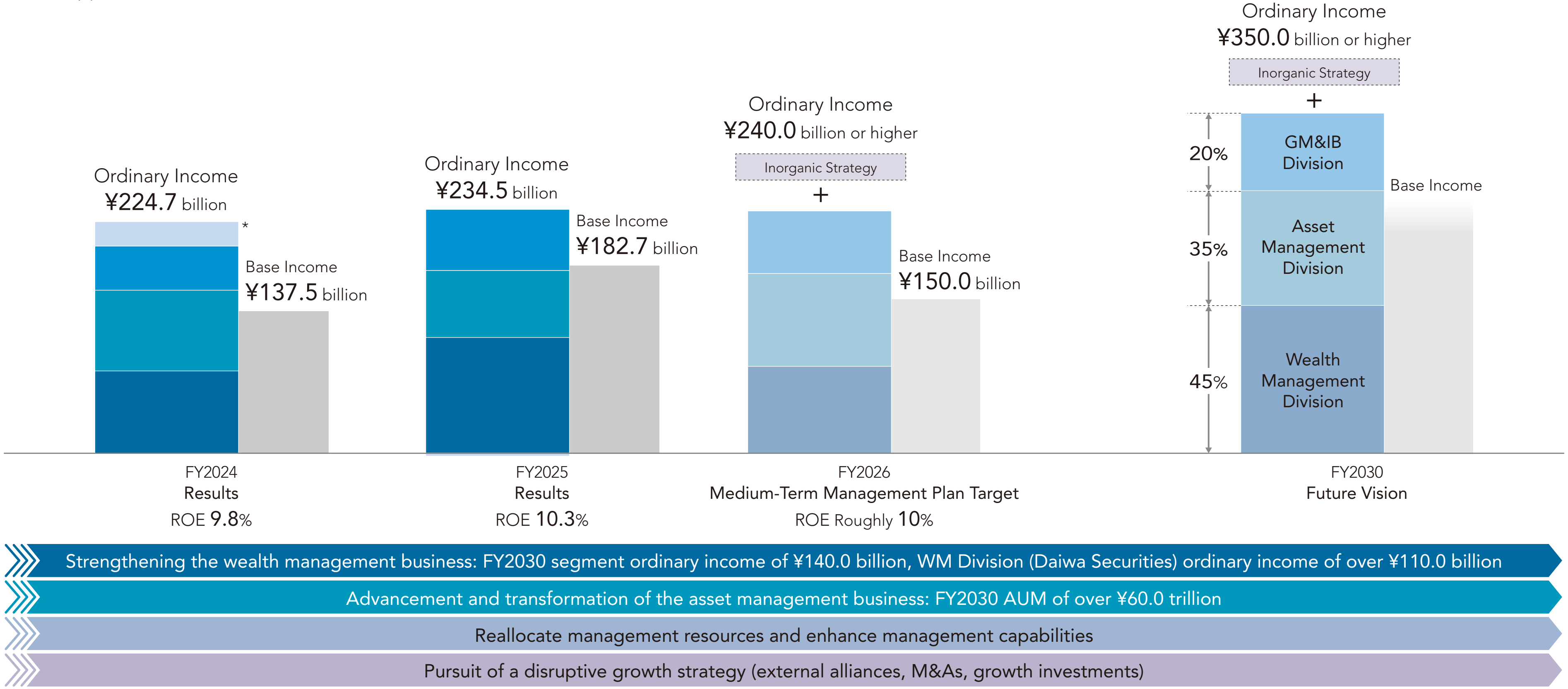
Overall Picture of the Growth Strategy

Future vision for FY2030

The Group aims to build an earnings structure that is resilient to changes in the external environment, while 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 pursuing inorganic growth strategies to sustain higher ROE levels.

The Wealth Management (WM) Division will bolster the wealth management business by boosting asset-based revenue linked to the balance of customers' assets under custody. The goal is to secure ordinary income of ¥140 billion by FY2030, with the Daiwa Securities' WM Division (Daiwa Securities) contributing over ¥110 billion of the total. Our Asset Management (AM) Division is working to enhance its business by expanding its product lineup, including bonds, equities, real estate, and alternative funds. Through these initiatives, we aim to transform and further scale the business by expanding assets under management (AUM) and strengthening our asset management business foundation, while targeting AUM of more than ¥60 trillion by FY2030.

By rigorously evaluating the capital efficiency of each business and reducing or exiting unprofitable ones, we are reallocating management resources to growth areas and enhancing management capabilities. Furthermore, to achieve inorganic growth, we are actively pursuing collaborations with leading external companies, strategic investments, and M&A opportunities.



* Other/Adjustments Note: FY2026 Medium-Term Management Plan targets and future vision for FY2030 as announced in May 2024.

Overall Picture of the Growth Strategy

Medium-Term Management Plan progress and challenges for further growth

Ordinary income came in at ¥234.5 billion in FY2025. By division, ordinary income in the WM Division totaled ¥112.0 billion. This already exceeds the target of ¥84 billion by 30% set under the Group's Medium-Term Management Plan. Meanwhile, we believe there is still significant room for growth in our approach to total assets, including customers' liabilities. Moving forward, we will fully leverage the banking capabilities added through the acquisition of ORIX Bank to further enhance our total asset consulting services and significantly expand stable earnings.

The AM Division reported ordinary income of ¥65.4 billion. In FY2025, the Division posted impairment losses and provisions in connection with certain Alternative AM investment projects placing downward pressure on profits. Looking ahead, we will steadily implement measures to address key challenges. The initiatives include strengthening our competitiveness in the investment advisory segment of Securities AM, driving sustainable AUM growth in Real Estate AM through increased utilization of private funds, and shifting Alternative AM into a fee-based asset management business through the introduction of external capital. In doing so, we will work diligently to expand AUM and improve profitability.

Turning to the GM&IB Division, Global Markets (GM) recovered significantly during the second half of FY2025, while Global Investment Banking (GIB) achieved record-high ordinary income, resulting in ordinary income of ¥58.9 billion for the division. Going forward, we will seek to capture changes in global capital markets and client needs, translating them into sustainable revenue growth.

By steadily addressing the challenges facing each business segment, we will drive further profit growth across the Group.

	Ordinary Income FY2026 Target	Ordinary Income FY2025	Progress*	Achievements	Challenges
WM Division	¥84.0 billion	**¥112.0 billion**	◎	Deepen total asset consulting and substantially expand stable revenues	
WM Division (Daiwa Securities)	¥68.0 billion	¥91.3 billion	◎	◆ Stable revenue base steadily built; wrap account AUM surpassed ¥6 trillion ◆ Customer base expanded through stronger external partnerships ◆ Deposits surpassed ¥5 trillion	◆ Approach to customers' total assets, including liabilities ◆ Further expansion of the corporate market ◆ Upside potential in deposit balances and benefits from higher interest rates
Daiwa Next Bank	¥16.0 billion	¥21.1 billion	◎		
AM Division	¥91.0 billion	**¥65.4 billion**	△	AUM growth and associated revenue improvement	
Securities AM	¥32.0 billion	¥37.6 billion	◎	◆ Stable revenue base strengthened through investment advisory and alternatives ◆ Profit exceeded plan via AUM growth and broader revenue opportunities	◆ Strengthen competitiveness via differentiation and value-added in advisory
Real Estate AM	¥38.5 billion	¥33.0 billion	○	◆ Private REIT property acquisitions and private-fund mandates drive AUM growth steadily ◆ Continued stable management amid inflation and rising rates	◆ Sustainable AUM growth measures amid inflation and rising rates ◆ Ongoing support for Samty Group's business-model transformation and value-up
Alternative AM	¥20.5 billion	¥-5.2 billion	△	◆ Steady track record from exits of existing investments ◆ Transition to an asset management model in private equity	◆ Transition to an asset management model by introducing external capital
GM&IB Division	¥60.5 billion	**¥58.9 billion**	○	Capture global capital-market shifts and maximize revenue opportunities	
GM	¥39.5 billion	¥40.8 billion	◎	◆ Captured rising demand for Japanese equities and bonds; trading expanded mainly with overseas institutions	◆ Further revenue growth amid rising share prices and a higher-rate environment
GIB	¥19.0 billion	¥14.5 billion	△	◆ Ranked #1 in league tables for domestic straight bonds, municipal bonds, and SDGs-related bonds ◆ Group M&A-related revenues hit a record high	◆ Enhancing capabilities to address diversified financing needs, large-scale and global M&A transactions

* ◎: Achieved, ○: above 80%, △: below 80%