process is clearly different from simply selling individual financial products. Naturally, we deal with risky products and don't guarantee investment performance. In some cases, **maximizing customer asset value** doesn't always translate right away into maximizing customer assets. The important thing is that our Group consultants are in the same boat as our customers, and I always make sure our people are aware of this. There were periods in August last year and again in April this year when the Nikkei average experienced a significant temporary fall, but it's precisely at such times that we spend a lot of time trying to offer information and other careful follow-up to customers. The upshot is that there may be cases where we see a temporary drop in income, but what I am constantly emphasizing is that always coming alongside the customers who entrust us with their valuable assets ties into **maximizing customer asset value** and also leads to greater trust in the Group's consulting and ultimately to maximizing our corporate value.

#### ◆ P30 Maximizing Asset Value

### Psychological safety and a culture of building one another up

.....

There's been a series of scandals at major financial institutions in Japan over the past couple of years. I'm keenly aware that this isn't just a problem for other companies—scandals can occur in any organization at any time. Although this doesn't only apply to financial

institutions, some may point to excessive quotas and pressure to meet high numerical targets as a breeding ground for corporate scandals or their indirect cause. As far as the Group goes, though, we no longer have sales quotas that are untethered to customer concerns—since 2017, we have shifted to a bottom-up sales framework and discontinued the system where headquarters took the lead in setting sales targets. Also, for fund wraps, investment trusts, and other products, employees with excellent sales performance were previously recognized with in-house awards, but since I became CEO, we have done away with the award system based on individual products. To illustrate, let's imagine that the missing piece in a customer's asset portfolio is a foreign currency deposit. But if sales representatives thought they could get a better evaluation if they sold more fund wraps, that would give them an incentive to push the fund wraps. I don't think we can say that this contributes to **maximizing customer asset value**. To elaborate, the measuring rod for evaluating sales representatives shouldn't be individual financial products, but rather how much customers entrust their assets to us. That's what we are now basing our evaluations on.

While we provide compliance education, training for new hires, and periodic follow-up training to raise awareness and enhance knowledge, it's also vital to have a management framework that can pick up on any signs that wrong-doing might occur, such as whether an employee is under undue pressure to perform. In particular, I always urge our executives and frontline managers, that is, our leadership, to increase psychological safety in the organization. I want to cultivate a climate in



## Message from the CEO

the organization in which employees can feel free to consult with their superiors whenever an issue comes up. If there is that kind of psychological safety, I believe superiors will be able to pick up on the concerns of their subordinates at an early stage and offer appropriate advice to head any potential scandal off at the pass.

I'm a little biased, but I've noticed that a lot of former colleagues who have retired from Daiwa Securities Group remark that Daiwa is a good company. When I think about why that is, one thing that immediately comes to mind is that we regularly rank among the top companies in Japan in job popularity. We are also a company that has made strides in terms of diversity, with a high ratio of female executives, and boast an environment that is easy to work in. But it seems to me that it's more than just these kinds of external factors—the main reason is that a culture of building one another up is so much a part of Daiwa's DNA. For example, if an employee at a branch handles a really large deal, the people around him or her offer praise, and we have a culture where people who've done good work applaud one another. I think this sense of unity and solidarity is what makes those colleagues who've left the Group feel that it's a good organization.

### ● P67 Corporate Governance Dialogue

## Customer satisfaction and the engagement of talented personnel are two sides of the same coin

Since 2018, we have used NPS\*\* as one indicator for evaluating the Group from a customer perspective. Our NPS score has been steadily rising over the past few years.

This is due largely to the fact that we have worked continuously for more than eight years to shift to a wealth management business model and have been cultivating human resources for that purpose. Because the asset management needs of customers include short-, medium-, and long-term aspects, which depend in part on the funds available to them at the time, offering consultation while fully grasping each customer's investment timeline is crucial. In the wealth management areas that handle such consulting, our focus has been on cultivating human resources and honing skills—so far, our cross-divisional training programs, involving not only the Wealth Management Division but also Global Markets and other divisions, have turned out more than 110 professionals in the realm of corporate solutions. Meanwhile, 1,677 people have obtained Certified Financial Planner (CFP) certification, the highest number in the financial industry in Japan. We are proud of maintaining top-class consulting capabilities backed by these figures.

Hiring such talented people is an extremely critical point in our Group management strategy. Naturally, we also focus on mid-career recruitment, but especially when hiring new graduates, we go by the personal history the applicant writes to gauge and talk together about the influences on their personal values and behavior, and select candidates from multiple perspectives. This process results in fewer poor matches after an employee has joined the Group and helps to support a career path that brings out the employee's potential. As with NPS, which is a measure of satisfaction in customer evaluations, we also carry out engagement surveys of employee satisfaction,

and continue to monitor this score as one of our KPIs. Group-wide, the sustainable engagement survey score has been high, at over 80% for two years running, a level that is on a par with global firms overseas and higher than that of internationally-renowned companies in Japan.

\* NPS®: A registered trademark of Bain & Company, Fred Reichheld and NICE Systems, Inc.

### ● P33 WM Strategy P61 Human Capital

## Capitalizing on strong tailwinds, we will forge ahead toward the goals of the Medium-Term Management Plan

We set **maximizing customer asset value** as our Basic Group Management Policy in FY2024, the first year of our three-year Plan. For FY2026, its final year, we are targeting consolidated ordinary income of ¥240 billion or more, ROE of around 10%, and Base Income of ¥150 billion. The first year out saw ordinary income of ¥224.7 billion, ROE of 9.8%, and Base Income of ¥137.5 billion—so I think we're off to a really strong start. Needless to say, all of the indicators for the Plan's targets are important, but Base Income is what I am stressing the most. Base Income represents the combined ordinary income of the Wealth Management Division, Securities Asset Management, and Real Estate Asset Management, businesses where we are seeking to build up results that are resilient to changes in market conditions. We made steady headway in this regard in FY2024, generating growth that puts us within reach of our ¥150 billion target.



## Message from the CEO

The last time our ROE was above 10% was in FY2014. Given that ROE came in at 9.8% in FY2024, I recognize one of our initial challenges is to create a corporate constitution that can consistently yield ROE of 10% or more. As for the PBR, at the outset of FY2024, we were the only major financial institution in Japan to have a PBR above 1 times. However, I'm sorry to say that, since the summer of that year, the level has fallen back below 1 times. Since we calculate PBR by multiplying ROE and the PER, if we can consistently achieve an ROE of 10%, this should naturally have a positive effect on PBR. The PER level also reflects investors' expectations for our future earnings. In terms of the Group's growth potential, the shift "From savings to investment" on the investor side is gaining momentum in Japan. On the corporate side, meanwhile, we are seeing more corporate actions focusing on capital efficiency than ever before. This has created an extremely supportive environment for firms like ours that operate securities businesses on both the investor and issuer sides.

We will not simply rely on the environment to support stronger performance: We will produce steady results by proactively continuing to pursue M&A activities and other inorganic investments, which are necessary for further growth going forward. However, while some growth investments contribute to profits right away, other projects require a certain amount of time to bear fruit. So, our approach doesn't involve a specific investment framework for determining how much capital we should channel into growth investments. If we did have a specific target amount to invest, there would be an incentive to invest simply to fill it up—the concern would be that investments,

which should be a means of growth, would become an end in themselves. So, we intend to address investments flexibly, carefully examining and considering each project.

Regarding shareholder returns, we pledged to pay a minimum dividend of ¥44 for a three-year period, regardless of performance. Thanks to favorable results in FY2024, we were able to significantly increase the annual dividend to ¥56. In fact, when we decided on the minimum dividend, the dividend amount of ¥44 was the highest we had ever paid out, and there was some internal debate about whether it was really prudent to promise such a high level of dividends for the following three years, regardless of performance. Still, to demonstrate our commitment to our shareholders, we resolved to set the minimum dividend at that level for the three years of the Plan. We are targeting ordinary income of ¥350 billion or more in FY2030, but we will probably need to re-visit the dividend policy when it comes time to formulate the next medium-term management plan.

Looking out over the next 10 or 20 years, for example, the basis of wealth management will be the individual financial assets of households in Japan. As of the end of March 2025, this balance stood at ¥2,195 trillion. Daiwa Institute of Research (DIR) calculates that this balance is likely to more than double in 2045, 20 years down the road. If the number of households continues to shrink during that time due to the falling birthrate and aging population in Japan, average financial assets held by each household will do much more than just double. If financial assets per household increase, the needs and concerns of customers will

grow more complex, driving further demand for consulting in the Wealth Management Division. This is why I'm convinced that the way to lock in growth going forward is to steadily increase assets in this Division, as well as assets under management (AUM) in both Securities Asset Management and Real Estate Asset Management, all of which are resilient to changes in market conditions, continuing to reinforce these three businesses. More to the point, I believe companies that quickly forge a path to reinforcing these businesses will be more likely to survive in the future.

▶ P17 Realizing the Aim of Promoting Japan as a Leading Asset Management Center





## Message from the CEO

### Increasing corporate actions demand highly specialized consulting

As I mentioned earlier, while the shift “From savings to investment” is gaining momentum in Japan, corporate actions will also increase going forward. Every day, I meet in person with numerous CEOs, and my strong sense is that the executives of various companies are keenly aware of their stock price and capital efficiency. We are in an era where moves toward M&A as a matter of survival are likely to suddenly come about at any time. Cross-shareholdings between companies continue to unwind, and even in the case of TOBs, compared to the past, there has been a clear upswell of hostile takeovers and acquisitions that skip the typical advance

consent or consultation process, driven in part by increasing moves by activist investors. There’s no doubt that we will continue to see more such corporate actions going forward.

There have been cases of MBOs as well as TOBs in Japan, causing the number of companies delisting from TSE to reach a record high in 2024, with the number of listed companies declining for the first time. In Europe and the United States, though, the number of listed companies has been declining for more than a decade. Down the road, we expect to see even greater market metabolism in Japan as well, where the number of listed companies had steadily been increasing. And it’s not just an increase in the number of deals—each deal is also becoming highly complex, giving rise to greater demand for advisors who can provide more sophisticated services. In other words, the role we play in this area will become larger every year. There are countless opportunities to help unlisted companies raise funds and provide financial support, and we are continuously reinforcing our highly specialized consulting framework for client companies, listed or unlisted.

### Accelerating the business through business alliances

The Group’s M&A advisory team currently includes over 600 people overseas and more than 100 people in Japan alone. DIR also has a consulting team that handles M&A activities, although the scale of DIR deals tends to be smaller. Anticipating the further increase in corporate actions, we announced a business tie-up with

Sumitomo Mitsui Trust Bank in May 2025 in the M&A advisory field. Sumitomo Mitsui Trust Bank will dispatch personnel to DIR, with the aim of further honing its ability to handle M&A deals. In terms of our own inorganic strategy for the Group, including M&As, in 2024, we entered into a capital and business alliance with Aozora Bank (23.9% interest), while JAPAN POST INSURANCE acquired a 20% equity interest in Daiwa Asset Management. It was highly significant that we were able to take these steps in the Wealth Management Division and Asset Management Division, which, as I mentioned, we are in the process of reinforcing in an effort to ramp up Base Income.

For the Aozora Bank deal in particular, the biggest benefit for us will be that, by adding loan and trust functions to the Group, we will be able to offer more robust proposals to customers. For this collaboration, we set up task forces in five areas—corporate finance, support for growing companies from startups to newly listed companies, M&As, real estate businesses, and wealth management—and have nearly finalized the framework for the alliance. In FY2024, in the corporate business overall, Aozora Bank made several dozen investments and loans to customers we introduced to them. In FY2025, we will move into a stage of further accelerating the businesses and accumulating concrete results. We’ve already obtained more than 500 information sharing agreements\*, which are a prerequisite for joint proposals with Aozora Bank, and are steadily building up the pipeline. Aozora Bank also plans to start selling the Group’s fund wrap products this fall. In addition, we are considering developing new products that draw on Aozora Bank’s





## Message from the CEO

loan and trust functions for wealthy customers. We expect the impact of these measures to be a ¥10 billion increase in earnings in FY2027 for both parties—for the Group on an ordinary income basis, and for Aozora Bank on a business profit basis.

\* A document that allows individuals or organizations to obtain prior consent to sharing certain information with third parties

### ● P46 Promote a disruptive growth strategy

## Rapid adoption of cutting-edge AI technology

Companies in any industry today cannot avoid addressing the rapid development of AI technology. Early on, in 2023, we also decided to adopt the ChatGPT generative AI platform and, when we measured the platform's effectiveness in improving work productivity, including in translation, summarization, and idea generation, found a saving of around 160,000 hours in 2024, equivalent to the work hours of 80 people. More recently, employees who newly joined the Group in 2024 also proposed an AI-based employee training system, which we are now implementing. On the business front as well, the contact center of Daiwa Securities launched an AI operator service in the fall of 2024. Recognizing that AI is not all-powerful, however, we formulated Daiwa Securities Group AI Governance Mission Statement and set up a Group AI Governance Committee as an oversight function. AI requires governance in both the input and output of information. For example, there is a need to determine whether information is false or accurate, and security monitoring functions are also necessary. While carefully assessing

the extent to which AI can be useful in the future in areas such as asset management advice and consulting, we want to pursue AI-related initiatives with an eye to speed.

### ● P48 Digital Strategy

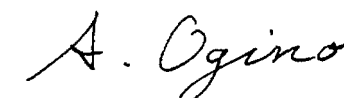
## Coming alongside people of all generations in the era of 100 years of life

Daiwa Securities has strengths in serving wealthy individuals, especially older customers. Some might take this to be a cause for concern: Since customers of the younger generation that grew up with digital technology as well as asset-builders are coming up surrounded by major online securities brokers that charge no brokerage commissions, when generational change happens going forward, these online brokers will make inroads with the asset-management demographic as well, including wealthy individuals. But what we are emphasizing is the realm of consulting, in which we provide face-to-face support regardless of what era we are in. I'm confident that the need for such support will not go away in the future.

We also launched Daiwa Connect Securities in 2019, a securities company that is exclusively accessed by smartphone. Even people who started out trading with online brokers will come to have various needs as they build up their assets. When that happens, they will need Daiwa Securities to serve as a concrete point of consultation. So, rather than seeing the existence of major online brokers as a threat, our sense is that they are more like colleagues who can help us grow

the market together. For us to continue to be the securities company of choice, we must further hone our consulting capabilities to a level that is unmatched by any other major financial institution in Japan or abroad. Also, to be called professionals, our employees have to study, to sharpen their knowledge, and to accumulate experience every day.

Of the individual financial assets I mentioned earlier, people aged 60 and over in Japan currently account for 63% of total assets, and estimates suggest this will rise to 65% in 2030 and to 69% in 2040. This is what underlies the expectation that the need for consulting services, including inheritance, business succession, and real estate transactions, will continue to grow. The Group is currently running a TV commercial with the catchphrase "aging with joy." "Age" here refers to people ranging from their 20s into their 90s. In the era of 100 years of life, we will come alongside people of all generations equally, offering financial products and services that bring satisfaction. The TV commercial gives expression to our determination and our aspirations in this regard. I invite you to look forward to the initiatives and proposals of Daiwa Securities Group going forward.



**Akihiko Ogino**  
President and CEO  
Daiwa Securities Group Inc.

# Culture

- 13 ----- Corporate Principles of Daiwa Securities Group
- 14 ----- 123 Years of History — Principles and values that still stand today
- 16 ----- Sales reform focused on improving customer satisfaction
- 17 ----- Realizing the Aim of Promoting Japan as a Leading Asset Management Center
- 22 ----- Corporate Executive Officers





# Corporate Principles of Daiwa Securities Group

## Corporate Principles

Since the start of operations in 1902, each and every employee has been creating the history of the Group. The background to the compilation of the Corporate Principles was the Group taking another look back at its history, and its determination to reunite and rebuild the relationship of trust that had been built together with society.

### Building trust

The trust and approval of customers form the very foundation of the Daiwa Securities Group.

The Group will always place the needs of customers first, and strive to develop the advanced, specialized skills to offer them the most attractive products and services of any securities group.

### Placing importance on personnel

The source of the Group's competitiveness lies in the capabilities of its employees.

The Group will promote the creativity of employees by offering them a challenging and self-directed working environment that encourages their abilities and appropriately rewards their contributions.

### Contributing to society

The Daiwa Securities Group will seek to benefit the economy and society through the development of healthy financial markets.

In addition to scrupulously observing both regulations and internal policies, the Group will strive to maintain a high sense of morality and duty, endeavoring to continue contributing to the sustainable growth of the societies in which we operate.

### Maintaining healthy earnings results

The Group will always seek to develop healthy business operations and to increase corporate value for the benefit of shareholders.

By providing customers with attractive products and services, the Daiwa Securities Group will seek to generate strong profits and healthy returns for shareholders.

## Daiwa Spirit

We have nurtured our corporate culture since the foundation of our business. Based on our Corporate Principles, we have also taken steps to crystallize the basic philosophy and mindset of the Group inherent in our culture to be manifested as the Daiwa Spirit. The Daiwa Spirit enhances employees' sense of unity and togetherness and thus the Group's overall strength.

1. Exercises self-discipline and complies fully with the law, recognizing that sustainable growth hinges on winning the trust of customers, financial and capital markets, and society at large.
2. Secures sound profits by contributing to societal and economic development through its actions in financial and capital markets.
3. Exerts unflagging efforts to build strong, sustainable, trust-based customer relations.
4. Continues to pioneer products and services in financial and capital markets, with each employee fulfilling his/her mission with confidence and pride.
5. Cultivates unbeatable competitiveness to overcome challenges, underpinned by strong company-employee trust and solidarity between colleagues.
6. Aims to be the securities group with the highest ambitions, a positive attitude that turns hardships into opportunity, and unmatched speed.

# 123 Years of History — Principles and values that still stand today

## A History of Reliability and Progressiveness

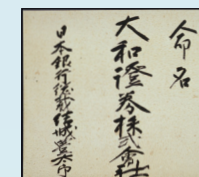
### The importance of credibility, recognition, and backing

In response to the impact of Dai-Nippon Sugar Co., Ltd.'s bankruptcy during the early years of the Group's history, Fujimoto Bill Broker Securities Co., Ltd. was forced to undergo a corporate restructuring in 1909. As the Chairman of the company at that time, Seibei Fujimoto invested his personal wealth to stave off losses among the company's customers, after which he stepped down. This move led to strong recognition of the value and honor possessed by Fujimoto Bill Broker, allowing it to keep "Fujimoto" as part of the company's name even after operations recommenced the following year.

### Recognition of Fujimoto Bill Broker at the time

- ◆ Full-scale introduction of the independent bill broker function required by Japan's economy
- ◆ Genuine debt disposal that did not impart losses on customers even in an emergency
- ◆ Robust management in areas besides loans to Dai-Nippon Sugar

1943 Daiwa Securities launched following a merger with Nippon Trust Bank



1959 Established Daiwa Asset Management Co. Ltd.



Founder of Fujimoto Bill Broker  
Seibei Fujimoto



1910 Corporate restructuring succeeded and operations recommenced

1909 Ceased making payments due to the bankruptcy of Dai-Nippon Sugar

1907 Renamed Fujimoto Bill Broker Bank

1902 Fujimoto Bill Broker commenced operations in Osaka

1913 Commenced foreign exchange transactions

1917 Became the first company in Japan to import foreign currency government bonds, and commenced sales the next year

Fujimoto Bill Broker Bank company emblem



1933 Discontinued banking operations and renamed Fujimoto Bill Broker Securities



1937 Formed Fujimoto Securities Investment Union (predecessor to the investment trust)

1942 Renamed Fujimoto Securities

1952 Launched the first open-end investment trust in Japan

1948 Issued the first convertible bonds in Japan

1949 Became a member of the Tokyo, Osaka, and Nagoya Stock Exchanges

1954 Commenced the first installment-type investment services in Japan



## A People-centric History

### Placing importance on personnel

Highly regarded for his efforts during his apprenticeship at Fujimoto Shoten, which included studying on his own to gain proficiency in English, Seibei Fujimoto was ultimately picked to take over the company. Amid the spinning boom that occurred thereafter, he provided financing to several spinning companies whose share prices had stagnated, thereby enhancing their corporate value and increasing profits through factory modernization and improved worker benefits. This was a clear indication of his character, rich in the concept of placing importance on personnel. Later on, Fujimoto Bill Broker Bank was one of the first financial institutions to establish an advanced research arrangement, and regularly published research reports on international affairs. Even amid the rapid growth and globalization of the 1960s and beyond, Daiwa Securities Group has remained committed to developing progressive talent and to its human resources system.

◆ P61 Human Capital

1925 Began publishing the "Fuji" company newsletter



1946 Formed the Daiwa Securities Employee Association

1960 Began publishing "Daiwa Life" as part of the company's new employee training endeavors

### Placing importance on stakeholders

The management policy laid out in 1960 by Chisato Fukuda, the president of Daiwa Securities at the time, was highly universal in that it prioritized each stakeholder and sought to fulfill corporate social responsibility.

◆ P24 Message from the CFO

#### Management goal: Develop Daiwa Securities into an outstanding company

- ◆ A company that acts with vigor as the world advances
- ◆ A company that consistently grows
- ◆ A company that earns the trust of society
- ◆ A company that offers value to society

#### Management policy for achieving goals

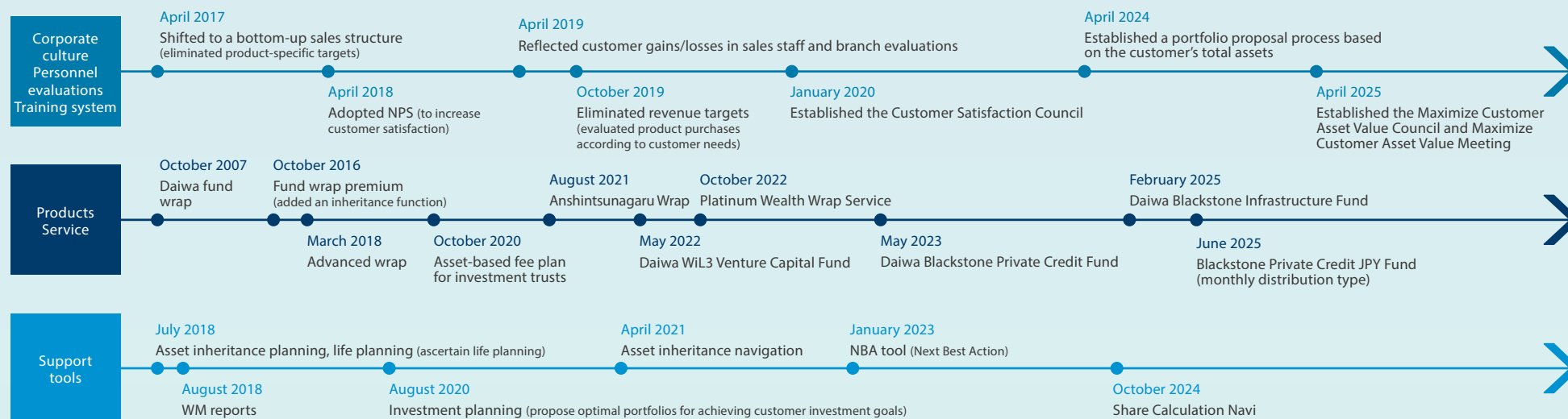
- ◆ Daiwa Securities serves customers
- ◆ Daiwa Securities serves society
- ◆ Daiwa Securities rewards shareholders
- ◆ Daiwa Securities seeks to ensure a stable life for employees





## Sales reform focused on improving customer satisfaction

Daiwa Securities Group is undergoing a transition to a wealth management business model in order to better engage with the issues and uncertainties of its customers than ever before. Our customers possess all manner of assets, including securities, cash, and real estate, and have a strong interest that goes beyond asset management to include asset preservation and business succession. Against this backdrop, today's customers demand asset management services that take a comprehensive view of their assets. We have therefore reflected on our stance of maintaining our conventional flow revenue sales style centered on securities transactions despite this development, which meant we were unable to fully engage with the issues and uncertainties of our customers. This failure is precisely why we are now driving our transition with an unyielding determination toward a wealth management business model as a fundamental reform that reenvision our sales approach.



## Overview of the Medium-Term Management Plan “Passion for the Best” 2026 (formulated in April 2024)

			Group-wide	WM	AM	GM&IB
<b>Basic Group Management Policy</b>						
<b>Maximize Customer Asset Value</b>						
<b>Outline of the Group's Strategy</b>						
1	Pursue added value for customers					
2	Enhance the asset management business and transform our business model					
3	Promote a disruptive growth strategy (external alliances, M&As, growth investments)					
4	Reallocate management resources and enhance management capabilities					
5	Pursue digital innovation					
<b>Earnings</b>	Ordinary income	¥240 billion or higher	●			
	ROE	Roughly 10%	●			
	Base Income*1	¥150 billion		●	●	
<b>Customer assets</b>	Assets on deposit*2	¥120 trillion		●		●
	Stock-related assets*3	¥13.6 trillion		●		
	AM Division AUM*4	¥44 trillion			●	
<b>Digital</b>	Number of value created digital projects*5	10 projects	●			
	Number of digital project trials*6	50 trials	●			
<b>Sustainability</b>	SDGs-related bond league table	In the top 2				●
	Engagement survey score	80% or higher	●			
	Our own GHG emissions*7	Net zero by FY2030	●			
	Investment funding portfolio GHG emissions*7	186 to 255g-CO <sub>2</sub> /kWh by FY2030	●			

\*1 Base Income: Total ordinary income from the WM Division, Securities AM, and Real Estate AM. Of these, WM is the net total of ordinary income from (former) Retail, Daiwa Next Bank, Daiwa Connect Securities, and Fintertech. \*2 Balance of assets on deposit indicates Daiwa Securities assets under custody (AUC). \*3 Stock-related assets refers to investment trusts, fund wraps, and foreign currency deposits. \*4 AM Division AUM represents total AUM for Daiwa Asset Management, Daiwa Fund Consulting, Daiwa Real Estate Asset Management, Samty Residential Investment Corporation, Daiwa PI Partners, Daiwa Energy & Infrastructure, and Daiwa Corporate Investment. \*5 The number of value created digital projects is a count of projects that utilize new digital technology that incorporate new innovation or contribute to business transformation. \*6 The number of digital project trials is a count of trial projects for DX proposals and AI/data science projects. \*7 Our own greenhouse gas emissions is the total for Scope 1 and Scope 2 emissions. GHG emissions for our investment financing portfolio indicates project financing in the electricity sector. Includes some estimated figures.

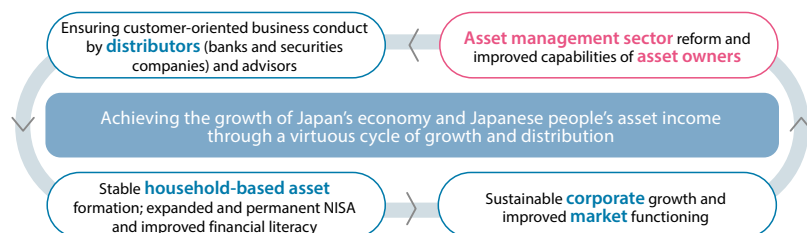


# Realizing the Aim of Promoting Japan as a Leading Asset Management Center

**Daiwa Securities Group's mission:**  
Benefit the economy and society through  
the development of healthy financial markets

## The concept of Promoting Japan as a Leading Asset Management Center

Roughly three decades of deflation in Japan have come to an end and a full-fledged “era of interest rates” has dawned. Daiwa Securities Group believes that, in addition to the dramatic expansion of the NISA system and reforms to corporate governance, efforts to increase the sophistication of the asset management sector in Japan are crucial initiatives that will help bring vitality to the capital markets. To this end, having set the shift to a wealth management business model as the pillar of our management strategy, we will intensify our focus on the wealth management and asset management businesses. This management strategy aligns with the direction the Japanese government is taking, and the Group will actively contribute to realizing the aim of Promoting Japan as a Leading Asset Management Center.

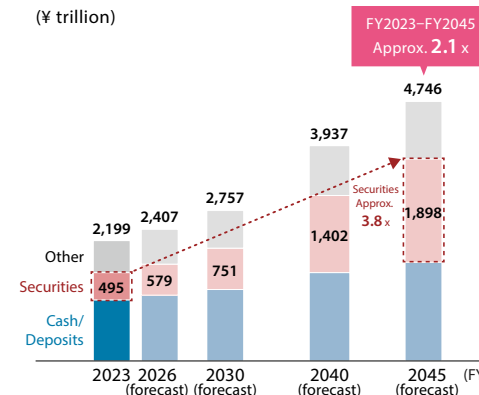


## Prospects for sustainable growth in the securities business

With inflation returning to Japan, the securities business has strong growth potential. As shown in the graph below, given certain assumptions, household financial assets are expected to more than double over the next 20 years—of these assets, securities are projected to increase nearly fourfold.

### Future predictions for household financial assets

(¥ trillion)



#### Estimate assumptions:

- Forecasts are made through FY2033 based on estimate values from the Daiwa Medium-term Macro Model by the Daiwa Institute of Research. From FY2034 onwards, we extend these values using the average growth rate in the Daiwa Medium-term Macro Model.
- The products comprising the chart provisionally sets the rate of household financial assets at the end of FY2023 as largely unchanged, while assuming that, from FY2025 onwards, securities grow at a total annual average rate of 5.68% (+3% vs. total financial assets) based on market price factors and net capital increase factors, and assumes an average annual shift from cash and deposits to securities of 0.5%.

(Source) Created by the Daiwa Institute of Research based on the following: “2019 National Household Structure Survey” by the MIC, “Household Projections for Japan (National Estimates)” (2024 Estimates) by the IPSS, “Flow of Funds Accounts” by the BOJ, and “Medium-term Forecast of the Japanese Economy” (2024) by the Daiwa Institute of Research.

## The shift “From savings to investment” is gaining momentum

Japan's stock market and household financial assets have expanded significantly compared to 2021. The NISA system in particular has grown tremendously, driven by the expansion of the tax-exempt limit, the removal of the holding period limit, and the permanent implementation of the system.

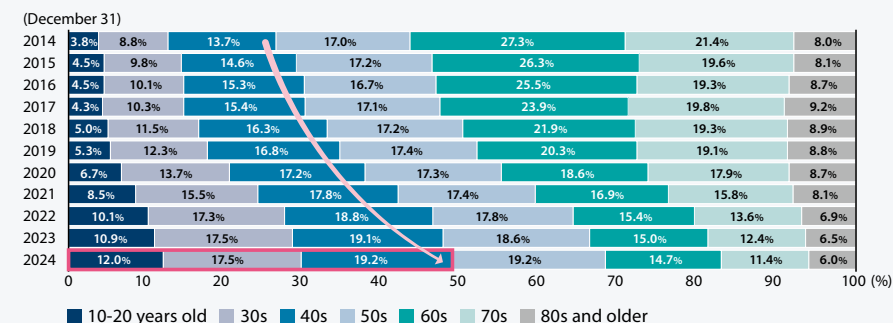
	2021	2025	Growth rate
Nikkei Average	¥28,771.07*1	¥35,617.56*4	+24%
Market capitalization of TSE	¥762 trillion*2	¥947 trillion*4	+24%
Household financial assets	¥2,042 trillion*3	¥2,230 trillion*5	+9%
Number of NISA accounts	17,650 thousand*3	25,600 thousand*5	+45%
NISA purchase amount (cumulative)	¥25.5 trillion*3	¥52.7 trillion*5	+107%

\*1 October 1 \*2 October 31 \*3 December 31 \*4 March 31 \*5 December 31, 2024

Sources: Market capitalization of TSE: Market Capitalization (Japan Exchange Group); household financial assets: Flow of Funds Accounts Statistics (Bank of Japan); number of NISA accounts, purchase value: (Financial Services Agency)

## Age distribution of NISA account holders

At the end of December 2014, when the NISA system was launched, the majority of account holders were 60 years old or older. However, the proportion of younger people has increased year by year, with about half of account holders under 40 years old at the end of December 2024.



Source: Excerpt from the Financial Services Agency “Results of Survey on NISA Account Use” and the “White Paper on the New NISA System 2024” prepared by the Japan Securities Dealers Association.

## Realizing the Aim of Promoting Japan as a Leading Asset Management Center

### The asset management business of Daiwa Securities Group

The Group has set **maximizing customer asset value** as the Basic Group Management Policy in the Medium-Term Management Plan. We have positioned wealth management and asset management as our core businesses, and clarified our determination to strengthen these areas. By working together across the Group to speed implementation of the initiatives below, we will contribute to the growth of the Japanese economy and to higher asset income for people in this country.

#### Strategy 01: Approach to improving talent development and other asset management capabilities

##### 1 Expanding the lineup of investment products

The Group will enhance its asset management capabilities by expanding its product lineup to meet the needs of investors. Specifically, we will broaden our range of alternative investment products, such as the Daiwa Blackstone Private Credit Fund (BCRED), a publicly offered investment trust that invests in unlisted private credit funds, and the Daiwa Blackstone Infrastructure Fund (BXINFRA), which invests in infrastructure assets.

In addition, we established Global X Japan in 2019, the only asset management company in Japan specializing in ETFs, as a joint effort with US-based Global X. We are working to improve our asset management capabilities in structuring thematic ETFs by drawing on Global X's expertise in ETF management.

#### Publicly offered investment trusts providing access to alternative assets

May 2022	Daiwa WiL3 Venture Capital Fund
May 2023	Daiwa Blackstone Private Credit Fund
Feb. 2025	Daiwa Blackstone Infrastructure Fund
Apr. 2025	KKR Private Markets Equity Fund
Jun. 2025	Blackstone Private Credit JPY Fund (Monthly Distribution Type)

##### 2 Develop and retain talent to enhance asset management capabilities

##### 3 Reinforce the management framework



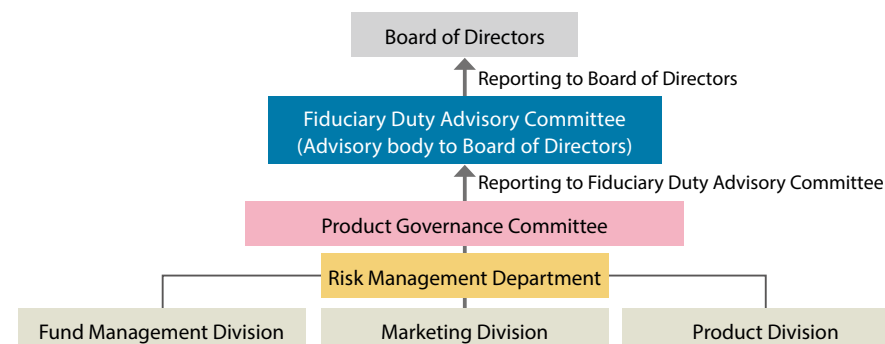
For details, please refer to the following press release.  
<https://ssl4.eir-parts.net/doc/8601/tdnet/2381531/00.pdf>

#### Strategy 02: Initiatives to improve governance and reinforce the governance framework

##### 1 Establishment of Product Governance Committee

Under the leadership of management, Daiwa Asset Management is committed to maintaining and strengthening a framework in which all products are properly structured and managed with a customer-first approach. To clarify this framework, we formulated a policy on product governance and established a Product Governance Committee.

Meeting Characteristics	Outline
Objective	• Maintain, improve the quality of products managed by Daiwa Asset Management, including management status, product features, and disclosure
Frequency	• Quarterly
Outcomes	• Identify unsuccessful funds • Encourage the redemption of small funds • Verify ESG funds • Clarify rules for drafting monthly fund reports, etc.



##### 2 Reinforcing governance by inviting outside directors



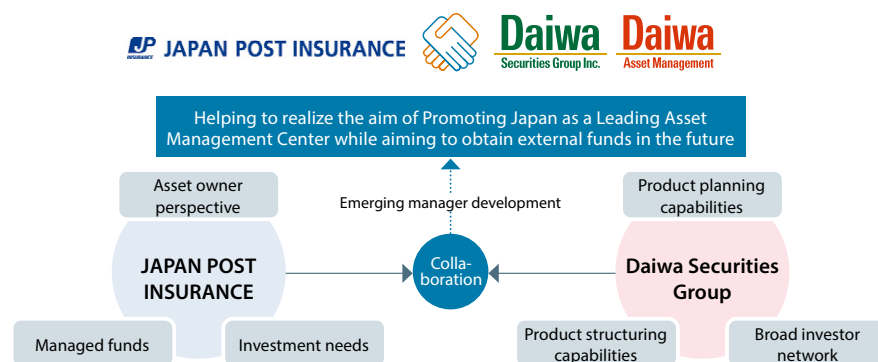
## Realizing the Aim of Promoting Japan as a Leading Asset Management Center

### Strategy 03: Efforts to support Emerging Managers Program (EMP)

In February 2025, in collaboration with JAPAN POST INSURANCE, the Group launched the Emerging Managers Program, which targets funds managed by emerging asset management firms and seeks to offer new investment opportunities and supply capital smoothly to companies. As the Group's own initiative, we established an EMP investment program to invest in the management strategies of emerging asset managers. Through activities like these, we hope to contribute to the development of emerging asset management firms in Japan and more broadly contribute to the government's aim of Promoting Japan as a Leading Asset Management Center by supplying growth capital to both startups and mature companies.

#### Initiative with JAPAN POST INSURANCE

JAPAN POST INSURANCE and Daiwa Securities Group are working together on the EMP, which seeks to invest in funds managed by emerging asset managers. Daiwa Asset Management will act as gatekeeper for the program, while JAPAN POST INSURANCE will invest approximately ¥50 billion in funds to be managed by emerging asset managers over a five-year period.



For details on initiatives with JAPAN POST INSURANCE, please refer to the following press release.  
<https://ssl4.eir-parts.net/doc/8601/announcement21/108129/00.pdf>

For details, please refer to the following press release.  
<https://ssl4.eir-parts.net/doc/8601/tdnet/2381531/00.pdf>

### NISA initiatives at Daiwa Securities Group

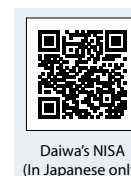
The Group is actively promoting NISA to a wide range of customers through seminars and campaigns by Daiwa Securities and Daiwa Connect Securities.

#### Daiwa Securities

- › Actively propose NISA to high-net-worth individuals as the basis of consulting
- › Promote NISA on a dedicated page of the website
- › Hold webinars and in-person seminars to broadly promote NISA, including to asset-building customers

#### Top purchase amounts in Daiwa Securities NISA accounts (Investment trusts, FY2024)

- iFree S&P500
- iFree Nikkei 225
- Daiwa Dynamic India Equity Fund
- AllianceBernstein US Growth Equity Fund



#### Daiwa Connect Securities

- › Through campaigns and TV commercials, we are promoting NISA to asset-building customers, focusing on Mainichi (Daily) Investment Trusts (installments starting from ¥100 per day) and Credit Card Tsumitate (installments of ¥1,000–¥100,000 per month)



#### Daiwa Asset Management ◆ P57 Offering attractive NISA-eligible funds

- › The amount of capital inflows into NISA-eligible funds in FY2024 was ¥1.03 trillion yen, ranking third in the industry\*
- › Published videos aimed at helping retail investors build assets

\* Excluding ETFs. According to a Daiwa Asset Management survey.

## Realizing the Aim of Promoting Japan as a Leading Asset Management Center

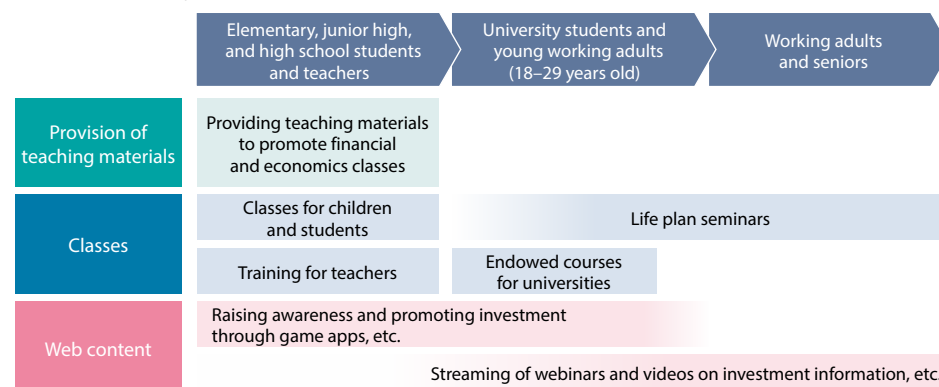
### Financial and economic education initiatives

Leveraging the knowledge and expertise cultivated through our securities business, the Group provides financial and economic education to people across generations, with the aim of helping them acquire the skills to manage assets and make informed financial decisions. We are reinforcing our promotion framework in cooperation with Daiwa Securities and other Group companies: Under the Head of Financial Education at Daiwa Securities Group Inc., we have established a Financial and Economic Education Promotion Office at Daiwa Institute of Research and an Asset Management Promotion Center at Daiwa Asset Management. We set a goal of providing financial and economic education to 2.5 million people between 2005 and FY2030; as of FY2024, we had provided such education to a total of 1.79 million people.



On-site classes

### Initiatives by target audience

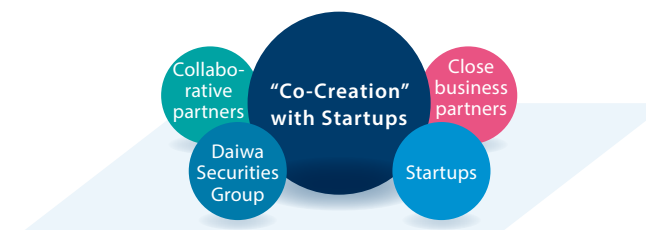


### Co-Creation with startups

The Group is actively addressing a wide range of societal challenges by co-creating value with startups that are generating new value and innovative businesses, in collaboration with external and strategic partners. By providing a startup support framework that leverages the Group's comprehensive strengths and partner networks, we aim to contribute to the growth of the Japanese economy.



For details on Co-Creation with startups, please refer to the following website.  
[https://www.daiwa-grp.jp/activities/20250401\\_700.html](https://www.daiwa-grp.jp/activities/20250401_700.html) (In Japanese only)



### Co-Creation programs

Support for growth	Listing support	Other support
Business matching	Listing procedures	M&As
Fundraising	Constructing equity stories	Intellectual property support
Support through collaboration	Introductions to IPO-related personnel	Providing secured loans

### Daiwa Innovation Network (DIN)\* (Daiwa Securities business matching event)

- ◆ Held: For more than 10 years
- ◆ 246 events in total
- ◆ Over 1,500 startup ventures featured on stage (as of February 28, 2025 / total number of events)



DIN venue  
(pitch session)

### Daiwa Innovation Network Summit (One of Japan's largest networking events for startup executives)



Opening remarks  
by CEO Ogino



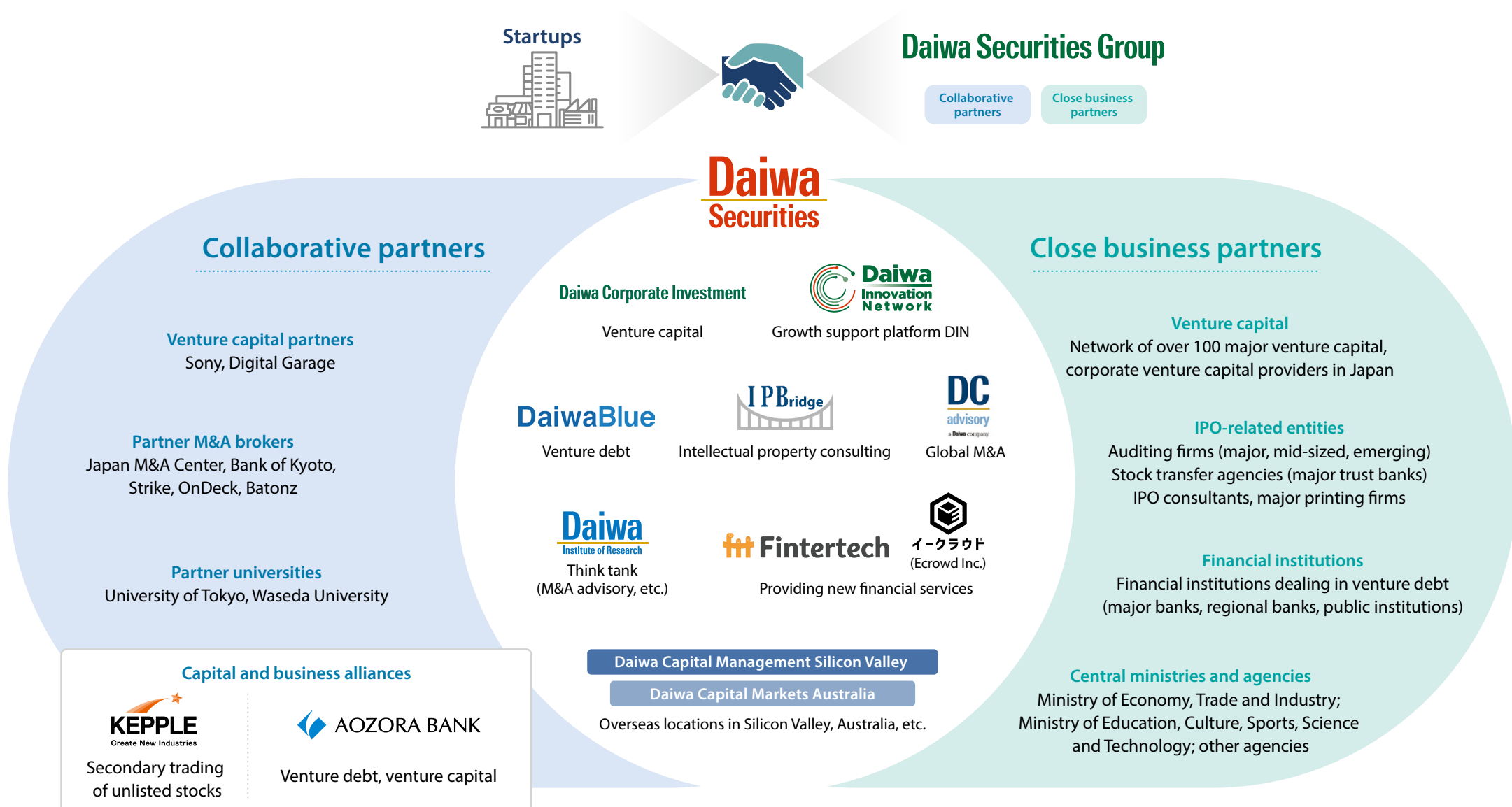
Time for conversation

\* Name given to business matching events between startups and large firms provided by Daiwa Securities.



## Realizing the Aim of Promoting Japan as a Leading Asset Management Center

### Daiwa Securities Group Co-Creation Partners



## Corporate Executive Officers

### Q: What is Daiwa Securities Group?



"A door to life"  
Bringing happiness to  
people of all generations!

**Akihiko Ogino\***  
President and CEO  
President,  
Daiwa Securities Co. Ltd.



Becoming a partner  
unlike any other

**Shinsuke Niizuma\***  
Deputy President and COO  
Head of Wealth Management  
Deputy President,  
Daiwa Securities Co. Ltd.



Proposing win-win capital  
cycles for the future  
sustainable society

**Keiko Tashiro\***  
Deputy President  
Head of Asset Management,  
Securities Asset Management,  
Sustainability, and Financial  
Education



Innovating the future  
of finance with talent  
and technology

**Tomoyuki Murase**  
Deputy President  
CIO and CDO  
Deputy President,  
Daiwa Securities Co. Ltd.



Weaving dreams, side by side  
— nurturing trust and shaping  
the future together

**Eiji Sato\***  
Senior Executive Managing Director  
Head of Corporate Planning,  
Deputy Head of Overseas Operations  
Senior Executive Managing Director  
Daiwa Securities Co. Ltd.



Wisdom Challenges  
Growth Collaborative spirit

**Hiroko Sakurai\***  
Senior Executive Managing Director  
Head of Compliance  
Senior Executive Managing Director,  
Daiwa Securities Co. Ltd.

\* Holds the position of Board member on a concurrent basis.



## Corporate Executive Officers

## Q: What is Daiwa Securities Group?



A company that pioneers  
the future with trust  
and value creation

#### Junichi Serizawa

Senior Executive Managing Director  
Deputy Head of Wealth Management  
Senior Executive Managing Director,  
Daiwa Securities Co. Ltd.



Offering a sturdy  
foundation to enter  
a new era together  
with customers

#### Tsutomu Kobayashi

Senior Executive Managing Director  
and CRO  
Senior Executive Managing Director,  
Daiwa Securities Co. Ltd.



Strong trust within the Group  
and close communication  
with our partners are  
our cornerstones

#### Kotaro Yoshida

Executive Managing Director  
and CFO  
Executive Managing Director,  
Daiwa Securities Co. Ltd.



Everything is always  
for our customers

#### Keiichi Ishikawa

Senior Managing Director  
Head of Internal Audit  
Senior Managing Director,  
Daiwa Securities Co. Ltd.



A team of colleagues who  
embrace new challenges  
with integrity as their motto

#### Seiji Nakata\*

Chairperson of the Board  
Chairperson,  
Daiwa Securities Co. Ltd.

\* Holds the position of Board member on a concurrent basis.

## Message from the CFO

**We aim to achieve our FY2030 targets and enhance corporate value by steadily accumulating Base Income, reallocating management resources, and enhancing management capabilities**

**Kotaro Yoshida**  
Executive Managing Director and CFO  
Daiwa Securities Group Inc.



A year has quickly gone by since I became CFO. During the past year, I've had numerous conversations with investors, and what I'm constantly struck with is the steady growth of interest in Japanese equities. The shift "from savings to investment" in Japan is gaining momentum, and the business environment for Japanese companies is also at a major structural turning point. Investors have lots of questions and opinions about how these changes will affect the performance and future growth of the Group.

In particular, with regard to the wealth management business, there's considerable interest in the strengths of the Group's business model and the mindset of our customers. I've sought to explain as fully as possible the specific initiatives and sales reforms we are undertaking on the frontlines, and to convey the course of our initiatives to date in a way that is easy to understand (and I would hope that I've been at least somewhat successful in getting this across to investors as well.)

At the same time, we are also seeing expectations from many quarters for more feasible profit growth and greater visibility regarding our capital management policies. This kind of feedback offers absolutely vital suggestions for our management going forward, and we are taking such views to heart as we work to make improvements.

### Overview of FY2024

#### Market review

Looking back at the stock market in FY2024, the Nikkei Stock Average started out strong in the first half, hitting a record high in July. After a historic correction in August, however, the second half was subject to ongoing instability, resulting in a roller coaster year overall. The Bank of Japan twice lifted its negative interest rate policy and implemented the first interest rate hike in 17 years, making full-fledged progress

toward the normalization of monetary policy. Overseas, meanwhile, in addition to Donald Trump winning the US presidential election, geopolitical risks exerted a considerable influence on the market, including alarm over the tariff policies subsequently announced by the US, the intensifying US-China conflict over AI technologies, and mounting tensions in the Middle East.

#### Summary of the first year of the Medium-Term Management Plan

Even in this context, we were able to achieve results in line with our strategy, getting off to a good start in FY2024, the first year of the Group's three-year Medium-Term Management Plan "Passion for the Best" 2026. Net operating revenues came in at ¥645.9 billion while ordinary income was ¥224.7 billion, surpassing ¥200 billion for the first time in 19 years since FY2005. In the Wealth Management Division, the total asset consulting business made steady inroads, feeding into growth in portfolio proposals tailored to customer needs. Both asset-based revenues\* and flow revenue expanded, fueling a significant increase in profits. Net operating revenues and ordinary income both reached record highs in the Asset Management Division as well as in Global Investment Banking within the Global Markets & Investment Banking Division.

Base Income, which we have set as a performance KPI, was ¥137.5 billion, an increase of more than 20% from FY2023, and we have made steady headway in building an earnings structure that is resilient to changes in the external environment. We believe this

\* Asset-based revenues: Agency fees for investment trust, investment advisory and account managed fees, bank agency fees and other, revenues from asset-based fee plans for investment trusts, etc.



## Message from the CFO

is the fruit of our efforts to offer solutions that meet customer needs in line with the Basic Group Management Policy of **maximizing customer asset value**.

FY2024 was also a year that once again brought home the importance of expanding Base Income.

In last year's Integrated Report, I said that Base Income is a measure of customers' trust and an indicator of progress toward **maximizing customer asset value**, as well as of earnings resilience.

The source of Base Income is the customer assets under custody in the Wealth Management Division and AUM in the Asset Management Division. This is why I believe the accumulation of Base Income is a measure of the trust we are building up with customers—trust which leads to enhancing the corporate value of the Group in the form of growth in stable earnings. For this reason, Base Income is a straightforward indicator of progress we are making in **maximizing customer asset value**, and my sense is that numerous investors are positive about our focus on this metric.

Also, because we have steadily accumulated Base Income even during periods of rapid change in the market, we've been able to secure a certain level of revenue despite temporary impacts on profits that are closely linked to the market. This stable revenue base is precisely what allows us to maintain the financial capacity to continue returning profits to shareholders and investing in growth, regardless of the market environment, and what has made it possible to set a minimum dividend of ¥44. I'm very encouraged by the tremendous buy-in we've received from investors on our direction of aiming for an earnings structure that is resilient to changes in the external environment by expanding Base Income.

## Reallocating management resources and enhancing management capabilities to achieve FY2030 targets

### Approach to financial and capital strategies

In the lead up to FY2030, as we seek to take the final steps in building a revenue base that is resilient to changes in the external environment, the aim of our financial and capital strategies will be to achieve a balance between financial soundness, capital profitability, growth investments, and shareholder returns, thereby realizing the sustainable enhancement of corporate value.

The Group is operating in an environment that is offering an unprecedented tailwind as various factors in Japan converge. The shift in individual financial assets “from savings to investment” is becoming entrenched. There has been an upswell of corporate finance activities and restructuring in line with the divestment

of strategic shareholdings and moves to bolster corporate governance. We have returned to an “era of interest rates,” which is sparking increased investment activity. Finally, the Japanese government has announced a policy of Promoting Japan as a Leading Asset Management Center. I'm convinced we are now at the stage where we have to gauge these changes in the environment accurately and put priority on actively exploring growth investments to maximize corporate value over the longer term.

We have consistently pursued growth investments based on the three pillars of expanding the customer base, enhancing functions and expanding products, and achieving open innovation. Although we have positioned the Wealth Management Division and asset management business as growth areas in the realm of growth investments, if a deal brings together these three pillars and meets our investment criteria, we will broaden our consideration without being bound by preconceptions.

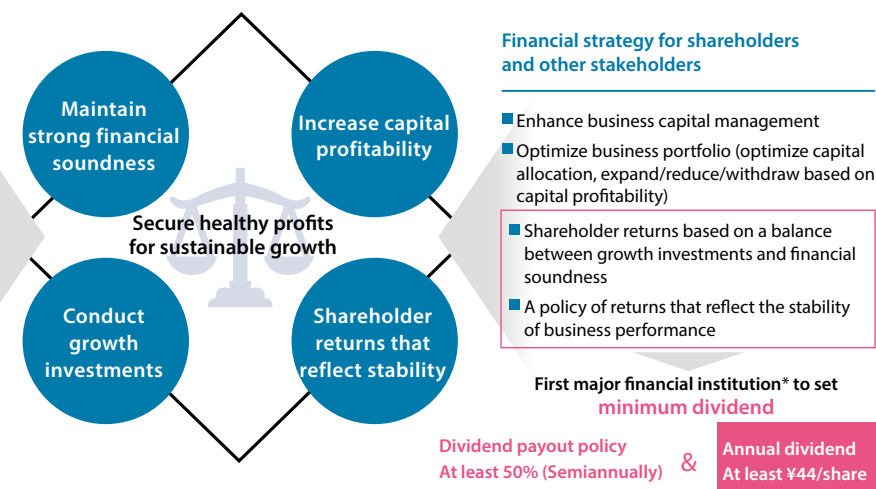
### Approach to financial/capital strategy

#### Financial strategy that enables the Group to achieve medium and long-term growth

- Maintain strong financial soundness with consideration given to regulatory compliance and rating
- Conduct investments that contribute to **maximizing customer asset value**
- Strengthen investment risk management structure

#### Consolidated total capital ratio

18% or higher  
(under current regulation base)  
14% or higher after Basel III finalization



\* Setting minimum dividend per share. Exclude cases where setting progressive dividends, or dividends set based on DOE.

## Message from the CFO

From an investment criteria perspective, we set a hurdle rate level that can contribute to an ROE of 10% based on regulated RWAs\* for all investments. We require rigorous post-investment monitoring and the establishment of an appropriate governance framework. If we cannot quantitatively and qualitatively confirm the investment effects we initially expected, and deem that capital efficiency is low, we will consider divestment.

Investing in human capital and IT is also essential to sustainable growth. To secure outstanding talent and maintain and hone our competitiveness, we will work to build a foundation for sustainable growth by boosting employee motivation, productivity, and performance across the organization through investments in human capital. Our IT investments will lead to future improvements to the top line and cost streamlining through the radical transformation of business models.

### Basic policy for investment and strategic alliances



Having positioned IT outlays as strategic investments, we are working to enhance customer convenience and operational efficiency. We will continue to invest in human capital and IT with a strategic focus while carefully weighing outcomes.

\* Risk-weighted assets

### Shareholder returns

Regarding shareholder returns, we are paying an interim and fiscal year-end dividend based on a dividend payout policy of at least 50% in light of consolidated financial results, and have set a full-year minimum dividend per share of ¥44 during the current Medium-Term Management Plan period. This makes us the first major financial institution to introduce a minimum annual dividend\*<sup>1</sup>. This policy is part of our commitment to meeting the expectations of shareholders

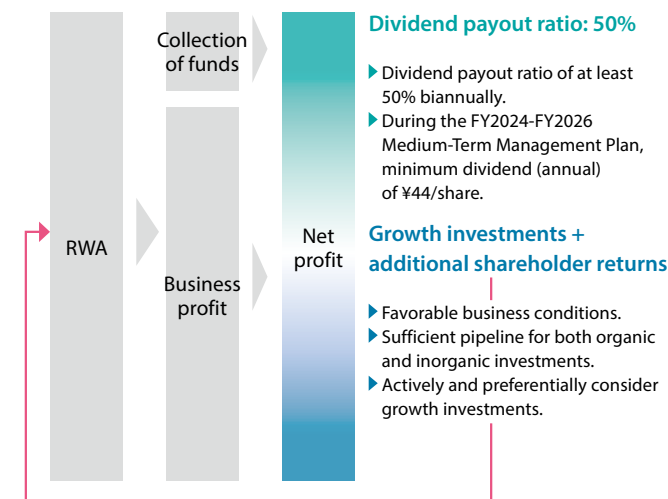
and investors by reflecting the stability of our performance and increasing the predictability of dividends. The full-year dividend for FY2024 was ¥56, our highest ever, well above the ¥44 minimum dividend. We also set a repurchase limit of 50 million shares and a total repurchase amount of ¥50 billion, our highest ever—this resulted in a high total payout ratio at 83.6%\*<sup>2</sup>.

By putting priority on actively exploring growth investments and reallocating management resources, including a review of the business portfolio, the Group will work to increase ROE and achieve sustainable profit growth. Although we are prioritizing allocating capital to growth investments, if there is any capital surplus

\*<sup>1</sup> Setting a minimum dividend per share. Excludes cases where progressive dividends are set, or dividends are set based on DOE.

\*<sup>2</sup> The total payout ratio for FY2024 is estimated based on an assumed upper limit of ¥50 billion and 50 million shares for share repurchases.

### Resource reallocation and management enhancement





## Message from the CFO

after such outlays, our policy is to allocate this to additional shareholder returns.

The Group's policy toward the flexible repurchase of shares remains unchanged: We will take into consideration a raft of comprehensive factors, including the need to maintain financial soundness, the status of the growth investment pipeline, and the operating environment, as well as trends in financial regulations and the stock price.

The Group's consolidated total capital ratio stood at 21.84% as of March 31, 2025. We estimate that the ratio will decline by about 2% to 3% due to the impact of the finalization of the Basel III framework. After full implementation, the capital buffer is expected to be around ¥300 to ¥400 billion.

### Initiatives to enhance corporate value

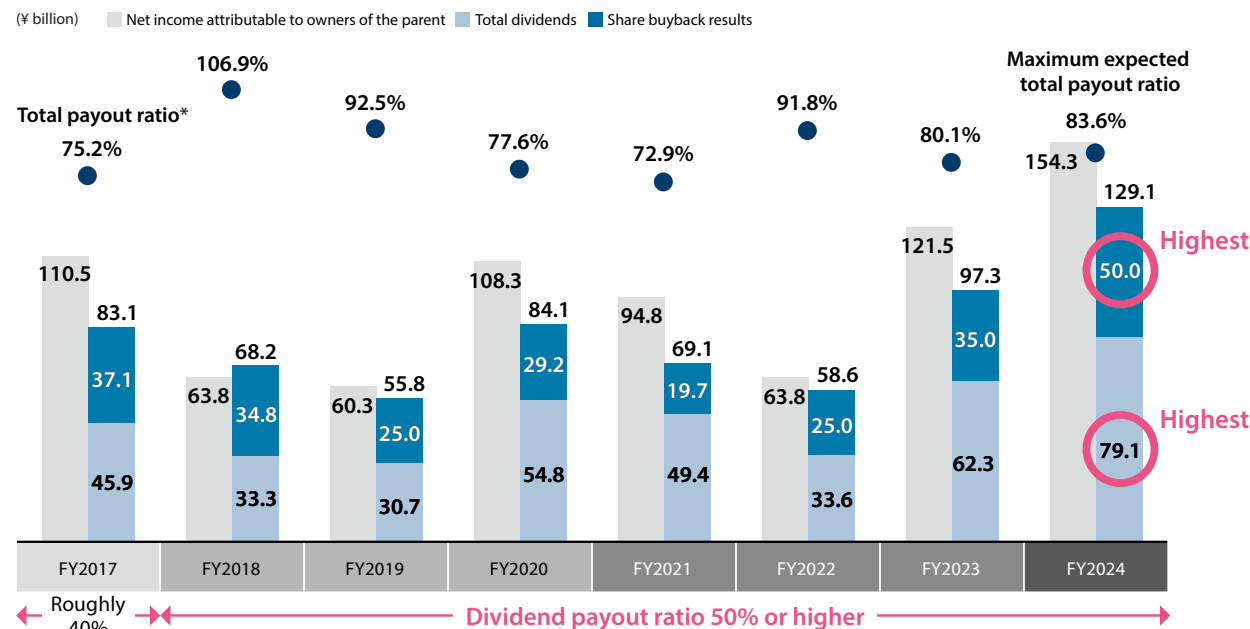
The central thrust of the Group's efforts to enhance corporate value is further profit growth grounded in

the expansion of Base Income. While striving to sustainably increase ROE through the expansion of Base Income, we will further enhance corporate value by stabilizing the earnings structure to reduce capital costs and by raising the expected perpetual growth rate, including by means of aggressive growth investments.

As I said, Base Income is a measure of customers' trust and a key indicator of progress toward **maximizing customer asset value**. We recorded Base Income of ¥137.5 billion in FY2024, which represents faster-than-expected progress toward our FY2026 target of ¥150 billion.

### Shareholder return results

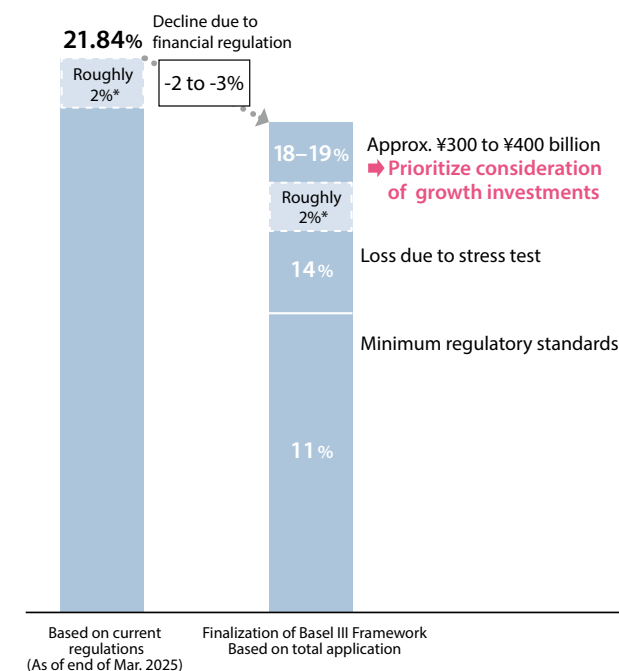
Since FY2017, the total payout ratio, including both dividends and share buybacks, has exceeded 70% on a full-year basis.



\* Total payout ratio is the percentage calculated by the sum of dividends for the current fiscal year and the share repurchase decided by the date of the full year earnings announcement of the current fiscal year divided by the profit attributable to owners of parent for the current fiscal year.

FY2024-FY2026  
Minimum dividend (annual) of  
¥44/share

### Consolidated total capital ratio



\* Foreign currency translation adjustments contribution (A ¥10 appreciation of the yen results in a decrease of approx. ¥30 billion in capital.)

## Message from the CFO

This is the combined fruit of strategic initiatives in the various businesses that make up Base Income. In the Wealth Management Division, as a result of sales reforms we have been undertaking for more than eight years under the shift to a wealth management business model, together with steady headway in the total asset consulting business, asset-based revenues were up 20% year on year in FY2024, to ¥111.7 billion. In addition, the fixed cost coverage ratio for asset-based revenues was 107%, exceeding 100% for the first time ever in terms of the cumulative fiscal year total. In Securities Asset Management, AUM expanded to ¥33 trillion. We also made a full-fledged entry into the investment advisory business field, including being entrusted with over ¥2 trillion through our capital and business alliance with JAPAN POST INSURANCE. We saw brisk expansion of AUM in Real Estate Asset Management, to ¥1.6 trillion; we have established a stable revenue base here through robust management centering on rental housing and mid-sized offices, which are highly resistant to inflation.

In tandem with expanding Base Income, we also recognize improving capital profitability across the Group as a key issue. We are making management more transparent by disclosing segment ROE and building a framework in which each segment can proactively plan and execute strategies to improve capital efficiency. In businesses with low capital intensity, such as the Wealth Management Division, Securities Asset Management, and Global Investment Banking, we aim to increase the absolute amount and stability of profits. On the other hand, in Global Markets, Alternative Asset Management, and Real Estate Asset Management, which have high capital intensity, we are seeking to improve capital profitability by balancing earnings and

capital employed. Through detailed analysis based on the characteristics of each business, we are channeling management resources into businesses that contribute to higher capital profitability. For unprofitable businesses, we are maneuvering to be able to make timely and appropriate decisions such as downsizing or withdrawal.

We actively undertook inorganic strategies in FY2024, including capital and business alliances with Aozora Bank and JAPAN POST INSURANCE, and the incorporation of Mitsui & Co. Alternative Investments as a subsidiary. Under the capital and business alliance with Aozora Bank, we are targeting a partnership impact of more than ¥10 billion on an ordinary income basis in FY2027, and are building up a track record on the ground. In addition, we are steadily expanding our customer base through external connections—through the collaboration with the JAPAN POST GROUP, the Yucho Fund Wrap account balance has increased to roughly ¥190 billion.

Meanwhile, we are also investing to achieve organic growth. To acquire, hire, and retain talented personnel, who are the source of the Group's competitiveness, we are actively investing in human resources, such as raising salary levels by around 20% cumulatively over four years. Furthermore, in terms of digital transformation, we are simultaneously raising the quality of our consulting services and boosting productivity through the strategic use of leading-edge technology, including the rollout of an automatic interview recording system using generative AI and voice recognition technology. Such steady IT outlays will ensure that we maintain a sustainable competitive advantage.

As a result of these initiatives, after R&I upgraded our ratings, JCR, Moody's, and S&P also raised their outlook on our ratings from stable to positive. These ratings changes reflect the strong evaluation of our efforts to improve the stability of the financial base by expanding Base Income and reducing capital costs.

Going forward as well, we will pursue sustainable improvement in ROE centered on growth in Base Income, aim for more stable earnings and improved growth expectations by diversifying the business portfolio, and target ongoing improvement in PBR by improving PER through lower capital costs. Supporting these efforts will be qualitative improvements in business management, including more detailed management of ROE by segment, a more sophisticated risk management framework, and strategic growth investments with an eye toward future growth opportunities. To achieve the FY2030 targets, we will reallocate management resources and enhance management capabilities in an integrated manner, realizing the sustainable enhancement of corporate value.

### ◆ P32 ROE by Segment

#### Reducing strategic shareholdings

Regarding strategic shareholdings, we regularly review the appropriateness of such shareholdings, based on a policy of only holding such shares when it is determined that to do so is of significance. We have set quantitative and qualitative standards for the shareholdings, and the results of our verification as of March 31, 2025 were below the quantitative target value of approximately 30% for client companies. Going forward, we will verify qualitative aspects of



## Message from the CFO

shareholdings taking into consideration such factors as the maintenance and enhancement of future business relationships and work to improve profitability. If the significance of a shareholding is determined to be low, we will proceed with the sale, taking into consideration the impact on the market and other relevant factors. As of March 31, 2025, the book value balance of shares held as strategic shareholdings was ¥82.8 billion, and the percentage of strategic shareholdings (the market value balance of listed and unlisted stocks) to consolidated net assets was 7.7%. We will continue to engage in thorough dialogue with business counterparts and work to reduce the balance of strategic shareholdings.

### Dialogue with stakeholders

As I mentioned at the outset, the comments and opinions we receive from shareholders, investors, and analysts are of great value to the Group. Reflecting the considerable interest we have received, we held 347 IR interviews in FY2024, a significant increase of 120 interviews from FY2023. The feedback and insights gained from dialogue with stakeholders are regularly shared through various forums, including the Board of Directors and the Executive Management Committee and utilized in the formulation of management and financial and capital strategies.

We have actively pursued improvements informed by such ongoing dialogue, particularly in areas where we receive the most feedback. Specifically, we focused first of all on improving communication methods and promoting awareness about the importance of Base Income, to gain a better understanding of this key

indicator for the Group. As I mentioned, we also set a record-high share repurchase program for FY2024. We made this decision with reference to investor opinions regarding capital allocation, with the aim of balancing growth investments and shareholder returns as well as improving capital efficiency. Based on feedback from investors, we have significantly revamped this Integrated Report as well, making it more compact. We have carefully selected key information without compromising quality, striving to balance readability with the high quality of information. The result is a report that can more effectively communicate the Group's strategy and value creation story to stakeholders.

Regarding matters of considerable attention or interest to the market, we strive to disclose information and engage in IR activities in a timely manner, aiming to support highly constructive dialogue with stakeholders.

### Conclusion

To achieve the targets of the Medium-Term Management Plan and our vision looking ahead at FY2030, we will continue working to maximize corporate value over

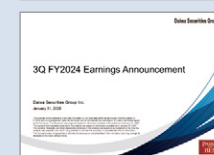
the longer term by reallocating management resources and enhancing management capabilities.

The steady accumulation of Base Income makes management of the Group more stable, while at the same time giving us more strategic options. Under disciplined capital management, we will work to further expand Base Income and build on this foundation to strike the optimal balance between growth investments and shareholder returns, striving to meet the expectations of our stakeholders. We are seeking to bring about a virtuous cycle in which our investments in growth steadily generate returns, which we can then use as the source of funds for shareholder returns and further growth investments, thereby continually expanding income.

We will also shore up the initiatives of the various businesses through close communication with the frontlines, while also supporting strategy execution in each segment from a financial perspective.

We hope to build even stronger trust with our stakeholders through transparent disclosure and constructive dialogue. We ask for your continued support and understanding.

Starting with the third quarter results of FY2024, we moved the announcement time forward to 11:30 a.m. (JST). Until now, it had been traditional to announce financial results after the Tokyo Stock Exchange closed, but we made this change in response to calls from investors to stagger and move up announcement times. The fact that the Tokyo Stock Exchange extended its trading hours by 30 minutes in November 2024 was another consideration. We also live-stream our press conference (results presentation only) at the Kabuto Club (the press club for the Tokyo Stock Exchange) on the official YouTube channel of Daiwa Securities Group.



**On-demand streaming on YouTube**  
<https://www.youtube.com/@DaiwaGroup>  
 (In Japanese only)



**Results briefing materials**  
<https://www.daiwa-grp.jp/english/ir/presentation/>

# 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.



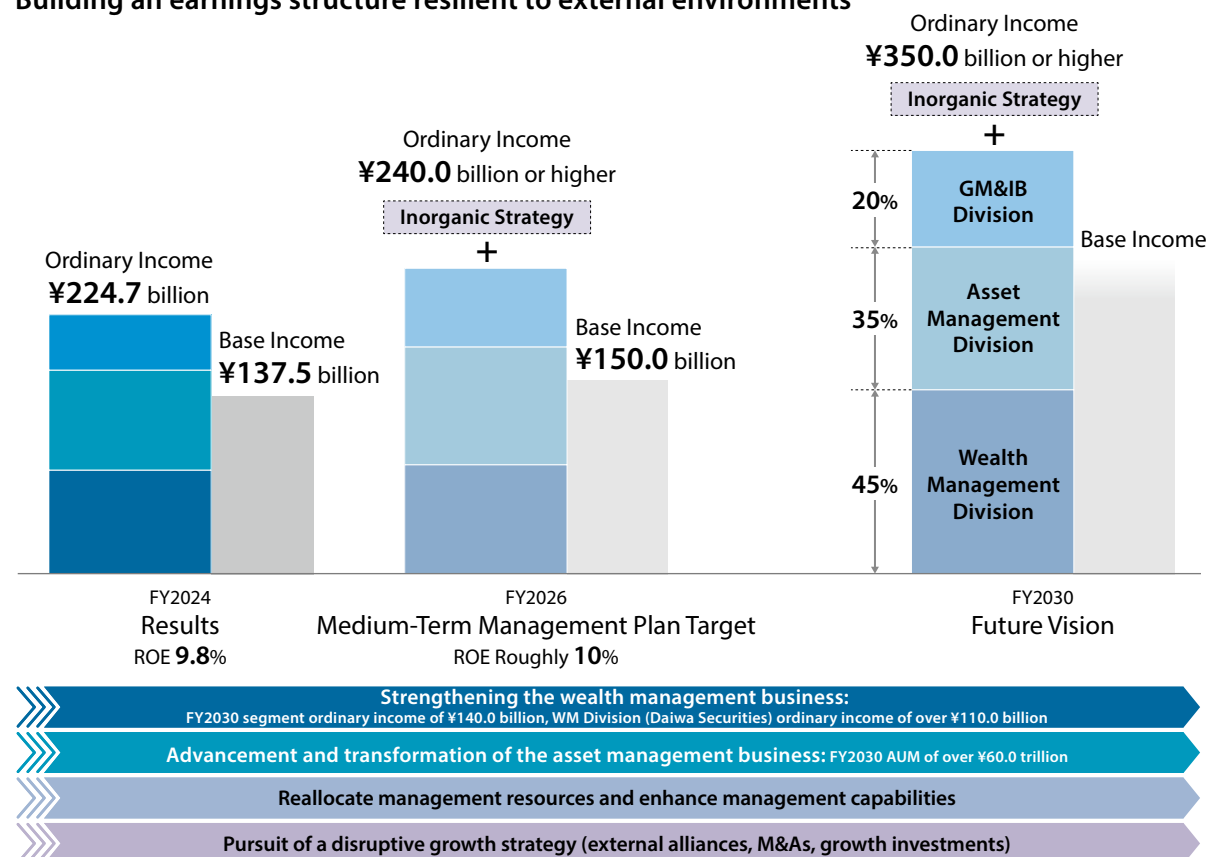
## Future Vision for FY2030: Building an earnings structure resilient to external environments

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.

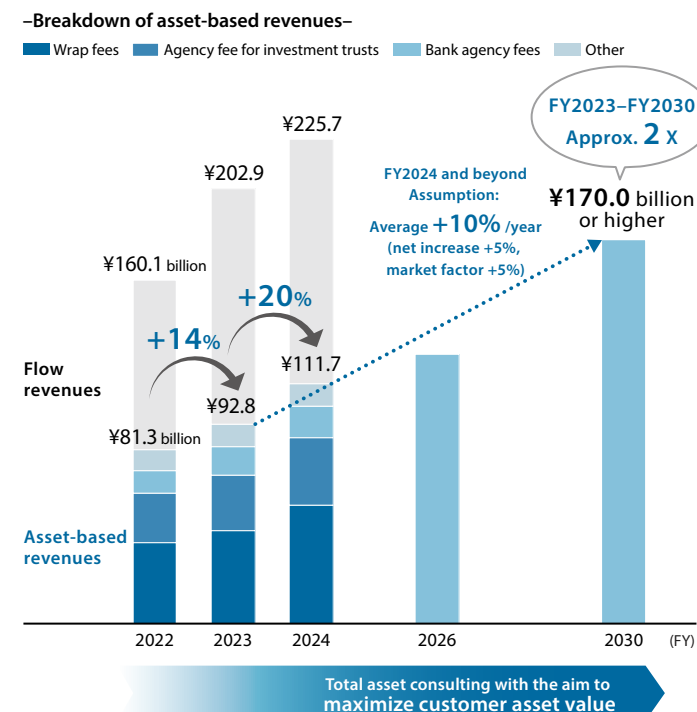
Our Wealth Management (WM) Division is accelerating its shift to a wealth management business model, aiming to boost asset-based revenue linked to the balance of assets under custody. Our Asset Management (AM) Division is working to enhance its business by expanding its product lineup, including bonds, 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)



## 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.

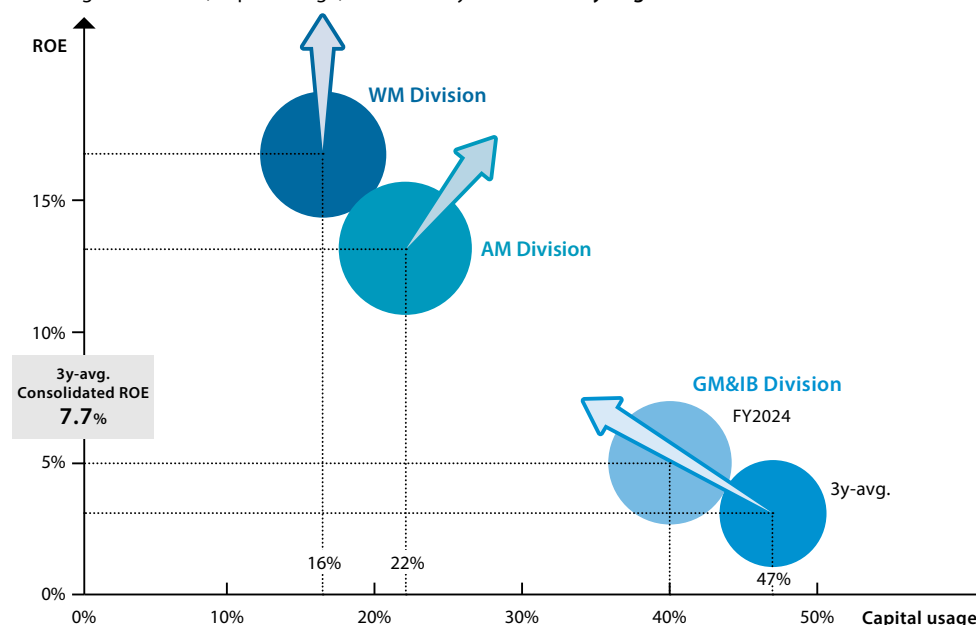
### Capital usage (RWA base) and business attributes

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

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

### 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%).

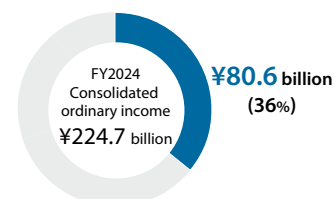
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Group Consolidated ROE</b>	8.6%	17.0%	12.8%	9.5%	8.4%	8.8%	5.1%	4.9%	8.5%	7.0%	4.6%	8.3%	9.8%

(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 ..... <b>182</b>
■ Daiwa Next Bank, Ltd.	(Daiwa Securities) Number of customer accounts with balance ..... <b>3,209</b> thousand
■ Daiwa Connect Securities Co., Ltd.	(Daiwa Next Bank) Balance of deposits ..... <b>¥4.3</b> trillion
■ Fintertech Co. Ltd.	(Daiwa Next Bank) Number of accounts ..... <b>1,894</b> 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.

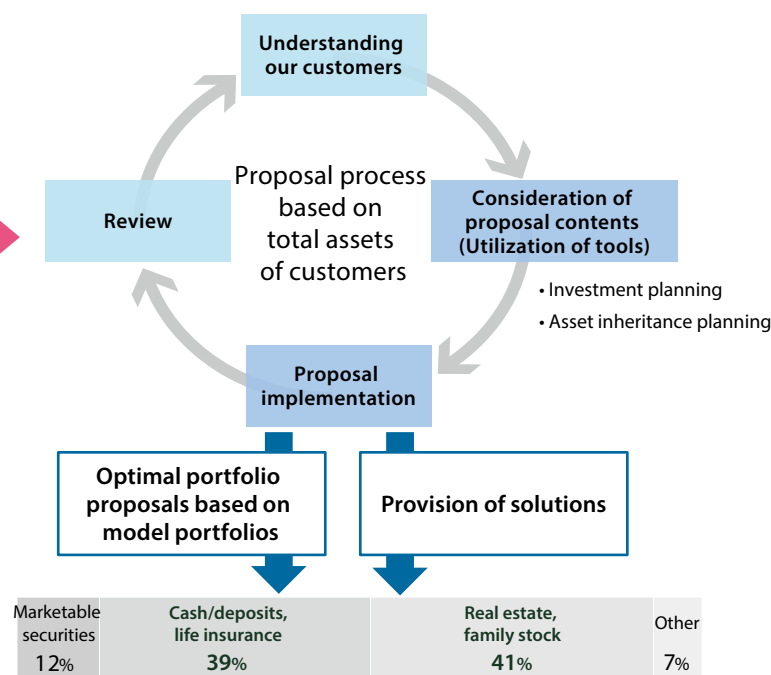
#### Strategies based on the attributes of our customers

##### High consulting needs

 <b>Private banking</b>	Strengthen services and the support structure to respond to diverse needs of ultra-wealthy customers
 <b>Asset consultant</b>	Provide total asset consulting proposals that include non-financial assets
 <b>Digital channels</b>	Build a service provision structure that combines people and the digital world to enable efficient approaches
 <b>Daiwa Connect Securities</b>	Collaborate with Daiwa Connect Securities to provide advanced UI and low-cost services

##### Self-sufficient Low consulting needs

#### 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

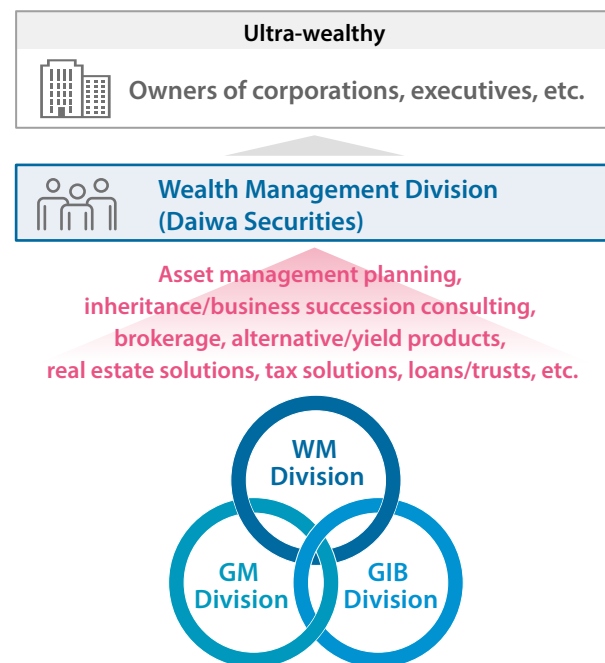
### Organizational support and optimal solutions

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.

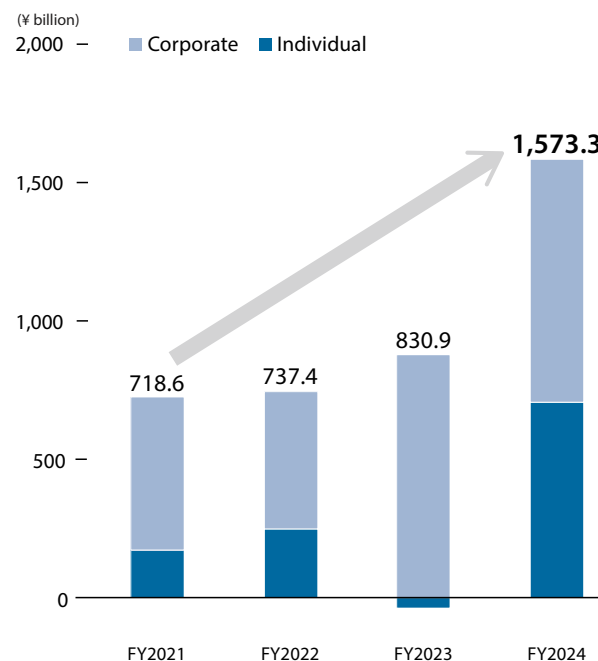
Our NPS, an indicator of customer satisfaction, also improved significantly in the second half of FY2024. Going forward, we will continue to aim at improving customer satisfaction and **maximizing customer asset value** by accurately grasping their potential needs through total asset consulting and proposing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

#### Build a coverage structure for ultra-wealthy customers



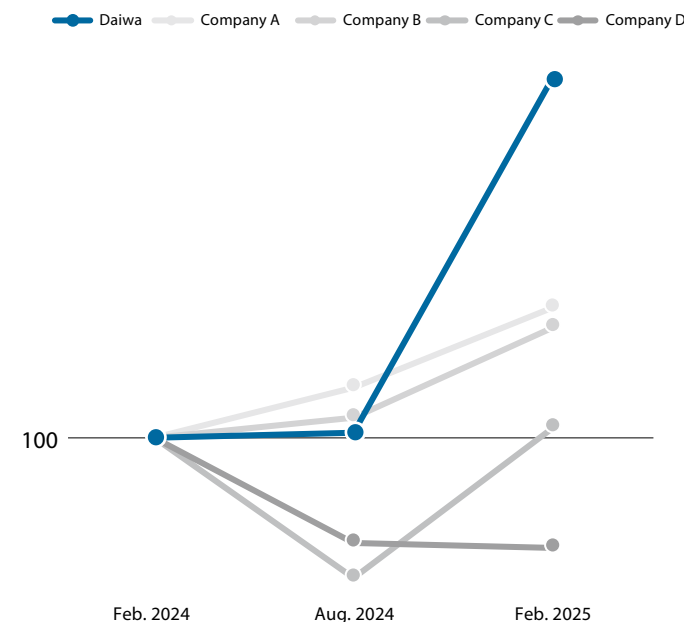
Provide organizational support and build a collaboration structure

#### 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.

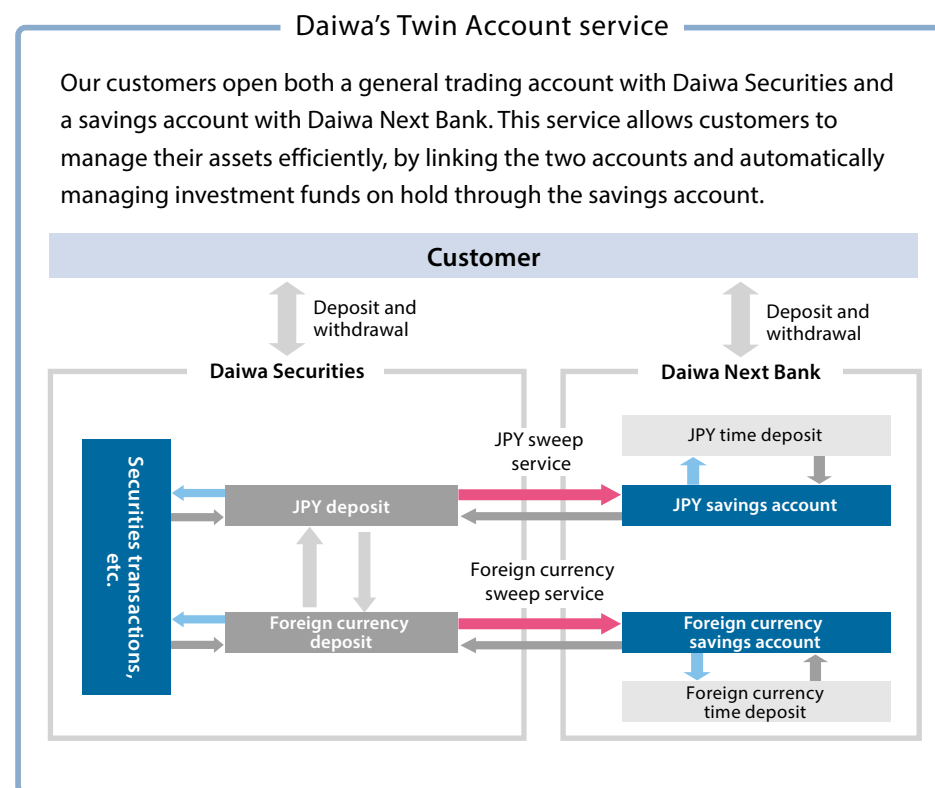
## Wealth Management Strategy

### 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

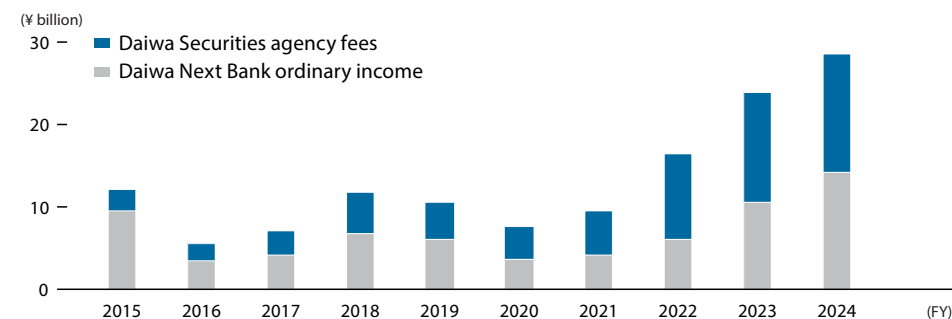
### Daiwa Next Bank



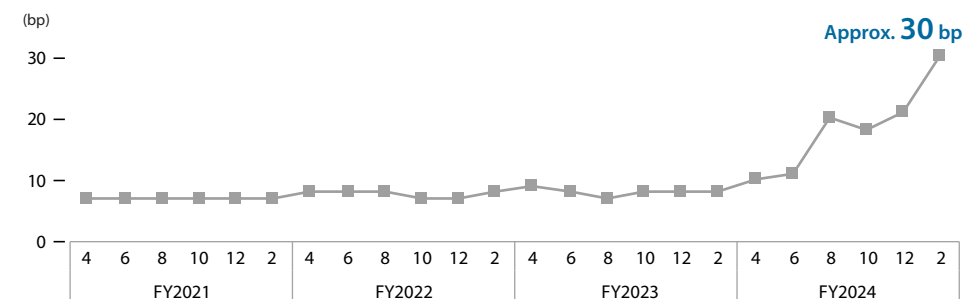
trading and other transactions, as well as to secure profits by way of interest margins by investing the funds raised through deposits. Interest margins on yen-denominated funds remained low for many years due to the negative interest rate environment in Japan. However, since the Bank of Japan lifted 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.

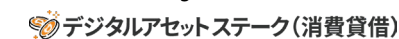
Fintertech offers the following products: (1) Digital Asset-backed Loan, which targets crypto assets that have not been accepted as collateral in Japan; (2) Digital Asset Staking (consumption loans), which offers a fee on the back of crypto lending; (3) KASSAI, a crowd-type monetary assistance service 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

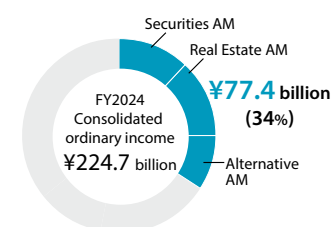
- ◆ Joint development of financial products such as real estate investment loans that contribute to growth for the Daiwa Securities Group real estate business
- ◆ Promote Web 3.0 domain survey research and business development



# 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.

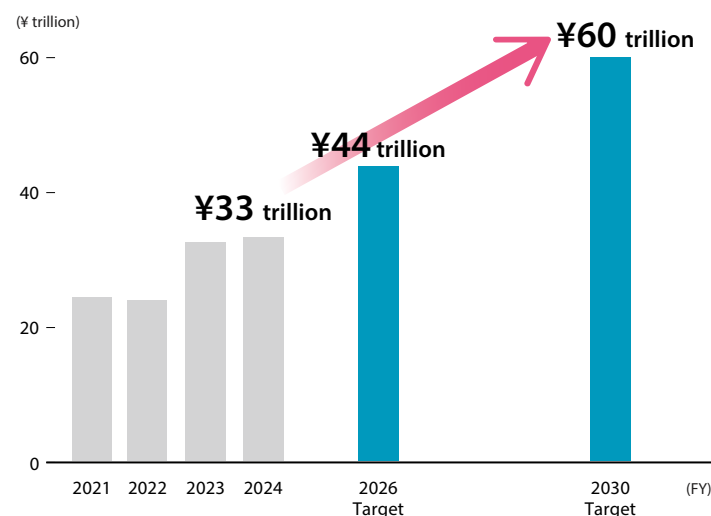
Daiwa Asset Management (Daiwa AM) announced a capital and business alliance in the asset management sector with JAPAN POST INSURANCE in May 2024. By October, JAPAN POST INSURANCE had acquired a 20% stake in Daiwa AM. By partnering with JAPAN POST INSURANCE, one of Japan's largest asset owners, Daiwa 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.

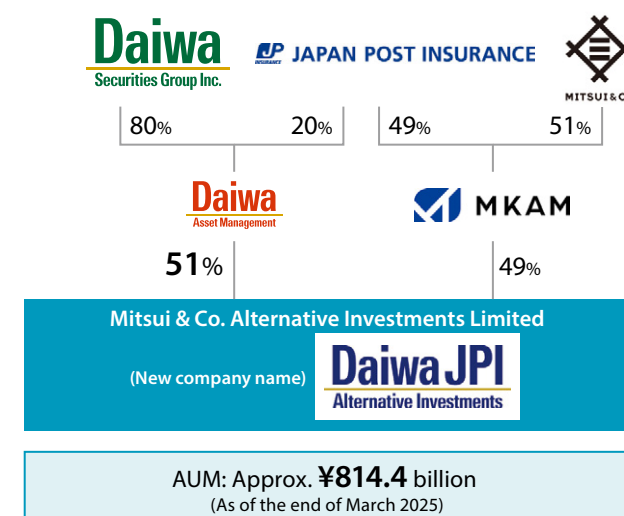
#### Trends in Securities AM total AUM



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

#### 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.

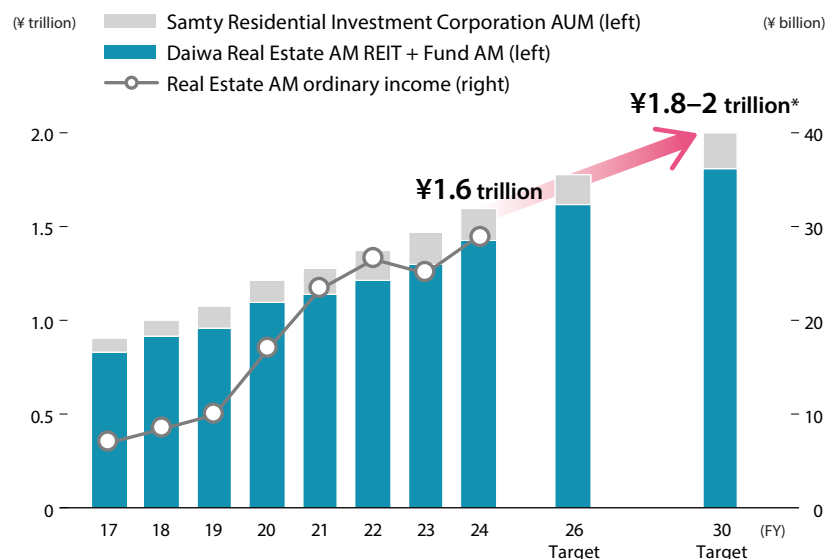
Real estate companies tend to avoid transacting or consulting with competitors when selling properties. As an independent player in the real estate sector, the Group

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.

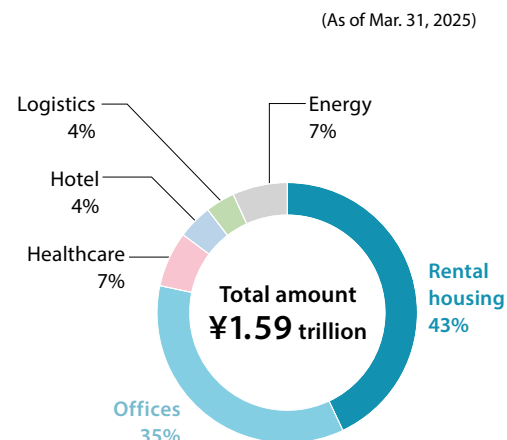
In March 2025, Daiwa Real Estate Asset Management began managing a large private fund. We aim to continue expanding assets under management through both REITs and private funds.

#### Real Estate AM AUM / Ordinary income

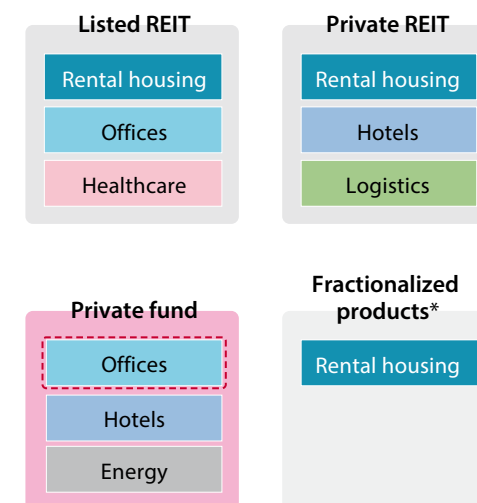


\* In order to exceed AUM of ¥1.8 trillion, factors such as a favorable acquisition environment, REIT M&As, funding capacity, etc., among other requirements, must be met.

#### Asset-type ratio



#### Diversification of the real estate-related product



\* Managed by Daiwa Securities Realty

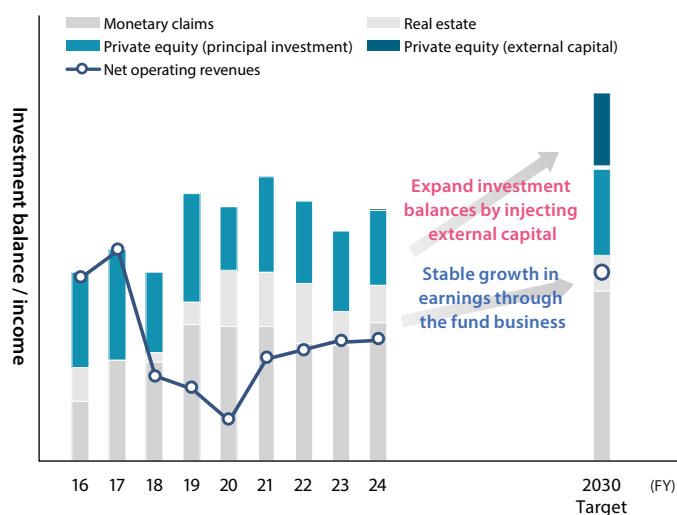
## Asset Management Strategy (Alternative Asset Management)

### From self-funded investment to asset management

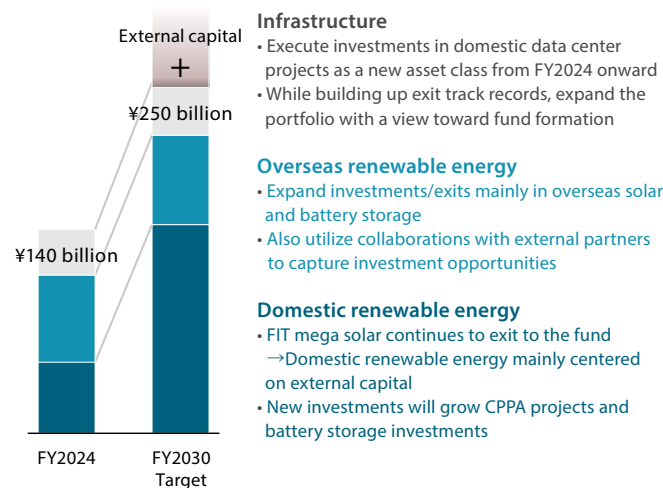
Alternative Asset Management is shifting from investing our own capital to an asset management business that uses external funds. Daiwa Corporate Investment, a veteran in venture capital, has built a 40-year track record in fund management. Daiwa PI Partners and Daiwa Energy & Infrastructure, which have 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.

#### Shift to the fund business by Daiwa PI Partners



#### Daiwa Energy & Infrastructure (DEI)



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.

#### 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

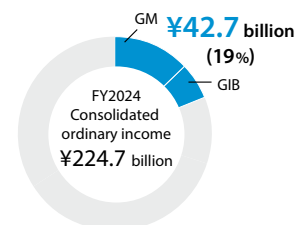
Participate in the management of ENW in collaboration with the new shareholder, Iberdrola S.A.



## 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

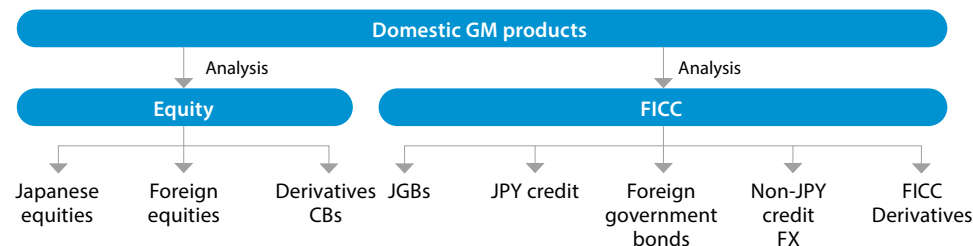
#### Improvement in investment returns

- ▶ 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.

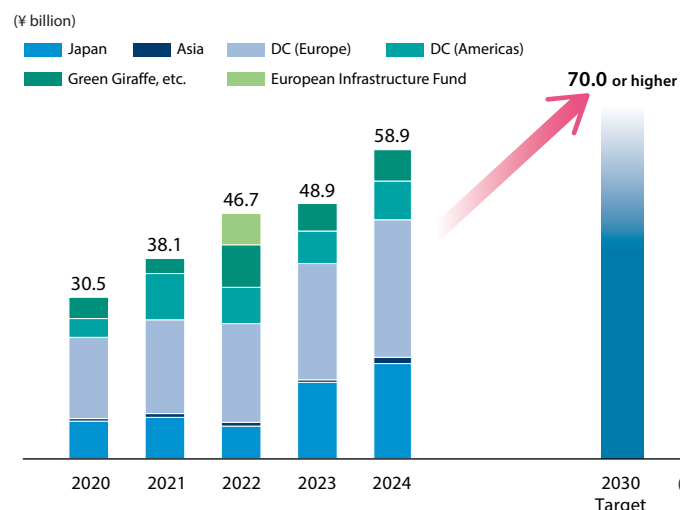
In addition, our focus on providing thematic solutions yielded a dramatic increase in the number of large-scale M&A deals in Japan, improving profitability.

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

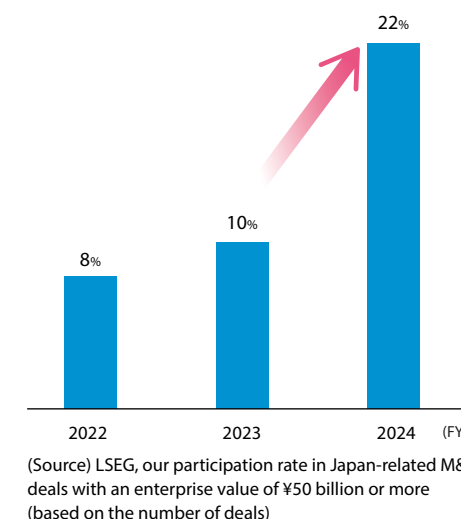
#### Priority measures going forward

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.

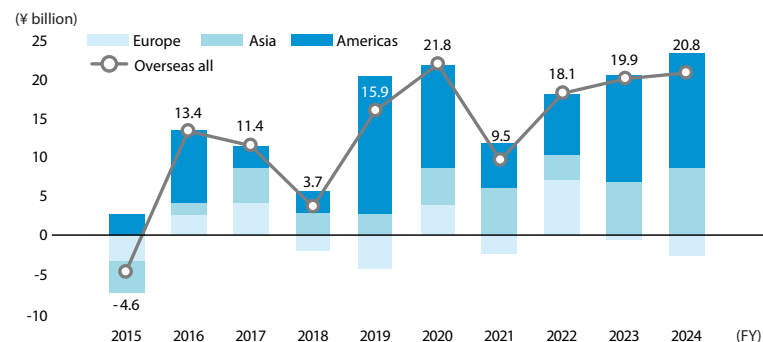
In Europe and the Middle East, we implemented drastic cost cutting measures, putting an organization in place to allow us to record stable profits as efficient sales offices. With regards to the FICC business, we aim to expand our product lines and streamline sales activities by pursuing integrated management 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.

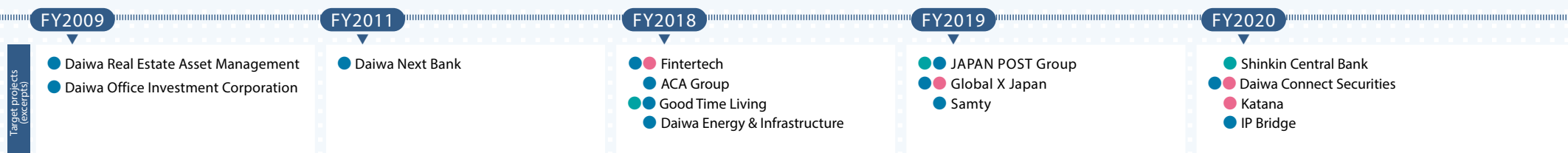


## Promote a disruptive growth strategy (external alliances, M&As, growth investments)

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

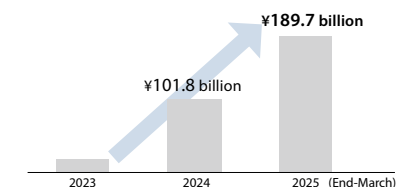
Inorganic strategy direction: ● Expand the customer base ● Enhance functions/expand products ● Open innovation



### FY2019 Collaboration with JAPAN POST BANK

- Collaboration on fund wrap with JAPAN POST Group

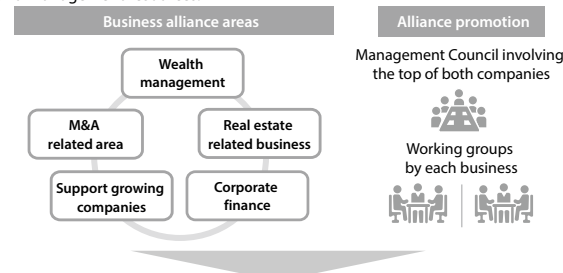
JAPAN POST BANK fund wrap balance\*  
(Began handling in May 2022)



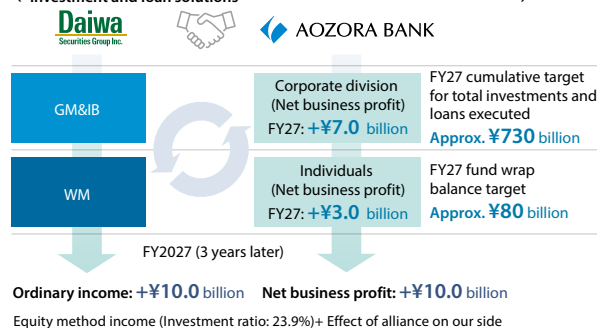
\* From earnings results presentation materials for FY2024 4Q

### FY2024 Capital and business alliance with Aozora Bank

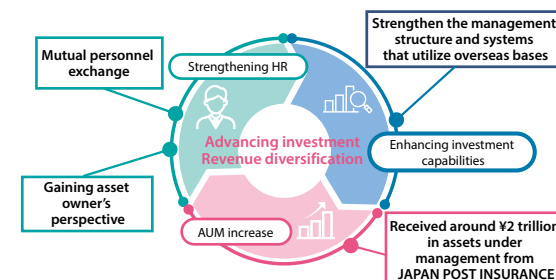
- Accelerate the pace of efforts to maximize customer asset value through collaboration between both companies with differing strengths and management resources.



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

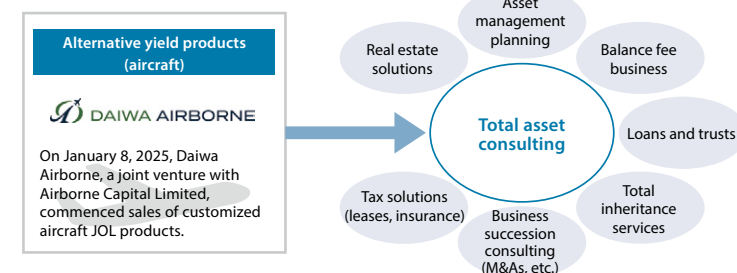


### FY2024 Capital and business alliance with JAPAN POST INSURANCE in the asset management field



### 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

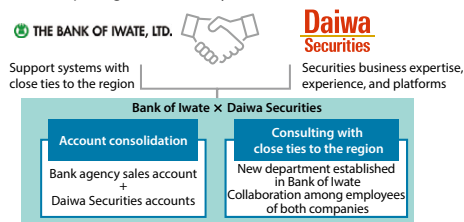
- Daiwa Securities Realty
- Shikoku Bank

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

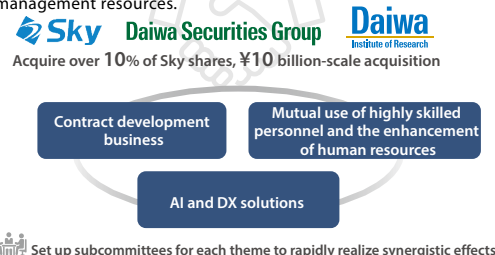


Assets on deposit held by both companies:  
Around **¥580 billion\*** → **¥850 billion** after five years

\* Includes insurance

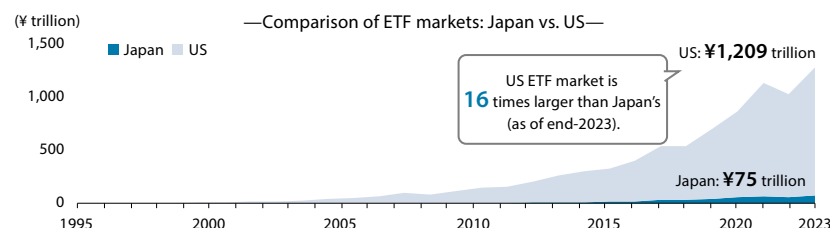
### FY2024 Capital and business alliance with Sky / Synergies with Daiwa Institute of Research

- 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

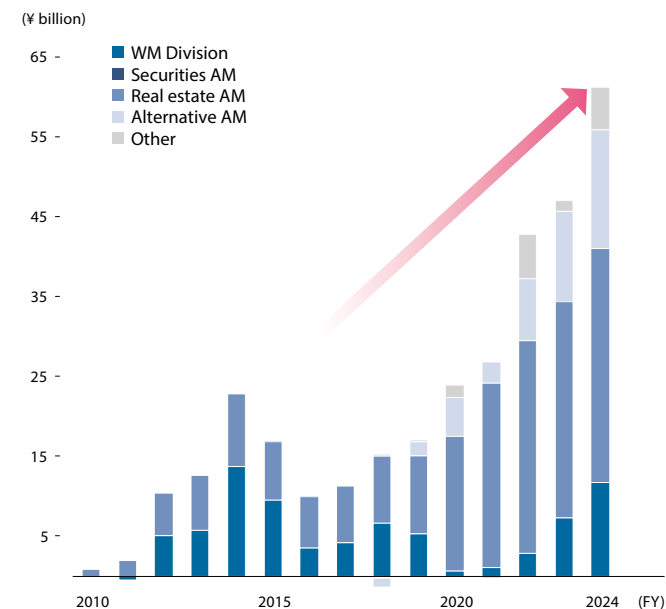
- Acquired a 20% stake in Global X LLC, a leading thematic ETF provider in the US, in Feb. 2025.
- Entered the rapidly growing US ETF market, the world's largest ETF marketplace.



(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

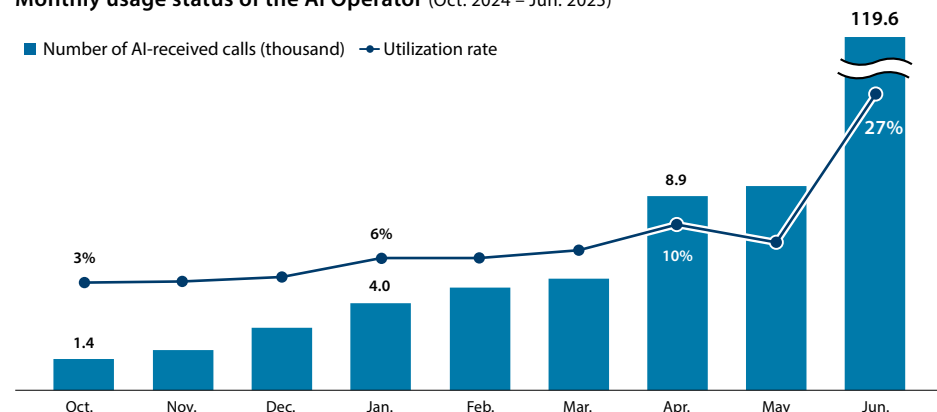
With the launch of the new NISA system in 2024, the shift from savings to asset formation has picked up speed. As more customers take an interest in building assets, inquiries have been rising. In response, we introduced an AI operator service.

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.



# Sustainability

51	.....	Message from the Head of Sustainability
52	.....	Vision 2030
53	.....	Sustainability KPIs
54	.....	Risks and Opportunities
56	.....	Sustainability-related Business
59	.....	Carbon Neutrality Initiatives
61	.....	Human Capital
67	.....	Corporate Governance Dialogue
70	.....	Directors (Members of the Board)
72	.....	Messages from Outside Directors
74	.....	Corporate Governance
80	.....	Executive Compensation
82	.....	Reports from Committees
83	.....	Risk Management
84	.....	Compliance
85	.....	Systems Risk Management and AI Governance
86	.....	Stakeholder Engagement



## Message from the Head of Sustainability



**Keiko Tashiro**

Deputy President  
Head of Asset Management, Securities Asset  
Management, Sustainability and Financial Education  
Daiwa Securities Group Inc.

### Communicating the significance of sustainability through disclosure

Sustainability values and initiatives differ by country and region, with diverse challenges. As sustainability conditions shift, companies face growing complexity in their responses. In Japan, we still rank low in the World Economic Forum's Gender Gap Index. Another major challenge is that our energy self-sufficiency remains low amid rising geopolitical risks. These are just some of the issues we must address. We must keep pushing forward with our sustainability efforts.

In this context, Japan's first sustainability disclosure standard was released in March 2025 by the Sustainability Standards Board of Japan (SSBJ). Using standards based on the IFRS Sustainability Disclosure Standards from the International Sustainability Standards Board (ISSB) ensures international comparability and consistency, aiding dialogue with investors and boosting corporate value. This should lead to better disclosure by Japanese companies and progress in their efforts.

We see sustainability disclosure not as a mere obligation, but a key tool for communicating our intentions. We will actively share this information. We have set "Creating a prosperous future through financial and capital markets" as the core concept of our Vision 2030. Through various initiatives based on Materiality, we aim to boost corporate value and help solve social issues, creating a prosperous future. Our sustainability KPIs include D&I indicators like the percentage of female managers and directors, and decarbonization indicators like greenhouse gas emissions.

Through this Integrated Report, we hope to provide stakeholders with a broad view of our initiatives, helping them to appreciate the importance of our commitment to sustainability.



At the IFRS Foundation Trustees Meeting  
(Montreal, Canada, October 2024)  
Photographer: Paul van den Boom



## Vision 2030

### Materiality under our Vision 2030

The core concept of our Vision 2030 is creating a prosperous future through financial and capital markets. In an era where people are enjoying 100 years of life, we will provide high-quality solutions as professionals in the financial and capital markets, while at the same time contributing to a carbon-free society and promoting innovation inside and outside the Group in order to realize a prosperous future for all.

### Vision 2030



### Materiality

#### Diversity & Inclusion

In order to strengthen our competitiveness, we aim to become an organization in which employees can express their individuality and demonstrate their expertise, and achieve personal growth and job satisfaction.

#### Innovation

In addition to aiming to generate innovation for a prosperous society through cooperation with our partners both in Japan and overseas, we will expand the number of new business opportunities and take on the challenge of self-transformation.

#### Foundation of sustainable management

In order to achieve these themes of 100 years of life, Innovation, Green & Social, and Diversity & Inclusion, we will make the base that supports sustainable corporate management even more robust.

#### 100 years of life

In preparation for achieving a society where anybody can live comfortably in the area of 100-year lifespans, we will help to maximize the value of assets to meet the diversifying needs of customers.

#### Green & Social

In order to achieve a sustainable and carbon-free society, we will focus on providing financial products and services that help resolve social issues.

### Process of formulating and revising Vision 2030

In 2021, Daiwa Securities Group formulated Vision 2030, its management vision for the Group through to 2030. As part of the process, we singled out and evaluated important medium- to long-term social issues, and through dialogue with stakeholders identified Materiality.

When formulating our Medium-Term Management Plan “Passion for the Best” 2026 in 2024, we updated Vision 2030 after re-opening discussions on what kind of group we believe Daiwa Securities Group should be, including from the perspective of sustainability.

We aim to achieve our Vision 2030 goals by managing the progress of our efforts using KPIs so as to achieve a sustainable society and further improve the Group’s value.

### Process of identifying Materiality

**Step 1**  
Understanding and assessing social issues

**Step 2**  
Dialogue with internal and external stakeholders

**Step 3**  
Formulation of Materiality (draft)
















**Step 4**  
Management’s discussions and decisions

### Taking on Materiality and realizing Vision 2030

Representatives of various headquarters and Group companies will manage progress, seek to understand issues, and implement related measures.






The state of progress will be regularly monitored by management through committees, including the Sustainability Promotion Committee and Board of Directors.

## Sustainability KPIs

Materiality	Sustainability KPIs	FY2026 target	FY2024 4Q	Purpose of setting (expected effect on business)	Connection with corporate value improvement
Diversity & Inclusion	 NISA-eligible public stock investment trusts balance (excluding ETFs)	¥4.6 trillion	¥3.4 trillion	Increase income by expanding targets to include new investors generated by the expansion of the NISA scheme	Increase income Diversify profit opportunities
	 Number of customers who have purchased sustainability-related products	Continuously expand	59,035 accounts	Expand investor base by disseminating the meaning of sustainability investments among customers	
	 Ranking of GX Transition Bond Primary Dealer Bids	In the top 3	1st	Expand the SDG bond market, diversify revenue opportunities, and improve reputation through our track record as a primary dealer	
100 years of life	 SDGs-related bond league table	In the top 2	1st	Increase profits by diversifying capital procurement methods such as SDG bonds	Expand sustainable business
	 Sustainability-related investment balance	¥180 billion	¥131 billion	Increase income by investing in the renewable energy and infrastructure fields where stable investment returns can be expected	
	 ESG investment balance	¥100 billion	¥120 billion	Improve reputation by participating in investments that contribute to solving social issues	
Innovation	 Green building certification ratio (DOI/DLI/DLP)*1	65/20/25%	67.5/23.2/37.6%	Improve reputation with tenants and increase asset value	Improve reputation
	 Number of value created digital projects *2 / digital project trials*3	10 projects/50 trials	2 projects/45 trials	Create value and increase productivity by transforming our business model and building new business models	Increase productivity
	 Ratio of female managers (consolidated / Daiwa Securities)	20/25% or higher	20.4/23.2%	Improve productivity through business operations based on diverse opinions	
Green & Social	 Rate of childcare leave taken by male employees (consolidated / Daiwa Securities)	100/100% or higher	103/101%	Improve productivity through business operations based on diverse opinions	
	 Engagement survey score (consolidated)	80% or higher	81%	Improve productivity by creating an environment that allows employees to exert their capabilities	Strengthen sustainable operating base
	 Ratio of female directors on the Board (Daiwa Securities Group Inc.)	30% or higher	50%	Strengthen governance by incorporating diverse perspectives into management decisions	
Foundation of sustainable management	 Greenhouse gas emissions (Our own*4 / investment portfolio*5)	Net zero / 186 to 255	2,725/243*7	Strengthen governance through climate change response and environmental management	Enhance corporate value
	 Renewable energy switching rate for offices and data centers	100%	100%	Contribute to the realization of a carbon-neutral society by expanding renewable energy to data centers and offices	
	 Numbers provided with financial and economic education	2.5 million*6	1.7 million*8	Contribute to medium- and long-term growth in investor population	






\*1 DOI: Daiwa Office Investment Corporation, DLI: Daiwa Securities Living Investment Corporation, DLP: Daiwa Securities Logistics Private Investment Corporation \*2 Projects that utilize new digital technologies and are either innovative or contribute to business transformation (FY2026) \*3 Trials of DX projects and AI/Data Science projects (FY2026) \*4 Total of Scope 1 and 2 (Unit: t-CO<sub>2</sub>e) (FY2030) \*5 The target is project finance for the power sector. (Unit: g-CO<sub>2</sub>/kWh) (FY2030) Includes some estimated values. \*6 Cumulative total for FY2005-FY2030 \*7 Results for FY2023 \*8 Cumulative total for FY2005-FY2024

# Risks and Opportunities

Materiality	Diversity & Inclusion	100 years of life	Innovation	Green & Social	Foundation of sustainable management
					
	<b>Risks</b>	<b>Risks</b>	<b>Risks</b>	<b>Risks</b>	<b>Risks</b>
Opportunities	<ul style="list-style-type: none"> <li>◆ Risk of being unable to respond to changes in the environment due to failure as an organization to capitalize on the flexibility and diversity of human resources</li> <li>◆ Risk that the Group HR strategy falls behind that of other companies, making it difficult to attract human resources</li> <li>◆ Risk of weakening in the human resources base or customer base due to increasing social disparity and poverty issues</li> </ul>	<ul style="list-style-type: none"> <li>◆ Risk that contraction in capital markets will occur due to the instability of public finances in each country and to mounting geopolitical risks</li> <li>◆ Risk of a deterioration in the earnings environment if factors such as a slumping market contribute to reduced customer investment demand</li> <li>◆ Risk that the Group's customer base will shrink under a widening gap between the rich and poor as well as deterioration in regional economies</li> </ul>	<ul style="list-style-type: none"> <li>◆ Risk of falling behind the competition in meeting changing needs of customers and in developing new services and products</li> <li>◆ Risk of worsening earnings environment in the financial industry with the influx of new entrants with disruptive technologies and new business models</li> <li>◆ Risk that a relative decline in market positions will occur due to industry realignment</li> </ul>	<ul style="list-style-type: none"> <li>◆ Risk of fewer underwriting business and other business opportunities in industries that are easily affected by tightening regulations</li> <li>◆ Risk of a decrease in the value of assets held by the Group due to the declining performance of investee companies affected by worsening social issues</li> <li>◆ Risk of a lower market evaluation stemming from the inadequate response to the issue of sustainability or delays in responding to tightening regulations</li> </ul>	<ul style="list-style-type: none"> <li>◆ Risk of damage to the Group's reputation if and when actions that run contrary to corporate ethics occur</li> <li>◆ Risk of sustaining damage such as information leaks if and when subjected to cyberattack</li> <li>◆ Risk of losing stakeholder trust and corporate value stemming from delays in responding to sustainability issues and the tightening of related regulations</li> </ul>
	<ul style="list-style-type: none"> <li>◆ Productivity gains through stronger employee engagement that recognizes diversity</li> <li>◆ Acquiring and retaining talented human resources through enhanced human resource measures</li> <li>◆ Improved organizational performance through the promotion of health management</li> </ul>	<ul style="list-style-type: none"> <li>◆ Growing need for wealth management and asset succession services in line with concentration of financial assets among the elderly population</li> <li>◆ Increasing needs for asset management to support old age, improving financial literacy in Japanese society</li> <li>◆ Growing momentum toward regional revitalization</li> </ul>	<ul style="list-style-type: none"> <li>◆ Growing demand for corporate financing and M&amp;As to realize innovation</li> <li>◆ Advancement of inorganic strategies focused on open innovation</li> <li>◆ Possibility of offering new financing methods and products, such as security token offerings using blockchain or other digital technologies</li> <li>◆ Expanding investment demand for new asset classes</li> <li>◆ Greater productivity and increased business development opportunities through the recruitment and training of digital IT personnel</li> </ul>	<ul style="list-style-type: none"> <li>◆ Mounting demand for finance that helps solve social issues</li> <li>◆ Opportunities to invest in and enter businesses that contribute to solutions to social issues</li> <li>◆ Development and provision of new financial products and services that balance economic returns and social impact</li> </ul>	<ul style="list-style-type: none"> <li>◆ Positive impact on Group corporate value due to improved ESG evaluation</li> <li>◆ The Group's efforts may lead to advising of client companies or project acquisitions</li> <li>◆ Stronger foundation for the value chain</li> <li>◆ Promoting dialogue with stakeholders</li> </ul>



## Risks and Opportunities

Materiality	Diversity & Inclusion	100 years of life	Innovation	Green & Social	Foundation of sustainable management
					
Key Initiatives	<ul style="list-style-type: none"> <li>◆ <b>Improvements in engagement and productivity</b> <ul style="list-style-type: none"> <li>Ascertaining the strengths and challenges of each level and organization based on the results of engagement surveys and implementing improvement actions</li> </ul> </li> <li>◆ <b>Achieving a human capital portfolio in which the right person is matched to the right job</b> <ul style="list-style-type: none"> <li>Introduction of a talent management system to visualize employee skill levels</li> </ul> </li> <li>◆ <b>Creating a work environment that values openness</b> <ul style="list-style-type: none"> <li>To assist in the early return to work from childcare or nursing care leave, expanded our flextime system by relaxing requirements for its use</li> <li>As part of our efforts to create environments in which each and every employee can maximize their performance, permitted office casual wear year-round</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ <b>Promotion of a wealth management business model</b> <ul style="list-style-type: none"> <li>Expanded our lineup of alternative investment products (funds, real estate investment loans, aircraft leasing, etc.) to provide new investment opportunities</li> <li>Following on from the tie-up with Shikoku Bank, entered into a business alliance with Bank of Iwate. Implemented organizational reforms to promote business collaboration with regional partner financial institutions</li> <li>Through a capital and business alliance with Aozora Bank, plan to provide high value-added consulting services to mutual customers and develop new products and services that utilize Aozora Bank's loan and trust functions</li> </ul> </li> <li>◆ <b>Initiatives in line with Promoting Japan as a Leading Asset Management Center published by the Government of Japan</b> <ul style="list-style-type: none"> <li>Launched an Emerging Manager Program (EMP), a program which invests in funds managed by emerging managers, with JAPAN POST INSURANCE and an EMP investment framework, in which Daiwa Securities Group Inc. invests, and undertook initial investments in each</li> <li>Entered into a business collaboration with the Sumitomo Mitsui Trust Group to realize improvements in efficiency across the asset management industry by building a data sharing platform between asset management companies and trust banks</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ <b>Utilization of AI technology and digital tools</b> <ul style="list-style-type: none"> <li>Began providing an inquiry service with AI operators to respond to a variety of customer inquiries</li> <li>Began providing our D-Port service, a smartphone app that presents customer assets in visual form and provides an overall picture of their financial assets, including NISAs, defined contribution pension plans, and stock ownership plans</li> </ul> </li> <li>◆ <b>Further promotion of cryptocurrency-related business</b> <ul style="list-style-type: none"> <li>Fintertech's cryptocurrency lending service, Digital Asset Stake (loans for consumption), launched as a service to receive yen lending fees</li> </ul> </li> <li>◆ <b>Support for startups</b> <ul style="list-style-type: none"> <li>Anticipating expansion of the secondary market for unlisted stocks, signed a memorandum of understanding with the Kepple Group with respect to a capital participation and business alliance</li> </ul> </li> <li>◆ <b>Development of human resources capable of developing digital IT services</b> <ul style="list-style-type: none"> <li>Introduced the Digital IT Master certification system as an employee development program</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ <b>Promoting sustainable finance</b> <ul style="list-style-type: none"> <li>Supporting a variety of sustainable finance issuances, including Japan's first sustainability-linked bond to adopt nature positive-related KPIs</li> <li>Focusing on expanding the scope of impact finance in Japan through investments in impact investment funds</li> <li>Selected as a member of the Advisory Council of the International Capital Market Association (ICMA) Advisory Council for the second consecutive year</li> </ul> </li> <li>◆ <b>Expanded renewable energy-related business investment and business tie-ups</b> <ul style="list-style-type: none"> <li>Invested in onshore wind and solar power projects in the US and Australia</li> <li>Participation in a demonstration test for the development of a hybrid power storage facility with sharing functionality by NR-Power Lab (joint venture between NGK and Ricoh)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆ <b>Increasing the sophistication of information security</b> <ul style="list-style-type: none"> <li>NEC and Daiwa Institute of Research (DIR) will utilize AI in trade surveillance operations to monitor market manipulation and other unfair trading practices</li> <li>Implemented an automated recording system for customer interactions that utilizes generative AI and voice recognition to ensure transparent communication with customers</li> <li>DIR and Receipt Inc. entered into a capital and business alliance to provide next-generation personal information management services to prevent unnecessary exchanges of personal information</li> </ul> </li> <li>◆ <b>Strengthening governance and risk management</b> <ul style="list-style-type: none"> <li>Maintaining a ratio of female directors of 50% to incorporate diverse perspectives into management decisions</li> <li>Revising the Daiwa Securities Group Environmental and Social Policy Framework while initiating the regular screening of investment and lending destinations for child labor, forced labor, and human trafficking</li> </ul> </li> <li>◆ <b>Expanding the disclosure of sustainability-related information</b> <ul style="list-style-type: none"> <li>Expanding disclosure on natural capital and biodiversity initiatives</li> </ul> </li> </ul>

## Sustainability-related Business

Under Vision 2030, the Group is actively pursuing sustainability-related business to build a sustainable society and increase corporate value.

The Medium-Term Management Plan “Passion for the Best” 2026 sets sustainability KPIs aligned with the Materiality identified in Vision 2030. We monitor progress through the PDCA cycle and have set multiple KPIs for specific business areas, including SDG-related bonds, publicly offered equity investment trusts under NISA, and sustainability-related investments. We are steadily working to track results and achieve our targets.

We are also strengthening our foundation for sustainable management, engaging in meaningful dialogue with stakeholders through appropriate disclosure, and actively contributing to rule-making through our participation in domestic and international initiatives.

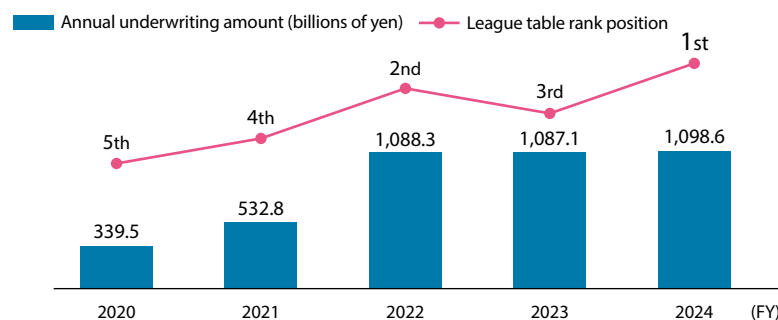
Looking ahead, the entire Group will continue to work together on sustainability to drive long-term corporate value.

### Promoting sustainable finance

As the sustainable finance market grows, the Group is using its long-standing experience and expertise to deliver a wide range of solutions meeting diverse customer needs. We aim to lead the market by creating and offering innovative financial products that address environmental and social issues, strengthening our sustainable revenue base and increasing corporate value.

The Group has consistently ranked among the top lead managers in Japan's SDG-related bond market.\*<sup>1</sup> With our average annual transaction volume growth of 34.1%,

#### Domestic SDG bonds: Daiwa Securities underwriting amounts and league table position



outpacing the overall market growth of 20.8%,\*<sup>2</sup> we have firmly established our leadership in this space. We have also played a pioneering role in launching numerous market firsts globally and in Japan. These include the world's first government transition bond (GX Economy Transition Bonds), the first blue bond in the global shipping industry (Mitsui O.S.K. Lines), and Japan's first transition bond issued by a financial institution (Development Bank of Japan).

Our work in sustainable finance extends beyond supporting individual projects, helping to enhance the Group's corporate value. We engage deeply with clients on management challenges such as ESG strategy planning, goal-setting, and disclosure. By offering long-term, hands-on support, we build strong, trust-based relationships that reinforce our revenue base. This approach is backed by the Sustainability Solutions Department, a dedicated unit established in 2021. Drawing on cross-product expertise and collaboration with internal and external specialists, we have led advanced initiatives in both bond and equity finance markets. We will also continue to explore emerging fields, including impact IPOs.

As investor and societal expectations grow more diverse and sophisticated, we stay ahead of market trends by developing and providing innovative financial solutions that open new revenue streams. At the same time, with concerns about greenwashing on the rise, we are working to foster a sound, sustainable finance market. One such effort involves developing generative AI tools to evaluate the environmental and social characteristics of SDG bonds during underwriting.

Our initiatives have earned strong external recognition. For example, we became the first securities firm to win the Ministry of the Environment's ESG Finance Award Japan (Silver Award) two years in a row.

As a leader in sustainable finance, we will continue to deliver forward-looking solutions that help address social challenges, enhance our clients' corporate value, and drive the Group's own sustainable growth.



DEALWATCH  
AWARDS 2024

CELEBRATING THE ACHIEVERS IN JAPAN'S CAPITAL MARKETS

\*<sup>1</sup> Bonds issued to tackle environmental and social issues as part of the issuer's sustainability strategy, including sustainability bonds.

\*<sup>2</sup> 2020-2024 CAGR

## Sustainability-related Business

### Offering attractive NISA-eligible funds

Vision 2030, viewed through the lens of sustainability, positions the era of 100 years of life as a component of our Materiality. In line with this Vision, Daiwa Asset Management is working to provide attractive products tailored to the NISA system, supporting asset formation in the era of 100 years of life. We are targeting a publicly offered equity investment trusts balance of ¥4.6 trillion (excluding ETFs) eligible for NISA by FY2026, and are taking various steps to achieve this goal.

Guided by the concept “More freedom to invest,” our initiatives for individual investors include the iFree Series—funds designed to meet diverse investment needs, many of which are now available under the new NISA system. For beginners, we created an introductory video, “Let’s start! The new NISA,” which is available on the websites of Daiwa Asset Management and its sales partners, as well as on screens at retail locations. To reach the younger generation, we appointed model and actress Aya Marsh as our asset formation ambassador. She communicates the importance of asset formation through ETF listing events and video content aimed at a broad audience.



To support sales partners, we published a NISA Guidebook that provides sales staff with a practical, systematic overview of the program, including FAQs and usage examples. We also created a one-sheet Q&A resource, NISA: What You Need to Know Now, addressing common questions.

The Japanese government's target of ¥56 trillion in cumulative NISA investments by the end of 2027—part of its Doubling Asset-based Income Plan—was reached nearly three years ahead of schedule, driven by surging investment activity following the launch of the new NISA system. Daiwa Asset Management is actively responding to this shift, working with both individual investors and sales partners to deliver strong results.

In FY2024, total inflows\* into NISA-eligible funds across the industry reached ¥13.9 trillion. Daiwa Asset Management captured about 7% of this market, with ¥1.03 trillion in inflows—ranking third among asset management firms.\* Several of our NISA-eligible funds attracted notable investor interest, including the iFreeNEXT FANG+ Index and

### NISA Guidebook

#### List of sections

- Chapter 1: What is NISA?
- Chapter 2: NISA from 2014 to 2023
- Chapter 3: The New NISA from 2024
- Chapter 4: Case Studies of NISA Usage by Pattern
- Chapter 5: Key Points on NISA
- Appendix: Daiwa Asset Management's New NISA-Eligible Funds

#### Content

#### Talk script for explanations to customers

#### Answers to questions customers frequently ask, in a Q&A format

#### A primer on the NISA system!

Total of 123 pages  
A5 size



#### Case studies of NISA use by pattern based on financial assets and investment experience

the Daiwa Dynamic India Equity Fund. In fact, three of our funds ranked among the top 30\* for fund inflows in FY2024. The iFreeNEXT FANG+ Index Fund, in particular, saw substantial growth, ranking fourth\* with ¥350.7 billion in net inflows over the year. As a result, our balance of publicly offered equity investment trusts eligible for NISA (excluding ETFs) reached ¥3.4 trillion by the end of FY2024—a year-on-year increase of approximately ¥1 trillion.

Looking ahead, Daiwa Asset Management will continue expanding its lineup of NISA-eligible products and promoting the system to broaden its investor base.

\* Daiwa Asset Management estimate



## Sustainability-related Business

### Investments in renewable energy and infrastructure

Daiwa Energy & Infrastructure is advancing strategic investments in renewable energy and infrastructure to help build a sustainable society while enhancing corporate value. It is expanding its role in decarbonization projects through a strong focus on solar power and battery storage businesses. In FY2024, it invested in grid-scale battery projects, onshore wind farms, and solar power plants in the US; solar power plants in Australia; and data centers designed to support generative AI and grid-scale battery projects in Japan.

As well as the social significance of these investments, which lower environmental impact, they also substantially contribute to strengthening our revenue base. Operating renewable energy plants, for instance, generate steady electricity sales, delivering predictable long-term cash flows and improving financial resilience. Battery storage, increasingly valuable in balancing the variable output of renewables, is emerging as a promising new revenue stream in the power market. Many existing investment assets generate stable, high cash flow through cost reduction and operational optimization. With tailwinds from the macro environment such as rising energy prices and stronger policy support, some assets generated capital gains far exceeding initial projections, contributing to revenue growth.

The renewable energy market is expected to sustain high growth amid the global shift toward decarbonization. Several factors are expected to fuel rising power demand: the rapid expansion of data centers due to AI and cloud services, the proliferation of semiconductor and battery manufacturing facilities, and the growing adoption of electric vehicles and related infrastructure. As a result, investments in these areas will help secure medium- to long-term growth and a competitive edge. In renewable energy and infrastructure, scale and technology are key drivers of competitiveness. Early entry and accumulated expertise differentiate companies from competitors. We aim to achieve sustainable growth by continuously improving efficiency and capabilities across the value chain, from project development to operation and maintenance.



Brazos Onshore Wind Farm in Texas



Madison Solar Power Plant in Ohio

### Efforts in impact finance

As climate change and demographic shifts—such as an aging population—become more pressing, interest is growing in the social impact of business activities. Impact finance, which seeks to minimize negative impacts and generate positive social outcomes, is gaining attention.

The Group is advancing a range of initiatives in this area. For example, Daiwa Asset Management has launched impact funds such as the decarbonization technology equity fund, and prepares impact reports. The Group has also invested in Impact Capital No. 1 Investment Limited Partnership, an impact investment fund, aiming to incorporate impact perspectives into financial services by applying lessons from real-world cases of impact measurement and management execution.

We were the first full-service securities group to join the Japan Impact-driven Financing Initiative, a commitment by financial institutions actively pursuing impact finance. We are also actively engaging in rule-making to develop and expand the impact finance market through participation in the Impact Consortium, a public-private partnership, and GSG Impact JAPAN, the Japanese branch of the global network organization Global Steering Group for Impact Investment.

Going forward, we will contribute to the creation of new impact-driven capital cycle schemes.

## Carbon Neutrality Initiatives

### The Daiwa Securities Group Net Zero Carbon Declaration

Daiwa Securities Group recognizes the importance and urgency of addressing climate change, one of the most serious issues facing the world, in order to realize a carbon neutral society as soon as possible. To that end, we have formulated the Daiwa Securities Group Net Zero Carbon Declaration to make a medium- to long-term contribution to the fight against climate change.

Based on this declaration, we aim to achieve (i) Scope 1 and 2 net zero GHG emissions within our own operations by FY2030 and (ii) Scope 3 net zero GHG emissions by 2050 for our investment and loan portfolios. In addition, we will (iii) continue to support our customers' efforts to decarbonize their businesses and new technologies that contribute to the realization of a decarbonized society in order to support a smooth transition to a decarbonized society through our financial business.



For details on Daiwa Securities Group Net Zero Carbon Declaration, please see the website below.  
<https://www.daiwa-grp.jp/english/sustainability/environment/policy.html>

### Net zero GHG emissions within our own operations

To achieve net zero GHG emissions within our own operations (Scope 1 and Scope 2), we will advance initiatives that are in line with the priority area. Specific measures include continuing energy-saving efforts and switching to renewable electricity. At present, we are introducing energy-saving technologies and systems at our sites and improving energy efficiency, and will keep up these efforts.

As far as renewable energy power is concerned, we introduced such power into all of the Group companies residing at the head office building (GranTokyo North Tower) in April 2021 by utilizing non-fossil fuel energy certificates with tracking information. In January and April 2024, respectively, Daiwa Securities and Daiwa Institute of Research switched to renewable energy for electricity used within Scope 2 emissions at all their offices in Japan. For domestic offices, interim targets for 2025 have been set and submitted to the GX League (Scope 1: 416 tons, Scope 2: 55 tons). Looking ahead, we will continue to consider switching to renewable energy sources at our overseas offices and the use of carbon credits for emissions we cannot cut through our own efforts. Our goal is to meet the 2025 interim target and reach Scope 1 and 2 net zero by FY2030. When

choosing renewable power plans for our offices, we consider not only their impact on cutting GHG emissions but also our internal carbon price. Specifically, we compare the expected future cost—calculated using the J-Credit price—with the extra cost of adopting renewable energy. The calculation uses data from power companies on expected GHG cuts from renewable adoption. We plan to keep using the internal carbon price to judge whether the extra cost is reasonable, and may review the price setting in the future.

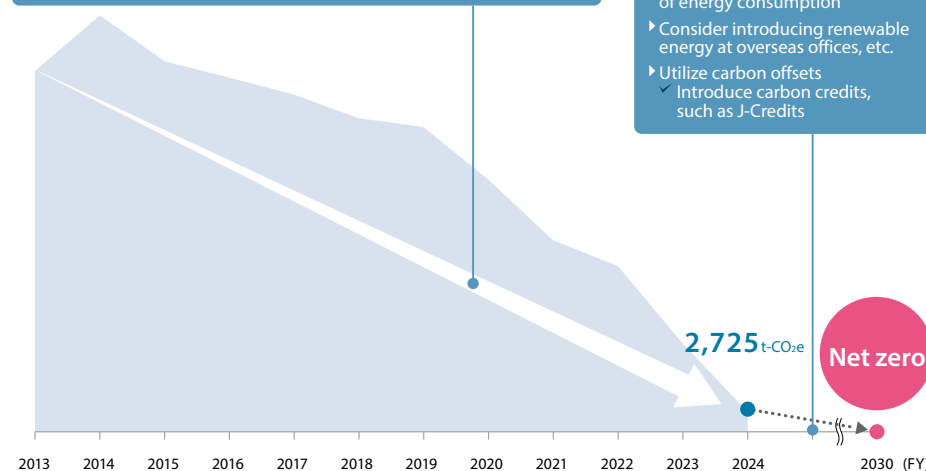
### GHG emissions within our own operations (Scope 1 and Scope 2)

#### Examples of past initiatives

- ▶ More efficient energy use
  - ✓ Switch equipment (air conditioning, change lighting to LED)
  - ✓ Review operations, etc.
- ▶ Switch to renewable energy through utilization of non-fossil fuel energy certificate with tracking information, etc.
  - ✓ Switch to renewable energy for electricity consumption at all domestic offices of Daiwa Securities (from January 2024) and Daiwa Institute of Research (from April 2024)

#### Examples of future initiatives

- ▶ Continue to improve efficiency of energy consumption
- ▶ Consider introducing renewable energy at overseas offices, etc.
- ▶ Utilize carbon offsets
  - ✓ Introduce carbon credits, such as J-Credits



Notes: 1. GHG emissions within our own operations (domestic and overseas) are calculated for approximately 95% of the locations based on the number of employees.  
 2. FY2023 results are market-based emissions.



For more information on the scope of our own GHG emissions data and calculation methods, please visit the following website.  
[https://www.daiwa-grp.jp/sustainability/data/pdf/daiwa\\_sustainability\\_data\\_2025.pdf](https://www.daiwa-grp.jp/sustainability/data/pdf/daiwa_sustainability_data_2025.pdf)

## Carbon Neutrality Initiatives

### Net zero GHG emissions within our investment and loan portfolios, etc.

To lay out a concrete path toward our goal of net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3), as set forth in the Declaration, the Group sets interim targets up to FY2030 for project finance in the power generation sector, which accounts for the largest proportion of emissions in our own investment and loan portfolios.

#### Measurement of actual values in FY2023

For FY2023 results, the scope of measurement was expanded compared to previous fiscal years and was not limited to high-emitting sectors. In addition to Scope 1 and Scope 2, Scope 3 emissions were also measured for investees and lenders.

##### Measurement scope

- › Sectors: All sectors
- › Asset classes: Listed equity (including REIT), unlisted equity (including REIT), corporate bonds, commercial real estate, business loans, project finance

Notes: 1. Subjects are Daiwa Securities Group Inc.'s invested companies, assets managed by the Asset Management Division (own holdings, excluding unlisted stocks via funds), and companies managed by Daiwa Next Bank.  
2. Not applicable for commercial real estate and business loans. 3. Some estimates are based on the PCAF Database (excluding subjects that cannot be referenced in the Database)

#### Setting interim target

Results for FY2023 fell short of FY2022\* due to improvements in the power generation efficiency of investment and loan recipients and progress in renewable energy investment and loan.

\* FY2022 results: 379 g-CO<sub>2</sub>e/kWh

#### GHG emissions from project finance in the power generation sector (Emission scope is Scope 1)

FY2023 actual values*	
Total emissions	387,431 t-CO <sub>2</sub> e
Emission intensity (g-CO <sub>2</sub> /kWh)	243 g-CO <sub>2</sub> e/kWh
PCAF score	Average 2.73

\* Some calculations are based on estimated values.

Interim target value for FY2030	
Metric	Emission intensity (g-CO <sub>2</sub> e/kWh)
Target value	186-255 g-CO <sub>2</sub> e/kWh
Reference scenario	IEA NZE - APS

#### FY2023 results

(Unit: t-CO <sub>2</sub> e)	Listed equities include REITs	Unlisted equities include REITs	Corporate bonds	Project finance	Scope1 + 2	Scope3
<b>Power generation</b>	56,675	0	166,683	397,634	620,993	175,009
(Air)	40,091	–	–	–	40,091	8,642
<b>Transport</b>						
(Maritime)	429	–	–	–	429	536
(Land)	105	0	0	–	105	42
<b>Metal &amp; metal products *1</b>	1,984	14,426	–	–	16,410	14,332
<b>Chemicals</b>	239	2,507	0	–	2,746	4,746
<b>Real estate</b>	1,204	397	10	–	1,611	2,924
<b>Automobile manufacturing</b>	37	–	656	–	692	13,149
<b>Packaged food and meats</b>	532	–	–	–	532	898
<b>Paper and forest products</b>	332	–	–	–	332	293
<b>Oil and gas</b>	267	–	0	–	267	678
<b>Capital goods *2</b>	152	–	0	–	152	18,030
Coal	57	–	–	–	57	27
Steel	45	–	0	–	45	35
Aluminum	24	–	–	–	24	85
<b>Agriculture</b>	22	–	–	–	22	11
<b>Construction materials</b>	11	–	–	–	11	2
<b>Beverages</b>	3	–	0	–	3	19
<b>Cement</b>	–	–	–	–	–	–
<b>Others</b>	3,426	45	183	–	3,654	24,003
<b>Total</b>	<b>105,638</b>	<b>17,374</b>	<b>167,532</b>	<b>397,634</b>	<b>688,178</b>	<b>263,461</b>

Total: If not applicable, "–"; if rounded down, "0". \*1 Excluding steel and aluminum \*2 Buildings etc.



For climate-related disclosures (formerly TCFD disclosures) based on sustainability disclosure standards (ISSB standards and SSBJ standards), please see the website below. (Scheduled for disclosure in September 2025.)  
<https://www.daiwa-grp.jp/english/sustainability/environment/tcf.html>



For information on our approach to natural capital and biodiversity based on the TNFD framework, please see the website below.  
<https://www.daiwa-grp.jp/english/sustainability/environment/tbfd.html>



# Human Capital

## Message from the Head of Human Resources



**Hiromasa Kawashima**

Senior Managing Director  
Deputy Head of Corporate Planning, Head of Human Resources (CHO), Head of Legal, Deputy Head of Sustainability

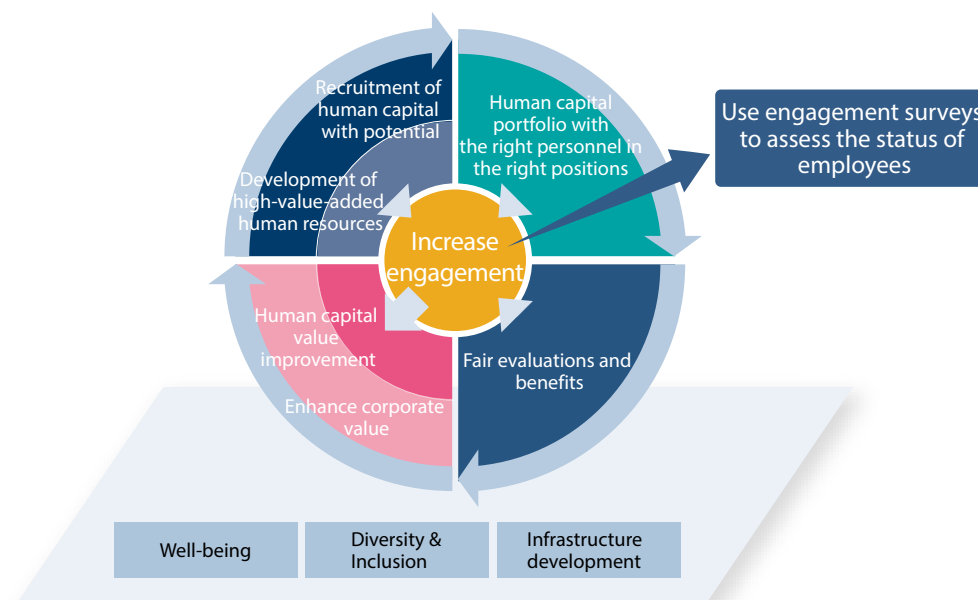
The source of Daiwa Securities Group's competitiveness lies in its human resources, and "placing importance on personnel" is one of its Corporate Principles. "The Group will promote the creativity of employees by offering them a challenging and self-directed working environment that encourages their abilities and appropriately rewards their contributions." Through our HR strategy and human capital investment that are based on this philosophy, we are working diligently to create environments in which employees who want to improve their performance and contribute to the organization are highly motivated and passionate about their work. Going forward, we will continue to promote HR strategies that help **maximize customer asset value**, as stipulated in the Basic Group Management Policy, and lead to the realization of sustainable improvement in the Group's corporate value.

## Approach to human capital management

At Daiwa Securities Group, HR strategy is positioned as an integral part of its management strategy. To strengthen our competitiveness, we work diligently to create an organization where each and every employee can shine based on their diversity and expertise while experiencing personal growth and job satisfaction. By advancing and deepening the foundations of Hiring, Training, and our Human Capital Portfolio, as well as Evaluation and Compensation, our goal is to enhance employee engagement and fully leverage the added value generated by human capital, leading ultimately to sustainable growth and the enhancement of long-term corporate value.

## Hiring human resources with potential

Due to its significant impact on sustainable growth and the enhancement of its corporate value, Daiwa Securities Group considers recruitment to be a critical component in its management strategies. To identify and hire personnel with high potential, each Group company is making creative efforts to conduct recruitment activities that are suited to their respective characteristics. For the (year-round) Daiwa Securities recruitment of new graduates, we use the personal histories submitted by



applicants to ascertain and share the experiences that have influenced their values and actions. By then selecting candidates from multiple perspectives, such as those of on-site heads of departments and branch managers, we guide them toward stretching their potential in line with their career paths after having joined the company. We have introduced the Job Supporter System that enables applicants to interview employees from various departments of their choosing. This allows applicants to gain a deeper understanding of the thoughts of employees in each department, the workplace atmosphere, and career paths, which helps reduce mismatches. The implementation of practical, specialized, and tailored internships, departmental hiring that identifies the department to which employees will be assigned when they join the company, and the introduction of the Expert Course human resources system that evaluates personnel who can utilize advanced expertise in business have all led to increased recruitment of high-potential personnel. Additionally, we are actively recruiting mid-career talent who possess diverse knowledge and experience, and in FY2024 37.3% of the 764 people we hired, who included new graduates, were mid-career hires. As part of our onboarding measures to embrace the diversity of our recruits and to create environments in which they can settle in and thrive within the Group, we hold induction ceremonies, implement a mentoring system, establish communication channels for mid-career recruits, and hold social gatherings with senior management.

## Human Capital

### Development of high-value-added human capital

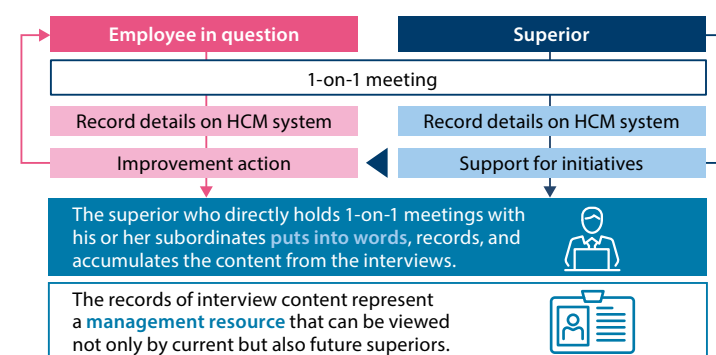
Investing in human resources increases their value, refines them into human capital, and leads to corporate growth. This is the form of human capital management to which the Group aspires. As far as training is concerned, it is essential to create environments in which each and every employee is able to think about what they need to improve their performance and realize their career while continuing self-guided learning. In addition to customized education and training programs that utilize the company's knowledge and know-how, Daiwa Securities has introduced an online video learning platform that can provide individually optimized learning to all employees. We allow employees to select and acquire the knowledge and skills they need from the latest and most highly acclaimed business courses, including management, data analysis, and marketing.

To realize the overarching goal of helping to **maximize customer asset value**, we also encourage our employees to obtain core qualifications, such as CFP or securities analyst certifications, which will lead to the proposal of high-quality solutions. To support our employees, we also subsidize the cost of exam preparation courses and examination fees while encouraging them to engage with internal communities to facilitate the exchange of ideas. As of the end of March 2025, we have the highest number of CFP-certified employees among financial institutions in Japan. To drive digital innovation, Daiwa Securities is maintaining its strong commitment to developing digital talent. Examples of that commitment include the Digital IT Master certification system to nurture talent capable of leading business transformation using advanced digital technologies, the introduction of Daiwa Digital College courses to help all employees enhance their digital skills, and the holding of internal competitions in programming and data science.

### A human capital portfolio with the right people in the right places

For employees to continually perform at their best by leveraging their unique strengths, it is essential for them to think about and act on their own careers. To support independent career development, the Group has in place a self-reporting system, which allows employees to directly communicate their desired career paths and thoughts about the work environment to human resources departments at any time, and an intra-Group open recruitment system, which allows them to volunteer for transfers to various positions within the Group. We also utilize a human capital management (HCM) system that can display in visual form and in real time each employee's career perspective and skill level. We accumulate current information about each employee by inputting and updating the strengths, challenges, and career

visions shared between employees and their supervisors during 1-on-1 meetings. We will work to build an optimal human capital portfolio by putting into visual form the careers of human resources, who are the source of our competitiveness, supporting continuous career development, and utilizing the accumulated human capital information.



### Fair evaluation and compensation

The Group is working to put in place an evaluation system that encourages employees to work hard at higher levels and positions of greater responsibility, regardless of their year of employment. As far as compensation is concerned, we continuously evaluate appropriate levels and distribution based on individual achievements and performance while advancing our investment in human capital. We have been raising salary levels for four consecutive years since FY2022, and in the FY2025 compensation revision, we raised salary levels by about 5% across the Group, bringing the cumulative increase over the past four years to more than 20%. With the aim of strengthening our competitiveness in attracting talent, we are raising compensation standards, especially for employees who have made significant contributions to the Group, and for reemployed senior employees, we are revising the compensation system to reflect their expertise and performance, thereby ensuring thorough Pay for Performance. Also conducting comprehensive evaluations that consider not only quantitative, but also qualitative aspects, we look closely at the validity of the evaluations from multiple perspectives. At the same time, we regularly conduct internal surveys to examine whether the level of evaluation and compensation was appropriate based on employee feedback, and are endeavoring to improve the level of satisfaction through two-way communication.

## Human Capital

### Improvement in engagement

#### ■ Engagement survey implementation

The Group regularly conducts anonymous engagement surveys to comprehensively measure engagement that correlates with corporate performance and leads to increased productivity and business results. Through the survey, we systematically ascertain sustainable engagement\* and its components as well as analyze the results by making external comparisons with various benchmarks and internal comparisons with respect to age, gender, and between organizations. Additionally, we have set sustainable engagement, which is believed to have a high correlation with business performance, as a Group KPI.

\* Sustainable engagement refers to a high level of willingness to contribute toward achieving goals as well as a strong sense of belonging to the organization, which is maintained through a productive work environment, physical and mental health and other factors. Willis Towers Watson (WTW) states that companies with high scores tend to show future performance growth exceeding the average growth rate for the industry to which those companies belong.

#### Engagement survey scores

Category name	FY2021 2H	FY2022 1H	FY2022 2H	FY2023 2H	FY2024 2H
Sustainable engagement	—(81)	79(82)	79(81)	80(83)	81(82)

Notes: 1. Figures in parentheses indicate Daiwa Securities' score.

2. Figures and analysis materials provided by survey partner WTW. Figures are calculated by aggregating the ratio of employees that provided an affirmative response to the questions in each category out of all employees, taking the average value of such ratio for all questions in such category.

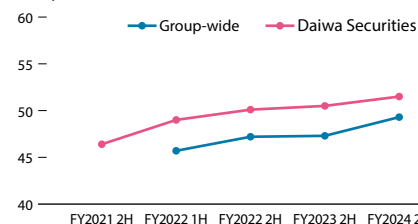
#### ■ Main issues identified from survey results

##### ① Business operation systems/digital transformation initiatives

Based on the level of each category score, we believe that the main areas for improvement for our Group are in our business operation systems and digital transformation initiatives. Having implemented initiatives across the Group and by organization, the scores have been consistently increasing since the survey was introduced.

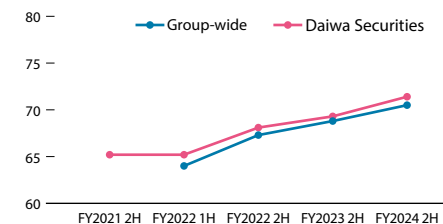
#### Business operation systems

- Regularly carry out business inventory
- Review business operation rules and approval flow by department



#### Digital transformation initiatives

- For details, see page 48 Digital Strategy

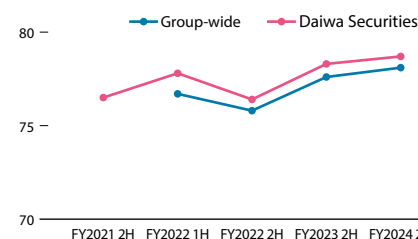


##### ② Gender gap

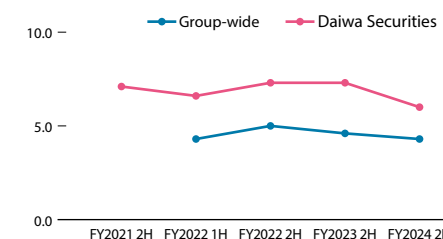
Compared to the overall population, women's engagement scores are at a low level, and we believe that improving women's engagement is an important issue in improving organizational performance. We are continuously implementing a range of measures, and women's scores are gradually improving.

- For details of our efforts, please see page 66 Diversity & Inclusion

#### Female employee scores (sustainable engagement)



#### Gender score difference (sustainable engagement)



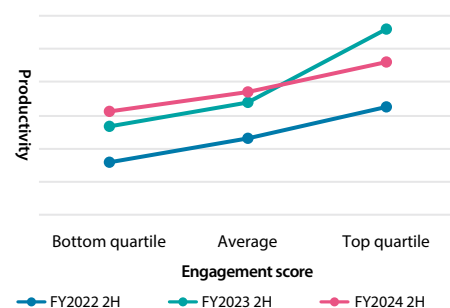
## Human Capital

### ■ Analysis of the correlation between engagement survey scores and financial metrics

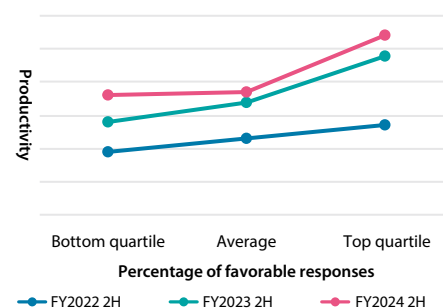
Daiwa Securities Group analyzes the correlation between engagement survey results and financial metrics. In addition to sustainable engagement, which has been set as a Group KPI, we were able to confirm that the scores of approximately half of the 15 categories statistically correlate significantly with productivity (revenue per working hour). In particular, when dividing the target organizations into the top quartile, bottom quartile and the average for all organizations based on the scores in the categories of sustainable engagement and digital transformation initiatives, we verified that segments with higher scores have higher productivity, and that the overall average productivity has improved over time. We believe that promoting Digital Strategies, such as developing digital IT personnel, strengthening collaboration between departments promoting Digital Strategies and each division, and enhancing data utilization, is leading to increased corporate value.

#### Correlation between engagement scores/survey scores and productivity

##### Sustainable engagement



##### I believe I have acquired the digital skills needed to improve my performance

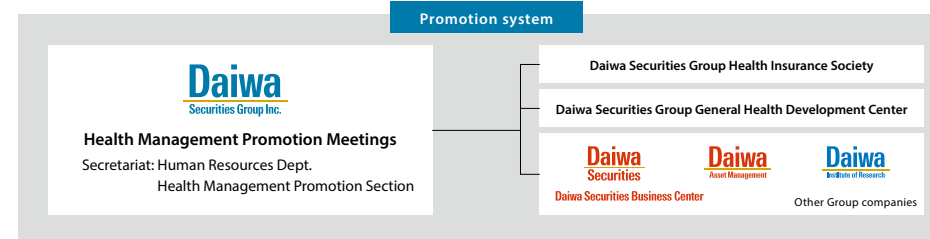


Note: This data and analysis were provided by WTW, our survey partner. The numbers represent the percentage of employees who gave positive responses to questions in the sustainable engagement category or relevant survey questions, with the scores of each organization divided into quartiles.

### Improved wellbeing

#### ■ Health management promotion system

We have appointed the Head of Human Resources as Chief Health Officer (CHO), and Group company executives are also actively involved in promoting health management. Every year, we prepare a White Book on Health that analyzes the health status of all Group executives and employees and regularly hold a Group-wide Health Management Promotion Meeting hosted by the CHO to identify issues, evaluate initiatives, and make improvements, using the PDCA cycle for health management. As a result of these efforts, in March 2025, Daiwa Securities Group was selected as a Health & Productivity Stock, a designation awarded by the Ministry of Economy, Trade and Industry (METI) in Japan in cooperation with the Tokyo Stock Exchange to recognize publicly listed companies that take a strategic approach to employee health from a managerial perspective. This marks the tenth time Daiwa Securities Group has been selected, since the Health & Productivity Stock program began in 2015.



#### ■ Targets

The following indicators are used to improve productivity through health management. As a result of the ongoing implementation of various measures, the presenteeism loss percentage has been improving since FY2019.

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Target (FY2030)
Presenteeism loss percentage*1	18.7%	17.0%	15.2%	12.6%	13.9%	14.5%	Less than 10.0%
Absenteeism average*2	3.8 days	3.4 days	3.4 days	3.1 days	3.9 days	4.0 days	3.0 days or less

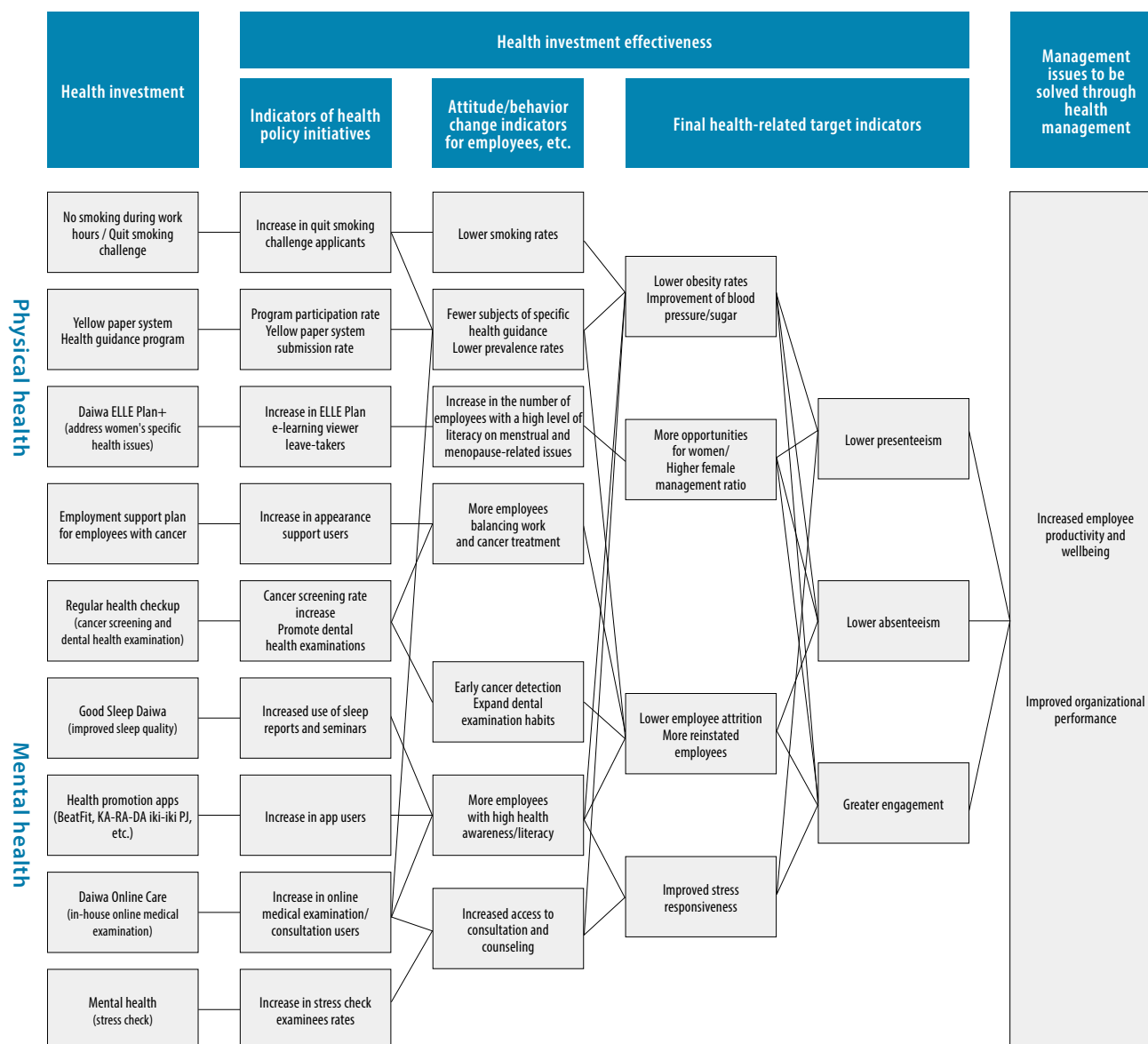
\*1 A condition in which a person goes to work with some illness or symptom that reduces his or her ability to perform work and productivity. Calculated by conducting a questionnaire that evaluates one's own work for the past four weeks, taking as 100% the work performance that can be demonstrated in the absence of illness or injury. The smaller the number, the higher the productivity.

\*2 Employees taking sick leave. Calculated by conducting a questionnaire that asks how many days one has missed from work due to one's own illness in the past year. The fewer the number of days, the higher the productivity.



## Human Capital

### Health management strategy map



### Initiatives

**① Addressing specific issues for women's health**  
In the context of promoting women's advancement, we introduced the Daiwa ELLE Plan in 2018 to provide comprehensive support for women's health. As a part of this initiative, we established ELLE leave to be taken for physical issues caused by menstruation and menopause and for infertility treatment, secured the time necessary for treatment, put in place an e-learning program to improve health literacy, and set up a consultation service. Gynecology specialists have been assigned within general health development centers since 2023, and gynecology care has begun using the Daiwa Online Care system, an online medical service for use by Group employees. Moreover, we have introduced a program that uses an app to track menstruation-related symptoms with the aim of alleviating physical burdens and mental stress. Starting in FY2024, we made available videos to employees that feature specialists in various fields of gynecology, and began offering gynecological examinations for employees at key life stages.

**② Provide online medical care**  
Since 2020, Daiwa Online Care\* has been available to employees across Japan, providing online access to the medical office at our head office (general health development center). Since FY2022, consultations have doubled the number in the initial year, exceeding 1,000 annually. In addition to regular consultations about internal medicine, for example, the service offers a wide range of healthcare, such as consultations on health checkup results, mental health, and clinics to help quit smoking. Employees are responsible for medical and prescription fees, while the Group covers shipping costs to ensure next-day delivery of medications, regardless of the employee's location.

\* Daiwa Online Care medical specialists (medical care and consultation): Cardiology, respiratory medicine, gastroenterology, brain/neurology, nephrology/hypertension/diabetes, psychiatry, gynecology

## Human Capital

## Diversity &amp; Inclusion

## Message from the Head of Diversity &amp; Inclusion Promotion Section



**Tomomi Hirano**  
Head of Diversity &  
Inclusion Promotion  
Section

It is my belief that differences are the very driving force behind opening up new possibilities. The interaction of diverse values and experiences makes an organization more flexible and stronger. By building a culture where each and every individual's voice is respected and challenges are celebrated, we are working diligently to be a company where everyone can thrive and excel. Believing that innovation that capitalizes on diversity will lead to providing the best value to our customers and society, we will continue to work hard to promote D&I.

## Our approach to D&amp;I: Transforming diversity into a strength

To strengthen our sustainable competitiveness, every effort is being made to remain a growth-oriented, motivating organization by promoting the maintenance of environments in which each and every employee can draw on their strengths, individuality, and expertise and perform to the best of their ability from a variety of perspectives, including gender, age, disability, LGBTQ+, human rights, and recruitment routes.

## D&amp;I Promotion Committee

As chair of this Committee, the President and CEO leads discussions on a wide range of themes involved in D&I together with several executives and employees from branches and departments throughout Japan that have been appointed as advisers for specific themes. Committee meetings can also be observed online by all executives and employees.

## ■ Gender diversity

Of all the issues that fall under the diversity banner, we view the promotion of women's empowerment as key and have thus been working on a range of measures since 2005. Through ongoing efforts, the ratio of female managers was 20.4% by the end of FY2024. This fulfills the goal of lifting the ratio to 20% or more (on a consolidated basis) by FY2026, which we had set as one of our sustainability KPIs.

## ① Job transfer system and career training

Having put in place a job transfer system through which employees are able to take on the challenges of a wide range of careers, since 2009 more than 1,100 employees have moved from clerical positions to career-track positions. Moreover, we conduct training for women in pre-managerial positions to think about their own careers and to nurture their own unique management style.

## ② Systems for supporting balance

To help employees balance work and childcare/nursing care, we have introduced various systems, including babysitting, housekeeping services, and a nursing care concierge, that employees can use irrespective of gender.

## ③ Encouraging the taking of childcare leave among male employees

We are encouraging male participation in childcare, and the ratio of male workers taking childcare leave had reached 103.0% on a consolidated basis by the end of FY2024. To encourage employees to take more days of leave, the Group has guaranteed a maximum of four weeks of wages for both childcare leave at birth and for childcare support leave since 2022. As a general rule, we also require employees to take at least two weeks of leave.

## ④ Initiatives aimed at addressing women's health issues

▶ For details, please refer to page 65.

## ■ Expansion of diverse work styles

We have implemented revisions to various human resources systems with a focus on creating environments in which employees can choose flexible work styles, including those with individual circumstances, such as childcare or nursing care, and employees other than those directly involved.

In addition to supporting the balance between work and childcare/elderly care, we are expanding subsidies for childcare facility costs to support the early return to work. We have also relaxed the requirements for using the flextime system and expanded the short-time work system, primarily geared toward employees whose working hours are restricted due to childcare or elderly care responsibilities.

## ■ Promoting increased understanding of and establishing systems for LGBTQ+ issues

We are also focusing on creating workplace environments in which members of the LGBTQ+ community can work with peace of mind. Under the Group's internal system, partners officially recognized under the partnership system of each local government are recognized as equivalent to spouses. We also advanced the setting up of internal and external consultation desks and the building of the Daiwa ALLY Network with the aim of increasing the understanding of and support for the LGBTQ+ community. These initiatives having gained recognition with the Group receiving the highest Gold rating in the 2024 PRIDE Index.

## Corporate Governance Dialogue

### Turbulent times present an opportunity to truly earn the trust of stakeholders



**Seiji Nakata**  
Chairperson of the Board  
Daiwa Securities Group Inc.

**Katsuyuki Nishikawa**  
Outside Director  
Chair of Audit Committee  
Daiwa Securities Group Inc.

With a focus on the theme of **maximizing customer asset value**, Chairperson Nakata and Director Nishikawa sat down to talk about the future of Daiwa Securities Group. Their discussion ranged from the corporate culture and the compliance framework to employee training, even touching on growth strategies.

#### Striving for a corporate culture that enhances customer trust

**Nakata:** You were appointed as an outside director of the Group in 2019. At the same time, you are serving as a member of the Audit Committee. For us as insiders in the company, we tend to be subjective in evaluating management; you are highly valuable to us not only because you bring an outside perspective to the Board

of Directors but also because you look at issues objectively, informed by your legal knowledge.

**Nishikawa:** I have built my career at the Public Prosecutor's Office. When an incident occurs, the job of a prosecutor is to interpret the law to determine whether what happened constitutes a crime, to gather evidence, to determine the facts, and to decide on the appropriate course of action. In addition to a legal perspective, I've

always been mindful of the importance of due process. I hope to contribute to the Group by drawing on this perspective in terms of monitoring and offering advice on corporate management.

I've served as Chair of the Audit Committee since FY2024. The Group is engaged in a wide range of businesses, and is also pursuing various businesses overseas, so I try to take as broad a view as possible. That means I really have to do my homework. I especially want to keep a close eye on the headway the Group is making in **maximizing customer asset value**, which is the Basic Group Management Policy set out in the Medium-Term Management Plan. In addition to Group companies, I am closely following the status of the external connections the Group is actively pursuing.

**Nakata:** Since becoming Chairperson, I've been involved in more outside activities, such as the Japan Business Federation (Keidanren) and the Japan Securities Dealers Association. My involvement has reminded me that there are many issues facing the industry, the economy, and society. Recognizing that taking the lead in activities that benefit the industry and society as a whole will also benefit the Group, I've come to view things from the perspective of finding other ways that we can make a difference.

Unfortunately, there've been a series of scandals at major financial institutions in Japan. Companies must never violate laws or the rules of trade—it undermines the interests of customers and damages trust. I think a robust corporate framework can be helpful in preventing such things to a certain extent, but eliminating inappropriate behavior by unscrupulous employees altogether is extremely difficult. This is a major issue for the Group as well.

## Corporate Governance Dialogue

**Nishikawa:** Financial institutions are a textbook example of a business whose existence is grounded in relationships of trust with customers and society. So, if that trust is lost, management will find running their company hard going. I think unflagging vigilance is essential here, as are steady, day-to-day efforts such as continuing to educate employees and strengthen compliance frameworks.

**Nakata:** In terms of education, we tell employees again and again that misconduct inevitably comes to light and, when it does, it not only causes losses for customers and the company, but the person responsible also faces harsh social sanctions. There may also be warning signs with unscrupulous employees, a sense that something doesn't quite seem right. If the superiors and colleagues who interact with employees exhibiting such signs can pick up on the changes and make a point of

communicating with them, I think this will lead to prevention. In addition to mechanisms for prevention, the most important thing is cultivating a sound corporate culture that doesn't allow misconduct to occur in the first place.

**Nishikawa:** Whenever someone asks me my impression of the Group, I always say that it's a sincere company. A survey targeting all Group employees had this question: What would you do if your boss gave you instructions that were problematic in terms of compliance? I heard that nearly every employee said they would put priority on compliance over the boss' instructions. Things like this have given me the impression that the Group is rigorously fostering awareness about compliance.

At the same time, since some employees think about things in different ways, we can't rule out the chance that an employee might misconstrue the instructions of a superior. So, I think it's crucial to repeatedly educate staff on a day-to-day basis, including the superiors who give instructions, on the importance of compliance.

**Nakata:** There was a time in the securities industry when various companies competed against each other to gain the biggest commission revenue under the same business model. The focus now, however, is on putting customers first, and the Group is pursuing its own initiatives to make improvements in this regard with the aim of **maximizing customer asset value**. This is meant to be an ongoing effort, and there will never be a point when we "reach the goal," but I feel we have shifted gears in a significant way.

## The leadership of the CEO in the first year of the Medium-Term Management Plan

**Nakata:** In FY2024, with the expansion and permanent implementation of the NISA system in Japan, the inflow of funds from individual investors into the capital market has increased. My sense is that the shift "from savings to investment" in this country has finally gotten under way in earnest.

In this environment, the Group's consolidated ordinary income surpassed ¥200 billion for the first time in 19 years, and our full-year dividend was also the highest ever. Under the Basic Group Management Policy of **maximizing customer asset value** set out by CEO Ogino, Base Income\* climbed to ¥137.5 billion. It's fair to say that the new CEO has gotten off to a good start in terms of the figures as well.

\* Base Income: Total ordinary income from the Wealth Management Division, Securities Asset Management, and Real Estate Asset Management

**Nishikawa:** The Audit Committee has been closely monitoring how much the Policy of **maximizing customer asset value** has made inroads among sales personnel in the field. To put the Policy into practice, it is vital to grasp the situation of customers more fully than ever, discover their real needs, and truly earn their trust. This is no easy task to accomplish, and in a sense it's never really done, but employees in the Group are taking it to heart and my sense is that we are seeing steady progress.

**Nakata:** The concept of **maximizing customer asset value** involves finding ways of approaching all the assets customers hold—not just their financial assets but real





## Corporate Governance Dialogue

estate as well—and seeking to maximize these assets in line with the customers' life plans. This calls for a variety of creative measures. In this sense, I think the true value of our approach will be tested not so much when market conditions are favorable, like they were in 2024, but in times like the present, when markets worldwide are in turmoil due to the impact of the Trump administration's tariff policies. This is a rare opportunity to tackle the customer challenges that have materialized, and work to truly earn customer trust.

I also consider it highly likely that individual financial assets in Japan will double over the next 20 years. I think it's important to engage with customers from this kind of long-term perspective.

My hope is that CEO Ogino will steadfastly continue working out the message he has been articulating. I'd like him to keep conveying a message that is easy to grasp, and that shows the direction the Group should aim for and really motivates employees to work to get there. On the other hand, one characteristic of the Group is that we're involved in businesses beyond the securities industry. I am looking to him to exercise leadership in continuing to plant various seeds and take various actions in these areas as well.

**Nishikawa:** I think the Group's employees are beginning to understand the joy of being entrusted with the management of customer assets from a long-term perspective and earning customers' trust, rather than simply the thrill of meeting numerical targets. For example, CEO Ogino is pointing employees in the right direction by changing the selection criteria for the President's Award. He's also actively pursuing external alliances, and I think he's showing great leadership there.

## Capitalizing on Group strengths to enhance corporate value

**Nishikawa:** With regard to enhancing corporate value, the Board of Directors has repeatedly discussed ways of improving ROE, which represents the Group's earning power, and has talked about future growth potential. We have also discussed PBR, but since these valuation indicators also include a stock price element, I think we need to take efforts so that the Group's profitability and growth potential are externally evaluated.

**Nakata:** The key point is whether we can stick to the goal of **maximizing customer asset value** set out in Vision 2030 and the Plan, no matter what happens with the environment. If we can continue to increase ROE, PBR will naturally follow suit. PBR is a result—what we're aiming for is stable profit growth. I think the challenge is to achieve long-term, continuous growth even in the midst of changes in the environment.

**Nishikawa:** The Audit Committee will closely monitor various activities to support corporate value from the perspectives of governance and compliance. Our hope is to help the Group become the excellent company you speak about so often. I believe, as outside directors seeking to ensure that management and employees have the strong trust of customers and stakeholders and that the Group continues to grow, our role is to speak out about the things we notice and, where appropriate, offer suggestions.







**Nakata:** A sense of unity and trust within the organization is a strength of the Group, and I believe it is



precisely this sense of unity and trust between superiors and their subordinates and among employees that enables us to provide good service to our customers.

**Nishikawa:** All of the employees of Daiwa Securities Group are outstanding, and bring a high degree of specialization to their work. On top of that, they are highly motivated and have a strong sense of both ethics and solidarity. The environment for the securities industry is changing, opening up possibilities for the Group to expand into new business domains. As this unfolds, I would like to see you refine this outstanding culture even further and enhance corporate value.

## Directors (Members of the Board)

Internal directors		Years on the Board	Attendance at Board of Directors' meetings	Nominating Committee	Audit Committee	Compensation Committee	Career	Expertise and experience	Significant concurrent positions
		(* indicates committee Chair)							
	<b>Chairperson of the Board</b> <b>Seiji Nakata</b> Corporate Executive Officer	10	11/11	●		●	1983 Joined Daiwa Securities Co. Ltd. He served successively as the Deputy Head of Corporate Planning and Human Resources of the Company, the Head of Corporate Institution and the Head of Sales of Daiwa Securities, and COO and the Head of Retail of the Company, and accordingly has broad experience related to all of Daiwa Securities Group. Also, he served as the President and CEO of the Company from 2017 to 2024 and has broad experience and insights as a manager.	They have expertise and experience to execute adequately the management and control of the Group.	Chairperson of Daiwa Securities Co. Ltd.
	<b>Akihiko Ogino</b> Corporate Executive Officer, President and CEO	5	11/11	●		●	1989 Joined Daiwa Securities Co. Ltd. He served successively as the Head of Legal, the Deputy Head of Overseas Operations, and the Head of Corporate Planning of the Company and the Executive Head of Human Resources and Corporate Planning of the Company. He has served as the President, and CEO of the Company since 2024. He has expertise and experience in presenting management strategies based on a wide vision and also to adequately execute the management and control of the Group.		President of Daiwa Securities Co. Ltd.
	<b>Shinsuke Niizuma</b> Corporate Executive Officer, Deputy President and COO Head of Wealth Management	1	9/9*				1988 Joined Daiwa Securities Co. Ltd. He served successively as the Head of Chiba Branch and Nagoya Branch of Daiwa Securities. He became the Senior Managing Director of Daiwa Securities in 2015, and since then he has served successively as the Head of Retail Marketing Strategy, the Head of Sales, the Executive Head of Sales, and the Head of the Product Solution Division of Daiwa Securities. He has broad knowledge and experience in Wealth Management.		Deputy President of Daiwa Securities Co. Ltd. Director of Daiwa Next Bank, Ltd.
	<b>Keiko Tashiro</b> Corporate Executive Officer, Deputy President Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education	11	11/11				1986 Joined Daiwa Securities Co. Ltd. She served successively as the Head of Investor Relations Office of the Company and the Head of the Daiwa Direct Planning Dept. of Daiwa Securities. She became a Senior Managing Director of the Company in 2009, and since then she has served successively as the Head of Daiwa Direct Business, the Head of Fixed Income, Currency, and Commodities and as the Head of Americas, the Head of Overseas Operations and the Executive Head of Overseas Operations. She has broad knowledge and experience in Overseas and Corporate Planning.		Director of Daiwa Asset Management Co. Ltd.
	<b>Eiji Sato</b> Corporate Executive Officer, Senior Executive Managing Director Head of Corporate Planning, Deputy Head of Overseas Operations	1	9/9*				1991 Joined Daiwa Securities Co. Ltd. He served as the Head of the Finance Dept. and the Head of the Corporate Planning Dept. of the Company. He became a Senior Managing Director of the Company in 2017, and since then he has served successively as CFO and the Deputy Head of Corporate Planning of the Company. He has a solid record and experience in Planning and Finance and also has experience in Investment Banking.		Senior Executive Managing Director of Daiwa Securities Co. Ltd.
	<b>Hiroko Sakurai</b> Corporate Executive Officer, Senior Executive Managing Director Head of Compliance	Newly appointed	—				1988 Joined Daiwa Securities Co. Ltd. She served as the Head of Investor Relations Office of the Company and the Head of Global Equity Sales Dept. (I) of Daiwa Securities Co. Ltd. She became a Senior Managing Director of Daiwa Securities Co. Ltd. in 2016, and since then she has served successively as the Head of Private Banking, the Head of Contact Center, and the Head of Mass Affluent Marketing. She has broad experience and knowledge in areas such as Global Markets Division, Wealth Management Division, and Compliance Division.		Senior Executive Managing Director of Daiwa Securities Co. Ltd.
	<b>Sachiko Hanaoka</b> Non-executive director	6	11/11		●		1990 Joined Daiwa Securities Co. Ltd. After serving in the Research and Product Divisions, she served successively as the Head of the Products Planning Dept., the Education and Training Dept., and the Investment Strategy Dept. of Daiwa Securities. 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.		Audit & Supervisory Board Member of Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., and Daiwa Institute of Research Ltd.

\* Attendance at Board of Directors' meetings since being appointed in June 2024



Corporate management

Finance/  
Accounting

Legal/Compliance



DX/ICT

















Global business



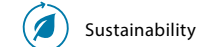
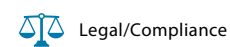
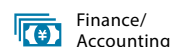
Sustainability

## Directors (Members of the Board)

## Outside directors

		Years on the Board	Attendance at Board of Directors' meetings	Nominating Committee	Audit Committee	Compensation Committee	Career	Expertise and experience	Significant concurrent positions
(* indicates committee Chair)									
	<b>Eriko Kawai</b> Outside director	7	11/11	●	★	★	She held positions such as the Pension Funds Administrator of Bank for International Settlements (BIS) and the Organization for Economic Cooperation and Development (OECD), and she has extensive experience at global companies and international organizations, as well as experience and a solid record as a manager. The Company has drawn on her ample expertise and insight related to corporate management accumulated throughout her career in providing management advice.		Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd.; Outside Director of Mitsui Fudosan Co., Ltd.; Senior Advisor of International Management Forum Co., Ltd.; External Director of DMG Mori Co., Ltd.
	<b>Katsuyuki Nishikawa</b> Outside director	6	11/11	●	★		He held positions such 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 has drawn on his wealth of experience and expertise on legal and compliance issues nurtured throughout his career in providing management advice.		Attorney at Nishikawa Katsuyuki Law Office; Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation
	<b>Toshio Iwamoto</b> Outside director	5	11/11	★		●	He held positions such as the President of NTT DATA Corporation. The Company has drawn on his significant accumulated experience in the management of global companies and extensive knowledge about IT nurtured throughout his career in providing management advice.		Outside Director of East Japan Railway Company; Outside Director of Isetan Mitsukoshi Holdings Ltd.; Outside Director of Sumitomo Forestry Co., Ltd.
	<b>Yumiko Murakami</b> Outside director	4	11/11		●	●	She worked for the United Nations, Goldman Sachs Japan Co., Ltd., and Credit Suisse Securities (Japan) Limited, and served as the Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre. The Company has drawn on her significant global experience and knowledge about corporate management and understanding of the securities business nurtured throughout her career in providing management advice.		General Partner of MPower KK; Outside Director of Raksul Inc.
	<b>Noriko Iki</b> Outside director	2	11/11	●	●		She has held positions such as the Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare, the Director-General of Tokyo Labor Bureau, Ministry of Health, Labour and Welfare, and Ambassador Extraordinary and Plenipotentiary to Brunei. The Company has drawn on her expert knowledge and experience related to labor administration and diversity and significant global experience cultivated through that experience in providing management advice.		Special Adviser of Japan Institute for Women's Empowerment & Diversity Management; Outside Director of FUJI KYUKO CO., LTD.
	<b>Mami Yunoki</b> Outside director	1	9/9*		●	●	She has been involved in auditing many listed companies as a certified public accountant for many years at PricewaterhouseCoopers Aarata (currently known as PricewaterhouseCoopers Japan LLC). The Company has drawn on her expert knowledge and experience related to financial accounting nurtured throughout her career in providing management advice.		Representative of Mami Yunoki Certified Public Accountant Office; Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.; Outside Director of ORIX Corporation
	<b>Akira Ichikawa</b> Outside director	Newly appointed	–	●		●	He held positions such as President of Sumitomo Forestry Co., Ltd. and is currently Chairman of the company. In order to leverage his extensive experience in management of a global company and wealth of knowledge on sustainability-oriented management in the Company's management, he was newly appointed as an outside director at the Company's 2025 General Meeting of Shareholders.		Chairman of the Board and Representative Director of Sumitomo Forestry Co., Ltd.; Outside Director of Sumitomo Chemical Company, Limited.; Representative Director and Chairman of Wooden Home Builders Association of Japan and Organization for Landscape and Urban Green Infrastructure

\* Attendance at Board of Directors' meetings since being appointed in June 2024



## Messages from Outside Directors



Eriko Kawai  
Outside Director

Looking back at the first year of the Medium-Term Management Plan, the Group made steady progress with its wealth management business model, guided by the new Basic Group Management Policy of **maximizing customer asset value**. I highly value the shift toward an earnings structure that is resilient to the external environment. Based on our strategy of Promoting Japan as a Leading Asset Management Center, I hope to see the Group fulfill its role as a trusted partner in asset formation, helping citizens achieve stable, long-term investment returns.

The challenge, however, is that overseas operations continue to face low profitability. While the Group is implementing cost-cutting measures, outside directors are also conducting ongoing interviews with leaders responsible for overseas operations and offices to assess the business environment and governance. The overseas business network plays a key role in the Group's business, and I look forward to seeing further improvements.

🔵 P45 Overseas Business



Katsuyuki Nishikawa  
Outside Director

Combined with the conflicts in Ukraine and Gaza, President Trump's tariffs have raised the level of uncertainty in the global economy. In challenging conditions like these, the Group's total asset consulting approach—to **maximize customer asset value**—shows its strength. The Group is steadily continuing its efforts to understand customers' situations and needs, providing proposals that truly benefit them. I expect staff to build strong relationships of trust with customers. To do so, they should deepen their knowledge so they can answer any asset-related questions, always providing clear explanations and attentive follow-up with sincerity and integrity.

In recent years, financial institutions have faced a sharp increase in fraud cases where customer accounts are taken over by using tactics such as phishing. The Group's relevant departments will work together to implement measures that protect customers from crime.

🔵 P67 Corporate Governance Dialogue



Toshio Iwamoto  
Outside Director

Global risks are growing—not just from military conflicts, but also from economic threats like tariffs. The decline of Pax Americana has unsettled the international order. This is truly an era of paradigm shift. Against this backdrop, we have entered the second year of our Medium-Term Management Plan, the highest priority of which is to **maximize customer asset value**. It is now clear that further advancing digital transformation, including generative AI, will be a major driver of growth. Actively building these technologies into business operations will be key to sparking innovation. At the same time, the Group must take firm steps to manage risks that could hinder the business, such as by strengthening cybersecurity. These actions will help the Group successfully deliver on the Plan.

🔵 P48 Digital Strategy



Yumiko Murakami  
Outside Director

Japan is moving away from decades of deflation and entering an era of positive interest rates. Uncertainty is growing worldwide, driven by political changes and geopolitical risks. We are at a historic turning point for global finance and the economy. Even in this unpredictable environment, Daiwa Securities Group remains true to its principle of **maximizing customer asset value** and plays a key role in promoting the shift "From savings to investment." Drawing on my many years of experience in international finance, I will continue working as an outside director to support Daiwa Securities Group's progress.



## Messages from Outside Directors



Noriko Iki  
Outside Director

The steady progress of business activities under the Medium-Term Management Plan launched in FY2024 reflects the dedicated hard work of every Group department. At the same time, political, social, and economic conditions in Japan and abroad are changing more sharply than anyone expected. In 2024, Japan's number of births fell to 686,000—well below the baseline scenario in the published population projections. The accelerating population decline will have a major impact not only on public policies like pensions and taxes, but also on how companies and industries operate. Daiwa Securities Group must continue to help solve the tough social challenge of ensuring a safe and prosperous retirement in the era of 100 years of life. I believe this requires constant review and creative experimentation.



Mami Yunoki  
Outside Director

Given the many unpredictable factors in today's stock market, securities firms must stand by a clear management policy while being ready to respond quickly and adapt to environmental change. The Basic Group Management Policy is to **maximize customer asset value**. The Group focuses on wealth management, and has put in place systems and training to ensure a strong customer-first mindset, making sure this approach is carried out in daily work. At the same time, the Group values its human capital and continues to invest in it without hesitation. In the second year of the Medium-Term Management Plan launched in FY2024 and its KPIs, the Group is on track to meet its goals. I believe this progress comes from maintaining a steady management focus while also steering quickly in response to changes in the business environment.

## Message from the newly appointed outside director



Akira Ichikawa  
Outside Director

I was appointed as an outside director from FY2025. I hope to be of service to the Group in this new capacity.

Although Japan is working to move “From savings to investment,” households still hold much of their wealth in cash and deposits. Building wealth requires a long-term outlook, and the government is expanding programs like NISA to support this. Daiwa Securities Group, with its Basic Management Policy of **maximizing customer asset value**, helps underpin Japan's financial and capital markets, and has a major role to play.

As financial products become more varied and complex, customers need clear, thorough explanations and support. It is also important to raise financial literacy, so younger people can start investing for their future with confidence.

The environment remains uncertain, but Japan cannot grow without a sound financial and capital market. I will continue to deepen my knowledge and work to drive both the Group's growth and higher corporate value.

## Corporate Governance

The Company will respect the rights and interests of the shareholders, consider the position of all stakeholders and strive for sustainable growth and improvement of medium-to long-term corporate value through realization of our corporate principles “Building trust,” “Placing importance on personnel,” “Contributing to society” and “Maintaining healthy earnings results.” For that purpose, the Company practices group management based on a holding company structure, adopts a Three Committees System (a company with a nominating committee, etc.) as its institutional design in order to clearly separate the management supervision and business execution functions, and establishes a highly transparent and objective governance environment that conforms to international standards. At the same time, the Company realizes highly efficient oversight of Group companies and builds a unified group management system that elicits synergies among Group companies. The Company has disclosed the details of its basic views on corporate governance through its website, Securities Report<sup>\*1</sup>, and Corporate Governance Report<sup>\*2</sup>.

System/Institutional Design	Purpose
Adoption of a holding company structure	In addition to the Company's corporate executive officers, employees responsible for head office functions are also in charge of the securities subsidiary, which serves to improve the efficiency of head office operations, demonstrate synergies between Group companies to the greatest extent possible, and maximize corporate value. This arrangement also enhances competitiveness and growth potential by enabling each independent business to draw on its individual strengths while maintaining cohesiveness as a Group.
Adoption of a Three Committees System	Clearly separating the management supervision and business execution functions.
	Making swift and decisive decisions by having the Board of Directors assign wide-ranging authority to corporate executive officers and clarifying the division of duties among corporate executive officers.
	Improving transparency and fairness of the management by establishing three committees: the Nominating Committee, Audit Committee and Compensation Committee with highly independent outside directors as a majority of their members.

### History of Daiwa's Corporate Governance

The efforts the Company has made to strengthen corporate governance to date are shown on the right. The initial major transformation was the Company's transition to a holding company structure in 1999, a first for a listed company in Japan, amid calls for fundamental revisions to the securities company business model following Japan's version of the financial Big Bang. This move made the Company a leader among its peers in building a consolidated Group management structure. In order to separate the management supervision and business execution functions, and to enable agile decision-making, the Company transitioned to a Committee System (currently, a company with Three Committees System) in 2004. Since this time, it has tirelessly continued to perfect its approach to corporate governance in aims of greater improvement.

March 1998	Establishment of the Corporate Principles
June	Elected outside auditors
April 1999	<b>Became the first listed Japanese company to adopt a holding company structure</b> Established the Advisory Board Established the Group Management Committee
June 2000	Established the Compensation Committee
June 2002	Elected outside directors Shortened directors' terms of office from two years to one year
July 2003	Established the Internal Control Committee
June 2004	<b>Shifted to a Committee System</b> (currently, a company with Three Committees System)
October 2015	Complied with the Corporate Governance Code and established the Outside Directors' Committee as part of this effort
April 2017	Appointed outside directors as chairs of all three committees
June 2020	The majority of directors shall be non-executive directors
April 2021	Established Corporate Governance Guidelines
June	Appointed half of the directors (seven out of 14) as outside directors
December	The Company selected for inclusion in the new Prime Market segment on the Tokyo Stock Exchange (transferred on April 4, 2022)
June 2023	Percentage of female directors exceeds 30% (five out of 14 directors, 35.7%)
June 2024	Percentage of female directors reaches 50% (six out of 12 directors)

Note: The status of compliance with the Corporate Governance Code is disclosed in the Corporate Governance Report<sup>\*2</sup>

### Corporate Governance Guidelines

Corporate Governance Guidelines (hereafter, CG Guidelines) stipulate the basic framework and policy for Daiwa Securities Group corporate governance. They organize the purpose of the Group's corporate governance; the institutional design; the roles and composition of the Board of Directors and each committee; the roles and requirements of the outside and internal directors; CEO successor planning; the management and support systems for the Board of Directors; information disclosure; engagement with shareholders, investors, and other stakeholders; and the commitment to ensuring shareholder equality, among others.



Corporate Governance Guidelines

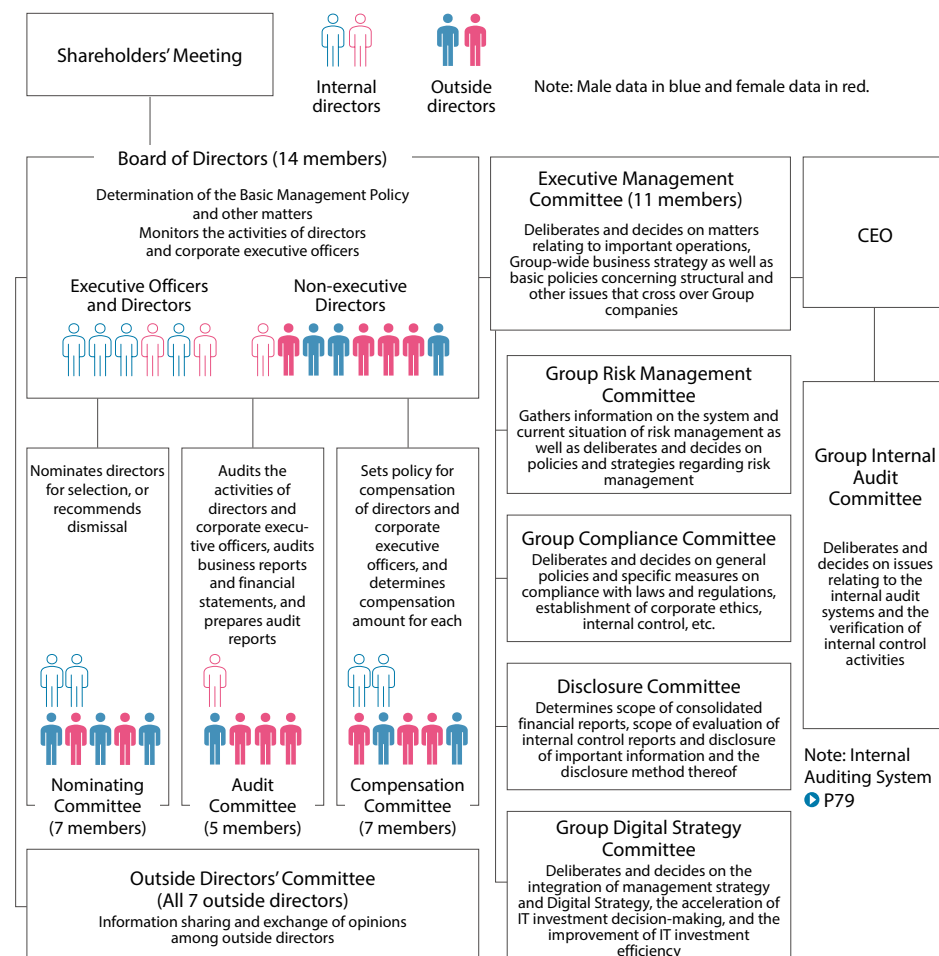
[https://www.daiwa-grp.jp/english/about/governance/corporate\\_governance.html](https://www.daiwa-grp.jp/english/about/governance/corporate_governance.html)

<sup>\*1</sup> Securities Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material\\_for\\_fiscal\\_ym7/185332/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf) <sup>\*2</sup> Corporate Governance Report: [https://www.daiwa-grp.jp/english/about/governance/pdf/corporate\\_governance\\_report.pdf](https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf)

<sup>\*3</sup> 2024 Integrated Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material13/241261/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf)

## Corporate Governance

### Corporate Governance System at Daiwa Securities Group



- Notes 1. For details on governance involving sustainability, see Sustainability approach and initiatives (1) Governance in the Securities Report\*1.  
2. For details on governance involving climate change, see Climate-related Disclosure 2025 (former TCFD) on the Group's website at the following URL. (Scheduled for disclosure in September 2025.)  
<https://www.daiwa-grp.jp/english/sustainability/environment/tcf.html>

### Roles, composition, and activities of the Board of Directors

#### (1) Roles of the Board of Directors

The Company's Board of Directors is responsible for ensuring sustainable growth and for maximizing medium- to long-term corporate value based on the Corporate Principles.

The Board of Directors determine core management matters such as basic management policy, matters related to election and dismissal of, division of duties and command system, etc., among corporate executive officers, and systems for internal control and risk management. In order to make management decisions promptly and to enhance efficient group management, the Board of Directors delegates decision-making powers to the corporate executive officers as much as possible. It also supervises the execution of duties of the directors and the corporate executive officers. In this way, the Board of Directors fulfills its responsibilities while ensuring the fairness and transparency of Group Management.

The Board of Directors' agenda involves matters to be resolved and reported. In addition to key management and other matters that are to be exclusively handled by the Board according to laws, regulations, and the Articles of Incorporation, matters to be resolved also include those that the Board of Directors deems as important and as requiring a resolution. In addition, the status of execution of duties by the committees and corporate executive officers, and other matters required by laws, regulations, and the Articles of Incorporation, matters to be reported also include those deemed necessary by the chairs of the Executive Management Committee and its subcommittees, by the directors, or by the Audit Committee, and those matters the Board of Directors deems important and as requiring a resolution.

Note: For details on the Board of Directors' agenda, see Explanation about corporate governance, etc. in the Securities Report\*1. In addition, for the Board of Directors' member attendance status for each director in FY2024, see Directors (Members of the Board) (page 70).

#### (2) Composition of the Board of Directors

The Company's Board of Directors serves as a monitoring board, and is required by the CG Guidelines to have independent outside directors account for at least one-third of its members for the purpose of appropriately exercising its management supervision function. Moreover, in principle, the majority of directors must also not concurrently serve as corporate executive officers. With a priority on ensuring the diversity of the Board of Directors as a whole, in principle, the ratio of female directors is required to stand at 30% or more.

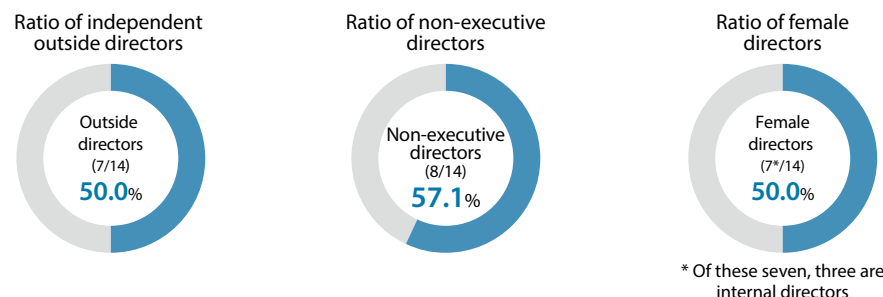
\*1 Securities Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material\\_for\\_fiscal\\_ym7/185332/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf)

\*2 Corporate Governance Report: [https://www.daiwa-grp.jp/english/about/governance/pdf/corporate\\_governance\\_report.pdf](https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf)

\*3 2024 Integrated Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material13/241261/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf)

## Corporate Governance

The current composition of the Board of Directors is as follows:



The Corporate Governance Code requires companies listed on the Prime Market to appoint independent outside directors to at least one-third of their director positions. The Company has currently appointed independent outside directors to a majority of its director positions, and therefore meets this condition. The majority of directors are also non-executive directors, and the majority of seats on each committee as a Company with Three Committees are held by independent outside directors, who also serve as the chair of each committee. As a result, the Company believes it has established a sufficient governance system.

For details on the process and criteria for electing and dismissing directors see the sections on the Nominating Committee in the Securities Report\*<sup>1</sup> or the Corporate Governance Report\*<sup>2</sup>. The policy for selecting director candidates is laid out in Articles 8 and 9 of the CG Guidelines.

According to the CG Guidelines, the total tenure of outside directors shall not, in principle, exceed eight years, and shall not exceed 10 years under any circumstances.

The skills required of directors include corporate management, finance/accounting, legal/compliance, DX/ICT, global business, and sustainability. For the skills of each director, see the List of Directors.

The chair of the Board of Directors shall not possess the right to represent the Company, but shall serve concurrently as a corporate executive officer in order to ensure management continuity and seamless cooperation between the Executive Management Committee and the Board of Directors.

Meanwhile, the chair of the Outside Directors' Committee is responsible for coordinating the outside directors. The current Outside Directors' Committee chair is Director Katsuyuki Nishikawa.

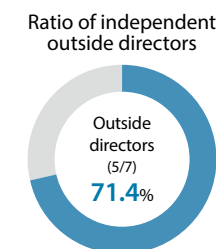
### (3) Activities of the Board of Directors

As a Company with Three Committees, the Company has established a Nominating Committee, an Audit Committee, and a Compensation Committee. In accordance with laws and regulations, outside directors account for the majority of each committee. Moreover, in accordance with internal rules and the CG Guidelines, one of the outside directors on each Committee is elected to serve as its chair.

#### ◆ Nominating Committee

##### Roles

Review the composition of the Board of Directors in consideration of corporate governance and the basic idea for nominating candidates for director, select director candidates, and consider the CEO succession plan, etc.



##### Activity details and committee composition

For details on the FY2024 activities and member attendance status, and on the FY2025 committee composition, see page 103 of the Securities Report\*<sup>1</sup>

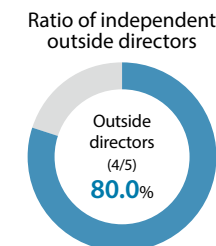
##### Composition of the Board of Directors and policy for selecting director candidates

See page 103 of the Securities Report\*<sup>1</sup>

#### ◆ Audit Committee

##### Roles

The Audit Committee is in charge of auditing the execution of duties by the directors and corporate executive officers in terms of legality and appropriateness, auditing business reports and financial statements, etc., preparing audit reports, and determining the content of proposals to be submitted at shareholders meetings regarding the election or dismissal and non-reappointment of the Accounting Auditor. In addition, the Committee has the right to consent regarding the determination of remuneration, etc. of the Accounting Auditor.



\*1 Securities Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material\\_for\\_fiscal\\_ym7/185332/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf) \*2 Corporate Governance Report: [https://www.daiwa-grp.jp/english/about/governance/pdf/corporate\\_governance\\_report.pdf](https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf)

\*3 2024 Integrated Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material13/241261/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf)



## Corporate Governance

### Activity details and committee composition

- For details on the FY2024 activities and member attendance status, and on the FY2025 committee composition, see page 104, page 137, and 138 of the Securities Report\*<sup>1</sup>
- Reports on the agenda for Daiwa Securities meeting bodies (Group Compliance Committee, Group Digital Strategy Committee, Group Product Governance Council, Group Overseas Management Committee, etc.)
- The Appointed Audit Committee Members concurrently serve as the auditors for Daiwa Securities, Daiwa Asset Management, Daiwa Institute of Research, and other major subsidiaries, and participate in meetings, including the Board of Directors, for the relevant company. They also coordinate with the Accounting Auditor, and exchange information and opinions with the full-time Audit & Supervisory Board members of Group Companies
- Established the Audit Committee's Office as an office that specializes in supporting the Audit Committee's work



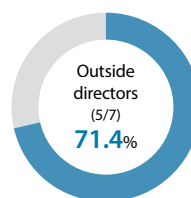
View of an Audit

### ◆ Compensation Committee

#### Roles

Reviews the Director remuneration policy and details of individual remuneration of the incentive plan of the Group as a whole, to ensure the enhancement of consolidated earnings and stock prices

Ratio of independent outside directors



### Activity details and committee composition

For details on the FY2024 activities and member attendance status, and on the FY2025 committee composition, see page 104 of the Securities Report\*<sup>1</sup>

\*1 Securities Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material\\_for\\_fiscal\\_ym7/185332/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf)

\*2 Corporate Governance Report: [https://www.daiwa-grp.jp/english/about/governance/pdf/corporate\\_governance\\_report.pdf](https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf)

\*3 2024 Integrated Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material13/241261/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf)

### CEO successor planning

The Nominating Committee conducts periodic reviews of key officers, who could be considered as CEO candidates based on the current CEO's views on the selection of a successor and the attributes required of a CEO. In addition, a training program to develop future management candidates is implemented annually, and the status of implementation regularly reported to the Board of Directors.

Article 15 of the CG Guidelines outlines the CEO successor planning process along with the election and dismissal processes.

For details on the background to the election of the current CEO, see the Corporate Governance Dialogue (page 118) in Integrated Report 2024\*<sup>3</sup>.

### Support for outside directors

The Company established the Corporate Secretariat as an office dedicated to supporting the Board of Directors and the outside directors. Together with the Corporate Planning Department, the Corporate Secretariat serves as the secretariat for the Board of Directors.

Prior to Board of Directors and committee meetings, the related departments and the secretariat hold briefings. The secretariat also shares the details of key agenda items covered at the Executive Management Committee and other meetings with the outside directors.

The Outside Directors' Committee is held multiple times throughout the year as an arena for the outside directors to share information and exchange opinions with each other. Off-site meetings are also held as a location for internal directors and outside directors to strengthen communication by exchanging opinions in a more candid manner. For details, see page 105 of the Securities Report\*<sup>1</sup>.



An off-site meeting with a lecture by Takashi Imamura, President and CEO of Marubeni Institute

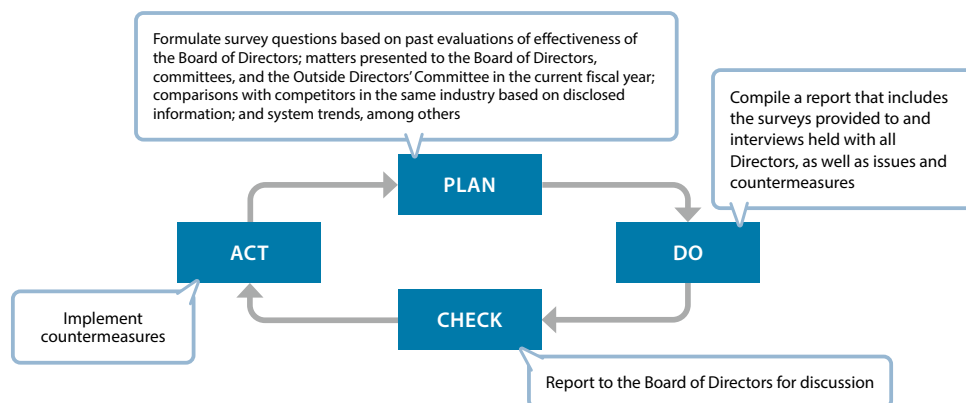
## Corporate Governance

The Company has also set up multiple opportunities each year for internal directors and outside directors to engage in direct dialogue in an effort to further stimulate communication. In addition, the Company has implemented the following initiatives to conduct training for and share information with outside directors.

- ◆ Explanations of operational details from each department for newly elected outside directors
- ◆ Officer training (using outside lecturers and training organizations, etc., in some cases)
- ◆ Lectures by outside experts during the Outside Directors' Committee
- ◆ Provision of industry information (including system trends)
- ◆ Regular sharing of the content of earnings announcements, management strategy meetings, and individual meetings with institutional investors

### Evaluating the Effectiveness of the Board of Directors

Daiwa Securities Group Inc. has conducted effectiveness evaluations of the Board of Directors each fiscal year since FY2014 for the purpose of identifying any issues hindering the greater effectiveness of the Board of Directors and for making improvements. All of the Directors were asked to answer a survey about the roles, duties, structure, management methods and the status of discussions by the Board of Directors as well as other matters, including management of the Nominating, Audit, and Compensation committees. They were then interviewed by specialized agencies, and the Company analyzed and evaluated the results of those interviews. The results of the evaluation were reported to the Board of Directors and discussed by the directors in order to implement a PDCA cycle. The Company endeavors to maintain and enhance the effectiveness of the Board of Directors using this PDCA cycle.



### Key Points of the Effectiveness Evaluation for the Company's Board of Directors

- ◆ Specialized agencies provided advice on survey question formulation and conducted interviews
- ◆ Reviewed agenda items for the Board of Directors and Outside Directors' Committee through surveys and interviews, and formulated an annual plan
- ◆ The FY2024 evaluation covered management strategy, risk management, the Board of Directors' agenda, dialogue with stakeholders, and the composition and management of the Board of Directors
- ◆ Also conducted evaluations of the Nominating, Audit, and Compensation Committees
- ◆ As a personal assessment, the outside directors reviewed the past year themselves

Prior to conducting the FY2024 evaluation, the Company hired an external independent agency to review the previous year's evaluation at the PLAN stage.

Notes: 1 For details on the FY2024 evaluation, see the Corporate Governance Report\*2

2 For issues and actions indicated by the Board of Directors in the past, see the following websites



[https://www.daiwa-grp.jp/english/about/governance/corporate\\_governance.html](https://www.daiwa-grp.jp/english/about/governance/corporate_governance.html)

\*1 Securities Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material\\_for\\_fiscal\\_ym7/185332/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf)

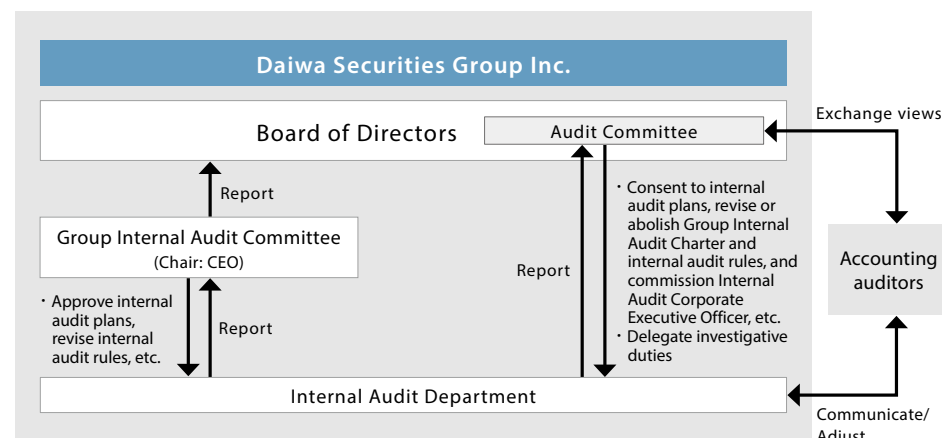
\*2 Corporate Governance Report: [https://www.daiwa-grp.jp/english/about/governance/pdf/corporate\\_governance\\_report.pdf](https://www.daiwa-grp.jp/english/about/governance/pdf/corporate_governance_report.pdf)

\*3 2024 Integrated Report: [https://ssl4.eir-parts.net/doc/8601/ir\\_material13/241261/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material13/241261/00.pdf)

## Corporate Governance

### Internal Control

#### Internal Auditing System Diagram



#### Internal control system

In recognition that management is responsible for maintaining an internal control system to ensure the sound and appropriate execution of business, the Group, under the main initiative of Daiwa Securities Group Inc., has established a system for managing the Group's major business risks. Through this system, the Group endeavors to ensure business effectiveness and efficiency, reliable financial reporting, compliance with laws related to business activities, and asset preservation.

In consideration of the above, the Board of Directors makes decisions regarding systems for ensuring the appropriateness of the Group's operations, and works to enhance the internal control system.

#### Internal audits

The Group positions internal audits as serving a critical function as part of the internal control system, and has assigned a dedicated corporate executive officer responsible for internal audits within the Company. The Internal Audit Department functions independently from all other departments in verifying the internal control system.

#### Examples of issues that internal audits focus on regarding the Group's business activities

- ▶ Internal control systems at Daiwa Securities and overseas offices as a global financial instruments business operator
- ▶ Status of operations at Group companies and status of control by the Company

#### Whistleblowing system (Corporate Ethics Hotline)

The Group operates a Corporate Ethics Hotline through which employees can report acts of misconduct directly to a corporate ethics officer of Daiwa Securities Group Inc. or outside lawyers. In addition to clearly codifying the protection of whistleblowers in its regulations, the Group works to protect whistleblowers and ensure their anonymity when operating the system. Moreover, we adhere strictly to a no retaliation policy and prohibit the adverse treatment of whistleblowers based on their reporting. As far as reporting methods are concerned, information can be relayed through various means, including the telephone as well as the incident reporting page on the intranet and via email 24 hours a day, 365 days a year. In addition to Group officers and employees, anyone who works at the Group's offices can use this system. When the hotline is contacted, the corporate ethics officer, in cooperation with the persons responsible for handling internal whistleblowing at each Group company, carries out a factfinding investigation, while taking steps to protect the caller. In FY2024, 111 reports were received through the whistleblowing system.



Structure and achievements of the whistleblowing system (Corporate Ethics Hotline)  
<https://www.daiwa-grp.jp/english/about/governance/compliance.html>

## Executive Compensation

Daiwa Securities Group recognizes that one of the most important underlying factors for enhancing corporate governance is the control of compensation-based incentives combined with ensuring transparency.

### Policies for determination of remuneration of directors and corporate executive officers

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

Compensation for directors and corporate executive officers is determined based on the following fundamental policies.

- ▷ To create effective incentives, which contribute to the increase of shareholder value through sound business development and also lead to the improvement of business performance in the short term as well as the medium and 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 operated effectively as a company with a nominating committee, etc.

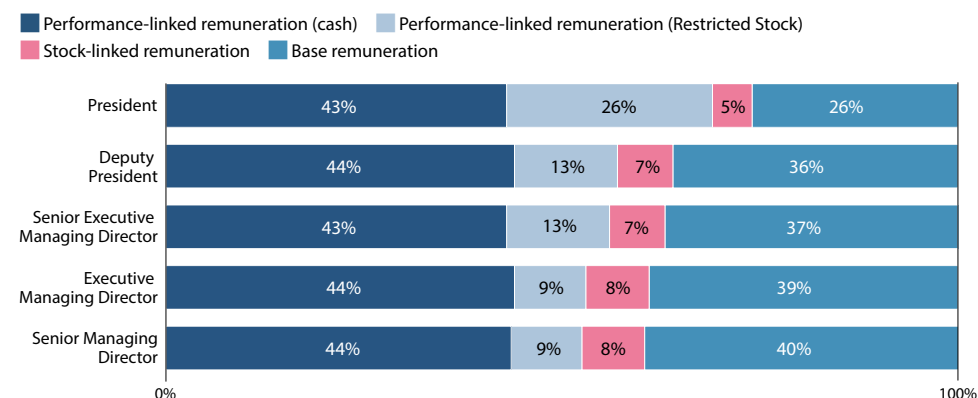
Compensation for directors and corporate executive officers is determined by the Compensation Committee and consists of base remuneration, stock-linked remuneration and performance-linked remuneration. Specifically, these are as follows:

Base remuneration	▷ A fixed amount calculated based on his/her position, duties and role, and paid monthly in cash.
Stock-linked remuneration	▷ To increase the link between remuneration and shareholder value, granted by the Company as Restricted Stock, etc., the value of which corresponds to a certain percentage of base remuneration, as non-monetary remuneration annually at a fixed time.
Performance-linked remuneration	<p>▷ Determined depending on the level of individual contribution, based on consolidated ROE, consolidated ordinary income, and Base Income* which are settled 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 other relevant factors, and paid annually at a fixed time in the form of cash and restricted stocks.</p> <p>▷ A certain upper limit is set on performance-linked remuneration that is paid in cash based on business performance. If such remuneration exceeds the limit, the excess amount will be paid in Restricted Stock instead of cash.</p> <p>▷ Does not apply to directors who do not serve as corporate executive officers.</p>

\* Base Income: Total ordinary income from Wealth Management Division, Securities Asset Management, and Real Estate Asset Management

Regarding individual remuneration, etc., for directors and corporate executive officers in FY2024, the Compensation Committee decided on the content of such remuneration after confirming the consistency of the Policies for Determination of Remuneration of Directors and Corporate Executive Officers. Therefore, the Committee judges that the remuneration is in line with the guiding policies.

### Ratio of performance-linked remuneration and other



Note: Above figures are the ratios when Performance KPIs of the Medium-Term Management Plan are achieved.

### Indicators for performance-linked remuneration, reasons for choosing the indicators, how to determine performance-linked remuneration, and targets and results

In calculating performance-linked remuneration, the Compensation Committee makes reference to individual KPIs established as Group numerical targets in the Medium-Term Management Plan "Passion for the Best" 2026.

For the performance evaluation used to calculate performance-linked remuneration, the evaluation of financial performance based on Performance KPIs (calculated based on



## Executive Compensation

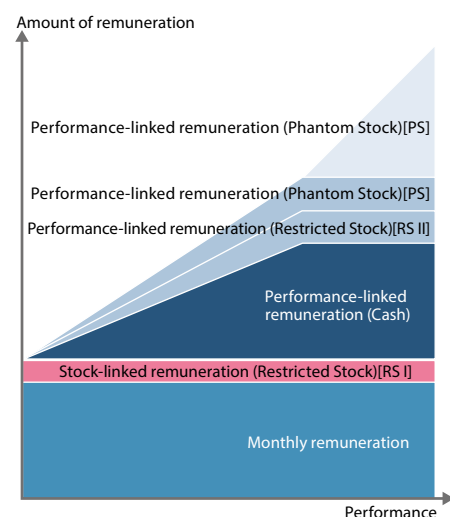
financial information) reflects a comprehensive quality evaluation of the KPIs other than Performance KPIs. Financial performance evaluation and quality evaluation are determined by the Compensation Committee.

Performance-linked remuneration is calculated by multiplying the reference value determined for each position and performance evaluation and reflecting the degree of individual contribution. Performance evaluation applies the same calculation formula to all positions.



Please refer to the company's Securities Report for details.  
[https://ssl4.eir-parts.net/doc/8601/ir\\_material\\_for\\_fiscal\\_ym7/185332/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf)

### Image of remuneration



Restricted Stocks and Phantom Stocks at a value corresponding to a certain ratio of performance-linked remuneration (cash) are paid to foster a system that increases incentives for long-term performance improvement and sustainable growth.

If performance-linked remuneration exceeds a certain limit, the excess amount is paid in the form of Phantom Stocks and the level of increase gets steeper in order to foster a system that increases incentives for long-term performance improvement and sustainable growth.

### Stock Compensation Plan

Daiwa Securities Group Inc. introduced the Stock Compensation Plan to increase incentives for the Company and its subsidiaries' directors, corporate executive officers, and executive officers, etc., to enhance performance in the medium and long term and strengthen values shared among the Eligible Officers, etc., and shareholders.

Stock-linked remuneration (RS I)	It is intended to provide Restricted Stocks (RS I) to an amount that equals the fixed ratio of the base remuneration, and to function effectively as an incentive for long-term performance improvement, restriction will be released when he/she resigns his/her position as director, officer, etc., of the Company and its subsidiaries and affiliates.
Performance-linked remuneration (RS II)	Performance-linked remuneration is paid in the form of Restricted Stocks (RS II) of a value corresponding to a certain percentage of performance-linked remuneration (cash). The restricted transfer period is approximately three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.
Performance-linked remuneration (PS)	Performance-linked remuneration is paid in the form of Phantom Stocks (PS) of a value corresponding to a certain percentage of performance-linked remuneration (cash). Furthermore, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid in Phantom Stocks. Phantom Stocks are a cash-based compensation system linked to the Company's stock price. The holding period is approximately three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.

Notes: 1. RS II is calculated by multiplying the ratios established by position by performance-linked remuneration (cash).  
 2. PS is calculated by multiplying performance-linked remuneration (cash) by a fixed percentage regardless of position. Regarding the President and CEO, a structure is in place to decide the ratio of performance-linked remuneration based on the Company's total shareholder return (TSR) during the results evaluation period, the rate of change of TOPIX, and a comparative valuation with the TSR of competitors.  
 3. Where serious compliance violations are discovered within the Group, in addition to the forfeiture of unpaid stock remuneration (malus), based on deliberation by the Compensation Committee, a clawback scheme is being introduced to allow the Company to demand the return of all or part of the stock remuneration that has already been paid.

### Compensation by Type of Officer, Remuneration, and Number of Eligible Officers (FY2024)

Type of officer	Total compensation, etc. (millions of yen)	Value of compensation, etc., by type (millions of yen)						Recipients (persons)
		Base remuneration	RS I	Performance-linked remuneration			Retirement bonus	
				Cash	RS II	RS III		
Directors	66	57	8	–	–	–	–	3
Corporate executive officers	1,777	517	157	852	182	67	–	12
Outside directors	139	130	8	–	–	–	–	8

Notes: 1. Five directors also served as corporate executive officers; their total compensation is included in the corporate executive officers category.  
 2. The amount of performance-linked remuneration is the amount to be paid for the current fiscal year.  
 3. For RS III, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid as restricted stock. The decision was made at the Compensation Committee to change remuneration for Directors and corporate executive officers from FY2025, and an upper limit was set for performance-linked remuneration (cash) and RS II. The remuneration paid when that threshold is exceeded was changed from RS III to PS, and RS III was abolished.



Please refer to the company's Securities Report for details of consolidated compensation, etc., by officer.  
[https://ssl4.eir-parts.net/doc/8601/ir\\_material\\_for\\_fiscal\\_ym7/185332/00.pdf](https://ssl4.eir-parts.net/doc/8601/ir_material_for_fiscal_ym7/185332/00.pdf)

## Reports from Committees

### Nominating Committee Report



Toshio Iwamoto  
Outside Director  
Chair of Nominating Committee

The business environment is undergoing a paradigm shift, with long-held norms and values changing fast. Against this backdrop, the Nominating Committee has an increasingly important mission and role in helping ensure the Group's sustainable growth and stable management. To support smooth leadership transitions, we must create succession plans not only for the CEO but also for the entire management team. These plans should ensure the organization's continuity and stability, preserve expertise, foster diversity and creativity in management, and uphold sound governance.

The selection and evaluation of directors, including outside directors, is a key task for maintaining sound governance. The Nominating Committee aims to build trust among customers, shareholders, employees, and all stakeholders in the supply chain by conducting this process with transparency and fairness. We will maintain strong ethics as we work to ensure the right leadership and governance for the Group's medium- to long-term strategy.

### Audit Committee Report



Katsuyuki Nishikawa  
Outside Director  
Chair of Audit Committee

The Audit Committee strives to understand key issues such as progress on the Medium-Term Management Plan and governance and compliance within the Group. We do this through activities such as gathering reports from headquarters and Group company leaders and conducting on-site reviews. We have confirmed that the commitment to **maximize customer asset value** through total asset consulting is firmly established and practiced across the Group. We also saw various governance improvements underway in overseas operations, despite challenges from differing legal systems. The Group aims for inorganic growth through external partnerships with Aozora Bank and JAPAN POST INSURANCE. We will closely monitor these new frameworks. In recent years, a series of scandals have shaken trust in financial institutions. Fortunately, no major incidents have occurred within Daiwa Securities Group. However, we will continue monitoring to ensure that sufficient measures are in place to prevent any issues from arising.

### Compensation Committee Report



Eriko Kawai  
Outside Director  
Chair of Compensation Committee

As Chair of the Compensation Committee, I work to ensure that executive pay is transparent and objective from my perspective as an outside director, aiming to keep compensation fair and tied to both performance and market trends. We have raised the share of performance-linked pay to strengthen incentives for sustained performance over the medium and long term. Performance-linked compensation is set using both financial performance evaluation (consolidated ROE, consolidated ordinary income, and Base Income) and quality evaluation based on how well business KPIs are met. Starting in FY2025, the Group is introducing phantom stock and raising the amount of stock remuneration. Because phantom stock does not involve issuing physical shares, it strengthens incentives for sustained performance without causing dilution.

In FY2024, the Compensation Committee met five times. Outside directors took an active role in reviewing changes to the remuneration system. Through these discussions, we ensured transparency and supported the Group's sustainable growth.

# Risk Management

While Daiwa Securities Group pursues profitability and growth, it also recognizes the importance of appropriately identifying, evaluating, and effectively managing various risks associated with its business operations. The Group aims to continuously improve its corporate value by maintaining a sound financial base and profit structure that is balanced in terms of risks and returns, and by appropriately controlling risks that are likely to manifest over the medium to long term, in addition to short-term risks.

## Risk Management System

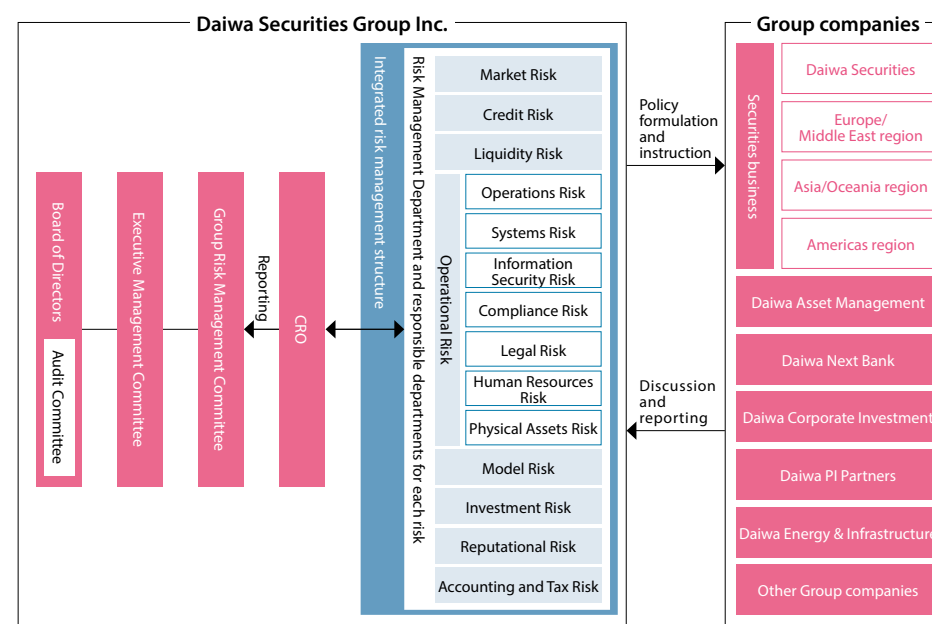
### Basic policies as defined by the Rules for Risk Management at Daiwa Securities Group

- 1 Management's proactive involvement in risk management.
- 2 The structure of a risk management system that responds to features of the risks held by the Group.
- 3 Understand overall risk based on integrated risk management, secure strong capital and the soundness of liquidity.
- 4 Clarify the risk management process.

Each Group company conducts risk management suited to the risk profile and size of its business in accordance with the basic policies related to risk management. The Risk Management Department within Daiwa Securities Group Inc. and responsible departments for each risk monitor the risk management systems and risk status of Group companies. The risk status of Group companies grasped through such monitoring, as well as their risk management issues, is reported to the CRO, who is appointed from among corporate executive officers, as necessary. The CRO gives directions to address the risk management system, risk status, and other issues for each company, verifies the performance of risk management systems, and conducts reviews if necessary according to the business scale, characteristics, and risk status of each company. The CRO is in charge of reporting risk to the CEO, and does not concurrently serve as the officer in charge of internal audits or as a member of the Audit Committee.

The risk status and other issues of Group companies are reported to the Group Risk Management Committee, a subcommittee of the Daiwa Securities Group Inc. Executive Management Committee. This committee deliberates and decides on policies for risk management and specific measures. The Group Risk Management Committee also deliberates and revises the risk management process. This committee is comprised separately from the Audit Committee, and also reports on the details of its discussions to the Audit Committee.

## Risk Management System



### ■ Risk Appetite Framework

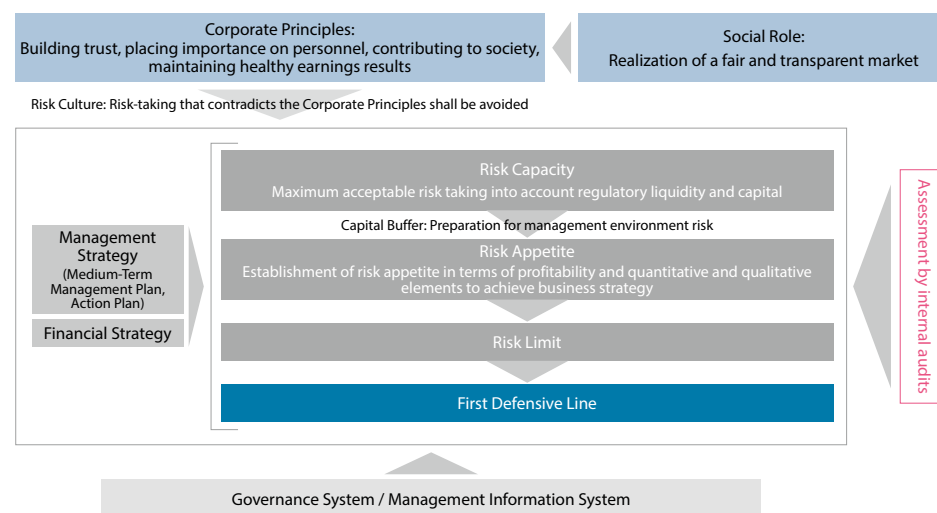
International financial institutions are increasingly required to exhibit sufficient soundness to operate their functions as financial intermediaries during times of economic and market stress. In addition, the Group is required to ensure it has sufficient liquidity and equity capital commensurate with these risks in order to be adequately prepared during times of stress.

Under this environment, the Group has introduced a risk appetite framework (RAF). The Group has documented this framework in its Risk Appetite Statement, which the Board of Directors has deliberated and decided on, and is working to spread this Group-wide while raising the level of its management system.

The quantitative risk appetite index is a topic of discussion and determination by the Board of Directors as part of the Risk Appetite Statement and reviewed twice a year.

Moreover, RAF-related audits of the Board of Directors and management business execution are conducted by the Audit Committee.

#### RAF Concept Chart



#### ■ Integrated Risk Management

Integrated risk management is a risk management approach that aims to ensure management safety while continually improving corporate value by identifying all risks faced by the Group and comparing them to management strengths. When engaging in integrated risk management, we measure the impact on capital and liquidity within the Group from a forward looking perspective and utilize RAF-based stress tests<sup>\*1</sup> as well as Top Risk management<sup>\*2</sup> as part of our efforts to ensure a comprehensive understanding of risk.

<sup>\*1</sup> Stress tests are used for the integrated evaluation of impacts on capital, liquidity, and business systems based on probable stress scenarios that may have a major impact on the Group.

<sup>\*2</sup> To select and manage risk events that require particular attention in light of the Group's business characteristics.



Please refer to the following website for more information on the Group's risk management.  
<https://www.daiwa-grp.jp/english/about/governance/risk.html>

## Compliance

### Fostering compliance awareness

Daiwa Securities Group rigorously observes regulations and exercises self-discipline so that it can contribute to the sustainable growth of society while maintaining high ethical standards. We conduct training programs for new graduates when they join the Group, and continue through regularly scheduled training sessions throughout their careers, thus ensuring that every employee is aware of, and thoroughly understands, compliance issues.

The Group trains its employees so that even when the Group pursues new business ventures in areas where the regulatory structure is incomplete, they can return to the basic approach of laws and regulations, act sincerely in light of socially accepted ideas and common sense, and maintain strong self-discipline and legal awareness.

As basic standards in areas that should be fulfilled at a bare minimum, the Group has formulated Group Minimum Standards with respect to the prevention of insider trading, elimination of anti-social forces, and information security. Based on these standards, the Group aims to achieve a level of compliance awareness.

### Compliance system

The Group is improving and strengthening the Group-wide compliance system through the combined efforts of the Compliance Control Department, which is responsible for overall compliance planning and formulation, and which serves as a market gatekeeper, and Compliance Department (I) and Compliance Department (II), which are tasked with providing direction and support to the sales branches and headquarters departments and divisions. Moreover, in an effort to prevent legal and regulatory violations, these departments cooperate with internal administrators assigned to each department in regard to monitoring, guidance, and educational activities that ensure operations are conducted properly. These departments also work closely with the compliance departments at overseas Group companies in order to build a global compliance system.

The Group Compliance Committee deliberates and decides general policies and specific measures on matters involving compliance with laws and regulations, establishment of corporate ethics, and internal control for the Group.

Recognizing that insider trading risks, deficiencies in money laundering and terrorist financing countermeasures, information security risks, and improper conduct by the Group's officers and employees all represent key risk areas, we are working to strengthen our management framework.



## Systems Risk Management and AI Governance

### Operational resilience

Dramatic changes in the environments that encompass financial institutions today are increasing the complexity of risks, yet this situation also presents the danger that institutions will be unable to continue providing critical services with BCP that simply seek to prevent accidents and impediments, and that only envision specific risk events. In addition to making every effort to implement preventative measures, the Group works to ensure operational resilience (including recovery capabilities) under the assumption that business suspensions are a foregone conclusion. In specific terms, we are promoting initiatives aimed at strengthening and improving the effectiveness of the structure necessary to ensure business continuity as part of efforts to prepare for such widespread natural disasters as earthquakes and typhoons, as well as large-scale system failures.

Having recognized cybersecurity as a particularly important issue for management, and as part of our Digital Strategy throughout the period of our Medium-Term Management Plan, we are promoting efforts aimed at strengthening both technological countermeasures and governance as requirements for ensuring operational resilience. Specifically, the Group runs cybersecurity drills for the management of each Group company, promotes technical countermeasures that utilize AI and other cutting-edge technologies, strengthens regular security monitoring and operations, implements measures against fraudulent transactions, and introduces management frameworks that match the cyber risk level of each Group company.

### Daiwa Securities Group's AI Governance Mission Statement

As with data bias in AI (imbalance and bias in the training data holds the potential to also affect the output), AI also involves unique risks, such as unintentionally compromising fairness and safety. As a result, efforts to put in place principles and guidelines covering the application and use of AI have become increasingly active on the world stage. Japan is no exception, with the formulation and consideration of AI-related principles and guidelines underway. Examples include the AI Guidelines for Business established by Japan's Ministry of Economy, Trade and Industry and Ministry of Internal Affairs and Communications, the Guide to Evaluation Perspectives on AI Safety formulated by the Japan AI Safety Institute, and the AI Discussion Paper published by Japan's Financial Services Agency.

As a company that broadly utilizes AI and that is entrusted with the valuable assets of its customers, the Group formulated the Daiwa Securities Group AI Governance Mission Statement, to which the entire Group is subject in June 2023. This is the first such policy regarding AI ethics in the securities industry. This policy comprises a preamble and seven articles, which stipulate the items that must be followed when using AI. The policy was revised in September 2024 following the publication of the AI Guidelines for Business. Similarly, the Group has established an environment for appropriately managing the development and use of AI for the entire Group. This environment

requires any questions or violation incidents that have arisen regarding the use of AI at a Group company to be reported swiftly at the Group AI Governance Committee, which was established at the same time as the Statement.

The Daiwa Institute of Research has formulated the Daiwa Institute of Research AI Ethics Policy, which is founded on the Daiwa Securities Group AI Governance Mission Statement, yet places a greater emphasis on AI ethics at the time of development and implementation. At the same time, the company established the AI Ethics Committee, which ensures its activities align with this policy.

Daiwa Securities Group will continue to make every effort to become a trusted partner for all stakeholders and ensure that our services are used with peace of mind.

### Daiwa Securities Group AI Governance Mission Statement

Daiwa Securities Group is committed to social issues such as the environment, human rights, education, economic growth, and technological innovation, and contributing to the sustainable development of society and the economy. To achieve this, the use of cutting-edge technology, especially AI, has become essential. While the impact of AI on society and the economy is expected to expand further in the future, there are still developing aspects of AI technology.

Under careful consideration, Daiwa Securities Group has established the "Daiwa Securities Group AI Governance Mission Statement," which we encourage all employees to abide by the understanding that we are a company that uses AI extensively in research and development, prediction and analysis, together with providing services.

Daiwa Securities Group will continue to make every effort to become a trusted partner for all stakeholders and ensure that our services are used with peace of mind.

- |   |  |
|---|--|
| 1. Contribution to Society and Economy through AI | 5. Compliance with Laws and Privacy Protection |
| 2. Provide Human-Centered AI                      | 6. Security and Monitoring of AI               |
| 3. Transparency and Accountability of AI          | 7. Governance and Literacy Improvement of AI   |
| 4. Appropriate Use and Learning of AI             |  |



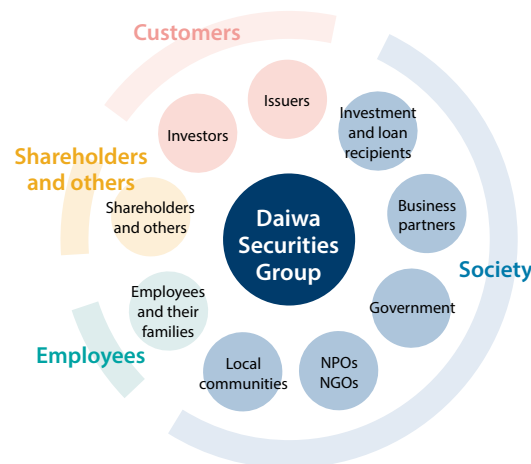
Daiwa Securities Group AI Governance Mission Statement  
[https://www.daiwa-grp.jp/english/about/governance/ai\\_governance.html](https://www.daiwa-grp.jp/english/about/governance/ai_governance.html)

# Stakeholder Engagement

Daiwa Securities Group strives to engage proactively with stakeholders and disclose information in a fair, timely, and appropriate manner so that customers, shareholders and investors, investment and loan recipients, local communities, employees and executives clearly understand and properly evaluate the Group's activities.

## Basic Policy on stakeholder engagement

- 1 Daiwa Securities Group will strive to engage with a broad range of stakeholders based on ISO 26000 and the Charter of Corporate Behavior of the Nippon Keidanren (Japan Business Federation).
- 2 The Group will strive to deepen engagement with stakeholders already known to us, including customers, shareholders and other investors, investment and loan recipients, business partners, employees and local communities.
- 3 The Group will strive to actively communicate and engage with third-party institutions, organizations, and individuals, etc., with whom we have previously had no contact in order to identify other stakeholders.



Basic Policy on Stakeholder Engagement

[https://www.daiwa-grp.jp/english/sustainability/group\\_sustainability/stakeholder.html](https://www.daiwa-grp.jp/english/sustainability/group_sustainability/stakeholder.html)

## Supply chain engagement

In order to take account of human rights, labor standards, the environment, and other social responsibilities throughout the supply chain, Daiwa Securities Group established the Daiwa Securities Group Suppliers' Code of Conduct. The Group also requests the understanding and cooperation of suppliers regarding this statement so that its suppliers also engage in ethical business practices and responsible procurement activities.

Similarly, the Group released its Declaration of Partnership Building, through which the Group strives to build sustainable relationships that enable the Group to grow together with its partners and to further raise the added value of the entire supply chain.



Supply Chain Management

[https://www.daiwa-grp.jp/english/sustainability/social/supply\\_chain.html](https://www.daiwa-grp.jp/english/sustainability/social/supply_chain.html)

## Environmental and Social Policy Framework

Under the Environmental and Social Policy Framework (investment and loan policy), the Group manages the environmental and social risks of its business. This Framework applies to new investments and loans executed, as well as bond and stock issuances underwritten by Daiwa Securities Group Inc. and major Group companies, and aims to create a better society in partnership with the Group's stakeholders by acknowledging the risks for businesses that may have major negative impacts on the environment and society, and by taking appropriate measures through engagement.



Environmental and Social Policy Framework

<https://www.daiwa-grp.jp/english/about/governance/risk.html#anc-04>

## Communication with shareholders and investors

As a means of direct communication with shareholders, the Group conducts a variety of investor relations (IR) activities. These include its general meetings of shareholders, telephone conferences on the days of earnings announcements, briefings for individual investors, management strategy briefings, individual (one-on-one) meetings with analysts and domestic and overseas institutional investors as well as participation in the Daiwa Investment Conference held in Tokyo, Hong Kong, San Francisco, and New York.

To promote understanding of its non-financial information, the Group has been proactively undertaking the following initiatives:

- 1 Holding of sustainability meetings, at which outside directors take the stage, for institutional investors and analysts
- 2 Holding of individual ESG meetings for institutional investors
- 3 Participating in ESG-themed IR seminars for individual investors

We provide opportunities for dialogue with a wide range of stakeholders. In addition to holding briefings and in person one-on-one meetings at physical venues, the Group actively utilizes online methods, such as web conferences and teleconferencing, in an effort to maintain ongoing communication with its shareholders.

The awareness acquired through these means is utilized not only in formulating management strategies and capital policies but also in enhancing briefing materials and other forms of information disclosure. For example, taking into consideration opinions

## Stakeholder Engagement

expressed during each dialogue, the Group set a minimum full-year dividend per share of ¥44 for the period covered by the new Medium-Term Management Plan, FY2024 to FY2026.

Also focusing on disseminating information to individual investors, the Group added a To Individual Investors page to its website in its efforts to improve convenience by consolidating IR-related information. In FY2024, the CEO, CFO, and IR Office staff held five corporate briefing sessions for individual investors, using in person and online formats. We are making use of the opinions received through the question-and-answer sessions and survey questionnaires to improve our information dissemination.

To increase familiarity with the content of integrated reports, we are also working to diversify the ways in which we disseminate information, such as by creating videos explaining the key points and uploading them to YouTube. We are also striving to provide accurate and easily understood information, including by enhancing information disclosure on our IR website and publishing integrated reports and business reports (booklets for shareholders).

Going forward, we will redouble our efforts to strengthen our relationships of trust with shareholders and investors through constructive dialogue while working to further enhance information disclosure and deepen communication.



Status of dialogue with management, etc.

<https://www.daiwa-grp.jp/ir/toolkit/dialogue.html> (In Japanese only)



To individual investors

<https://www.daiwa-grp.jp/ir/digest/> (In Japanese only)

### External evaluations of IR activities Daiwa Securities Group Integrated Report 2024

NIKKEI Integrated Report Award 2024,  
Award for Excellence

Government Pension Investment Fund  
(GPIF), Most-improved Integrated Report



### IR Activities in FY2024

Number of briefings for institutional investors and analysts \_\_\_\_\_ **8**

Number of briefings for individual investors \_\_\_\_\_ **5**

Number of meetings with institutional investors and analysts \_\_\_\_\_ **347**

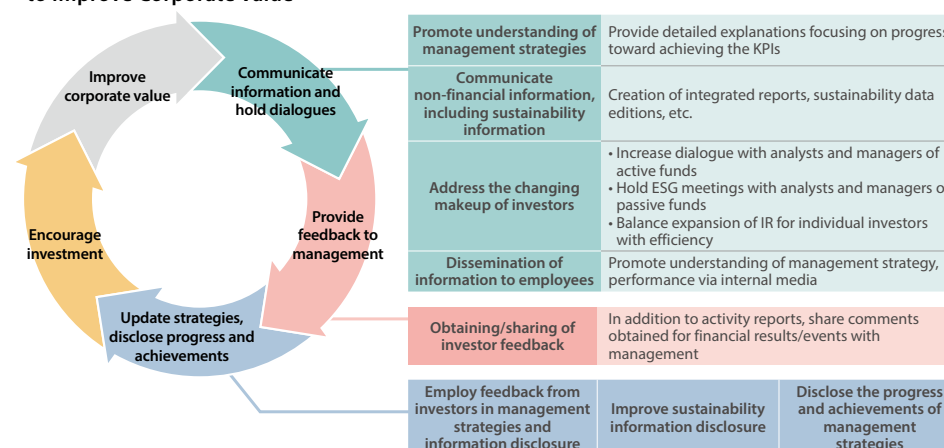
Meetings with overseas institutional investors included in the above \_\_\_\_\_ **157**

### Approach to IR and SR activities

The Group conducts IR and shareholder relations (SR) activities with the aim of deepening understanding of the Group among its shareholders, investors, and all other stakeholders. These initiatives help stakeholders to make fair and appropriate evaluations of the Group.

Provided as feedback to the Group in an appropriate manner through reports to the Board of Directors and other means, opinions, requests, and issues received through dialogue with stakeholders are utilized in the formulation of management strategies and the making of management decisions designed to increase corporate value.

### Strategic IR Cycle Envisioned by the Group to Improve Corporate Value



## Key Financial and Non-financial Data

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Millions of yen (Except as otherwise specified)		
								FY2022	FY2023	FY2024
<b>Operating Performance</b>										
Operating revenue .....	653,711	616,497	712,601	720,586	672,287	576,172	619,471	866,090	1,277,482	1,372,014
Commission received .....	288,418	273,335	313,625	283,027	266,574	286,835	314,051	279,991	358,532	416,489
Net trading income .....	131,324	128,120	109,005	92,218	93,802	118,895	101,522	70,253	98,160	107,373
Net gain (loss) on private equity and other investments .....	18,502	14,846	26,912	- 232	14	4,808	6,048	3,692	14,381	12,360
Financial revenue .....	149,451	143,241	190,444	291,005	258,122	93,188	75,978	332,548	607,590	681,952
Other operating revenue .....	66,014	56,953	72,613	54,567	53,772	72,444	121,870	179,604	198,816	153,839
Financial expenses .....	89,530	98,725	148,348	242,468	209,916	54,480	44,714	268,498	525,853	603,940
Other operating expenses .....	49,366	45,022	58,901	36,876	36,110	55,031	72,663	133,365	160,718	122,084
Net operating revenue .....	514,815	472,750	505,350	441,240	426,259	466,660	502,093	464,226	590,910	645,990
Selling, general and administrative expenses (SG&A) .....	364,517	353,687	370,292	373,914	371,970	373,800	386,559	397,952	437,205	479,247
Operating income .....	150,297	119,062	135,058	67,326	54,288	92,859	115,534	66,273	153,705	166,742
Ordinary income .....	165,148	135,623	155,676	83,159	70,283	115,175	135,821	86,930	174,587	224,716
Profit attributable to owners of parent .....	116,848	104,067	110,579	63,813	60,346	108,396	94,891	63,875	121,557	154,368
<b>Segment Information*<sup>1</sup></b>										
New segment: Ordinary income (loss)* <sup>2</sup>										
Wealth Management .....	-	-	-	-	-	-	-	-	66,213	80,664
Asset Management .....	-	-	-	-	-	-	-	-	66,407	77,418
Global Markets & Investment Banking .....	-	-	-	-	-	-	-	-	44,037	42,738
Others/adjustments .....	-	-	-	-	-	-	-	-	- 2,069	23,895
Total .....	-	-	-	-	-	-	-	-	174,587	224,716
Former segments: Ordinary income (loss)										
Retail .....	61,080	29,375	51,331	24,674	6,405	20,070	41,807	25,886	58,924	-
Wholesale .....	48,878	65,437	45,373	25,400	38,034	74,737	50,951	2,822	44,037	-
Asset Management .....	29,990	26,572	29,119	28,359	26,580	32,775	45,253	44,526	45,940	-
Investment .....	17,397	13,041	24,499	- 1,093	- 877	1,123	7,192	13,068	19,669	-
Others/adjustments .....	7,801	1,196	5,353	5,817	140	- 13,532	- 9,382	626	6,015	-
Total .....	165,148	135,623	155,676	83,159	70,283	115,175	135,821	86,930	174,587	-
<b>Ordinary Income (Loss) from Overseas Operations*<sup>3</sup></b>										
Europe .....	- 3,240	2,759	4,227	- 1,947	- 4,253	3,969	- 2,270	7,184	- 433	- 2,481
Asia & Oceania .....	- 4,130	1,480	4,433	2,946	2,601	4,659	5,986	3,007	6,714	8,556
Americas .....	2,686	9,254	2,742	2,766	17,644	13,188	5,809	7,910	13,680	14,722
Total .....	- 4,684	13,493	11,403	3,765	15,992	21,817	9,525	18,102	19,960	20,798

\*1 Details of major Group companies included in each Division are provided on pages 33-42.

\*2 New segments figures FY2023 have not been audited by an independent auditor.

\*3 Ordinary income from overseas operations has not been audited by an independent auditor.



## Key Financial and Non-financial Data

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	Millions of yen (Except as otherwise specified)		
								FY2022	FY2023	FY2024
<b>Financial Conditions</b> (Fiscal year-end)										
Total assets .....	20,420,818	19,827,296	21,135,041	21,126,706	23,822,099	26,099,330	27,531,089	26,413,248	32,027,299	36,024,346
Net assets .....	1,313,005	1,343,433	1,370,520	1,256,430	1,257,766	1,591,841	1,639,888	1,675,489	1,788,658	1,923,287
<b>Regulatory Indicators</b>										
<b>Consolidated Capital Adequacy Ratio*4</b>										
Consolidated Common Equity Tier 1 Capital Ratio .....	20.7%	22.2%	21.78%	21.64%	18.69%	18.70%	17.29%	18.22%	18.78%	19.07%
Consolidated Tier 1 Capital Ratio .....	20.8%	22.2%	21.78%	21.64%	21.16%	21.72%	19.77%	21.00%	21.45%	21.74%
Consolidated Total Capital Ratio .....	20.9%	22.2%	21.78%	21.64%	21.16%	21.72%	19.77%	21.13%	21.58%	21.84%
Consolidated Leverage Ratio .....	5.97%	5.89%	5.57%	5.82%	5.80%	6.89%	6.59%	6.44%	6.21%	5.33%
Consolidated Liquidity Coverage Ratio .....	156.2%	145.3%	146.6%	141.5%	150.6%	161.2%	149.0%	135.9%	135.2%	142.9%
Consolidated Net Stable Funding Ratio .....	—	—	—	—	—	—	148.4%	137.2%	141.5%	158.7%
<b>Cash Flows</b>										
Cash flows from operating activities .....	221,746	44,543	– 1,319,248	304,857	167,190	390,979	– 353,467	– 183,745	705,124	– 454,066
Cash flows from investing activities .....	415,647	307,713	777,872	108,243	– 215,397	– 91,641	– 218,534	7,457	– 223,986	– 353,443
Cash flows from financing activities .....	– 229,727	143,231	432,813	55,741	– 135,794	438,067	377,090	– 565,878	– 2,847	199,019
Cash and cash equivalents at end of year .....	3,273,640	3,766,145	3,653,464	4,122,102	3,933,149	4,723,526	4,554,375	3,835,559	4,351,951	3,739,698
<b>Per Share Data</b> (Yen)										
Net income per share (EPS)*5 .....	68.25	61.53	66.88	39.95	39.11	71.20	63.06	43.53	84.94	109.53
Net assets per share (BPS) .....	720.86	745.80	786.56	794.54	796.33	875.12	925.81	968.93	1,086.20	1,158.82
Dividend per share (DPS) .....	29.00	26.00	28.00	21.00	20.00	36.00	33.00	23.00	44.00	56.00
Closing share price .....	692.3	677.9	678.7	539.0	419.2	572.1	692.7	621.0	1,151.0	993.8
<b>Other Indicators</b>										
Dividend payout ratio .....	42.5%	42.3%	41.9%	52.6%	51.1%	50.6%	52.3%	52.8%	51.8%	51.1%
Market capitalization (Period-end closing price, number of shares issued basis) .....	1,211,095	1,152,009	1,153,368	915,965	712,379	972,214	1,177,159	974,584	1,806,354	1,559,648
ROE .....	9.5%	8.4%	8.8%	5.1%	4.9%	8.5%	7.0%	4.6%	8.3%	9.8%

\*4 Consolidated Capital Adequacy Ratio hereunder is calculated under the principles of Financial Service Agency Public Notice 130 of the Financial Instruments and the Exchange Act (Article 57-17-1).

\*5 Net income per share is calculated on the basis of the average number of shares outstanding during the fiscal year.

## Key Financial and Non-financial Data

For more detailed sustainability data, including management reports, social reports and environmental reports, and the status of independent assurance, please see our sustainability site.  
(<https://www.daiwa-grp.jp/english/sustainability/data/dataedition.html>)

### Personnel Related

		FY2020	FY2021	FY2022	FY2023	FY2024
Consolidated number of staff *1	<b>G</b>	15,024	14,825	14,671	14,545	<b>14,783</b>
Male		7,819	7,646	7,543	7,548	<b>7,694</b>
Female		5,292	5,220	5,174	5,102	<b>5,210</b>
Overseas		1,913	1,959	1,954	1,895	<b>1,879</b>
Number of temporary employees	<b>G</b>	390	262	241	288	<b>324</b>
Number of new graduates recruited*2		460	319	402	466	<b>480</b>
Male		244	164	232	278	<b>277</b>
Female		216	155	170	188	<b>203</b>
Mid-career recruits*3		–	62	131	131	<b>237</b>
Male		–	51	101	104	<b>176</b>
Female		–	11	30	27	<b>61</b>
Percentage of mid-career recruits		–	16.3	24.6	21.9	<b>33.1</b>
Average age	<b>D</b>	38.9	39.3	39.6	40.7	<b>40.8</b>
Male		40.2	40.5	40.7	41.8	<b>41.8</b>
Female		37.2	37.8	38.3	39.3	<b>39.5</b>
Average number of years of service	<b>D</b>	14.4	14.9	15.1	14.1	<b>13.7</b>
Male		15.9	16.3	16.4	14.9	<b>14.3</b>
Female		12.4	13.0	13.6	13.0	<b>12.9</b>
Employee turnover rate (%)	<b>G</b>	4.5	5.4	5.1	5.1	<b>3.8</b>
Voluntary employee turnover rate (%)	<b>G</b>	4.1	5.1	4.7	4.6	<b>3.3</b>
Number of employee union members	<b>6</b>	6,640	6,505	6,280	6,131	<b>6,189</b>
Ratio of employees who are employee union members (%)	<b>6</b>	58.7	56.0	54.8	54.2	<b>51.6</b>

\*1 The number of employees stationed overseas is included in the overseas category.

\*2 Prior to FY2020, six group companies. From FY2021, four group companies (Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., and Daiwa Securities Business Center Co. Ltd.)

\*3 Disclosed since FY2021. Four Group companies (Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., and Daiwa Securities Business Center Co. Ltd.)

#### Selected range of numerical data

**G**: Group-wide (excluding equity-method affiliates)

**D**: Daiwa Securities (non-consolidated)

**7**: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., Daiwa Securities Business Center Co. Ltd., Daiwa Facilities Co., Ltd., Daiwa Corporate Investment Co., Ltd.

**6**: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., Daiwa Securities Business Center Co. Ltd., Daiwa Corporate Investment Co., Ltd.

**2**: Daiwa Securities Group Inc., Daiwa Securities Co. Ltd.

### Education Related

		FY2020	FY2021	FY2022	FY2023	FY2024
Number of people who have completed selective management training programs	<b>7</b>					
Daiwa Management Academy (cumulative total)		471	496	520	543	<b>567</b>
Daiwa Leadership Program (cumulative total)		1,283	1,427	1,598	1,778	<b>1,895</b>
Number of persons earning credentials	<b>7</b>					
AFP		7,429	7,390	7,309	7,188	<b>7,288</b>
CFP		1,165	1,321	1,469	1,570	<b>1,677</b>
CMA		1,490	1,509	1,550	1,553	<b>1,576</b>
CFA		47	53	49	46	<b>47</b>
TOEIC (730-990)		1,802	1,768	1,802	1,820	<b>1,819</b>
Overseas MBA program, etc.		145	142	138	129	<b>133</b>
Costs for educational investment						
Cost for the Group's educational investment (billions of yen)		1.8	1.9	2.06	2.16	<b>2.22</b>
Costs for educational investment per employee (millions of yen)		0.14	0.15	0.16	0.17	<b>0.18</b>
Operating income per employee (millions of yen)		6.2	7.8	4.5	10.5	<b>11.3</b>

### Taxes Paid by Country (FY2023)

		Japan	United States	United Kingdom	Singapore	Others	Total
Revenue	(Billions of yen)	1,014.28	509.14	44.86	23.80	42.82	<b>1,634.90</b>
	(%)	62.0%	31.1%	2.7%	1.5%	2.6%	<b>100.0%</b>
Profit (Loss) before Income Tax	(Billions of yen)	146.71	11.24	1.69	2.81	– 0.26	<b>162.19</b>
	(%)	90.5%	6.9%	1.0%	1.7%	– 0.2%	<b>100.0%</b>
Income Tax Paid	(Billions of yen)	51.91	3.00	0.02	0.52	0.41	<b>55.85</b>
	(%)	92.9%	5.4%	0.0%	0.9%	0.7%	<b>100.0%</b>
Income Tax Accrued	(Billions of yen)	10.36	2.92	0.03	0.27	0.25	<b>13.82</b>
	(%)	74.9%	21.1%	0.2%	1.9%	1.8%	<b>100.0%</b>

Notes: 1. Data is based on the Country-by-Country Report submitted to tax authorities in each country.

2. The amount of Income Tax Paid is the taxes actually paid (on a cash basis) during FY2023.



Tax Policy

[https://www.daiwa-grp.jp/english/about/governance/tax\\_policy.html](https://www.daiwa-grp.jp/english/about/governance/tax_policy.html)

## Key Financial and Non-financial Data

## Diversity Related

		FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of employees who are female	<b>G</b>	40.4	40.6	40.7	40.5	<b>40.4</b>
Percentage of managers who are female	<b>G</b>	13.7	15.1	16.9	18.4	<b>20.4</b>
	<b>D</b>	16.3	18.3	19.9	21.1	<b>23.2</b>
Number of newly appointed managers who are female	<b>D</b>	83	78	76	54	<b>55</b>
Percentage of newly appointed managers who are female	<b>D</b>	29.6	39.4	45.2	38.3	<b>42.6</b>
Number of employees re-hired	<b>D</b>	120	145	156	186	<b>171</b>
Percentage of employees who are persons with disabilities	<b>D</b>	2.58	2.62	2.59	2.63	<b>2.62</b>

## Work-Life Balance Related

		FY2020	FY2021	FY2022	FY2023	FY2024
Annual regular working hours	<b>2</b>	1,837.5	1,830.0	1,788.8	1,837.5	<b>1,830.0</b>
Average monthly overtime hours*	<b>2</b>	21.2	21.6	22.9	23.6	<b>22.7</b>
Paid vacation usage rate (%)	<b>2</b>	72	70	74.8	75.4	<b>75.2</b>
Number of employees taking childcare leave	<b>G</b>					
Female		646	582	624	562	<b>518</b>
Male		294	284	262	254	<b>273</b>
Percentage of employees taking childcare leave	<b>D</b>					
Female		100	100	99.5	99.3	<b>100.0</b>
Male		102.4	92.2	88.7	97.5	<b>101.0</b>
Short working hour system usage (persons)	<b>D</b>	503	520	551	550	<b>566</b>
Daycare subsidy usage (persons)	<b>D</b>	815	844	902	820	<b>875</b>
Number of employees taking nursing care leave	<b>G</b>					
Female		5	6	11	9	<b>12</b>
Male		3	2	1	2	<b>3</b>

\* Number of employee union members of two companies.

## Social Contribution Related

	FY2020	FY2021	FY2022	FY2023	FY2024
Cash contributions					
From Daiwa Securities Group* (thousands of yen)	460,739	1,914,992	664,016	596,752	<b>650,002</b>
Employee donations (thousands of yen)	<b>G</b> 12,801	30,812	29,789	35,452	<b>8,083</b>

\* Organized the scope of aggregation from FY2021. Until FY2020, Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Asset Management Co. Ltd., Daiwa Institute of Research Ltd., Daiwa Next Bank, Ltd. From FY2021, Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., Daiwa Next Bank, Ltd.

## Environment Related

	FY2020	FY2021	FY2022	FY2023	FY2024
Domestic and overseas greenhouse gas emissions (t-CO <sub>2</sub> )					
Scope 1	842	954	840	926	<b>841</b>
Scope 2 (Market-based)	24,739	18,790	16,265	8,632	<b>1,884</b>
Scope 2 (Location-based)	–	–	–	–	<b>25,033</b>
Scope 3	3,007	3,321	4,140	4,342	<b>4,274</b>
Category 6 Business travel* <sup>1</sup>	76	190	792	957	<b>1,002</b>
Category 7 Commuting* <sup>2</sup>	1,600	1,700	1,818	1,848	<b>1,860</b>
Category 8 Leased vehicles* <sup>3</sup>	1,331	1,432	1,530	1,537	<b>1,411</b>

Note: Greenhouse gas emissions for the Group are calculated for CO<sub>2</sub>. Scope 2 emissions are calculated on a market and location basis from FY2024. Companies included in calculations are as follows:

Domestic: Two companies, Daiwa Securities and Daiwa Institute of Research, which are required by law to report on the amount of energy consumption and the volume of CO<sub>2</sub> emissions. The data for GranTokyo North Tower where Daiwa Securities Group is based, Daiwa Yaesu Building and Daiwa Toyochi Building includes data for Group companies other than those mentioned above.

Overseas: London, New York, Hong Kong, Taipei, Singapore, Seoul, Washington D.C. offices.

\*1 Greenhouse gas emissions from overseas business travel (airplane use) by officers and employees of Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and the London and Hong Kong offices.

\*2 Greenhouse gas emissions related to commuting expenses paid to officers and employees of Daiwa Securities Co. Ltd. (commensurate with in-office work rate)

\*3 Fuel-related GHG emissions from the company vehicles leased by Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Institute of Research Ltd.

For more information on the Scope 3 Category 15 investment and loan portfolio GHG emissions please refer to page 60.

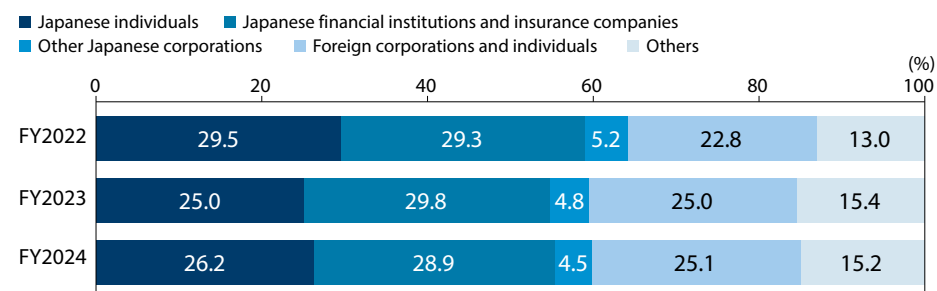
## Stock Information

### Major Shareholders

(As of March 31, 2025)		
Name	Number of shares held (Thousands)	% of total outstanding shares
The Master Trust Bank of Japan, Ltd. Trust Account	222,558	15.72%
Custody Bank of Japan, Ltd. Trust Account	68,859	4.86%
Taiyo Life Insurance Company	41,140	2.90%
Nippon Life Insurance Company	31,164	2.20%
JAPAN POST HOLDINGS Co., Ltd.	30,000	2.12%
STATE STREET BANK WEST CLIENT - TREATY 505234	29,006	2.04%
JPMorgan Securities Japan Co., Ltd.	23,670	1.67%
Barclays Securities Japan Limited	19,800	1.39%
STATE STREET BANK AND TRUST COMPANY 505001	19,550	1.38%
JP MORGAN CHASE BANK 385781	19,206	1.35%

Note: Treasury stock of 154,393,235 shares is excluded for calculating the percentage of the above list of major shareholders.

### Breakdown of Shareholders (As of March 31)



### Share Capital

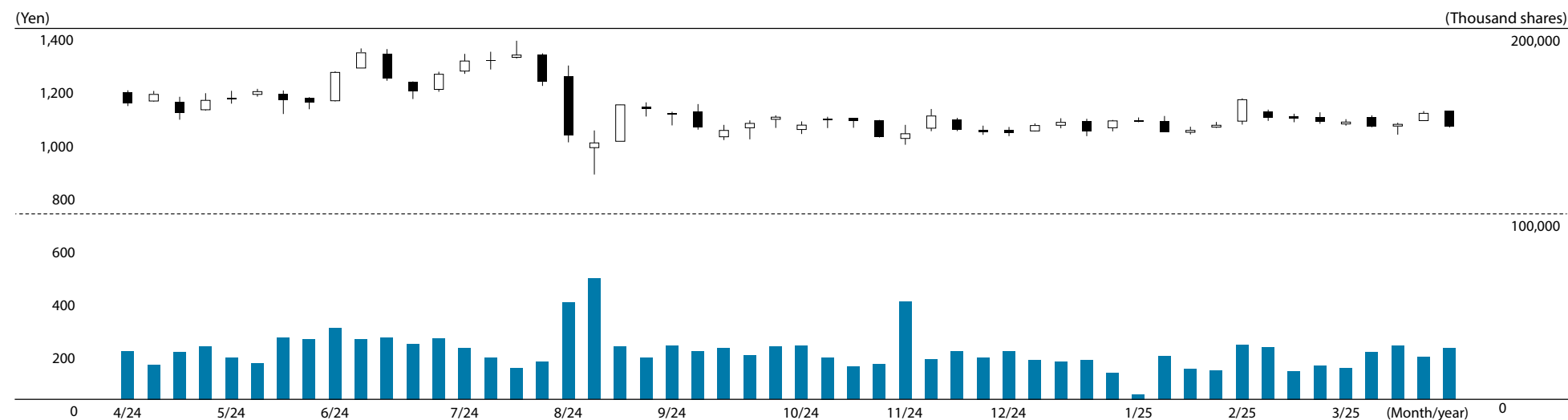
¥247,397 million (as of March 31, 2025)

### Stock Price on the Tokyo Stock Exchange

(April 1, 2024 – March 31, 2025)

Open	High	Low	Close	Average daily trading volume
¥1,160	¥1,353.5	¥848.6	¥993.8	5,497 thousand shares

### Stock Price and Trading Volume on the Tokyo Stock Exchange (April 1, 2024 – March 31, 2025)





# Daiwa Securities Group

<https://www.daiwa-grp.jp/english/ir/>

