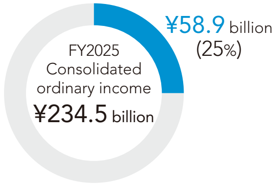
Global Markets & Investment Banking Strategy

The Global Markets & Investment Banking Division consists of Global Markets (GM), which provides securities sales and trading services mainly to institutional investors, and Global Investment Banking (GIB), which provides underwriting services for securities issued by business corporations, financial institutions and other entities, as well as M&A advisory services.

GM&IB Division ordinary income



Kenichi Tazawa
Head of Global Markets

GM ordinary income totaled ¥40.8 billion in FY2025. In Equities, client activity from both retail and institutional investors increased amid strong Japanese equity market conditions. In FICC, rising domestic interest rates encouraged participation from new investors. Looking ahead, we expect revenue opportunities to expand as interest in the Japanese market continues to grow, supported by expectations for entrenched inflation and governance reforms. We also expect continued demand for hedging and portfolio reallocation as investors adapt to a world of positive interest rates. By capitalizing on changes in the external environment, we aim to provide a diverse range of products and advanced solutions to meet a wide range of customer needs. We will also deepen collaboration with other divisions to further expand trading revenue.

Toru Yamamoto
Head of Global Investment Banking

GIB ordinary income totaled ¥14.5 billion in FY2025, reaching a record high since segment reporting began. In addition to ranking first in the league tables for domestic straight bonds, municipal bonds, and SDGs-related bonds, the Group's M&A-related revenues hit their highest level to date. Corporate actions have accelerated amid ongoing structural changes in the Japanese corporate sector, and we expect this trend to continue. To address increasingly diversified financing needs as well as larger, more global M&A transactions, we will further strengthen our capabilities through deeper collaboration with the WM Division and GM, while leveraging the Group's comprehensive strengths. We will also utilize AI to broaden client engagement and enhance the quality of our proposals, helping clients maximize their corporate value.

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.

* Also part of the Wealth Management Division

Offices in .... **21** countries and regions

Total value of underwriting and distribution .... **¥774.3** billion (equity)
¥12.5 trillion (bond)

Business Environment

GM
- ◆ Full-scale shift in investment behavior "from savings to investment"
- ◆ Changes in monetary and fiscal policy due to recent trends in inflation
- ◆ Continued uncertainty in the global economic environment due to geopolitical risks
- ◆ Increasing ESG awareness and action by investors and issuers
- ◆ Changes in the competitive environment due to new entrants from other industries, driven by advances in technology

GIB
- ◆ Rising interest rates and continued inflation
- ◆ Expanding corporate activity in response to geopolitical risks
- ◆ Growing influence of investors seeking corporate governance and efficiency
- ◆ Heightened demand for environmental initiatives in corporate activities
- ◆ Diversification of methods for supporting start-ups

Strengths

GM
- ◆ Ability to provide products and information across Japan and overseas by leveraging our global network
- ◆ 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 coverage structure serving listed and unlisted companies in Japan

Business Risks

GM
- ◆ In trading services, the risk of losses resulting from a decline in market liquidity caused by sudden changes in market conditions
- ◆ In brokerage services, the risk of a significant decline in earnings due to weak investor demand or risk-averse investment behavior
- ◆ System investment risk for large-scale trading systems, risk of system failure

GIB
- ◆ In M&A advisory services, the risk of a decline in transaction volume due to market conditions
- ◆ In underwriting deals, the risk of underwritten securities not being distributed smoothly
- ◆ In failing to properly disclose the offer and sale of securities, the risk of claims for damages from investors as an underwriter

Global Markets Growth Strategy

Transforming structural changes in the environment into growth opportunities

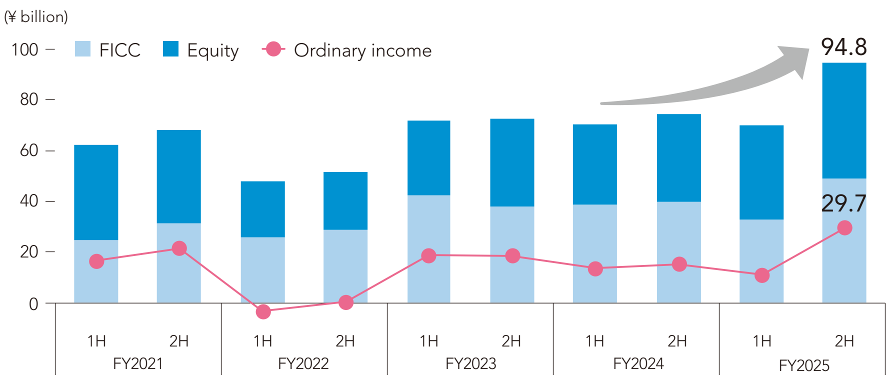
In anticipation of long-term Japanese equities growth and an era of positive interest rates, the scope of revenue opportunities for this Division has spread to an unprecedented degree. Capitalizing on these structural changes in the environment as growth opportunities, we will work to further expand revenues in both the equity and FICC businesses based on an expanding, more robust customer base, a core strength of the Group, and on enhanced solution proposal capabilities.

In Equities, we will maintain our robust domestic institutional investor base while broadening our engagement with overseas investors and large institutions through multiple channels to accelerate the incorporation of revenue opportunities centered on the wholesale Japanese equities business. In FICC, as interest rate hikes gain momentum, we will capture increasingly aggressive investor flows in Japan and abroad, meeting the diversifying needs of customers to steadily transform growth opportunities into profits.

Through these initiatives, we will further deepen collaboration with other Group divisions and establish a platform for sustainable revenue growth while enhancing the Group's presence in global capital markets.

Key strategies and earnings trends

1	Strengthen collaboration between WM Division and GIB
2	Expand client touchpoints for Japanese equities on a global basis
3	Enhance the provision of sophisticated investment and risk management solutions tailored to the interest rate environment
4	Improve efficiency through function consolidation, primarily in overseas businesses



Analyst ranking

One of the most traditional equity research institutions in Japan, Daiwa Securities' Research Division has remained consistently committed to a fundamentals-driven approach to research. As a result, we have produced numerous analysts who are ranked highly in the Nikkei Veritas and Extel analyst rankings. In the 2026 Nikkei Veritas analyst rankings, we ranked No. 1 among all firms in both the Equities category and the bond and exchange rate category.

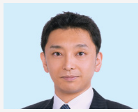
2026 top ranked analysts

Equity (No. 1 ranked analysts)


Takumi Sado
(Electronics/Components)


Eiji Hakomori
(Autos)


Kazuaki Hashiguchi
(Biotechnology & Pharmaceuticals)

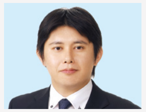

Noritsugu Hirakawa
(Technical Materials)


Hirosuke Tai
(Machinery)


Hideaki Teraoka
(Construction, Housing & Real Estate)


Makoto Ueno
(IT & Software)


Satoru Sekine
(OTC & Small Companies)


Yusuke Miura
(OTC & Small Companies)


Eiji Kinouchi
(Thematic Research)

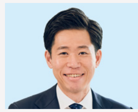

Masahiro Suzuki
(Quantitative Research)


Naoki Ieiri
(Sustainability (ESG))

FICC (top ranked analysts)


Eiichiro Tani
(Fixed Income)


Kenji Yamamoto
(Economist)


Kenta Tadaide
(FX)


Fumio Taki
(Credit)


Yuki Sakamoto
(Credit)


Takao Matsuzaka
(Credit)


Koji Matsushita
(Securitization)


Shun Otani
(Securitization)

Global Investment Banking Growth Strategy

Driving revenue growth through finance and M&A by capturing corporate transformation and growth

The environment surrounding corporations is changing drastically, with growing geopolitical risk, shifts in Japanese trade and industrial policies, corporate governance reforms, and the normalization of interest rates. Against this backdrop, corporate actions are accelerating, including the unwinding of strategic shareholdings, large-scale industry consolidation, and delisting. These are all excellent opportunities for the investment banking business to demonstrate their value-added capabilities, and we will bring together the Group's integrated strengths to translate these trends into sustainable growth.

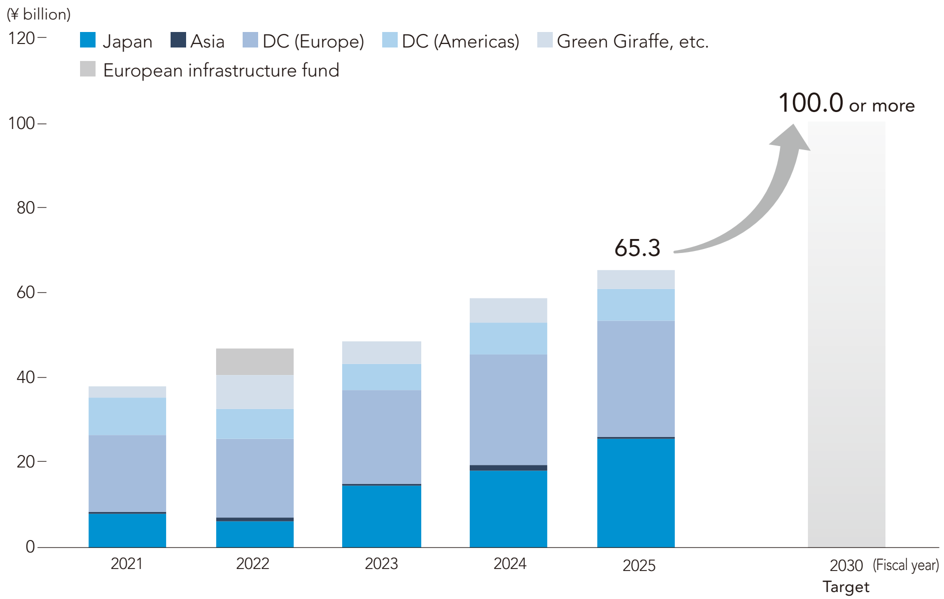
In the finance-related business, we are enhancing our ability to address increasingly diverse financing and capital policy needs across both ECM and DCM by deepening collaboration with GM and the WM Division amid significant changes in market and industry conditions. Demand for M&A services among Japanese companies remains strong, steadily expanding revenue opportunities. In GIB, we position M&A as a key driver of medium- to long-term growth. In addition to strengthening our domestic and international platforms, we are expanding our involvement in large-scale domestic projects as well as cross-border acquisitions and sales transactions involving overseas companies by deepening relationships with business corporations and PE funds. We are also strengthening our ability to originate cross-border transactions by leveraging DC Advisory's network. Given the expanding revenue opportunities in Japan and overseas, we plan to raise our M&A-related revenue target from the original ¥70 billion to approximately ¥100 billion in FY2030.

Business environment outlook and strategy

ECM/IPO	◆ Growing potential funding needs in addition to secondary offerings ◆ IPO volume trending lower overall, but deals expected to grow larger over the medium / long term including re-listings
DCM	◆ Issuers' funding appetite continues ◆ Diversification of funding methods including foreign-currency bonds is expanding revenue opportunities
M&A	◆ Needs of domestic companies for M&A remain at high levels ◆ Overseas M&A is recovering despite remaining geopolitical risks, with further growth expected

1. Strengthening domestic and overseas M&A structure
2. Strategic resource allocation to growing corporate actions
3. Provide diverse solutions through cross-divisional collaboration
4. Enhance client engagement and proposal quality through AI

Group M&A-related revenue trends and plan



M&A business strategy and target outcomes

	Business foundation	Strategy
Domestic	Broad relationships with corporates and PE funds	◆ Expanding large deals ◆ Expanding PE fund deals ◆ Strengthening cross-border deals
Overseas	DC Advisory's global network	◆ Concentrate resources on core sectors common to Europe and the Americas ◆ Differentiate Europe/Americas deals through collaboration with Japan and Asia ◆ Explore diverse growth options including inorganic (North America)

Global Markets & Investment Banking Strategy

Employee comment: Sustainable growth underpinned by the frontline

Serving as a bridge between the GM Division and WM Division, I leverage data and AI to enhance the quality of our consulting services.

As a data scientist that serves as a bridge between the GM Division and WM Division, I engage in the cross-sectional analysis of data, encompassing the characteristics of customers and regions, as well as the activities of frontline employees, to identify each branch's strengths and challenges. Drawing on this analysis, I translate these insights into actionable recommendations and share them with frontline teams. By leveraging data and AI, I objectively identify issues that cannot be fully captured through experience alone, and through collaboration with specialized departments within the GM Division, I help differentiate our services from those of competitors while improving the quality of consulting services provided to customers.

At the same time, I have experienced the challenges of ensuring that analytical insights translate into frontline decision-making. This has taught me the importance of effectively communicating insights and providing support that extends to implementation. Furthermore, to ensure that data science expertise is not limited to the GM Division, but also reaches the WM Division, I am working to promote the use of AI in training and operations, and to develop talent capable of utilizing data.

Based on the belief that data is the foundation that underpins optimal decision-making, I will leverage my experience in bridging the gap between the frontlines and data to lead decision-making across the entire Group and contribute to sustainable growth going forward.

Koji Maeda
Director
Global Markets Strategic Planning Department concurrently serving in NPS Acceleration Department and Digital Acceleration Department
Daiwa Securities

I create new value by linking social issues with funding needs.

The Sustainability Solutions Department provides sustainable finance solutions that transcend the boundaries of such traditional products as bonds and equity to various entities, including business corporations.

In FY2025, I was part of the team that served as lead manager for ITOCHU Corporation's orange bond, the first of its kind in Japan. This project was the culmination of more than a year of close dialogue with the issuer, external review providers, and investors. By linking the social challenge of achieving gender equality to corporate growth strategies and supply chains, we were successful in providing an innovative solution that balances social impact with financing needs.

In order to transform sustainability from a cost into a new revenue opportunity, securities firms are expected to play a role in connecting related parties and turning these initiatives into practical and effective financing frameworks. Looking ahead, I will continue to explore a wide range of solutions that contribute to solving social issues and enhancing corporate value.

P65 Promoting sustainable finance

Moyu Yamada
Associate Director
Sustainability Solutions Department
Daiwa Securities

Orange Bond Initiative™: An international initiative that promotes the mobilization of funds and the development of the orange bond market to achieve gender equality.