Digital Strategy

Message from the CIO/CDO

As efforts toward promoting Japan as a leading asset management center, exemplified by the growing adoption of the new NISA system, gain momentum, financial institutions are facing increasingly strong demands for customer-oriented business conduct as well as the provision of products and services that serve their customers' best interests.

Daiwa Securities Group views such environmental shifts as medium- to long-term structural changes. Under the strategic theme of pursuing digital innovation, one of the key pillars of the Medium-Term Management Plan "Passion for the Best" 2026, we are advancing initiatives based on three pillars: transforming the business model for high-net-worth customers; transforming the business model for asset-building customers; and digital innovation.

In FY2026, the final fiscal year of our current Medium-Term Management Plan, we will work diligently to complete the goals set out under our Digital Strategy and enter a phase in which we will turn the results of our digital investments over the past three years into a full-fledged expansion of business profits. To achieve these aims, the Group is actively investing in and deploying AI technologies. AI serves as a foundation for providing higher quality services to a broader range of customers by blending the strengths of both online and face-to-face interaction to meet increasingly diverse advisory needs.

Furthermore, we are advancing business reforms that are designed to create more time to engage with customers. By visualizing the work of sales personnel and improving efficiency through advanced technologies, we are enabling higher quality proposals, deeper trust-based relationships, and the maximization of asset value. To handle the significant increase in inquiries from customers newly interested in asset-building, we have also introduced automated responses via AI operators for routine administrative procedures and stock price inquiries. We have thus put in place a framework that enables operators to focus on more complex consultations and high-value-added services.

In addition to so-called offensive investments, defensive investments in resilience and security are also a key pillar. We are strengthening our systems to protect customer assets and information through the introduction of passkey authentication as well as by increasing the sophistication of our cybersecurity framework and reinforcing our data infrastructure in light of the risk from natural disasters. Due to the progress being made in advanced technologies such as generative AI, cyberattacks and information security risks in particular are becoming increasingly diverse and more sophisticated. The Group has designated this as one of its top risks. Accordingly, we have strengthened our governance framework by establishing a dedicated department and appointed a Group Chief Information Security Officer (CISO). It is my belief that balancing growth investments with risk management is the prerequisite for sustainable growth and the enhancement of corporate value.

P92 Systems Risk Management

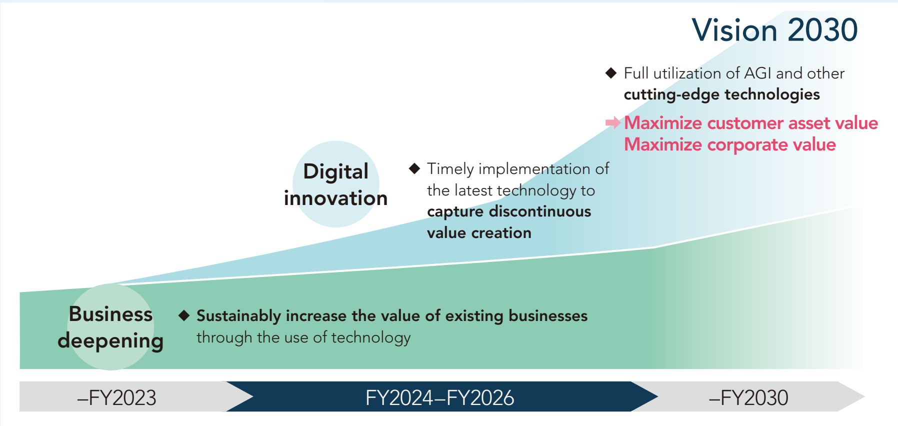
As CDO, with responsibility for data management, I have placed a high priority on enhancing our data governance. Based on the premise of full-scale AI utilization, we are putting in place a governance environment, including the redesign of data structures and a review of access privileges, to ensure that AI handles data safely and appropriately, thereby creating the foundation to protect customer information.

The driving force behind these initiatives is human resources. The very talent that combines the ability to create new value with the capacity to utilize AI safely and appropriately while steadfastly upholding customer trust represents our greatest resource that underpins our Digital Strategy. We will evolve into an organization where people and AI co-create value by developing highly skilled digital talent and enhancing the digital literacy of all our employees.

To realize its Vision 2030, the Group is steadily translating the results of its digital investments into customer value and will further accelerate business transformation through AX and DX under its next Medium-Term Management Plan. Through digital innovation we will strengthen the virtuous cycle of **maximizing customer asset value** and enhancing corporate value while remaining a trusted securities group committed to sustainable growth.

Masahiro Murase
Executive Managing Director
CIO and CDO
Daiwa Securities Group Inc.

Image of improving the value provided to society through Digital Strategies



Evolution of Our AI Initiatives

Since the early adoption of ChatGPT in 2023, Daiwa Securities Group has accelerated its AI initiatives. Starting with the industry's first voice-based AI Operator Service, we have been quick to leverage AI in customer service and sales activities. AI is moving beyond an experimentation stage and entering a phase of delivering concrete business results. By integrating AI into our business operations and steadily building intellectual property and expertise within Daiwa Institute of Research (DIR), we will expand the value we provide to a broader range of customers through enterprise services.

Evolution of AI utilization

- **November 2018** Rollout of an AI-based business matching service
- **April 2023** Firm-wide rollout of ChatGPT at Daiwa Securities
- **June 2023** Publication of Daiwa Securities Group AI Governance Mission Statement
- **April 2024** Rollout of AI avatar KOTO by Fintertech
- **October 2024** Rollout of AI Operator Service by Daiwa Securities
- **January 2025** Introduction of an automated recording system for customer interactions
- **April 2025** Rollout of the Daiwa Lens investment education app
- **June 2025** Rollout of Daiwa Securities Generative AI Chat
- **July 2025** Execution of a strategic framework agreement with Microsoft Japan

AI Adoption Phase

April 2023

Firm-wide rollout of ChatGPT at Daiwa Securities

◆ Firm-wide rollout of ChatGPT at Daiwa Securities, a first among major financial institutions

June 2023

Publication of Daiwa Securities Group AI Governance Mission Statement

◆ June 2023, Publication of Daiwa Securities Group AI Governance Mission Statement, an industry first

◆ Establishment of the Group AI Governance Committee in tandem

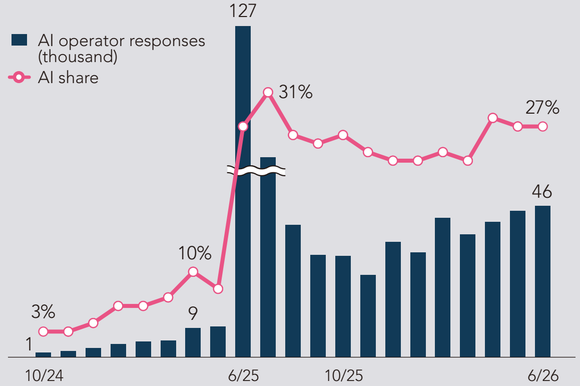
October 2024

Rollout of AI Operator Service by Daiwa Securities

◆ A first-of-its-kind for a major domestic financial institution, this is a voice-based, conversation-type service that can accommodate a broad array of inquiries, from market information to administrative procedures

◆ Able to accommodate the increasing volume of inquiries by dividing roles between contact center and AI operators in preparation for the phased transition to mandatory passkey use from April 2026

Trends in AI operator call volume and AI share
(October 2024–June 2026)



January 2025

Introduction of an automated recording system for customer interactions

◆ Introduction of a system that automatically summarizes and records conversations during customer meetings

Time saved	Content enrichment
Reduction in data entry time **−51%**	Character count **+311%**
Increased focus on activities designed to improve customer satisfaction	**Enhancement of customer peace of mind**

July 2025

Execution of a strategic framework agreement with Microsoft Japan

◆ A multi-year strategic framework to boost employee productivity and greatly enhance the value we offer customers through AI agents

Daiwa Securities Group | Microsoft Japan

1. Creation of next-generation wealth management experiences
2. Employee empowerment through the use of technology
3. Construction of an advanced and reliable digital platform

June 2025

Rollout of Daiwa Securities Generative AI Chat

◆ Flexibly understand a variety of customer inquiries and provide easy-to-understand, comprehensive explanations using diagrams

◆ Rollout of the DAIWA LIFEPLAN Generative AI Chat service to customers using workplace services (March 2026)

Screenshot of the DAIWA LIFEPLAN Generative AI Chat service

Digital Strategy

July 2025 Firm-wide rollout of Microsoft 365 Copilot

July 2025 Start of joint development of a Document-review AI System by Daiwa AM and LegalOn Technologies

October 2025 Partnership agreement with Sakana AI

January 2026 Start of joint development of an Insider Information Detection AI System by Daiwa AM and LegalOn Technologies

March 2026 Rollout of the DAIWA LIFEPLAN Generative AI Chat service

March 2026 Patent granted for Smartrans, an autonomous verification-based AI migration tool by DIR

May 2026 Review of head office operations and commencement of AI integration

July 2026 Firm-wide rollout of Copilot Cowork

August 2026 Transition to the total asset consulting platform development phase with Sakana AI

AI Value Creation Phase

October 2025

Execution of a partnership agreement with Sakana AI

Daiwa Securities Group | Sakana AI

- Joint development of a dedicated AI platform for Daiwa Securities that underpins the ability to provide optimal proposals based on a deep understanding of each individual customer as well as the advancement of consulting services that take a holistic view of total assets

July 2026

Firm-wide rollout of Copilot Cowork

- Firm-wide rollout of delegation-type AI agent Copilot Cowork, officially released in July 2026
- Accelerate the integration of AI into operating processes

July 2025

Firm-wide rollout of Microsoft 365 Copilot

- Less than one year since its rollout, as of March 2026, 93% of license-holders have adopted Copilot in their work

March 2026

Patent granted for Smartrans, an autonomous verification-based AI migration tool by DIR

- Patent granted for autonomous verification technology for the manufacturing and testing processes of system replacement projects
- Start of efforts to enhance the development efficiency of system replacement projects using Smartrans by Daiwa Securities

AI initiatives by the numbers (as of March 31, 2026)

AI operator responses	Microsoft 365 Copilot active user rate	Number of new digital services launched	Number of AI implementations	Engagement Survey Score: Digital transformation initiatives
37,000 /month AI share: 23%	93%	14	96	77.0 Compared with 2023 +8.2

Accumulating intellectual property / Contributing to industry and society

The fact that DIR is a wholly owned subsidiary of the Group is a unique strength that enables us to accumulate intellectual property and know-how within the Group. Moving forward, we will provide value to an even greater number of customers by offering solutions refined within the Group as enterprise services through DIR.

Pioneering the use of AI	Transition to enterprise services by DIR
AI Operator Service	Call center AI solutions **Daiwa AI Operator**
AI support for shareholders' meetings	IR solutions **Daiwa IR Connect**
Automated customer response recording system	Face-to-face meeting minutes solutions **Daiwa Speech Assistant**
Efforts to enhance the development efficiency of system replacement projects	Autonomous verification-based AI migration tool **Smartrans**
Daiwa Securities Generative AI Chat	AI chat solutions **Daiwa AI Chat**

Digital Strategy

Strategy 1 Transforming the business model for high-net-worth customers

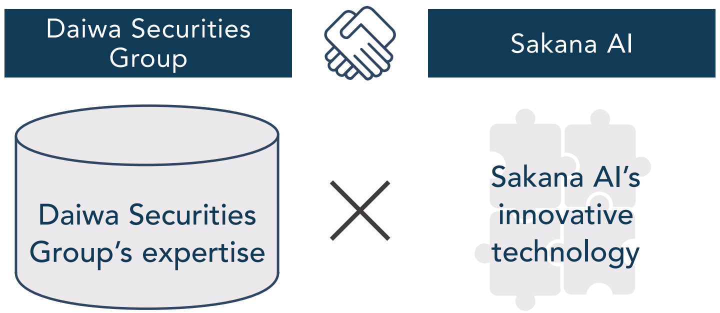
In order to **maximize customer asset value**, we are advancing the development of a total asset consulting platform to accurately capture and analyze each customer's total assets and profile information and deliver high-quality, optimal proposals.

Through our long-term partnership with Sakana AI, we are jointly developing a platform designed exclusively for Daiwa Securities specializing in personalized asset management proposals for customers while leveraging proprietary models. By comprehensively capturing and analyzing customers' total assets, including both financial and non-financial assets, we aim to deliver an unprecedented level of personalized, high-quality financial services tailored to each individual customer.

In working to enhance our proposal capabilities by leveraging these digital technologies, we are advancing our Digital Strategy, consistently adopted since our previous Medium-Term Management Plan, that is geared toward both enhancing the Group's profitability and **maximizing customer asset value**.

Joint development with Sakana AI of a total asset consulting platform

Joint development of a dedicated AI platform for Daiwa Securities that underpins the ability to provide optimal proposals based on a deep understanding of each individual customer as well as the advancement of consulting services that take a holistic view of total assets.



Strategy 2 Transforming the business model for asset-building customers

With the launch of the new NISA system, the number of customers interested in building assets has increased. In 2024, the Group introduced an AI-based response service to promptly handle inquiries from a larger number of customers. The usage rate of the AI operator service reached 23%*, significantly exceeding the initial target of 15%, and the generative AI chatbot handling inquiries on the Daiwa Securities website has achieved an average inquiry resolution rate of 87%. In the years ahead, we will continue to enhance and refine our AI service features to further improve customer convenience.

As we are anticipating increased utilization of Daiwa Securities' online trading services, we are undertaking a redesign of our trading screens and enhancing their functionality to improve customer convenience. In April 2025, we also launched D-Port, a smartphone app designed to support asset management and investment. D-Port is a platform that enables customers, regardless of whether or not they have a Daiwa Securities account, to seamlessly access services provided by Group companies and partners tailored to each customer's profile and life stage. We are providing a convenient, personalized experience through features such as biometric login and AI-driven recommendations for optimal information and services. Furthermore, by introducing passkey authentication, we have strengthened security and created an environment that ensures safe, secure, and convenient user experiences. Going forward, we will continue to promote the provision of more personalized, practical services, such as enhanced asset management functions, expansion of linked asset options, and household budgeting features, by strengthening collaboration with our partners and continuously enhancing other features.

* Number of AI interactions / (Number of AI interactions + Number of contact center interactions), as of March 31, 2026

Digital Strategy

Strategy 3 Digital innovation

Daiwa Securities Group envisions a future in which AI becomes a colleague working alongside people; ultimately, we foresee a world in which people focus on tasks that only they can perform, while AI handles the rest. Under such a scenario, as AI takes over certain tasks, the value that only people can provide, such as face-to-face communication, will become even more prominent.

With this future vision in mind, we are driving the Group-wide utilization of Microsoft Copilot and AI agents based on our strategic partnership with Microsoft Japan. The penetration rate of Copilot among employees has reached 93%, and a culture of routinely utilizing AI in daily tasks has taken root. Going forward, we will deepen the use of AI across our business and enhance the efficiency and effectiveness of headquarters functions through the deployment and implementation of AI agent infrastructure on a Group-wide basis as we work to build a management foundation that supports sustainable business expansion.

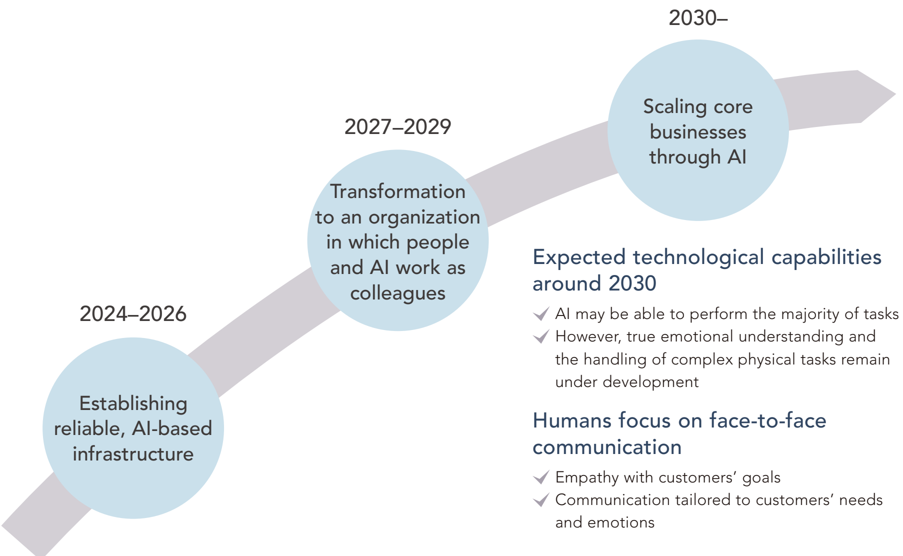
As our customers' asset management needs become increasingly diverse and sophisticated, the Group has positioned blockchain as one of the opportunities for medium- to long-term growth and is also working to create new value with blockchain technology.

In the business of security tokens (STs), Daiwa Securities has underwritten large-scale projects, such as a luxury hotel development in Osaka and an office complex in Shiodome, securing the largest market share (as of May 31, 2026) in Japan for the cumulative underwriting of real estate STs. Additionally, in November 2025 we began offering real estate STs through our online trading platform. In the crypto asset field, we are expanding our range of services, as exemplified by launching the referral of Fintertech's crypto asset-backed loans at all Daiwa Securities branches starting in October 2025.

Looking ahead to the future of financial systems, and in anticipation of an era defined by AI, blockchain, and quantum computing, we are examining next-generation financial infrastructure and security foundations through a number of initiatives. These include proof-of-concept trials using stablecoins and tokenized deposits for ST settlement, participation in the Bank of Japan's central bank digital currency (CBDC) initiative, and proof-of-concept testing for post-quantum cryptography (PQC).

Through these initiatives, the Group will contribute to the sound development of financial markets and the enhancement of corporate value over the medium to long term. In the years to come, with an eye on the new possibilities arising from the convergence of AI and blockchain, we will continue to lead the way in shaping the future of finance.

AX roadmap



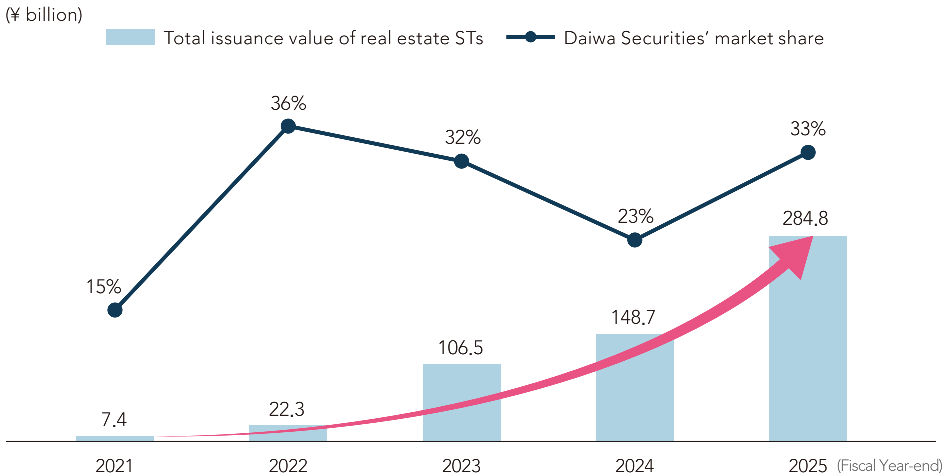
Expected technological capabilities around 2030

- AI may be able to perform the majority of tasks
- However, true emotional understanding and the handling of complex physical tasks remain under development

Humans focus on face-to-face communication

- Empathy with customers' goals
- Communication tailored to customers' needs and emotions

Cumulative issuance value of real estate STs



Digital Strategy

Human resources development

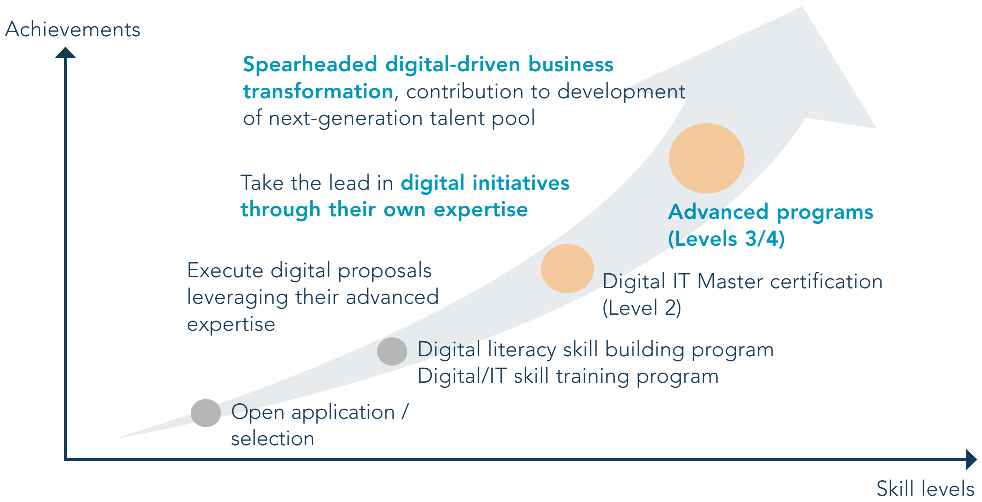
We are continuously reinforcing the development of human resources to support the realization of our Digital Strategy. Under the Digital IT Master certification system, which was introduced in 2019, the number of certified individuals at Level 2 or higher has reached 200. These trained digital specialists return to the business frontlines, where they exercise leadership, drive digital transformation (DX) within their respective departments, and deliver tangible results.

In conjunction with the Group-wide rollout of Microsoft Copilot, we have established Copilot Square, a community where employees voluntarily acquire and share know-how on developing AI agents, thereby fostering a culture of AI utilization driven by the workforce itself. At Daiwa Digital College, which aims to enhance the digital literacy of all employees, the curriculum also incorporates the latest themes, such as AI agents and AI governance, with the aim of ensuring that all employees become proficient in using AI.

IT organization

The Group has established a Group Digital Strategy Council as a CEO-chaired subcommittee of the Executive Management Committee. In addition to integrating traditional business strategies with the Digital Strategy and making decisions with respect to IT investment, individual business units report the progress and results of AI-driven business innovation directly to the CEO and engage in discussions. Through cross-functional discussions aimed at transforming our business model, we are integrating the business and IT divisions and accelerating the delivery of results.

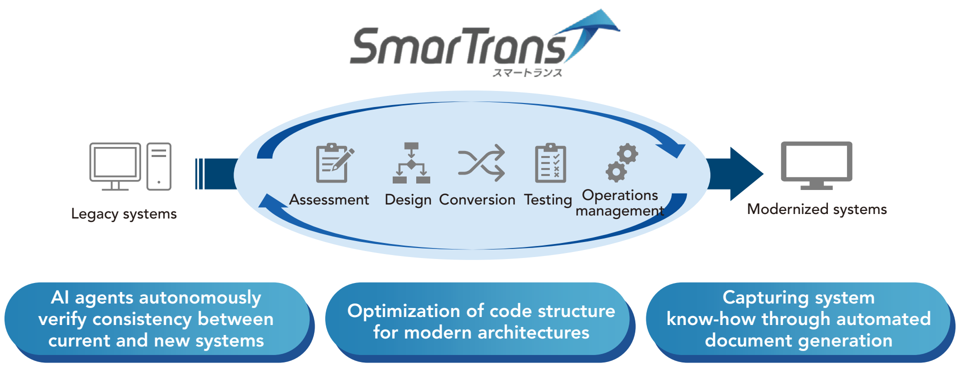
Overview of the Digital IT Master certification system



Our collaboration with Daiwa Institute of Research (DIR), which handles system development and operations for the Group, is one of the Group's strengths in driving digital initiatives. As a partner closely aligned with the direction and goals of our Digital Strategy, DIR is helping us accelerate our development activities and reduce costs through the use of generative AI. We will further strengthen the Group's innovation capabilities through a collaborative structure that enables us to respond quickly as one Group, from business requirements definition through development and operations.

The status of IT investment

When undertaking IT investments, we are putting in place mechanisms to continuously verify investment outcomes while working to improve the quality of investment decision-making and achieve disciplined IT governance. We manage IT investments by categorizing them into essential and strategic investments and applying a four-stage management process that considers return on investment; in doing so, we are increasing the proportion of investments allocated to initiatives that strengthen our competitive advantage. In addition, by actively utilizing Smartrans, a DIR-developed autonomous verification AI migration tool, we aim to streamline system development during system renewals and achieve a 30% improvement in efficiency by FY2028. Through the prioritization of investments and the monitoring of return on investment, we are ensuring disciplined IT investment management aligned with our corporate strategy.



ROI-based four-stage IT investment management	1 Business model transformation	2 Revamping of customer experience (CX)
	3 Enhanced efficiency and sophistication of operations	4 System upgrades, regulatory compliance, etc.