

Translation

Note: This English translation of the original Japanese version of the notice has been prepared for the sole purpose of the convenience of non-Japanese shareholders and shall by no means constitute an official or binding version of the notice.

(Securities Code: 8601)

May 29, 2025

To Our Shareholders

Daiwa Securities Group Inc.
9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo
Representative Corporate Executive Officer, President and CEO
Akihiko Ogino

Notice of Convocation of the 88th Ordinary General Meeting of Shareholders

Daiwa Securities Group Inc. (the “Company”) would like to express its gratitude for your courtesies.

You are hereby notified that the 88th Ordinary General Meeting of Shareholders (the “Meeting”) will be held as stated below.

When convening this Meeting, the Company takes measures for providing information in electronic format that constitutes the content of reference documents for the General Meeting of Shareholders, etc. (items for which measures for electronic provision are to be taken), and posts this information as “Notice of the 88th Ordinary General Meeting of Shareholders” on the Company’s website. Please access the Company’s website by using the Internet address shown below to check the information.

The Company’s website: <https://www.daiwa-grp.jp/ir/shareholders/meeting/> (in Japanese)

In addition to the above website, you can also check using the sites provided below.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Enter “Daiwa Securities Group” in “Issue name (company name)” or the Company’s securities code “8601” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

The Meeting will also be streamed live via the Internet.

Please examine the “Reference Documents for the General Meeting of Shareholders” provided below, and exercise your voting rights by 17:00 (5:00 p.m.) Thursday, June 19, 2025, following the instructions below.

Particulars

1. Date and Time

10:00 a.m., Friday, June 20, 2025 (Doors open at 9:00 a.m.) (JST)

2. Venue

Fuji Room, Main Building 3rd Floor, Imperial Hotel, Tokyo

1-1, Uchisaiwaicho 1-Chome, Chiyoda-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

1. Report on the contents of the Business Report, the Consolidated Financial Statements, and the outcome of the audit of the Consolidated Financial Statements conducted by Independent Auditors and the Audit Committee, with respect to the 88th fiscal year (from April 1, 2024 to March 31, 2025).
2. Report on the contents of the Non-Consolidated Financial Statements for the 88th fiscal year (from April 1, 2024 to March 31, 2025).

Matters to be resolved:

Proposal: Election of fourteen (14) Directors (Members of the Board)

4. Matters regarding the Exercise of Voting Rights

- (1) You may exercise your voting rights by electronic or magnetic means (via the Internet, etc.) or in writing.
- (2) If you exercise your voting rights in writing and submit the “Voting Rights Exercise Form” without any indication in the space for approval or disapproval of the resolution, it shall be deemed as an intention of approval.
- (3) If you exercise your voting rights by proxy, you must delegate your voting rights to a proxy who is a shareholder of the Company entitled to vote. In such case, in addition to the letter of proxy to prove the proxy, the proxy’s own “Voting Rights Exercise Form” is required. Furthermore, delegation of your voting rights is limited to only one proxy.

5. Items Disclosed via the Internet with Measures for Electronic Provision, etc.

- (1) If any matters arise that should be corrected regarding items for which measures for electronic provision are to be taken by the day before the Meeting, notification of the revisions and the details of the matters before and after the revisions will be provided on each website listed on page 1.
- (2) If any matters arise that shareholders should be made aware of regarding operations of the Meeting in relation to any changes up to the day of the Meeting, notification will be provided on the Company website on page 1.
- (3) We have sent the written documents stating the items for which measures for electronic provision are to be taken (Written Documents) to all shareholders who requested so, but the following items are not included in Written Documents pursuant to the provisions of laws and regulations and Article 23, Paragraph 2 of the Company’s Articles of Incorporation.
 - (i) Regarding the Business Report, “Status of Share Acquisition Rights, etc.” and “System to Ensure Appropriateness of Business and State of Operation of Such System”
 - (ii) Regarding the Consolidated Financial Statements, “Consolidated Statements of Changes in Net Assets” and “Notes to the Consolidated Financial Statements”
 - (iii) Regarding the Non-Consolidated Financial Statements, “Balance Sheet,” “Statement of Income,” “Statement of Changes in Net Assets,” and “Notes to the Non-Consolidated Financial Statements”
 - (iv) Regarding the Auditor’s Report, “Independent Auditor’s Report Related to the Non-Consolidated Financial Statements”

The Business Report and the Consolidated Financial Statements included in the Written Documents, as well as the items listed in (i) to (iii) above, are documents audited by the Audit Committee or Independent Auditors when they create the audit report or accounting audit report.
- (4) The documents listed on each website as the items for which measures for electronic provision are to be taken are the reference documents for the Meeting and other documents in their entirety. Therefore, please keep in mind that their page numbers do not match the page numbers in this notice of convocation sent to shareholders.

- Please note that any proxy or person, **who is not a shareholder**, accompanied by a shareholder of the Company may not attend the Meeting.
- When you attend the Meeting, **please submit the “Voting Rights Exercise Form”** sent with the notice of convocation to shareholders to the receptionist at the venue of the Meeting.
- If you are a nominee shareholder such as a custodian bank (including a standing proxy), and if you have applied in advance to use the web-based platform to exercise voting rights for institutional investors that is managed by Investor Communications Japan, Inc. (ICJ), you may use that platform as a method, instead of the Internet, of exercising your voting rights via an electronic device.

Reference Documents for the General Meeting of Shareholders

Proposals and reference materials

Proposal

Election of fourteen (14) Directors (Members of the Board)

The terms of office of all twelve (12) members of the Board of Directors are expiring as of the conclusion of this shareholder meeting. In order to strengthen the management structure, we have decided to add two (2) Directors (one (1) of whom is an Outside Director). Accordingly, the Company requests shareholders' approval to elect, in total, fourteen (14) Directors pursuant to the decision of the Nominating Committee.

The candidates for Director (Member of the Board) are as follows. Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa, Mr. Toshio Iwamoto, Ms. Yumiko Murakami, Ms. Noriko Iki, Ms. Mami Yunoki, and Mr. Akira Ichikawa are the candidates for Outside Director as defined in Article 2, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act.

Candidate Number	Name	Role and responsibilities in the Company (★ indicates Chairperson of the committee)	Years on Board (as of the conclusion of this shareholder meeting)	Attendance rate (FY2024)
1	Seiji Nakata Reappointment Male	Chairperson of the Board and Corporate Executive Officer Member of the Nominating Committee Member of the Compensation Committee	10	11/11 (100%)
2	Akihiko Ogino Reappointment Male	Member of the Board, Representative Corporate Executive Officer, President and CEO Member of the Nominating Committee Member of the Compensation Committee	5	11/11 (100%)
3	Shinsuke Niizuma Reappointment Male	Member of the Board, Deputy President, Corporate Executive Officer, COO Head of Wealth Management	1	9/9 (100%)
4	Keiko Tashiro Reappointment Female	Member of the Board, Deputy President, Corporate Executive Officer, Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education	11	11/11 (100%)
5	Eiji Sato Reappointment Male	Member of the Board, Senior Executive Managing Director, Corporate Executive Officer, Head of Corporate Planning, Deputy Head of Overseas Operations	1	9/9 (100%)
6	Hiroko Sakurai New appointment Female	Senior Executive Managing Director, Corporate Executive Officer, Head of Compliance	-	-
7	Sachiko Hanaoka Reappointment Female Non-Executive	Member of the Board Member of the Audit Committee	6	11/11 (100%)
8	Eriko Kawai Reappointment Female Outside Independent	Outside Director Member of the Nominating Committee ★Member of the Compensation Committee	7	11/11 (100%)

9	Katsuyuki Nishikawa	Reappointment Male Outside Independent	Outside Director Member of the Nominating Committee ★Member of the Audit Committee	6	11/11 (100%)
10	Toshio Iwamoto	Reappointment Male Outside Independent	Outside Director ★Member of the Nominating Committee Member of the Compensation Committee	5	11/11 (100%)
11	Yumiko Murakami	Reappointment Female Outside Independent	Outside Director Member of the Audit Committee Member of the Compensation Committee	4	11/11 (100%)
12	Noriko Iki	Reappointment Female Outside Independent	Outside Director Member of the Nominating Committee Member of the Audit Committee	2	11/11 (100%)
13	Mami Yunoki*	Reappointment Female Outside Independent	Outside Director Member of the Audit Committee Member of the Compensation Committee	1	9/9 (100%)
14	Akira Ichikawa	New appointment Male Outside Independent		-	-

Reappointment

New appointment

Non-Executive

Outside

Independent

Reappointed member of the board candidate

Newly appointed member of the board candidate

Non-executive member of the board candidate

Outside member of the board candidate

Independent Director as defined by the stock exchange

* Ms. Mami Yunoki's name in her family register is Mami Kato.

Expertise and experience of the candidates for Outside Director

Name	Corporate Management	Finance/ Accounting	Legal/ Compliance	DX/ICT	Global	Sustainability *
Seiji Nakata	They have expertise and experience to adequately manage and control the Group.					●
Akihiko Ogino						●
Shinsuke Niizuma						
Keiko Tashiro					●	●
Eiji Sato						
Hiroko Sakurai						
Sachiko Hanaoka						
Eriko Kawai		●			●	●
Katsuyuki Nishikawa			●			●
Toshio Iwamoto	●			●	●	●
Yumiko Murakami	●				●	●
Noriko Iki			●		●	●
Mami Yunoki		●				●
Akira Ichikawa	●				●	●

The table above does not represent the full range of expertise and experience of the candidates.

* Judgment criteria: Persons with sustainability-related work experience (including work experience promoting the Group's sustainability strategy)



Candidate
Number

1

Seiji Nakata

Reappointment

Male

Date of Birth	July 16, 1960
Title and charge in the Company	Chairperson of the Board and Corporate Executive Officer
Number of shares of the Company held	(common stock 416,630 shares)
Years on Board (as of the conclusion of this shareholder meeting)	10 (Note)
Attendance Rate	Board of Directors 11/11 (100%) Nominating Committee 5/5 (100%) Compensation Committee 5/5 (100%)

(Note) The total years served as Member of the Board.

The reason for election

He joined the Company in 1983 and 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 Co. Ltd., and COO and the Head of Retail of the Company, and thereby has broad experience related to the business of the whole Daiwa Securities Group. Also, he served as the Representative Corporate Executive Officer, President and CEO of the Company from 2017 to 2024 and has broad experience and insights as a manager. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1983	Joined the Company
Apr. 1999	Transferred to Daiwa Securities SB Capital Markets Co., Ltd.
Apr. 2005	Head of Product Strategy Dept. of Daiwa Securities SMBC Co. Ltd.
Apr. 2006	Senior Managing Director and Head of Corporate Planning of the above company
Apr. 2007	Corporate Executive Officer, Deputy Head of Corporate Planning and Human Resources, and Head of Corporate Planning Dept. of the Company
Oct. 2008	Deputy Head of Corporate Planning and Human Resources of the Company
Apr. 2009	Executive Managing Director of the Company
June 2009	Member of the Board and Executive Managing Director of the Company
Apr. 2010	Member of the Board of the Company Member of the Board and Executive Managing Director of Daiwa Securities Capital Markets Co. Ltd.
June 2010	Senior Head of Corporate Sales, Corporate Institution Sales and Head of Corporate Division Planning of Daiwa Securities Capital Markets Co. Ltd.
Apr. 2011	Senior Head of Corporate Institution Sales and Head of Corporate Sales and Corporate Presiding of the above company
Apr. 2012	Member of the Board, Senior Executive Managing Director and Head of Corporate Institution of Daiwa Securities Co. Ltd.
Apr. 2015	Senior Executive Managing Director, Corporate Executive Officer and Deputy Head of Retail of the Company
Apr. 2016	Deputy President, Corporate Executive Officer, COO and Head of Retail of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd.
June 2016	Member of the Board, and Deputy President, Corporate Executive Officer of the Company
Apr. 2017	Member of the Board, President and CEO and Head of Retail of the Company; and Representative Director and President, Member of the Board of Daiwa Securities Co. Ltd.
Apr. 2020	CEO of the Company
Apr. 2024	Chairperson of the Board and Corporate Executive Officer of the Company (to date); and Representative Director and Chairperson of the Board of Daiwa Securities Co. Ltd. (to date)

(Significant concurrent positions)
Representative Director and Chairperson of the Board of Daiwa Securities Co. Ltd.



Candidate
Number

2

Akihiko Ogino

Reappointment

Male

Date of Birth	January 28, 1966
Title and charge in the Company	Member of the Board, Representative Corporate Executive Officer, President and CEO
Number of shares of the Company held	(common stock 241,000 shares)
Years on Board (as of the conclusion of this shareholder meeting)	5
Attendance Rate (Note)	Board of Directors 11/11 (100%) Nominating Committee 5/5 (100%) Compensation Committee 4/4 (100%)
(Note) Attendance Rate at the Nominating Committee and the Compensation Committee since his appointment in June 2024.	

The reason for election

He joined the Company in 1989 and he has 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 serves as the Representative Corporate Executive Officer, President and CEO of the Company from 2024. He has expertise and experience to present a management strategy based on a wide vision and also to adequately execute the management and control of the Daiwa Securities Group. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1989	Joined the Company
Apr. 2010	Head of Corporate Planning Dept. of the Company
Apr. 2014	Senior Managing Director, Head of Legal and Deputy Head of Corporate Planning of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd.
Apr. 2015	Head of Legal and Deputy Head of Corporate Planning and Overseas Operations of the Company
Apr. 2016	Head of Legal and Deputy Head of Corporate Planning of the Company
Apr. 2017	Executive Managing Director of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd.
Apr. 2019	Senior Executive Managing Director, Corporate Executive Officer and Head of Corporate Planning and Legal, and Executive Head of Human Resources of the Company; and Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.
June 2020	Member of the Board, Senior Executive Managing Director, Corporate Executive Officer of the Company
Apr. 2022	Member of the Board, Deputy President, Corporate Executive Officer, Executive Head of Corporate Planning and Human Resources of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd.
Apr. 2024	Member of the Board, President and CEO of the Company (to date); and Representative Director and President, Member of the Board of Daiwa Securities Co. Ltd. (to date)
(Significant concurrent positions)	
Representative Director and President, Member of the Board of Daiwa Securities Co. Ltd.	



Candidate
Number

3

Shinsuke Niizuma

Reappointment

Male

Date of Birth	September 19, 1965
Title and charge in the Company	Member of the Board, Deputy President, Corporate Executive Officer, COO and Head of Wealth Management
Number of shares of the Company held	(common stock 190,700 shares)
Years on Board (as of the conclusion of this shareholder meeting)	1
Attendance Rate (Note)	Board of Directors 9/9 (100%)
(Note) Attendance rate at the Board of Directors meetings, etc. since his appointment in June 2024.	

The reason for election

He joined the Company in 1988 and served successively as the Head of Chiba Branch and Nagoya Branch of Daiwa Securities Co. Ltd. He became the Senior Managing Director of Daiwa Securities Co. Ltd. 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 Co. Ltd. He currently serves as the Representative Corporate Executive Officer, Deputy President and COO, and Head of Wealth Management of the Company. He has broad knowledge and experience in Wealth Management. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1988	Joined the Company
Apr. 1999	Transferred to Daiwa Securities Co. Ltd.
May 2014	Head of Nagoya Branch of the above company
Apr. 2015	Senior Managing Director and Head of Regional Marketing, and Head of Nagoya Branch of the above company
Apr. 2016	Head of Retail Marketing Strategy of the above company
Apr. 2018	Executive Managing Director, Chief Customer Officer (CCO) and Head of Retail Marketing Strategy of the above company
Apr. 2019	Senior Executive Managing Director, Corporate Executive Officer and Deputy Head of Retail of the Company; and Senior Executive Managing Director, Member of the Board and Head of Sales of Daiwa Securities Co. Ltd.
Apr. 2020	Head of Retail of the Company
Apr. 2022	Deputy President, Corporate Executive Officer and Head of Retail of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. (to date)
Apr. 2024	Deputy President, Corporate Executive Officer, COO and Head of Wealth Management of the Company; and Member of the Board of Daiwa Next Bank, Ltd. (to date)
June 2024	Member of the Board, Deputy President, Corporate Executive Officer of the Company (to date)
(Significant concurrent positions)	
Representative Director and Deputy President of Daiwa Securities Co. Ltd.	
Member of the Board of Daiwa Next Bank, Ltd.	



Candidate
Number

4

Keiko Tashiro

Reappointment

Female

Date of Birth	August 5, 1963
Title and charge in the Company	Member of the Board, Deputy President, Corporate Executive Officer, and Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education
Number of shares of the Company held	(common stock 189,600 shares)
Years on Board (as of the conclusion of this shareholder meeting)	11
Attendance Rate	Board of Directors 11/11 (100%)

The reason for election

She joined the Company in 1986 and served successively as the Head of Investor Relations Office of the Company and the Head of the Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd. She became a Senior Managing Director of the Company in 2009, and since then she has served successively as its 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 currently serves as the Corporate Executive Officer, Deputy President, the Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education of the Company. She has broad knowledge and experience in Overseas and Corporate Planning. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1986	Joined the Company
Apr. 1999	Transferred to Daiwa Securities SB Capital Markets Co., Ltd.
July 1999	Transferred to the Company
Sept. 2005	Head of Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd.
Apr. 2009	Senior Managing Director, Head of PTS and Daiwa Direct Business of the above company
June 2009	Head of Online Product and Daiwa Direct Business of the above company
Apr. 2011	Senior Managing Director, Head of Fixed Income, Currency and Commodities of Daiwa Securities Capital Markets Co. Ltd.
Apr. 2012	Senior Managing Director, Head of Fixed Income, Currency and Commodities of Daiwa Securities Co. Ltd.
Apr. 2013	Executive Managing Director and Head of Americas of the Company; and Chairperson of the Board of Daiwa Capital Markets America Holdings Inc.
July 2013	Chairperson of the Board of Daiwa Capital Markets America Inc.
Apr. 2014	Executive Managing Director, Corporate Executive Officer, Deputy Head of Overseas Operations and Head of Americas of the Company
June 2014	Member of the Board and Executive Managing Director of the Company
Apr. 2016	Member of the Board, Senior Executive Managing Director, Corporate Executive Officer and Head of Overseas Operations of the Company; and Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.
Apr. 2019	Member of the Board, Deputy President, Corporate Executive Officer of the Company (to date); and Representative Director and Deputy President of Daiwa Securities Co. Ltd.
Apr. 2020	Head of Overseas Operations and SDGs of the Company
Apr. 2022	Executive Head of Overseas Operations, Head of SDGs and Think Tank of the Company; and Member of the Board of Daiwa Institute of Research Ltd.
Apr. 2023	Executive Head of Overseas Operations, Head of Sustainability and Think Tank of the Company
Apr. 2024	Head of Sustainability, Financial Education, Securities Asset Management, and Think Tank of the Company; and Member of the Board of Daiwa Asset Management Co. Ltd. (to date)
Apr. 2025	Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education of the Company (to date)

(Significant concurrent positions)

Member of the Board of Daiwa Asset Management Co. Ltd.



Candidate
Number

5

Eiji Sato

Reappointment

Male

Date of Birth	February 14, 1969
Title and charge in the Company	Member of the Board, Senior Executive Managing Director, Corporate Executive Officer, Head of Corporate Planning, and Deputy Head of Overseas Operations
Number of shares of the Company held	(common stock 142,000 shares)
Years on Board (as of the conclusion of this shareholder meeting)	1
Attendance Rate (Note)	Board of Directors 9/9 (100%)

(Note) Attendance rate at the Board of Directors meetings, etc. since his appointment in June 2024.

The reason for election

He joined the Company in 1991 and 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, the Deputy Head of Corporate Planning of the Company and currently serves as the Senior Executive Managing Director, Corporate Executive Officer, the Head of Corporate Planning and the Deputy Head of Overseas Operations of the Company. He has solid experience and record in Corporate Planning and Finance and also has experience in Investment Banking. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1991	Joined the Company
Oct. 2005	Transferred to Daiwa Securities SMBC Co. Ltd.
Oct. 2014	Head of Corporate Planning Dept. of the Company
Apr. 2017	Senior Managing Director, Deputy Head of Corporate Planning and Head of Corporate Planning Dept. of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd.
Apr. 2019	Corporate Executive Officer, Chief Financial Officer (CFO) and Deputy Head of Corporate Planning and Overseas Operations of the Company
Apr. 2020	Executive Managing Director, Corporate Executive Officer of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd.
Apr. 2022	Chief Financial Officer (CFO), Head of Corporate Planning and Deputy Head of Overseas Operations of the Company Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.
Apr. 2023	Senior Executive Managing Director, Corporate Executive Officer, Chief Financial Officer (CFO) and Head of Corporate Planning of the Company Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. (to date)
Apr. 2024	Head of Corporate Planning of the Company
June 2024	Member of the Board, Senior Executive Managing Director, Corporate Executive Officer of the Company (to date)
Apr. 2025	Head of Corporate Planning and Deputy Head of Overseas Operations of the Company (to date)
(Significant concurrent positions)	
Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	



Candidate
Number

6

Hiroko Sakurai

New appointment

Female

Date of Birth	August 19, 1965
Title and charge in the Company	Senior Executive Managing Director, Corporate Executive Officer, and Head of Compliance
Number of shares of the Company held	(common stock 131,600 shares)
Years on Board (as of the conclusion of this shareholder meeting)	—
Attendance Rate	—

The reason for election

She joined the Company in 1988 and served successively 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 currently serves as the Senior Executive Managing Director, Corporate Executive Officer and Head of Compliance of the Company. She has broad experience and knowledge in broad areas such as Global Markets Division, Wealth Management Division, and Compliance Division. Therefore, she is considered to be qualified to serve as a member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1988	Joined the Company
Apr. 1999	Transferred to Daiwa Securities SB Capital Markets Co., Ltd.
Apr. 2013	Head of Investor Relations Office of the Company
Apr. 2016	Senior Managing Director, Head of Private Banking of Daiwa Securities Co. Ltd.
Apr. 2019	Executive Managing Director, Head of Private Banking and Head of Direct Business of the above company
Oct. 2019	Head of Private Banking, Head of Contact Center, Deputy Head of Retail Marketing Strategy and Head of Online Business of the above company
Apr. 2021	Executive Managing Director, Member of the Board, Head of Private Banking, Head of Contact Center and Head of Mass Affluent Marketing of the above company
Apr. 2022	Head of Private Banking and Head of Contact Center of the above company
Apr. 2023	Senior Executive Managing Director, Corporate Executive Officer and Head of Compliance of the Company (to date); and Representative Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. (to date)

(Significant concurrent positions)

Representative Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.



Candidate
Number

7

Sachiko Hanaoka

Non-Executive

Reappointment

Female

Date of Birth	May 28, 1967
Title and charge in the Company	Member of the Board
Number of shares of the Company held	(common stock 109,400 shares)
Years on Board (as of the conclusion of this shareholder meeting)	6
Attendance Rate	Board of Directors 11/11 (100%) Audit Committee 16/16 (100%)

The reason for election

She joined the Company in 1990. 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 Co. Ltd. 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. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

Apr. 1990	Joined the Company
Mar. 1995	Transferred to Daiwa Institute of Research Ltd.
Oct. 1999	Transferred to Daiwa Securities Co. Ltd.
Apr. 2012	Head of Investment Strategy Dept. of the above company
Apr. 2019	Senior Managing Director of the Company; Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. (to date); Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd. (to date); Audit & Supervisory Board Member of Daiwa Institute of Research Business Innovation Ltd.; and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.
June 2019	Member of the Board of the Company (to date)
Apr. 2021	Audit & Supervisory Board Member of Daiwa Institute of Research Ltd. (to date)
(Significant concurrent positions)	
Audit & Supervisory Board Member of Daiwa Securities Co. Ltd.	
Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd.	
Audit & Supervisory Board Member of Daiwa Institute of Research Ltd.	



Candidate
Number

8

Eriko Kawai

Reappointment

Female

Outside

Independent

Date of Birth	April 28, 1958
Title and charge in the Company	Outside Director
Number of shares of the Company held	(common stock 16,600 shares)
Years on Board (as of the conclusion of this shareholder meeting)	7
Attendance Rate	Board of Directors 11/11 (100%) Nominating Committee 5/5 (100%) Compensation Committee 5/5 (100%)

The reason for election and overview of the expected roles

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 management. The Company requests that shareholders elect her as an Outside Director since the Company expects, based on her significant experience and knowledge about corporate management accumulated through her career, that she will be able to advise on the management of the Company and supervise the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

Oct. 1981	Joined Nomura Research Institute, Ltd
Sept. 1985	Management Consultant at McKinsey & Company, Inc.
Oct. 1986	Fund Manager of Mercury Asset Management / SG Warburg plc
Nov. 1995	CIO of Yamaichi Regent ABC Polska, Head of Investment
July 1998	Pension Funds Administrator of Bank for International Settlements (BIS)
Oct. 2004	Senior Pension Funds Administrator of Organization for Economic Cooperation and Development (OECD)
Mar. 2008	Representative of Kawai Global Intelligence
Apr. 2012	Professor of Institute for the Promotion of Excellence in Higher Education, Kyoto University
Apr. 2013	Professor of Institute for Liberal Arts and Sciences, Kyoto University
Apr. 2014	Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University
June 2018	Member of the Board of the Company (to date)
Apr. 2021	Emeritus Professor of Kyoto University (to date)

(Significant concurrent positions)

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.



Candidate
Number

9

Katsuyuki Nishikawa

Reappointment

Male

Outside

Independent

Date of Birth	February 20, 1954
Title and charge in the Company	Outside Director
Number of shares of the Company held	(common stock 14,200 shares)
Years on Board (as of the conclusion of this shareholder meeting)	6
Attendance Rate	Board of Directors 11/11 (100%) Nominating Committee 5/5 (100%) Audit Committee 16/16 (100%)

The reason for election and overview of the expected roles

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 requests that shareholders elect him as an Outside Director since the Company expects, based on his significant experience and professional knowledge about law and compliance accumulated through his career, that he will be able to advise on the management of the Company and supervise the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors even though he had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

Apr. 1979	Prosecutor of Osaka District Public Prosecutors Office
Jan. 2008	Director-General of the Rehabilitation Bureau of the Ministry of Justice
July 2008	Director-General of the Immigration Bureau of the Ministry of Justice
July 2009	Director-General of the Criminal Affairs Bureau of the Ministry of Justice
Aug. 2011	Vice-Minister of the Ministry of Justice
Jan. 2014	Superintending Prosecutor of the Sapporo High Public Prosecutors Office
Dec. 2015	Superintending Prosecutor of the Tokyo High Public Prosecutors Office
Sept. 2016	Prosecutor General
July 2018	Retired as Prosecutor General
Sept. 2018	Attorney at law (to date)
June 2019	Member of the Board of the Company (to date)

(Significant concurrent positions)

Attorney at Nishikawa Katsuyuki Law Office

Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation



Candidate
Number

10

Toshio Iwamoto

Reappointment

Male

Outside

Independent

Date of Birth	January 5, 1953
Title and charge in the Company	Outside Director
Number of shares of the Company held	(common stock 9,300 shares)
Years on Board (as of the conclusion of this shareholder meeting)	5
Attendance Rate	Board of Directors 11/11 (100%) Nominating Committee 5/5 (100%) Compensation Committee 5/5 (100%)

The reason for election and overview of the expected roles

He held positions such as the President of NTT DATA Corporation. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his significant experience in management of global companies and experience and extensive knowledge about IT accumulated through his career, that he will be able to advise on the management of the Company and supervise the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

Apr. 1976	Joined Nippon Telegraph and Telephone Public Corporation
June 2004	Member of the Board of NTT DATA Corporation (currently known as NTT DATA Group Corporation)
June 2005	Senior Managing Director of the above company
June 2007	Member of the Board and Executive Managing Director of the above company
June 2009	Representative Director and Deputy President of the above company
June 2012	Representative Director and President of the above company
June 2018	Senior Corporate Advisor of the above company
June 2020	Member of the Board of the Company (to date)

(Significant concurrent positions)

Outside Director of East Japan Railway Company

Outside Director of Isetan Mitsukoshi Holdings Ltd.

Outside Director of Sumitomo Forestry Co., Ltd.



Candidate
Number

11

Yumiko Murakami

Reappointment

Female

Outside

Independent

Date of Birth	February 6, 1965
Title and charge in the Company	Outside Director
Number of shares of the Company held	(common stock 7,000 shares)
Years on Board (as of the conclusion of this shareholder meeting)	4
Attendance Rate	Board of Directors 11/11 (100%) Audit Committee 16/16 (100%) Compensation Committee 5/5 (100%)

The reason for election and overview of the expected roles

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 requests that shareholders elect her as an Outside Director since the Company expects, based on her significant global experience, experience and track record of corporate management, and understanding of the securities business accumulated through her experience, that she will be able to advise on the management of the Company and supervise the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

Aug. 1989	United Nations Development Programme (Barbados)
Jan. 1991	United Nations Secretariat (New York)
Sept. 1991	United Nations Transitional Authority in Cambodia (Phnom Penh)
Aug. 1994	Goldman Sachs International (London)
May 1997	Goldman Sachs and Co. (New York)
Dec. 2004	Managing Director of the above company
Apr. 2008	Managing Director of Goldman Sachs Japan Co., Ltd. (Tokyo)
Sept. 2009	Managing Director of Credit Suisse Securities (Japan) Limited (Tokyo)
Sept. 2013	Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre
June 2021	Member of the Board of the Company (to date)
(Significant concurrent positions)	
General Partner of MPower KK	
Outside Director of Raksul Inc.	



Candidate
Number

12

Noriko Iki

Reappointment

Female

Outside

Independent

Date of Birth	March 21, 1956
Title and charge in the Company	Outside Director
Number of shares of the Company held	(common stock 6,500 shares)
Years on Board (as of the conclusion of this shareholder meeting)	2
Attendance Rate	Board of Directors 11/11 (100%) Nominating Committee 5/5 (100%) Audit Committee 16/16 (100%)

The reason for election and overview of the expected roles

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 Darussalam, and the Company requests that shareholders elect her as an Outside Director since the Company expects, based on her expert knowledge and experience related to labor administration and diversity and significant global experience accumulated through her experience, that she will be able to advise on the management of the Company and supervise the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that she could adequately carry out her assignment as one of the Company's Outside Directors, even though she had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

Apr. 1979	Joined Ministry of Labour
July 2009	Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare
July 2010	Research Director of Japan Institute for Labour Policy and Training
Sept. 2012	Director-General of Tokyo Labour Bureau, Ministry of Health, Labour and Welfare
Apr. 2014	Ambassador Extraordinary and Plenipotentiary to Brunei Darussalam
June 2018	President of Japan Institute for Women's Empowerment & Diversity Management
June 2023	Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management (to date); and Member of the Board of the Company (to date)

(Significant concurrent positions)

Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management
Outside Director of FUJI KYUKO CO., LTD.



Candidate
Number

13

Mami Yunoki

Reappointment

Female

Outside

Independent

Date of Birth	May 27, 1963
Title and charge in the Company	Outside Director
Number of shares of the Company held	(common stock 3,400 shares)
Years on Board (as of the conclusion of this shareholder meeting)	1
Attendance Rate (Note)	Board of Directors 9/9 (100%) Audit Committee 12/12 (100%) Compensation Committee 4/4 (100%)
(Note) Attendance rate at the Board of Directors meetings, etc. since her appointment in June 2024.	

The reason for election and overview of the expected roles

She has been involved in auditing many listed companies as a certified public accountant for many years at PricewaterhouseCoopers Aarata LLC (currently known as PricewaterhouseCoopers Japan LLC). The Company requests that shareholders elect her as an Outside Director since the Company expects, based on her expert knowledge and experience related to financial accounting, that she will be able to advise on the management of the Company and supervise the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that she could adequately carry out her assignment as one of the Company's Outside Directors, even though she had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

May 1985	Joined Aoyama Audit Corporation
Sept. 2006	Joined PricewaterhouseCoopers Aarata (currently known as PricewaterhouseCoopers Japan LLC)
July 2008	Partner of the above corporation
July 2016	Member of the Firm Management Committee and Executive Officer in charge of the Manufacturing, Distribution, and Services Divisions of PricewaterhouseCoopers Aarata LLC (currently known as PricewaterhouseCoopers Japan LLC) Member of the Examination Board for Strengthening of Financial Function, Financial Services Agency (to date)
Sept. 2020	Part-time lecturer at Graduate School of Hitotsubashi University (to date)
July 2023	Representative of Mami Yunoki Certified Public Accountant Office (to date)
Mar. 2024	Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd. (to date)
June 2024	Member of the Board of the Company (to date)
(Significant concurrent positions)	
Representative of Mami Yunoki Certified Public Accountant Office	
Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.	



Candidate
Number

14

Akira Ichikawa

New appointment

Male

Outside

Independent

Date of Birth	November 12, 1954
Title and charge in the Company	—
Number of shares of the Company held	(common stock 0 shares)
Years on Board	—
(as of the conclusion of this shareholder meeting)	—
Attendance Rate	—

The reason for election and overview of the expected roles

He held positions such as President of Sumitomo Forestry Co., Ltd. and is currently Chairman of the company. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his extensive experience in management of a global company and wealth of knowledge on sustainability-oriented management cultivated through his career, that he will be able to advise on the management of the Company and supervise the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

Apr. 1978	Joined Sumitomo Forestry Co., Ltd.
June 2007	Executive Officer of the above company
June 2008	Director and Managing Executive Officer of the above company
Apr. 2010	President and Representative Director of the above company
Apr. 2020	Chairman of the Board and Representative Director of the above company (to date)

(Significant concurrent positions)

Chairman of the Board and Representative Director of Sumitomo Forestry Co., Ltd.

Outside Director of Sumitomo Chemical Company, Limited.

Outside Director of Konica Minolta, Inc.

Representative Director and Chairman of Wooden Home Builders Association of Japan

Representative Director and Chairman of Organization for Landscape and Urban Green Infrastructure

(Notes)

1. *The independence of the candidates for Outside Director from the Company is as follows.*
 - *None of the candidates for Outside Director has executed business of or has become an executive of the Company or its subsidiaries by means other than being an Outside Director of the Company in the past.*
 - *None of the candidates for Outside Director executes business of or is an executive of, or has done or been so during the last ten (10) years, any entity that has a special relationship with the Company.*
 - *None of the candidates for Outside Director received a large sum of money or other financial benefits from the Company or any entity that has a special relationship with the Company in the past, and none of them anticipates receiving them in the future.*
 - *None of the candidates for Outside Director has a spouse, family member within the third degree of kinship, or other similar person who executes business of or is an executive of the Company or any entity that has a special relationship with the Company.*
 - *All of the candidates for Outside Director fulfill the requirements for Independent Directors as defined by Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. The Company is scheduled to designate all of the candidates for Outside Director as Independent Directors and to report this designation to the exchanges mentioned above.*

2. *Ms. Mami Yunoki's name in her family register is Mami Kato.*
3. *Violations of laws, regulations, and the Articles of Incorporation, incidents of unjust execution of business, and actions taken to prevent the occurrence of such incidents during the term of office are as follows.*

At Yamaha Motor Co., Ltd., where Ms. Eriko Kawai has served as Outside Audit & Supervisory Board Member since March 2021, inappropriate handling of testing and certification applications was found for motorcycles manufactured by Yamaha Motor Co., Ltd., resulting in an on-site inspection and guidance by the Ministry of Land, Infrastructure, Transport and Tourism in June 2024. While she was unaware of the inappropriate handling until it came to light, she had been making recommendations from the perspective of compliance with laws and regulations on a regular basis at Board of Directors meetings, Audit & Supervisory Board meetings, and other venues. In addition, after the inappropriate handling was found, she has been making recommendations, etc. on conducting thorough investigations, strengthening internal control aimed at preventing recurrence, and ensuring thorough compliance.

In February 2024, it was found that IHI Power Systems Co., Ltd., a subsidiary of IHI Corporation where Mr. Toshio Iwamoto served as Outside Audit & Supervisory Board Member from June 20, 2019 to June 23, 2023, made improper alterations in the test operation records for engines manufactured by IHI Power Systems Co., Ltd. In April 2024, IHI Power Systems Co., Ltd. was subject to an on-site inspection by the Ministry of Land, Infrastructure, Transport and Tourism. In addition, the mechanical parking system business of IHI Transport Machinery Co., Ltd., which is also a subsidiary of IHI Corporation, was determined by the Japan Fair Trade Commission in March 2025 to have violated the Antimonopoly Act. While he was unaware of these incidents until they came to light after he retired, he had been making recommendations in a timely manner regarding the importance of compliance with laws and regulations and internal control on a regular basis during his term of office.

4. *The current six Outside Directors, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa, Mr. Toshio Iwamoto, Ms. Yumiko Murakami, Ms. Noriko Iki, and Ms. Mami Yunoki, have each executed an agreement to limit liability to the Company. Each agreement stipulates that the maximum amount of liability is 10 million yen or the minimum amount of liability provided in Paragraph 1 of Article 425 of the Companies Act, whichever is higher. If the election of those candidates for Outside Director is duly approved, the Company will continue to be a party to such agreement with each Outside Director. Also, in the event Mr. Akira Ichikawa's appointment is approved, there is a plan to conclude an agreement to limit liability to the Company in the same way with him.*

5. *The Company has entered into a directors and officers liability insurance agreement as provided in Paragraph 1 of Article 430-3 of the Companies Act with an insurance company, and the insurance agreement is designed to cover damages that may be incurred by the insured Directors of the Company who are liable for the execution of their duties or receiving a claim for pursuing their liability. If each candidate is appointed and assumes office as Director, he/she will be insured under the insurance agreement. The Company also plans to renew the insurance agreement on the same terms at the time of the next renewal.*

[References]

The Company is scheduled to appoint the following directors as members and Chairperson of the Nominating Committee, the Audit Committee, and the Compensation Committee, respectively, through resolutions of the Board of Directors and each committee to be held after the conclusion of the Meeting. A majority and Chairperson of each committee will be Outside Directors as described below.

Name	Title	Nominating Committee	Audit Committee	Compensation Committee
Seiji Nakata	Chairperson of the Board and Corporate Executive Officer	○		○
Akihiko Ogino	Member of the Board, Representative Corporate Executive Officer, and President	○		○
Sachiko Hanaoka	Member of the Board		○	
Eriko Kawai	Member of the Board (Outside) Independent Officer	○		◎
Katsuyuki Nishikawa	Member of the Board (Outside) Independent Officer	○	◎	
Toshio Iwamoto	Member of the Board (Outside) Independent Officer	◎		○
Yumiko Murakami	Member of the Board (Outside) Independent Officer		○	○
Noriko Iki	Member of the Board (Outside) Independent Officer	○	○	
Mami Yunoki	Member of the Board (Outside) Independent Officer		○	○
Akira Ichikawa	Member of the Board (Outside) Independent Officer	○		○

(Note) ◎ indicates that the director is a Chairperson of such committee and ○ indicates that the director is a member of such committee.

Business Report (From April 1, 2024 to March 31, 2025)

Status of the Group's Business Activities

The Group (Note) strives to improve the corporate value of the Group through its core business – the securities business. The outline of the Group's performance in the current fiscal year (FY2024) is as follows.

(Note) In this report, the "Group" means the corporate group consisting of Daiwa Securities Group Inc. (the "Company") and its subsidiaries and affiliates.

Outline of the Consolidated Performance

(1) Profits and Losses of the Group

(Billions of yen)

	Fiscal 2024 (Year ended March 31, 2025)	YoY Change
Operating revenue	1,372.0	7.4%
Net operating revenue	645.9	9.3%
Ordinary income	224.7	28.7%
Profit attributable to owners of parent	154.3	27.0%

(Millions of yen)

	Net operating revenue			Ordinary income		
	Fiscal 2023 (87th term)	Fiscal 2024 (88th term)	YoY Change	Fiscal 2023 (87th term)	Fiscal 2024 (88th term)	YoY Change
Wealth Management Division	228,131	255,841	12.1%	66,213	80,664	21.8%
Asset Management Division	97,784	102,517	4.8%	66,407	77,418	16.6%
Securities asset management	47,083	57,960	23.1%	20,959	27,841	32.8%
Real estate asset management	28,455	29,619	4.1%	27,041	29,029	7.4%
Alternative asset management	22,245	14,938	(32.8%)	18,406	20,547	11.6%
Global Markets & Investment Banking Division	220,479	234,196	6.2%	44,037	42,738	(2.9)%
Global Markets	149,394	149,044	(0.2)%	37,648	29,005	(23.0)%
Global Investment Banking	71,084	85,151	19.8%	4,510	11,605	157.3%
Others, adjustments, etc.	44,515	53,435	–	(2,069)	23,895	–
Total	590,910	645,990	9.3%	174,587	224,716	28.7%

(Note) Segment information for the 87th fiscal year has been prepared based on the new segment classification effective from April 2024.

(2) Assets, Liabilities, and Net Assets of the Group

(Billions of yen)

	Fiscal 2024 (As of March 31, 2025)	YoY Change
Total assets	36,024.3	3,997.0
Total liabilities	34,101.0	3,862.4
Total net assets	1,923.2	134.6
Net assets per share (yen)	1,158.82	72.61

Economic and Market Environment

During the FY2024 period, Japan's economy recovered moderately as the impact of the Noto Peninsula earthquake that occurred in January 2024 subsided, and the effects of high wage increases at spring labor-management negotiations, expanding external demand, and government economic stimulus measures contributed, although soaring prices restrained personal consumption and other activities. The Bank of Japan, judging that wage and price increases have become more sustainable, decided to raise interest rates by 0.25% at its monetary policy meetings in July 2024 and January 2025. The Trump administration, which came to power in January, has imposed additional tariffs on imports from China, Canada, and Mexico. Furthermore, President Trump announced his intention to introduce "reciprocal tariffs" targeting a wide range of countries and regions, including Japan, and to impose additional tariffs on automobiles, rapidly increasing uncertainty about the future of Japan's economy.

In the stock market, the Nikkei Stock Average rose through July 2024, once again hitting an all-time high, due in part to increased profits for export companies caused by the weak yen and growing expectations for increased global demand for AI, semiconductors, and other products. However, stock prices also saw sudden drops due to growing economic uncertainty in the United States and the Bank of Japan's interest rate hike. Subsequently, following Trump's victory in the US presidential election in November 2024, uncertainty about the future of economic policy increased, and stock prices fluctuated. The Nikkei Stock Average at the end of FY2024 was 35,617.56 yen, down 11.8% from the end of FY2023, the first decline in three fiscal years.

In the bond market, upward pressure on interest rates intensified after the Bank of Japan ended its negative interest rate policy at the end of FY2023. Subsequently, as European and American central banks began to lower interest rates from mid-2024 onwards, interest rates in Japan also saw a temporary decline. However, interest rates rose again as the Bank of Japan implemented additional interest rate hikes in July 2024 and January 2025, bringing the 10-year government bond yield to 1.485% at the end of FY2024.

Outcome of the Group's Business Activities (Performance by Each Operating Division)

Wealth Management Division

[Main products and services]

Stocks, bonds, investment trusts, wrap account services, insurance, deposits, loans, inheritance-related services, etc.

Daiwa Securities Co. Ltd. strives to provide the best, most appropriate, and high-quality consulting services tailored to each customer's individual circumstances and economic environment by gaining a deep understanding of them in order to realize the "Maximize Customer Asset Value" set forth in the Group's basic management policy. During the FY2024, we continued to listen to our customers' asset situations and needs, etc., and provide optimal portfolio and solution proposals. As a result of these efforts, wrap account services saw record highs in contract amount. Additionally, we worked to expand our product lineup to meet the diverse needs of our customers, including offering stock investment trusts targeting alternative assets*. As a result, the net increase of equity investment trusts reached an all-time high, and progress was made in building a revenue base that is less susceptible to market conditions.

Regarding the "Japan Post Fund Wrap" service that the company provides to JAPAN POST BANK Co., Ltd., efforts to strengthen the support system for employees of said bank led to a steady expansion of the customer base. Additionally, the comprehensive business alliance with The Shikoku Bank, Ltd. achieved its target three years ahead of schedule, significantly expanding the balance of securities assets. Furthermore, we signed a final agreement on a comprehensive business alliance with The Bank of Iwate, Ltd. in March 2025, and are preparing the framework for the start of collaborative operations.

Daiwa Next Bank Co., Ltd. began handling investment real estate loans in October 2024, expanding its solutions for high-net-worth customers.

Fintertech Inc. has begun new customer introductions from Daiwa Securities Co. Ltd. for in the cryptocurrency-backed loan business and lending-based crowdfunding business, and has also worked to develop next-generation financial businesses using cutting-edge technology.

Daiwa Connect Securities Co., Ltd. expanded its point investment services in collaboration with Credit Saison Co., Ltd. in December 2024, and it began offering general margin trading and term deposit agency services with Daiwa Next Bank Co., Ltd. in January 2025, in an effort to enhance its service lineup.

(Note) Alternative assets: New investment assets that are an alternative to the traditional investment assets such as listed stock and bond investments.

Asset Management Division

[Main products and services]

Securities Asset Management: Various investment trust products (composition and investment), investment advisory, customer and sales company support, etc.

Real Estate Asset Management: Real estate investment trust (composition and investment), etc.

Alternative Asset Management: Venture investment, private equity investment, monetary debt investment, energy/infrastructure investment, etc.

In the securities asset management business, Daiwa Asset Management Co., Ltd. worked to increase its assets under management by improving its management capabilities, developing alternative products, and promoting products eligible for the new NISA. Sales of new NISA eligible products, including the iFree NEXT FANG+ Index, were strong, and publicly offered equity investment trusts as a whole saw an increase in funds of 1,120.3 billion yen during FY2024. Additionally, we have been working to strengthen our investment advisory business through a capital and business alliance with JAPAN POST INSURANCE Co., Ltd., and the increase in the contract amount for discretionary investment contracts during FY2024 was 1,366.2 billion yen. As a result, Daiwa Asset Management Co., Ltd.'s assets under management (Note 1) at the end of FY2024 stood at 33.3 trillion yen. Global X Japan Co. Ltd. provided 51 listed ETFs, including a growth theme-based ETF (Note 2) and income ETF (Note 3). Its assets under management were 455.4 billion yen at the end of the company's FY2024.

In real estate asset management, assets under management as of the end of FY2024 amounted to 1,424.5 billion yen, through the acquisition of properties by Daiwa Securities Residential Private Investment Corporation, which is managed by Daiwa Real Estate Asset Management Co., Ltd., and the management of private placement funds. Furthermore, the Company has taken its equity method affiliate Samty Holdings Co., Ltd. private, aiming to shift away from a business structure dependent on capital gains and build a stronger earnings base.

In alternative asset management, Daiwa PI Partners Co., Ltd. continued to recover from existing projects. Additionally, Daiwa PI Capital Co., Ltd. completed its fundraising for a private equity fund it manages, receiving commitments totaling 26.0 billion yen, exceeding its target. Daiwa Energy & Infrastructure Co., Ltd. has invested in data center businesses in Japan, and overseas, based on partnerships with external companies, has invested in grid storage batteries, solar and onshore wind power plants in the United States, and solar power plants in Australia, while also proceeding with collection of existing projects.

(Note 1) Total of investment trusts and the balances of discretionary investment and advisory contracts (The figure is an estimate including the assets under management for some overseas subsidiaries of the company.).

(Note 2) Growth theme-based ETF: An ETF that aims to benefit from structural changes while paying attention to the theme of expected advancement and growth.

(Note 3) Income ETF: An ETF that aspires to obtain a high dividend yield, paying attention to dividend yield, dividend continuity, etc.

Global Markets & Investment Banking Division

[Main products and services]

Global Markets: Stocks, bonds/FX, derivatives

Global Investment Banking: Stock underwriting, bond underwriting, M&A advisory, listing consulting, etc.

In the Global Markets business, Daiwa Securities Co. Ltd. conducts sales and trading of equities, bonds, forex, and financial derivative products to and with institutional investors and corporate clients and also provides products and sales support to private investors.

During FY2024, the Nikkei Stock Average hit a new all-time high, and as overseas investors turned increasingly to the Japanese market, we strengthened our sales and trading structures for Japanese stocks at our overseas bases. Furthermore, as the Bank of Japan moved to normalize its monetary policy, we worked to secure profit opportunities associated with rising interest rates by leveraging the solid business foundation we had built in the domestic bond market.

In the Global Investment Banking business, Daiwa Securities Co. Ltd. is involved in underwriting, M&A advisory, etc.

In the underwriting business, we acted as global coordinator (Note 1) for the stock offering of JAPAN POST BANK Co., Ltd. and the IPO of JX Advanced Metals Corporation. We also acted as lead manager for straight bonds by NTT Finance Corporation and sustainability bonds (Note 2) by KDDI Corporation. In particular, we leveraged the strengths of Global Markets and acted as lead manager on many transactions, helping us to rank first in the league table (Note 4) of domestic common corporate bonds, local government bonds, and SDGs-related bonds (Note 3).

In our M&A advisory work, we have been involved in many transactions, including TRIAL Holdings, Inc.'s acquisition of Seiyu Co., Ltd. shares, SCSK Corporation's tender offer for Net One Systems Co., Ltd., and Itochu Corporation's tender offer for DESCENTE LTD.

(Note 1) Global coordinator: The lead manager securities company that oversees all activities when carrying out a public offering or sale of shares inside and outside of Japan.

(Note 2) Sustainability bond: This is a bond issued in order to allow companies and local municipalities to procure capital required for both the green projects and social projects within Japan and overseas.

(Note 3) SDG-related bonds: Bonds issued with the aim of solving environmental and social issues within the context of the issuer's sustainability strategy, including sustainability bonds.

(Note 4) League table: A ranking of securities companies that underwrite bonds based on the total amount of lead underwriting for the fiscal year

Status of the Capital Investment of the Group

In order to achieve our Group's basic management policy of "Maximize Customer Asset Value," we are making capital investments to pursue digital innovation using technologies such as generative AI and Web 3.0 (Note 1), develop infrastructure to ensure the efficiency and safety of our business, comply with laws, regulations and systems, and enhance risk management.

During FY2024, we worked to improve our total asset database and expand the consulting tools available to our sales staff, so that we can analyze and propose optimal portfolios based on a deeper understanding of our customers. Furthermore, with the aim of dramatically expanding the amount of time that sales staff spend with customers, we have introduced a system that automatically records and summarizes conversations during meetings with customers, and we have built an online sales platform that enables the acceptance of a wide variety of products and securities in Daiwa's online trading. In addition, as an investment in cutting-edge technology, we developed and introduced the "AI Operator Service" in October 2024, which provides conversational responses to inquiries about market information and general administrative procedures using voice generated by generative AI, thereby improving customer convenience and providing a new customer experience. Additionally, in preparation for widespread natural disasters, we have established data centers in remote locations and worked to ensure operational resilience (Note 2). As a result of these measures, the Group made 38.1 billion yen in IT-related capital investments.

(Note 1) Web 3.0: A concept of a decentralized internet that aims to enable users to control their own data and transact value, and refers to the next-generation format of the web.

(Note 2) Operational resilience: The robustness and recovery of business operations. The ability to continue providing essential operations and services that must be maintained at minimum levels, even in the event of system failures, cyber attacks, or natural disasters, etc.

Status of Financing of the Group

The Company issued the bonds below amounting to 125.0 billion yen in total.

Bonds payable	Amount of liabilities	Payment date
3rd Series of Unsecured Perpetual Subordinated Bonds with optional-redemption clause and subordinate clause	115.0 billion yen	December 5, 2024
4th Series of Unsecured Perpetual Subordinated Bonds with optional-redemption clause and subordinate clause	10.0 billion yen	December 5, 2024

Five-Year Trend of Consolidated Performance and Assets

(Billions of yen)					
Item \ Term	84th	85th	86th	87th	88th
	(April 1, 2020– March 31, 2021)	(April 1, 2021– March 31, 2022)	(April 1, 2022– March 31, 2023)	(April 1, 2023– March 31, 2024)	(April 1, 2024– March 31, 2025)
Operating revenue	576.1	619.4	866.0	1,277.4	1,372.0
Net operating revenue	466.6	502.0	464.2	590.9	645.9
Ordinary income	115.1	135.8	86.9	174.5	224.7
Profit attributable to owners of parent	108.3	94.8	63.8	121.5	154.3
Total net assets	1,591.8	1,639.8	1,675.4	1,788.6	1,923.2
Total assets	26,099.3	27,531.0	26,413.2	32,027.2	36,024.3
Net assets per share (Yen)	875.12	925.81	968.93	1,086.20	1,158.82
Net income per share (Yen)	71.20	63.06	43.53	84.94	109.53
Return on equity (ROE)	8.5%	7.0%	4.6%	8.3%	9.8%
Number of consolidated subsidiaries	118	136	140	144	122
Number of affiliates accounted for using the equity method	17	18	17	21	22

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. are applied from the beginning of the 85th term. Each number from the 85th term is the number after the application of these accounting standards.

Issues to Be Addressed by the Group

FY2024 was an important year, characterized by a strong sense of global geopolitical risks and political change, and containing a historical turning point in the form of Japan breaking away from a prolonged period of deflation to return to “a world with interest rates.” The introduction of the new NISA was the catalyst for an acceleration of the “shift from savings to investment,” and among companies there was a further pickup in corporate actions aimed at improving capital efficiency. On a yearly basis the stock market declined, but in July the Nikkei Stock Index hit a record high of JPY 42,224. Moreover, the Bank of Japan raised policy rates to the highest level in 17 years, making the structural transformation of the Japanese economy increasingly clear.

It was in these circumstances that we made a robust start to the “Passion for the Best” 2026 Medium-term Management Plan, which is rooted in the basic policy of “maximizing the value of customer assets.” Along with improvement in consolidated performance, base income, on which we place particular emphasis, also expanded more rapidly than expected. Furthermore, in line with our discontinuous growth strategy we achieved capital and business alliances with external companies, including Aozora Bank, Ltd. and The Japan Post Insurance Company, Ltd., which was a major step towards expanding our business platform.

Although the global situation remains uncertain as we look ahead to FY2025, Japan has reached a turning point in which the role and responsibilities that should be filled by the Daiwa Securities Group are becoming increasingly important. This fiscal year will be the second of the Medium-term Management Plan, and we will forge ahead to execute the action plan below with a sense of urgency, and with the goal of establishing a more robust revenue base. Maximizing the value of customer assets is an unchanging need of our clients and, having set this as our highest priority, we will provide high-quality consulting and solutions based on accurate analysis of the environment and a deep understanding of customer needs, helping Japan to achieve its objective of becoming a leading asset management center and an investment powerhouse, and contributing to the creation of a prosperous future through the financial and capital markets.

(Note) Base income: Total ordinary income from Wealth Management, Securities Asset Management, and Real Estate Asset Management.

Action Plans for Each Business Division

Wealth Management Division

- 1 Enhancing our wealth management business further by providing optimum consulting services rooted in an in-depth understanding of client needs
- 2 Providing and augmenting our lineup of high-added-value bespoke products, services and solutions tailored to the advanced demands of high-net-worth and corporate clients
- 3 Using digital marketing to refine structures for providing the right services for client needs in a timely manner
- 4 Growing our client base through outside partnerships and workplace business
- 5 Using the bank business to expand our client base while providing solutions to high-net-worth individuals

Asset Management Division

- 1 Establishing management products and brands that appeal to a wide range of investors, and further growing the balance of assets under management by expanding our lineup of attractive alternative products
- 2 Enhancing asset management sophistication by working with Japan Post Insurance, and building a foundation for the investment advisory business in Japan and overseas
- 3 Working on our real estate asset management segment by enhancing our asset management and property sourcing capabilities, expanding our investment products, and having Group members work together
- 4 Seeking outperformance and building a platform to enable the expansion of alternative funds

Global Markets & Investment Banking Division

- 1 Providing a diverse and advanced lineup of products and solutions tailored to a wide range of client needs
- 2 Growing our business foundation by working more closely with other Group entities, including the Wealth Management Division
- 3 Providing more solutions to unlisted companies while enhancing M&A activities inside and outside Japan
- 4 Boosting profitability by reallocating management resources

Other (Daiwa Institute of Research Group)

- 1 Providing high-quality, well-timed information as a think tank to contribute to the sound development of society and the economy, and the creation of a leading asset management nation
- 2 Using AI and data science to contribute to the maximization of our clients' corporate value
- 3 Contributing to human capital management through our health tech business

Status of the Group

(1) The Group's Primary Business

The Group's primary business is the investment/financial business, with securities-related business at its core. Specifically, the Group is involved in trading and brokerage of securities and derivative products, underwriting and secondary offering of securities, dealing in public offering, secondary offering and private placement of securities and other security-related business, banking business and other financial business.

(2) Status of Major Subsidiaries

Company name	Location	Capital (millions of yen)	Ratio of voting rights (directly owned)	Main businesses
Daiwa Securities Co. Ltd.	Chiyoda-ku, Tokyo	100,000	100.0% (100.0%)	Securities-related business Investment advisory and agency business
Daiwa Asset Management Co. Ltd.	Chiyoda-ku, Tokyo	41,424	80.0% (80.0%)	Investment management business Investment advisory and agency business
Daiwa Institute of Research Ltd.	Koto-ku, Tokyo	3,898	100.0% (100.0%)	Information service
Daiwa Securities Business Center Co. Ltd.	Koto-ku, Tokyo	100	100.0% (100.0%)	Back office operation
Daiwa Facilities Co., Ltd.	Chuo-ku, Tokyo	100	100.0% (100.0%)	Lending, borrowing and management of real estate
Daiwa Next Bank, Ltd.	Chiyoda-ku, Tokyo	50,000	100.0% (100.0%)	Banking business
Daiwa Corporate Investment Co., Ltd.	Chiyoda-ku, Tokyo	100	100.0% (—)	Investment business
Daiwa PI Partners Co. Ltd.	Chiyoda-ku, Tokyo	12,000	100.0% (—)	Investment business
Daiwa Energy & Infrastructure Co. Ltd.	Chiyoda-ku, Tokyo	500	100.0% (—)	Investment business
Daiwa Real Estate Asset Management Co. Ltd.	Chuo-ku, Tokyo	200	100.0% (100.0%)	Investment management business Investment advisory and agency business
Daiwa Securities Realty Co. Ltd.	Chuo-ku, Tokyo	500	100.0% (100.0%)	Real estate related business
Daiwa Office Investment Corporation	Chuo-ku, Tokyo	235,094	41.5% (14.2%)	Investment in specified assets
Samty Residential Investment Corporation	Chiyoda-ku, Tokyo	82,654	40.2% (40.2%)	Investment in specified assets
Daiwa Capital Markets Europe Limited	London, U.K.	GBP732 million	100.0% (—)	Securities-related business
Daiwa Capital Markets Hong Kong Limited	Hong Kong, China	HKD100 million USD276 million	100.0% (—)	Securities-related business
Daiwa Capital Markets Singapore Limited	Singapore, Singapore	SGD140 million	100.0% (—)	Securities-related business
Daiwa Capital Markets America Holdings Inc.	New York, U.S.A.	USD621 million	100.0% (—)	Integration and management of subsidiaries
Daiwa Capital Markets America Inc.	New York, U.S.A.	USD100 million	100.0% (—)	Securities-related business

(3) Situation of Specified Wholly-Owned Subsidiary at the End of FY2023

Not applicable.

(4) Status of the Group's Business Combinations, etc.

Not applicable.

(5) Status of Major Business Alliances

On May 13, 2024, the Company agreed with Aozora Bank, Ltd. to form a capital and business alliance.

On May 15, 2024, the Company and Daiwa Asset Management Co. Ltd. agreed with JAPAN POST INSURANCE Co., Ltd. on a capital and business alliance in the field of asset management.

(6) The Group's Primary Business Locations

(i) The Company's Head Office: 9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo

(ii) Main Subsidiary's Business Locations: Daiwa Securities Co. Ltd.

Hokkaido / Tohoku	Sapporo Branch, Sendai Branch, and 8 other branches
Kanto (excluding Tokyo)	Yokohama Branch, Chiba Branch, Omiya Branch, and 43 other branches
Tokyo	Head Office, Ginza Branch, Shinjuku Branch, Shibuya Branch, Ikebukuro Branch, and 33 other branches
Chubu / Hokuriku	Nagoya Branch, Shizuoka Branch, and 27 other branches
Kinki	Kyoto Branch, Osaka Branch, Namba Branch, Kobe Branch, and 29 other branches
Chugoku / Shikoku	Hiroshima Branch, and 13 other branches
Kyushu / Okinawa	Fukuoka Branch, and 11 other branches

(7) Status of Employees**(i) The Group's Employees**

Number of employees	Change from previous fiscal year
14,783	Increase of 183

(Note) The number of employees reflects the number of the people who actually work in the Group.

(ii) The Company's Employees

Number of employees	Average age	Average years of service
616	43.3	13.5 years

(Note 1) The number of employees reflects the number of the people who actually work in the Company. 616 employees work for both the Company and Daiwa Securities Co. Ltd.

(Note 2) Average age and average years of service above show the average age and years of the employees including those who work concurrently for the Company and Daiwa Securities Co. Ltd.

(Note 3) In calculating the average years of service above, we include the years of service in other companies in the Group.

(8) Major Lenders

Name of lender	Type of loan	Balance (millions of yen)
Sumitomo Mitsui Banking Corporation	Long-Term Borrowings	209,952
Mizuho Bank Ltd.	Short-Term Borrowings	72,000
	Long-Term Borrowings	30,000
MUFG Bank, Ltd.	Long-Term Borrowings	61,000
Resona Bank Ltd.	Long-Term Borrowings	31,000
Sumitomo Mitsui Trust Bank, Limited	Short-Term Borrowings	30,000

(Note) We state above the main borrowings from outside of the Group (excluding call money, etc.).

(9) Other Significant Matters relating to the Group's Current Status

Not applicable.

(Note) This business report is prepared in accordance with the provisions of the Companies Act (Act No. 86 of 2005), the Regulation for Enforcement of the Companies Act (Ministry of Justice Ordinance No. 12 of 2006) and the Accounting Regulation Ordinance (Ministry of Justice Ordinance No. 13 of 2006). We stated the status of the Group instead of the status of the Company alone, where possible.

Summary of the Company (as of March 31, 2025)

Status of Shares

(1) **Total number of authorized shares:** 4,000,000,000 shares

Total number of authorized shares in a class of each type of shares is as follows:

Type	Total number of authorized class shares
Common stock	4,000,000,000
Class 1 Preferred Stock	100,000,000
Class 2 Preferred Stock	100,000,000
Class 3 Preferred Stock	100,000,000

(2) **Total number of issued and outstanding shares:** 1,569,378,772 shares of Common Stock (including treasury stock)

(3) **Total number of Shareholders:** 171,259

(4) **Major Shareholders (top ten)**

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

(Note 1) The Company holds 154,393,235 of its own shares as treasury stock as of March 31, 2025, and the Company is excluded from the above list of major shareholders.

(Note 2) Treasury stock shares are excluded for calculating the percentages in the list of major shareholders above.

(5) Status of shares allotted to officers as consideration for execution of duties during the current fiscal year

The Company has introduced the Stock Compensation Plan for the purpose of further enhancing incentives to improve medium- and long-term business performance and promoting further value sharing between the Company, its subsidiaries' Directors, Corporate Executive Officers, etc., and shareholders. The Restricted Stock allotted to Directors and Corporate Executive Officers during FY2024 is as follows.

Type of officer	Numbers allotted (Persons)	Allotted Shares
Directors	1	7,400
Corporate Executive Officer	12	132,700
Outside Directors	6	7,200

(Note) Number of shares allotted to five (5) persons, who concurrently take on the post of Directors and Corporate Executive Officers, is listed in the column of the Corporate Executive Officers.

The Corporate Governance System of the Group

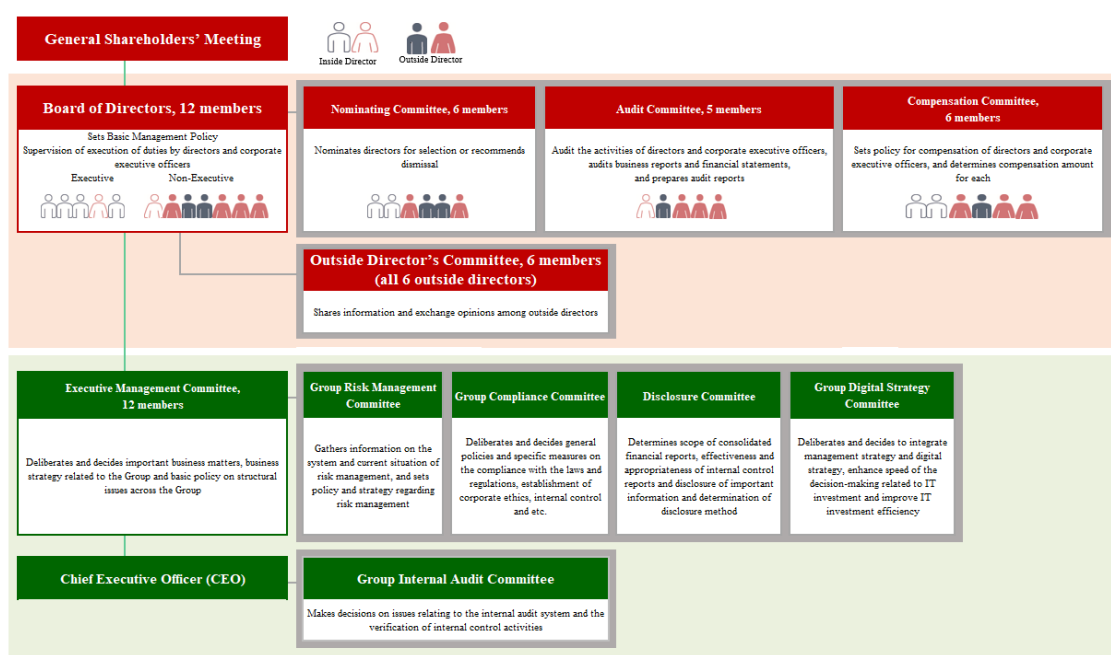
Basic Stance on Corporate Governance

The Company practices group management based on a holding company structure, establishes a highly transparent and objective governance structure that conforms to international standards, and builds a unified group management system that elicits synergies among group companies with highly efficient oversight of group companies.

The Company has adopted a company with Three Committees System (a company with nominating committee, etc.) as an institutional design with the objective of supervising management through the following (1) and (2). The chairperson of each committee is appointed from among the Outside Directors who are members of each committee.

- (1) Making swift and decisive decisions by having the Board of Directors assign wide-ranging authority to Corporate Executive Officers (Shikkoyaku) and clarifying the division of duties among Corporate Executive Officers (Shikkoyaku).
- (2) Improving transparency and fairness of the management by establishing of three committees: the Nominating Committee, Audit Committee, and Compensation Committee with highly independent Outside Directors as a majority of their members.

Corporate Governance System (as of March 31, 2025)



(Note) In principle, it is the policy of the Company that the majority of the Directors do not concurrently serve as the Corporate Executive Officers.

State of Activities of Three Committees

To create a highly transparent and objective corporate governance system, all of the chairpersons of the three committees (Nominating Committee, Audit Committee, and Compensation Committee) are Outside Directors.

Nominating Committee

State of activities for period	In FY2024, the Nominating Committee met five (5) times to discuss matters, including the composition of the Board of Directors with consideration of corporate governance, the basic policy for nominating candidates for Director, the selection of Director candidates, the succession plan for CEO, and the skills matrix of Directors. The Nominating Committee selects candidates for Director in light of the Group's selection standards for Directors. These standards include criteria to ensure the independence of Outside Directors.
Members	Toshio Iwamoto (Chairperson, Outside Director) Seiji Nakata Akihiko Ogino Eriko Kawai (Outside Director) Katsuyuki Nishikawa (Outside Director) Noriko Iki (Outside Director)

Audit Committee

State of activities for period	In FY2024, the Audit Committee met sixteen (16) times. The committee evaluated the execution of duties of Directors and Corporate Executive Officers, audited documentation, including financial statements and business reports, and prepared an audit report for the period under review.
Members	Katsuyuki Nishikawa (Chairperson, Outside Director) Sachiko Hanaoka Yumiko Murakami (Outside Director) Noriko Iki (Outside Director) Mami Yunoki (Outside Director)

Compensation Committee

State of activities for period	In FY2024, the Compensation Committee met five (5) times to discuss the compensation policy and to determine the compensation of each Director and Corporate Executive Officer. It also studied a Group-wide incentive plan aimed at improving consolidated earnings results and share prices.
Members	Eriko Kawai (Chairperson, Outside Director) Seiji Nakata Akihiko Ogino Toshio Iwamoto (Outside Director) Yumiko Murakami (Outside Director) Mami Yunoki (Outside Director)

State of Outside Directors' Meeting Activities

In FY2024, the meeting was held four (4) times to cover topics such as responding to acquisitions, etc. without consent, the state of advanced generative AI and AI governance, competitive HR strategies, as well as a discussion with the Representative Corporate Executive Officer, President (CEO). Mr. Katsuyuki Nishikawa was appointed as the chairperson.

Status of the Company's Officers

(1) Status of Directors

Title	Name	Area of responsibility and significant concurrent positions
Chairperson of the Board	Seiji Nakata	See “(2) Status of Corporate Executive Officers”
Member of the Board	Akihiko Ogino	See “(2) Status of Corporate Executive Officers”
Member of the Board	Shinsuke Niizuma	See “(2) Status of Corporate Executive Officers”
Member of the Board	Keiko Tashiro	See “(2) Status of Corporate Executive Officers”
Member of the Board	Eiji Sato	See “(2) Status of Corporate Executive Officers”
Member of the Board	Sachiko Hanaoka	Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd. Audit & Supervisory Board Member of Daiwa Institute of Research Ltd.
Member of the Board	Eriko Kawai	See “(3) Outside Officers”
Member of the Board	Katsuyuki Nishikawa	See “(3) Outside Officers”
Member of the Board	Toshio Iwamoto	See “(3) Outside Officers”
Member of the Board	Yumiko Murakami	See “(3) Outside Officers”
Member of the Board	Noriko Iki	See “(3) Outside Officers”
Member of the Board	Mami Yunoki	See “(3) Outside Officers”

(Note 1) Members of the Board, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa, Mr. Toshio Iwamoto, Ms. Yumiko Murakami, Ms. Noriko Iki, and Ms. Mami Yunoki are six Outside Directors as defined under Article 2, Item 15 of the Companies Act. The Company reports to Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. that those Directors are Independent Directors.

(Note 2) Ms. Mami Yunoki is a certified public accountant and has considerable knowledge of finance and accounting.

(Note 3) As a “company with a nominating committee, etc.,” the Company formed the following three committees, composed of the following Directors.

Nominating Committee	Toshio Iwamoto (Chairperson), Seiji Nakata, Akihiko Ogino, Eriko Kawai, Katsuyuki Nishikawa, Noriko Iki
Audit Committee	Katsuyuki Nishikawa (Chairperson), Sachiko Hanaoka, Yumiko Murakami, Noriko Iki, Mami Yunoki
Compensation Committee	Eriko Kawai (Chairperson), Seiji Nakata, Akihiko Ogino, Toshio Iwamoto, Yumiko Murakami, Mami Yunoki

(Note 4) The Company selected Sachiko Hanaoka as full-time Audit Committee Members to hear from the Corporate Executive Officers, receive reports from the Internal Audit Department, gather information through the audit of subsidiaries, and attend the meetings continuously and effectively.

(2) Status of Corporate Executive Officers

Title	Name	Area of responsibility and significant concurrent positions
President/ Representative Corporate Executive Officer	Akihiko Ogino	Chief Executive Officer (CEO) of the Company and Representative Director and President of Daiwa Securities Co. Ltd.
Deputy President/ Representative Corporate Executive Officer	Shinsuke Niizuma	Chief Operating Officer (COO) and Head of Wealth Management of the Company Representative Director/Deputy President of Daiwa Securities Co. Ltd. Member of the Board of Daiwa Next Bank, Ltd.
Deputy President	Keiko Tashiro	Head of Sustainability, Financial Education, Securities Asset Management, and Think Tank of the Company Member of the Board of Daiwa Asset Management Co. Ltd. Member of the Board of Daiwa Institute of Research Ltd.
Deputy President	Tomoyuki Murase	Chief Information Officer (CIO), and Chief Data Management (CDO) of the Company Representative Director/Deputy President of Daiwa Securities Co. Ltd.
Senior Executive Managing Director	Eiji Sato	Head of Corporate Planning of the Company Member of the Board/Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Senior Executive Managing Director	Hiroko Sakurai	Head of Compliance of the Company Representative Director/Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Senior Executive Managing Director	Junichi Serizawa	Deputy Head of Wealth Management of the Company Member of the Board/Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Senior Executive Managing Director	Kana Shirakawa	Head of Human Resources and Chief Health Officer (CHO) of the Company Member of the Board/Senior Executive Managing Director of Daiwa Securities Co. Ltd.
Executive Managing Director	Tsutomu Kobayashi	Chief Risk Officer (CRO) of the Company Member of the Board/Executive Managing Director of Daiwa Securities Co. Ltd.
Executive Managing Director	Kotaro Yoshida	Chief Financial Officer (CFO) of the Company Executive Managing Director of Daiwa Securities Co. Ltd.
Corporate Executive Officer	Keiichi Ishikawa	Head of Internal Audit of the Company Senior Managing Director of Daiwa Securities Co. Ltd.
Corporate Executive Officer	Seiji Nakata	Representative Director/ Chairperson of the Board of Daiwa Securities Co. Ltd.

(Note 1) Corporate Executive Officers Akihiko Ogino, Shinsuke Niizuma, Keiko Tashiro, Eiji Sato, and Seiji Nakata also serve as Directors.

(Note 2) One of Corporate Executive Officers, Kana Shirakawa, resigned as of March 31, 2025. Effective on the same date, Kana Shirakawa resigned her position as Senior Executive Managing Director of Daiwa Securities Co. Ltd.

(Note 3) Effective April 1, 2025, the Corporate Executive Officer's positions and responsibilities were changed as follows.

<i>Deputy President</i>	<i>Keiko Tashiro</i>	<i>Head of Asset Management and Securities Asset Management and Sustainability and Financial Education of the Company</i>
<i>Senior Executive Managing Director</i>	<i>Eiji Sato</i>	<i>Head of Corporate Planning and Deputy Head of Overseas Operations of the Company</i>
<i>Senior Executive Managing Director</i>	<i>Tsutomu Kobayashi</i>	<i>Chief Risk Officer (CRO) of the Company</i>

Effective March 31, 2025, Keiko Tashiro resigned the position of Director of Daiwa Institute of Research Ltd. Effective April 1, 2025, Tsutomu Kobayashi assumed office as Senior Executive Managing Director of Daiwa Securities Co. Ltd

(3) Outside Officers

(i) Significant concurrent positions held by outside officers in other companies and the relationships between these companies and the Company

Name	Significant concurrent positions
Eriko Kawai	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.
Katsuyuki Nishikawa	Attorney at Nishikawa Katsuyuki Law Office
	Outside Audit & Supervisory Board Member of AEON Hokkaido Corporation
Toshio Iwamoto	Outside Director of East Japan Railway Company
	Outside Director of Isetan Mitsukoshi Holdings Ltd.
	Outside Director of Sumitomo Forestry Co., Ltd.
Yumiko Murakami	General Partner of MPower KK
	Outside Director of Raksul Inc.
Noriko Iki	Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management
	Outside Director of FUJI KYUKO CO., LTD.
Mami Yunoki	Representative of Mami Yunoki Certified Public Accountant Office
	Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.

(Note) The Company has no special relationships with the companies listed above in which outside officers hold concurrent positions.

(ii) Major activities during FY2024

Name	Status of attendance and remarks and overview of the performed duties regarding expected roles
Eriko Kawai	Attended all 11 Board of Directors meetings and, as a chairperson of the Compensation Committee and a member of the Nominating Committee, attended all 5 meetings of the Compensation Committee and 5 meetings of the Nominating Committee held in FY2024. Made remarks on the resolutions, contributed to discussion in such meetings, and plays a role related to advice for and supervision over management based mainly on her knowledge and experience relating to the financial business.
Katsuyuki Nishikawa	Attended all 11 Board of Directors meetings and, as a chairperson of the Audit Committee and member of the Nominating Committee, attended all 16 meetings of the Audit Committee and 5 meetings of the Nominating Committee held in FY2024. Made remarks on the resolutions, contributed to discussion in such meetings, and played a role related to advice for and supervision over management from his professional perspectives as a lawyer.
Toshio Iwamoto	Attended all 11 Board of Directors meetings and, as a chairperson of the Nominating Committee and a member of the Compensation Committee, attended all 5 meetings of the Nominating Committee and 5 meetings of the Compensation Committee held in FY2024. Made remarks on the resolutions, contributed to discussion in such meetings, and played a role related to advice for and supervision over management based mainly on his abundant experience as a manager and knowledge of IT.
Yumiko Murakami	Attended all 11 Board of Directors meetings and, as a member of the Audit Committee and Compensation Committee, attended all 16 meetings of the Audit Committee and 5 meetings of the Compensation Committee held in FY2024. Made remarks on the resolutions, contributed to discussion in such meetings, and played a role related to advice for and supervision over management based mainly on her abundant international experience and her experience and achievements in management, as well as her knowledge about the securities business.
Noriko Iki	Attended all 11 Board of Directors meetings and, as a member of the Nominating Committee and Audit Committee, attended all 5 meetings of the Nominating Committee and 16 meetings of the Audit Committee held in FY2024. Made remarks on the resolutions, contributed to discussion in such meetings, and played a role related to advice for and supervision over management based mainly on her professional knowledge and experience regarding labor administration and diversity, as well as knowledge based on her extensive international experience.
Mami Yunoki	Attended all 9 Board of Directors meetings held after her appointment in FY2024, and as a member of the Audit Committee and Compensation Committee, attended all 12 meetings of the Audit Committee and all 4 meetings of the Compensation Committee held after her appointment in FY2024. Made remarks on the resolutions, contributed to discussion in such meetings, and played a role related to advice for and supervision over management based mainly on her knowledge and experience relating to the financial accounting and auditing.

(iii) Outline of the Agreement to limit liability

Each Outside Director executed an agreement with the Company to limit liability as provided for in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the said agreement shall be 10 million yen or the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act, whichever is higher.

(4) Outline of Directors and Officers liability insurance agreement

(i) Scope of insured

Member of the board and senior managing directors of the Company and important Group companies

(ii) Outline of insurance agreement

The agreement shall indemnify the insured against damages such as compensation and dispute expenses that the insured may have to bear as a result of claims for damages arising from acts (including omissions) committed by the insured in connection with his/her duties in the position described in (i) above. However, measures are taken to ensure that the proper execution of duties by officers, etc. is not compromised by excluding from coverage damages resulting from criminal or intentionally illegal acts by the insured.

(5) Remuneration of Directors and Corporate Executive Officers

(i) Policies for Determination of Remuneration of Directors and Corporate Executive Officers

a) Decision of the policy

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

b) Outline of the contents of the policy

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 shareholders' 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 operate 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
<ul style="list-style-type: none">- A fixed amount calculated based on his/her position, duties and role, and paid monthly and in cash.
Stock-linked remuneration
<ul style="list-style-type: none">- To increase the link between remuneration and shareholders' value, the Company grants, as stock-linked remuneration, restricted stock, etc., the value of which corresponds to a certain percentage of base remuneration, as non-monetary remuneration at a certain time every year.
Performance-linked remuneration
<ul style="list-style-type: none">- Determined depending on the level of individual contribution, mainly on the basis of consolidated ROE, consolidated ordinary income and base income, which are set 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.- A certain limit is set for the cash payment regarding performance-linked remuneration based on business performance. If performance-linked remuneration exceeds the limit, the part exceeding the limit will be replaced from cash to restricted stock.- It does not apply to Directors who do not serve as Corporate Executive Officers (Shikkoyaku).

c) Reasons for determining the remuneration is in line with the policy

Regarding individual remuneration, etc., for directors and corporate executive officers in FY2022, 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.

(ii) Matters regarding the performance-linked remuneration

a) Indicators related to performance-linked remuneration and reasons for choosing the indicators

The Company refers to KPIs, which are set as the numerical goals in the Medium-Term Management Plan “Passion for the Best” 2026 to calculate Performance-linked remuneration.

b) How to determine performance-linked remuneration and (c) Performance of indicators related to the performance-linked remuneration for FY2024

The performance assessments used in calculating Performance-linked remuneration reflect the financial performance evaluation, which is based on the Performance KPIs using the financial information and the quality evaluation, which is a comprehensive assessment of the KPIs other than the Performance KPI. The Financial Performance Evaluation and the Quality Evaluation are determined by the Compensation Committee.

Performance-linked remuneration is calculated by multiplying the base amount for each position by the performance assessment, and reflects the individual’s level of contribution.

Financial Performance Evaluation (100)				±	Quality Evaluation (-20 — +20)		
Category	KPIs	Points	Reference Value		KPIs	Reference Value	Actual Value
Performance	Consolidated ROE	40	10%				9.8%
	Consolidated Ordinary Income	40	JPY 240 billion				224.7 billion yen
	Base Income	20	JPY 150 billion				137.5 billion yen
Customer Assets					Assets under management	120 trillion yen	90.2 trillion yen
					Stock-related assets	13.6 trillion yen	9.8 trillion yen
					Asset Management Division’s AUM	44 trillion yen	34.9 trillion yen
Digital					Number of digital project value creation cases	10	2
					Number of digital project trial cases	50	45
Sustainability					SDGs-related bond league table	In top 2	1
					Engagement survey score	80% or higher	81%
					The Company’s GHG emissions	Net Zero (FY2030)	—
					GHG emissions for investment and loan portfolios	186 — 255 g-CO ₂ /kWh	—

(iii) Matters regarding the non-monetary remuneration

The Company introduced the Stock Compensation Plan as non-monetary remuneration.

Stock Remuneration I (Stock-linked remuneration)	It is intended to provide restricted stock for an amount equal to the fixed ratio of the Base remuneration, and to function effectively as an incentive for long-term performance improvement, restriction will be released when they resign their position as director, officer, etc. of the Company and its subsidiaries and affiliates.
Stock Remuneration II Performance-linked remuneration	Performance-linked remuneration is paid in the form of restricted stocks 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.
Stock Remuneration III Performance-linked remuneration	Fixed limit is set for Performance-linked remuneration (cash) and Stock Remuneration II, which is provided based on the performance, and if the amount exceeds the limit, part of the remuneration will be provided by restricted stock. Restriction period is approximately three years, and it will function as substantial fee defer when Performance-linked remuneration exceeds a certain limit.

(Note 1) Stock Remuneration II is calculated by multiplying the ratios established by position by performance-linked remuneration (cash).

Regarding the President and CEO, a structure is in place that the Compensation Committee decides the ratio of performance-linked remuneration based on the Company's TSR (total shareholder return) during the results evaluation period, the rate of change of the TOPIX, and a comparative valuation with the TSR of competitors.

(Note 2) In the case that serious compliance violations are discovered at the Group, a clawback scheme is being introduced to allow the Company to demand, based on deliberation by the Compensation Committee, etc., the return of all or part of the stock remuneration that has already been paid in addition to the forfeiture of unpaid stock remuneration (malus).

(iv) Remuneration paid to Directors and Corporate Executive Officers

Type of officer	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration, etc. (millions of yen)						Amount paid (person)
		Base remuneration	Stock Remuneration I	Performance-linked remuneration			Retirement benefits	
				Cash	Stock Remuneration II	Stock Remuneration III		
Directors	66	57	8	—	—	—	—	3
Corporate Executive Officers	1,777	517	157	852	182	67	—	12
Outside Directors	139	130	8	—	—	—	—	8

(Note 1) The remuneration to the five Directors who also serve as the Corporate Executive Officers (Shikkoyaku) is stated in the column of amount paid to the Corporate Executive Officers (Shikkoyaku).

(Note 2) The amount of performance-linked remuneration is the amount to be paid for the current fiscal year.

(v) Other

The Compensation Committee has decided to change the compensation for Directors and Corporate Executive Officers from FY2025. The outline is as follows.

- Phantom stocks with a value equivalent to a certain percentage of performance-linked remuneration (cash) will be provided.

(Note) Phantom Stock is a cash-based compensation system linked to the Company's stock price. The holding period will be approximately three years, and the payment will be in the form of cash based on the Company's stock price after the holding period has elapsed. In addition to serving as an incentive for long-term performance improvement, it effectively acts as a deferral of remuneration. Phantom stocks are also subject to malus and clawback.

- Remuneration paid to the President and CEO based on a comparative valuation with the TSR was changed from Stock Remuneration II to Phantom Stock
- Set a certain upper limit for performance-linked remuneration (cash) and Stock Remuneration II, and if the amount exceeds this limit, change the remuneration paid from Stock Remuneration III to Phantom Stock, and abolish Stock Remuneration III.

Status of Independent Auditors

(1) Name: KPMG AZSA LLC

(2) Amount of Fees, etc.

(i) The amount of fees, etc. to be paid by the Company to the independent auditor:

104 million yen

(ii) The total amount of monetary and other financial benefits to be paid by the Company and its subsidiaries to the independent auditor:

604 million yen

(Note 1) We did not distinguish clearly, in the audit engagement contract between the Company and the independent auditor, and also cannot distinguish practically, the amounts of audit fees for audit services under the Companies Act and for audit service under the Financial Instruments and Exchange Act of Japan. Therefore, the fees, etc. above (1) are the aggregated amount of both.

(Note 2) The Audit Committee consented to the audit fees after reviewing the adequacy of the fees in FY2024, by examining the appropriateness of the audit plan explained by the independent auditor and also by confirming the calculation basis of the fee estimate such as working hours and hourly rate through the procedure of analysis and evaluation of actual records in previous fiscal years, comparison to other companies, etc.

(Note 3) The Company and its subsidiaries pay fees to the independent auditor for its services such as the assessment of control risk as to business commissioned to third parties and also the compliance concerning segregation of customers' assets, in addition to the service stipulated in Article 2, Paragraph 1 of the Certified Public Accountant Law (audit and attestation service).

(3) Policies for Determination of Discharge or Refusal of Reappointment

(i) Discharge in the cases stipulated in law

The Audit Committee shall discharge an independent auditor with the consent of all members of the committee, in the case where the independent auditor falls under any of the items of Paragraph 1 of Article 340 of the Companies Act.

(ii) Discharge or refusal of reappointment in other cases

The Audit Committee evaluates the independent auditor's general competency, independence, quality control system, etc. every year. In the case where the Audit Committee, after such evaluation, deems that the adequacy of the independent auditor is questionable or deems it reasonable to retain another independent auditor from the viewpoint of efficacy, etc., the Audit Committee will determine content of a resolution to be voted upon at a shareholders' meeting as to discharge or refuse reappointment of an independent auditor.

(4) Other

Among major subsidiaries of the Company, Daiwa Capital Markets Europe Limited, Daiwa Capital Markets America Holdings Inc. and other foreign subsidiaries are audited by certified public accountants or audit corporations (including those who have comparable qualifications in foreign countries) other than the independent auditor of the Company in relation to the audits stipulated in the Companies Act or the Financial Instruments and Exchange Act (including foreign laws equivalent to those).

(Note) The Company has not executed an agreement to limit liability and indemnity agreement with the independent auditor KPMG AZSA LLC.

Policies for Determination of Distribution of Surpluses

The Company aims to continuously raise shareholders' value including a profit sharing.

The Company will basically pay dividends semiannually as the interim dividend and the year-end dividend at a payout ratio of at least 50% based on the consolidated financial performance. In addition to this, the Company will set a minimum dividend of 44 yen per share throughout the period of the Medium-Term Management Plan for FY2024, FY2025 and FY2026. The Company will also consider increasing returns to its shareholders in various ways including share buybacks when it has sufficient accumulated capital to pursue further growth.

Based on the basic policies above, we have decided that the distributions of surplus for FY2024 are 28 yen per share as the interim dividend (resolved at the Board of Directors' meeting held on October 29, 2024) and 28 yen per share as the year-end dividend (resolved at the Board of Directors' meeting held on April 28, 2025). Accordingly, the annual dividend will be 56 yen per share.

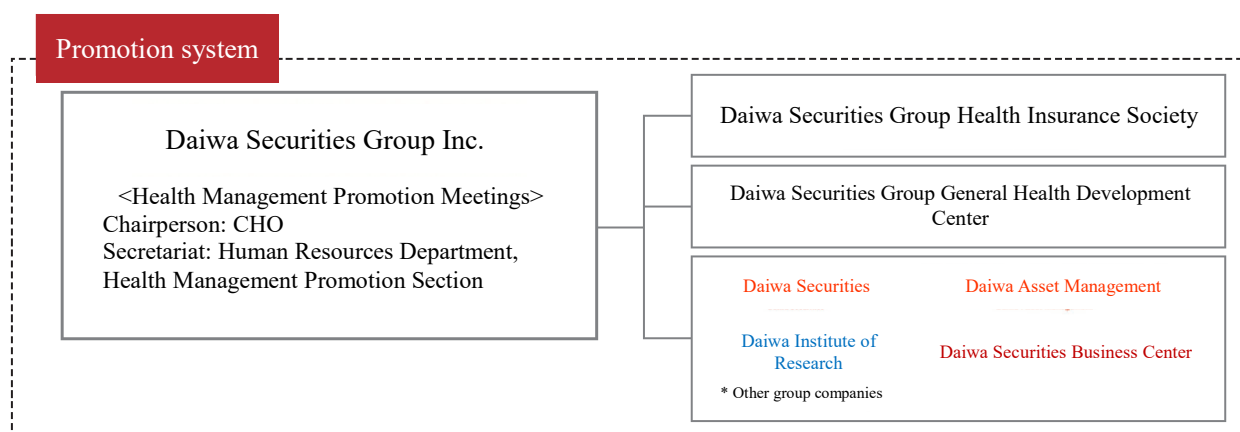
[Reference] Health Management of the Group

The Group has established “Placing importance on personnel” as one of our corporate principles. Based on the idea that the source of the Group’s competitiveness lies in the capabilities of its officers and employees, we seek to raise productivity by enhancing employees’ well-being (Note) and to maintain high performance as an organization in the future. To this end, we are undertaking strategic measures to promote health management.

As a result, the Group has been selected as a “Health & Productivity Stock Selection” jointly sponsored by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in March 2025. This is the tenth time we have been selected since the selection began in 2015.

Structure to Promote Health Management

The Group is implementing various initiatives through a three-part system, namely cooperation among the Group’s Human Resources Department, the Health Insurance Society, and the General Health Development Center, in order for its officers and employees to stay healthy mentally and physically so that they can deliver their best performance. Such initiatives include “Daiwa Online Care,” which provides online diagnosis to officers and employees, “Daiwa ELLE Plan+(Plus),” which provides comprehensive support for women’s health, “Employment Support Plan for Employees with Cancer,” which supports employees in balancing work and cancer treatment, and “Mindfulness Seminar” as a mental-health measure and “Good Sleep Daiwa Project” to support improvement of sleeping skills of its officers and employees. In addition, the Group appointed the executive in charge of human resources as Chief Health Officer (CHO) to promote health management. Executives from each Group company are also actively involved in the promotion. The Group annually issues the “White Book on Health” analyzing the health conditions of all the executives and employees of the Group and holds “Health Management Promotion Meetings” sponsored by the CHO in a cross-Group manner on a regular basis for identification of issues, evaluation of initiatives, and improvement and running of the health management PDCA.



(Note) Well-being: The state of being physically, mentally, and socially well.

Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2024 (As of March 31, 2025)	[References] Fiscal 2023 (As of March 31, 2024)
<i>Assets</i>		
Current assets:		
Cash and deposits	3,756,732	4,398,616
Cash segregated as deposits	574,551	544,815
Notes and accounts receivable-trade, and contract assets	33,044	29,627
Securities	1,586,939	1,410,877
Trading products:	8,327,538	7,534,999
Trading securities and other	5,544,556	4,870,657
Derivatives	2,782,981	2,664,341
Trade date accrual	553,053	—
Private equity and other investments	107,364	138,663
Allowance for investment loss	(445)	(4)
Operating loans receivable	2,793,554	2,722,321
Work in process	759	839
Margin transaction assets:	160,052	158,635
Loans on margin transactions	155,847	149,301
Cash collateral pledged for securities borrowing on margin transactions	4,204	9,333
Loans secured by securities:	15,377,587	12,368,472
Cash collateral pledged for securities borrowed	11,469,141	9,128,456
Securities purchased under resale agreements	3,908,445	3,240,015
Advances paid	50,789	33,633
Short-term loans receivable	994	791
Accrued income	100,569	88,460
Other current assets	865,790	1,018,117
Allowance for doubtful accounts	(13,131)	(9,554)
Total current assets	34,275,746	30,439,313
Non-current assets:		
Property, plant and equipment:	942,230	921,181
Buildings	247,629	238,526
Machinery and equipment	6,006	6,096
Furniture and fixtures	21,749	17,123
Land	651,878	643,845
Construction in progress	14,965	15,589
Intangible assets:	137,398	127,602
Goodwill	15,622	17,139
Leasehold right	5,605	5,638
Software	73,552	69,502
Other	42,616	35,322
Investments and other assets:	668,972	539,201
Investment securities	618,456	492,226
Long-term loans receivable	7,532	7,216
Long-term guarantee deposits	15,915	15,903
Deferred tax assets	7,889	6,825
Other	22,366	19,813
Allowance for doubtful accounts	(3,187)	(2,783)
Total non-current assets	1,748,600	1,587,986
Total assets	36,024,346	32,027,299

(Millions of yen)

	Fiscal 2024 (As of March 31, 2025)	[References] Fiscal 2023 (As of March 31, 2024)
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	8,471	8,507
Trading products:	7,437,195	5,863,821
Trading securities and other	4,810,648	3,368,679
Derivatives	2,626,547	2,495,141
Trade date accrual	—	1,457,301
Margin transaction liabilities:	39,891	54,414
Borrowings on margin transactions	2,466	4,769
Cash received for securities lending on margin transactions	37,425	49,645
Borrowings secured by securities:	15,445,468	11,698,956
Cash collateral received for securities lent	8,793,891	8,270,945
Securities sold under repurchase agreements	6,651,576	3,428,011
Deposits for the banking business	4,297,685	4,511,603
Deposits received	602,199	562,416
Guarantee deposits received	495,532	522,809
Short-term borrowings	1,415,334	1,272,859
Commercial papers	322,500	440,000
Current portion of bonds payable	399,531	159,780
Income taxes payable	28,724	42,916
Provision for bonuses	48,644	43,054
Other current liabilities	154,219	159,110
Total current liabilities	30,695,399	26,797,550
Non-current liabilities:		
Bonds payable	1,218,490	1,276,312
Long-term borrowings	2,036,629	2,020,812
Deferred tax liabilities	45,403	45,616
Retirement benefit liability	43,139	43,715
Provision for loss on litigation	413	235
Other non-current liabilities	55,309	48,761
Total non-current liabilities	3,399,386	3,435,452
Reserves under special laws:		
Reserve for financial instruments transaction liabilities	6,273	5,637
Total reserves under special laws	6,273	5,637
Total liabilities	34,101,059	30,238,640
Net assets		
Shareholders' equity:		
Share capital	247,397	247,397
Capital surplus	266,290	232,461
Retained earnings	1,041,490	961,438
Treasury shares	(113,139)	(123,153)
Deposits for subscriptions of treasury shares	40	83
Total shareholders' equity	1,442,079	1,318,227
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	50,173	52,936
Deferred gains or losses on hedges	13,837	16,873
Foreign currency translation adjustment	133,623	134,149
Remeasurements of defined benefit plans	24	—
Total accumulated other comprehensive income	197,659	203,959
Share acquisition rights	6,344	6,956
Non-controlling interests	277,204	259,515
Total net assets	1,923,287	1,788,658
Total liabilities and net assets	36,024,346	32,027,299

Consolidated Statements of Income

(Millions of yen)

	Fiscal 2024 (April 1, 2024 – March 31, 2025)	[References] Fiscal 2023 (April 1, 2023 – March 31, 2024)
Operating revenue:		
Commission received:	416,489	358,532
Brokerage commission	89,045	93,427
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	47,930	38,490
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	24,900	18,390
Other commission received	254,613	208,225
Net trading income	107,373	98,160
Net gain on private equity and other investments	12,360	14,381
Financial revenue	681,952	607,590
Other operating revenue	153,839	198,816
Total operating revenue	1,372,014	1,277,482
Financial expenses	603,940	525,853
Other operating expenses	122,084	160,718
Net operating revenue	645,990	590,910
Selling, general and administrative expenses:		
Trading-related expenses	91,756	80,635
Personnel expenses	245,001	222,532
Real estate expenses	43,808	40,273
Office expenses	28,449	26,586
Depreciation	34,313	35,141
Taxes and dues	14,257	12,881
Provision of allowance for doubtful accounts	—	15
Other	21,661	19,138
Total selling, general and administrative expenses	479,247	437,205
Operating income	166,742	153,705
Non-operating income:		
Dividend income	5,258	6,513
Share of profit of entities accounted for using the equity method	47,282	4,828
Foreign exchange gains	1,857	4,629
Gain on investments in investment partnerships	2,851	2,508
Other	5,765	6,303
Total non-operating income	63,016	24,782
Non-operating expenses:		
Interest expenses	2,701	2,020
Bond issuance costs	289	213
Other	2,051	1,665
Total non-operating expenses	5,042	3,900
Ordinary income	224,716	174,587
Extraordinary income:		
Gain on sale of non-current assets	—	11,031
Gain on sale of investment securities	2,926	6,206
Gain on sale of shares of subsidiaries and associates	943	39
Gain on reversal of share acquisition rights	248	1,164
Total extraordinary income	4,118	18,441
Extraordinary losses:		
Loss on sale and retirement of non-current assets	523	1,818
Impairment losses	3,838	3,799
Loss on sale of investment securities	4	7
Loss on valuation of investment securities	1,115	232
Loss on valuation of shares of subsidiaries and associates	—	2,587
Loss on change in equity	66	71
Office relocation expenses	402	—
Provision of reserve for financial instruments transaction liabilities	636	1,349
Structural reform costs	890	—
Business restructuring expenses	2,331	3,024
Other	—	140
Total extraordinary losses	9,808	13,032
Income before income taxes	219,026	179,997
Income taxes - current	55,304	55,960
Income taxes - deferred	(1,372)	(6,399)
Profit	165,093	130,436
Profit attributable to non-controlling interests	10,725	8,878
Profit attributable to owners of parent	154,368	121,557

Consolidated Independent Auditor's Report Related to the Consolidated Financial Statements

Independent Auditor's Report

May 13, 2025

To the Board of Directors of Daiwa Securities Group Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Kenji Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiro Matsuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Koji Fukai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, a summary of significant accounting policies, and other explanatory information of Daiwa Securities Group Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as of March 31, 2025 and for the year from April 1, 2024 to March 31, 2025 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation, and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance regarding whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to provide a basis for our opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, actions taken to eliminate threats or safeguards applied.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Auditor's Report from Audit Committee

Auditor's Report

The Audit Committee has audited the execution of duties by the Directors and the Corporate Executive Officers for the 88th fiscal year from April 1, 2024 to March 31, 2025. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

The Audit Committee has audited the contents of the resolutions of the Board of Directors regarding the matters stipulated in Article 416, Paragraph 1, Item 1(b) and 1(e) of the Companies Act and the system (internal control systems) organized based on such resolutions, by receiving the report on the situation of the development and operation of the systems from the Directors, the Corporate Executive Officers, and the employee, and the like, at fixed intervals, demanding explanation as needed, expressing an opinion and also by the following methods.

- (1) In conformity with the audit standard of the Audit Committee decided by the Committee and in accordance with audit policies, assignment of duties, and the like, and cooperating with the internal control department, the Audit Committee attended significant meetings, received reports from Directors, Corporate Executive Officers, and the like, about their execution, requested their explanation when necessary, inspected the contents of the important approval documents and other important documents, and investigated the status of the Company's business and assets. Regarding subsidiaries, the Audit Committee communicated and exchanged information with and, when necessary, received reports of business from subsidiaries' Directors, Audit & Supervisory Board Members, and the like.
- (2) The Audit Committee observed and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee also received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. Further, the Audit Committee received notification from the independent auditor that it had established the "system for ensuring the proper execution of its duties" (as enumerated in each Item of Article 131 of the Accounting Regulation Ordinance) in compliance with the "Quality Control Standards Relating to Auditing" (the Business Accounting Council), and the like. When necessary, the Audit Committee requested explanations regarding the notification.

Based on the methods above, the Audit Committee has examined the business report and its supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, summary of significant accounting policies, and other explanatory information) and the financial statements (balance sheet, statement of income, statement of changes in net assets, summary of significant accounting policies, and other explanatory information) and its supplementary schedules.

2. Results of the Audit

- (1) Results of audit of the business report, etc.
 - In our opinion, the business report and its supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws, regulations, and the Articles of Incorporation.
 - In our opinion, none of the actions taken by Directors and Corporate Executive Officers in executing their duties were fraudulent and none of their actions materially violated the provisions of applicable laws, regulations, or the Articles of Incorporation.

- Details of Board of Directors resolutions related to internal systems are considered to be appropriate. Also, the contents of the business report regarding internal control systems were appropriate, and, furthermore, all actions of Directors and Corporate Executive Officers with respect to executing internal control systems were carried out appropriately.
- (2) Results of the audit of the consolidated financial statements
In our opinion, the auditing methods used by the independent auditor KPMG AZSA LLC and the results of its audit were appropriate.
- (3) Results of the audit of the financial statements and its supplementary schedules
In our opinion, the auditing methods used by the independent auditor KPMG AZSA LLC and the results of its audit were appropriate.

May 13, 2025

Audit Committee
Daiwa Securities Group Inc.

Committee Chairperson
Katsuyuki Nishikawa (stamp)

Member of the Audit Committee
Sachiko Hanaoka (stamp)

Member of the Audit Committee
Yumiko Murakami (stamp)

Member of the Audit Committee
Noriko Iki (stamp)

Member of the Audit Committee
Mami Yunoki (stamp)

(Note) Mr. Katsuyuki Nishikawa, Ms. Yumiko Murakami, Ms. Noriko Iki, and Ms. Mami Yunoki are Outside Directors provided under the provisions of Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.

Translation

Note: This English translation of the original Japanese version of the notice has been prepared for the sole purpose of the convenience of non-Japanese shareholders and shall by no means constitute an official or binding version of the notice.

May 29, 2025

**Matters Subject to Measures for Electronic Provision When Convening
the 88th Annual General Meeting of Shareholders**

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Daiwa Securities Group Inc.

In accordance with the provisions of laws and regulations and Article 23, Paragraph 2 of the Company's Articles of Incorporation, the above matters are excluded from the paper-based documents delivered to shareholders who have made a request for delivery of documents stating matters for which measures for electronic provision are to be taken.
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Business Report

Status of Share Acquisition Rights, etc.

1. Status of Share Acquisition Rights (Stock Option) at the end of the current fiscal year

(1) Share Acquisition Rights issued under Article 280-20 and Article 280-21 of the previous Commercial Code

Name (Record date)	Number of Rights (Class and Number of Shares)	Amount to be paid in upon issuance	Amount to be paid in upon exercise	Period of exercise
Share Acquisition Rights issued in June 2005 (June 24, 2005)	29 (Common stock 29,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2005 to June 30, 2025

(2) Share Acquisition Rights issued under Article 236, Article 238, and Article 239 of the Companies Act

Name (Record date)	Number of Rights (Class and Number of Shares)	Amount to be paid in upon issuance	Amount to be paid in upon exercise	Period of exercise
Share Acquisition Rights issued in July 2006 (July 1, 2006)	19 (Common stock 19,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2006 to June 30, 2026
Share Acquisition Rights issued in July 2007 (July 1, 2007)	27 (Common stock 27,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2007 to June 30, 2027
Share Acquisition Rights issued in July 2008 (July 1, 2008)	47 (Common stock 47,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2008 to June 30, 2028
Share Acquisition Rights issued in July 2009 (July 1, 2009)	171 (Common stock 171,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2009 to June 30, 2029
Share Acquisition Rights issued in July 2010 (July 1, 2010)	372 (Common stock 372,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2010 to June 30, 2030
Share Acquisition Rights issued in July 2011 (July 1, 2011)	696 (Common stock 696,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From July 1, 2011 to June 30, 2031
Share Acquisition Rights issued in February 2013 (February 12, 2013)	568 (Common stock 568,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 12, 2013 to June 30, 2032
Share Acquisition Rights issued in February 2014 (February 10, 2014)	278 (Common stock 278,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 10, 2014 to June 30, 2033
Share Acquisition Rights issued in February 2015 (February 9, 2015)	370 (Common stock 370,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 9, 2015 to June 30, 2034
Share Acquisition Rights issued in February 2016 (February 16, 2016)	503 (Common stock 503,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 16, 2016 to June 30, 2035
Share Acquisition Rights, Series 12 (February 16, 2016)	1,789 (Common stock 1,789,000 shares)	Gratuitous grant	733,000 yen (733 yen per share)	From July 1, 2020 to June 24, 2025
Share Acquisition Rights issued in February 2017 (February 8, 2017)	524 (Common stock 524,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 8, 2017 to June 30, 2036

Name (Record date)	Number of Rights (Class and Number of Shares)	Amount to be paid in upon issuance	Amount to be paid in upon exercise	Period of exercise
Share Acquisition Rights, Series 13 (February 8, 2017)	3,719 (Common stock 3,719,000 shares)	Gratuitous grant	767,000 yen (767 yen per share)	From July 1, 2021 to June 27, 2026
Share Acquisition Rights issued in February 2018 (February 8, 2018)	555 (Common stock 555,000 shares)	Gratuitous grant	1,000 yen (1 yen per share)	From February 8, 2018 to June 30, 2037
Share Acquisition Rights, Series 14 (February 8, 2018)	4,547 (Common stock 4,547,000 shares)	Gratuitous grant	815,000 yen (815 yen per share)	From July 1, 2022 to June 27, 2027
Share Acquisition Rights, Series 15 (August 10, 2018)	37,946 (Common stock 3,794,600 shares)	Gratuitous grant	68,600 yen (686 yen per share)	From July 1, 2023 to June 26, 2028
Share Acquisition Rights, Series 16 (August 26, 2019)	49,729 (Common stock 4,972,900 shares)	Gratuitous grant	50,200 yen (502 yen per share)	From July 1, 2024 to July 30, 2029
Share Acquisition Rights, Series 17 (August 17, 2020)	79,200 (Common stock 7,920,000 shares)	Gratuitous grant	50,800 yen (508 yen per share)	From July 1, 2025 to July 30, 2030
Share Acquisition Rights, Series 18 (August 13, 2021)	79,465 (Common stock 7,946,500 shares)	Gratuitous grant	63,300 yen (633 yen per share)	From July 1, 2026 to July 28, 2031
Share Acquisition Rights, Series 19 (August 15, 2022)	55,888 (Common stock 5,588,800 shares)	Gratuitous grant	60,700 yen (607 yen per share)	From September 1, 2024 to July 28, 2032
Share Acquisition Rights, Series 20 (August 15, 2023)	78,969 (Common stock 7,896,900 shares)	Gratuitous grant	77,400 yen (774 yen per share)	From September 1, 2025 to July 30, 2033
Share Acquisition Rights, Series 21 (August 16, 2024)	63,481 (Common stock 6,348,100 shares)	Gratuitous grant	111,200 yen (1,112 yen per share)	From September 1, 2026 to July 31, 2034
Total	458,863 (Common stock 58,652,800 shares)			

(Note 1) Each share acquisition right may not be exercised in part.

(Note 2) Regarding the Share Acquisition Rights issued in June 2005, July 2006, July 2007, July 2008, July 2009, July 2010, July 2011, February 2013, February 2014, February 2015, February 2016, February 2017, and February 2018, it was stipulated in the applicable issue terms and grant agreement that each holder of these share acquisition rights may exercise their rights from the next day after they lose all of the positions as Director or Corporate Executive Officer, or Senior Managing Director of the Company, its subsidiaries, and its affiliated companies which are determined by the Board of Directors of the Company or the Corporate Executive Officers to whom the determination has been delegated by a resolution of the Board of Directors of the Company; provided, however, that they can exercise their rights from the day 30 days before the end of their exercise period subject to other conditions for exercise of such rights.

(Note 3) Other conditions for exercise shall be set forth in allocation agreement for each share acquisition right.

(Note 4) The number of share acquisition rights above includes the share acquisition rights held by the Company.

(Note 5) As for Share acquisition rights, Series 15, 16, 17, 18, 19, 20, and 21, the number of shares underlying one share option is 100 because the share unit of common stock has been changed to 100.

2. Status of Share Acquisition Rights (Stock Options) held by the Company's Officers at the end of the current fiscal year

Name of Share Acquisition Rights	Number of Holders (Directors and Corporate Executive Officers)	Number of Rights
Share Acquisition Rights issued in July 2006	1	3
Share Acquisition Rights issued in July 2007	1	3
Share Acquisition Rights issued in July 2008	1	3
Share Acquisition Rights issued in July 2009	2	13
Share Acquisition Rights issued in July 2010	2	19
Share Acquisition Rights issued in July 2011	2	22
Share Acquisition Rights issued in February 2013	2	18
Share Acquisition Rights issued in February 2014	2	9
Share Acquisition Rights issued in February 2015	3	15
Share Acquisition Rights issued in February 2016	5	30
Share Acquisition Rights issued in February 2017	7	40
Share Acquisition Rights, Series 13	4	29
Share Acquisition Rights issued in February 2018	9	53
Share Acquisition Rights, Series 14	3	21
Share Acquisition Rights, Series 15	2	145
Share Acquisition Rights, Series 16	1	95
Share Acquisition Rights, Series 17	2	180
Share Acquisition Rights, Series 18	1	80
Share Acquisition Rights, Series 20	1	80

(Note 1) No share acquisition right as a stock option was allocated to any outside directors.

(Note 2) The officers at the end of the current fiscal year did not hold Share Acquisition Rights issued in June 2005, Share Acquisition Rights, Series 12, 19, and 21.

3. Status of Share Acquisition Rights (Stock Options) allotted to Employees, etc. during the current fiscal year

Name of Share Acquisition Rights	Category	Number of Holders	Number of Rights
Share Acquisition Rights, Series 21	Directors of Subsidiaries	0	0
	Employees of Subsidiaries	4,929	63,481
	Total	4,929	63,481

(Note 1) The numbers above are those as of the allocation issue date of each share acquisition right.

(Note 2) Senior Managing Directors of subsidiaries are classified as employees of subsidiaries.

(Note 3) No share acquisition right as a stock option was allocated to Audit & Supervisory Board Members of subsidiaries.

System to Ensure Appropriateness of Business and State of Operation of Such System

The following is the outline of the matters resolved by the Board of Directors as a system to ensure appropriateness of business and status of operation.

1. Outline of the matters necessary for execution of the Audit Committee's duties

(1) Matters regarding Directors and employees who shall assist in the duties of the Audit Committee

The Company established the Audit Committee Office as a department, the sole role of which is to assist in the duties of the Audit Committee.

<Overview of operation status>

The Company established the Audit Committee Office, which conducts planning and design of the audit policy and the audit plan and also gathers, arranges, and analyzes the information and materials necessary for the audit in order to assist in the audit activities of the Audit Committee.

Also, the Audit Committee Office conducts additional investigations, etc. as necessary in order to assist in the activities of the Audit Committee.

(2) Matters regarding the enhancement of the independence of Directors and employees set forth in the preceding item from the Corporate Executive Officers and the effectiveness of instructions from the Audit Committee

- The Audit Committee Office sits directly under the Audit Committee.
- Corporate Executive Officers have to obtain the prior consent of the Audit Committee or its member designated by the Committee (hereinafter the "Selected Committee Member"), when deciding on personnel matters (personnel change, evaluation, etc.) or reorganizing the Audit Committee Office, taking the importance of the Audit Committee into consideration.
- The Audit Committee or the Selected Committee Member may request that Corporate Executive Officers secure an adequate number of staff members with the knowledge and ability necessary to carry out the duties of the Audit Committee Office. Corporate Executive Officers shall respect the request.
- The Audit Committee Office may request that each department (including the internal audit department) provide support for investigations and information gathering by the Audit Committee. Each department shall respect the request.
- The Audit Committee Office may attend various meetings, etc. when necessary.

<Overview of operation status>

The Company ensures the independence of the Audit Committee Office from the Corporate Executive Officers by establishing the Audit Committee Office directly under the Audit Committee and obtaining prior consent of the Selected Committee Member regarding the personnel matters of the Audit Committee Office and securing a satisfactory number of staff members in accordance with the rules of the Audit Committee.

Based on the rules, the Audit Committee Office attends certain meetings to gather various information, enabling itself to ensure effectiveness of instructions from the Audit Committee.

(3) Reporting system to the Audit Committee

(i) System to ensure that Directors (excluding Audit Committee Members), Corporate Executive Officers, and employees report to the Audit Committee

The following rule shall be included in the rules regarding reports to the Audit Committee, etc.

- Directors (excluding Audit Committee Members), Corporate Executive Officers, and employees must report the following matters to the Audit Committee or the Selected Committee Member by adequate means, such as by using the whistleblowing system.
 - 1) Any facts that have the potential to cause significant damage to the Company or the Group, immediately after they learn of such facts
 - 2) Any activities of officers or employees of the Company or the Group that violate or may violate any laws and regulations or the Articles of Incorporation

- 3) Matters that the Audit Committee or the Selected Committee Member of the Company requests to be reported and other matters that are deemed useful for the audit
- (ii) System to ensure that Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries or the persons who receive reports from them shall report to Audit Committee of the Company**

The following rule shall be included in the rules regarding reports to Audit & Supervisory Board Member, etc. of such subsidiaries.

- Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries or the persons who receive reports from them must report the following matters to the Audit Committee or the Selected Committee Member of the Company by adequate means, such as by using the internal whistleblowing system.
 - 1) Any facts that have the potential to cause significant damage to the Company's subsidiaries or the Group, immediately after they learn of such facts
 - 2) Any activities of officers or employees of the Company's subsidiaries or the Group that violate or may violate any laws and regulations or the Articles of Incorporation
 - 3) Matters that the Audit Committee or the Selected Committee Member of the Company requests to be reported and other matters that are deemed useful for the audit

<Overview of operation status>

The Company obligates its Directors (excluding Audit Committee Members), Corporate Executive Officers, and employees in the rules on reporting to the Audit Committee, etc. and the Company's subsidiaries oblige their Directors, Audit & Supervisory Board Members and employees or the persons who receive reports from them in the rules on reporting to the Audit & Supervisory Board Members, etc. of such subsidiaries, to report, by adequate means such as by using the whistleblowing system, to the Audit Committee or the Selected Committee Member any facts that have a possibility to cause significant damage to the Company or the Group or any activities of officers or employees of the Company or the Group which violate or may violate any laws and regulations or the Articles of Incorporation. Thus, the Company provides an appropriate system to ensure reports will be adequately received.

(4) System to ensure that reporters in the preceding item are not treated unfavorably due to the report

The Company adopted a rule that the persons who make reports in accordance with the preceding item shall not suffer dismissal, demotion, salary reduction, or any other disadvantages due to their report. In order to secure the effectiveness of such rule, we established the rules on reporting to the Audit Committee, etc. of the Company and rules on reporting to Audit & Supervisory Board Member, etc. of the Company's subsidiaries.

<Overview of operation status>

The Company has prepared rules on reporting to the Audit Committee, etc. and the Company's subsidiaries have prepared rules on reporting to Audit & Supervisory Board Members, etc. No disadvantage such as dismissal, demotion, salary cut, termination of secondment contract, and change in working conditions has been given to persons who make reports in the preceding item due to the fact that they made such reports.

(5) Procedures for prepayment and reimbursement of expenses incurred in execution of the duties of Audit Committee Members (limited to those related to execution of the duties of the Audit Committee) and other matters relating to the policy on expenses and obligations incurred in execution of such duties

- When the Audit Committee or Audit Committee Members request the Company to conduct the following matters related to the execution of the duties (including, but not limited to, appointment of outside experts), the Company shall not refuse such requests unless the Company proves that the expenses and obligations concerning such requests are unnecessary for execution of the duties of the Audit Committee or Audit Committee Members.
 - a. Prepayment of expenses
 - b. Reimbursement of expenses paid and interest accrued after payment

- c. Payment to creditors of obligations (or, in the case where such obligations are not due, the provision of collateral equivalent to such obligation)

<Overview of operation status>

In accordance with rules of the Audit Committee, the Company adequately pays expenses, accrued interest, and obligations incurred in execution of duties of the Audit Committee and Audit Committee Members.

(6) Other systems to ensure effective auditing by the Audit Committee

- Audit Committee Members may attend meetings of the Group Compliance Committee, Group Risk Management Committee, and Group Internal Audit Committee and also may ask for explanations and state their opinions. They may also attend other important meetings.
- Audit Committee Members periodically receive reports (i) on the risk management system and the risk status of the Group from the departments handling each risk and (ii) on the status of implementation of the internal audit of the Group from the internal audit department.
- Consent of the Audit Committee or the Selected Committee Member is necessary, in order to reorganize the internal audit policy, the internal audit plan, the Group internal audit basic policy, and the rules for the internal audit, or request the delegation of the internal audit.
- The Audit Committee or the Selected Committee Member may, if necessary, request that the internal audit department conduct an investigation on its behalf.
- The Audit Committee periodically receives reports from the independent auditor regarding the audit status of each company of the Group.
- The Audit Committee or the Selected Committee Member may have external experts independent from the business execution department support audit activities.

<Overview of operation status>

In accordance with the Audit Committee Auditing Standard, the Selected Committee Member of the Company tries to gather information regarding execution status of duties of Directors and Corporate Executive Officers by attending important meetings such as meetings of the Executive Management Committee, browsing corporate decision documents and other important documents, and receiving reports of the internal audit, from the Internal Audit Department. The Selected Committee Member also obtains periodically the reports from the independent auditor on the state of the accounting audit. The Selected Committee Member shares such information and reports with other Audit Committee Members.

The Audit Committee and the Selected Committee Member, based on the Audit Committee Auditing Standard, strive to enhance the cooperation with the Internal Audit Department to secure effectiveness of auditing by the Audit Committee, by giving consent on important issues regarding the internal audit, such as the Audit Policy on Internal Audit and developing internal audit plans.

2. **The outline of the system to ensure the compliance with laws and regulations and the Articles of Incorporation in execution of Corporate Executive Officers' duties and other systems to ensure appropriateness of the business of the Company and the corporate group consisting of such Company and its subsidiaries**
- (1) **System to ensure the compliance with laws and regulations and the Articles of Incorporation in execution of duties of the Company's Corporate Executive Officers and employees and also its subsidiaries' Directors, etc. and employees**
- (i) **Compliance System**
- Establish a whistleblowing system for the purpose of identifying and correcting any conduct violating laws and regulations or other rules in the Group, etc. at an early stage.
 - Enact the rules of ethics and the standards of ethical conduct for the purpose of officers' and employees' compliance with laws, etc.
 - Hold training seminars regarding compliance for officers and employees in each company of the Group which address the respective business features of each company.
 - Appoint a person in charge of formation and promotion of the system regarding corporate ethical compliance across the Group, and establish a section to promote instilling and maintaining corporate ethics among officers and employees.
 - Establish a section that gives advice regarding overall legal issues of the Group, and assist each company of the Group in activities relating to formation of systems for compliance with laws and regulations, etc.
- (ii) **Group Compliance Committee**
- The Group Compliance Committee, as a sectional committee of the Executive Management Committee, discusses and determines general policies and specific measures on the compliance with the laws and regulations, establishment of corporate ethics, internal control, etc. of the Group.
- (iii) **Group Risk Management Committee**
- The Group Risk Management Committee, as a sectional committee of the Executive Management Committee, oversees the risk management system and the risk status of the Group, etc., and discusses and determines the policies and actual implementation of measures relating to risk management.
- (iv) **Group Internal Audit Committee**
- The Group Internal Audit Committee, as a sectional committee directly under the CEO, discusses and determines the matters relating to development of a system to execute the internal audit and verification of the internal controls for the Group's business.
- (v) **Internal Audit Department**
- For structuring sound and effective internal controls for the Group, the Group believes that the internal audit is an important function and has established internal audit departments in major companies of the Group as well as the Company.
 - The Internal Audit Department evaluates and examines the effectiveness of the Group's internal controls, and makes proposals for improvement and efficiency of the Group's business operations.
 - The internal audit department makes proposals and reports to the Group Internal Audit Committee about the plans for and results of the internal audit.
- (vi) **Internal Controls on Financial Reporting**
- For preparing the structure necessary to ensure appropriateness of financial statements and other financial information, the Company establishes basic rules relating to internal controls on financial reporting.
 - The Disclosure Committee and the Group Internal Audit Committee discuss and determine important issues concerning internal controls on financial reporting.

<Overview of operation status>

The Company has already implemented the rules, departments, systems, etc. on the matters listed above and operates them adequately.

The Company tries to ensure the spread of information regarding the laws and regulations, internal rules, etc. and instill a focus on compliance and corporate ethics through compliance seminars for all officers and employees, compliance training, and orientation activities for new employees, newly appointed managers, etc.

In FY2024, the Company held meetings of the Group Compliance Committee five times to grasp matters on compliance with the laws and regulations, establishment of corporate ethics, internal control, etc. of the Group. Also, the Company held meetings of the Group Risk Management Committee eight times to understand the risk status, etc. of the Group, and the Group Internal Audit Committee five times to share the results of the internal audit conducted by the Internal Audit Department. Further, the Internal Audit Department evaluated and verified the internal controls regarding financial reporting and reported the result to the CEO and CFO.

(2) System for storing and managing information relating to execution of Corporate Executive Officers' duties

Information relating to execution of Corporate Executive Officers' duties shall be stored and managed properly in accordance with the rules for filing and storing documents.

<Overview of operation status>

The Company has stipulated the retention period for each document based on the characteristic of each document in the rules to arrange and retain documents. The information concerning execution of Corporate Executive Officers' duties is maintained and managed properly as the responsibility of the relevant department in charge.

(3) Rules and other systems relating to management of risk of loss of the Company and its subsidiaries

- Enact rules of risk management for the purpose of properly managing various risks involved in the business of the Group considering each characteristic of the Group and thereby of secure sound financial status and appropriate business operations. Further, clarify the risk management system by providing for policies of risk management, the category of risks to be managed, Corporate Executive Officers to manage each risk and sections in charge of each risk, etc.
- Each section shall establish its own management rules for each risk it has control over, and shall report the preparation for risk management, the status of the risk, etc. to the Group Risk Management Committee, etc.

<Outline of the status of operation>

The Company has designated market risk, credit risk, liquidity risk, operational risk, model risk, investment risk, reputational risk, and accounting/taxation risk as the risks to be managed in the rules on risk management.

Further, it has obtained the information regarding the status of the risk management system and risks themselves through meetings of the Group Risk Management Committee, etc. In FY2024, such meetings were held eight times, where the departments in charge of each risk shared such information.

(4) System to ensure efficient execution of the duties of Corporate Executive Officers of the Company and Directors, etc. of its subsidiaries

- Clarify Corporate Executive Officers' duties, the methods of execution thereof, and the business operations in their charge in the rules for Corporate Executive Officers.
- Regarding matters which have a material effect on the Company or the Group, clarify the matters to be resolved and reported in the rules of the Executive Management Committee, etc.
- By having Corporate Executive Officers serve concurrently as representatives of main companies of the Group, etc., enact their business strategy quickly and efficiently based on the strategy of the Group in each company of the Group.

- Formulate the Group Medium-Term Management Plan, the term of which is three fiscal years, and, in order to pursue this Plan, determine management policy, budget allocations, etc. for the entire Group for each fiscal year.

<Overview of operation status>

The Company realizes quick decision-making and efficient business execution through role assignment among Corporate Executive Officers. Further, Corporate Executive Officers serve concurrently as the representatives of main companies of the Group and share information regarding the situation of their business execution in the meetings of the Executive Management Committee consisting of all Corporate Executive Officers including such representatives.

In FY2024, the meetings of the Executive Management Committee were held 22 times, where its members discussed and determined the important matters which affect the Company or the Group. Further, the Executive Management Committee properly reported the situation of execution of its duties to the Board of Directors. In this way, the Board of Directors supervises the adequacy and efficiency of execution of the duties of the Company's Corporate Executive Officers and its subsidiaries' Directors.

(5) System for the report of matters concerning execution of duties by the subsidiaries' Directors, etc. to the Company and other systems to ensure appropriateness of business operation in the corporate group consisting of the Company and its subsidiaries

- Clarify the measures for information gathering and the matters to be approved and reported from each company of the Group, by establishing the rules for management of companies of the Group and overseas offices, etc., for the purpose of proper management of business activities of each company of the Group, domestic and overseas.
- Establish the rules at each company of the Group to obtain important information regarding the management of each company of the Group and also to ensure the fair, timely, and appropriate disclosure of such information in compliance with laws, regulations, and rules.

<Overview of operation status>

The Company receives reports from each company of the Group, domestic and overseas, and approves important matters regarding such companies at the Company's governance meetings, in accordance with the rules for management of companies of the Group and overseas offices, etc. In FY2024, the Company held meetings of the Executive Management Committee 22 times for adequate discussions, decisions, and reports.

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

Fiscal 2024 (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Deposits for subscriptions of treasury shares	Total shareholders' equity
Balance at the beginning of the period	247,397	232,461	961,438	(123,153)	83	1,318,227
Changes of items during the period						
Dividends of surplus	—	—	(74,521)	—	—	(74,521)
Profit attributable to owners of parent	—	—	154,368	—	—	154,368
Purchase of treasury shares	—	—	—	(10)	—	(10)
Disposal of treasury shares	—	1,016	—	10,025	(43)	10,998
Capital increase of consolidated subsidiaries	—	32,655	—	—	—	32,655
Other	—	156	204	—	—	361
Total changes of items during the period	—	33,828	80,051	10,014	(43)	123,851
Balance at the end of the period	247,397	266,290	1,041,490	(113,139)	40	1,442,079

(Millions of yen)

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at the beginning of the period	52,936	16,873	134,149	—	6,956	259,515
Changes of items during the period						
Net changes of items other than shareholders' equity	(2,763)	(3,035)	(526)	24	(611)	17,688
Total changes of items during the period	(2,763)	(3,035)	(526)	24	(611)	17,688
Balance at the end of the period	50,173	13,837	133,623	24	6,344	277,204

Consolidated Statements of Changes in Net Assets**Fiscal 2023 (April 1, 2023 – March 31, 2024)**

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Deposits for subscriptions of treasury shares	Total shareholders' equity
Balance at the beginning of the period	247,397	230,274	886,160	(71,522)	–	1,292,309
Changes of items during the period						
Dividends of surplus	–	–	(44,746)	–	–	(44,746)
Profit attributable to owners of parent	–	–	121,557	–	–	121,557
Purchase of treasury shares	–	–	–	(60,012)	–	(60,012)
Disposal of treasury shares	–	2,187	–	8,381	–	10,568
Other	–	(0)	(1,532)	–	83	(1,449)
Total changes of items during the period	–	2,187	75,278	(51,631)	83	25,917
Balance at the end of the period	247,397	232,461	961,438	(123,153)	83	1,318,227

(Millions of yen)

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment		
Balance at the beginning of the period	24,717	16,028	74,785	8,793	258,855
Changes of items during the period					
Net changes of items other than shareholders' equity	28,219	844	59,364	(1,837)	660
Total changes of items during the period	28,219	844	59,364	(1,837)	660
Balance at the end of the period	52,936	16,873	134,149	6,956	259,515

Notes to the Consolidated Financial Statements

The Consolidated Financial Statements of the Company are prepared in accordance with the Regulations on Corporate Accounting (Ministry of Justice Order No. 13, 2006), the Cabinet Office Ordinance on Financial Instruments Business, etc. (Cabinet Office Ordinance No. 52, 2007), and the Uniform Accounting Standards for Securities Companies (set by the board of directors of the Japan Securities Dealers Association, November 14, 1974), the latter two of which are applied to the balance sheets and the income statements of companies that engage in securities-related business, the main business of the Group, based on Article 118 of the Accounting Regulation Ordinance.

The figures in the Consolidated Financial Statements are expressed in millions of yen, with amounts of less than 1 million omitted.

(Significant items associated with the preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 122 companies

Names of major consolidated subsidiaries:

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 Next Bank, Ltd.
Daiwa Corporate Investment Co., Ltd.
Daiwa PI Partners Co. Ltd.
Daiwa Energy & Infrastructure Co. Ltd.
Daiwa Real Estate Asset Management Co. Ltd.
Daiwa Securities Realty Co. Ltd.
Daiwa Office Investment Corporation
Samty Residential Investment Corporation
Daiwa Capital Markets Europe Limited
Daiwa Capital Markets Hong Kong Limited
Daiwa Capital Markets Singapore Limited
Daiwa Capital Markets America Holdings Inc.
Daiwa Capital Markets America Inc.

For the current fiscal year, we newly included in the scope of consolidation 7 companies because of the new establishment and 1 company because of the new investment in the silent partnership investment business. Further, we have excluded from the scope of consolidation 1 company due to reduced importance, 18 companies due to liquidation, and 11 companies due to ending of a silent partnership investment business.

(2) Names, etc. of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries

IDI Infrastructure #3 Limited Liability Partnership
Good Time Living Co. Ltd.
Daiwa Investor Relations Co. Ltd.

Rationale for exclusion from the scope of consolidation

IDI Infrastructure #3 Limited Liability Partnership and 2 other companies have been excluded from the scope of consolidation due to the significant risk of stakeholders making erroneous judgments.

The other non-consolidated subsidiaries had no material impact on the Consolidated Financial Statements in terms of total assets, operating revenues or sales, share of net income or loss (as calculated by the equity method), and the retained earnings (as calculated by the equity method), and were immaterial as a whole; therefore, they were excluded from the scope of consolidation.

(3) Companies not treated as subsidiaries regardless of the Company's ownership of the majority of the voting rights

Number of the companies: 5 companies

Rationale for not being treated as subsidiaries:

Some subsidiaries have owned these companies' stocks as operational transactions for the purpose of acquiring capital gains by investments/developments and revitalizing businesses. These investment activities meet the requirements of the Accounting Standards Board of Japan (ASBJ) Guidance No. 22

and thus it is clear that such subsidiaries do not control the decision-making organizations of these investee companies.

(4) Special purpose entities subject to disclosure

Summary, etc. of special purpose entities subject to disclosure and the transactions where special purpose entities subject to disclosure are used

The Group utilizes special purpose entities in structuring and distributing structured notes and funds in order to deal with its customers' needs for fund management.

In structured note-related transactions, the Group transfers its acquired bonds to special purpose entities in the Cayman Islands, and the special purpose entities issue structured notes collateralized by those bonds. Although there are 6 special purpose entities, neither the Company nor the consolidated subsidiaries hold any voting rights or shares in special purpose entities, and have also not dispatched any officers or employees to those special purpose entities. The outstanding issued amount of notes by those special purpose entities is 790,607 million yen as of March 31, 2025. Further, in fund-related transactions, the Group transfers its renewable energy investment assets to those special purpose entities through silent partnership, and those special purpose entities solicit investments backed by the acquired renewable energy investment assets. There is 1 special purpose company, and the Group does not have any investment, etc. with voting rights, and no officers or employees are dispatched. The amount of investment received by the special purpose company is 13,019 million yen, and the Group has invested 162 million yen in the special purpose company.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and affiliates to which the equity method is applied, and names of major companies among them

Number of non-consolidated subsidiaries to which the equity method is applied: 3 companies

Number of affiliates to which the equity method is applied: 22 companies

Names of major non-consolidated subsidiaries to which the equity method is applied:

IDI Infrastructure #3 Limited Liability Partnership

Names of major affiliates to which the equity method is applied:

Aozora Bank, Ltd.

Sumitomo Mitsui DS Asset Management Company, Limited

Daiwa Securities Living Investment Corporation

For the current fiscal year, we newly included in the scope of application of equity method 3 companies because of the new acquisition of shares and 1 company because of the sole share transfer. Furthermore, we have excluded from the scope of application of the equity method 1 company due to the sale of shares, 1 company due to ending of a silent partnership investment business, and 1 company due to the sole share transfer.

Among the companies to which the equity method is applied and with fiscal year ending on a date other than March 31, 2025, we used the tentative financial statements as of a date other than the fiscal year end of a company for 1 company and the financial statements for the fiscal year end of each company for the other companies.

(2) Names, etc. of non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of major companies

Good Time Living Co. Ltd.

Daiwa Investor Relations Co. Ltd.

Rationale for not applying the equity method

These non-consolidated subsidiaries and affiliates had no material impact on the Consolidated Financial Statements in terms of the share of net income or loss (as calculated by the equity method) and the retained earnings (as calculated by the equity method), and were immaterial as a whole; therefore, the Company did not apply the equity method to these non-consolidated subsidiaries and affiliates.

(3) Names, etc. of companies not treated as affiliates regardless of the ownership of not less than 20% and not more than 50% of the voting rights

Number of companies not treated as affiliates: 9 companies

Names of major companies not treated as affiliates

NJT Copper Tube Corporation

Rationale for not being treated as affiliates

Some subsidiaries have owned these companies' stocks as operational transactions for the purpose of acquiring capital gains by investments/development and revitalizing businesses. These investment

activities meet the requirements of the ASBJ Guidance No. 22 and thus it is clear that the Company's subsidiaries cannot exercise significant influence on these investee companies.

3. Fiscal year, etc. of consolidated subsidiaries

Fiscal year ends of consolidated subsidiaries are as follows:

February	3	companies
March	83	companies
April	1	company
November	1	company
December	32	companies
January and July	1	company
May and November	1	company

Among the consolidated subsidiaries with a fiscal year ended on a date other than March 31, 2025, we used the financial statements for the fiscal year end of such subsidiary for 34 consolidated subsidiaries and the tentative financial statements as of March 31, 2025 for the other 5 subsidiaries. We also made adjustments necessary for consolidation regarding the significant transactions that occurred between such dates and March 31, 2025.

4. Accounting policies

(1) Valuation standards and methods for major assets

(i) Valuation standards and methods for securities, etc. classified as trading products

Trading products, including securities and derivatives for trading purposes, held by consolidated subsidiaries are recorded at fair value.

With regard to the valuation of specific market risk and credit risk for derivatives, the fair value is calculated for each group of each financial assets and financial liabilities based on net assets or liabilities after offsetting the financial assets and liabilities.

(ii) Valuation standards and methods for securities, etc. not classified as trading products

Securities, etc. which are not classified as trading products are as follows:

(a) Trading securities

Valued at fair value (cost is determined based on the moving average method).

(b) Held-to-maturity debt securities

Held-to-maturity debt securities are recorded using the amortized cost method.

(c) Available-for-sale securities

Available-for-sale securities are recorded at fair value, based on quoted market prices, etc. as of the end of the fiscal year (net unrealized gains (losses) are booked directly in net assets, and the costs of securities sold are generally calculated based on the moving average method). However, securities without market prices (such as unlisted stocks) and partnership investment, etc. are mainly recorded at cost using the moving average method.

Investments in investment limited partnerships, etc. are stated as "Private equity and other investments" or "Investment securities" mainly at the investment shares of the net asset values of the partnerships based on the partnerships' financial statements (shares of net unrealized profits and losses on securities held by the partnerships are directly posted into net assets).

Furthermore, some portion of securities and private equity and other investments held by some consolidated subsidiaries is stated in current assets.

(d) Derivatives

Valued at fair value.

(iii) Valuation standards and methods for inventories

Work in process is mainly stated at cost using the specific identification method (book value is written down based on a decline in profitability).

(2) Depreciation methods for major depreciable assets

(i) Property, plant and equipment

Property, plant and equipment are generally depreciated based on the straight-line method. The Company generally computes depreciation over estimated useful lives as stipulated in the Corporation Tax Act of Japan.

(ii) Intangible assets, and investments and other assets

Intangible assets, and investments and other assets are generally amortized based on the straight-line method. The Company generally computes amortization over estimated useful lives as stipulated in the

Corporation Tax Act of Japan; provided, however, that software for internal use is amortized using the straight-line method over internally estimated useful lives (five years).

(3) Accounting policies for significant allowances and provisions

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided based on the estimated historical default rate for normal loans, and based on individual assessment of financial condition and estimated cash flow for claims with default possibility, claims in bankruptcy, claims in reorganization, and others.

(ii) Allowance for investment loss

The Company and some consolidated subsidiaries provide allowances based on estimated losses on private equity and other investments and shares of non-consolidated subsidiaries, assessing the financial conditions of investee companies.

(iii) Provision for bonuses

We provide allowance for bonuses of directors, officers and employees based on the estimated payment amount corresponding to the current fiscal year in accordance with the calculation standards of each company.

(iv) Provision for loss on litigation

We provide allowance for future monetary damage as to the litigation, etc. regarding securities transactions based on the estimated amount of restitution at the end of the fiscal year ended March 31, 2025, considering the status of litigation, etc.

(4) Accounting for retirement benefits

The Company and some domestic consolidated subsidiaries provide retirement benefit liabilities for employees' retirement benefits payments based on the amount required to be paid at the end of the fiscal year ended March 31, 2025 in accordance with each company's retirement benefit policy. This is because, in these companies, retirement benefits are not affected by future salary increases, etc. and the service costs are determined for each individual in accordance with their contributions, capabilities, achievements, etc. for each fiscal year. Some of the consolidated subsidiaries appropriate the amounts deemed to have been accrued in the fiscal year ended March 31, 2025 based on the estimated amount of retirement benefits obligations at the end of the fiscal year ended March 31, 2025.

(5) Accounting policies for significant revenue and cost recognition

The Company recognizes revenues at the amount expected to be received in exchange for promised goods or services at the time when control of the relevant goods or services is transferred to customers. Regarding the major businesses through which we generate revenue from contracts with customers, details on main performance obligations and normal point of time at which such performance obligations have been satisfied (the point at which revenue is recognized) are described in "Notes to the Consolidated Financial Statements (Notes to revenue recognition)."

(6) Principal method of hedge accounting

Marked-to-market gains or losses on hedging instruments are principally deferred as net assets until the profits or losses on the hedged items are realized. Certain eligible interest swaps for hedging purposes are based on cost without being marked-to-market under generally accepted accounting principles in Japan ("Tokurei-shori"). Furthermore, the premium or discount on certain eligible foreign exchange forward for hedging purposes is allocated to each fiscal term without being marked-to-market under generally accepted accounting principles in Japan ("Furiate-shori").

In order to avoid interest rate fluctuation risk and foreign exchange fluctuation risk associated with some of the securities, borrowings, bonds issued, etc., the Company and some consolidated subsidiaries execute hedging using derivatives instruments such as interest rate swaps, currency swaps, and similar transactions.

The effectiveness of hedging is evaluated based upon the correlation between cumulative change in the fair value or cash flow of the hedging instrument and that of the hedged item. Also, in some consolidated subsidiaries, some hedges intended to cancel the market fluctuation and designed to make the material conditions of hedging instruments and hedged items almost identical are deemed to be highly effective without effectiveness tests. Hedges exempted from being marked-to-market under the two accounting treatments described in the first paragraph are judged to pass the effectiveness tests of hedging with their eligibility for applying those treatments.

A subsidiary engaged in the banking business applies deferral hedge accounting stipulated in "Treatment of Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 25, October 8, 2020) to hedging instruments used to hedge foreign exchange risks associated with various

foreign currency-denominated monetary assets and liabilities. The effectiveness of hedging instruments, such as currency swaps and foreign exchange swap used for hedging the foreign exchange risks of monetary assets and liabilities denominated in foreign currencies, is assessed by comparing the foreign currency position of hedged monetary assets and liabilities denominated in foreign currencies with that of the hedging instrument.

(7) Amortization method and period of goodwill

Goodwill is amortized, when incurred, by using the straight-line method over the amortization period within 20 years estimated based on each condition of acquired subsidiaries and affiliates. Goodwill is amortized in a lump sum in the fiscal year when incurred in cases where the amount is immaterial.

(8) Other significant items associated with the preparation of the Consolidated Financial Statements

Application of Group Tax Sharing System

The Group Tax Sharing System has been adopted, under which the Company is treated as the total parent company.

5. Notes on changes in accounting policies

Application of “Accounting Standard for Current Income Taxes,” etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27 revised on October 28, 2022, Accounting Standards Board of Japan (ASBJ); hereinafter the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28 revised on October 28, 2022, ASBJ; hereinafter the “Revised Application Guidance of 2022”). There is no impact for the consolidated financial statements as a result of this change in accounting policies.

Concerning the revision related to revised treatment on consolidated financial statements when deferring gains or losses on sale realized in conjunction with sale of shares of subsidiaries, etc. conducted among consolidated companies for tax purposes, the Revised Application Guidance of 2022 has been adopted from the beginning of the fiscal year ended March 31, 2025. The change in the accounting policies has been applied retrospectively.

6. Notes on accounting estimates

Among the items for which the amount has been recorded in the consolidated financial statements for the current consolidated fiscal year based on accounting estimates, those that may have a significant impact on the consolidated financial statements for the next consolidated fiscal year are as follows:

(1) Valuation of Level 3 derivatives belonging to trading products

(i) Amount recorded in the consolidated financial statements for the current fiscal year

Of the derivatives that belong to trading products, assets and liabilities classified as Level 3 amounted to 22.0 billion yen and 19.9 billion yen, respectively. These amounts involve estimation uncertainty because the fair value is measured using inputs that cannot be observed in the market.

(ii) Information that contributes to understanding the contents of significant accounting estimates related to the identified items

The fair value of derivatives belonging to trading products is measured using the expected cash flow discount model under a risk-neutral measure.

The main assumptions in the accounting estimation of this fair value measurement are the inputs used in the pricing model. The measurement of fair value by the pricing model uses a variety of inputs such as interest rates, exchange rates, stock prices, volatility, and correlation coefficients, and in particular, we use inputs unobservable in the market such as long-term swap rates, long-term currency basis, long-term stock price volatility, long-term credit spreads, and correlation coefficients to measure the fair value of Level 3 derivatives.

The details of these are described in “Notes to Financial Instruments (Note) 1 Explanation of Evaluation Techniques Used for Measurement of Fair Value and Inputs for Measurement of Fair Value.” Changes in major assumptions due to changes in the market environment, etc. may have a significant impact on the value of trading products in the consolidated financial statements for the next fiscal year. The impact on fair value in the case of changes in significant unobservable inputs is described in “Notes to Financial Instruments (Note) 2 Information on Level 3 Fair Value of Financial Instruments Recorded on the Consolidated Balance Sheet at Fair Value.”

(2) Valuation of private equity and other investments and operating loans receivable (Alternative Asset Management)

(i) Amount recorded in the consolidated financial statements for the current fiscal year

	(Millions of yen)
Private equity and other investments	107,364
Allowance for investment loss (current assets)	(445)
Operating loans receivable (Alternative Asset Management)	110,802
<u>Allowance for doubtful account (Alternative Asset Management)</u>	<u>(9,673)</u>
Total	208,048

Daiwa PI Partners Co. Ltd. and Daiwa Energy & Infrastructure Co. Ltd., which are consolidated subsidiaries belonging to the Alternative Asset Management of the Group, make investments in and loans to private equity, real estate, energy, infrastructure, etc. mainly through securities that do not belong to trading products such as private equity and other investments, and operating loans receivable. At the end of the current fiscal year, the Asset Management Division has recorded the balances listed in the above table.

(ii) Information that contributes to understanding the contents of important accounting estimates related to the identified items

There is uncertainty in the valuation of assets measured using the financial condition of the investee, the present value of future cash flows based on the latest changes in the business environment and the business plan that reflects such changes, and multiples observed from transaction cases of similar companies. Impairment losses, allowance for investment losses, and allowance for doubtful accounts are recorded based on the valuation amount. For the current fiscal year, we recorded losses of 8.8 billion yen from Japan and overseas lending and investments.

When using the estimated future cash flows in measuring the value of an asset, the estimates are made using assumptions that the management believes are appropriate, taking into account the performance of the investee and the trends of the industry to which the investee belongs. The main assumptions used as a basis for future cash flow estimates in the valuation of energy-related investments are trends in imported fuel prices and prospects for promoting renewable energy in Japan. Imported fuel prices fluctuate due to the impact of the energy policies of various countries as well as trends in supply and demand; however, projections from international organizations are used for the medium- to long-term price forecasts that have a significant effect on investment valuations.

Due to the uncertainty associated with the estimates and assumptions used in the valuation of these assets, if the accounting estimates for the valuation fluctuate due to unpredictable changes of assumptions in the future, etc., additional losses or reversals of allowances may be recognized in the next fiscal year.

(Notes to consolidated balance sheets)

1. Assets pledged as collateral and liabilities secured

(1) Assets pledged as collateral

Cash and deposits	9,001	million yen
Securities	198,746	
Trading products	548,157	
Operating loans receivable	1,253,297	
Other current assets	45,043	
Investment securities	16,620	

Total	2,070,865	
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(Note) The amounts above are based on the amounts in the consolidated balance sheets. In addition to the above pledged assets, borrowed securities of 30,447 million yen are also pledged as collateral.

(2) Liabilities secured

Borrowings on margin transactions	2,466	million yen
Short-term borrowings	276,641	
Long-term borrowings	777,738	

Total	1,056,846	
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(Note) The amounts above are based on the amounts in the consolidated balance sheets.

2. Fair value of securities pledged as collateral

Securities lent under loan agreements (loan for consumption)	10,223,216	million yen
Securities sold under repurchase agreements (Gensaki)	6,580,198	
Other	584,383	

Total	17,387,799	
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(Note) We exclude those belonging to "Assets pledged as collateral" in 1(1) above.

3. Fair value of securities received as collateral

Securities borrowed under loan agreements (loan for consumption)	12,888,837	million yen
Securities purchased under resale agreements (Gensaki)	3,805,985	
Other	458,907	

Total	17,153,729	
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4. Allowance for doubtful accounts deducted directly from assets

Investments and other assets, other	1,868	million yen
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5. Accumulated depreciation of property, plant and equipment

195,969	million yen
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6. Guarantee obligations

Name of the guaranteed	Liabilities guaranteed	Amount of liabilities
Good Time Living Co. Ltd.	Lump-sum payment for occupancy refundable debt	11,294 million yen
Other	Standby letter of credit	2,271
Total		13,566

7. The clauses of the laws and regulations that prescribe recording of reserves under special laws

Reserve for financial instruments transaction liabilities Article 46-5, Paragraph (1) of the Financial Instruments and Exchange Act

(Notes to consolidated statements of changes in net assets)

1. Type and total number of shares outstanding as of the end of the fiscal year ended March 31, 2025

Common stock 1,569,378,772 shares

2. Dividends

- (1) Amount of dividends

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors on Apr. 25, 2024	Common stock	35,032	25	March 31, 2024	May 31, 2024
Board of Directors on Oct. 29, 2024	Common stock	39,488	28	September 30, 2024	December 2, 2024
Total		74,521			

- (2) Among dividends with record dates during the fiscal year ended March 31, 2025, dividends to be distributed after the end of the fiscal year

It was resolved at the meeting of the Board of Directors on April 28, 2025 regarding dividends on common shares as follows:

1. Total amount of dividends 39,619 million yen
2. Dividend per share 28 yen
3. Record date March 31, 2025
4. Effective date May 30, 2025

(Note) The dividends will be paid from retained earnings.

3. Class and number of shares subject to share acquisition rights upon exercise thereof as of March 31, 2025

Category	Item	Number of shares				Balance as of March 31, 2025 (Millions of yen)
		As of April 1, 2024	Increase	Decrease	As of March 31, 2025	
The Company	Share Acquisition Rights issued in July 2006	32,000	–	13,000	19,000	25
	Share Acquisition Rights issued in July 2007	43,000	–	16,000	27,000	35
	Share Acquisition Rights issued in July 2008	73,000	–	26,000	47,000	45
	Share Acquisition Rights issued in July 2009	213,000	–	42,000	171,000	99
	Share Acquisition Rights issued in July 2010	466,000	–	94,000	372,000	139
	Share Acquisition Rights issued in July 2011	773,000	–	77,000	696,000	249
	Share Acquisition Rights issued in February 2013	599,000	–	31,000	568,000	322
	Share Acquisition Rights issued in February 2014	307,000	–	29,000	278,000	265
	Share Acquisition Rights issued in February 2015	394,000	–	24,000	370,000	314
	Share Acquisition Rights, Series 11 (Treasury share acquisition rights)	2,927,000 (856,000)	– (–)	2,927,000 (856,000)	– (–)	– (–)
	Share Acquisition Rights issued in February 2016	526,000	–	23,000	503,000	333
	Share Acquisition Rights, Series 12 (Treasury share acquisition rights)	2,059,000 (668,000)	– (12,000)	950,000 (–)	1,109,000 (680,000)	126 (–)
	Share Acquisition Rights issued in February 2017	530,000	–	6,000	524,000	370
	Share Acquisition Rights, Series 13 (Treasury share acquisition rights)	3,990,000 (999,000)	– (24,000)	1,294,000 (–)	2,696,000 (1,023,000)	331 (–)
	Share Acquisition Rights issued in February 2018	563,000	–	8,000	555,000	403
	Share Acquisition Rights, Series 14 (Treasury share acquisition rights)	4,737,000 (973,000)	– (46,000)	1,209,000 (–)	3,528,000 (1,019,000)	437 (–)
	Share Acquisition Rights, Series 15 (Treasury share acquisition rights)	3,856,400 (889,000)	– (25,200)	976,000 (–)	2,880,400 (914,200)	301 (–)
	Share Acquisition Rights, Series 16 (Treasury share acquisition rights)	7,498,000 (964,500)	– (45,000)	3,534,600 (–)	3,963,400 (1,009,500)	214 (–)
	Share Acquisition Rights, Series 17 (Treasury share acquisition rights)	7,217,000 (703,000)	– (119,500)	119,500 (–)	7,097,500 (822,500)	565 (–)
	Share Acquisition Rights, Series 18 (Treasury share acquisition rights)	7,451,000 (495,500)	– (136,500)	136,500 (–)	7,314,500 (632,000)	360 (–)
	Share Acquisition Rights, Series 19 (Treasury share acquisition rights)	7,678,100 (299,700)	– (95,400)	2,484,400 (–)	5,193,700 (395,100)	329 (–)
	Share Acquisition Rights, Series 20 (Treasury share acquisition rights)	7,812,400 (84,500)	– (161,500)	161,500 (–)	7,650,900 (246,000)	732 (–)
	Share Acquisition Rights, Series 21 (Treasury share acquisition rights)	– (–)	6,348,100 (68,000)	68,000 (–)	6,280,100 (68,000)	340 (–)
Total						6,344 (–)

(Note 1) All shares underlying share acquisition rights above are common shares.

(Note 2) Exercise periods of “Share Acquisition Rights, Series 17,” “Share Acquisition Rights, Series 18,” “Share Acquisition Rights, Series 20,” and “Share Acquisition Rights, Series 21” have not yet started.

(Notes to financial instruments)

1. Concerning the situation of financial instruments

(1) Policy for dealing with financial instruments

The Group is engaged in securities-related business, and investment and loan businesses. Specifically, the Group is involved in trading and brokerage of securities and derivative products, underwriting and secondary offering of securities, dealing in public offering, secondary offering, and private placement of securities and other security-related business, the banking business, and other financial businesses.

The Group holds financial assets and liabilities such as “Trading securities and other,” “Derivatives,” “Private equity and other investments,” “Loans,” and “Investment securities” in its businesses and raises funds with corporate bonds, medium-term notes, borrowing from financial institutions, commercial papers, call money, acceptance of deposit, repurchase agreements, etc. In fundraising, under the basic policy for financing such that enough liquidity for continuing business should be effectively and stably secured, the Group tries to realize efficient and stable financing by diversifying financial measures and maturity dates and maintaining an appropriate balance between assets and liabilities. Also, the Group utilizes interest rate swaps, foreign currency swaps, etc. for the purpose of hedging fluctuations in interest rates and foreign currencies in terms of financial assets and liabilities.

The Group tries to secure financial soundness by appropriately managing a variety of risks incurred by holding financial assets and liabilities in accordance with the characteristics of such risks.

(2) Contents and risks of financial instruments

The Group holds financial instruments in the trading business as follows: (a) trading securities and other (stocks and warrants, bonds, beneficiary certificates, etc.), loans secured by securities and borrowings secured by securities, margin transaction assets and liabilities, etc.; (b) derivatives traded on exchanges, such as stock index futures, bond futures, interest rate futures, and options for such derivatives; (c) derivatives not traded on exchanges (OTC derivatives), such as interest rate swaps, currency swaps, foreign currency futures, bond options, currency options, FRA, and OTC securities derivatives. The Group also holds private equity and other investments, etc. in the investments business, loans and securities, etc. in the banking business, and investment securities for business relationships.

Among the various risks associated with these financial instruments, the major risks are market risk and credit risk. Market risk means the risks of suffering losses from fluctuations in the value of financial instruments and transactions in accordance with changes of market prices or rate of stock prices, interest rates, foreign exchange rates, commodity prices, etc., and from the market environment in which no transaction can be executed because of an excessive decrease of liquidity or one in which market participants are forced to trade in extremely unfavorable conditions. Credit risk means the risk of suffering losses from defaults or creditworthiness changes, etc. of counterparts or issuers of financial instruments that the Group holds. In addition to these, there is a model risk. Model risk means the risk of suffering losses due to errors in model development or implementation, or due to misuse of the model.

In the trading business, the Group conducts derivative transactions as single transactions or as transactions embedded in structured notes, in order to meet customers’ needs. These include transactions that are highly volatile in comparison to the fluctuation of stock prices, interest rates, foreign exchange rates, and commodity prices of reference assets and the correlation between them, or transactions that tend to move in a complicated manner. Therefore, these carry higher risk than the reference assets. These derivative transactions are categorized as trading products in the consolidated balance sheets and the realized and unrealized gains or losses by fluctuation of fair values are recorded as net trading income.

While holding the financial instruments as above, the Group also raises funds utilizing corporate bonds, medium-term notes, borrowing from financial institutions, commercial papers, call money, acceptance of deposit, repurchase agreements, etc., and is exposed to liquidity risk. Liquidity risk means the risk of suffering losses such that cash management may be impossible or require remarkably higher financing costs than usual as a result of abrupt change of market environment or the deterioration of financial conditions of the Group.

Securities subsidiaries engaged in the trading business utilize derivative transactions as brokers and end-users in the derivatives market. Derivative products have been necessary to deal with a variety of customers’ financial needs and subsidiaries provide customers with financial instruments to meet their requests in many ways as brokers. For instance, they provide customers with foreign currency futures to hedge the exchange rate risk of foreign currency of foreign bonds held by customers and also with interest rate swaps to hedge interest rate risk when customers issue corporate bonds. As end-users, the Group utilizes interest rate swaps to hedge interest rate risk regarding financial assets and liabilities of the Group and utilizes many kinds of futures and options to hedge its trading positions.

(3) Risk management system concerning financial instruments

The Company adopted the “Risk Management Rule” at the meeting of the Board of Directors, which states the basic policy of risk management, types of risks that should be managed, and responsible executive officers and departments for each major risk, and conducted risk management of the entire Group in accordance with the Risk Appetite Framework. Furthermore, the Company also prepared a risk management framework through establishment of guidelines regarding the “Three Lines of Defense” in order to develop an effective risk governance system.

Each subsidiary conducts risk management suitable for its risk profile and size in accordance with the basic policy of risk management. The Company also monitors the system and process of subsidiaries’ risk management. Also, the Group Risk Management Committee as a sub-committee of the Executive Management Committee of the Company receives reports on and discusses matters such as risk exposure and issues concerning the risk management system of each subsidiary identified by monitoring subsidiaries. Major subsidiaries regularly hold Risk Management Committee meetings, etc. and strengthen their risk management.

(i) Management of risk of financial instruments held for trading purposes

(a) Management of market risk

The Group manages its trading business by establishing the limit for VaR, position, sensitivity, etc. considering the financial situation, the business plan, and budget of each division. The risk management department of the Company monitors and reports the market risk to the management of the Company on a daily basis.

In order to cover the capacity limit of VaR calculated by the statistical hypothesis based on the data obtained for a certain period, the Company applies the stress test with a scenario based on the impact of historical abrupt changes in the market and assuming hypothetical stress events.

<Quantitative information concerning market risk>

The Group’s major subsidiaries engaged in securities business utilize the historical simulation method (holding period: 1 day, confidence interval: 99%, observation period: 520 business days) for calculating the VaR of trading products.

The Group’s VaR of the trading business as of March 31, 2025 (fiscal year end) was 1.4 billion yen in total.

As the VaR statistically estimates the risk based on historical market fluctuation, it may be unable to completely grasp the risk in an environment in which the market unexpectedly changes beyond the estimation.

(b) Management of credit risk

The credit risks generated in the trading business of the Group consist of counterparty risk and issuer risk. Regarding counterparty risk, the Group has established the upper limit on the credit-equivalent exposure that can be tolerated for each counterparty and periodically monitors such credit-equivalent exposure. In addition, the Group measures total counterparty risk. The Group monitors the risk amount related to the issuer risk of financial instruments held for market-making.

Because the Group provides financial instruments, manages assets, and makes investments, the Group is exposed to the risk that various instrument and transaction exposures concentrate on a specific counterparty. If the counterparty’s credit situation worsens, the Group may incur significant losses. Therefore, the Group has established the upper limit on total exposure to any counterparty and periodically monitors such limit.

Because margin transactions generate credit to customers, we require customers to set deposits as collateral. In connection with securities loan transactions, the Group has tried to reduce credit risk by establishing credit limit for counterparties, charging necessary collateral, and daily mark-to-market.

(c) Management of model risk

The fair value valuation model for trading products is used after the verification/approval process under the model risk management system. In addition, in line with changes in market conditions, we regularly conduct reviews to match market trends.

(ii) Management of risk regarding financial instruments held for other than trading purposes

The Group holds financial instruments in the business other than trading, such as private equity and other investments in the investment business, loans, and securities in the banking business and investment securities for business relationships. These financial instruments carry market risk and credit risk as well. Because those financial instruments have a characteristic risk profile for each product, the Company has conducted risk management that suits each risk profile.

The subsidiaries in the investment business make an investment decision after investigating each investment thoroughly in an investment committee, etc. After investments, the subsidiaries regularly monitor and report the situation of invested companies to the risk management committee, etc.

The subsidiary engaged in the banking business specifies risks that require management and establishes a management policy and management system for each risk. Furthermore, it establishes the ALM committee, a

body under the Board of Directors, to discuss and decide the way to manage the risks (the ALM committee discusses the important matters relating to the management and control of credit risk, market risk, liquidity risk etc.). The subsidiary controls the risks by conducting its business within the various limits set by the Board of Directors, the ALM committee, etc.

In connection with investment securities for business relationships, etc., the Group decides to acquire or sell the securities in accordance with the policy defined by the relevant company's rules. Also, the Group regularly monitors and reports the situation of risk to the management of the Company.

<Quantitative information concerning market risk>

(a) Financial assets and liabilities (excluding those held by the subsidiary engaged in the banking business)

The main financial assets that are influenced by market risk are "Private equity and other investments" in the investment business and "Investment securities" for business relationships. As of March 31, 2025, if the index, such as TOPIX, were to change by 10%, market prices of the listed equities in "Private equity and other investments" and "Investment securities" would fluctuate by 12.0 billion yen.

Also, the main financial liabilities in the Group that are influenced by market risk are "Bonds payable" and "Long-term borrowings." As of March 31, 2025, if all other risk variables were assumed to be unchanged and the interest rate were supposed to change by 10 basis points (0.1%), the market prices of "Bonds payable" and "Long-term borrowings" would fluctuate by 1.4 billion yen and 0.6 billion yen, respectively.

(b) Financial assets and liabilities held by the subsidiary engaged in the banking business

The subsidiary engaged in the banking business utilizes the VaR in managing market risk (i.e. the risk of loss caused by fluctuation of value of assets and liabilities (including off-balance liabilities) due to fluctuation of interest rates, exchange rates, stocks, and other risk factors in the market and the risk of loss caused by fluctuation of income from assets and liabilities).

When measuring the VaR, we utilize the historical simulation method (holding period: 20 days, confidence interval: 99%, observation period: 750 business days) and convert the number calculated in 20 days of the holding period to the number in 125 days of the holding period. Such number as of March 31, 2025 is 11.0 billion yen.

The subsidiary, in order to verify the effectiveness of the model, periodically conducts the back-tests by comparing the VaR calculated in the risk measuring model with the virtual profits and losses. Based on the result of the back-tests conducted in the fiscal year 2024, we consider that our risk measurement model grasps the market risk appropriately. However, as the VaR statistically estimates the risk based on historical market fluctuation, it may be unable to completely grasp the risk in an environment in which the market unexpectedly changes beyond the estimation.

In order to complement the limitation of the management utilizing the VaR, we measure loss calculated using a wide variety of scenarios (stress test).

(iii) Management of liquidity

As the Group is engaged in the securities-related business that uses many assets and liabilities and in the investment and loan business, it has the basic policy of fundraising to efficiently and stably secure enough liquidity for continuing its business.

Methods of raising funds of the Group include unsecured fundraising such as corporate bonds, medium-term notes, borrowing from financial institutions, commercial papers, call money and acceptance of deposit, and secured fundraising such as Gensaki transactions and repurchase agreements. The Group intends to realize efficient and stable fundraising by combining these various methods appropriately.

In terms of financial stability, the Group, preparing for the case that the environment vastly changes, endeavors even in ordinary times to secure a stable reserve to prevent the business from suffering difficulties. Also, the Group tries to diversify the maturity and sources of funds in preparation for the event where it becomes difficult to raise new funds and to roll over the existing funds due to a financial crisis.

In accordance with the basic policy to secure appropriate liquidity of the whole Group, the Company conducts unitary management/monitoring of liquidity and raises and manages funds efficiently as a group by establishing a system that enables the Company to flexibly distribute and supply funds to its Group companies as necessary and also enables companies in the Group to finance each other.

The Company is required to comply with the minimum standard (100% respectively) of consolidated liquidity coverage ratio (hereinafter referred to as "LCR") and net stable funding ratio (hereinafter referred to as "NSFR") based on 2014 Financial Services Agency Notification No. 61. In addition to managing/monitoring LCR and NSFR regulated in the above-mentioned Financial Services Agency Notification as risk appetite relating to liquidity, the Company established the liquidity risk management system with a liquidity stress test as its core so that the Group could continue its business even when unsecured fundraising would not be available for a certain period. As verification of sufficiency of short-term unsecured fundraising, assuming various stress scenarios, the Company has been confirming on a daily basis that a liquidity portfolio that is sufficient to cover estimated outgoing funds is maintained. As verification of sufficiency of long-term unsecured fundraising, the

Company regularly conducts monitoring of a stable fundraising amount for assets whose liquidity is low during a stress period.

The Group has also established a contingency funding plan as one of the measures of dealing with liquidity risk. This plan states the basic policy concerning the reporting lines, the method of fundraising, etc., depending upon the urgency of stress by internal factors such as decrease in creditworthiness and external factors such as abrupt change of market environment. The contingency funding plan enables the Group to prepare a system for securing liquidity through a swift response.

The Group has established the contingency funding plan of the Group considering the stress that the entire Group may face and also revised it periodically to quickly respond to changing financial environments.

Moreover, Daiwa Securities Co. Ltd., Daiwa Next Bank, Ltd., and foreign securities subsidiaries, which are sensitive to influence by financial markets and for which the importance of securing liquidity is significant, have established their own contingency funding plans and periodically review their plans as well.

In addition, the Company periodically monitors the development status of its subsidiaries' contingency funding plans. The Company revises, if necessary, its subsidiaries' fundraising plans or contingency funding plans themselves considering crisis scenarios to be assumed and also tries to preliminarily execute countermeasures, both increasing liquidity and reducing assets at the same time.

(iv) Supplementary explanation for fair values, etc. of financial instruments

The fair value of financial instruments is calculated based on certain assumptions, etc. and may be changed under different assumptions, etc.

2. Fair value and fair value hierarchy by level of financial instruments

The amount recorded on the consolidated balance sheets, fair value breakdown by level, and the difference between them at the end of the fiscal year are as follows. Investment trusts to which Paragraphs 24-3 and 24-9 of the ASBJ Guidance No. 31 "Implementation Guidance on Accounting Standard for Fair Value Measurement" have been applied, stocks without market prices, partnership investment, etc. to which Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement has been applied are not included in the table (as described in (1) *3, (Note) 3 and (Note) 4).

The fair value of financial instruments is classified into the following three levels according to the observability and significance of the input used to measure the fair value.

Level 1 fair value:	Fair values measured based on quoted prices of the assets or liabilities being measured which are available in active markets as observable valuation inputs
Level 2 fair value:	Fair values measured based on the inputs other than inputs included in Level 1 as observable valuation inputs
Level 3 fair value:	Fair values measured based on unobservable valuation inputs

When multiple inputs that significantly affect the fair value measurement are used, the fair value is classified into the lowest level in the hierarchy for the fair value measurement among the levels to which those inputs belong.

(1) Financial instruments recorded at fair value on the consolidated balance sheets

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
Assets				
(1) Trading products				
i) Trading securities and other				
Equities	137,298	254	1,335	138,888
Government, municipal, and other bonds	1,773,175	315,557	—	2,088,733
Corporate bonds	—	409,199	—	409,199
Foreign bonds	1,085,625	597,095	3,353	1,686,073
Beneficiary certificates	23,291	7,154	—	30,446
Other	—	1,189,320	1,894	1,191,214
ii) Derivatives				
Equity	4,211	36,609	5,834	46,655
Interest rate	1,151	2,148,667	3,850	2,153,669
Currency	—	511,623	8,280	519,904
Credit / Other	—	58,661	4,090	62,752
(2) Securities, private equity, and other investments, and investment securities				
Available-for-sale securities				
Equities	133,222	—	—	133,222
Government, municipal, and other bonds	156,965	25,500	—	182,466
Corporate bonds	—	152,939	4,069	157,008
Foreign bonds	418,950	517,054	16,242	952,248
Beneficiary certificates	53,678	64,824	—	118,503
Total assets	3,787,572	6,034,464	48,951	9,870,987
Liabilities				
(1) Trading products				
i) Trading securities and other				
Equities	151,534	162	—	151,696
Government, municipal, and other bonds	2,664,933	206	—	2,665,140
Foreign bonds	1,530,773	92,374	—	1,623,147
Beneficiary certificates	11,960	—	—	11,960
Other	—	358,703	—	358,703
ii) Derivatives				
Equity	9,412	32,413	2,624	44,450
Interest rate	1,524	2,156,625	14,392	2,172,543
Currency	—	349,599	1,066	350,666
Credit / Other	—	57,069	1,817	58,886
Total liabilities	4,370,138	3,047,156	19,901	7,437,195
Derivatives other than trading transactions (*1, *2)				
Interest rate	—	65,664	—	65,664
Currency	—	4,271	—	4,271
Total derivatives other than trading transactions	—	69,936	—	69,936

*1 Net receivables and payables arising from derivatives other than trading transactions are shown in net amount, and total net payables are shown in parentheses.

*2 The amount recorded on the consolidated balance sheets of the derivative transactions to which hedge accounting is applied is 65,088 million yen.

*3 Investment trusts to which Paragraphs 24-3 and 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement have been applied are not included in the above table.

The amounts of the investment trust on the consolidated balance sheets are assets of 32,124 million yen in "Available-for-sale securities."

*4 The Company and some consolidated subsidiaries made hedge transactions using derivative transactions such as interest rate swaps and currency swaps in order to hedge interest rate fluctuation risk and exchange rate

fluctuation risk related to some securities, borrowings, corporate bonds issued, etc., and mainly apply deferred hedge accounting to them.

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

(Millions of yen)

	Fair Value				Amounts in the consolidated balance sheets	Difference
	Level 1	Level 2	Level 3	Total		
Assets						
(1) Operating loans receivable					2,793,554	
Allowance for doubtful accounts					(9,750)	
	–	–	2,778,435	2,778,435	2,783,804	(5,369)
(2) Securities, private equity, and other investments and investment securities						
i) Held-to-maturity debt securities						
Bonds payable	–	188,938	–	188,938	206,383	(17,445)
ii) Subsidiary and affiliated company stock	151,142	–	–	151,142	176,143	(25,000)
Total assets	151,142	188,938	2,778,435	3,118,516	3,166,331	(47,815)
Liabilities						
(1) Deposits for the banking business	–	4,295,258	–	4,295,258	4,297,685	2,426
(2) Bonds payable	–	1,209,688	–	1,209,688	1,218,490	8,801
(3) Long-term borrowings	–	2,020,066	–	2,020,066	2,036,629	16,563
Total liabilities	–	7,525,013	–	7,525,013	7,552,804	27,791

“Cash and deposits,” “Cash segregated as deposits,” “Trade date accrual,” “Loans secured by securities,” “Borrowings secured by securities,” “Deposits received,” “Short-term borrowings,” “Commercial papers,” “Current portion of bonds payable,” etc. are omitted because they are cash or their fair values are close to their book values due to being settled in a short period of time. In addition, the following accounts are omitted because they are considered to be settled in a short period of time due to the nature of the accounts, and thus their fair values are close to their book value.

(a) Margin transaction assets, margin transaction liabilities

Margin transaction assets are loans to clients and collateral to securities finance companies associated with margin transactions. Since the former is settled by counter-trading, etc. at the will of the customer, and the latter is the collateral price-marked in the lending transaction business, they are considered to be settled in a short period of time.

Margin transaction liabilities are the borrowing from securities finance companies associated with customers’ margin transactions and the amount equivalent to the selling price of securities related to customers’ margin trading. Since the former is price-marked and the latter is settled by counter transactions, etc. at the will of the customer, they are considered to be settled in a short period of time.

(b) Guarantee deposits received

It is mainly a deposit in derivative transactions. Its book value is regarded as the fair value, assuming that it will be settled in a short period of time due to the characteristics of being price-marked according to the transaction. For other deposits from customers, the payment amount when settled at the end of the current fiscal year (book value) is regarded as the fair value.

(Note) 1 Explanation of valuation techniques used for measurement of the fair value and inputs for measurement of the fair value

(1) Trading products

(i) Trading securities and other

For stocks, etc., the closing price or final quoted price of the main exchange is used as the fair value, and it is mainly classified into the Level 1 fair value.

For bonds, the fair values are measured at the market prices (the Company's OTC and broker screen, etc.) of the bonds, including those of similar bonds or prices that are reasonably calculated using market price information (trading reference statistics, etc.) and the difference between the market price and the index interest rate, etc. Some government bonds are classified as Level 1 fair value, and other bonds are classified as Level 2 fair value. However, if the price information necessary to classify it as Level 2 fair value is not available, it is classified as Level 3 fair value. In addition, the fair value of some bonds is measured using a price calculation model in the same way as derivative transactions. If the fair value is calculated using only observable inputs, or if the fair value is calculated using unobservable inputs but its effect is not significant, it is classified as Level 2 fair value. When the fair value is calculated using significant unobservable inputs, it is classified as Level 3 fair value.

For exchange traded funds, the closing price or final quoted price of the main exchange is used as the fair value, and it is mainly classified as Level 1 fair value. For non-exchange traded funds, the net asset value (NAV) is used as the fair value, and it is classified as Level 2 fair value.

ii) Derivatives

The fair value of listed derivative transactions is mainly measured at the clearing price or the margin calculation standard price of the exchange, and is classified into Level 1 fair value. However, if the above price is not available or if transactions are not executed frequently, it is classified as Level 2 fair value.

Over-the-counter (OTC) derivative transactions include interest rate swaps, currency swaps, equity derivatives, and credit derivatives. In measurement of the fair value, the present value of expected cash flows under the assumption of risk-neutral measure commonly used in the market is calculated mainly by the price calculation model using the numerical integration method, the finite difference method, and the Monte Carlo method. The pricing model has various inputs such as interest rates, exchange rates, stock prices, volatility, and correlation coefficients. If the fair value is calculated using only observable inputs, or if the fair value is calculated using unobservable inputs but its effect is not significant, it is classified as Level 2 fair value. When the fair value is calculated using significant unobservable inputs, it is classified as Level 3 fair value. Inputs that cannot be observed in the market include long-term swap rates, long-term currency basis, long-term volatility of stock price, long-term credit spreads, and correlation coefficients.

For over-the-counter derivative transactions, their fair values are adjusted to the credit risk and liquidity risk of the counterparty and the Company as necessary.

(2) Securities, private equity, and other investments and investment securities

For stocks, the closing price or final quoted price of the main exchange is used as the fair value, and it is mainly classified as Level 1 fair value.

For bonds, the fair values are measured at the market prices (through the Company's OTC and broker screen, etc.) of those including similar bonds, or the prices that are reasonably calculated based on the fair value information (such as trading reference statistics) and the difference between the market price and the index interest rate, etc. Some government bonds are classified as Level 1 fair value, and other bonds are classified as Level 2 fair value. However, if the price information necessary to classify it as Level 2 fair value is not available, it is classified as Level 3 fair value. In addition, the fair value of certain bonds is calculated using credit spreads, etc. If the price is calculated using only observable inputs, or if the price is calculated using unobservable inputs but its effect is not significant, it is classified as Level 2 fair value. When the price is calculated using significant unobservable inputs, it is classified as Level 3 fair value.

For exchange traded funds, the closing price or final quoted price of the main exchange is used as the fair value, and it is mainly classified as Level 1 fair value. For non-exchange traded funds, the net asset value (NAV) is used as the fair value, and it is classified as Level 2 fair value. Also, investment trusts to which Paragraphs 24-3 and 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement have been applied are not assigned a level.

(3) Derivatives other than trading transactions

It is same as “(1) Trading products (ii) Derivatives.”

(4) Operating loans receivable

They are mainly loans in the banking business and securities-backed loan that are secured by customers' securities in our safekeeping.

For loans in the banking business, the fair value is measured by discounting the total amount of principal and interest at the interest rate expected when a similar new loan is made, based on the type and period of the loan. In addition, regarding loans with floating interest rates, their book values are used as the fair value because the fair value approximates the book value as long as the credit status of the borrower does not change significantly since the loan was made, as the floating interest rate reflects the market interest rate in a short period of time. However, for certain asset securitization loans, we use the fair value obtained from a third party.

For securities-backed loans, the book value is used as the fair value because the fair value is assumed to approximate the book value based on the expected repayment period and interest rate conditions.

The fair value of the loans in the investment business whose book value exceeds a certain threshold, and which is supposed to be repaid mainly from business revenue, is individually evaluated based on their financial condition, etc. For loan receivables whose collection period has passed a certain number of years, the allowance for doubtful accounts is calculated based on the estimated disposable amount of collateral, the expected recovery amount by guarantee, or the present value of the estimated future cash flow. Since the fair value is close to the amount booked on the consolidated balance sheets net of the allowance for doubtful accounts, we use such netted amount as the fair value.

These are classified as Level 3 fair value.

(5) Deposits for the banking business

For demand deposits, the payment amount when requested on the settlement date (book value) is regarded as the fair value. In addition, the fair value of time deposits is measured by estimating future cash flows and discounting them at a certain discount rate. These are classified as Level 2 fair values.

The discount rate is calculated from the yield curve with our credit spread taken into account.

(6) Bonds payable

Regarding the bonds payable with maturities of more than one year, if the market price (reference statistics for trading, etc.) is available, the fair value is measured using such market price and classified as Level 2 fair value. Even if the market price is not available, the fair value is measured by adjusting the book value to reflect the changes in interest rates and our own credit spread from the time of issuance. Since our own credit spread refers to the latest funding rate and market price level of similar bonds issued by us, etc., this fair value is classified as Level 2 fair value.

(7) Long-term borrowings

The fair value is measured by adjusting the book value to reflect the changes in interest rates and credit spread from the beginning of the borrowing. Since our own credit spread refers to the latest funding rate and the market price of similar bonds issued by us, etc., this fair value is classified as Level 2 fair value.

(Note) 2 Information on the Level 3 fair value financial instruments recorded at fair value on the consolidated balance sheets

(1) Quantitative information on significant unobservable inputs

Category	Evaluation methodology	Significant unobservable input	Input range
Derivatives	Expected cash flow discount model under risk-neutral measure		
Interest rates / Exchange rates		Swap rate	1.4–4.4%
		Currency basis	(0.5)–0.2%
Equity		Stock price volatility	19.2–21.4%
Credit / Other		Credit spread	0.1–2.7%
		Correlation coefficient	(0.18)–0.79
Available-for-sale securities		Credit spread	0.1–0.1%

(2) Reconciliation from the beginning balance to the ending balance, unrealized gain and loss recognized in the fiscal year

The breakdown of assets and liabilities, the Level 3 fair values of which are recorded on the consolidated balance sheets, and their changes during the period are as follows.

(Millions of yen)

	Trading securities and other (Assets)	Derivatives (Net)	Private equity and other investments	Available-for-sale securities	Total
Beginning balance	16,504	13,641	16,358	37,992	84,498
Gain / loss for the current fiscal year					
Recorded in gain and loss (*2)	957	(10,511)	—	—	(9,554)
Purchase, sale, issuance, and settlement					
Purchase	21,122	(227)	—	4,000	24,894
Sale	(29,456)	(67)	—	—	(29,523)
Issuance	—	—	—	—	—
Settlement	—	7,073	—	(33,164)	(26,090)
Transfer to Level 3 fair value (*1, *4)	2,087	—	—	—	2,087
Transfer from Level 3 fair value (*1, *5)	(4,632)	(7,753)	—	—	(12,386)
Change in valuation difference	—	—	(116)	(4,759)	(4,876)
Ending balance	6,583	2,155	16,242	4,069	29,050
Unrealized gain/loss on financial instruments held on the consolidated balance sheet date which is recorded in gain/loss for this fiscal year (*3)	(509)	(3,437)	—	—	(3,947)

*1 Transfers between levels are recognized at the beginning of the period.

*2 Gain and loss related to “Trading securities and other (Assets),” and “Derivatives (Net)” are included in “Net trading income.”

*3 Unrealized gain / loss on Level 3 financial instruments are not only due to unobservable inputs, but also due to fluctuations in observable inputs. In addition, many Level 3 financial instruments are economically hedged by financial instruments classified into other levels (Levels 1 and 2), but the gain and loss of such financial instruments are not included in the above table.

*4 The reason for the transfer from Level 1 or Level 2 to Level 3 is that the quoted price of certain securities has become unavailable, or the input for the valuation method has become unobservable.

*5 The reason for the transfer from Level 3 to Level 1 or Level 2 is that the quoted price of certain securities has become available, or the input for the valuation method has become observable.

(3) Explanation of the fair value valuation process

The Group measures and verifies the fair value of financial instruments held by the trading departments of each company in accordance with the basic policy established by the Company. The results of measurement, including the inputs used in the measurement, are verified by a department independent from the trading department. The results of these processes for the fair value measurement are reported to the Company from each company, and are controlled.

The Group has established guidelines for the process of approving the pricing model used to measure the fair value, and in accordance with these guidelines, a department independent from the department which develops the pricing model verifies the assumptions and techniques in the model. In addition, we have built a system to adjust the pricing model according to market trends by comparing it with observable market information and alternative models.

(4) Explanation of the effect of changes in significant unobservable inputs on the fair value

Significant unobservable inputs include long-term swap rates, long-term currency basis, long-term stock price volatility, long-term credit spreads, and correlation coefficients. In measuring the fair value, fluctuations in interest rates affect expected cash flows and discount rates, and fluctuations in credit spreads affect the probability of bankruptcy. With regard to volatility, the option value increases (decreases) as the volatility increases (decreases). There are a wide range of combinations of correlation coefficients among multiple assets, and the level and direction of fluctuations can vary greatly depending on the combination.

The fair value of bonds is measured using inputs such as credit spreads, and if the market fluctuates, the fair value will increase or decrease depending on the sum of the effects of the inputs.

The fair value of over-the-counter derivative transactions is measured based on multiple inputs given for each maturity or currency. When the market fluctuates, the fair value will increase or decrease depending on the sum of the effects of all inputs. In addition, the impact of each input fluctuation on the fair value is determined by the product features of each transaction. The unobservable inputs used to measure the fair value of Level 3 financial instruments are not necessarily independent of each other and may correlate with other inputs. Many of these relationships are captured through correlation coefficients, and the effects of a wide range of correlation coefficients between multiple assets increase or decrease the fair value of financial instruments.

The impact on the fair value of Level 3 financial instruments when using alternative assumptions that can reasonably occur for each product category is as follows. It is calculated based on the ranges of significant unobservable input in (1) above.

(Millions of yen)			
	Fair Value	Positive fair value fluctuations	Negative fair value fluctuations
Derivatives	2,155	536	536
Available-for-sale securities	4,069	—	0

(Note) 3 Information related to investment trusts to which Paragraphs 24-3 and 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement have been applied

(Millions of yen)

	Available-for-sale securities		
	Paragraph 24-3 (Financial instruments)*	Paragraph 24-9 (Real estate)	Total
Beginning balance	—	10,754	10,754
Gain / loss for the current fiscal year			
Recorded in gain and loss	—	—	—
Purchase, sale, and reimbursement			
Purchase	6,059	15,019	21,079
Sale	—	—	—
Reimbursement	—	—	—
NAV is considered to be the fair value	—	—	—
NAV is not considered to be the fair value	—	—	—
Change in valuation difference	—	290	290
Ending balance	6,059	26,065	32,124

* With respect to the main contents of restriction on cancellation or repurchase on the date of balance sheet, those with restriction of cancellation for a certain period are 6,059 million yen.

(Note) 4 Securities without market prices (such as unlisted stocks), partnership investments, etc. at the end of the current fiscal year were as follows. They are not included in assets (2) “Available-for-sale securities.”

(Millions of yen)

Category	Amounts in the consolidated balance sheets
Subsidiary stock and affiliated company stock	
Unlisted stock*1	161,549
Available-for-sale securities	
Unlisted stock*1	46,293
Partnership investment, etc. *2	146,818

*1 Since there is no market price available for unlisted stocks, they are not subject to fair value disclosure based on Paragraph 5 of “Implementation Guidance on Disclosure about Fair Value of Financial Instruments” (ASBJ Guideline No. 19, March 31, 2020).

*2 Partnership investments, etc. are not subject to fair value disclosure based on Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement.”

(Notes to rental properties)

1. Situation of rental properties

The Group owns rental office buildings, rental housing, and other real estate as well as land and other real estate for redevelopment projects in Tokyo and other areas.

2. Fair values of rental properties

Amounts stated in the consolidated balance sheets, changes during the period, and the fair value at the end of the period are as below.

(Millions of yen)		
		Fiscal year ended March 31, 2025
Amounts in the consolidated balance sheets	Beginning balance	778,902
	Increase or decrease during the period	11,679
	Ending balance	790,582
Fair value at the end of the period		940,627

(Note 1) The carrying amount on the consolidated balance sheets represents the amount of acquisition cost less accumulated depreciation.

(Note 2) The fair value at the end of the period is the appraised value or surveyed value set by the outside real estate appraiser.

(Note 3) The fair value of the assets for redevelopment projects is not included in the above table because such asset is part of a large-scale complex development project, and it is very difficult to measure its fair value. The amount recorded on the consolidated balance sheets for these properties was 11,657 million yen as of March 31, 2025.

(Notes to revenue recognition)

1. Disaggregation of revenue from contracts with customers

	Reportable segments				Others	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total		
Revenue from contracts with customers	168,692	169,108	146,571	484,372	40,084	524,456
Commission received	166,874	102,163	146,571	415,609	879	416,489
Other operating revenue (external customers)	1,818	66,944	—	68,762	39,204	107,967

2. Basic information for understanding revenue from contracts with customers

The Group provides a wide range of services and recognizes its main sources of revenue as follows. Contracts including significant financing components are not included below.

Wealth Management Division and Global Markets & Investment Banking Division

The Wealth Management Division provides broad types of financial products and services mainly to individual and unlisted-corporate customers. The Global Markets & Investment Banking Division consists of Global Markets and Global Investment Banking. Global Markets sells and trades stocks, bonds, foreign exchange, and their derivatives mainly to domestic and global institutional investors, corporations, and financial and public-interest corporations. Global Investment Banking provides various investment banking services such as underwriting of securities and advisory of M&A, etc. at home and abroad.

In the Wealth Management Division and Global Markets & Investment Banking Division, mainly domestic and international securities subsidiaries of the Company recognize brokerage commission; commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors; fees for offering, secondary distribution, and solicitation for selling and others for professional investors; and other commission received as revenue from contracts with customers.

Brokerage commission. The Group has obligations to provide trade execution services, etc. based on the stipulations and provisions of the transactions agreements entered into with customers. As these performance obligations are satisfied when the Group executes an order, revenues are recognized at the point of execution (at a point in time). Regarding the typical payment term, payment is received within several days of the execution date, which is the date the performance obligations have been satisfied.

Commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors. The Group has obligations to provide underwriting and secondary distribution services, etc. based on contracts with securities issuing companies. As these performance obligations are satisfied when underwriting conditions for underwriting contracts have been determined and when requirements for the measurement of market risk by underwriters have been set, revenues are recognized when the relevant business is complete (at a point in time), such as the date the conditions are determined. Regarding the typical payment term, payment is received between the point when the performance obligations are satisfied and the payment date or delivery date to the issuing company, etc.

Fees for offering, secondary distribution, and solicitation for selling and others for professional investors. The Group has obligations to provide offering and secondary distribution services, etc. based on contracts with securities underwriting companies. As these performance obligations are satisfied when the application to the offerings, etc. is completed, revenues are recognized when the relevant business is complete (at a point in time), such as the date of the registration offering. Regarding the typical payment term, payment is received between the date of the registration offering, etc., when the performance obligations are satisfied, and the date of payment or delivery.

Other commission received includes commission received from a range of services, with the main sources of revenue coming from agency fees, M&A-related fees, and investment advisory and account management fees.

Agency fees. The Group has obligations to provide agency services for the handling of offering and sale, etc., based on mainly contracts entered into with investment trust companies. Transaction prices are calculated based on the net assets, etc., of the investment trust. Since these performance obligations are satisfied when the benefit is consumed by customers as the Group provides services on a daily basis, revenues are recognized over time. Regarding the typical payment term, in most cases, payment is received within several days of the fiscal year end of the investment trust, etc.

M&A-related fees. The Group has obligations to provide advisory services including proposals, advice, price calculations, and document preparation support. For transaction prices, there are cases where contingency fees are set in addition to fixed fees, and the amount of consideration may be variable. Regarding the amount of consideration when setting contingency fees, normally, as the amount is highly influenced by various factors beyond the control of the Group, and the Group cannot be certain that it is highly possible that a significant decline in revenue will not occur, only the fees that have been fixed by the end of the current fiscal year are recognized in the transaction price. For such fees, revenues are recognized upon completion of the service (at a point in time). Regarding the typical payment term, payment is received by the end of the month after the month in which the service is completed. In these contracts, when non-repayable prepaid payments for future services have been received, revenues are recognized when the Company provides the service.

Investment advisory and account management fees. The Group has obligations to provide asset management services based on discretionary investment contracts. Transaction prices are calculated based on the fair value of the contract asset balances, the net assets of funds, and excess performance, etc. Since these performance obligations are satisfied when the benefit is consumed by customers as the Group provides services on a daily basis, revenues are recognized over time. Regarding the typical payment term, payment is received between the reference date of fee calculation and the end of the following month.

Asset Management Division

Asset Management Division comprises businesses in securities asset management, real estate asset management, and alternative asset management.

The securities asset management sets up and manages investment trust fund for various assets, provides investment advisory and management services to domestic and global institutional investors.

In the securities asset management, mainly via Daiwa Asset Management Co. Ltd., commission received including management fees, etc. is mainly recognized as revenue from contracts with customers.

With regard to management fees, the Group has obligations to provide management services for assets under management based mainly on trust agreements. Management fees are recognized as a certain percentage of net

assets, and accordingly a fee is calculated and received. Since these performance obligations are satisfied when the benefit is consumed by customers as the Group provides services on a daily basis, revenues are recognized over time during the investment trust management period. Regarding the typical payment term, payment is received within several days of the balance sheet date of the investment trust, etc.

The real estate asset management operates investment corporations/funds that invest in real estate.

The alternative asset management invests in assets such as monetary claims, private equity, venture capital, real estate, renewable energy, and infrastructure, and also carries out business centered on maximizing investment returns from existing projects and creating new investment funds.

In the alternative asset management, investment partnership management fees are mainly recognized as revenue from contracts with customers.

With regard to investment partnership management fees, the Group has obligations to provide asset management services based on partnership contracts, which comprise mainly management fees and contingency fees. Since these performance obligations are satisfied when the benefit is consumed by customers as the Group provides services on a daily basis, revenues from management fees are recognized over time, and calculated every quarter based on the amount of partnership assets and the total commitment amount. Contingency fees are variable considerations recognized at a point in time. When it becomes highly possible that a significant decline in revenue will not occur, revenues are recognized through calculations based on the excess revenue generated when selling partnership assets.

Regarding the typical payment term, payment is received for management fees every quarter and for contingency fees when partnership assets are distributed.

Other

The Group's other businesses include system consulting and system integration services, mainly through the Daiwa Institute of Research Ltd. Revenue from contracts with customers is recognized mainly as other operating revenue.

For the sale of devices within our system development services, revenues are recognized at a point in time when the device is sold. In our system development services other than the sale of devices, performance obligations are satisfied when accomplishments are transferred to customers in conjunction with the provision of system integration and software development services, etc., and accordingly revenues are recognized over time. For information processing services, investigation services, and consulting services, performance obligations are satisfied when the benefit is consumed by customers as the Group provides services, and accordingly revenues are recognized over time.

3. Information on the amount of revenue for the current fiscal year and after the current fiscal year end date

(1) Balances of contract assets and contract liabilities

On the consolidated balance sheets, contract assets and liabilities are recorded under "Notes and accounts receivable - trade, and contract assets" and "Other current liabilities," respectively. There are no significant revenue amounts recognized from the performance obligations which were satisfied (or partially satisfied) in the previous fiscal years.

The breakdown of contract balances is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Contract assets	5,184	4,560
Contract liabilities	6,487	6,267
Receivables from contracts with customers	47,065	49,253

(2) Transaction price allocated to the remaining performance obligations

As of the end of the current fiscal year, the total transaction price allocated to the remaining performance obligations is 13,080 million yen. The Group expects to recognize the remaining performance obligations as revenue as per the schedule in the following table. The Group applies practical expedients in noting transaction prices allocated to the remaining performance obligations and does not note contracts with an initially expected contract period of one year or less.

(Millions of yen)

	Transaction price allocated to the remaining performance obligations
Not later than one year	3,083
Later than one year and not later than two years	2,516
Later than two years and not later than three years	2,125
Later than three years and not later than four years	2,055
Later than four years and not later than five years	653
More than five years	2,645
Total	13,080

(Notes to per share information)

Net assets per share	1,158.82 yen
Net income per share	109.53 yen

(Significant subsequent events)**(Purchase of treasury shares)**

The Company adopted the resolution at the Board of Directors meeting on April 28, 2025 regarding the share repurchase under the provisions of the Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

(1) Purpose of the share repurchase

Taking into account the current stock market environment, this is to enhance shareholder returns through the improvement of capital efficiency.

(2) Details of the share repurchase

(i) Type of shares	Common Stock
(ii) Total number of shares to be repurchased	Up to 50 million shares (3.53% of total shares outstanding, excluding treasury stock)
(iii) Total amount to be paid for repurchase	Up to 50 billion yen
(iv) Period of share repurchase	From May 16, 2025 to March 24, 2026 (The last 5 business days of each quarter and the 10 business days following an announcement of quarterly financial results will be excluded)
(v) Method of repurchase	Purchase on the stock market via trust bank

(Other notes)**1. Notes to impairment loss**

The Group recognized the impairment losses in the current fiscal year for the following asset group.

Location	Condition	Impairment losses (Millions of yen)
Japan	Business assets, etc.	2,409
	Other	12
Europe	Business assets, etc.	164
Asia/Oceania	Business assets, etc.	26
Americas	Business assets, etc.	1,225
Total		3,838

Assets are grouped in accordance with classifications used for internal management accounting.

As a result of decision-making of disposal and the significant decline in profitability, the book values of certain assets were reduced to recoverable amounts and the amounts of reduction were recorded as impairment losses under extraordinary loss.

The breakdown of the amount is buildings of 1,981 million yen, furniture and fixtures of 31 million yen, land of 1,275 million yen, leasehold right of 33 million yen, software of 410 million yen, and other intangible assets of 106 million yen.

The recoverable amount of assets whose disposal was decided was measured based on net sale price and evaluated based on appraisal value. The recoverable amount of assets whose profitability has declined significantly is measured based on the value in use, and the value in use is considered to be zero.

Non-Consolidated Financial Statements

Balance Sheets

(Millions of yen)

Account title	Fiscal 2024 (As of March 31, 2025)
<i>Assets</i>	
Current assets:	321,386
Cash and deposits	28,892
Short-term loans receivable	276,660
Accounts receivable - other	3,146
Accrued income	5,010
Other current assets	7,676
Non-current assets:	2,354,489
Property, plant and equipment:	90,123
Buildings	25,946
Machinery and equipment	2
Furniture and fixtures	2,499
Land	49,351
Construction in progress	12,322
Intangible assets:	5,804
Software	3,097
Other	2,706
Investments and other assets:	2,258,562
Investment securities	197,055
Shares of subsidiaries and associates	716,641
Investments in other securities of subsidiaries and associates	144,623
Long-term loans receivable	1,191,815
Long-term guarantee deposits	4,739
Other	5,587
Allowance for doubtful accounts	(1,900)
Total assets	2,675,876

(Millions of yen)

Account title	Fiscal 2024 (As of March 31, 2025)
<i>Liabilities</i>	
Current liabilities:	414,180
Short-term borrowings	200,000
Current portion of bonds payable	161,380
Accrued expenses	5,710
Borrowings secured by securities	39,638
Income taxes payable	729
Provision for bonuses	2,168
Other current liabilities	4,553
Non-current liabilities:	1,444,616
Bonds payable	740,000
Long-term borrowings	676,860
Deferred tax liabilities	18,642
Other	9,112
Total liabilities	1,858,796
<i>Net assets</i>	
Shareholders' equity:	762,485
Share capital	247,397
Capital surplus:	229,955
Legal capital surplus	226,751
Other capital surplus	3,203
Retained earnings:	398,231
Legal retained earnings	45,335
Other retained earnings:	352,896
Reserve for tax purpose reduction entry	1,860
Retained earnings brought forward	351,036
Treasury shares	(113,138)
Deposits for subscriptions of treasury shares	40
Valuation and translation adjustments:	48,248
Valuation difference on available-for-sale securities	51,564
Deferred gains or losses on hedges	(3,315)
Share acquisition rights	6,344
Total net assets	817,079
Total liabilities and net assets	2,675,876

Statements of Income

(Millions of yen)

Account title	Fiscal 2024 (April 1, 2024 – March 31, 2025)
Operating revenue:	111,013
Dividends from subsidiaries and associates	87,314
Interest on loans receivable from subsidiaries and associates	18,640
Other operating revenue	5,058
Operating expenses:	48,023
Selling, general and administrative expenses:	25,416
Trading-related expenses	3,970
Personnel expenses	8,951
Real estate expenses	1,934
Office expenses	3,986
Depreciation	1,845
Taxes and dues	2,132
Other	2,596
Financial expenses	20,391
Other operating expenses	2,215
Operating income	62,990
Non-operating income:	9,713
Dividend income	4,227
Gain on investments in investment partnerships	3,432
Other	2,054
Non-operating expenses:	878
Bond issuance costs	861
Other	17
Ordinary income	71,825
Extraordinary income:	3,049
Gain on sale of investment securities	2,800
Gain on reversal of share acquisition rights	248
Extraordinary losses:	1,470
Loss on sale of investment securities	4
Loss on valuation of non-current assets	199
Loss on valuation of investment securities	1,115
Business restructuring expenses	150
Income before income taxes	73,404
Income taxes - current	4,093
Income taxes - deferred	(82)
Profit	69,393

Statements of Changes in Net Assets

Fiscal 2024 (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus		Retained earnings			Treasury shares	Deposits for subscriptions of treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Legal retained earnings	Other retained earnings				
					Reserve for tax purpose reduction entry	Retained earnings brought forward			
Balance at the beginning of the period	247,397	226,751	2,187	45,335	1,860	356,163	(123,153)	83	756,626
Changes of items during the period									
Dividends of surplus	—	—	—	—	—	(74,521)	—	—	(74,521)
Profit	—	—	—	—	—	69,393	—	—	69,393
Purchase of treasury shares	—	—	—	—	—	—	(10)	—	(10)
Disposal of treasury shares	—	—	1,016	—	—	—	10,025	(43)	10,998
Other	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	1,016	—	—	(5,127)	10,014	(43)	5,859
Balance at the end of the period	247,397	226,751	3,203	45,335	1,860	351,036	(113,138)	40	762,485

(Millions of yen)

Item	Valuation and translation adjustments		Share acquisition rights
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	
Balance at the beginning of the period	52,643	(3,551)	6,956
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,079)	236	(611)
Total changes of items during the period	(1,079)	236	(611)
Balance at the end of the period	51,564	(3,315)	6,344

Notes to the Non-Consolidated Financial Statements

The Non-Consolidated Financial Statements of the Company are prepared in accordance with the Regulations on Corporate Accounting (Ministry of Justice Order No. 13, 2006).

The figures in the financial statements are expressed in millions of yen, with amounts of less than 1 million omitted.

(Notes to significant accounting policies)

1. Valuation standards and methods for major assets

(1) Trading securities

Valued at fair value (cost is determined based on the moving average method).

(2) Held-to-maturity debt securities

Held-to-maturity debt securities are recorded using the amortized cost method.

(3) Subsidiary stock and affiliated company stock

Valued at cost based on the moving average method.

(4) Available-for-sale securities

Available-for-sale securities are recorded at fair value, based on quoted market prices, etc. as of the end of the fiscal year (net unrealized gains (losses) are booked directly in net assets, and the costs of securities sold are generally calculated based on the moving average method). However, securities without market prices (such as unlisted stocks) and partnership investment, etc. are mainly recorded at cost using the moving average method.

Investments in investment limited partnerships, etc. are stated as “Investment securities” mainly at the investment shares of the net asset values of the partnerships based on the partnerships’ financial statements (shares of net unrealized profits and losses on securities held by the partnerships are directly posted into net assets).

(5) Derivatives

Valued at fair value.

2. Depreciation methods for depreciable assets

(1) Property, plant and equipment

The Company computes depreciation of property, plant and equipment based on the straight-line method.

The Company computes depreciation over estimated useful lives as stipulated in the Corporation Tax Act of Japan;

(2) Intangible assets, and investments and other assets

The Company computes amortization of intangible assets, investments, and other assets based on the straight-line method. The Company computes amortization over estimated useful lives as stipulated in the Corporation Tax Act of Japan; provided, however, that software for internal use is amortized using the straight-line method over internally estimated useful lives (five years).

3. Accounting policies for provisions

(1) Allowance for doubtful accounts

To prepare for losses arising from bad debts, we provide allowance based on estimated historical default rate for normal loans, and based on individually assessed amounts for claims with default possibility, bankruptcy reorganization claims, etc.

(2) Allowance for investment loss

To prepare for losses arising from the shares of subsidiaries, we provide allowance based on estimated losses in consideration of the actual situation of the investee company.

(3) Provision for bonuses

To prepare for payment of bonuses to officers and employees, we provide allowance based on the estimated payment amount corresponding to the fiscal year ended March 31, 2025 in accordance with the calculation standards of the Company.

4. Other significant items associated with the preparation of Non-Consolidated Financial Statements

(1) Accounting methods for deferred assets

Bond issuance costs are all accounted for as expenses when they are incurred.

(2) Accounting methods for hedging

Marked-to-market gains or losses on hedging instruments are principally deferred as net assets until the profits or losses on the hedged items are realized. Certain eligible interest swaps for hedging purposes are based on cost without being marked-to-market under generally accepted accounting principles in Japan (“Tokurei-shori”). Furthermore, the premium or discount on certain eligible foreign exchange forward for hedging purposes is allocated to each fiscal term without being marked-to-market under generally accepted accounting principles in Japan (“Furiate-shori”).

In order to avoid interest rate fluctuation risk and foreign exchange fluctuation risk associated with some of the borrowings and bonds issued, etc., the Company applies hedge accounting using derivatives instruments such as interest rate swaps currency swaps, and similar transactions.

The effectiveness of hedging is evaluated based upon the correlation between cumulative change in the fair value or cash flow of the hedging instrument and that of the hedged item. Hedges exempted from being marked-to-market under the two accounting treatments described in the first paragraph are judged to pass the effectiveness tests of hedging with their eligibility of applying those treatments.

(3) Application of Group Tax Sharing System

The Group Tax Sharing System has been adopted.

5. Notes on changes in accounting policies

Application of “Accounting Standard for Current Income Taxes,” etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27 revised on October 28, 2022, Accounting Standards Board of Japan (ASBJ); hereinafter the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the fiscal year ended March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of Paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28 revised on October 28, 2022, ASBJ). There is no impact for the non-consolidated financial statements for the previous fiscal year as a result of this change in accounting policies.

(Notes to balance sheets)

1. Securities transferred

Investment securities of 64,315 million yen were loaned.

2. Allowance for doubtful accounts deducted directly from assets

Investments and other assets, other 230 million yen

3. Accumulated depreciation of property, plant and equipment 4,910 million yen

4. Guarantee obligations

Name of the guaranteed	Liabilities guaranteed	Amount of liabilities
Related companies	Derivative liabilities	4,820 million yen
Good Time Living Co. Ltd.	Lump-sum payment for occupancy refundable debt	11,294
Total		16,115

5. Monetary claims and obligations with related companies

Short-term monetary claims	287,301	million yen
Long-term monetary claims	1,195,927	million yen
Short-term monetary liabilities	114,508	million yen
Long-term monetary liabilities	32,959	million yen

(Notes to statements of income)

Transactions with related companies

Operating transactions	124,982	million yen
Non-operating transactions	2,471	million yen

(Notes to statements of changes in net assets)

Class and balance of treasury shares as of March 31, 2025

Common stock	154,393,235 shares
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(Notes to tax effect accounting)

Breakdown of major factors for deferred tax assets and liabilities

Deferred tax assets

Loss on valuation of shares of subsidiaries and associates	13,246	million yen
Allowance for doubtful accounts	10,315	
Loss on valuation of investment securities	6,679	
Excess depreciation	3,554	
Net operating losses carry-forward	321	
Other	4,278	
<hr/>		
Subtotal of deferred tax assets	38,396	
Valuation allowance	(34,254)	
<hr/>		
Total deferred tax assets	4,142	

Deferred tax liabilities

Valuation difference on available-for-sale securities	21,232	million yen
Other	1,552	
<hr/>		
Total deferred tax liabilities	22,784	
<hr/>		
Net deferred tax liabilities	18,642	million yen

(Notes to transactions with related parties)

Subsidiaries and affiliates, etc.

(Millions of yen)

Type	Name of company	Ratio of voting rights	Relationship with related parties	Transaction detail	Amount	Account title	Ending balance
Subsidiaries	Daiwa Securities Co. Ltd.	Direct 100.0%	Lending funds	Lending funds (Note 1)	117,532	Long-term loans receivable	507,360
			Debt financing	Receipt of interest (Note 1)	10,214	Short-term loans receivable	232,380
			Receipt of cash collateral			Accrued income	779
			Lending shares	Payment of interest (Note 3)	207	Long-term borrowings	30,000
			Counter-party of derivative transactions	Receipt of cash collateral (Note 2)	40,498	Borrowings secured by securities	39,558
			Directors hold concurrent positions	Payment of interest (Note 2)	113	Accrued expenses	18
				Lending shares (Note 2)	64,236	Accrued income	0
				Receipt of premium charges (Note 2)	4		
				Derivative transactions (Notes 4, 5)	—	Other current assets (derivative assets)	—
						Investments and other assets Other (derivative assets)	—
						Other current liabilities (derivative liabilities)	1,121
						Other non-current liabilities (derivative liabilities)	2,197
						Accrued income	425
						Accrued expenses	382
Subsidiaries	Daiwa PI Partners Co. Ltd.	Indirect 100.0%	Lending funds	Lending funds (Note 1)	25,066	Long-term loans receivable	77,000
				Receipt of interest (Note 1)	1,144	Short-term loans receivable	2,800
Subsidiaries	Daiwa Investment Management Inc.	Direct 100.0%	Lending funds	Receipt of interest (Note 1)	966	Long-term loans receivable	59,900
			Directors hold concurrent positions				
Subsidiaries	Daiwa International Holdings Inc.	Direct 100.0%	Lending funds	Lending funds (Note 1)	18,525	Long-term loans receivable	308,965
			Directors hold concurrent positions				
Subsidiaries	Daiwa Energy & Infrastructure Co. Ltd.	Indirect 100.0%	Lending funds	Lending funds (Note 1)	34,555	Long-term loans receivable	114,997
			Directors hold concurrent positions	Receipt of interest (Note 1)	4,377	Accrued income	132
Subsidiaries	Daiwa Asset Management Co. Ltd.	Direct 80.0%	Debt financing	Debt financing (Note 3)	43,408	Short-term borrowings	70,000
			Directors hold concurrent positions	Payment of interest (Note 3)	89		

(Millions of yen)

Type	Name of company	Ratio of voting rights	Relationship with related parties	Transaction detail	Amount	Account title	Ending balance
Subsidiaries	Daiwa Securities Realty Co. Ltd.	Direct 100.0%	Lending funds	Lending funds (Note 1)	61,698	Long-term loans receivable	82,818
				Receipt of interest (Note 1)	1,145		
Subsidiaries	Fintertech Co. Ltd.	Direct 80.0%	Lending funds Directors hold concurrent positions	Lending funds (Note 1)	17,553	Long-term loans receivable	31,100
				Receipt of interest (Note 1)	524	Short-term loans receivable	13,800

Terms and conditions of transactions and the related policies for determining them

(Note 1) For the amount of loans, we use the average of month-end balances for short-term loans receivable and the loan amount for long-term loans receivable, respectively.

Interest rates on loans receivable are determined in consideration of market interest rates. No collateral is obtained.

(Note 2) For the amount, we use the fair value as of the end of the fiscal year ended March 31, 2025 for lending shares and the average of month-end balances of cash collateral.

The premium charges rate for lending shares and interest rates on cash collateral are determined based on the market rate.

(Note 3) For the amount of loans, we use the average of month-end balances for short-term borrowings and the borrowing amount for long-term borrowings, respectively.

Interest rates on borrowings are determined in consideration of market interest rates. No collateral is pledged.

(Note 4) We omit the description of the transaction amount because these are repeated transactions.

(Note 5) Terms and conditions of these transactions are determined in consideration of market rates.

(Notes to revenue recognition)

Notes are omitted because the revenue subject to the Accounting Standard for Revenue Recognition is immaterial.

(Notes to per share information)

Net assets per share	572.94	yen
Net income per share	49.24	yen

(Significant subsequent events)

(Purchase of treasury shares)

The Company adopted the resolution at the Board of Directors meeting on April 28, 2025 regarding the share repurchase under the provisions of the Articles of Incorporation pursuant to Article 459, Paragraph 1 of the Companies Act of Japan.

(1) Purpose of the share repurchase

Taking into account the current stock market environment, this is to enhance shareholder returns through the improvement of capital efficiency.

(2) Details of the share repurchase

(i) Type of shares	Common Stock
(ii) Total number of shares to be repurchased	Up to 50 million shares (3.53% of total shares outstanding, excluding treasury stock)
(iii) Total amount to be paid for repurchase	Up to 50 billion yen

(iv) Period of share repurchase	From May 16, 2025 to March 24, 2026 (The last 5 business days of each quarter and the 10 business days following an announcement of quarterly financial results will be excluded)
(v) Method of repurchase	Purchase on the stock market via trust bank

Independent Auditor's Report

May 13, 2025

To the Board of Directors of Daiwa Securities Group Inc.:

KPMG AZSA LLC
Tokyo Office, Japan

Kenji Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Yoshihiro Matsuda
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Koji Fukai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, a summary of significant accounting policies and other explanatory information, and the accompanying supplementary schedules ("the financial statements and the accompanying supplementary schedules") of Daiwa Securities Group Inc. ("the Company") as at March 31, 2025 and for the year from April 1, 2024 to March 31, 2025 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation, and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The audit committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation, and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance regarding whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The selection and application of audit procedures depends on the auditor's judgment.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate under the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure, and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interests in the Company that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.