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Daiwa Securities Group Inc.

Code number: 8601

Stock Exchange Listings: Tokyo, Nagoya

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

Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for analysts)



August 3, 2026

Financial Summary (Consolidated)

For the three months period ended June 30, 2026 <Under Japanese GAAP>

(Figures less than one million yen are rounded down)

1. Consolidated financial results (April 1, 2026 to June 30, 2026)

(1) Consolidated operating results

(Millions of yen, % of change from previous year)

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
FY 2026	434,364	33.1 %	220,399	42.0 %	77,512	114.3%	88,089	101.5%
FY 2025	326,400	(2.7) %	155,252	4.1 %	36,177	3.0%	43,716	15.8%

(Note) Comprehensive income:

FY 2026: 85,035 million yen , 156.6% ; FY 2025: 33,144 million yen , (45.5)%

	Profit attributable to owners of parent		Net income per share		Diluted net income per share	
FY 2026	56,414	80.6%	40.68	Yen	40.06	Yen
FY 2025	31,237	30.2%	22.20	Yen	21.94	Yen

(2) Consolidated financial conditions

(Millions of yen, except per share amounts and percentage)

	Total assets	Total net assets	Equity ratio	Net assets per share
As of Jun. 30, 2026	39,867,264	2,077,378	4.5 %	1,294.66 Yen
As of Mar. 31, 2026	38,077,646	2,045,809	4.6 %	1,272.72 Yen

(Reference) Stockholders' equity (Total net assets - Share acquisition rights - Non-controlling interests):

As of Jun. 30, 2026: 1,796,774 million yen ; As of Mar. 31, 2026: 1,763,569 million yen

2. Cash dividends

	Dividends per share (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY 2025	—	29.00	—	35.00	64.00
FY 2026 (actual)	—				
FY 2026 (expected)*		—	—	—	44.00

(Note) Modification from the most recently announced dividend forecast: None

* Daiwa Securities Group Inc. (hereinafter the "Company") will basically pay dividends semiannually (interim and year-end dividends) at a payout ratio of 50% or more based on consolidated financial performance. In addition to this, the Company has set a minimum dividend per share (full year) of 44 yen from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2027. For convenience, the minimum dividend for the full year is shown in the total column of FY 2026 (expected) in the above table. As indicated in 3. below, the Company does not forecast operating results and it does not present the actual amount of the full-year dividends for FY 2026 because those amounts are currently undetermined. Those amounts will be determined in line with the aforementioned policy, taking into consideration the consolidated operating results.

Representative: Akihiko Ogino, President and CEO

For inquiry: Kana Nakamura, Executive Director, Corporate Planning Dept. Investor Relations Office (Phone +81-3-5555-1111)

3. Earnings forecasts for the fiscal year ending March 31, 2027 (consolidated)

Daiwa Securities Group's (hereinafter the "Group") principal business is securities-related business, and the performance of the Group is significantly influenced by the economic and market environment in which it operates. Therefore, the Company does not disclose the forecasts of consolidated operating results, considering the difficulty to forecast the performance.

4. Other notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included companies: None

Excluded companies: None

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None

(3) Changes in accounting policies, estimates, and restatements:

(i) Changes in accounting policies due to the revision of accounting standards: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(4) Number of shares issued (common stock)

(i) Number of shares issued (including treasury shares):

As of Jun. 30, 2026 : 1,569,378,772 ; As of Mar. 31, 2026 : 1,569,378,772

(ii) Number of treasury shares:

As of Jun. 30, 2026 : 181,602,635 ; As of Mar. 31, 2026 : 183,731,624

(iii) Average number of shares issued and outstanding in each fiscal year:

As of Jun. 30, 2026 : 1,386,824,170 ; As of Jun. 30, 2025 : 1,407,108,448

Implementation status of audit procedure:

Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

Statement on the proper use of earnings forecasts and other information:

The quarterly financial summary attached to the Review Report will be disclosed after the completion of the review by certified public accountants or an audit firm.

The scheduled disclosure date is August 6, 2026.

(Accompanying materials)

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(Note) Presentation materials (PDF version) of the financial results briefing are available at our website.

URL: <https://www.daiwa-grp.jp/english/ir/presentation/index.html>

1. Overview of operating results, etc.

(1) Overview of operating results

(i) Status of overall business

For the three months ended June 30, 2026, operating revenue increased by 33.1% year on year to 434.3 billion yen, and net operating revenue increased by 42.0% to 220.3 billion yen.

Commission received increased by 42.9% to 143.4 billion yen. Brokerage commission increased by 65.3% to 34.9 billion yen due to an increase in stock trading. Commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors increased by 91.8% to 17.0 billion yen mainly due to large underwriting transactions.

Net trading income increased by 48.9% to 33.2 billion yen mainly due to an increase in equity revenue.

Net financial income increased by 23.9% to 24.5 billion yen mainly due to an increase in bond interest income.

Selling, general and administrative expenses increased by 20.0% to 142.8 billion yen. Trading related expenses increased by 22.9% to 28.8 billion yen mainly due to an increase in commission expenses, and personnel expenses increased by 23.1% to 71.6 billion yen mainly due to an increase in performance-linked bonuses.

As a result of the above, ordinary income increased by 101.5% to 88.0 billion yen.

After adding extraordinary income to this figure and deducting extraordinary losses, income taxes and profit attributable to non-controlling interests, profit attributable to owners of parent increased by 80.6% year on year to 56.4 billion yen.

(ii) Status by category described in segment information

The status of net operating revenue and ordinary income analyzed by segment is as follows.

Millions of yen

	Net operating revenue				Ordinary income (loss)			
	Three months ended June 30, 2025	Three months ended June 30, 2026	Year-on-year increase (decrease)	Composition ratio	Three months ended June 30, 2025	Three months ended June 30, 2026	Year-on-year increase (decrease)	Composition ratio
Wealth Management Division	62,905	88,230	40.3%	40.0%	19,734	37,274	88.9%	41.3%
Asset Management Division	28,213	40,928	45.1%	18.6%	14,772	30,362	105.5%	33.6%
Securities Asset Management	15,192	21,271	40.0%	9.7%	7,517	15,709	109.0%	17.4%
Real Estate Asset Management	9,665	13,327	37.9%	6.0%	6,935	9,837	41.8%	10.9%
Alternative Asset Management	3,355	6,329	88.6%	2.9%	318	4,815	15.1 times	5.3%
Global Markets & Investment Banking Division	49,827	76,512	53.6%	34.7%	5,001	22,710	354.0%	25.1%
Global Markets	32,554	53,854	65.4%	24.4%	2,639	18,198	589.5%	20.1%
Global Investment Banking	17,272	22,658	31.2%	10.3%	903	3,273	262.4%	3.6%
Others, adjustments, etc.	14,304	14,727	—	6.7%	4,207	(2,257)	—	—
Consolidated total	155,252	220,399	42.0%	100.0%	43,716	88,089	101.5%	100.0%

(Note) The composition ratio of ordinary income (loss) displays a percentage of the ordinary income of each segment in the consolidated total ordinary income of segments recording ordinary income in the three months ended June 30, 2026.

Wealth Management Division:

The main sources of earnings of the Wealth Management Division are commissions on products and services related to asset management for individual investors and unlisted companies in Japan, and profit margin that Daiwa Next Bank obtained from the management of procured funds raised through acceptance of deposits, etc. Factors that may have a major impact on operating results include changes in domestic and overseas financial markets and economic conditions that affect investment trends, as well as the development and underwriting status of products to address customer needs, and the type of sales strategies employed.

For the three months ended June 30, 2026, sales of a wide range of products expanded due to intensifying market investment activities and the deepening of total asset consulting. Wrap-related revenue remained at a high level, and contract AUM reached a record high of 6,765.0 billion yen.

The balance of deposits (including negotiable certificates of deposit) at Daiwa Next Bank as of June 30, 2026 increased by 4.8% from the end of the previous fiscal year to 5,308.5 billion yen, and the number of bank accounts increased by 3.9% to 2.37 million.

As a result, net operating revenue in the Wealth Management Division for the three months ended June 30, 2026 increased by 40.3% year on year to 88.2 billion yen, and ordinary income increased by 88.9% to 37.2 billion yen.

Asset Management Division:

Asset Management Division is comprised of Securities Asset Management, Real Estate Asset Management and Alternative Asset Management.

The main sources of earnings of Securities Asset Management are the management fees for structuring and managing investment trusts from the Company's consolidated subsidiary Daiwa Asset Management. In addition, the profit or loss of Sumitomo Mitsui DS Asset Management Company, Limited and Global X Management Company LLC, both equity method-affiliates, are recorded in ordinary income according to the Company's ownership ratio. Factors that may have a major impact on operating results include the fluctuation in customer demand for investment trust and investment advisory services caused by the market conditions, the investment performance of the fund relative to market conditions and the appeal of the products themselves such as the development of products with themes that capture the interest of customers.

Securities Asset Management had an increase in both revenue and profit. At Daiwa Asset Management, the balance of assets under management reached 50.4 trillion yen, with a net increase in funds and rise in the stock market contributing to the result. As a result, net operating revenue for the three months ended June 30, 2026 increased by 40.0% year on year to 21.2 billion yen, and ordinary income increased by 109.0% to 15.7 billion yen.

The main sources of earnings of Real Estate Asset Management are real estate investment income from the Company's consolidated subsidiaries Daiwa Real Estate Asset Management, Daiwa Securities Realty, Daiwa Office Investment Corporation, and Samty Residential Investment Corporation. In addition, the profit or loss of the Company's equity-method affiliates, Song Holdings G.K. (the parent company of Samty Holdings), Samty Asset Management, and Daiwa Securities Living Investment Corporation, are recorded in ordinary income according to the Company's ownership ratio. Factors that may have a major impact on operating results include trends in the domestic real estate sales market and rental supply and demand.

Real Estate Asset Management had an increase in both revenue and profit. The combined balance of assets under management of Daiwa Real Estate Asset Management and Samty Residential Investment Corporation increased by 0.7% from the end of the previous fiscal year to 1,810.6 billion yen. As a result, net operating revenue for the three months ended June 30, 2026 increased by 37.9% year on year to 13.3 billion yen, and ordinary income increased by 41.8% to 9.8 billion yen.

The main sources of earnings of Alternative Asset Management are gains on sale from initial public offering (IPO) and M&A transactions and capital gains from investment partnerships of the Company's consolidated subsidiaries Daiwa Corporate Investment, Daiwa PI Partners and Daiwa Energy & Infrastructure, and income gains including management fees and contingency fees received from funds based on contracts, dividends on stocks, and electricity sales income. Factors that may have a major impact on operating results include stock market and IPO market trends, changes in economic conditions that could affect values of invested companies, and liquidity of positions of held securities and investment assets.

Alternative Asset Management had an increase in profit. Daiwa Corporate Investment secured earnings from the gains on sale of investees, while contributing to investment in domestic and overseas growth companies and listing support. In addition, Daiwa PI Partners invested in monetary claims, real estate loans and equity, and loans to corporations in Japan and overseas in addition to proceeding with collection of existing projects, and Daiwa Energy & Infrastructure recorded income and capital gains while executing investments that contribute to the Sustainable Development Goals (SDGs). As a result ordinary income for the three months ended June 30, 2026 increased 15.1-fold year on year to 4.8 billion yen.

As a result, net operating revenue in the Asset Management Division for the three months ended June 30, 2026 increased by 45.1% year on year to 40.9 billion yen, and ordinary income increased by 105.5% to 30.3 billion yen.

Global Markets & Investment Banking Division:

Global Markets & Investment Banking Division is comprised of Global Markets, which conducts sales and trading of securities targeted at institutional investors, etc. and Global Investment Banking, which conducts underwriting of securities issued by business corporations and financial corporations, etc. and M&A advisory services.

The main sources of earnings of Global Markets are trading commissions from the buying and selling of marketable securities for institutional investors and trading income. Changing market trends with geopolitical risks and international economic conditions, etc. and the associated change in customer flows are factors that may have a major impact on operating results.

Global Markets had an increase in both revenue and profit. Equity revenue increased mainly due to an increase in customer flows on the back of a favorable market for equities. Fixed income revenue increased due to an increase in customer flows and successful position management. As a result, net operating revenue for the three months ended June 30, 2026 increased by 65.4% year on year to 53.8 billion yen, and ordinary income increased by 589.5% to 18.1 billion yen.

The main sources of earnings of Global Investment Banking are underwriting and secondary distribution commissions from underwriting business and M&A commissions from M&A advisory services. In addition to the domestic and overseas economic conditions that affect client companies' decisions on fundraising methods and M&A demand, whether or not the Group can capture corporate demand and secure projects is a factor that has a major impact on operating results.

Global Investment Banking had an increase in both revenue and profit. Underwriting and secondary distribution commissions increased due to acquiring multiple lead underwriter mandates in both equity and bond offerings. In the M&A business, many transactions were executed, leading to increased revenue. As a result, net operating revenue for the three months ended June 30, 2026 increased by 31.2% year on year to 22.6 billion yen, and ordinary income increased by 262.4% to 3.2 billion yen.

As a result, net operating revenue in the Global Markets & Investment Banking Division for the three months ended June 30, 2026 increased by 53.6% year on year to 76.5 billion yen, and ordinary income increased by 354.0% to 22.7 billion yen.

Others:

Other business includes the research and consulting business and system operations by Daiwa Institute of Research.

Daiwa Institute of Research contributed to the earnings of the Group by steadily advancing the development of the Group's systems as well as strengthening relationships with customers through high-value-added solution proposals, in addition to being involved in system development projects for large-scale customers.

For the three months ended June 30, 2026, net operating revenue related to others, adjustments, etc. was 14.7 billion yen (14.3 billion yen for the three months ended June 30, 2025), and ordinary loss was 2.2 billion yen (ordinary income of 4.2 billion yen for the three months ended June 30, 2025).

(2) Overview of financial position

<Assets>

Total assets as of June 30, 2026 increased by 1,789.6 billion yen (4.7%) from the end of the previous fiscal year to 39,867.2 billion yen. The breakdown shows that current assets increased by 1,740.5 billion yen (4.8%) to 37,960.1 billion yen, including an increase in cash and deposits of 1,086.5 billion yen (28.7%) to 4,876.7 billion yen, an increase in cash segregated as deposits of 331.4 billion yen (59.2%) to 891.5 billion yen, an increase in trading products of 1,206.7 billion yen (9.7%) to 13,598.4 billion yen, and a decrease in loans secured by securities of 804.9 billion yen (6.6%) to 11,347.7 billion yen. Non-current assets increased by 49.0 billion yen (2.6%) to 1,907.1 billion yen.

<Liabilities and net assets>

Total liabilities increased by 1,758.0 billion yen (4.9%) from the end of the previous fiscal year to 37,789.8 billion yen. The breakdown shows that current liabilities increased by 1,560.0 billion yen (4.7%) to 34,539.9 billion yen, including an increase in trading products of 639.3 billion yen (7.3%) to 9,400.0 billion yen, a decrease in borrowings secured by securities of 889.8 billion yen (6.4%) to 12,918.5 billion yen, an increase in deposits for the banking business of 249.4 billion yen (4.9%) to 5,291.4 billion yen, an increase in deposits received of 727.8 billion yen (110.3%) to 1,387.4 billion yen, and an increase in short-term borrowings of 577.6 billion yen (28.4%) to 2,611.5 billion yen. Non-current liabilities increased by 197.7 billion yen (6.5%) to 3,241.4 billion yen, including an increase in bonds payable of 54.8 billion yen (5.3%) to 1,085.8 billion yen, and an increase in long-term borrowings of 132.6 billion yen (7.2%) to 1,983.3 billion yen.

Total net assets increased by 31.5 billion yen (1.5%) to 2,077.3 billion yen. Total share capital and capital surplus was 513.9 billion yen. Retained earnings increased by 7.9 billion yen (0.7%) to 1,129.3 billion yen, mainly due to the recording of 56.4 billion yen in profit attributable to owners of parent as well as the payment of 48.4 billion yen in dividends. Deduction for treasury shares decreased by 1.7 billion yen (1.2%) to 147.8 billion yen, valuation difference on available-for-sale securities increased by 1.5 billion yen (2.0%) to 81.8 billion yen, foreign currency translation adjustment increased by 10.7 billion yen (6.3%) to 180.6 billion yen, and non-controlling interests decreased by 1.5 billion yen (0.6%) to 274.8 billion yen.

2. Quarterly consolidated financial statements and main notes

(1) Quarterly consolidated balance sheets

	Millions of yen	
	As of	
	March 31, 2026	June 30, 2026
Assets		
Current assets:		
Cash and deposits	3,790,154	4,876,722
Cash segregated as deposits	560,091	891,511
Notes and accounts receivable - trade, and contract assets	38,211	36,734
Securities	2,140,789	2,134,391
Trading products:	12,391,655	13,598,424
Trading securities and other	8,005,002	8,604,939
Derivatives	4,386,652	4,993,484
Private equity and other investments	123,170	118,737
Allowance for investment loss	(105)	(105)
Operating loans receivable	3,610,598	3,456,206
Work in process	861	1,181
Margin transaction assets:	308,051	293,204
Loans on margin transactions	171,384	207,393
Cash collateral pledged for securities borrowing on margin transactions	136,667	85,811
Loans secured by securities:	12,152,689	11,347,776
Cash collateral pledged for securities borrowed	9,899,110	10,253,628
Securities purchased under resale agreements	2,253,578	1,094,147
Advances paid	48,056	55,429
Short-term loans receivable	654	654
Accrued income	126,786	127,442
Other current assets	942,135	1,036,265
Allowance for doubtful accounts	(14,254)	(14,437)
Total current assets	36,219,548	37,960,139
Non-current assets:		
Property, plant and equipment	977,957	1,003,599
Intangible assets:	154,732	156,974
Goodwill	16,101	15,375
Other	138,631	141,598
Investments and other assets:	725,408	746,551
Investment securities	673,079	693,678
Long-term loans receivable	7,851	7,889
Long-term guarantee deposits	16,117	16,770
Deferred tax assets	7,370	6,248
Other	24,596	25,569
Allowance for doubtful accounts	(3,606)	(3,604)
Total non-current assets	1,858,097	1,907,125
Total assets	38,077,646	39,867,264

Millions of yen

<i>Liabilities</i>	As of	
	March 31, 2026	June 30, 2026
Current liabilities:		
Notes and accounts payable - trade	8,131	8,165
Trading products:	8,760,742	9,400,045
Trading securities and other	3,698,556	3,298,484
Derivatives	5,062,186	6,101,561
Trade date accrual	970,944	1,470,592
Margin transaction liabilities:	43,399	47,616
Borrowings on margin transactions	4,904	5,683
Cash received for securities lending on margin transactions	38,494	41,932
Borrowings secured by securities:	13,808,404	12,918,562
Cash collateral received for securities lent	9,379,709	9,972,695
Securities sold under repurchase agreements	4,428,695	2,945,866
Deposits for the banking business	5,042,025	5,291,451
Deposits received	659,605	1,387,413
Guarantee deposits received	495,268	536,678
Short-term borrowings	2,033,926	2,611,592
Commercial papers	396,500	234,900
Current portion of bonds payable	459,397	388,533
Income taxes payable	51,377	31,452
Provision for bonuses	56,580	27,362
Other current liabilities	193,597	185,565
Total current liabilities	32,979,901	34,539,932
Non-current liabilities:		
Bonds payable	1,031,024	1,085,887
Long-term borrowings	1,850,739	1,983,396
Deferred tax liabilities	60,399	66,672
Retirement benefit liability	43,978	44,284
Provision for loss on litigation	362	386
Other non-current liabilities	57,154	60,816
Total non-current liabilities	3,043,658	3,241,443
Reserves under special laws:		
Reserve for financial instruments transaction liabilities	8,276	8,510
Total reserves under special laws	8,276	8,510
Total liabilities	36,031,836	37,789,886

	Millions of yen	
	As of	
	March 31, 2026	June 30, 2026
Net assets		
Shareholders' equity:		
Share capital	247,397	247,397
Capital surplus	266,538	266,549
Retained earnings	1,121,416	1,129,333
Treasury shares	(149,544)	(147,809)
Deposits for subscriptions of treasury shares	27	80
Total shareholders' equity	1,485,835	1,495,551
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	80,264	81,843
Deferred gains or losses on hedges	27,211	38,452
Foreign currency translation adjustment	169,918	180,628
Remeasurements of defined benefit plans	340	298
Total accumulated other comprehensive income	277,734	301,223
Share acquisition rights	5,821	5,735
Non-controlling interests	276,419	274,868
Total net assets	2,045,809	2,077,378
Total liabilities and net assets	38,077,646	39,867,264

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

Quarterly consolidated statements of income

	Millions of yen	
	Three Months Ended	
	June 30, 2025	June 30, 2026
Operating revenue:		
Commission received:	100,398	143,423
Brokerage commission	21,153	34,975
Commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors	8,901	17,072
Fees for offering, secondary distribution, and solicitation for selling and others for professional investors	4,761	9,276
Other commission received	65,581	82,098
Net trading income	22,310	33,213
Net gain on private equity and other investments	1,797	4,107
Financial revenue	160,616	175,588
Other operating revenue	41,277	78,031
Total operating revenue	326,400	434,364
Financial expenses	140,821	151,059
Other operating expenses	30,326	62,905
Net operating revenue	155,252	220,399
Selling, general and administrative expenses:		
Trading related expenses	23,496	28,866
Personnel expenses	58,163	71,610
Real estate expenses	11,110	12,202
Office expenses	8,316	9,844
Depreciation	8,271	9,495
Taxes and dues	3,930	5,143
Provision of allowance for doubtful accounts	109	20
Other	5,674	5,703
Total selling, general and administrative expenses	119,074	142,887
Operating income	36,177	77,512
Non-operating income:		
Dividend income	1,028	1,243
Share of profit of entities accounted for using the equity method	6,235	6,427
Foreign exchange gains	—	89
Gain on investments in investment partnerships	2,066	810
Other	1,379	4,211
Total non-operating income	10,710	12,783
Non-operating expenses:		
Interest expenses	899	1,241
Foreign exchange losses	1,308	—
Bond issuance costs	191	95
Other	773	867
Total non-operating expenses	3,172	2,205
Ordinary income	43,716	88,089

	Millions of yen	
	Three Months Ended	
	June 30, 2025	June 30, 2026
Extraordinary income:		
Gain on sale of non-current assets	136	—
Gain on sale of investment securities	1,535	1,364
Gain on sale of shares of subsidiaries and associates	—	17
Gain on reversal of share acquisition rights	134	121
Total extraordinary income	1,806	1,503
Extraordinary losses:		
Loss on sale and retirement of non-current assets	34	3
Impairment losses	—	751
Loss on sale of investment securities	5	—
Loss on valuation of investment securities	26	136
Loss on change in equity	37	73
Provision of reserve for financial instruments transaction liabilities	3	234
Compensation losses	620	75
Total extraordinary losses	728	1,275
Income before income taxes	44,794	88,317
Income taxes - current	3,853	26,232
Income taxes - deferred	6,901	765
Total income taxes	10,754	26,998
Profit	34,039	61,319
Profit attributable to non-controlling interests	2,802	4,904
Profit attributable to owners of parent	31,237	56,414

Quarterly consolidated statements of comprehensive income

	Millions of yen	
	Three Months Ended	
	June 30, 2025	June 30, 2026
Profit	34,039	61,319
Other comprehensive income:		
Valuation difference on available-for-sale securities	10,877	(394)
Deferred gains or losses on hedges	(1,332)	10,944
Foreign currency translation adjustment	(6,420)	10,403
Share of other comprehensive income of entities accounted for using the equity method	(4,019)	2,761
Total other comprehensive income	(895)	23,715
Comprehensive income	33,144	85,035
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	30,225	79,903
Comprehensive income attributable to non-controlling interests	2,919	5,131

(3) Notes to quarterly consolidated financial statements

(Basis for preparation of quarterly consolidated financial statements)

The Company's quarterly consolidated financial statements are prepared in accordance with Article 4, paragraph 1 of the standard for preparation of the quarterly financial statements established by the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. and accounting principles generally accepted in Japan for interim consolidated financial reporting (provided, however, the company applies the practice of omitting the descriptions provided for in Article 4, paragraph 2 of the aforementioned standard for preparation of the quarterly financial statements).

(Segment information)

Segment information

Three months ended June 30, 2025

- 1 Information about net operating revenue and ordinary income (loss) by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segments				Others (Note1)	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total		
Revenue from contracts with customers	42,107	46,082	32,059	120,248	9,474	129,723
Commission received	41,461	26,463	32,059	99,984	414	100,398
Other operating revenue (external customers)	645	19,619	—	20,264	9,060	29,325
Net trading income and other	7,685	2,086	17,075	26,847	(65)	26,781
Lease revenue based on rental contracts	—	10,422	—	10,422	1,530	11,952
Others (Note2)	9,757	(25,011)	(9)	(15,263)	(6,476)	(21,740)
Net operating revenue						
Net operating revenue from external customers	59,550	33,579	49,125	142,255	4,462	146,717
Intersegment net operating revenue and transfers	3,355	(5,365)	702	(1,307)	6,270	4,962
Total	62,905	28,213	49,827	140,947	10,732	151,680
Segment income (Ordinary income)	19,734	14,772	5,001	39,508	1,271	40,779

(Notes) 1 “Others” are the business segments which are not included in the reportable segments, and include consolidation and management of subsidiaries, information service, back-office service, and real-estate rental, etc.

2 “Others” of Wealth Management Division, Asset Management Division, and Others include “Commission fees” which constitute part of “Net operating revenue.”

3 “Net operating revenue” mainly consists of “Operating revenue,” “Financial expenses,” “Other operating expenses,” and “Commission fees (Selling, general and administrative expenses).”

- 2 Difference between total amount of ordinary income (loss) of the reportable segments and the amount reported in the quarterly consolidated statements of income, and the major components thereof

(Millions of yen)

Ordinary income	Amount
Reportable segments total	39,508
Income from “Others”	1,271
Elimination between segments	6
Adjustments for unrealized gains or losses	(577)
Other adjustments	3,507
Ordinary income on the quarterly consolidated statements of income	43,716

- 3 Information about impairment losses on non-current assets, goodwill, etc. by reportable segment
Not applicable.

Three months ended June 30, 2026

- 1 Information about net operating revenue and ordinary income (loss) by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segments				Others (Note1)	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total		
Revenue from contracts with customers	68,569	82,497	47,556	198,623	10,384	209,008
Commission received	60,257	35,383	47,556	143,197	225	143,423
Other operating revenue (external customers)	8,311	47,113	—	55,425	10,159	65,584
Net trading income and other	9,834	4,325	28,211	42,371	89	42,460
Lease revenue based on rental contracts	—	11,115	—	11,115	1,360	12,475
Others (Note2)	4,029	(50,487)	(10)	(46,468)	(9,054)	(55,523)
Net operating revenue						
Net operating revenue from external customers	82,432	47,450	75,757	205,640	2,779	208,420
Intersegment net operating revenue and transfers	5,798	(6,522)	754	31	5,818	5,849
Total	88,230	40,928	76,512	205,671	8,598	214,270
Segment income (loss) (Ordinary income (loss))	37,274	30,362	22,710	90,347	(1,679)	88,668

(Notes) 1 “Others” are the business segments which are not included in the reportable segments, and include consolidation and management of subsidiaries, information service, back-office service, and real-estate rental, etc.

2 “Others” of Wealth Management Division, Asset Management Division, and Others include “Commission fees” which constitute part of “Net operating revenue.”

3 “Net operating revenue” mainly consists of “Operating revenue,” “Financial expenses,” “Other operating expenses,” and “Commission fees (Selling, general and administrative expenses).”

- 2 Difference between total amount of ordinary income (loss) of the reportable segments and the amount reported in the quarterly consolidated statements of income, and the major components thereof

(Millions of yen)

Ordinary income	Amount
Reportable segments total	90,347
Loss from “Others”	(1,679)
Adjustments for unrealized gains or losses	(986)
Other adjustments	408
Ordinary income on the quarterly consolidated statements of income	88,089

- 3 Information about impairment losses on non-current assets, goodwill, etc. by reportable segment
(Significant impairment losses on non-current assets)

We recorded impairment losses on non-current assets of 352 million yen in the Asset Management Division and 399 million yen in Others.

(Significant changes in amounts of shareholders' equity)

Not applicable.

(Going concern assumption)

Not applicable.

(Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2026 are not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2026 are as follows.

	Millions of yen	
	Three months ended June 30, 2025	Three months ended June 30, 2026
Depreciation	10,801	12,293
Amortization of goodwill	363	408

(Notes to significant subsequent events)

(Business combination by share acquisition)

The Company resolved that Daiwa Next Bank, Ltd. (hereinafter “Daiwa Next Bank”), a wholly-owned subsidiary of the Company, will acquire all issued shares of ORIX Bank Corporation (hereinafter “ORIX Bank”) and thereby make ORIX Bank a wholly-owned subsidiary of Daiwa Next Bank (hereinafter the “Share Acquisition” or the “Subsidiary Acquisition”). On April 27, 2026, Daiwa Next Bank entered into a share transfer agreement regarding the Share Acquisition (hereinafter the “Agreement”) with ORIX Corporation, the wholly owning parent company of ORIX Bank. The Share Acquisition was completed on August 3, 2026.

1. Overview of business combination

(1) Name and business description of the acquired company

Name of the acquired company : ORIX Bank Corporation

Business description : Banking business

(2) Major reasons for the business combination

The Group has continuously worked to expand stable earnings and enhance its business portfolio with the aim of establishing a robust earnings base that is less susceptible to changes in the external environment. Under its Medium-Term Management Plan, “Passion for the Best” 2026, the Group has set forth “maximizing customer asset value” as its basic management policy and has focused on stabilizing consolidated business performance by promoting high-quality consulting and the provision of optimal solutions based on a deep understanding of each customer’s needs.

As Japan’s economy steadily emerges from the long period of deflation and transitions to a “world with interest rates,” demand has risen to an unprecedented level for comprehensive consulting tailored to each customer’s life stage and financial position, including both assets and liabilities. Moreover, in order to respond accurately to these changing needs, the fundamental expansion and enhancement of banking functions, including lending and trust services, have become indispensable and are important management issues for the Group.

Since commencing operations in 2011 as a gateway bank to the securities business, Daiwa Next Bank has steadily expanded its earnings based on a low-cost operating structure and a market-based investment model. However, as indicated by its current account balance of approximately 2 trillion yen at the Bank of Japan, Daiwa Next Bank has not been able to efficiently deploy deposits entrusted by customers, and the diversification and sophistication of its fund management methods have become urgent issues. In addition, although demand has been increasing at Daiwa Securities Co. Ltd. for lending and trust-related services, particularly for securities-backed loans, real estate-backed loans, and inheritance-related services, the current functions of Daiwa Next Bank are insufficient to meet these needs.

Meanwhile, ORIX Bank has steadily expanded its earnings base through its core businesses of real estate-related lending and trust-related services. However, in order to achieve further growth, it is important to strengthen and further promote the stability of the funding base by acquiring highly sticky deposits.

In light of this business environment and these management issues, and after repeated discussions between the Group and the ORIX Group, the parties concluded that integrating Daiwa Next Bank and ORIX Bank—each of which possesses different strengths and management resources—would make it possible to further enhance their ability to provide solutions to customers’ issues relating to both assets and liabilities, while significantly increasing the corporate value of the two banks. Accordingly, Daiwa Next Bank has decided to acquire ORIX Bank as its subsidiary.

Through the Subsidiary Acquisition, the Group will organically combine ORIX Bank’s cultivated strengths in lending and trust functions, as well as its highly specialized personnel with the Group’s strong customer base and sales platform, which underpin its deposit-gathering capabilities. In doing so, the Group aims to deepen its consulting capabilities with respect to customers’ financial positions, including both assets and liabilities, while also establishing a sustainable growth model based on a virtuous cycle of deposit growth and loan growth. Furthermore, in the future, the Group will pursue maximum synergies through functional integration by way of a merger of the two banks. Through these initiatives, the Group aims to achieve sustained expansion of stable earnings and improve its consolidated business performance.

- | | |
|---|---|
| (3) Date of business combination | August 3, 2026 |
| (4) Legal format of business combination | Share acquisition with cash consideration |
| (5) Company name after business combination | No changes |
| (6) Ratio of voting rights acquired | 100% |
| (7) Primary grounds for determining the acquiring company | |

Daiwa Next Bank, a wholly owned subsidiary of the Company, acquired the shares for cash as consideration.

2. Acquisition cost of acquired company and type of consideration

Type of consideration	Cash	370.0 billion yen*
Acquisition cost		370.0 billion yen*

*The final acquisition price will be determined after price adjustments and other procedures set forth in the share transfer agreement.

3. Details and amount of acquisition related expenses

Not yet determined.

4. Amount of goodwill, reason for recognition, and method and period of amortization

Not yet determined.

5. Amount of assets accepted and liabilities assumed at the business combination date and the breakdown of major items

Not yet determined.

3. Supplementary information

(1) Quarterly transition of consolidated statements of income

Millions of yen

	Three Months Ended				
	June 30, 2025	September 30, 2025	December 31, 2025	March 31, 2026	June 30, 2026
Operating revenue:					
Commission received:	100,398	118,300	128,579	131,203	143,423
Brokerage commission	21,153	26,968	29,578	31,983	34,975
Commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors	8,901	10,831	11,047	9,158	17,072
Fees for offering, secondary distribution, and solicitation for selling and others for professional investors	4,761	6,275	7,741	7,731	9,276
Other commission received	65,581	74,224	80,211	82,330	82,098
Net trading income	22,310	23,375	28,249	31,919	33,213
Net gain on private equity and other investments	1,797	(1,164)	3,921	(2,915)	4,107
Financial revenue	160,616	175,175	177,115	177,564	175,588
Other operating revenue	41,277	59,662	35,996	54,597	78,031
Total operating revenue	326,400	375,349	373,862	392,369	434,364
Financial expenses	140,821	155,261	152,824	148,959	151,059
Other operating expenses	30,326	47,459	26,392	45,510	62,905
Net operating revenue	155,252	172,628	194,646	197,899	220,399
Selling, general and administrative expenses:					
Trading related expenses	23,496	24,798	25,926	25,944	28,866
Personnel expenses	58,163	60,606	67,751	69,675	71,610
Real estate expenses	11,110	11,320	11,893	12,921	12,202
Office expenses	8,316	8,101	8,822	9,807	9,844
Depreciation	8,271	8,292	8,645	8,770	9,495
Taxes and dues	3,930	4,232	4,058	4,456	5,143
Provision of allowance for doubtful accounts	109	30	(11)	52	20
Other	5,674	5,402	5,797	6,722	5,703
Total selling, general and administrative expenses	119,074	122,785	132,882	138,351	142,887
Operating income	36,177	49,842	61,764	59,548	77,512
Non-operating income	10,710	6,846	9,528	10,625	12,783
Non-operating expenses	3,172	2,497	1,733	3,130	2,205
Ordinary income	43,716	54,192	69,559	67,042	88,089
Extraordinary income	1,806	23,250	451	9,963	1,503
Extraordinary losses	728	1,811	249	3,265	1,275
Income before income taxes	44,794	75,631	69,760	73,741	88,317
Income taxes - current	3,853	27,163	17,448	26,735	26,232
Income taxes - deferred	6,901	(3,958)	1,514	(5,963)	765
Total income taxes	10,754	23,205	18,963	20,771	26,998
Profit	34,039	52,426	50,797	52,969	61,319
Profit attributable to non-controlling interests	2,802	4,699	4,334	3,114	4,904
Profit attributable to owners of parent	31,237	47,726	46,462	49,854	56,414