

# Annual Securities Report

(Pursuant to Article 24, Paragraph (1) of the Financial Instruments and Exchange Act)

88th term  
(April 1, 2024 - March 31, 2025)

**Daiwa Securities Group Inc.**

(E03753)

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88th term (April 1, 2024 - March 31, 2025)

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# Annual Securities Report

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The Audit Report attached to the Annual Securities Report and the Internal Control Report and Written Confirmation are included at the end of this report.

**Daiwa Securities Group Inc.**

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Independent Auditor's Report on the Financial Statements and Internal Control Over Financial Reporting

Internal Control Report

Written Confirmation

## Cover page

Document title	Annual Securities Report
Clause of stipulation	Article 24, Paragraph (1) of the Financial Instruments and Exchange Act of Japan
Place of filing	Director-General of Kanto Local Finance Bureau
Filing date	June 18, 2025
Fiscal year	88th term (April 1, 2024 - March 31, 2025)
Company name	Daiwa Securities Group Inc. (Kabushiki Kaisha Daiwa Shoken Group Honsha)
Company name in English	Daiwa Securities Group Inc.
Title and name of representative	Akihiko Ogino, President and CEO
Address of registered headquarters	9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo
Telephone number	+81-3-5555-1111
Name of contact person	Kotaro Yoshida, Executive Managing Director
Nearest place of contact	9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo
Telephone number	+81-3-5555-1111
Name of contact person	Kotaro Yoshida, Executive Managing Director
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-Chome, Naka-ku, Nagoya)

## Part 1 Company Information

### Item 1. Overview of the Company

#### 1 Summary of business results

##### (1) Business results of the Group

Term		84th	85th	86th	87th	88th
Fiscal year-end		March 2021	March 2022	March 2023	March 2024	March 2025
Operating revenue	(Millions of yen)	576,172	619,471	866,090	1,277,482	1,372,014
Net operating revenue	(Millions of yen)	466,660	502,093	464,226	590,910	645,990
Ordinary income	(Millions of yen)	115,175	135,821	86,930	174,587	224,716
Profit attributable to owners of parent	(Millions of yen)	108,396	94,891	63,875	121,557	154,368
Comprehensive income	(Millions of yen)	153,471	140,781	103,094	219,108	159,471
Net assets	(Millions of yen)	1,591,841	1,639,888	1,675,489	1,788,658	1,923,287
Total assets	(Millions of yen)	26,099,330	27,531,089	26,413,248	32,027,299	36,024,346
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
Diluted net income per share	(Yen)	70.90	62.72	43.31	83.86	107.64
Equity ratio	(%)	5.1	5.0	5.3	4.8	4.6
Return on equity	(%)	8.5	7.0	4.6	8.3	9.8
Price-earnings ratio	(Times)	8.0	11.0	14.3	13.6	9.1
Net cash provided by (used in) operating activities	(Millions of yen)	390,979	(353,467)	(183,745)	705,124	(454,066)
Net cash provided by (used in) investing activities	(Millions of yen)	(91,641)	(218,534)	7,457	(223,986)	(353,443)
Net cash provided by (used in) financing activities	(Millions of yen)	438,067	377,090	(565,878)	(2,847)	199,019
Cash and cash equivalents at the end of the period	(Millions of yen)	4,723,526	4,554,375	3,835,559	4,351,951	3,739,698
Number of employees	(Persons)	15,096	14,889	14,731	14,600	14,783

(Notes) 1 The number of employees reflects the number of people who actually work at Daiwa Securities Group Inc. (hereinafter the “Company”) and its consolidated subsidiaries. Employees who serve concurrently at more than one company within the Group are counted as employees of only one of the companies to which they belong.

2 The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 revised on March 31, 2020) from the beginning of the 85th term, and the main business results for the 85th term and beyond are shown after the application of this accounting standard.

3 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”), etc. from the beginning of the fiscal year ended March 31, 2025, and the main business results for the previous fiscal year are shown after retrospectively applying this accounting standard. For the Revised Accounting Standard of 2022, the transitional treatment in the proviso of Paragraph 20-3 has been applied, and for the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28 revised on October 28, 2022), the transitional treatment in the proviso of Paragraph 65-2 (2) has been applied. As a result, the main business results for the fiscal year under review are shown after the application of this accounting standard.

## (2) Business results of the reporting company

Term	84th	85th	86th	87th	88th
Fiscal year-end	March 2021	March 2022	March 2023	March 2024	March 2025
Operating revenue (Millions of yen)	46,365	77,659	48,318	73,361	111,013
Ordinary income (Millions of yen)	23,855	52,484	28,177	43,998	71,825
Profit (Millions of yen)	20,765	58,035	32,160	42,236	69,393
Capital stock (Millions of yen)	247,397	247,397	247,397	247,397	247,397
Total number of shares issued (Thousands of shares)	1,699,378	1,699,378	1,569,378	1,569,378	1,569,378
Net assets (Millions of yen)	906,995	872,497	845,760	812,674	817,079
Total assets (Millions of yen)	2,491,844	2,449,944	2,317,696	2,514,129	2,675,876
Net assets per share (Yen)	589.19	582.05	576.03	574.91	572.94
Dividend per share (Yen)	36.00	33.00	23.00	44.00	56.00
[interim dividend per share]	[11.00]	[17.00]	[11.00]	[19.00]	[28.00]
Net income per share (Yen)	13.64	38.57	21.92	29.51	49.24
Diluted net income per share (Yen)	13.58	38.36	21.81	29.14	48.39
Equity ratio (%)	36.0	35.2	36.1	32.0	30.3
Return on equity (%)	2.3	6.6	3.8	5.1	8.6
Price-earnings ratio (Times)	41.9	18.0	28.3	39.0	20.2
Dividend payout ratio (%)	263.9	85.6	104.9	149.1	113.7
Number of employees (Persons)	575	569	606	588	616
Total shareholder return (%)	145.1	181.7	170.1	307.0	282.9
[Comparative indicator: Dividend-included TOPIX] (%)	[142.1]	[145.0]	[153.4]	[216.8]	[213.4]
Highest stock price (Yen)	600.8	745.0	702.7	1,215.0	1,353.5
Lowest stock price (Yen)	392.7	540.0	554.3	605.0	848.6

- (Notes) 1 The number of employees reflects the number of people who actually work at the Company including those who work concurrently for the Company and Daiwa Securities Co. Ltd. to better reflect the actual number of workers. 616 employees worked for both the Company and Daiwa Securities Co. Ltd. for the 88th term.
- 2 The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 revised on March 31, 2020) from the beginning of the 85th term, and the main business results for the 85th term and beyond are shown after the application of this accounting standard.
- 3 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”), etc. have been applied from the beginning of the fiscal year ended March 31, 2025, and the main business results for the previous fiscal year are shown after retrospectively applying this accounting standard. Furthermore, the transitional treatment in the proviso of Paragraph 20-3 to the Revised Accounting Standard of 2022 has been applied. As a result, the main business results for the current fiscal year are shown after the application of this accounting standard.
- 4 The highest stock price and lowest stock price are for the Tokyo Stock Exchange Prime Market from the 86th term and for the Tokyo Stock Exchange First Section for prior terms.

## 2 Corporate history

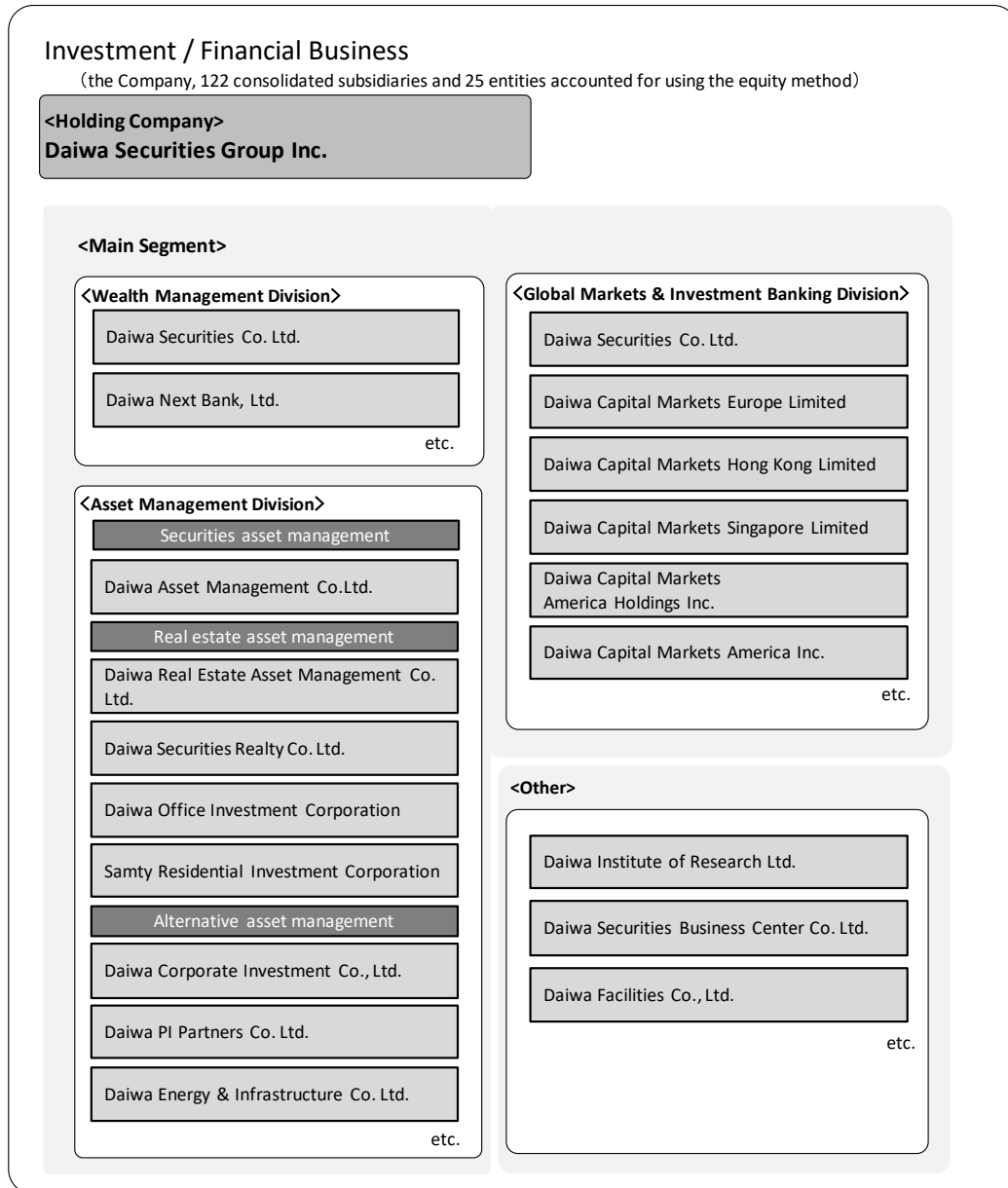
Date	Event
December 27, 1943	Established Daiwa Securities Co. Ltd. through the merger of Fujimoto Securities Co. Ltd. and Nippon Trust Bank.
October 1948	Registered as securities firm based on the Securities and Exchange Law
April 1949	Became a member of the Tokyo Stock Exchange
June 1959	Established representative office in New York
December 1959	Established Daiwa Asset Management Co. Ltd.
October 1961	Listed on the Second Section of the Tokyo, Osaka, and Nagoya Stock Exchanges
April 1964	Established representative office in London
December 1964	Established Daiwa Securities America Inc. in New York (currently Daiwa Capital Markets America Inc.)
April 1968	Granted license from the Minister of Finance to operate as an integrated securities firm based on the revised Securities and Exchange Law
February 1970	Listed on the First Section of the Tokyo, Osaka, and Nagoya Exchanges
December 1970	Established Daiwa Securities International (H.K.) Limited in Hong Kong (currently Daiwa Capital Markets Hong Kong Limited)
June 1972	Established DBS-Daiwa Securities International Ltd in Singapore (currently Daiwa Capital Markets Singapore Limited)
August 1975	Established Daiwa Computer Services Co., Ltd. (Daiwa Institute of Research Holdings Ltd.)
March 1981	Established Daiwa Europe Ltd. in London (currently Daiwa Capital Markets Europe Limited)
May 1982	Established Daiwa Securities Economic Research Institute (Daiwa Institute of Research Holdings Ltd.)
August 1982	Established Japan Investment Finance Co., Ltd. (Daiwa Capital Holdings Co., Ltd.)
August 1983	Established Daiwa System Services Co., Ltd. (Daiwa Institute of Research Holdings Ltd.)
October 1983	Established Daiwa Finance Co, Ltd. (Daiwa Capital Holdings Co., Ltd.)
August 1989	Daiwa Computer Services Co., Ltd., Daiwa Securities Economic Research Institute, and Daiwa System Services Co., Ltd. merged to launch Daiwa Institute of Research Ltd. (Daiwa Institute of Research Holdings Ltd.)
March 1990	Established Daiwa America Corporation in New York (currently Daiwa Capital Markets America Holdings Inc.)
January 1999	Established Daiwa Global Securities Co., Ltd. in Taipei (currently Daiwa-Cathay Capital Markets Co., Ltd.)
April 1999	Wholesale securities operations were transferred to Daiwa Securities SB Capital Markets Co., Ltd., which then began operations.  Retail securities operations were transferred to the new Daiwa Securities Co. Ltd, which then began operations. The former Daiwa Securities Co. Ltd. then became a holding company to control and manage Group companies and changed its corporate name to Daiwa Securities Group Inc.
April 2000	Daiwa Finance Co, Ltd. merged with Japan Investment Finance Co., Ltd., and the new company changed its corporate name to NIF Ventures Co., Ltd. (Daiwa Capital Holdings Co., Ltd.)
April 2001	Daiwa Securities SB Capital Markets Co., Ltd. acquired the entire business of Sakura Securities, and its corporate name was changed to Daiwa Securities SMBC Co. Ltd.
October 2001	Daiwa Securities SMBC Principal Investments Co. Ltd. was established as a wholly owned subsidiary of Daiwa Securities SMBC Co. Ltd. (currently Daiwa PI Partners Co. Ltd.)
March 2002	NIF Ventures Co., Ltd. (Daiwa Capital Holdings Co., Ltd.) listed its shares on the JASDAQ Securities Exchange.
October 2005	NIF Ventures Co., Ltd. merged with Daiwa SMBC Capital Co., Ltd. and changed its corporate name to NIF SMBC Ventures Co., Ltd. (Daiwa Capital Holdings Co., Ltd.)
October 2008	The former Daiwa Institute of Research Ltd. conducted an organizational restructuring through a company split, making it the holding company for the new Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. as subsidiaries and changing its corporate name to Daiwa Institute of Research Holdings Ltd.  NIF SMBC Ventures Co., Ltd. changed its corporate name to Daiwa SMBC Capital Co., Ltd. (Daiwa Capital Holdings Co., Ltd.)
July 2009	Acquired all the shares in K.K. daVinci Select (currently Daiwa Real Estate Management Co. Ltd.) to join the real estate asset management business.
September 2009	Daiwa SMBC Capital Co., Ltd. (Daiwa Capital Holdings Co., Ltd.) ended the listing of its shares on the JASDAQ Securities Exchange.
January 2010	With the decision by Sumitomo Mitsui Financial Group, Inc. and Sumitomo Mitsui Banking Corporation to dissolve their merger in the wholesale securities business, Daiwa Securities SMBC Co. Ltd. changed its corporate name to Daiwa Securities Capital Markets Co., Ltd.
February 2010	Daiwa Securities SMBC Principal Investments Co. Ltd. changed its corporate name to Daiwa PI Partners Co. Ltd.
July 2010	Daiwa SMBC Capital Co., Ltd. changed its corporate name to Daiwa Corporate Investment Co., Ltd. (Daiwa Capital Holdings Co., Ltd.)

Date	Event
May 2011	Daiwa Next Bank, Ltd. launched customer-facing services.
January 2012	Daiwa Capital Markets Europe Limited, Daiwa Capital Markets Asia Holdings B.V., and Daiwa Capital Markets America Holdings Inc. were transferred to under the umbrella of Daiwa Securities Group Inc.'s subsidiary Daiwa International Holdings Ltd.
April 2012	Daiwa Securities Co. Ltd. merged with Daiwa Securities Capital Markets Co. Ltd. in an absorption-type merger
December 2015	Additional shares of Mi-Casa Asset Management Inc. were acquired, making it a subsidiary.
September 2017	All shares of Sagent Holdings, Inc. were acquired, making it a subsidiary.
October 2017	All shares of Signal Hill Holdings LLC were acquired, making it a subsidiary.
February 2018	KDDI Asset Management Co., Ltd (currently au Asset Management Corporation), a joint venture with KDDI Corporation, was launched.
March 2018	Sagent Holdings, Inc. merged with Signal Hill Holdings LLC and changed its corporate name to DCS Advisory Holdings, Inc. (currently Daiwa Corporate Advisory Holdings Inc.)
April 2018	Established Fintertech Co. Ltd.
July 2018	Established Daiwa Energy & Infrastructure Co. Ltd.
October 2018	Mi-Casa Asset Management Inc. merged with Daiwa Real Estate Asset Management Co. Ltd.
April 2019	Established CONNECT Co. Ltd.
September 2019	Additional shares of Samty Residential Investment Corporation were acquired, making it a subsidiary.
April 2020	Daiwa Asset Management Co. Ltd. changed its corporate name (The English name remained unchanged).
October 2020	Daiwa Properties Co., Ltd. and Daiwa Office Services Co., Ltd. transferred all businesses to Daiwa Facilities Co., Ltd., and Daiwa Securities Co. Ltd. merged both companies.
March 2021	Daiwa Office Investment Corporation was made a subsidiary through the acquisition of its treasury investment units.
April 2021	An absorption-type merger was conducted, in which Daiwa Institute of Research Holdings Ltd. was the surviving company and Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. were the absorbed companies, and the corporate name was changed to Daiwa Institute of Research Ltd. Established Daiwa Securities Realty Co. Ltd.
May 2023	CONNECT Co. Ltd. changed its corporate name to Daiwa Connect Securities Co., Ltd.
May 2024	Entered into a capital and business alliance agreement with Aozora Bank, Ltd. and turned it into an equity-method affiliate. Entered into a capital and business alliance agreement in the asset management sector with JAPAN POST INSURANCE Co., Ltd. and received an injection of capital into Daiwa Asset Management Co. Ltd.
January 2025	The joint venture with Airborne Capital Limited, Daiwa Airborne Co., Ltd., was launched.

### 3 Description of business

The primary business of the Company and its subsidiaries and associates (122 consolidated subsidiaries and 25 entities accounted for using the equity method) is the investment/financial business, with securities-related business at its core. Specifically, they are 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, and banking business and other financial business. The Company and its subsidiaries and associates have business locations in major financial markets starting with Japan and including Europe, Asia, and the Americas. Through our globally expanding network, we provide a wide range of services to meet both the fundraising and asset management needs of our customers throughout the world.

The Company is a specified Listed Company, etc. Because the Company is considered a specified Listed Company, etc., minimal standard criteria for material facts in insider trading regulations are determined based on figures on a consolidated basis.



(Note) The Group has formulated its Medium-term Management Plan with the initial fiscal year of FY2024 (fiscal year ended March 31, 2025) in order to align with the business model it aims to achieve under this plan, and has changed the classification method of the reportable segments effective from the fiscal year ended March 31, 2025. The segment classifications were changed from the former four business categories of the “Retail Division,” “Wholesale Division,” “Asset Management Division,” and “Investment Division” to the three business categories of the “Wealth Management Division,” “Asset Management Division,” and “Global Markets & Investment Banking Division.”

#### 4 Status of subsidiaries and associates

Company Name	Address	Capital (Millions of yen)	Main business	Ratio of voting rights (%)	Relationship
(Consolidated subsidiaries)					
Daiwa Securities Co. Ltd. (Note) 2, 5	Chiyoda-ku, Tokyo	100,000	Securities-related business Investment advisory and agency business	100.0	Lending and borrowing of cash Lending and borrowing of securities Directors hold concurrent positions, etc.: Yes
Daiwa Asset Management Co. Ltd. (Note) 2	Chiyoda-ku, Tokyo	41,424	Investment management business Investment advisory and agency business	80.0	Directors hold concurrent positions, etc.: Yes
Daiwa Institute of Research Ltd.	Koto-ku, Tokyo	3,898	Information service	100.0	Outsourcing Directors hold concurrent positions, etc.: Yes
Daiwa Securities Business Center Co. Ltd.	Koto-ku, Tokyo	100	Back office operation	100.0	Back office operation Directors hold concurrent positions, etc.: None
Daiwa Facilities Co., Ltd.	Chuo-ku, Tokyo	100	Lending and borrowing of real estate	100.0	Lending and borrowing of real estate and cash Directors hold concurrent positions, etc.: None
Daiwa Next Bank, Ltd. (Note) 2	Chiyoda-ku, Tokyo	50,000	Banking business	100.0	Directors hold concurrent positions, etc.: Yes
Daiwa Corporate Investment Co., Ltd.	Chiyoda-ku, Tokyo	100	Investment business	100.0 (100.0)	Directors hold concurrent positions, etc.: Yes
Daiwa PI Partners Co. Ltd.	Chiyoda-ku, Tokyo	12,000	Investment business	100.0 (100.0)	Lending and borrowing of cash Directors hold concurrent positions, etc.: None
Daiwa Energy & Infrastructure Co. Ltd.	Chiyoda-ku, Tokyo	500	Investment business	100.0 (100.0)	Directors hold concurrent positions, etc.: Yes
Daiwa Real Estate Asset Management Co. Ltd.	Chuo-ku, Tokyo	200	Investment management business Investment advisory and agency business	100.0	Directors hold concurrent positions, etc.: None
Daiwa Securities Realty Co. Ltd.	Chuo-ku, Tokyo	500	Real estate related business	100.0	Directors hold concurrent positions, etc.: None
Daiwa Office Investment Corporation (Note) 2, 3	Chuo-ku, Tokyo	235,094	Investment in specified assets	41.5 (27.2)	Directors hold concurrent positions, etc.: None
Samty Residential Investment Corporation (Note) 2, 3	Chiyoda-ku, Tokyo	82,654	Investment in specified assets	40.2 [14.3]	Directors hold concurrent positions, etc.: None

Company Name	Address	Capital (Millions of yen)	Main business	Ratio of voting rights (%)	Relationship
Daiwa Capital Markets Europe Limited (Note) 2	London, U.K.	GBP732 million	Securities-related business	100.0 (100.0)	Directors hold concurrent positions, etc.: None
Daiwa Capital Markets Hong Kong Limited (Note) 2	Hong Kong, China	HKD100 million USD276 million	Securities-related business	100.0 (100.0)	Directors hold concurrent positions, etc.: None
Daiwa Capital Markets Singapore Limited	Singapore, Singapore	SGD140 million	Securities-related business	100.0 (100.0)	Directors hold concurrent positions, etc.: None
Daiwa Capital Markets America Holdings Inc. (Note) 2	New York, U.S.A.	USD621 million	Integration and management of subsidiaries	100.0 (100.0)	Directors hold concurrent positions, etc.: None
Daiwa Capital Markets America Inc. (Note) 5	New York, U.S.A.	USD100 million	Securities-related business	100.0 (100.0)	Directors hold concurrent positions, etc.: None
Other 104 companies (Note) 4					
(Entities applying the equity method)					
Aozora Bank, Ltd. (Note) 3	Chiyoda-ku, Tokyo	125,966	Banking business	23.9	Directors hold concurrent positions, etc.: None
Sumitomo Mitsui DS Asset Management Company, Limited	Minato-ku, Tokyo	2,000	Investment management business Investment advisory and agency business	23.5	Directors hold concurrent positions, etc.: None
Daiwa Securities Living Investment Corporation (Note) 3	Chuo-ku, Tokyo	152,719	Investment in specified assets	16.3 (0.6)	Directors hold concurrent positions, etc.: None
Other 22 companies					

(Notes) 1 For the ownership ratio of voting rights, the indirect ownership ratio is included in ( ), and the ownership ratio for voting rights owned by those who are close to the Company or who have provided their agreement are indicated separately in [ ].

2 Corresponds to a designated subsidiary.

3 The company submitting the annual securities report.

4 Includes Daiwa International Holdings, Ltd., which has excess debt.

As of the end of March 2025, the amount of excess debt was 33,057 million yen.

5 Operating revenue (excluding intersegment revenue among consolidated companies) made up more than 10% of consolidated operating revenue.

The main gains and losses for each company in the current fiscal year are as follows.

(Millions of yen)

	Daiwa Securities Co. Ltd.	Daiwa Capital Markets America Inc.
Operating revenue	470,858	538,034
Net operating revenue	373,858	50,826
Ordinary income	105,633	13,963
Profit	75,124	10,718
Net assets	585,123	213,588
Total assets	18,977,056	9,942,761

## 5 Status of employees

### (1) Consolidated companies

(As of March 31, 2025)

Segment name	Number of employees (Persons)
Wealth Management Division	5,825
Asset Management Division	1,193
Global Markets & Investment Banking Division	3,395
Others	4,370
Total	14,783

(Note) The number of employees is the number of people who actually work at the Company and its consolidated subsidiaries. Employees who serve concurrently at more than one company within the Group are counted as employees of only one of the companies to which they belong. Employees who work concurrently for the Company and Daiwa Securities Co. Ltd. are included in "Others."

### (2) Reporting company

(As of March 31, 2025)

Number of employees (Persons)	Average age (Years old)	Average years of service (Years)	Average annual salary (Yen)
494	40.9	13.7	16,264,750

Segment name	Number of employees (Persons)
Others	494

- (Notes) 1 The number of employees indicates the number of employees in the Company's career-track positions, including those who work concurrently for the Company and Daiwa Securities Co. Ltd. Of the total number of employees, 494 worked concurrently for the Company and Daiwa Securities Co. Ltd. in the current fiscal year.
- 2 In calculating the average years of service above, we include the years of service at Daiwa Securities Co. Ltd., etc.
- 3 Average annual compensation includes bonuses and non-standard wages.

### (3) Status of labor union

No particular matters to be described.

### (4) The ratio of female workers in managerial positions, the ratio of male workers taking childcare leave, and the wage gap between male and female workers

The ratio of female workers in managerial positions

Women make up 40.4% of all employees at the Group (end of FY2024/ the reporting company and all domestic consolidated subsidiaries; the same shall apply hereinafter), and we believe that the most important issue in promoting diversity is the empowerment of women.

The ratio of women in managerial positions is 20.4%, achieving the target ratio of women in managerial positions of 20% or higher (consolidated) by FY2026 that was set as one of the Group's Sustainability KPI.

The ratio of women in management positions was 2.7% at the end of FY2005 when we began our initiatives for the empowerment of women. However, in FY2010, we in principle ended our track-specific hiring that separated hires into a managerial track and a clerical track. Additionally, by promoting the job shift system to the managerial track\* in conjunction with the creation of each type of personnel system, the number of women in managerial positions and female candidates for managerial positions both increased. Furthermore, at Daiwa Securities Co. Ltd., a total of 1,199 employees have shifted to the managerial track since FY2009. (Please see "Item 2. Overview of Business (2) Sustainability Approach and Initiatives.")

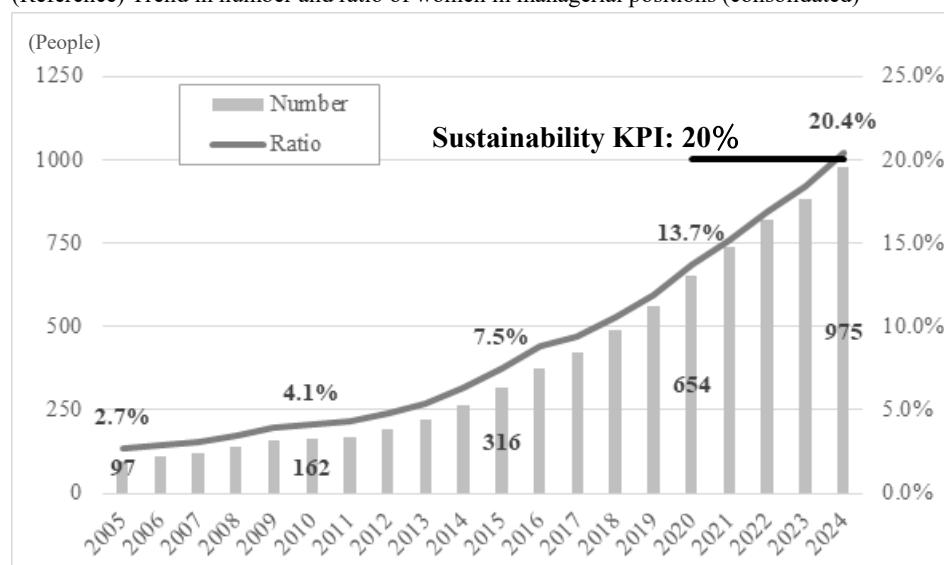
\* A system to change corporate posts from the clerical track including non-career-track positions, general positions and CS positions to the managerial track (including area-specific), which has a broader scope of assigned tasks

Ratio of women in managerial positions (end of FY2024)*		
Reporting Company	Daiwa Securities Group Inc.	20.3%
Consolidated Subsidiary	Daiwa Securities Co. Ltd.	23.2%
Consolidated Subsidiary	Daiwa Asset Management Co. Ltd.	17.9%
Consolidated Subsidiary	Daiwa Institute of Research Ltd.	14.8%
Consolidated Subsidiary	DIR Information Systems Ltd.	6.9%
Consolidated Subsidiary	Daiwa Securities Business Center Co. Ltd.	27.4%

	Consolidated basis (at the reporting company and all domestic consolidated subsidiaries)	20.4%
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\* The treatment of secondees is that secondees to outside the Company are excluded and secondees from outside the Company are included. In addition, employees who work for both the reporting company and Daiwa Securities Co., Ltd. are included in both “Daiwa Securities Group Inc.” and “Daiwa Securities Co. Ltd.” in the above table, while they are only included in the reporting company for “Consolidated basis (at the reporting company and all domestic consolidated subsidiaries).”

(Reference) Trend in number and ratio of women in managerial positions (consolidated)



#### Ratio of male workers taking childcare leave

The ratio of male workers taking childcare leave was 103.0%. In order to eliminate the perception of gender roles, we are encouraging male employees to actively participate in childcare and working to lengthen the average number of days taken for childcare leave by male employees. Furthermore, in October 2022, we expanded and improved our childcare leave system. In addition to guaranteeing the compensation up to four weeks, starting in January 2023, male employees must take two consecutive weeks or more of childcare leave within the first year after their child is born. (The acquisition ratio may also fall below 100% due to acquisition across the fiscal year, etc.) Through these initiatives, we aim to remove stereotyped perceptions of gender roles and to realize a society in which work and childcare can be balanced regardless of gender.

Indicators for male workers taking childcare leave*1					
Ratio of male workers taking childcare leave*2				Average number of days taken*3	
		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reporting Company	Daiwa Securities Group Inc.	66.7%	116.7%	18.6 days	22.8 days
Consolidated Subsidiary	Daiwa Securities Co. Ltd.	97.5%	101.0%	18.4 days	22.0 days
Consolidated Subsidiary	Daiwa Asset Management Co. Ltd.	142.9%	118.2%	27.1 days	34.0 days
Consolidated Subsidiary	Daiwa Institute of Research Ltd.	100.0%	107.1%	34.0 days	40.5 days
Consolidated Subsidiary	DIR Information Systems Ltd.	100.0%	100.0%	73.1 days	65.2 days
Consolidated Subsidiary	Daiwa Securities Business Center Co. Ltd.	100.0%	100.0%	16.0 days	15.0 days
	Consolidated basis (at the reporting company and all domestic consolidated subsidiaries)	98.8%	103.0%	23.7 days	26.9 days

\*1 The treatment of secondees is that secondees to outside the Company are included and secondees from outside the Company are excluded. In addition, employees who work for both the reporting company and Daiwa Securities Co., Ltd. are included in both “Daiwa Securities Group Inc.” and “Daiwa Securities Co. Ltd.” in the above table, while they are only included in the reporting company for “Consolidated basis (at the reporting company and all domestic consolidated subsidiaries).”

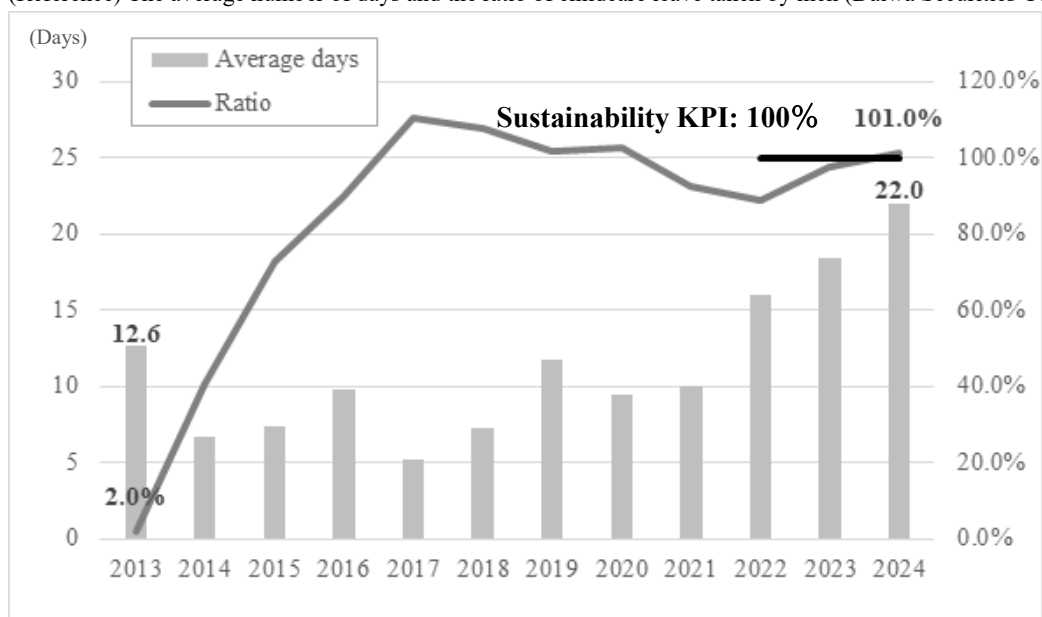
\*2 Ratio of male workers taking childcare leave

The ratio is calculated based on the method stipulated in the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991)” Article 71-6 (1).

\*3 Average number of days taken

The average number of days taken for childcare leave, etc. by male workers refers to the total number of days of childcare leave, etc. taken by male workers whose final day of leave was taken in FY2024 (which includes the number of days taken in or before FY2023) divided by the total number of persons who took leave.

(Reference) The average number of days and the ratio of childcare leave taken by men (Daiwa Securities Co. Ltd.)



### Male/female wage gap

The male/female wage gap for all workers at the reporting company and domestic consolidated subsidiaries is 66.0%. There is no gap in male/female wages if the position, role, and evaluation are the same. Until FY2009, we had used track-specific hiring that separated hires into a managerial track and a clerical track, and the fact that there was a higher percentage of women in the clerical track with relatively lower wages is the main reason for the current male/female wage gap. (Since FY2010, in principle, there has been unified hiring as the managerial track). Note that the wage difference for non-regular workers at the reporting company is particularly large, but such difference is mainly due, in the case of post-retirement reemployment, to the difference in treatment after reemployment according to the treatment prior to retirement. In addition, among the workers who have been reemployed post-retirement to date, the treatment prior to retirement was often higher for males than females.

Another major factor has been the low level in the proportion of female workers in managerial positions as shown in the above “Proportion of female workers in managerial positions.” Furthermore, the male/female wage gap of workers in the managerial track who are in managerial positions on a consolidated basis (at the reporting company and all domestic consolidated subsidiaries) is 91.4%. At the present time, the wages are not completely equal between male and female workers in the managerial track who are in managerial positions as a higher percentage of women have been in management positions for only a few years compared to men. However, by continuing to appoint more females to managerial positions and paying performance-based compensation, we expect such difference and the male/female wage gap of all workers to narrow.

		Male/female wage gap*1				
		All workers	Regular workers	Non-regular workers	Additional information	
					Male/female wage gap of workers in managerial track*2 who are in managerial positions	Ratio of workers in clerical positions*3
Reporting Company	Daiwa Securities Group Inc.	74.8%	71.3%	51.5%	88.2%	Men: 0.5% Women: 13.3%
Consolidated Subsidiary	Daiwa Securities Co. Ltd.	63.4%	62.8%	64.2%	91.4%	Men: 0.8% Women: 16.5%
Consolidated Subsidiary	Daiwa Asset Management Co. Ltd.	66.6%	62.8%	59.5%	87.8%	Men: 0.3% Women: 37.3%
Consolidated Subsidiary	Daiwa Institute of Research Ltd.	75.2%	73.7%	80.6%	93.9%	Men: 0.0% Women: 21.0%
Consolidated Subsidiary	DIR Information Systems Ltd.	80.4%	77.7%	80.0%	93.9%	Men: – Women: –
Consolidated Subsidiary	Daiwa Securities Business Center Co. Ltd.	63.2%	58.7%	52.0%	90.4%	Men: 1.4% Women: 72.3%
	Consolidated basis (at the reporting company and all domestic consolidated subsidiaries)	66.0%	65.0%	65.7%	91.4%	Men: 0.6% Women: 22.0%

\*1 Male/female wage gap

Target period: FY2024 (April 2024-March 2025)

Wages: Includes basic compensation, overtime compensation, bonuses, excludes retirement allowances and commuting allowances, etc.

Number of personnel: The 12-month average of the number of workers who are present at the reporting company or a consolidated subsidiary at the end of each month and who are paid wages

Treatment of secondees: Excludes secondees to outside the Company and secondees from companies other than the reporting company and all domestic consolidated subsidiaries, and includes secondees from the reporting company and all domestic consolidated subsidiaries. In addition, employees who work for both the reporting company and Daiwa Securities Co., Ltd. are included in both “Daiwa Securities Group Inc.” and “Daiwa Securities Co. Ltd.” in the above table since it is assumed that the total amount of wages is paid from both companies, while they are only included in the reporting company for “Consolidated basis (at the reporting company and all domestic consolidated subsidiaries)” since it is assumed that the total amount of wages is only paid by the reporting company.

\*2 Definition of managerial track

Of regular workers, at Daiwa Securities Business Center Co. Ltd. this refers to full-time positions, and for other companies this refers to career-track positions.

\*3 Ratio of workers in clerical positions

Ratio of workers in clerical positions (non-career-track positions, general positions, CS positions) who are regular workers. DIR Information Systems Ltd. does not hire clerical track positions.

## Item 2. Overview of Business

The managerial goals, forecasts, and other matters concerning the future in this section are decided by the Group as of the filing date of the Annual Securities Report and are not a guarantee or promise of the achievement of these targets or forecasts or of future financial performance. The items in this section can also be changed without notice.

### 1 Management policy, management environment, issues to be addressed, etc.

FY2024 marked a historical turning point for the Japanese economy breaking away from a prolonged period of deflation to return to “a world with interest rates.” In the stock market, the introduction of the new NISA was the catalyst for an acceleration of the “shift from savings to investment,” and with the further pickup in corporate actions aimed at improving capital efficiency among listed companies, in July the Nikkei Stock Index hit a record high of 42,224 yen. Moreover, in monetary policy, two rate hikes were enacted, and policy rates were raised to their highest levels in 17 years.

However, there was a shakeup in existing administrations and structural changes both in Japan and overseas, and in addition to increasing uncertainty over the future of national policies, Russia’s invasion of Ukraine and increasingly tense conditions in the Middle East mean that geopolitical tension remains a risk.

In FY2024, the Group launched our three-year Medium-term Management Plan “Passion for the Best” 2026, marking the first step in a new direction. “Maximizing the value of customer assets” is the Group’s basic management policy. We contribute to the medium and long-term maximization of customer asset value and corporate value by expanding our understanding of customer needs and issues in each of the Group’s business domains to offer high-quality, optimized solutions for the customer’s situation and economic environment. In FY2024, the first year of the Medium-term Management Plan, in addition to strengthening our Wealth Management Business and evolving our Asset Management Business, we carried out an inorganic growth strategy aimed at growing our customer base, strengthening our solution capabilities, and expanding our products, while making stable progress in our policy of “maximizing the value of customer assets.”

We set consolidated ordinary income of 240.0 billion yen or higher, consolidated ROE of roughly 10%, and base income (Total ordinary income from the Wealth Management Division, Securities Asset Management, and Real Estate Asset Management) of 150.0 billion yen in as the main numerical goals for FY2026 in the Medium-term Management Plan.

Considering conditions in FY2024 and the recent state of affairs, we have established the following FY2025 Daiwa Securities Group Management Policies.

#### **FY2025 Daiwa Securities Group Management Policy**

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 42,224 yen. 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.

FY2025 action plan for each business division is as follows:

#### (1) Wealth Management Division

- (i) Enhancing our wealth management business further by providing optimum consulting services rooted in an in-depth

understanding of client needs

- (ii) 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
- (iii) Using digital marketing to refine structures for providing the right services for client needs in a timely manner
- (iv) Growing our client base through outside partnerships and workplace business
- (v) Using the bank business to expand our client base while providing solutions to high-net-worth individuals

(2) Asset Management Division

- (i) 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
- (ii) Enhancing asset management sophistication by working with Japan Post Insurance, and building a foundation for the investment advisory business in Japan and overseas
- (iii) 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
- (iv) Seeking outperformance and building a platform to enable the expansion of alternative funds

(3) Global Markets & Investment Banking Division

- (i) Providing a diverse and advanced lineup of products and solutions tailored to a wide range of client needs
- (ii) Growing our business foundation by working more closely with other Group entities, including the Wealth Management Division
- (iii) Providing additional solutions to unlisted companies while enhancing M&A activities both in Japan and overseas
- (iv) Boosting profitability by reallocating management resources

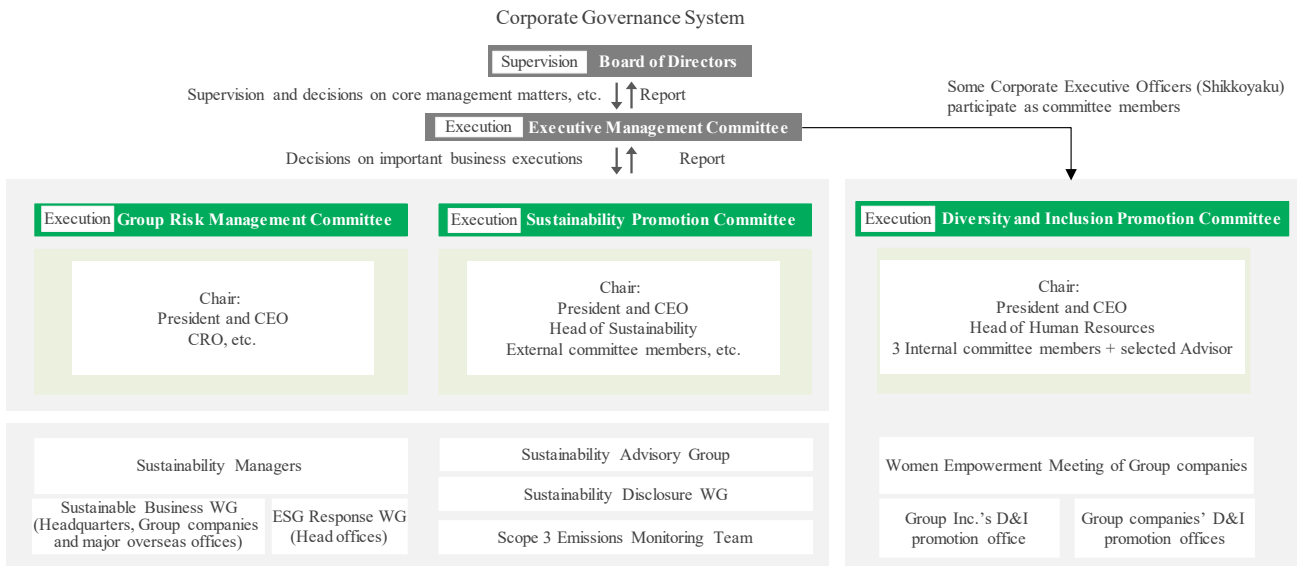
(4) Other (Daiwa Institute of Research)

- (i) 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
- (ii) Using AI and data science to contribute to the maximization of our clients' corporate value
- (iii) Contributing to human capital management through our health tech business

## 2 Sustainability approach and initiatives

The matters concerning the future in this section are, unless otherwise noted, those decided by the Group as of the filing date of the Annual Securities Report.

### (1) Governance



#### 1-1. Board's Oversight

The Board of Directors oversees a response to strategies and policies related to sustainability. The Board of Directors receives reports as needed in accordance with the rules of the Board of Directors on strategies and policies related to sustainability discussed at the Sustainability Promotion Committee or deliberated on by the Executive Management Committee. Additionally, the Board of Directors makes resolutions on items that are core management matters and items deemed important by the Board of Directors established as resolution items in the rules of the Board of Directors.

The Group's Vision 2030 includes our basic sustainability policy, and this was decided at the Board of Directors together with the Medium-term Management Plan. In addition, thus far, the Board of Directors has determined, for example, the formulation or revision of the Environmental and Social Policy Framework, the Net Zero Carbon Declaration, and our Human Rights Policy. In our risk appetite statement, starting in FY2021, we stipulated climate change risk, and have appropriately identified, assessed, and effectively managed climate change based on the estimated amount of losses from scenario analysis.

In FY2023, the Board of Directors decided on the Medium-term Management Plan "Passion for the Best" 2026 (including revisions of Vision 2030). In this plan, sustainability topics, including climate change and human capital, were also raised. The sustainability KPI in the Medium-term Management Plan has been confirmed at a subsequent Board of Directors meeting at the time financial results were approved and the Medium-term Management Plan was reviewed. Additionally, at FY2024 Board of Directors meetings, a total of four items were given on climate change: a report on climate-related disclosures, a resolution to revise the Environmental and Social Policy Framework, a report on the state of the promotion of sustainability, and a report for institutional investors from the sustainability meeting. Regarding human capital, one report on health management was also taken up as an agenda item.

There are Internal and Outside Directors with deep knowledge of sustainability on the Board of Directors, with a system in place to provide highly effective oversight of initiatives toward sustainability-related issues.

To strengthen executives' incentives related to sustainability initiatives, we have incorporated the sustainability KPIs in the evaluation system for performance-linked remuneration. These KPIs include the SDGs bond league table, engagement survey score, and greenhouse gas (GHG) emissions.

#### 1-2. Execution Framework

##### (i) Sustainability Promotion Committee

Regular discussions are held at the Sustainability Promotion Committee chaired by the President and CEO on strategies and policies related to sustainability. For example, the Committee has discussed the formulation or revisions of the Environmental and Social Policy Framework and the Net Zero Carbon Declaration. The Committee is composed of the Head of Sustainability, who is responsible for promoting sustainability based on the rules for Corporate Executive Officers (Shikkoyaku) approved by the Board of Directors, several Internal Directors, and three external experts with specialized knowledge in sustainability. The details of discussion at the Committee are reported to, deliberated on and determined at the Executive Management Committee, as appropriate.

(ii) Group Risk Management Committee

Policies and measures relating to risk management, including climate change, are discussed at the Group Risk Management Committee chaired by the President and CEO, a subcommittee of the Executive Management Committee, and attended by the Chief Risk Officer (CRO), who is responsible for risk management. After climate scenario-based quantitative analysis results are reported to the Group Risk Management Committee each year, they are reported to the Executive Management Committee based on discussion at the Sustainability Promotion Committee.

(iii) Diversity and Inclusion Promotion Committee

The Group positioned diversity & inclusion as one issue of materiality in Vision 2030 and we aim to ensure diversity and expertise to strengthen competitiveness. In FY2022, we established the Diversity and Inclusion Promotion Committee which is chaired by the President and CEO and selects employee advisors semi-annually from offices nationwide to engage in discussion.

(iv) Group-wide working group

As a Group-wide system to promote sustainability, we have appointed Sustainability Managers at each division and major Group company. Under these managers, a working group (WG) monitors sustainability KPIs and promotes sustainability-related businesses. The contents of the discussion of this WG are reported to the Sustainability Promotion Committee as appropriate.

(2) Strategy

(Climate Change)

2-1-1. Recognition of Climate-related Risks and Opportunities

The Group recognizes that climate change issues must be addressed with urgency, but at the same time, sees them as business opportunities. We identify climate-related risks that could be expected to affect business (transition risk/physical risk), and also identify opportunities available through the development and provision of core financial products and services to realize a carbon-neutral society. We set strategies in response to such risks and opportunities, and promote strategic initiatives to enhance climate resilience.

2-1-2. Climate-related Risks

The Group carries out climate-related scenario analysis to identify risks that could be expected to affect businesses.

Examples of the main transition risks include increased costs and resulting deterioration in earnings at investee and managed companies due to changes in carbon pricing policy (policy/legal), increased costs and resulting deterioration in earnings at investee and managed companies due to changes in energy-related technologies (technology), lower value and decreased balance of assets held in the fund from the transition to a carbon-neutral society (market), and deterioration in reputation associated with a lack of initiatives to deal with climate change and investment and underwriting related to businesses with a heavy environmental load (reputation).

Examples of the main physical risks include lost value, reduced sales opportunities, and resulting deterioration in earnings at invested properties such as solar and wind generation facilities due to natural disasters such as torrential rain and powerful typhoons (acute/chronic), as well as business interruption risks including financial system failures or damage to the Group's offices and data centers from more serious natural disasters (acute/chronic).

While recognizing these climate-related risks, we consider the response in light of effects on business and frequency of occurrence, and promote strategies.

Examples of climate-related risks

Risk type		Climate-related risks	Timeline	Examples of strategic initiatives
Transition	Policy/legal	Increased costs and resulting deterioration in earnings at investee and managed companies due to changes in carbon pricing policy	Medium to long	(i) Promoting sustainable finance
		Increased costs for the Group associated with response to carbon pricing and mandatory information disclosure, etc.	Short to long	(iv) Sourcing and investment focused on sustainability
	Technology	Increased costs and resulting deterioration in earnings at investee and managed companies due to changes in energy-related technologies	Short to long	(v) Providing sustainability-related solutions
		Increased costs for the Group with the introduction of new technologies or alternative technologies	Medium to long	(vi) Realizing carbon neutrality within our own operations
	Market	Lower value and decreased balance of assets held in the fund from the transition to a carbon-neutral society	Medium to long	(iii) Development of products and services, and promotion of investment and lending focused on sustainability
		A decrease in value and divestment opportunities of carbon-intensive assets due to economic or industry stagnation or contraction or fluctuations in the financial market	Short to long	(vii) Strengthening stakeholder engagement
Reputation	Deterioration of reputation associated with a lack of initiatives to deal with climate change and investment and underwriting related to businesses with a heavy environmental load	Short to long	(vi) Realizing carbon neutrality within our own operations	
Physical	Acute/chronic	Increased recovery costs for transaction partners or investee and managed companies due to abnormal weather or wind and flood damage and the resulting lower value and decreased balance of the assets held in the fund	Medium to long	(i) Promoting sustainable finance
		Lost value, reduced sales opportunities, and resulting deterioration in earnings at invested properties such as solar and wind generation facilities due to natural disasters such as torrential rain and powerful typhoons	Short to long	(iv) Sourcing and investment focused on sustainability
		Increased health problems among customers and labor restrictions due to abnormally high temperatures and abnormal weather and resulting reduced earnings opportunities	Short to long	(vii) Strengthening stakeholder engagement
		Increased health hazards and constraints on employment for the Group's officers and employees due to abnormal weather and the consequent deterioration in earnings	Medium to long	Formulation of disaster mitigation measures and BCP
		Business interruption risks including financial system failures or damage to the Group's offices and data centers from more serious natural disasters	Short to long	

The time horizon aligns with the Group's management plan and global standards. Specifically, considering that the period of the Medium-term Management Plan is three years, "short-term" refers to three years or less, "medium-term" to three to five years, and "long-term" to five years or more.

2-1-3. Resilience Assessment of Our Strategy Based on Climate-related Risks

The Group recognizes effects arising from climate-related risks, and carries out a scenario analysis to assess its resilience to climate-related changes, developments or uncertainties. The following are the details of the scenarios and the assumptions used in analysis.

Scenario analysis assumptions

Items	Description
Reference Scenarios	NGFS climate scenario
Target period	By 2050
Target region	Mainly domestic
Scope of analysis	Impact that transition risk and physical risk have on the Group
Analysis timing	May 2025

		Envisioned scenarios			
		(1) Orderly	(2) Disorderly	(3) Too Little, Too Late	(4) Hot House World
NGFS climate scenario		Net Zero 2050	Delayed Transition	Fragmented World	Current Policies
Scenario overview		Through a strict emissions reduction policy and innovation, limit the rise in temperature to below 1.5°C, and target net zero global GHG emissions in 2050.	Virtually no reduction in emissions by 2030. Powerful policies are required to limit the rise in temperature to 2°C. CO <sub>2</sub> removal is limited.	Virtually no reduction in emissions by 2030, and policies thereafter are also out of step and inadequate. Unable to suppress rises in temperature.	Envision retention of only the policies currently being implemented. Increased physical risk.
Introduce policies		Promptly and smoothly	Delayed	Delayed and inadequate	With the current policies
Macro-economic trends		Comparatively small decline in GDP	Comparatively large decline in GDP	Comparatively large decline in GDP	Comparatively large decline in GDP
Energy use		Comparatively large decline	Comparatively large decline (From 2030s)	Comparatively large decline (From 2030s)	Comparatively large increase
Technological change		Quick	Slow/Quick	Slow/Inadequate	Slow
Rise in temperature (2050)		Approx. 1.5°C	Approx. 1.5°C	Approx. 2.5°C	Approx. 3°C
CO <sub>2</sub> emissions		Reduction (steady)	Reduction (headwinds present)	Reduction (inadequate)	Maintain current pace of reduction
Scenario characteristics	Transition risk	High	Moderate	Moderate	Low
	Physical risk	Low	Moderate	High	High
	Opportunities	High	Moderate	Moderate	Low

\* Created based on NGFS Climate Scenarios Phase V

#### (i) Analysis results

Shutdowns or slowdowns in the economy or industry, volatility in the financial markets (falling stock prices, increased credit risk, etc.), damage from heavy rains or flooding, and health problems caused by abnormally high temperatures were all listed as factors of relative concern. When applied to scenarios, transition risks could appear as (2) Disorderly and (3) Too Little, Too Late in cases where CO<sub>2</sub> emission reductions lead to economic or social turmoil, and physical risks could appear as (4) Hot House World in cases where CO<sub>2</sub> emission reductions are delayed.

On the other hand, the energy transition has a negative effect on existing businesses from the reduction of fossil fuel resources and a positive effect on new business opportunities with the increase in new forms of energy, such as renewable energy. This means that, overall, the energy transition is positioned as a near neutral factor. We forecast change in the impact corresponding to the burden such as the costs associated with transition and taxes. Furthermore, climate change initiatives such as CO<sub>2</sub> emission reductions could affect corporate reputation, which in turn affect the overall business indirectly.

In this way, the Group is thought to have a certain level of climate resilience as a result of having comprehensively considered the positive and negative impacts on the business from social and economic elements that are strongly related to climate phenomena, such as energy transition. Furthermore, to mitigate the negative effect, we have formulated disaster mitigation measures against the risks of direct damage from heavy rains or flooding and a business continuity plan (BCP) while we believe it is possible to curb the negative effect even if the macro economy stagnates by steadily implementing climate change initiatives and maintaining our reputation.

#### (ii) Future Response

In the current scenario analysis, we have formulated hypotheses based on the information and data presently available and narrowed down the scope of analysis. For example, the scope of analysis is mainly focused on Japan, where the majority of climate-related risks and opportunities are concentrated, due to the nature of our business. The scope of climate-related risks is very broad, and multiple patterns can be envisioned for the periods of occurrence and scale of risks, due to rapid changes in the financial markets (stock prices, credit risks, etc.), policies and laws, and the evaluation of ESG responses. We will acquire a broader range of information and related data and improve the method of analysis to assess effects on the financial position, financial performance and cash flows over the medium and long term, thereby increasing our climate resilience.

#### 2-1-4. Climate-related Opportunities

Taking account of the effects assessed through scenario analysis after consultation with each business division, the Group identifies climate-related risks and opportunities and assesses their importance.

Examples of main opportunities include increase in underwriting to raise funds needed for green projects and the transition to a carbon-

neutral society (Global Markets & Investment Banking Division), increase in opportunities to provide new financial products and increase in opportunities to profit from market changes (Wealth Management Division), expansion in opportunities for investing in new industries and companies that contribute to the transition to a carbon-neutral society (Asset Management Division), and stimulation of the entire market through participation in sustainability-related rule-making (the entire Group). In addition to responding to climate-related risks, these climate-related opportunities are reported as needed to the Board of Directors following discussion at either the Sustainability Promotion Committee or the Executive Management Committee.

Examples of climate-related opportunities

Business segment	Climate-related opportunities	Timeline	Strategic initiatives
Global Markets & Investment Banking Division	Increased underwriting for the fundraising required for green projects and the transition to a carbon-neutral society	Short to long	(i) Promoting sustainable finance
	Increased M&A in the renewable energy field	Short to long	(ii) Enhancing M&A advisory in the sustainability field
Wealth Management Division	Increased opportunities to provide new financial products and expansion of opportunities for profit through market change	Short to long	(iii) Development of products and services, and promotion of investment and lending focused on sustainability
Asset Management Division	Capital inflows into investment trusts that incorporate companies with decarbonization technologies	Short to long	
Others	Investment into renewable energy such as solar power generation facilities and greater investment opportunities through the introduction of external capital	Short to long	(iv) Sourcing and investment focused on sustainability
	Greater investment opportunities into new industries and companies that contribute to the transition to a carbon-neutral society	Short to long	
	Structuring and managing investment corporations and private funds with underlying assets that are real estate and real assets with high environmental performance	Short to long	
Others	Greater opportunities for solution businesses that support the transition to a carbon-neutral society	Short to long	(v) Providing sustainability-related solutions
The entire Group	Expansion in business opportunities resulting from improvement in reputation through net-zero initiatives	Short to long	(vi) Realizing carbon neutrality within our own operations
	Support the transition to a carbon-neutral society and response to climate change through engagement with issuers and investors, etc.	Short to long	(vii) Strengthening stakeholder engagement
	Stimulation of the entire market through participation sustainability-related rule-making	Short to long	(viii) Involvement in rule making

2-1-5. Climate-related Strategies

The Group promotes strategies in response to climate-related risks and opportunities identified in each division. We will promote the following strategies from (i) to (viii) to respond to transition risks and opportunities. To respond to physical risk, we have formulated a BCP in anticipation of the case where the head office (the Group's headquarters functions), branches, data centers are unable to function due to damage caused when social infrastructure is shut down because of abnormal weather or wind and flood damage.

We are also promoting human resource development such as the implementation of training to improve expertise related to sustainability including climate change for officers and employees. Specifically, since 2022, we have conducted annual Vision training for all officers and employees aimed at improving their sustainability-related knowledge and awareness, and further enhancing the "Take it as your own matter" mindset.

(i) Promoting sustainable finance

Since the adoption of the Paris Agreement in 2015, decarbonization initiatives have accelerated throughout the world. The Group is actively engaged in sustainable finance as a core business to support initiatives for global decarbonization. While support for fundraising had previously been the core business, we also see the incorporation of SDGs elements as new business opportunities that increase added value that we can provide to customers. The Group has also set the SDGs bond league table as our sustainability KPI and is monitoring it regularly.

The Group issued its own green bond through a domestic public offering, based on the Green Finance Framework we established and disclosed on January 31, 2024. The proceeds of the continual issuance were allocated toward the redemption of bonds related to investment and lending for Renewable Energy Power Generation Project through consolidated subsidiaries.

(ii) Enhancing M&A advisory in the sustainability field

The Group is also strengthening M&A advisory services in the renewable energy sector through tie-ups with major European companies that are leading in this field. Specifically, we are accelerating our business development through a capital and business alliance with Green Giraffe, which runs a financial advisory business specialized for this field.

(iii) Development of products and services, and promotion of investment and lending focused on sustainability

The Group is strengthening development of products and services, and investment and lending focused on sustainability. Daiwa Asset Management provides investment trusts comprised of companies with initiatives to achieve ESG and SDGs goals toward the transition to sustainable society.

(iv) Sourcing and investment focused on sustainability

The Group promotes sourcing and investment focused on sustainability, particularly in the renewable energy field. Daiwa Energy & Infrastructure was established in July 2018 and took over the control of the energy investment function that had been undertaken by Daiwa PI Partners. Investments were previously made into the domestic renewable energy sector focused on solar power generation, but now the investment fields have been expanded to overseas renewable energy and infrastructure.

Furthermore, Daiwa Real Estate Asset Management provides investment opportunities for alternative assets such as ESG-friendly real estate. Daiwa Office Investment Corporation and Daiwa Securities Living Investment Corporation, to which Daiwa Real Estate Asset Management has entrusted asset management, are working to expand the supply of high environmental performance office buildings and superior, high-quality healthcare facilities by investing with funds raised from sustainable finance.

(v) Providing sustainability-related solutions

In the research and consulting business of Daiwa Institute of Research, we are strengthening sustainability-related solutions. We offer information and policy proposals on the effects of climate change on the economy and society and strengthen our consulting to establish management strategies and support projects to address climate-related risks including response to climate change, as we connect our efforts to enhancing our customers' corporate value.

(vi) Realizing carbon neutrality within our own operations

We formulated the Net Zero Carbon Declaration and are advancing efforts to realize carbon neutrality. For details, please see "2-1-6. Transition Plan to Realize Carbon Neutrality."

(vii) Strengthening stakeholder engagement

The Group strengthens engagement with our shareholders including issuers and investors to help our customers' transition to decarbonization from a financial perspective. For example, based on the Environmental and Social Policy Framework, in recognition of risks relating to our businesses that could have a significant negative impacts on the environment or society, we are advancing the appropriate policies through engagement with investees and lenders.

In addition, Daiwa Asset Management positions climate change as one issue of materiality and we conduct engagements with investee companies.

(viii) Involvement in rule making

The Group actively participates in various discussion forums and initiatives, both domestically and overseas in order to contribute to the realization of a sustainable society. In recent years, amid progress in initiatives towards the formulation of sustainability disclosure standards, the Group's officers and employees have taken on active roles as a trustee of the International Financial Reporting Standards (IFRS) Foundation, which includes the International Sustainability Standards Board (ISSB) under its governance, and as a member of the Sustainability Standards Board of Japan (SSBJ), which formulates domestic sustainability disclosure standards.

In addition, we contribute to various rule making through participation in the Partnership for Carbon Accounting Financials (PCAF), which develops methods for measuring and disclosing GHG emissions through investment and loans and the GX League.

2-1-6. Transition Plan to Realize Carbon Neutrality

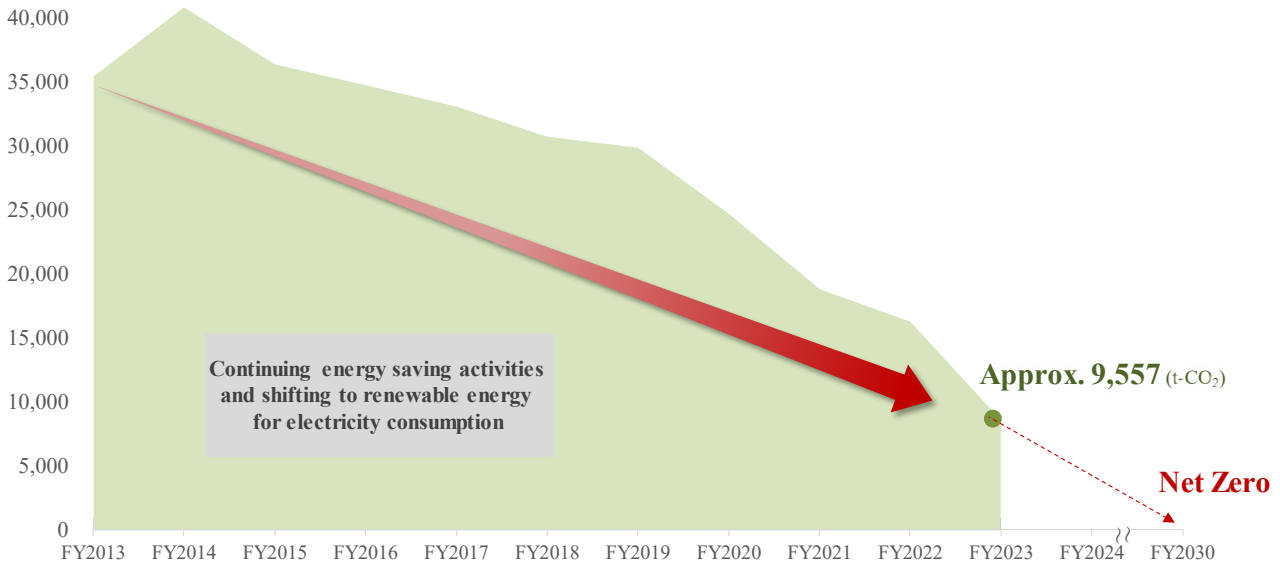
(i) Net zero GHG emissions within our own operations by FY2030 (Scope 1 and Scope 2)

We promote to realize net zero GHG emissions within our own operations (Scope 1 and Scope 2) towards becoming carbon neutral by FY2030.

The trend in Scope 1 and Scope 2 is as follows. In terms of our specific initiatives, we will promote continuing our energy saving activities as well as shifting to renewable energy for electricity consumption.

Scope 1 and Scope 2

(GHG emissions within our own operations)



Note 1: GHG emissions within our own operations (domestic and overseas) are calculated for approximately 95% of the locations based on the number of employees.  
 Note 2: As FY2024 results are being collated, FY2023 results are presented.

Initiatives to promote net zero Scope 1 and Scope 2

Examples of past initiatives	Examples of future initiatives
More efficient energy use Switch equipment (air conditioning, change lighting to LED), review operations, etc. Switch to renewable energy through utilization of non-fossil fuel energy certificate with tracking information, etc. Switch electricity consumption at all domestic offices of Daiwa Securities (from January 2024) and Daiwa Institute of Research (from April 2024) to renewable energy	Continue to improve efficiency of energy consumption Consider introducing renewable energy at overseas offices, etc. Utilize carbon offsets Introduce carbon credits, such as J-Credits

(ii) Net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3)

Toward the realization of a carbon-neutral society, companies are required to manage and reduce GHG emissions emitted not only from their own companies but also their entire supply chains. Financial institutions in particular are required to manage the emissions on their investment and loan portfolios (Financed Emissions).

The Group joined PCAF and the PCAF Japan coalition in December 2021, and measures GHG emissions while utilizing PCAF’s knowledge and database. For FY2023 results, the scope of measurement was expanded compared to previous fiscal years and was not limited to high-emitting sectors. In addition to Scope 1 and Scope 2, Scope 3 emissions were also measured for investees and lenders. In FY2023, we set interim targets for FY2030 targets for project finance in the power generation sector, which accounts for the largest proportion of emissions in our own investment and loan portfolios. Please refer to “(4) Metrics and targets” for details.

(iii) Supporting the smooth transition to a carbon-neutral society through our business activities

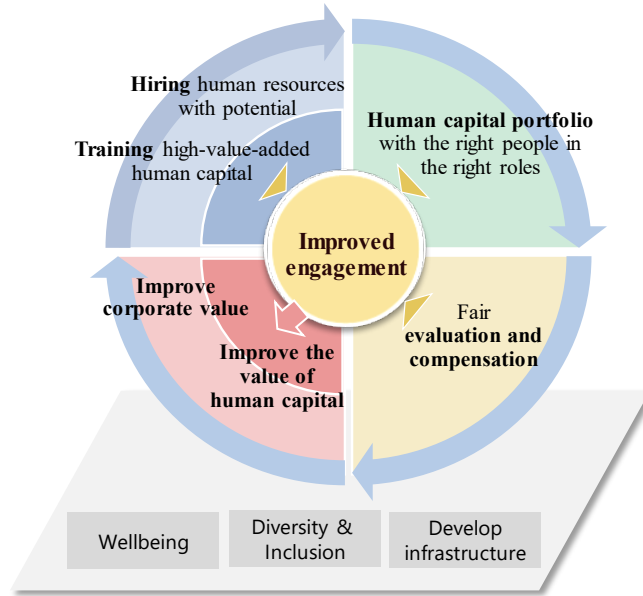
As an integrated securities group, through our financial business, we will continue to support our customers’ efforts toward decarbonization.

(Human Capital)

2-2-1. Approach to human capital management

The Group has established “placing importance on personnel” as one of our corporate principles, which clarifies the belief that personnel

are the source of our competitiveness. Under these corporate principles, we position our human resources strategy as part of our management strategy. In order to strengthen our competitiveness, we aim to become an organization in which each and every employee can express their individuality and demonstrate their expertise, and achieve personal growth and job satisfaction. In the human capital management and human resources strategy in our Medium-term Management Plan, by evolving and deepening our hiring, development, human resources portfolio, and evaluations and compensation, we aim to boost employee engagement and maximize the added value created by our human capital to connect to sustainable corporate growth and the medium- to long-term enhancement of our corporate value.



### 2-2-2. “Recruitment” of human resources with potential

Considering the significance of the impact on sustainable growth and enhanced corporate value caused by human resource shortages resulting from the decreasing working population and human resource attrition, the Group is engaged in proactive hiring practices.

We conduct recruitment activities aligned with the characteristics of each Group company to discover and recruit human resources with high potential. In our year-round new-graduate hiring, Daiwa Securities asks applicants to create a personal history which helps us understand the experiences that impacted the applicant’s values and actions. Candidates for hiring are then selected with the perspectives of multiple front-line division and department managers. After successful applicants join the Company, this process helps expand their potential in line with their individual career paths.

For applicants, we have introduced a “mentors system” that enables them to select employees of various divisions and departments to talk to. This leads to a reduction in mismatch by deepening the new employees’ understanding of the mindset of employees working in different divisions within the Company, the workplace environment, and the new employees’ career plans.

In addition, introducing an “Expert Course” personnel system to assess human resources that are capable of utilizing high-level expertise in business, as well as segmented, specialized internships, leads to stronger recruitment of human resources with high potential due to an increase in applicants for each division.

Furthermore, due to the belief that welcoming human resources with diverse knowledge and experience will lead to sustainable corporate growth, we have been actively promoting mid-career hiring\* since FY2022. (37.3% of 764 total annual hires including new graduate hires.) As part of our onboarding policies to create an environment in which new hires can acclimate to the Group and flourish while being inclusive of the diversity of hires, we organize welcoming ceremonies, mentor systems, exchange channels with career employees, and get-togethers with top management, etc.

\* A hiring method to recruit people who have work experience as regular employees and are knowledgeable about the industry in which the Group conducts business or who have work experience in specific occupations

### 2-2-3. Human Resource Development Policy

#### Development of high-value-added human resources

The Group’s goal is to invest in “human resources” to further increase their value and polish them into “human capital” and to connect this increased value to corporate growth. In a constantly changing business environment, there are different definitions of the necessary “human capital.” In human resource development, it is essential to create environments in which individual employees can consider what is necessary to boost their performance, realize their ideal careers, and pursue continuous independent learning toward their goals.

At Daiwa Securities, in addition to customized educational and training programs using our existing expertise and knowhow, the Group introduced “Udemy Business,”\* an online video learning service that allows individually optimized learning contents to be provided to all our employees. By allowing employees to select from the latest and most highly reviewed business courses such as management, data analysis and marketing, employees can choose and learn the knowledge and skills, supporting independent career development.

Furthermore, with the diversification of customer needs, to realize high-quality solution proposals, the Group supports its employees in acquiring certifications. By covering fees for test preparation courses and exam fees and supporting employee exchange through internal communities, as of the end of March 2025, the number of CFP holders is at the highest level in the Japanese financial industry.

Furthermore, in our pursuit of digital innovation, the Group is focusing on the development of digital human resources by introducing our “Digital IT Master Certification System” to develop human resources responsible for business innovation using sophisticated digital technology and our “Daiwa Digital College” to improve the digital skills of all our employees.

\* “Udemy Business” is an online video learning service with approximately 30,000 specially selected courses (as of the end of December 2024) specially selected from more than 250,000 courses available worldwide on Udemy that can be used for a flat rate.

“A human capital portfolio with the right people in the right roles”

In order for employees to utilize their unique qualities in performing their duties, it is important that they consider their own careers and act with a focus on self-realization. For the purpose of independent career building, employees share their career vision, strengths, and issues with their superiors through one-on-one meetings and note their desired careers and thoughts on their workplace in our “Self-reporting System,” which can be shared directly with the Human Resource Division. We also have an “Open Recruitment System” in which employees can choose to be rotated by volunteering for their desired position among various business operations within the Group. The Group also uses a “Talent Management System” to visualize in real time the thoughts, feelings, and skill levels of individual employees. During one-on-one meetings between employees and their superiors, the entered and updated information is presented to each employee, and new direct superiors can also share in and help develop the employee’s career vision based on this information. Through career visualization and the collection of information as management capital for our employees who are the source of our competitiveness, the Group is working to realize an optimal human resource portfolio.

“Building a Fair Evaluation and Compensation System”

Fair and highly agreeable evaluations are important for all employees to continue to work with a high level of motivation. At the Group, our goal is to have an evaluation system that encourages all employees, regardless of how many years employees have been at the company, to aspire to succeed in positions on a higher stage with a greater level of responsibility. Regarding compensation, based on the “pay for performance” approach, we constantly consider the proper compensation levels and allocation based on results and performance to build a competitive compensation system that promotes employees’ performance.

The Group has raised salary levels for four consecutive years since FY2022. In the FY2025 compensation revisions, by raising the Group’s overall salary levels by approximately 5%, the Group has now increased compensation by a total of more than 20% cumulatively over the past four years. Together with increased bonuses following increased financial results, the average annual bonus has risen by 33% in three years from 12.20 million yen in FY2021 to 16.26 million yen in FY2024.

Furthermore, in addition to performing comprehensive evaluations that include both quantitative and qualitative elements, we consider the validity of our evaluations from multiple perspectives. The Group also conducts a regular internal survey of our employees to evaluate whether evaluations and compensation levels have been appropriate based on employee opinions, working to make our systems more agreeable through mutual communication.

#### 2-2-4. Policy to build an internal environment

“Improvement in engagement and productivity”

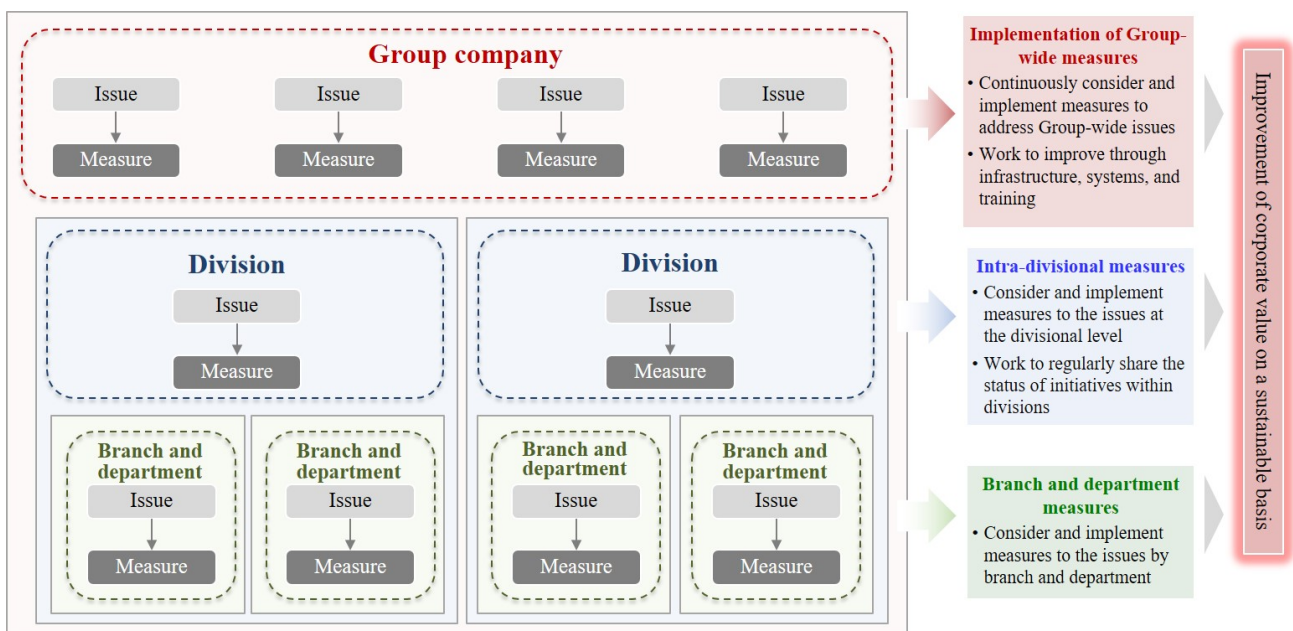
To pursue employee job satisfaction, the Group is working to institute various personnel systems and carry out workstyle reforms. To gather honest feedback from our employees and connect it to continuous improvement activities, to comprehensively measure engagement, which correlates to corporate performance, and to connect these to improved productivity and performance, we regularly perform an anonymous “Engagement Survey.” The survey incorporates elements of the Group’s “Corporate Principles,” “Medium-term Management Plan,” and “Vision 2030” and is designed with questions based on the concept of gaining a comprehensive understanding of the elements that impact engagement. Through this survey, the Group companies are able to grasp their individual strengths and issues and pursue improvements while simultaneously continuing activities aimed at improving individual growth and productivity among employees. Furthermore, “Sustainable Engagement”<sup>\*2</sup>, which is considered to be highly correlated with performance<sup>\*1</sup>, has been set as a Group KPI, and the Group’s overall score for this KPI in FY2024 was 81%. This score exceeds WTW Japan’s reference value<sup>\*3</sup> and approaches the reference value for global high-performing companies<sup>\*4</sup>. The Group is engaged in improvement activities to boost our current score with an awareness of the level of the reference value for global high-performing companies.

We also perform a correlation analysis of the results of the engagement survey and our financial and human resources-related metrics.

From the results of the past four engagement surveys, we confirmed a positive statistical correlation among the “sustainable engagement” score set as one of the Group’s KPI, scores for certain other questions with productivity (earnings and working times), and the employee turnover rate.

For “improvement in productivity,” we believe not only in direct investment in people but also in “human capital investment,” including the systems that people will use. By increasing the amount of time that employees can use to create value through the construction of basic system infrastructure, proactively developing “digital IT personnel,” and analyzing, examining and utilizing the accumulated data that is leveraged in digital tools, we strive to create efficient business systems while also building an environment in which each and every employee can engage in work that is more innovative.

- \*1 Figures and analysis materials provided by survey partner Willis Towers Watson. The figures are calculated by aggregating the ratio of employees that provided an affirmative response to the questions in each category out of all employees, taking the average value of such ratio for all questions in such category.
- \*2 Sustainable engagement is a concept created by Willis Towers Watson that refers to a high level of willingness to contribute toward achieving goals as well as a strong sense of belonging to the organization, which is maintained through a productive work environment, physical and mental health, and other factors. Willis Towers Watson has demonstrated a trend in which companies with high sustainable engagement scores achieve results growth that exceeds the average growth rate of the industry to which those companies belong. The Group systematically identifies “Sustainable Engagement” and its components, while utilizing the analysis results in company-wide measures and for improvement activities in each organization.
- \*3 This represents the weighted average of scores of respondents working in Japan of the companies that implement the survey at Willis Towers Watson.
- \*4 Of the companies that implement the survey at Willis Towers Watson, this represents the weighted average of the survey results from companies that fulfil the following two conditions: (i) designated indicators related to finances and results such as net profit and ROIC exceed the worldwide average for the industry to which the company belongs for the past three consecutive years, and, (ii) the proportion of affirmative responses to questions in the survey related to HR, personnel, and the organization is especially high compared to the worldwide average for the industry to which the company belongs.



“Improving Well-being and Promoting Health Management”

Referencing ISO45001, the international standard for occupational health and safety management systems, and the Ministry of Health, Labour and Welfare’s “Guidelines on Occupational Health and Safety Management Systems,” starting with appropriate labor conditions and workplace environments, the Group is working proactively to establish occupational health and safety that allows employees to continue to work in good health both physically and mentally.

With the goal of increased productivity through better employee wellbeing and our organization’s ability to continue to perform at a high level, we have appointed the Head of Human Resources as the Chief Health Officer (CHO). Additionally, every year the Group produces a “Health White Paper” that analyzes the health conditions of all our Group officers and employees, and at a regular Group-wide “Health Management Promotion Meeting” led by the CHO, we evaluate and improve our initiatives for health management.

Furthermore, the Human Resources Department, the General Health Development Center (medical office), and the Health Insurance

Society work in a three-part system to plan and disseminate information on health policies, as well as exchange opinions on a daily basis to enhance effectiveness. As initiatives for solving management issues through health management, in addition to mindfulness training to prevent mental disorders, we introduced sleep literacy-related policies and dental health policies as we strengthened our initiatives to enhance employee performance.

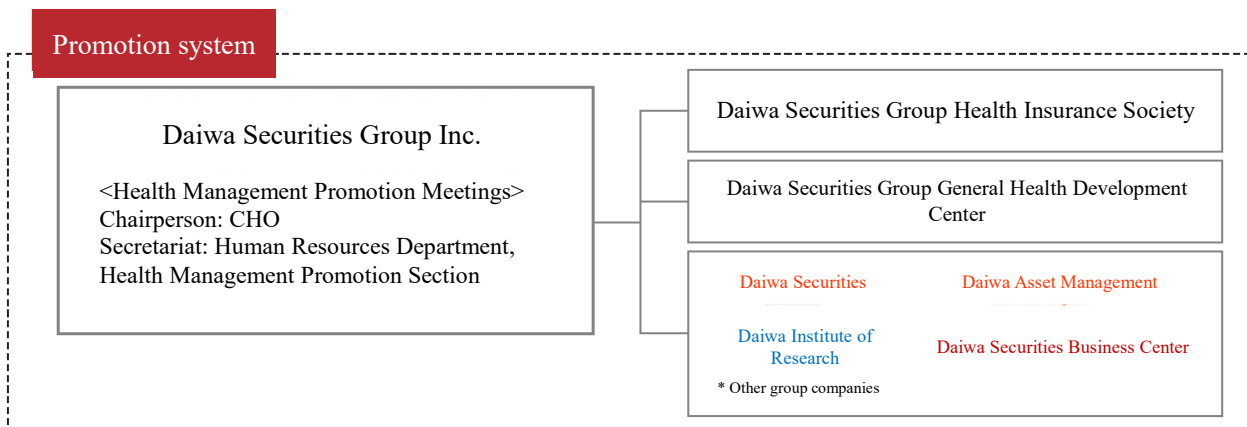
Furthermore, online medical checkups are being introduced that allow employees working nationwide to use medical offices through the internet. In addition to examinations for various medical areas including OBGYN and prescriptions, mental health consultations are also available. To address health issues specific to women, the Group has introduced “ELLE leave” for menstrual and menopausal conditions or infertility treatment and ensured sufficient time for treatment, and in FY2024, introduced a program using “Femtech” and worked to increase literacy to provide comprehensive support for women’s health as enlarged “Daiwa ELLE Plan+.”

To monitor these results, we set target values for the presenteeism loss ratio\*1 and the average absenteeism value\*2 and regularly evaluate the status of progress.

These initiatives have been well received, and in March 2025, the Group was selected as a “Health & Productivity Stock Selection,” an initiative jointly organized by METI and the Tokyo Stock Exchange that selects companies that strategically consider the health management of their employees from a corporate management perspective. This is the tenth time we have been selected since the selection began in 2015.

\*1 Presenteeism is a condition in which a person goes to work with some illness or symptom that reduces his or her ability to perform work and productivity. The presenteeism loss ratio is calculated by conducting a questionnaire that evaluates one’s own work for the past four weeks as a percentage, taking as 100% the work performance that can be demonstrated in the absence of illness or injury, then using the discrepancy between the average for all employees and 100%. The smaller the number, the higher the productivity.

\*2 Absenteeism is a condition in which employees are absent or taking sick leave. The average absenteeism value is calculated by conducting a questionnaire that asks how many days you were absent from work due to your own illness during the past year and taking the average for all employees. The fewer the average number of days, the higher the productivity.



#### 2-2-5. Human Rights

As the world economy expands due to globalism, we see many difficult issues including growing wage gaps and poverty, more serious environmental problems such as climate change, spread of infectious diseases, and more global conflict. The issue of human rights abuses is closely related to these issues. To prevent the Group’s corporate activities from having a negative effect on human rights, and to fulfill our corporate responsibility related to human rights abuses caused by our corporate activities, in 2022 the Group formulated our “Human Rights Policy.” Our Human Rights Policy complies with the UN’s “Guiding Principles on Business and Human Rights” adopted in 2011 and the Japanese government’s “National Action Plan on Business and Human Rights” formulated in 2017. The “Human Rights Awareness Promotion Committee” chaired by the officer in charge of human resources is pursuing evaluation on specific human rights initiatives.

#### 2-2-6. Diversity & Inclusion

The Group has set “Diversity & Inclusion” as a priority agenda that should be given particular focus. For each and every employee to draw out their best performance, utilizing their strengths and individuality, we are promoting diversity and inclusion from a wide range of standpoints including gender, age, disabilities, human rights, LGBTQ+, and hiring routes.

At the Diversity and Inclusion Promotion Committee, chaired by the President and CEO, several executives hold discussions on a wide range of topics with officers and employees from departments and divisions nationwide assigned as advisors for specific D&I themes.

Based on these discussions, the committee works to clarify action items and to expand and improve the Group's D&I system and policies. To monitor the level of awareness of those relevant human resources systems and make improvements as necessary, we have introduced items to the multi-faceted assessment of managers related to the promotion of diversity such as "building work environments that allow subordinates to more easily use various support systems for work-life balance, including those for balancing childcare and nursing care" and "listening fairly to the opinions and thoughts of subordinates and conducting organizational operations that ensure psychological safety."

In recent years, the Group expanded our LGBTQ+-related system and worked to promote understanding. In the company's internal system, the Group began recognizing domestic partners certified by Japanese local municipalities in their "partnership system" as identical to spouses, established an internal/external helpdesk for related issues, and created a Daiwa ALLY Network to promote understanding and support for LGBTQ+. As a result of these initiatives, in FY2024, the Group received the highest evaluation, a "Gold" rating, in the "Pride Index 2024," sponsored by the general incorporated association work with Pride, which evaluates workplace initiatives for LGBTQ+ sexual minorities. In addition to creating work environments that allow all employees to feel comfortable, the Group aims to build an inclusive culture.

#### 2-2-7. Empowerment of women, Initiatives to eliminate the gender gap

Women make up 40.4% of all employees at the Group (end of FY2024, the reporting company and all domestic consolidated subsidiaries, hereinafter the same), and we believe that the empowerment of women is an important agenda item in promoting diversity. Starting with eliminating unconscious bias, we are advancing various measures to identify possibilities.

The business characteristics and personnel composition differ for each company, so with the aim of promotion as a unified group, we have gathered the Heads of Human Resources at each company every quarter since FY2014 to hold the "Women Empowerment Meeting," deepening collaboration by sharing the status of progress and good case studies related to the targets corresponding to each company's circumstances. Our continuous efforts thus far have been successful, and the ratio of women in managerial positions is 20.4%, achieving one of the Group's Sustainability KPIs, a target ratio of women in managerial positions of 20% or higher (consolidated) by FY2026.

These initiatives have been well received, and in March 2025, the Group was selected as a "Nadeshiko Brand," an initiative jointly organized by METI and the Tokyo Stock Exchange to recognize listed companies that excel in promoting women's advancement. This is the tenth time we have been selected since the selection began in 2012.

#### 2-2-8. Financial Wellness

When the financial situation of employees (household finances) deteriorates, they experience increased stress and psychological pressure, which could not only lead to lower productivity and motivation but a greater possibility for scandals by employees to arise, which can also affect the credibility of the Group. The Group also works to maintain and improve the degree of economic health of the individual by encouraging employees to undertake appropriate financial management. We support the financial independence of employees such as by granting "Student loan repayment support loans" to alleviate the burden of paying student loans and incentives to contribute to "Stock ownership plans" and "NISA workplace savings." In addition, apart from establishing the accumulation savings system, stock option system, and loan system for acquiring housing, we have introduced the Defined Contribution Pension Plan (401K), etc. for post-retirement asset formation, aimed at increasing employee wellbeing and satisfaction and for the purpose of boosting productivity.

### (3) Risk management

#### 3-1. Sustainability-related risk management

##### (i) Overview of risk management

While the Group pursues profitability and growth, it also recognizes the importance of appropriately identifying, evaluating, and effectively managing various risks associated with its business operations. We are working to continuously improve our corporate value by maintaining a sound financial structure and earnings structure that properly balances risk and return and by appropriately managing risks that could materialize not only in the short term, but also in the medium to long term, such as climate-related risks.

Climate-related risks include not only climate phenomena, but also factors such as political and social responses and economic structures, which all interrelate. For example, the transition process to a decarbonized society includes effects to stocks and interest rates with changes in the overall economy (market risk). The transition also will affect the business and financial conditions of companies responding to climate change (credit risk), meaning climate-related risks could be a factor in inducing or increasing various existing risks. As such, we consider the effects of climate-related risks in our existing risk management framework. For our definitions and management processes of various risks, please reference "Item 4. Reporting Company, Explanation About Corporate Governance, etc."

Apart from broad discussion about human capital-related risk at the Sustainability Promotion Committee, the Diversity and Inclusion Promotion Committee and Health Management Promotion Meetings, human rights-related risk is managed through discussion at the Human Rights Awareness Promotion Committee and operation of the Whistleblowing System, etc.

(ii) Climate-related risks in the Risk Appetite Framework

Globally active financial institutions are required to ensure sufficient soundness to exercise their financial intermediary capabilities even in times of economic or market stress. In addition, the Group is required to ensure it has more sufficient liquidity and equity capital commensurate with these risks than usual in order to be adequately prepared during times of stress. Under this environment, the Group has introduced a risk appetite framework (RAF). The Group's RAF has been documented in our Risk Appetite Statement, which the Board of Directors has deliberated and decided on, and we are working to spread this Group-wide while raising the level of its management system. The quantitative risk appetite index is a topic of discussion and determination by the Board of Directors as part of the Risk Appetite Statement and reviewed twice yearly. RAF-related audits of the Board of Directors and management business execution are conducted by the Audit Committee.

Climate-related risks have been included in this statement since FY2021. With this inclusion, climate-related risks are properly identified, assessed, and effectively monitored based on their risk profile.

(iii) Top risks (human capital)

The risk events that require particular attention in light of the Group's business characteristics are selected and managed as top risks. The management of the Company "visualize" the risk events that are identified and sorted out by relevant departments based on risk events collected from both inside and outside the Company as candidates for top risks, to enable the management to understand and discuss extensive risks when selecting the top risks. Moreover, the Group's Directors and Corporate Executive Officers (Shikkoyaku) identify and extract such candidates for top risks by making a forward-looking evaluation of the level of effects on the Group's performance and the possibility that such risk events will occur.

Considering the significance of the impact on sustainable growth and enhanced corporate value caused by human resource shortages resulting from the decreasing working population, delayed development of specialized personnel, and human resource attrition, the Group positions stagnation in sustainable growth caused by labor and human resource shortages as one of our top risks. For a list of our top risks, please reference "Item 2. Overview of Business (3) Business Risks."

### 3-2. Environmental and Social Policy Framework

To strengthen our management system for environmental and social risks, including preserving the global environment and biodiversity and protecting human rights, the Group has formulated the Environmental and Social Policy Framework. This framework covers new investments, loans, and underwriting of bonds and stocks issuance and defines businesses for which the financing is prohibited and restricted. When providing new financing, we carry out initial ESG due diligence on the eligible projects. If it is deemed that additional confirmation is required as a result of the assessment, enhanced ESG due diligence is implemented to determine whether or not to provide financing. Where carrying out the project in question could risk severely damaging the Group's corporate value, additional discussions are held by the executive management to make a final decision on financing. Furthermore, even after executing new investments and loans, we conduct regular screening for child labor, forced labor, and human trafficking at our investees and lenders. If such practices are identified, we demand through dialogue that they are corrected and their recurrence prevented, and we carefully consider whether to continue investment. This framework will be reviewed regularly based on trends in Japan and overseas.

(4) Metrics and targets

(Climate Change)

Under the Net Zero Carbon Declaration, the Group aims to achieve net zero GHG emissions within our own operations by FY2030 (Scope 1 and Scope 2). We monitor GHG emissions every year to achieve these targets. Furthermore, to lay out a concrete path toward our goal of Net zero GHG emissions within our investment and loan portfolios, etc. by 2050 (Scope 3) set forth in the Declaration, we set interim targets up to FY2030 for project finance in the power generation sector, which accounts for the largest proportion of emissions in our own investment and loan portfolios. Additionally, we have set the SDGs bond league table as our sustainable finance-related indicator and monitor it regularly.

Metric	Targets	Interim targets	Results
GHG emissions within our own operations (Scope 1 and Scope 2)	Net Zero (FY2030)	–	Scope 1: 926 t-CO <sub>2</sub> Scope 2: 8,632 t-CO <sub>2</sub> (FY2023)
GHG emissions within our investment and loan portfolios, etc. (Scope 3)	Net Zero (2050)	Project finance in the power generation sector: 186~255 g-CO <sub>2</sub> /kWh (FY2030)	Project finance in the power generation sector: 243 g-CO <sub>2</sub> /kWh (FY2023)
SDGs bond league table	In the top 2 (FY2026)	–	1st (FY2024)

Scope of aggregation and calculation method for GHG emissions

#### Scope 1 and Scope 2

[Domestic] Two companies, Daiwa Securities and Daiwa Institute of Research, which are required by law to report on the amount of energy consumption and the volume of CO<sub>2</sub> emissions. The data for Gran Tokyo North Tower, where Daiwa Securities Group is based, Daiwa Yaesu Building, and Daiwa Toyochō Building includes data for Group companies other than those mentioned above.

[Overseas] London, New York, Hong Kong, Taipei, Singapore, Seoul, Washington D.C., Mumbai and Manila offices  
[Calculation methods] Calculations have been made for the CO<sub>2</sub> emissions from the use of electricity, utility gas, LP gas, heavy oil, diesel fuel, kerosene, steam, hot water and cold water in accordance with methods stipulated in the Act on Rationalization of Energy Use and Shift to Non-fossil Energy and the Act on Promotion of Global Warming Countermeasures. Disclosed figures have been rounded off to the nearest whole number.

#### Scope 3

[Scope] Daiwa Securities Group Inc.'s invested companies, the assets (own holdings, excluding unlisted stocks via funds) managed by the Asset Management Division and companies managed by Daiwa Next Bank, Ltd.

[Calculation methods] Measured based on PCAF standards. Where the data from investees cannot be acquired, an estimated value is used referencing the PCAF database.

#### SDGs bond league table

[Scope] Straight bonds, Fiscal Investment and Loan Program Agency bonds, local government bonds, Samurai Bonds that are issued for the purpose of resolving environmental and social issues in line with the context of the sustainability strategy of the issuer \*excludes the company's own bonds

[Calculation methods] Prepared by Daiwa Securities based on LSEG data and analytics data

(Human Capital)

<Human Capital Management>

Diversity-related indicators					
		End of FY2022	End of FY2023	End of FY2024	Targets
Ratio of women on the Board of Directors	Daiwa Securities Group Inc.	28.6%	35.7%	50.0%	30% or higher
Ratio of women in managerial positions	Daiwa Securities Co. Ltd.	19.9%	21.1%	23.2%	25% or higher at the end of FY2026
	Consolidated*1	16.9%	18.4%	20.4%	20% or higher at the end of FY2026
Ratio of male employees taking childcare leave*2	Daiwa Securities Co. Ltd.	88.7%	97.5%	101.0%	100% or higher
	Consolidated*1	94.2%	98.8%	103.0%	100% or higher
Ratio of mid-career hires*3	Consolidated*1	27.8%	25.6%	37.3%	–

\*1 “Consolidated” refers to the reporting company and all domestic consolidated subsidiaries.

\*2 Ratio of male employees taking childcare leave

The ratio is calculated based on the method stipulated in the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991)” Article 71-6 (1).

\*3 The ratio of mid-career hires is the percentage of mid-career hires within the total number of hires in the fiscal year

<Human Resource Development Policy>

			End of FY2022	End of FY2023	End of FY2024
Number of CFPs and CMAs	CFP	Consolidated*	1,469	1,570	1,677
	Number of CMAs		1,550	1,553	1,576
	Total		3,019	3,123	3,253

\* “Consolidated” refers to the reporting company and all domestic consolidated subsidiaries.

Costs for educational investment* <sup>1</sup>			
	FY2022	FY2023	FY2024
Costs for educational investment (Consolidated* <sup>2</sup> )	2.18 billion yen	2.16 billion yen	2.22 billion yen
Costs for educational investment per employee* <sup>3</sup>	0.17 million yen	0.17 million yen	0.18 million yen

\*1 “Costs for educational investment” refer to training expenses for lecturers, etc. and facility operating expenses needed to operate employee training.

\*2 “Consolidated” refers to the reporting company and all domestic consolidated subsidiaries.

\*3 Calculated based on the consolidated number of employees in Japan as of the end of the fiscal year.

<Policies for Creation of In-house Environments>

Engagement Survey score* <sup>1</sup>						
			FY2022	FY2023	FY2024	Targets
Sustainable Engagement* <sup>2</sup>	Daiwa Securities Co. Ltd.		81%	83%	82%	–
	Consolidated* <sup>3</sup>		79%	80%	81%	80% or higher
Three sectors in which the Group is strong	Ethics and integrity	Consolidated* <sup>3</sup>	86%	88%	89%	–
	Talent management	Consolidated* <sup>3</sup>	82%	83%	84%	–
	Wellbeing and flexibility	Consolidated* <sup>3</sup>	82%	82%	82%	–
Sectors for improvement	Business Operating System	Consolidated* <sup>3</sup>	47%	47%	49%	–
	Digitalization Initiatives	Consolidated* <sup>3</sup>	67%	69%	71%	–
	Performance management	Consolidated* <sup>3</sup>	65%	67%	70%	–

\*1 Figures and analysis materials provided by survey partner Willis Towers Watson. The figures are calculated by aggregating the ratio of employees that provided an affirmative response to the questions in each category out of all employees, taking the average value of such ratio for all questions in such category.

\*2 Sustainable engagement is a concept created by Willis Towers Watson that refers to a high level of willingness to contribute toward achieving goals as well as a strong sense of belonging to the organization, which is maintained through a productive work environment, physical and mental health, and other factors. Willis Towers Watson has demonstrated a trend in which companies with high sustainable engagement scores achieve results growth that exceeds the average growth rate of the industry to which those companies belong. The Group systematically identifies “Sustainable Engagement” and its components, while utilizing the analysis results in company-wide measures and for improvement activities in each organization.

\*3 “Consolidated” refers to the reporting company and all domestic consolidated subsidiaries. Figures have been calculated with the addition of certain overseas locations in FY2023 and FY2024.

Indicators related to occupational health and safety and health management						
			FY2022	FY2023	FY2024	Targets (by 2030)
Presenteeism loss percentage* <sup>1</sup>		Consolidated* <sup>3</sup>	12.6%	13.9%	14.5%	Less than 10.0%
Absenteeism average* <sup>2</sup>		Consolidated* <sup>3</sup>	3.1 days	3.9 days	4.0 days	3.0 days or less

\*1 Calculated by conducting a questionnaire that evaluates one’s own work for the past four weeks as a percentage, taking as 100% the work performance that can be demonstrated in the absence of illness or injury, then taking the discrepancy between the average for all employees and 100%. The smaller the number, the higher the productivity.

- \*2 Calculated by conducting a questionnaire that asks how many days you were absent from work due to your own illness during the past year and taking the average for all employees. The fewer the average number of days, the higher the productivity.
- \*3 “Consolidated” refers to the reporting company and all domestic consolidated subsidiaries.

### 3 Business risks

Of the matters concerning the status of operations and the status of accounting, etc. stated in the Annual Securities Report, the following are types of risks on the main matters considered likely to have a major impact on investors' decisions. These risks do not necessarily encompass all risks and there is the possibility that risks not currently anticipated and risks thought to have little materiality could have a negative impact on the Group's financial position and operating results in future.

The matters concerning the future in this section are, unless otherwise noted, those decided by the Group as of the filing date of the Annual Securities Report.

While the Group pursues profitability and growth, it also recognizes the importance of appropriately identifying, evaluating, and effectively managing various risks associated with its business operations. The Group faces various risks in the course of its business activities. The Group therefore believes that it is important to identify these risks based on business characteristics and risk profiles, and appropriately evaluate and manage those risks in order to maintain a sound financial structure and earnings structure.

Because the Group utilizes its own accounts to temporarily hold product positions for sales purposes and to provide products to customers, the Group is subject to market risk due to market fluctuations and risk for which hedges do not function, credit risk related to counterparties and issuers, foreign currency and other liquidity risk, operational risk that naturally occurs through the execution of business, and model risk stemming from the use of models for decision-making. The Group is also subject to investment risk due to deterioration in the business performance and credit status of investees, as well as to changes in the market environment, that coincide with the execution of growth investments. The Group utilizes stress tests and top risk management to manage risk on an integrated basis, including measuring the impact on capital and liquidity within the Group from a forward-looking perspective.

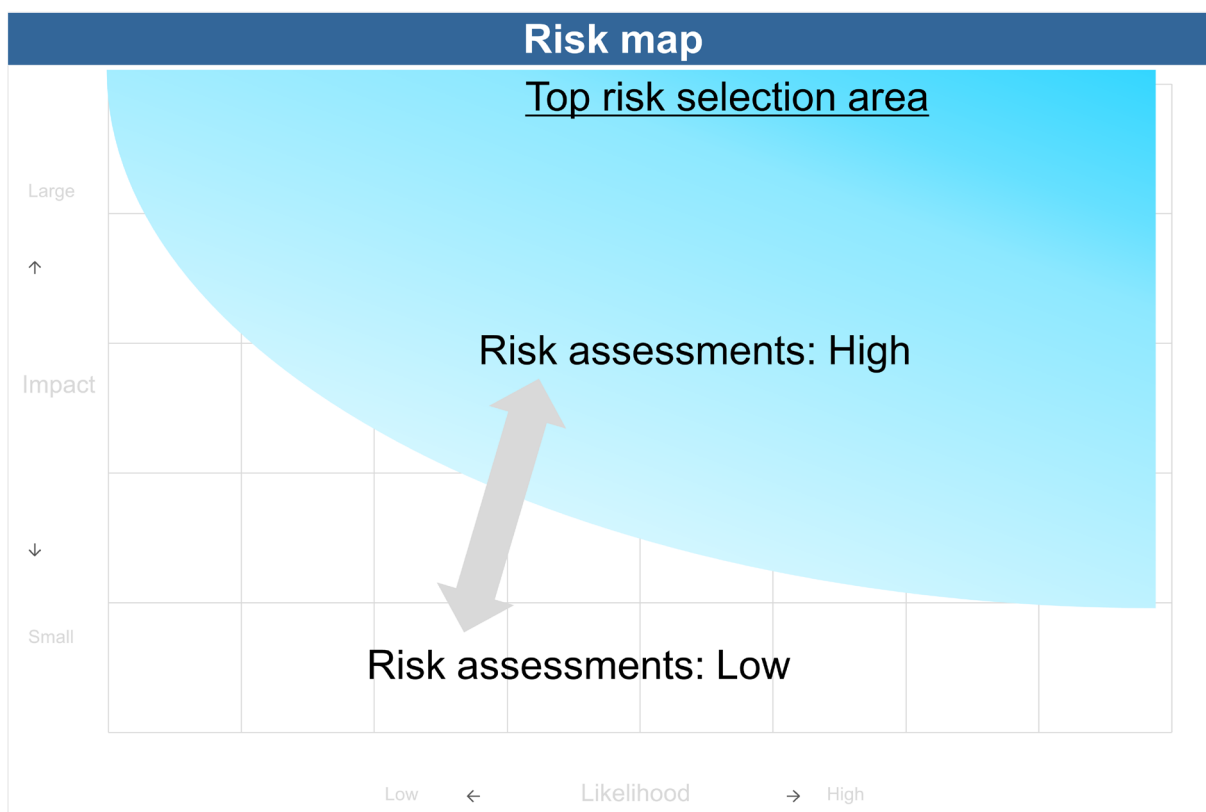
#### Top risks

The Group is monitoring various risk events that require particular attention in light of the nature of the Group's business as top risks. The top risks as of the filing date of the Annual Securities Report are set out in the following table.

Risk events	Specific examples
Intensifying international disputes and conflicts	<ul style="list-style-type: none"> <li>• With the withdrawal of the Taiwan defense policy by the new US administration, leading to real military conflict take place in the Taiwan Strait. The situation escalates to a wide-area naval blockade and full-scale Japanese involvement</li> <li>• The military conflict between Russia and Ukraine escalates to the threat of a nuclear attack by Russia and NATO joining the war, leading to a soaring commodities market and deterioration in the global economy centered on Europe</li> </ul>
Trump 2.0	<ul style="list-style-type: none"> <li>• The trade policy of the new U.S. administration (stronger tariffs) invites retaliatory tariffs by China and other countries and led to a slowdown in global trade. The growing fiscal deficit caused by reduced labor driven by immigration policy (mass deportations of illegal immigrants) and tax-reduction policies invite progressing inflation and rising interest rates, leading to a sharp slowdown in the U.S. economy</li> </ul>
China's economic crisis	<ul style="list-style-type: none"> <li>• Successive defaults stemming from the real estate sector with no end to the downturn in the real estate market. Drastic deterioration in China's economy due to a credit crunch spreading to deterioration of the global economy</li> </ul>
Downgrading of JGBs and crash of yen assets caused by instability of Japan's financial situation	<ul style="list-style-type: none"> <li>• The Japanese government is reluctant on financial reform, and spending cuts and the issues of increased taxes and the social security burden are postponed. Japan's budgetary risk is expanding, leading to a credit downgrading of JGBs and sales of yen-denominated assets such as Japanese equities and government bonds by foreign investors. The downgrading of government bonds also leads to increased fundraising costs for the Company</li> </ul>
Japan's stagflation risk	<ul style="list-style-type: none"> <li>• Structural inflation is progressing due to yen depreciation, soaring resource costs, and labor shortages (low birthrate and aging population, reduction in foreign workers). A positive cycle in wages and prices is not achieved, leading to slowed consumption and stagflation in the Japanese economy</li> </ul>
Recurrence of the financial crisis	<ul style="list-style-type: none"> <li>• Monetary instability rooted in rising long-term interest rates in the U.S., a sovereign debt crisis due to the expansion of populist fiscal policy against the backdrop of political instability in Europe, and a currency crisis in emerging countries all occur simultaneously</li> </ul>

Risk events	Specific examples
Stagnation in sustainable growth due labor and personnel shortages	<ul style="list-style-type: none"> <li>Human resources are insufficient due to struggling hiring caused by the reduced working population, delayed development of specialized personnel, and human resource attrition due to intensifying hiring competition both inside and outside of financial institutions, and resulting stagnation in sustainable growth and improved corporate value</li> </ul>
Large-scale earthquake	<ul style="list-style-type: none"> <li>Huge effect on the Japanese economy caused by a large-scale earthquake (earthquake directly beneath Tokyo, Nankai Trough earthquake, etc.) Additionally, the Company experiences personal and property damage</li> </ul>
Epidemic of a new infectious disease	<ul style="list-style-type: none"> <li>The resurgence in infections in Japan and overseas due to an outbreak of an unknown infectious disease with long-term world-wide stagnation of economic activity</li> </ul>
Cyber attack	<ul style="list-style-type: none"> <li>Damage to the Company's reputation and lost business opportunities resulting from customer information leaks caused by cyberattacks</li> </ul>
Inappropriate actions by officers and employees	<ul style="list-style-type: none"> <li>Imposition of fines by the authorities, the questioning of employer responsibility, damage to the Company's reputation, and lost business opportunities from actions by officers and employees that damage the soundness of the market (insider trading, market manipulation, etc.) or other criminal acts (stealing customer assets, etc.)</li> <li>* Includes not only trading by the officers and employees themselves, but also their involvement in transactions</li> </ul>
Insufficient response to money laundering and terrorist financing	<ul style="list-style-type: none"> <li>Fines are paid due to the insufficient response and inability to prevent financial crimes such as money laundering and involvement in terrorist financing. Also, the Company's reputation is damaged and business opportunities are also lost</li> </ul>
Information security risk	<ul style="list-style-type: none"> <li>Damage to the Group's reputation due to officers and employees stealing customer information, etc. Disadvantages including damage compensation costs and legal sanctions and losses in business opportunities</li> </ul>

Top risks are selected by management with a framework that enables management to understand and discuss extensive risks when making such selection. Specifically, for the comprehensive "Visualization" of extensive risks events, the risk events that are identified and sorted out by relevant departments, based on risk events collected from both inside and outside the Company are candidates for top risks. Moreover, the Group's Directors and Corporate Executive Officers (Shikkoyaku) identify and extract such candidates for top risks by making a forward-looking evaluation of the level of effects on the Group's performance and the possibility that such risk events will occur. The following risk map is utilized in such evaluation.



(1) Risks concerning the Japanese and global economy, economic conditions and fluctuations in financial markets

In FY2024, the Japanese economy followed a track of gradual recovery with strong corporate results and high-level wage increases, but given the impact of rising prices and a cautious consumer mindset, the recovery in personal consumption lacked strength. The Bank of Japan is working toward monetary normalization, and although it hiked rates twice in FY2024, the expected policy effects were not realized, and with soaring resource prices and sharp yen depreciation, if inflation accelerates, there is the risk of a downturn in the Japanese economy.

In the global economy, geopolitical risks remain high amid Russia's invasion of Ukraine and instability in the Middle East, and there is concern that volatility in energy prices and disruptions in supply chains could lead to prolonged inflationary pressure and a slowdown in global economic growth. In the United States, in addition to concern over an economic slowdown caused by continued high-interest rate policy, the uncertainty surrounding policy operations following the presidential elections could cause stagnation or turmoil in US economic activities. In China, the prolonged corrections in the real estate markets, US-China trade friction, and the battle for technological supremacy could weigh heavily on an economic recovery. In emerging countries, the combined effect of high inflation, debt issues, and geopolitical risks could lead to economic instability. There is also no denying the possibility of a financial crisis and economic crisis if there is a rapid global deterioration in financial and economic conditions. In this way, if fiscal policy and monetary policy do not achieve their anticipated effect in Japan, and if there are events that have a negative impact on the economic environment surrounding Japan such as stagnation or deterioration in the global economy and economic conditions, we anticipate that various risks could become evident due to the deterioration in corporate results, falls in stock prices and fluctuations in foreign exchange and interest rates, etc. This situation could have a significant negative impact on the Group's business, financial position, and operating results.

(2) Risks from external factors

Securities-related business, which is the Group's main business, tends to be greatly affected by unpredictable events that cause sudden fluctuations in the market. For example, apart from the September 2001 terrorist attacks in the US and the March 2011 Great East Japan Earthquake, the impact on the financial and securities markets due to the shift in every country's monetary policy, including the Bank of Japan lifting negative interest rates and hiking interest rates in March 2024, has had a serious impact on the Group's performance.

In this way, external factors including war and acts of terrorism, natural disasters such as earthquakes, tsunami and floods, widespread contagion of various infections and the failure of infrastructure such as information and communication systems and power supply could have a negative impact on the Group's business, financial position, and operating results.

(3) Risks related to climate change, etc.

The Group recognizes that dealing with climate change is an important management issue.

Examples of the Group's main transition risks (within climate-related risks, the risks accompanying the transition to a carbon-neutral society) include increased costs and resulting deterioration in earnings at investee and managed companies due to changes in carbon pricing policy (policy/legal), increased costs and resulting deterioration in earnings at investee and managed companies due to changes in energy-related technologies (technology), lower value and decreased balance of assets held in the fund from the transition to a carbon-neutral society (market), and deterioration in reputation associated with a lack of initiatives to deal with climate change and investment and underwriting related to businesses with a heavy environmental load (reputation).

Examples of the Group's main physical risks (within climate-related risks, those caused by physical damage) include lost value, reduced sales opportunities, and resulting deterioration in earnings at invested properties such as solar and wind generation facilities due to natural disasters such as torrential rain and powerful typhoons (acute/chronic), as well as business interruption risks including financial system failures or damage to the Group's offices and data centers from more serious natural disasters (acute/chronic).

These situations could affect the Group's business, financial position, and financial performance.

(4) Risks associated with the state of competition

Competition in securities-related business, the Group's main business, has become severe, triggered by a series of significant deregulations such as the liberalization of the brokerage commission rate on share trades and revisions to firewall regulations. Entry regulations have been virtually repealed, and domestic and overseas financial groups other than banks and other securities companies are building and strengthening customer bases and branch networks through the provision of a broad range of financial instruments and services.

The Group cannot guarantee that it can demonstrate adequate competitiveness against these domestic and overseas financial groups in terms of prices and services, etc. of competing businesses, and if unable to demonstrate such competitiveness there could be a significantly negative impact on the Group's business, financial position, and operating results.

(5) Risk that the Group's strategy is not successful

The Group is comprised of a group of companies operating investment/financial businesses with the securities-related business at the core and new business areas such as real estate, healthcare and renewable energy. The Group aims to maximize the corporate value of the entire Group by providing high-value-added investment and financial services through collaboration amongst these Group companies. Nevertheless, that strategy of the Group may not be successful and the anticipated outcomes may not be achieved if there are revisions to the aforementioned strategy of the Group due to various factors including (i) deterioration in domestic and overseas economic and financial conditions, (ii) inability to achieve the Group's expected earnings due to changes in the competitive environment, (iii) fluctuations or reduction in business alliance and joint venture relations and outsourcing relations inside and outside the Group, (iv) measures to improve the efficiency of organizational operations within the Group do not progress as anticipated, and (v) large-scale revisions of legal requirements, and if the operations between Group companies and collaborations with others do not function adequately. In that case, there could be a negative impact on the Group's business, financial position, and operating results.

(6) Risks associated with performance fluctuations

Securities-related business, which is the Group's main business, and asset management business and investments business, which are its other main businesses, are characterized by large fluctuations in the commissions generated from transactions with customers, net trading income, and net gain on private equity and other investments, etc. The Group is striving to increase assets under management in the Wealth Management Division, increase the balance of contract assets under management in the Asset Management Division, and to diversify the profit structure of the Global Markets & Investment Banking Division, to strengthen the management of various risks such as market risk and credit risk and be thorough in its cost control management to ensure increased stability of performance. However, there is no guarantee that these measures will cover the fluctuations associated with the securities-related business, and if there were marked deterioration, especially in economic and financial conditions, there could

be a significantly negative impact on the Group's performance.

Furthermore, the trend in the Group's consolidated performance for the past three fiscal years is as follows.

(Millions of yen)

Term	86th	87th	88th
Fiscal year-end	March 2023	March 2024	March 2025
Operating revenue	866,090	1,277,482	1,372,014
Net operating revenue	464,226	590,910	645,990
Ordinary income	86,930	174,587	224,716
Profit attributable to owners of parent	63,875	121,557	154,368

(7) Business risks in the Wealth Management Division

In the Wealth Management Division, earnings may decline significantly if a slump in market conditions weakens demand for securities investment from customers, leading to risk-averse investment behavior on securities markets and investors who are more reluctant to own risk assets. In addition, there is a tendency to require fixed costs, such as real estate-related expenses, personnel expenses, or depreciation on systems investments, for branches, sales representatives, online trading systems, etc. Therefore, when there is a substantial decline in revenue due to factors such as the above, there is the risk of being unprofitable even if efforts to control costs are sufficient. "Business risks associated with the Banking business" due to the consolidated subsidiary Daiwa Next Bank, Ltd. (hereinafter "Daiwa Next Bank") are described in (8).

(8) Business risks associated with the Banking business

At the Group's Wealth Management Division, the consolidated subsidiary Daiwa Next Bank provides services to customers through that bank's agency Daiwa Securities Co. Ltd. (hereinafter "Daiwa Securities").

At Daiwa Next Bank, the funds raised via deposits received from customers through Daiwa Securities and online, etc. are invested in loans, bonds and available-for-sale securities investment, etc., but the banking business needs to respond to various risks including credit risk, market risk, liquidity risk, systems risk, compliance risk, operations risk, information security risk, risks in outsourcing, event risks, reputational risk, and risk of decline in equity ratio. We have advanced our response for creating, maintaining and improving the stance to manage such extensive risks, but if this response is inadequate, and the expected profit margin cannot be secured due to lower returns on assets under management and the rise in fund procurement interest rates caused by changes in monetary policy, etc., and if the strategy to differentiate from other competing banks does not advance as expected and we are unable to demonstrate competitiveness, this could have a negative impact on the Group's performance.

(9) Business risks in the Asset Management Division

Asset Management Division comprises businesses in Securities Asset Management, Real Estate Asset Management, and Alternative Asset Management.

Revenue of Securities Asset Management consists of fixed fees based on the balance of assets under management or performance-related fees. The Group's earnings decrease if there is a decline in assets under management due to a decrease in the appraised value of assets under management as a result of market fluctuations, or due to an increase in cancellations as a result of the change in asset management behavior of customers (including increased propensity to invest in stable assets such as deposits) or the Group's investments underperforming in comparison to competitors.

Otherwise, the Securities Asset Management's expense structure is mainly system-related expenses and personnel expenses, with strong fixed cost factors, so there is also the risk of becoming unprofitable if there is a significant decrease in revenue.

Revenue of Real Estate Asset Management comprises fees from a fixed rate based on the balance of assets under management and real estate trading amounts as well as real estate development profit and profit from the real estate leasing business, etc. In the event that real estate market fluctuations, etc. leads to a decline in the appraised value of assets under management and a decline in profitability of assets under management, a decline in real estate buy and sell transactions, sluggish real estate transaction prices, a rise in acquisition prices of land for real estate development, a rise in prices of building materials, etc. this could have a negative impact on the Group's performance.

Otherwise, the Real Estate Asset Management's expense structure consists of personnel expenses, real estate expenses, expenses related to real estate leasing business, etc. and in the event of a rise in these expenses and a significant decline in revenue, this could have a negative impact on the Group's performance.

Note that Real Estate Asset Management comprises the Group's consolidated subsidiaries Daiwa Office Investment Corporation, and Samty Residential Investment Corporation, as well as its equity method affiliate, Daiwa Securities Living Investment Corporation. These real estate investment corporations are investment corporations based on the Act on Investment Trusts and Investment Corporations, and listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange, Inc. Their main business is to raise funds through the issuance of investment units and investment corporation bonds as well as borrowings, etc. from financial institutions, etc. and invest in real estate and beneficial interests in trusts with real estate as underlying assets as well as recover such investment through rent and sales of real estate focused on Daiwa Office Investment Corporation primarily investing in office buildings, Samty Residential Investment Corporation mainly investing in rental housing, and Daiwa Securities Living Investment Corporation mainly investing in rental housing and healthcare facilities.

The business of Daiwa Office Investment Corporation, Samty Residential Investment Corporation and Daiwa Securities Living Investment Corporation could be impacted by various circumstances including fluctuations in the market environment and economic conditions, fluctuations in the fund procurement interest rates, tenants moving in and out, rent revisions and non-payment, bankruptcy of tenants, trustee of the trust or other related parties, fluctuations in property tax and various other expenses, presence of real estate defects and flaws, destruction, degradation and damage of buildings due to disasters, etc., ownership and other real estate rights, presence of toxic substances, environmental contamination, enactments and revisions of administrative regulations, tax laws (including legal requirements for exemption of double taxation of investment corporations and investors) and other laws and regulations, enactments and revisions of stock exchange regulations, etc. Consequently, in the event that Daiwa Office Investment Corporation, Samty Residential Investment Corporation and Daiwa Securities Living Investment Corporation record losses as a result of an inability to receive rental and divesture income at anticipated levels and times or due to valuation losses, this could have a negative impact on the Group's performance.

Alternative Asset Management consists of the fund management operations that mainly invest the capital in funds managed by the Group into domestic and overseas venture companies and small and medium-sized enterprises, and the principal investments business that mainly invests our own funds in domestic and overseas small and medium-sized enterprises and domestic and overseas assets in the energy and infrastructure sector. The main sources of earnings are respectively from the management fees and performance fees from the funds in the fund management operations, and from the income gains during investment and capital gains on selling in the principal investments business.

In fund management operations, the outcomes of investment activities depend heavily on the human resources such as capitalists, due to their nature, so there is risk of losses being suffered on investment activities in the event of being unable to stably secure and cultivate capable human resources. In addition, apart from the risk of suffering losses on investment activities in the event of being unable to attract sufficient capital from fund investors in a fund offering, there is the risk of a reduction in management fees and negative impact on the Group's performance. Furthermore, small and medium-sized enterprises, which are targets for investment, face various kinds of risk factors including instability of the business model and management foundation, high reliance on specific people such as the founders, and some sort of risk factors related to management. In addition, in the event that venture companies and others, which are targets for investment, aim for an initial public offering, the investment periods also tend to be long up until the time of the actual public offering. Furthermore, there is no guarantee that all invested companies will achieve initial public offerings and even if the invested companies achieve initial public offerings, there is no guarantee of being able to sell at a price above the acquisition cost. Due to these factors, apart from the possibility of the invested companies going into bankruptcy, there is a possibility of not being able to generate the expected capital gains from the sale of stock, etc. at prices above the acquisition cost and the possibility of incurring a selling loss or valuation loss. This could have a negative impact on the performance of the fund and the Group's performance.

The principal investments business is faced with various risk factors including the low liquidity of positions of held securities and investment assets with long holding periods, difficulties in conducting risk control through diversification of investees, some sort of risk factors included in management when starting investment in the investment into small and medium-sized enterprises, etc., obstacles or long time for disposal of stock, etc. due to domestic and overseas laws and regulations. In the event of investment in domestic and overseas assets of the energy and infrastructure sector, this includes risk factors that could have an impact including change in credit conditions of companies and other related parties targeted for investment assets, change in the economic environment, trends in public measures, tighter regulations, political instability, natural disasters, foreign exchange and interest rate trends, trends in resource prices, country risks of the country of location for the investment assets. Due to these factors, there is the possibility of not generating the expected revenue during the holding period, and the possibility of valuation losses, and no guarantee of being able to sell at a price above the acquisition cost when selling, so there is a possibility of not being able to generate the expected selling profit or incurring a selling loss.

#### (10) Business risks in the Global Markets & Investment Banking Division

The Global Markets & Investment Banking Division is comprised of each business in Global Markets and Global Investment

## Banking.

In trading services such as cash and derivative transactions in Global Markets, there is risk of deterioration in earnings owing to weaker transaction demand from customers due to market trends or changes in taxation and accounting systems; the risk of losses materializing as a result of sudden, large-scale changes in market conditions that are detrimental to the market value of positions held by dealers; and the risk of losses materializing from an inability to sell in reaction to changes in market conditions due to the holding of low-liquidity positions.

The major risks among these are market risk (risk of suffering losses from fluctuations in market prices such as stock prices, interest rates, foreign exchange rates and commodity prices) and credit risk (reduction or loss of asset value (including off-balance sheet assets) due to deterioration in the borrower's financial situation, etc. or risk of suffering losses due to non-performance of debt). The Group undertakes various hedge transactions as necessary, referencing the past trends in market prices for each product and the correlation in price fluctuations of each product to reduce risks when trading in each product. However, there is also the possibility that the hedge may not be effective due to market fluctuations that exceed expectations and the sudden occurrence of individual events. Furthermore, if the content of trading positions is biased towards specific issues and industries, etc. and it becomes hard to gain a diversification effect for the entire portfolio, it will also be difficult to smoothly close-out positions and the amount of losses tends to substantially increase if risks become evident.

In brokerage services in the Global Markets, earnings may decline significantly if a slump in market conditions weakens demand for securities investment from customers, leading to risk-averse investment behavior and investors who are more reluctant to own risk assets. In addition, there is a tendency to require fixed costs such as depreciation of systems investments since large transactions systems for corporate customers are required. Therefore, when there is a substantial decline in revenue due to factors such as the above, there is the risk of being unprofitable even if efforts to control costs are sufficient.

In addition, in Global Investment Banking, apart from being engaged in bonds, listed stocks, initial public offerings, underwriting of asset liquidation securities, and subscription and secondary offerings in response to the financing needs of corporate customers, we conduct operations related to creating structured securities and structured finance, and advisory services related to M&A, business restructuring and initial public offerings. These operations generally have characteristics of rapid fluctuations in transaction size and transaction volumes impacted by securities market conditions. In addition, in underwriting deals, there is the risk of losses on underwritten securities held, caused by a fall in market prices in the event that the securities cannot be smoothly sold to investors for reasons such as a decline in the market. The position risks in the underwriting business are much more serious than position risks in normal trading since there can be huge positions in single issue for which effective risk avoidance methods may not be possible in a timely manner. Furthermore, in underwriting deals, there is the risk of a compensation claim for damages from investors as an underwriter under the Financial Instruments and Exchange Act if failing to properly disclose the offer and sale of securities.

### (11) Risks related to investment securities

The Group holds stocks, etc. of target companies, etc. for the purpose of maintaining and building alliances and friendly relations, etc. Among this, there is the possibility of negative impact on the Group's financial position and operating results for marketable stocks, etc. when there is a decline in market price, and for other stocks, etc. when there are valuation losses or impairment losses due to deterioration of the financial position and operating results for such target companies, etc. In addition, when the above stocks, etc. are sold due to the dilution in the significance of holding, etc. it is possible that selling may not be possible at the expected price or timing depending on the market environment and financial position and operating results of the target companies, etc.

### (12) Risks related to overseas business

The Group has an extensive business foundation spread across developed countries such as Europe and the US, as well as Asia including its emerging countries.

Compared to the domestic business foundation, overseas business foundation may be more heavily impacted by change in customer transaction needs, market environment as well as fluctuations in political, financial and economic conditions, etc. There is a possibility of suffering reduced revenues or losses depending on the level of such events or risk management around them. In addition, the Group or the business of joint venture in which the Group invests could be subject to constraints or value of invested capital could fluctuate as invested capital and revenue are exposed to foreign exchange risks and also as a result of revisions made to laws and regulations in the countries which business is operated.

### (13) Risks concerning capital adequacy and liquidity regulations

The Group is subject to application of the "Criteria for determining whether the adequacy of equity capital of the highest designated

parent company and its subsidiary corporations, etc. is appropriate in light of the assets owned by the highest designated parent company and its subsidiary corporations, etc.” (2010 Financial Services Agency Public Notice No. 130) for the Company to qualify as the highest designated parent company under the Financial Instruments and Exchange Act, and needs to maintain at least the prescribed consolidated capital adequacy ratios based on Article 2 of that Public Notice (consolidated common equity Tier 1 capital ratio of 4.5%, consolidated Tier 1 capital ratio of 6%, consolidated total capital ratio 8%; collectively hereinafter “minimum consolidated capital adequacy ratio requirement”). The Group began applying Basel III finalization from the end of March 2025. The Group, in addition to satisfying the aforementioned minimum consolidated capital adequacy ratio requirement has, since the end of March 2016, needed to maintain the capital conservation buffer ratio of 2.5% and the aggregate countercyclical buffer ratio as well as an additional 0.5% as the minimum capital buffer ratio due to its designation of the Company as a Domestic Systemically Important Banks (D-SIBs).

The Group has applied “Criteria for determining the soundness in relation to the prescribed leverage as a complementary indicator of the criteria for determining whether the adequacy of equity capital of the highest designated parent company and its subsidiary corporations, etc. is appropriate in light of the assets owned by the highest designated parent company and its subsidiary corporations, etc.” (2019 Financial Services Agency Public Notice No. 13) and is required to maintain the consolidated leverage ratio of at least 3.15% since the end of June 2024.

The Group applies the “Criteria that indicates soundness in relation to liquidity of the soundness in the management of the highest designated parent company and its subsidiary corporations, etc. stipulated as criteria by which the highest designated parent company is to judge the soundness in the management of the highest designated parent company and its subsidiary corporations, etc. based on the provisions of Article 57-17, Paragraph (1) of the Financial Instruments and Exchange Act” (2014 Financial Services Agency Public Notice No. 61) and has, in accordance with that Public Notice, been required to maintain the consolidated liquidity coverage ratio since the end of March 2015 as well as the consolidated net stable funding ratio since the end of September 2021 of at least 100%.

In addition, some consolidated subsidiaries are also subject to similar regulations. Daiwa Securities Co. Ltd., Retela Crea Securities Co., Ltd., and Daiwa Connect Securities Co., Ltd. need to maintain capital adequacy ratios as prescribed in the Financial Instruments and Exchange Act of at least 120% based on this Act. Daiwa Next Bank needs to maintain an equity ratio (domestic criteria) prescribed in “Criteria for determining whether the adequacy of equity capital of the bank is appropriate in light of the assets owned by that bank based on Article 14-2 of the Banking Act” (2006 Financial Services Agency Public Notice No. 19) of at least 4% based on that Public Notice. (Daiwa Next Bank applied Basel III finalization from the end of March 2025.) There are similar companies in overseas consolidated subsidiaries.

If there is a significant decline in the Group’s aforementioned ratios or the capital adequacy ratio of consolidated subsidiaries, there is a possibility that liquidity concerns could arise due to the spread of reputational risk and decline in credit levels. Furthermore, in the event that effective measures (measure to increase capital, etc.) are not implemented if the minimum criteria required under each of the above regulations are not met, there is the possibility that domestic and overseas supervisory authorities could issue improvement orders and the Group could be subject to measures to suspend all or part of its operations, etc.

For the Group’s compliance with the aforementioned capital adequacy and liquidity regulations, a committee has resolved internal management levels that include an appropriate buffer on top of the regulatory required minimum levels, monitors the capital adequacy ratio and liquidity regulation ratio, and reports the state of compliance to management.

If the regulatory ratios fall below the internal management levels, the CFO shall have the Group company where this originated report such situation, the factors and after-the-fact response measures, etc. through the department in charge of regulation. In addition, pre-determined measures shall be implemented to ensure recovery to the internal management levels as necessary.

An inability to comply with capital adequacy and liquidity regulations despite these response measures could have a negative impact on the Group’s financial position and operating results.

#### (14) Risks related to securities issued by the Group

The Company’s stocks are listed on stock exchanges in Tokyo and Nagoya and they are traded in accordance with the Financial Instruments and Exchange Act and related laws and regulations as well as various regulations prescribed by each stock exchange, etc. There is a possibility that these regulations, etc. could make trading in the Company’s stocks become impossible due to measures to suspend trading for the purpose of disseminating material information about the Company or temporary suspension of trading due to the execution of large orders in the Company’s stocks.

The Company issues share acquisition rights for the purpose of stock options and if share acquisition rights are exercised in the future, there is a possibility that the profits per share could be diluted. In addition, there is a possibility that the stock price could decline because of sales of the Company’s stocks by shareholders holding large amounts of the Company’s stocks.

(15) Liquidity risk

The Group is engaged in securities-related business that uses many assets and liabilities and in investment and loan business. Therefore, the Group needs to ensure appropriate liquidity and maintain financial stability. However, there are the risks of experiencing cash management difficulties or suffering losses due to having to finance at markedly higher costs than usual as a result of a change in market conditions or a deterioration of Group companies' finance.

If the Group's fundraising becomes difficult, responses such as reducing the assets held are required. However, there is a risk that assets will need to be sold at substantially below their acquisition prices or an inability to sell assets if there is a decline in overall market liquidity due to deterioration in the market environment, with an even greater decline in liquidity for those assets targeted for sale that have low credit strength.

If such liquidity risk becomes evident, there is the possibility that the Group may find it difficult to continue operating, which would have a negative impact on the Group's financial position and operating results.

(16) Operational risk

The Group is exposed to operational risk associated with diverse operations and if such risks materialize, the Group could suffer losses, etc. which could have a negative impact on the Group's performance and social credibility.

The Group manages operational risks by category as follows.

- Operations risk  
Risk of suffering losses because officers and employees neglect accurate office work or cause accidents or fraud, etc.
- Systems risk  
Risk of suffering losses due to downtime or malfunction of computer systems, and system defects, etc. as well as the risk of suffering losses due to fraudulent use of computers
- Information security risk  
Risk that information security (maintaining confidentiality, integrity, and availability) has not been ensured due to the emergence of threats to information assets
- Compliance risk  
Risk of suffering losses due to officers and employees not observing corporate ethics and laws and regulations (including conduct risk where inappropriate action by officers and employees could cause adverse consequences for customers and counterparties or a loss of market soundness) and the risk of suffering losses due to legal disputes with customers, etc.
- Legal risk  
Risk of suffering losses due to the execution of inappropriate contracts or breach of contracts
- Human resources risk  
Risk of suffering losses due to problems arising in labor management practices and in the safe workplace environment and risk of not securing the necessary human resources
- Tangible assets risk  
Risk of suffering losses due to damage to tangible assets as a result of natural disasters, external factors and negligence of officers and employees

At the Group, particularly in the securities-related business, if there is data tampering or customer information leakage due to cyberattacks, system failure due to system defect, new development/integration of systems, or downtime or malfunction of computer systems that process execution and settlements for transactions, this could have a negative impact on the Group's financial position and operating results through opportunity losses or liability for damages by reason of not being able to perform business operations properly and a decline in social credibility, etc.

Furthermore, the Group understands the following risks have recently increased in materiality:

- Cyber security risks  
The risk of suffering losses due to the suspension of system services, information leaks and data tampering, etc. as a result of external cyberattacks
- Risks of getting involved in money laundering and the financing of terrorism  
Risk that the Group ends up being involved in money laundering due to control measures not functioning effectively, despite establishing them in line with the regulations of each country, starting with the JFSA's "Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism."
- Risk associated with the management of outsourced service providers  
Risk of suffering losses due to the inappropriate selection of an outsourced service provider, contractual defects, the outsourced service provider's withdrawal of operations due to bankruptcy or takeover, etc., fraud or negligence, etc.

(17) Risks related to regulations, etc.

Each Group company is subject to regulations such as laws corresponding to its business type and rules of self-regulatory organizations, etc. The Group's main securities companies such as Daiwa Securities, Daiwa Asset Management Co. Ltd. and Daiwa Corporate Investment Co., Ltd. are subject to the Financial Instruments and Exchange Act and related regulations as financial instruments business operators, while Daiwa Next Bank is subject to regulations such as the Banking Act.

In addition, Daiwa Securities is also covered by regulations under relevant laws and regulations concerning side business operations such as money lending. Furthermore, the Group is subject to restrictions on the delivery, receipt and use of information between parent corporations and subsidiary corporations and restrictions on certain transactions that use the relationship between parent corporations and subsidiary corporations to prevent negative effects of the acts involving parent corporations and subsidiary corporations prescribed by the Financial Instruments and Exchange Act and is required to appropriately manage information and create an internal management system so that the interests of the customer are not unjustly prejudiced. In addition, the Company, as a major shareholder of some Group companies, may be subject to certain regulations such as receiving orders to submit reports and materials when the supervisory authority finds it necessary and appropriate for the public interest or investor protection. However, overseas subsidiaries are also subject to regulations as securities companies and financial institutions under local legislation.

Note that the Company is subject to consolidated regulations and supervision by the supervisory authority as the highest designated parent company of the special financial instruments business operator Daiwa Securities. In addition, the Group corresponds to a "Designated parent company group" in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." and is subject to supervision on a consolidated basis in relation to certain matters including the appropriateness of consolidated shareholders' equity.

In addition, given the comprehensive progress in strengthening various financial regulations and supervision under the leadership of the G20 (Summit on Financial Markets and the World Economy), these international financial regulations and each country's independent financial regulations could have an impact on the Group's business.

As in the above, much of the Group's business is based on supervision and regulations by administrative and self-regulatory organizations and global financial regulations. Future revisions of laws, rules, policies and regulations could have a negative impact on the Group's business activities and management systems as well as the Group's financial position and operating results.

(18) Risk related to compliance with laws and regulations

The Group is focusing on thorough compliance with laws and regulations including insider trading regulations through measures such as strengthening the internal control functions throughout the Group and working to build a more adequate internal management system, while educating and training officers and employees. However, when promoting business, the possibility of occurring an act in violation of a law or regulation through the bad faith or negligence of the involved officers or employees could not be eliminated, and there is also a possibility that an intentional illegal acts that are carefully concealed, etc. are not be detected for a long period of time, so it is possible that transaction counterparties and others could seek damages of amounts significant enough to have negative impact on the Group's performance.

Furthermore, if it is found that the Company or a Group company has violated a law or regulation or caused other problem, or if fraudulent acts by officers or employees are found, it is possible that the Company or the Group will receive instructions or an order from the supervisory authority such as a payment order for charges or restrictions or suspension of operations. In addition, the Group understands that it has a thorough information management system and has laid out a complete system in relation to the response to the "Act on the Protection of Personal Information," but if various types of information such as customer information held by the Group were to leak outside due to negligence or fraudulent acts, etc., this would damage the Group's credibility with a possibility that we would receive claims and compensation claims for damages and instructions from the supervisory authority, etc.

A large portion of the Group's business is based on trust from customers, so if a problem of compliance with laws and regulations arises and the Group's social credibility declines, there could be a decline in transactions with customers and a situation which could have a negative impact on the Group's performance.

(19) Risks related to internal controls for financial reporting

The Company works to create and operate the systems necessary for internal controls for financial reporting associated with provisions related to internal controls for financial reporting in the Financial Instruments and Exchange Act and the enactment of relevant regulations. First, when selecting the business processes, we evaluate internal controls that will have a major impact on overall financial reporting on a consolidated base ("company-level internal control"), and consider the materiality of the impact on the reliability of financial reporting. For determining the scope of assessment of internal controls relating to business processes,

we select significant accounts for significant business locations, and take business processes for the significant accounts to be the main evaluation items. For the business processes in the scope of assessment and the financial reporting process that is assessed from a company-level perspective, we evaluate the effectiveness of internal controls by verifying the status of preparation and operation of key points of control that have a major impact on the reliability of financial reporting. However, if such initiatives do not function effectively and significant defects are discovered in the internal controls for financial reporting as a result of the audit of internal controls by the audit corporation, there could be a decline in the Group's social credibility, which could have a negative impact on the Group's business, financial position, and operating results.

(20) Litigation risks

The Group has a customer-centric sales stance in its management policy, etc. and plans to make further efforts to enhance services. However, if customers were to incur losses due to insufficient explanation provided to customers or disagreement in understanding with the customers, the Group could be subject to litigation. If such losses are due to the responsibility of the Group, the Group could be obliged to compensate for damages based on the Civil Code, the Financial Instruments and Exchange Act or other basis. Apart from this, since the Group conducts extensive business and is subject to various regulations, it is exposed to various litigation risks including those with many parties and large invoice amounts, and there is a possibility of not only the damages from litigation itself but also a decline in social credibility caused by the content of the litigation that could have a negative impact on the Group's business activities, and its management system, financial position and operating results.

In addition, some trademarks and business models that the Group uses in business are currently in the application process, so the rights are not confirmed. Even if the Group has not been deficient in its confirmation, etc., there is a possibility that the Group has infringed a third party's intellectual property rights and would be subject to compensation claim for damages or a request for injunction.

(21) Reputational risk

The Group's business relies heavily on the trust of corporations, individual customers and market participants. If the events described in "3 Business risks" arise, particularly if there is a violation of laws and regulations due to the responsibility of the Group and officers and employees and litigation, etc. as described in "(16) Operational risk," "(18) Risk related to compliance with laws and regulations," "(19) Risks related to internal controls for financial reporting" and "(20) Litigation risks," there could be a decline in the Group's social credibility. In addition, if exposed to the circulation of rumor and gossip based on speculation that is not necessarily based on accurate facts, regardless of whether such details are accurate, there could be a decline in the Group's social credibility. As a result, there could be a suspension of transactions by customers and a negative impact on the Group's business, financial position, and operating results.

(22) Risks relating to the effectiveness of risk management and procedures

The Group is working to strengthen procedures in light of its risk management policy, but the effectiveness of risk management differs according to the characteristics of the business and each Group company. In addition, this will not necessarily function effectively when operations are rapidly expanded into new areas.

Note that the risk management policy is described in "4 Explanation about corporate governance, etc. (1) Overview of corporate governance (iv) Risk Appetite Framework, and (v) Status of establishment of risk management system."

Gathering, analyzing and evaluating information about the market and investees are important for risk management assumptions, but if appropriate evaluation is not possible because such information itself is inaccurate, incomplete or out of date, and because some factors are determined by quantitative decisions based on past trends for some risk management methods, they will not necessarily be effective in relation to changes beyond expectations and unexpected events. If risk management does not function effectively, there could be a negative impact on the Group's financial position and operating results.

(23) Risks of being unable to secure and develop talented human resources

The Group conducts operations that require high-levels of expertise particularly in the securities-related business. To demonstrate high performance in all sectors, there is an assumption of securing talented human resources and developing specialist human resources, so we are working on enhancements and continuous improvements to the personnel system and training system based on the characteristics of the business, and strengthening recruitment activities. However, the competition to acquire human resources is severe inside and outside the financial industry, so if it becomes difficult to recruit and develop talented human resources and there is a large outflow of personnel, particularly to our competitors, this could have a negative impact on the Group's financial position and operating results.

(24) Risks concerning revisions such as to accounting standards and taxation systems

Progress is being made in the conversion of Japan's accounting standards to International Financial Reporting Standards (IFRS), and there have been many revisions in recent years, with further revisions planned for the future. In addition, there is a policy to promote voluntary application of IFRS, and there is a possibility that Japan could mandate the application of IFRS in future or the Company may voluntarily apply IFRS. If there is mandatory application or voluntary application of these revisions, there could be a negative impact on the Group's financial position and operating results due to revisions of the accounting methods pertaining to the recognition of revenue, valuation of assets and liabilities, and revisions to the scope of consolidation for example, even if there is no fluctuation in the Group's actual business operations and performance, etc. In addition, even in the event of revisions to the taxation systems, etc. there could be a negative impact on the Group's financial position and operating results.

(25) Other risks

At the Group, the increase in the amortization costs and in the maintenance and operational costs that arise from investing in the acquisition and construction of computer systems could have a negative impact on performance, and if assets become obsolete or the profitability or operating ratio declines for real estate such as branches and offices, and computers systems, etc. or if they are disposed of, it may be necessary to record impairment losses and losses on sale and retirement.

Apart from this, the Group records taxable benefits based on accounting standards related to tax effect accounting as deferred tax assets according to estimates and assumptions relating to future taxable income, etc. Actual taxable income could differ from the estimates and assumptions, and if there is a future decision that all or part of the deferred tax assets cannot be recovered, the deferred tax assets will be reduced, which could have a negative impact on the Group's financial position and operating results.

Timing of risks becoming evident

The Group sets the anticipated timing for possible risks to become evident as short term, medium to long term, etc., considers the possibility that risks will materialize and the level of impact when materialized, etc., and we reflect them in various stress tests.

## 4 Management analysis of financial position, operating results, and cash flows

The matters concerning the future in this section are, unless otherwise noted, those decided by the Group as of the filing date of the Annual Securities Report.

### (1) Important accounting estimates and the assumptions used in such estimates

The Company's consolidated financial statements are prepared based on Japanese generally accepted accounting principles. In addition, the Company conducts a number of important estimates based on an accounting policy when preparing the consolidated financial statements and these estimates are based on certain conditions and assumptions. Therefore, if the conditions and assumptions change, the actual result may differ from the estimates and as a result this could have a major impact on the consolidated financial statements. The following four items are those considered particularly important of the significant accounting policies.

#### (i) Valuation of trading products

The Group takes the fair value of securities and derivatives belonging to trading products to be the consolidated balance sheet price, and records the unrealized gain or loss as net trading income on the consolidated statements of income. In addition, we apply "Accounting Standards for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and related standards, and categorize the fair value of trading products in three levels according to the observability and materiality of inputs used in calculating fair value. These fair values are described in "V. Financial Information (Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments."

Details of the evaluation techniques and inputs used in measuring fair value are as follows. These include the Group's assumptions and estimates likely to be considered by market participants when evaluating products.

##### 1) Trading securities and other

This mainly uses the market price of the same or similar products. In addition, for specified debt instruments and asset-backed securities, fair value is measured with evaluation techniques that conform with derivatives or with the discounted cash flow model.

##### 2) Derivatives

We calculate listed derivatives in principle with the market price and over-the-counter derivatives with the theoretical price through evaluation techniques.

The theoretical price of derivatives includes adjustments that take account of credit risk and liquidity risk, and in the measurement of fair value, the present value of expected cash flows under the assumption of risk-neutral measures 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. Inputs that cannot be observed in the market include correlation coefficients, long-term volatility and long-term credit spreads.

Estimates and assumptions are included in the choice of price calculation model, the determination of inputs to enter into such price calculation model, and the valuation adjustments for credit risk and liquidity risk, and in particular, if using inputs that cannot be observed in the market, those estimates and assumptions can have a major impact on the appraised value of trading products.

The price calculation model, including the inputs used in calculation, is approved based on internal policies, and a department independent of the department that developed the price calculation model verifies the assumptions and techniques in the model and the inputs used in calculation. In addition, we have built a system to adjust the price calculation model according to market trends by observable market information and comparative analysis with alternative models.

Management believes the assumptions used in the measurement of fair value are reasonable. However, since these estimates include uncertainty, any change in the estimates that would cause a decline in future cash flows or fair value would have a negative impact on the appraised amount, and as a result, have a major impact on the consolidated financial statements.

#### (ii) Valuation of securities

The Group owns securities other than trading products such as investment securities and private equity and other investments, etc.

1) Investment securities

Securities with a market price are impaired when there is a marked decline in the market price, unless there is a deemed likelihood of recovery. Specifically, if the rate of decline in the market price at the end of the current fiscal year is 50% or more of the acquisition cost, it is decided there has been a marked decline without likelihood of recovery and the securities are impaired. If the rate of decline in the market price is 30% or more and less than 50% of the acquisition cost, comprehensive consideration is given to market price trends and the financial position of the issuer, etc. to investigate the likelihood of recovery, and securities are impaired unless a decision is made that there is likelihood of recovery. Securities without a market price are impaired if the actual value has significantly declined and there is not sufficient proof to substantiate the possibility of recovery.

2) Private equity and other investments

Private equity and other investments are comprised of unlisted stocks in the Asset Management Division and investments in domestic and overseas renewable energy and infrastructure, etc.

For the valuation of private equity and other investments, the actual value is estimated based on such appraised value and if such actual value falls below the book value and the possibility of a loss is high, an allowance for investment loss is recorded. Furthermore, if the actual value declines by 50% or more of the book value, the securities are impaired if there is not sufficient proof to substantiate the possibility of recovery. The items that require accounting estimates and decisions that have a serious impact on the Company's financial position or operating results that form the assumptions to calculate the actual value are as follows.

i) Unlisted stocks

The appraised value of stocks is calculated by comparison, etc. of the future cash flows based on the business plans, etc. of investees to examples of similar transactions.

ii) Investments in domestic and overseas renewable energy and infrastructure, etc.

The appraised value is calculated from future cash flows and the financial position, etc. based on the investees' business plan, etc.

The measurement of these appraised values uses estimates and assumptions decided by the management to be appropriate, and these estimates and assumptions could have a major impact on the decision on whether or not to record impairment losses or allowance for investment loss and the amount of recognized loss.

Managers decide that the assumptions used in estimating the actual value are reasonable. However, since these estimates include uncertainty, if there is a change in the estimates relating to these valuations due to change in the unpredictable assumed conditions for the future, etc. there would be the possibility that the Company and consolidated subsidiaries will record impairment or allowance for investment loss in the future.

(iii) Impairment of non-current assets

For assets in each asset group that have experienced a significant decline in profitability, the Group reduces the book values of such assets to the recoverable amounts and records such amount of reduction as impairment losses. Furthermore, business assets are grouped on an individual property basis for assets that are strongly individualized such as securities branches with other business assets grouped in accordance with classifications used for internal management accounting.

(iv) Deferred tax assets

1) Basis for including deferred tax assets

Following accounting standards, the Group applies tax effect accounting to net operating tax losses carry-forward, and the temporary difference, which is the difference between the business accounting basis assets and liabilities and the tax basis assets and liabilities and records deferred tax assets and deferred tax liabilities. The decision on the recoverability of deferred tax assets takes the estimated amount of taxable income for a future period that can be reasonably estimated to be the limit and is based on the result of scheduling the temporary differences in such period.

- 2) Taxable income during the past five years (actual value for each fiscal year before the use of net operating losses carry-forward)

(Millions of yen)

Term	83rd	84th	85th	86th	87th
Fiscal year-end	March 2020	March 2021	March 2022	March 2023	March 2024
Taxable income of the tax sharing group	60,907	92,842	106,263	51,393	161,466

(Note) This describes the income of the tax sharing group, taking the reporting company as the total parent company. In addition, the stated taxable income is the value before deducting the net operating losses carry-forward in the final corporate tax return, and does not reflect subsequent fluctuations.

Furthermore, 3.1 billion yen of the 7.8 billion yen in deferred tax assets on the consolidated balance sheets at the end of the current fiscal year is the total amount recorded by the tax sharing group, taking the reporting company as the total parent company.

- 3) The forecast income before income taxes assumed for the estimates  
Taking the estimated period for taxable income of the tax sharing group with the reporting company as the total parent company as three years, the estimated income before income taxes for that period is 365.2 billion yen.
- 4) Main causes of deferred tax assets and liabilities  
As described in “V. Financial Information 1 Consolidated financial statements and other information (1) Consolidated financial statements Notes to the consolidated financial statements Deferred tax accounting 1”

Furthermore, the impact on economic and market conditions from the situation in Russia and Ukraine, the increasing tensions in the Middle East and the tariff policies of the Trump administration does not currently have a serious impact on these estimates. However, if these market, economic, and geopolitical risks become evident in future through available information, there could be a negative impact on the assumed conditions used for these accounting estimates.

There is a possibility that the Group could record impairment losses or losses on valuation due to change in estimates concerning the evaluation of assets held in investments and have concerns about deterioration in financing details due to a decline in the operating ratio of assets in the real estate asset management business.

- (2) Analysis of financial position as of the end of the current fiscal year

<Assets>

Total assets at the end of the current fiscal year increased by 3,997.0 billion yen (12.5%) from the end of the previous fiscal year to 36,024.3 billion yen. The breakdown shows that current assets increased by 3,836.4 billion yen (12.6%) to 34,275.7 billion yen, including a decrease in cash and deposits of 641.8 billion yen (14.6%) to 3,756.7 billion yen, an increase in trading products of 792.5 billion yen (10.5%) to 8,327.5 billion yen, and an increase in loans secured by securities of 3,009.1 billion yen (24.3%) to 15,377.5 billion yen. Non-current assets increased by 160.6 billion yen (10.1%) to 1,748.6 billion yen.

<Liabilities and net assets>

Total liabilities increased by 3,862.4 billion yen (12.8%) from the end of the previous fiscal year to 34,101.0 billion yen. The breakdown shows that current liabilities increased by 3,897.8 billion yen (14.5%) to 30,695.3 billion yen, including an increase in trading products of 1,573.3 billion yen (26.8%) to 7,437.1 billion yen, and an increase in borrowings secured by securities of 3,746.5 billion yen (32.0%) to 15,445.4 billion yen. Non-current liabilities decreased by 36.0 billion yen (1.0%) to 3,399.3 billion yen, including a decrease in bonds payable of 57.8 billion yen (4.5%) to 1,218.4 billion yen, and an increase in long-term borrowings of 15.8 billion yen (0.8%) to 2,036.6 billion yen.

Total net assets increased by 134.6 billion yen (7.5%) to 1,923.2 billion yen. Total share capital and capital surplus was 513.6 billion yen. Retained earnings increased by 80.0 billion yen (8.3%) to 1,041.4 billion yen, mainly due to the recording of 154.3 billion yen in profit attributable to owners of parent as well as the payment of 74.5 billion yen in dividends. Deduction for treasury shares decreased by 10.0 billion yen (8.1%) to 113.1 billion yen, valuation difference on available-for-sale securities decreased by 2.7 billion yen (5.2%) to 50.1 billion yen, foreign currency translation adjustment decreased by 0.5 billion yen (0.4%) to 133.6 billion yen, and non-controlling interests increased by 17.6 billion yen (6.8%) to 277.2 billion yen.

(3) Analysis of operating results for the current fiscal year

(i) Status of overall business

For FY2024 compared with FY2023, the Group's operating revenue increased by 7.4% to 1,372.0 billion yen, and net operating revenue increased by 9.3% to 645.9 billion yen.

Commission received increased by 16.2% to 416.4 billion yen. Brokerage commission decreased by 4.7% to 89.0 billion yen due to a decrease in stock trading. Commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors increased by 24.5% to 47.9 billion yen due to an increase in equity underwriting transactions.

Net trading income increased by 9.4% to 107.3 billion yen mainly due to an increase in foreign exchange related trading revenue.

Net financial income decreased by 4.6% to 78.0 billion yen mainly due to an increase in interest expenses and repurchase agreement expenses.

Selling, general and administrative expenses increased by 9.6% to 479.2 billion yen. Trading related expenses increased by 13.8% to 91.7 billion yen due to an increase in commission expenses, and personnel expenses increased by 10.1% to 245.0 billion yen due to increases in provision for bonuses and salaries.

As a result of the above, ordinary income increased by 28.7% to 224.7 billion yen.

In addition, extraordinary income of 4.1 billion yen (18.4 billion yen in the previous fiscal year) was recorded due to gain on sale of investment securities, etc., while extraordinary losses of 9.8 billion yen (13.0 billion yen in the previous fiscal year) was recorded due to impairment losses and business restructuring expenses, etc., so the result after deducting income taxes and profit attributable to non-controlling interests was a 27.0% year on year increase of 154.3 billion yen in profit attributable to owners of parent.

(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)			
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Increase (decrease)	Composition ratio	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Increase (decrease)	Composition ratio (Note)
Wealth Management Division	228,131	255,841	12.1%	39.6%	66,213	80,664	21.8%	35.9%
Asset Management Division	97,784	102,517	4.8%	15.9%	66,407	77,418	16.6%	34.5%
Securities Asset Management	47,083	57,960	23.1%	9.0%	20,959	27,841	32.8%	12.4%
Real Estate Asset Management	28,455	29,619	4.1%	4.6%	27,041	29,029	7.4%	13.0%
Alternative Asset Management	22,245	14,938	(32.8)%	2.3%	18,406	20,547	11.6%	9.1%
Global Markets & Investment Banking Division	220,479	234,196	6.2%	36.3%	44,037	42,738	(2.9)%	19.0%
Global Markets	149,394	149,044	(0.2)%	23.1%	37,648	29,005	(23.0)%	12.9%
Global Investment Banking	71,084	85,151	19.8%	13.2%	4,510	11,605	157.3%	5.2%
Others, adjustments, etc.	44,515	53,435	–	8.2%	(2,069)	23,895	–	10.6%
Consolidated total	590,910	645,990	9.3%	100.0%	174,587	224,716	28.7%	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 fiscal year.

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.

In the current fiscal year, Daiwa Securities conducted the following activities in line with the business plan.

1. Refining our wealth management business by providing optimum consulting services rooted in an in-depth understanding of customer needs
2. Augmenting our lineup of high-added-value bespoke products, services, and solutions tailored to the advanced demands of high-net-worth and corporate customers
3. Using digital marketing to create an organization for providing the right services for customer needs in a timely manner
4. Growing our customer base through outside partnerships and workplace business

The results for each item are as follows.

1. During FY2024, we continued to listen to our customers' asset situations and needs, etc., and to provide optimal portfolio and solution proposals. Through these initiatives, 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.
2. To fulfill the diverse needs of our customers, we worked to expand our product lineup including equity investment trusts targeting alternative assets, such as "Daiwa Blackstone Infrastructure Fund (USD-denominated)" and "UBS Universal Trust (Cayman) III-KKR Private Markets Equity Fund (USD-denominated)."
3. Using contract probability scoring through data analysis and a digital approach including email marketing and in-screen pop-up advertisements, we provided timely and efficient service proposals for customers withdrawing from stockholding associations and customers receiving inheritances.
4. Regarding the "Yucho Fund Wrap" provided to JAPAN POST BANK Co., Ltd., efforts to strengthen the support system for employees of the 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.

During the current fiscal year, we continued to listen to our customers' asset situations and needs, etc., and to provide optimal portfolio and solution proposals. As a result of these efforts, wrap account services saw record highs in contract amount, and contract AUM reached 4,686.3 billion yen. Additionally, we worked to expand our product lineup to meet the diverse needs of our customers, including offering equity investment trusts targeting alternative assets (Note). 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. Agency fee for investment trust and wrap-related revenue both increased, and asset-based revenues enjoyed a strong increase, rising by 20.4% to 111.7 billion yen.

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

In the current fiscal year, Daiwa Next Bank conducted the following activities in line with the business plans.

1. Balancing expansion of deposits and profitability
2. Strengthening of collaboration within the Group
3. Expansion of the balance of assets under management and diversification of portfolio according to the interest environment in Japan and overseas
4. Continuous efforts in Ouen (Supporting) Term Deposits and ESG investment and lending

The results for each item in the current fiscal year are as follows.

1. For foreign currency deposits, we attracted new deposits by maintaining industry-leading interest rates and conducting campaigns.
2. Through coordination with Daiwa Securities, we captured customers' needs and introduced new real-estate investment loans.
3. We worked to review the portfolio according to the changing market environment and to expand investment and loan balances.
4. We pursued initiatives to maintain our balances of ESG investment and lending as a sustainability KPI.

The balance of deposits (including negotiable certificates of deposit) at Daiwa Next Bank at the end of the current fiscal year decreased by 4.8% from the previous fiscal year to 4.3 trillion yen, and the number of bank accounts increased by 6.1% to 1.89 million.

As a result, net operating revenue in the Wealth Management Division for the fiscal year ended March 31, 2025 increased by 12.1% year on year to 255.8 billion yen, and ordinary income increased by 21.8% to 80.6 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, income related to structuring and managing of investment trusts and investment advisory services of Sumitomo Mitsui DS Asset Management Company, Limited, an equity-method affiliate of the Company, is 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 trusts 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.

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 Office Investment Corporation and Samty Residential Investment Corporation. In addition, the real estate investment income of the subsidiaries of the Company's equity-method affiliate Samty Co., Ltd. and the real estate investment income of the Company's equity-method affiliate Daiwa Securities Living Investment Corporation are recorded in ordinary income according to the Company's ownership ratio (Notes 1 and 2). Factors that may have a major impact on operating results include trends in the domestic real estate market and office demand.

The main sources of earnings of Alternative Asset Management are gains on sales 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.

In the current fiscal year, the Asset Management Division has implemented the following business plans.

1. Providing high-added-value asset management services by offering more advanced asset management options and improving our product development capabilities
2. Building a new business foundation by augmenting our alternative product lineup and fully entering the investment advisory sector
3. Working on our real estate asset management segment by enhancing our asset management and property sourcing capabilities, and having Group members work together
4. Drawing on our alternative investment expertise and experience to provide high-quality investment opportunities that seek to outperform

The results for each item are as follows.

1. Daiwa Asset Management focused on marketing high-added-value active funds, and with a strong inflow of funds into the new NISA, achieved record assets under management.
2. In February 2025, we newly established the "Daiwa Blackstone Infrastructure Fund" as part of our efforts to expand our lineup of high-quality alternative products. Daiwa Asset Management also worked to strengthen its investment advisory business through a capital and business alliance with JAPAN POST INSURANCE Co., Ltd.
3. Daiwa Real Estate Asset Management Co. Ltd. increased its assets under management through the REITs and private funds it manages. Daiwa Securities Realty Co. Ltd. structured real estate investment related products utilizing a beneficial interest in trust scheme and provided them for customers of the Wealth Management Division.
4. Daiwa PI Capital Co., Ltd. completed its fundraising for a private equity fund it manages, receiving commitments exceeding its target and providing high-quality investment opportunities using its expertise and experience in alternative investment. Daiwa Corporate Investment Co., Ltd. invests in growth companies in Japan and overseas and has promoted the exit of existing investments through means such as listing of the investees. Daiwa Energy & Infrastructure Co. Ltd. invested in solar farm projects and energy storage projects in Japan and the United States and executed exits from existing investments in Europe.

Securities Asset Management had an increase in both revenue and profit. The balance of assets under management at Daiwa Asset Management increased by 1.0 trillion yen from the end of the previous fiscal year to 33.3 trillion yen due to a net increase in funds and rising market value. As a result, Securities Asset Management's net operating revenue increased by 23.1% from the previous

fiscal year to 57.9 billion yen, and ordinary income increased by 32.8% to 27.8 billion yen.

Real Estate Asset Management had an increase in both revenue and profit due to gains on property sales to investment corporations that it operates and the accumulation of asset management fees. Through the acquisition of new properties, the total of assets under management for Daiwa Real Estate Asset Management and Samty Residential Investment Corporation increased 137.3 billion yen from the end of the previous fiscal year to 1,596.3 billion yen. As a result, Real Estate Asset Management's net operating revenue increased by 4.1% from the previous fiscal year to 29.6 billion yen, and ordinary income increased by 7.4% to 29.0 billion yen.

Alternative Asset Management had an increase in profit. Daiwa Corporate Investment secured earnings from the gains on sales 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 the collection of existing projects, while Daiwa Energy & Infrastructure recorded high-level profits by acting as an energy infrastructure agent in Europe and through capital recycling while executing energy and infrastructure related investment that contributes to the Sustainable Development Goals (SDGs), such as the acquisition of solar power plants. Consequently, Alternative Asset Management's net operating revenue decreased by 32.8% from the previous fiscal year to 14.9 billion yen, and ordinary income increased by 11.6% to 20.5 billion yen.

As a result, net operating revenue for the Asset Management Division in the current fiscal year increased by 4.8% from the previous fiscal year to 102.5 billion yen, and ordinary income increased by 16.6% to 77.4 billion yen.

- (Notes) 1 With June 3, 2024 as the effective date, Samty Co., Ltd., which was an equity-method affiliate of the Company, transitioned to a holding company system in which Samty Holdings Co., Ltd., established through the method of sole-share transfer, was made a wholly owning parent company of Samty Co., Ltd. Following the transition to the holding company system, the Company made Samty Holdings Co., Ltd. an equity-method affiliate, and real estate investment income from each of Samty Holdings Co., Ltd.'s subsidiaries is recorded in ordinary income according to the Company's ownership ratio.
- 2 As announced by Samty Holdings Co., Ltd. on November 27, 2024, Song Bidco G.K. (the "Offeror") completed a tender offer for the common shares of Samty Holdings Co., Ltd., and as announced by Samty Holdings Co., Ltd. on January 29, 2025, on January 30, 2025, it was delisted. The Company and Daiwa PI Partners have concluded a non-tendering cooperation agreement with the Offeror. The Company will continue to be a shareholder of Samty Holdings Co., Ltd. even after its delisting and will also continue to be involved in its operations to maximize corporate value of Samty Holdings Co., Ltd.

#### Global Markets & Investment Banking Division:

The Global Markets & Investment Banking Division is comprised of the 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.

The main sources of earnings of Global Investment Banking are underwriting and secondary offering 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.

In the current fiscal year, the Global Markets & Investment Banking Division has implemented the following business plans.

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 our Wealth Management Division
3. Providing additional solutions to unlisted companies while enhancing M&A activities both in Japan and overseas
4. Boosting profitability by reallocating management resources

The results for each item are as follows.

1. In the underwriting business and M&A initiatives, we made proposals that accurately captured the diverse needs of our clients, including the sale of strategic shareholdings, front-loading debt financing during period of rising interest rates, and industry restructuring, and worked to secure deals.
2. By streamlining branch operations at our Wealth Management Division through analysis performed by data scientists and holding seminars based on regional commercial flow, we worked to provide customer-centric marketing content.
3. We provided diverse solutions not limited to IPO to our unlisted company customers, and in the domestic and international

M&A business, we worked to create high added value in our advisory services to efficiently expand our business.

4. In Global Investment Banking, we worked to increase profitability by focusing on theme-specific approaches and large-scale deals. In Global Markets, we worked to improve profitability by reallocating resources in line with customers' needs, including strengthening systems against the backdrop of increasing global interest in Japanese stocks.

Equity revenue in Global Markets increased with increased transactions by individual investors with the underwriting of large-scale primary deals, in addition to strong buying of Japanese stocks by foreign investors. For Fixed Income revenue, there was a stronger wait-and-see approach among investors against the backdrop of rising interest rates in Japan, while trading income decreased. There was also a decrease in revenue overseas due to the high volatility in US interest rates. As a result, Global Markets' net operating revenue in the current fiscal year decreased by 0.2% from the previous fiscal year to 149.0 billion yen and ordinary income decreased by 23.0% to 29.0 billion yen.

In Global Investment Banking, we worked as the global coordinator (Note 1) for the sale of shares in JAPAN POST BANK Co., Ltd. and the listing of JX Advanced Metals Corporation, while also serving as the lead manager in the issuance of straight bonds by NTT FINANCE CORPORATION and sustainability bonds by KDDI CORPORATION (Note 2). Underwriting and secondary offering commissions in the current fiscal year increased by 24.5% from the previous fiscal year to 47.9 billion yen. In M&A advisory services, we were involved in many deals including the acquisition of shares in Seiyu Co., Ltd. by TRIAL Holdings, Inc., a tender offer from SCSK Corporation for Net One Systems Co., Ltd., and a tender offer from ITOCHU Corporation for DESCENTE LTD. Consequently, net operating revenue for Global Investment Banking in the current fiscal year increased by 19.8% from the previous fiscal year to 85.1 billion yen and ordinary income increased by 157.3% from the previous fiscal year to 11.6 billion yen.

As a result, net operating revenue in the Global Markets & Investment Banking Division for the fiscal year ended March 31, 2025 increased by 6.2% year on year to 234.1 billion yen, and ordinary income decreased by 2.9% to 42.7 billion yen.

(Notes) 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.

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

#### Others:

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

In the current fiscal year, the Daiwa Institute of Research Group implemented the following business plans.

1. Enhancing research quality to provide higher quality information in a timely manner
2. Enhancing client services by creating an IT service platform and drawing on AI and data science
3. Helping extend healthy life expectancy by providing solutions driven by data gathered by our social insurance business

The results for each item in the current fiscal year are as follows.

1. As a think tank, we contributed to increasing our presence by providing timely information and making policy recommendations on measures to address the declining birthrate, as well as on tax systems and social security.
2. We built new core platforms for securities operations and provided solutions optimized for work efficiency using generative AI. Furthermore, through capital alliances with Workthy Inc. and SKY Co. Ltd., we worked to digitalize administrative procedures in the financial industry using Individual Numbers, to increase convenience for financial institution users, and to expand solutions for operating companies.
3. We rebuilt core systems including information management systems for health insurance societies to improve product quality and increase customer satisfaction and worked to develop services related to human capital management solutions.

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 fiscal year ended March 31, 2025, net operating revenue related to others, adjustments, etc. was 53.4 billion yen (44.5 billion yen for the fiscal year ended March 31, 2024), and ordinary income was 23.8 billion yen (ordinary loss of 2.0 billion yen for the fiscal year ended March 31, 2024) mainly due to a year-on-year increase in ordinary income of some Group companies in the "Others" and gain on bargain purchase related to the acquisition of the shares of Aozora Bank, Ltd. and the application of the equity method.

(iii) Achievement status of target management indicators, etc.

The Group has released the Medium-term Management Plan “Passion for the Best” 2026 covering the period from FY2024 to FY2026, and set consolidated ordinary income, consolidated ROE, and base income (Note 1) as performance KPIs. We also set assets under management (Note 2), stock-related assets (Note 3), and Asset Management Division AUM (Note 4) as customer asset KPIs to pursue the Group’s basic management policy of “maximizing the value of customer assets.”

The current fiscal year, which is the first year of the Medium-term Management Plan, had a smooth start for the performance KPIs with 224.7 billion yen in consolidated ordinary income compared to the target of at least 240.0 billion yen, consolidated ROE of 9.8% compared to the target of roughly 10%, and base income of 137.5 billion yen compared to the target of 150.0 billion yen. Customer asset KPIs also increased steadily toward their target values, with assets under management of 90.2 trillion yen compared to the target of 120 trillion yen, stock-related assets of 9.8 trillion yen compared to the target of 13.6 trillion yen, and AUM in the AM Division of 34.9 trillion yen compared to the target of 44 trillion yen.

In FY2024, the Japanese economy began to break free from long-term deflation, and progress in the normalization of monetary policy led to the arrival of “a world with interest rates.” FY2024 also marked a historic turning point in the acceleration of the “shift from savings to investment.” Using this economic environment as a tailwind, during the year the Group made steady progress in strengthening the Wealth Management Business and in improving the Asset Management Business as part of our basic management policy of “maximizing the value of customer assets.” In addition, in the promotion of initiatives for sustainability, which is incorporated as the foundation of the “Vision 2030,” the medium- to long-term management policy, the Group has evaluated that steady progress has been made in building up a track-record of underwriting SDGs bonds, with the increasingly heightened social need for sustainable finance.

(Notes) 1 Base income: Total ordinary income from Wealth Management Division, Securities Asset Management, and Real Estate Asset Management.

2 Assets under management: Assets under management of Daiwa Securities

3 Stock-related assets: Investment trust, fund wraps, foreign currency deposits

4 Asset Management Division AUM: Total AUM for Daiwa Asset Management Co., Ltd., Daiwa Fund Consulting Co., Ltd., Daiwa Real Estate Asset Management Co. Ltd., Samty Residential Investment Corporation, Daiwa PI Partners Co. Ltd., Daiwa Energy & Infrastructure Co. Ltd., and Daiwa Corporate Investment Co., Ltd.

(iv) FY2024 macroeconomic environment assumed for the operating results

<Overseas>

In the global economy, the rapid recovery from the slump caused by the spread of COVID-19 in the first half of 2020 has temporarily slowed, and the pace of improvement is sluggish. According to the World Economic Outlook released by the International Monetary Fund (IMF) in April 2025, there was a rebound from the large slump in 2020 to a global growth rate of +6.6% in 2021, the highest growth rate since the IMF started publishing such growth rates in 1980. On the other hand, the global growth rate was +3.6% in 2022, and fell to +3.5% in 2023. It is forecast to have fallen further to 3.3% in 2024. The historically-high inflation rate and consequent monetary tightening by the authorities were also likely to slow the pace of economic expansion. In addition, the heightened geopolitical tensions triggered by Russia’s invasion of Ukraine, which started in February 2022, and increasing tensions in the Middle East as well as the tariff policy of the US have also become risk factors for the global economy.

In the US, real GDP growth in the January-March 2024 quarter was at an annualized rate of +1.6% compared to the previous quarter and has been slowing since the October-December 2023 quarter. Although external demand was a negative contributor due mainly to the rapid increase in imports, the US economy was supported by increases in personal consumption, capital investment, and housing investment. Real GDP growth in the April-June 2024 quarter accelerated from the January-March 2024 quarter to an annualized rate of +3.0% compared to the previous quarter. Looking at the breakdown, personal consumption, the backbone of the US economy, was at an annualized rate of +2.8% compared to the previous quarter, increasing from an annualized rate of +1.9% compared to the previous quarter in the January-March 2024 quarter. Although housing investment shifted to decrease at an annualized rate of -2.8% compared to the previous quarter, capital investment was at an annualized rate of +3.9% compared to the previous quarter. With the Federal Reserve Board (FRB) continuing monetary tightening, the US economy as a whole remained strong, driven by internal demand. In addition, real GDP growth in the July-September 2024 quarter was at an annualized rate of +3.1% compared to the previous quarter. The driving factor behind this sustained strength was the acceleration in personal consumption, which was at an annualized rate of +3.7% compared to the previous quarter. However, real GDP growth in the October-December 2024 quarter slowed from the July-September quarter to an annualized rate of +2.4% compared to the previous quarter. Although personal consumption continued to accelerated, rising to an annualized rate of +4.0% compared to the previous quarter, capital investment shifted

to decline, falling to an annualized rate of -3.0% compared to the previous quarter and weighing heavily on the economy. In addition, real GDP recorded negative growth entering the January-March 2025 quarter, declining to an annualized rate of -0.2% compared to the previous quarter. Due to rush imports ahead of the Trump administration's tariff rate hikes coming into full effect, imports increased to an annualized rate of +42.6% compared to the previous quarter, acting as a negative growth factor, and personal consumption also slowed, rising to an annualized rate of just +1.2% compared to the previous quarter, as a shadow began to be cast on the US economy.

In terms of monetary policy, the FRB is gradually changing its stance from curbing historically high inflation to providing support for the US economy. As the inflation rate rose substantially above the FRB target of 2%, policy interest rates were hiked 0.25% points at the March 2022 Federal Open Market Committee (FOMC), and the virtual zero interest rate policy that had continued since March 2020 came to an end. Subsequently, policy interest rates were hiked in several steps. The FOMC decided to hike interest rates by 0.25% points in March, May and July without abandoning the FRB's stance on curbing inflation even entering 2023. Subsequently, the FOMC left the target range for policy interest rates unchanged, but the FOMC lowered the target range by 0.50% points in September 2024 and by 0.25% in both November and December, changing the target range to 4.25%-4.50%. With an increasing possibility that inflation will continue to slow, the background behind the shift to interest rate cuts appears to have been the increasing need to provide support for the economy and employment. The January and March 2025 FOMC left the target range for policy interest rates unchanged.

European economies (eurozone economy) have continued to follow a track of gradual economic expansion. Real GDP in the Eurozone increased to an annualized rate of +1.3% in the January-March 2024 quarter compared to the previous quarter, representing a faster pace of growth than the October-December 2023 quarter, which increased to an annualized growth rate of only +0.2% compared to the previous quarter. The growth drivers were the recovery in household consumption expenditure and growth in exports. Real GDP growth in the April-June 2024 quarter slowed down the pace of growth from the January-March 2024 quarter to an annualized rate of +0.7% compared to the previous quarter. Although the shift to a decrease in household consumption expenditure weighed on real GDP growth, the expansion of exports supported the economy. Real GDP growth in the July-September 2024 quarter accelerated the pace of growth from the April-June quarter 2024 to an annualized rate of +1.7% compared to the previous quarter. Real GDP in the October-December quarter slowed, increasing to an annualized growth rate of only +1.0% from the previous quarter, but increased to an annualized growth rate of +1.3% in the January-March 2025 quarter compared to the previous quarter, demonstrating a steadily increasing growth rate, albeit with some fluctuation. Looking at real GDP growth rates by country, both France and Germany shifted to positive growth with positive contents.

In terms of monetary policy, the ECB (European Central Bank) had been working to curb inflation, but has currently enacted a series of interest rate cuts to combat economic stagnation. At the July 2022 ECB Governing Council meeting, the ECB decided to implement an interest rate hike of 0.50% points, ending the negative deposit facility interest rate policy introduced in 2014, eight years ago. Subsequently, interest rates were hiked in several steps, but at the Governing Council meetings in October and December 2023, the policy interest rates remained unchanged. Even entering 2024, in January, March and April, the Governing Council decided to leave the policy interest rates unchanged. However, in June, the Governing Council decided to cut interest rates for the first time in four years and nine months since September 2019, cutting the three main interest rates (main refinancing operations interest rate, marginal lending facility rate, deposit facility rate) by 0.25% points each. Although the policy interest rates remained unchanged at the Governing Council meeting in July, the Governing Council decided unanimously to cut interest rates by 0.25% points in September. With the subsequent decrease in inflation, rate cuts of 0.25% were enacted in October and December of 2024 and January and March of 2025.

According to the IMF, the real GDP growth of emerging countries was +4.1% in 2022. Although GDP growth was +4.7% in 2023, the risk of an economic slowdown is increasing in emerging economies as well amid growing concerns of a recession in developed countries. Real GDP growth in 2024 is expected to have become +4.3%. The pace of economic growth is expected to slow due to decreased external demand centered on China.

Among emerging countries, in China, the world's second largest economy, real GDP growth in the January-March 2024 quarter was +5.3% year on year. Real GDP growth in the April-June 2024 quarter was +4.7% year on year, slowing down from the growth rate of the January-March 2024 quarter due to slow growth in consumption, impacted by adjustments to household balance sheet caused by a depressed real estate market. Real GDP growth in the July-September 2024 quarter was +4.6% year on year, and the slowdown continued. In addition, real GDP growth in the October-December 2024 quarter was +5.4% year on year. The recovery in consumption and investment drove the economy. In addition, real GDP growth in the January-March 2025 quarter was +5.4% year on year. Rush imports ahead of the Trump administration's tariff policy coming into full effect and policies to encourage the replacement of home appliances supported the increase in personal consumption. Viewed as a whole, the recovery trend in emerging countries other than China has continued from 2022, primarily due to the normalization of economic activity. While high inflation and the controls on cash outflows through higher interest rates in the US had forced many countries to hike interest rates in 2022, since 2023, fewer countries have been hiking interest rates.

With the shift to interest rate cuts in the US in 2024, emerging countries also cut interest rates, providing more room for economic support.

<Japan>

The Japanese economy continued to recover since the first half of 2024. Although the real GDP growth rate decreased to an annualized growth rate of -1.6% in the January-March 2024 quarter compared to the previous quarter, it rose to an annualized growth rate of +3.8% in the April-June quarter compared to the previous quarter, recording positive growth for the first time in four quarters. In addition to the recovery in personal consumption, increased capital investment and exports acted to support the economy. Thereafter, against the backdrop of rising personal consumption and exports, real GDP increased to an annualized growth rate of +1.0% in the July-September quarter compared to the previous quarter, and to an annualized growth rate of +2.4% in the October-December quarter compared to the previous quarter, establishing a track of recovery. However, entering the January-March 2025 quarter, the real GDP growth rate decreased to an annualized growth rate of -0.7% compared to the previous quarter, recording negative growth due mainly to decreased exports and increased imports.

Considering each demand item, personal consumption appears to show signs of recovery. Personal consumption fell for four consecutive quarters from the April-June 2023 quarter through the January-March 2024 quarter as the rate of wage increases was unable to keep up with the rate of inflation, and real wages declined. However, entering the April-June 2024 quarter, personal consumption rose for the first time in five quarters against the backdrop of improvement in the income environment. The recovery has been continuing since then.

Capital investment, which is in demand in the corporate sector, continues to rise and fall. In the January-March 2024 quarter, capital investment fell by 1.1% compared to the previous quarter, caused mainly by stagnant investment in transportation machinery. However, entering the April-June 2024 quarter, capital investment rose by 1.4% compared to the previous quarter. Looking at the breakdown, transportation machinery and other facilities and machinery shifted to increase. The progressing normalization of automobile production systems appears to have been part of the background behind this increase. In the July-September quarter, capital investment slowed to +0.1% compared to the previous quarter, but increased thereafter in the October-December quarter to +0.8% compared to the previous quarter and accelerated in the January-March 2025 quarter to +1.4% compared to the previous quarter.

Exports in the January-March 2024 quarter decreased by 3.6% compared to the previous quarter. In addition to reduced automobile production acting as a main factor in reducing overall exports, capital goods exports also struggled. In the April-June 2024 quarter, exports increased by 1.5% compared to the previous quarter. Although the decrease in intermediary goods and information-related goods weighed on exports, the increase in automobile production drove exports. Capital investment continued to increase, rising to +1.2% in the July-September quarter compared to the previous quarter and to +1.7% in the October-December quarter compared to the previous quarter, but then shifted to decrease to -0.6% in the January-March 2025 quarter compared to the previous quarter.

In terms of monetary policy, in September 2016, the Bank of Japan introduced monetary easing measures (yield curve control) with operations that targeted long-term interest rates (10-year JGB yields) as well as short-term interest rates, and had since continued strong monetary easing policy. However, at the March 2024 Monetary Policy Meeting, the Bank of Japan decided to end negative interest rates and to scrap its yield curve control policy, shifting to normal monetary policy in which short-term interest rates are the operating target. In addition, at the Monetary Policy Meeting held in July 2024, the Bank of Japan decided to raise its target for short-term interest rates to around 0.25%. Thereafter, based on the determination that the underlying inflation rate was gradually rising toward the target level of 2%, the Bank of Japan increased its guidance target for short-term interest rates to around 0.50% at its January 2025 Monetary Policy Meeting. Furthermore, regarding the purchasing of Japanese government bonds, at its July 2024 Monetary Policy Meeting, the Bank of Japan revealed plans to reduce the amount of its long-term government bond purchasing. The reduction plan calls for gradually reducing the monthly planned purchasing amount of long-term JGBs by around 400.0 billion yen per quarter in principle. It appears that the approximately 5.7 trillion yen in purchasing in July 2024 was reduced to around 4.5 trillion yen per month by the end of FY2024 and will be reduced around 2.9 trillion yen per month by the end of FY2025, reducing the balance of JGBs owned by the Bank of Japan by around 7 to 8%.

Looking at the foreign exchange market, it has been experiencing extreme turbulence since FY2024. The trend for a weak yen continued from April through the first half of July, and the yen depreciated against the dollar, reaching temporarily to the upper 161 yen levels. Thereafter, however, with the Bank of Japan enacting additional interest rate hikes and the US economy showing signs of decline, there were increasing expectations for the FRB to cut rates. With more market participants aware of the increasingly diverging directions of Japanese and US monetary policy, there was a rapid return to yen appreciation. Yen depreciation progressed against the backdrop of stronger expectations for the FRB to slow the pace of rate cuts from October 2024, but entering 2025, the yen began to appreciate on stronger expectations for a US economic retraction due to the Trump administration's tariff policies.

In the stock market, stock prices seesawed throughout 2024. In 2024, the Nikkei Stock Average temporarily surpassed 40,000 yen, as the market was supported by purchases by foreign investors on expectations of an end to deflation. In July, the USD/JPY exchange rate exceeded 160 yen, and against the backdrop of expectations for expanded corporate earnings and greater foreign investor demand, the Nikkei Stock Average hit a new all-time high. However, with the subsequent rapid shift to yen appreciation in the USD/JPY exchange rate, the Nikkei Stock Average declined. The Nikkei Stock Average then recovered with the USD/JPY rate again shifting to yen depreciation, however entering 2025, it again struggled due to heightened risk of a global economic slowdown.

The Nikkei Stock Average at the end of March 2025 was 35,617.56 yen (down 4,751.88 yen from the end of March 2024), 10-year JGB yields were 1.497% (up 0.747% points), and the yen fell to 149.14 yen/dollar (down 2.20 yen).

(4) Analysis of cash flows for the current fiscal year

(i) Cash flows from operating activities, investing activities, and financing activities, and cash and cash equivalents

The status of cash flows in the current fiscal year is as follows.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net cash provided by (used in) operating activities	705,124	(454,066)
Net cash provided by (used in) investing activities	(223,986)	(353,443)
Net cash provided by (used in) financing activities	(2,847)	199,019
Effect of exchange rate change on cash and cash equivalents	38,101	(3,763)
Net increase (decrease) in cash and cash equivalents	516,392	(612,253)
Cash and cash equivalents at the beginning of the period	3,835,559	4,351,951
Cash and cash equivalents at the end of the period	4,351,951	3,739,698

In the current fiscal year, net cash used in operating activities amounted to 454.0 billion yen (compared with 705.1 billion yen provided in the previous fiscal year), mainly due to changes in trading products, loans/borrowings secured by securities and deposits for the banking business. Net cash used in investing activities amounted to 353.4 billion yen (compared with 223.9 billion yen used in the previous fiscal year), mainly due to outflows related to the purchase of securities. Net cash provided in financing activities amounted to 199.0 billion yen (compared with 2.8 billion yen used in the previous fiscal year), mainly due to proceeds from issuance of bond. With the effect of fluctuation in foreign exchange rates, cash and cash equivalents at the end of the current fiscal year fell 612.2 billion yen from the end of the previous fiscal year to 3,739.6 billion yen.

(ii) Information about resources for capital and liquidity

1) Management of liquidity

<Achieving both financial efficiency and stability>

As the Group is engaged in securities-related business that uses many assets and liabilities and in 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.

The Group is required to comply with the minimum standard (100%) for both the consolidated liquidity coverage ratio (hereinafter "LCR") and the consolidated net stable funding ratio (hereinafter "NSFR") based on the "Criteria that indicate soundness in relation to liquidity of the soundness in the management of the highest designated parent company and its subsidiary corporations, etc. stipulated as criteria by which the highest designated parent company is to judge the soundness in the management of the highest designated parent company and its subsidiary corporations, etc. based on the provisions of Article 57-17, Paragraph (1) of the Financial Instruments and Exchange Act" (2014 Financial Services Agency Public Notice No. 61). The Group's daily average LCR for the fourth quarter of the fiscal year under review was 142.9%. In addition, the NSFR at the end of the fourth quarter of the fiscal year under review was 158.9% for the preliminary results as of the filing date of the Annual Securities Report, and final results will be published on the Company's website once calculations are finalized. The Group has organized its liquidity management system other than LCR and NSFR based on the notification of such Financial Services Agency, which is based on original indices for liquidity management. In other words, we have established a liquidity risk management system centered on liquidity stress testing to allow business continuity even in the event that we are unable to obtain unsecured financing for a period

of time. For our evaluation of the sufficiency of our short-term unsecured financing, we first envisioned a range of stress scenarios, and are now performing daily checks to ensure our liquidity portfolio is sufficient to cover our estimated outflow of funds. For our evaluation of the sufficiency of our long-term unsecured financing, we regularly monitor the amount of stable fundraising against low-liquidity assets during stress periods.

Daily average LCR in the fourth quarter of the fiscal year under review was as follows.

(100 millions of yen)

		Daily average (From January 2025 to March 2025)
High-quality liquid assets	(A)	28,154
Cash outflows	(B)	44,766
Cash inflows	(C)	25,064
Consolidated liquidity coverage ratio (LCR)		
Total eligible high-quality liquid assets	(D)	28,154
Net cash outflows	(E)	19,701
Consolidated liquidity coverage ratio	(D)/(E)	142.9%

<Managing the Group's entire funds>

In the Group, the Company collectively manages and monitors the liquidity of the entire Group under the basic policy of securing the appropriate liquidity of the Group as a whole. The Group 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.

<Contingency funding plan>

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 and 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 a part of foreign securities subsidiaries, which are sensitive to influence of fluctuations in financial markets and for which the importance of securing liquidity is significant, have established their own contingency funding plans and periodically revised 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.

2) Shareholders' equity

The Group provides a broad range of financial services focused on securities-related business including trading of stocks, bonds and derivatives, etc., lending transactions, underwriting business, structured finance, M&A, principal investments, and securities-backed loans. It must secure adequate capital for equity and loans to invest for the provision of new value. In addition, the Group undertakes securities-related business not only in Japan but overseas and must maintain the legally required capital according to the respective regions.

Shareholders' equity at the end of the current fiscal year increased by 123.8 billion yen from the end of the previous fiscal year to 1,442.0 billion yen. In addition, the total share capital and capital surplus was 513.6 billion yen. Retained earnings increased by 80.0 billion yen to 1,041.4 billion yen, mainly due to the recording of 154.3 billion yen in profit attributable to owners of parent as well as the payment of 74.5 billion yen in dividends. Deduction for treasury shares decreased by 10.0 billion yen to 113.1 billion yen.

(iii) Financial strategy

The basis of the Group's financial strategy is to strive for the optimal balance of investment in growth, capital efficiency, financial health and shareholder returns, to achieve sustainable growth by earning healthy profits.

When achieving sustainable growth, we focus on responding to regulations and systems and maintaining appropriate levels of equity capital. To maintain a strong financial foundation and to ensure a capital buffer that can withstand stress scenarios such as those experienced in past financial crises, we set an internal management level for our consolidated total capital adequacy ratio.

In regard to investment in growth, we have also executed many investments to strengthen the competitiveness of existing businesses and to diversify the business portfolio in the current fiscal year as well. On that basis, the consolidated total capital adequacy ratio exceeded our internal management level on a preliminary basis and we have adequate capital for continuous investment in growth in the future. Therefore, we will always consider investment to expand the customer base for the securities business and investment in peripheral areas that have an affinity with our core business.

Our shareholder return policy is as described in "IV. Information About Reporting Company 3 Dividend policy."

The Company's fundraising methods are as described in "(ii) Information about resources for capital and liquidity."

## 5 Critical contracts

Daiwa Office Investment Corporation (a consolidated subsidiary) has entered into loan agreements with special financial provisions with multiple financial institutions for the purpose of raising funds allocated for asset purchases, repairs, payment of dividends, and repayment of interest-bearing debt, etc., as outlined below.

Name of borrower	Daiwa Office Investment Corporation
Address	2-1 Ginza 6-Chome, Chuo-ku, Tokyo
Name of representative	Toshisuke Tanaka
Attributes of the counterparty	Financial institutions including city banks, trust banks, regional banks, life insurance companies and non-life insurance companies
Ending balance	Total 210,450,000,000 yen
Presence and details of collateral	None
Details of provisions	There is a provision for the loan-to-value ratio (LTV, a figure calculated in accordance with a certain formula as the ratio of the loan amount to the value of the property) and the debt service coverage ratio (DSCR, a figure calculated in accordance with a certain formula as revenue divided by the amount of principal and interest payments) to be calculated for each fiscal year end, and if a certain standard cannot be retained for either, an acceleration clause may be triggered.

Contract execution date	Repayment due date	Ending balance (Yen)	Contract execution date	Repayment due date	Ending balance (Yen)
March 24, 2016	May 30, 2025	1,500,000,000	November 27, 2019	November 30, 2026	1,200,000,000
March 24, 2016	May 30, 2025	1,000,000,000	November 27, 2019	November 30, 2028	1,000,000,000
May 27, 2016	May 29, 2026	200,000,000	February 21, 2020	February 26, 2027	1,000,000,000
August 26, 2016	August 31, 2026	1,500,000,000	February 21, 2020	February 29, 2028	1,000,000,000
May 24, 2017	May 30, 2025	2,000,000,000	February 21, 2020	February 28, 2029	2,000,000,000
May 24, 2017	May 30, 2025	1,500,000,000	May 26, 2020	May 30, 2025	1,000,000,000
May 24, 2017	November 28, 2025	2,000,000,000	May 26, 2020	May 31, 2027	3,000,000,000
May 24, 2017	November 28, 2025	3,000,000,000	May 26, 2020	May 31, 2027	2,000,000,000
August 29, 2017	May 30, 2025	2,550,000,000	August 26, 2020	August 31, 2027	1,600,000,000
August 29, 2017	August 31, 2026	1,500,000,000	August 26, 2020	August 31, 2027	1,500,000,000
August 29, 2017	August 31, 2026	1,000,000,000	August 26, 2020	August 30, 2030	2,000,000,000
November 28, 2017	May 30, 2025	2,000,000,000	August 26, 2020	August 30, 2030	1,000,000,000
November 28, 2017	November 28, 2025	500,000,000	November 25, 2020	May 31, 2027	3,000,000,000
November 28, 2017	May 29, 2026	2,000,000,000	November 25, 2020	November 30, 2028	2,000,000,000
February 26, 2018	February 27, 2026	5,000,000,000	November 25, 2020	November 30, 2028	1,000,000,000
May 29, 2018	May 30, 2025	500,000,000	November 25, 2020	November 30, 2028	2,000,000,000
May 29, 2018	May 29, 2026	500,000,000	February 22, 2021	February 28, 2029	1,000,000,000
August 29, 2018	August 31, 2025	1,500,000,000	February 22, 2021	February 28, 2031	1,000,000,000
August 29, 2018	August 31, 2027	1,000,000,000	March 26, 2021	March 31, 2026	2,000,000,000
August 29, 2018	August 31, 2027	2,000,000,000	March 26, 2021	March 31, 2027	2,000,000,000
October 25, 2018	October 30, 2026	1,000,000,000	March 26, 2021	March 31, 2028	2,000,000,000
October 25, 2018	October 29, 2027	3,000,000,000	March 26, 2021	March 31, 2028	1,500,000,000
October 25, 2018	October 29, 2027	1,000,000,000	March 26, 2021	March 29, 2030	2,400,000,000
October 25, 2018	October 29, 2027	1,000,000,000	March 26, 2021	March 29, 2030	2,000,000,000
October 25, 2018	October 29, 2027	4,000,000,000	May 26, 2021	May 30, 2031	1,000,000,000
March 26, 2019	March 31, 2026	1,000,000,000	August 26, 2021	August 30, 2030	1,000,000,000
March 26, 2019	March 31, 2028	3,000,000,000	November 22, 2021	November 30, 2029	1,500,000,000
March 26, 2019	March 31, 2028	2,000,000,000	November 22, 2021	November 30, 2029	1,000,000,000

Contract execution date	Repayment due date	Ending balance (Yen)	Contract execution date	Repayment due date	Ending balance (Yen)
May 28, 2019	May 29, 2026	2,000,000,000	November 22, 2021	May 31, 2030	2,000,000,000
May 28, 2019	May 29, 2026	1,000,000,000	November 22, 2021	May 31, 2030	1,000,000,000
May 28, 2019	May 31, 2027	500,000,000	February 24, 2022	February 28, 2029	1,000,000,000
May 28, 2019	May 31, 2029	1,000,000,000	February 24, 2022	August 31, 2029	1,000,000,000
August 27, 2019	August 31, 2026	1,500,000,000	March 28, 2022	March 31, 2028	2,000,000,000
August 27, 2019	August 31, 2026	1,000,000,000	May 24, 2022	May 31, 2028	1,500,000,000
September 25, 2019	September 28, 2029	2,000,000,000	May 24, 2022	May 31, 2029	1,000,000,000
May 24, 2022	August 31, 2029	2,000,000,000	November 28, 2023	May 31, 2032	500,000,000
May 24, 2022	February 28, 2030	1,000,000,000	November 28, 2023	May 31, 2032	2,000,000,000
May 24, 2022	May 31, 2030	1,500,000,000	November 28, 2023	May 31, 2032	1,500,000,000
May 24, 2022	May 31, 2030	1,000,000,000	February 21, 2024	August 29, 2031	1,000,000,000
May 24, 2022	November 29, 2030	1,000,000,000	February 21, 2024	August 29, 2031	1,000,000,000
May 24, 2022	November 29, 2030	3,400,000,000	February 21, 2024	February 27, 2032	1,000,000,000
August 24, 2022	August 31, 2029	2,000,000,000	March 26, 2024	August 29, 2031	1,900,000,000
August 24, 2022	August 31, 2029	1,000,000,000	March 26, 2024	February 27, 2032	1,500,000,000
August 24, 2022	August 31, 2029	1,000,000,000	March 26, 2024	February 27, 2032	1,000,000,000
August 24, 2022	August 31, 2029	1,300,000,000	March 26, 2024	February 27, 2032	1,000,000,000
November 25, 2022	November 30, 2027	1,000,000,000	March 26, 2024	March 31, 2034	3,000,000,000
November 25, 2022	November 30, 2028	1,000,000,000	March 26, 2024	March 31, 2034	1,600,000,000
November 25, 2022	November 30, 2029	1,000,000,000	May 23, 2024	May 31, 2029	2,000,000,000
November 25, 2022	November 30, 2029	1,500,000,000	May 23, 2024	May 31, 2030	1,500,000,000
November 25, 2022	November 30, 2029	300,000,000	May 23, 2024	May 31, 2032	3,000,000,000
November 25, 2022	February 28, 2030	1,000,000,000	July 19, 2024	May 31, 2029	450,000,000
November 25, 2022	November 29, 2030	1,500,000,000	July 19, 2024	July 30, 2032	1,000,000,000
November 25, 2022	May 30, 2031	4,000,000,000	July 19, 2024	July 30, 2032	1,450,000,000
November 25, 2022	May 30, 2031	1,000,000,000	July 19, 2024	January 31, 2033	1,600,000,000
February 22, 2023	February 28, 2029	1,500,000,000	August 26, 2024	August 31, 2029	2,500,000,000
February 22, 2023	February 28, 2030	1,000,000,000	August 26, 2024	August 31, 2029	500,000,000
February 22, 2023	February 28, 2030	1,500,000,000	August 26, 2024	August 31, 2029	500,000,000
February 22, 2023	February 28, 2031	2,500,000,000	August 26, 2024	February 27, 2032	1,000,000,000
May 24, 2023	May 30, 2031	1,500,000,000	August 26, 2024	August 31, 2032	1,500,000,000
May 24, 2023	May 30, 2031	1,500,000,000	September 19, 2024	September 30, 2032	1,000,000,000
May 24, 2023	November 28, 2031	2,500,000,000	November 22, 2024	November 29, 2030	2,000,000,000
May 24, 2023	November 28, 2031	1,000,000,000	November 22, 2024	November 29, 2030	1,000,000,000
July 21, 2023	May 31, 2028	1,000,000,000	November 22, 2024	November 30, 2032	2,000,000,000
August 23, 2023	August 31, 2028	1,000,000,000	November 22, 2024	November 30, 2032	1,300,000,000
August 23, 2023	August 29, 2031	1,000,000,000	November 22, 2024	November 30, 2032	2,000,000,000
September 27, 2023	August 29, 2031	2,000,000,000	January 22, 2025	January 31, 2030	1,000,000,000

Contract execution date	Repayment due date	Ending balance (Yen)
November 28, 2023	May 31, 2028	1,500,000,000
November 28, 2023	November 30, 2028	1,000,000,000
November 28, 2023	November 30, 2028	1,700,000,000
November 28, 2023	November 28, 2031	1,500,000,000

Contract execution date	Repayment due date	Ending balance (Yen)
January 22, 2025	November 30, 2032	1,000,000,000
January 22, 2025	November 30, 2032	500,000,000
February 26, 2025	February 28, 2033	1,500,000,000

## 6 Research and development activities

Not applicable.

## Item 3. Facilities

### 1 Outline of capital expenditures

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.

- (Notes)
- 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.
  - 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.

## 2 Main facilities

Main facilities of the Group (the Company and its consolidated subsidiaries) are as follows:

### (1) Reporting company

Name of office	Location	Segment name	Book value of building (Note) 1 (Millions of yen)	Land		Total book value (Millions of yen)	Number of employees (Note) 4	Description (Note) 5
				Book value (Millions of yen)	Area (m <sup>2</sup> )			
Daiwa Securities Group Inc.								
Head Office (Note) 3	Chiyoda-ku, Tokyo	Others	401	–	–	401	608	Rented
Tokiwabashi Tower	Chiyoda-ku, Tokyo		16,692	28,472	–	45,164	–	Owned

### (2) Domestic subsidiaries

Name of office	Location	Segment name	Book value of building (Note) 1 (Millions of yen)	Land		Total book value (Millions of yen)	Number of employees	Description (Note) 5
				Book value (Millions of yen)	Area (m <sup>2</sup> )			
Daiwa Securities Co. Ltd.								
Head Office (Note) 3	Chiyoda-ku, Tokyo	Wealth Management Division	1,872	–	–	1,872	3,171	Rented
Osaka Branch	Kita-ku, Osaka		288	–	–	288	324	Rented
Nagoya Branch	Nakamura-ku, Nagoya		90	–	–	90	183	Rented
Kyoto Branch	Shimogyo-ku, Kyoto	Wealth Management Division	3,101	4,036	1,248	7,138	85	Owned
Ginza Branch	Chuo-ku, Tokyo		52	–	–	52	55	Rented
Chiba Branch	Chuo-ku, Chiba		103	–	–	103	46	Rented
Kobe Branch	Chuo-ku, Kobe		114	–	–	114	78	Rented
Hiroshima Branch	Minami-ku, Hiroshima		92	–	–	92	54	Rented
Yokohama Branch	Nishi-ku, Yokohama		113	–	–	113	112	Rented

Name of office	Location	Segment name	Book value of building (Note) 1 (Millions of yen)	Land		Total book value (Millions of yen)	Number of employees	Description (Note) 5
				Book value (Millions of yen)	Area (m <sup>2</sup> )			
Daiwa Securities Co. Ltd.								
Shinjuku Branch	Shibuya-ku, Tokyo	Wealth Management Division	62	-	-	62	74	Rented
Omiya Branch	Omiya-ku, Saitama		82	-	-	82	50	Rented
Shizuoka Branch	Aoi-ku, Shizuoka		94	1,787	358	1,881	47	Owned
Ikebukuro Branch	Toshima-ku, Tokyo		41	-	-	41	63	Rented
Sapporo Branch	Chuo-ku, Sapporo		30	-	-	30	65	Rented
Sendai Branch	Aoba-ku, Sendai		946	3,646	1,504	4,592	53	Owned
Shibuya Branch	Shibuya-ku, Tokyo		41	-	-	41	76	Rented
Namba Branch	Chuo-ku, Osaka		83	-	-	83	58	Rented
Fukuoka Branch (Note) 6	Chuo-ku, Fukuoka		707	1,478	591	2,186	105	Owned
Daiwa Office Investment Corporation								
Investment properties (Note) 7	Tokyo, etc.	Asset Management Division	93,668	475,555	-	569,224	-	Owned
Samty Residential Investment Corporation								
Investment properties (Note) 7	Tokyo, etc.	Asset Management Division	80,129	96,064	-	176,193	-	Owned

(3) Overseas subsidiaries

Name of office	Location	Segment name	Book value of building (Note) 1 (Millions of yen)	Land		Total book value (Millions of yen)	Number of employees	Description (Note) 5
				Book value (Millions of yen)	Area (m <sup>2</sup> )			
Daiwa Capital Markets Europe Limited	London, U.K.	Global Markets & Investment Banking Division Others	732	-	-	732	320	Rented
Daiwa Capital Markets Hong Kong Limited	Hong Kong, China		9	-	-	9	238	Rented
Daiwa Capital Markets America Inc.	New York, U.S.A., and others		430	-	-	430	326	Rented

- (Notes) 1 For rental properties, the amount associated with the finishing carpentry work for the building is listed.  
2 For facilities owned by consolidated companies, the book value is listed in the field for the main user.  
3 Where the same property is used by multiple consolidated companies, a pro-rated amount for the floorspace used by each company is listed for the property's book value.  
4 The number of employees reflects the number of the people who actually work in the Company. 608 employees work for both the Company and Daiwa Securities Co. Ltd.  
5 The amount of rent expenses paid for the above properties in the current fiscal year (including properties, structures, and facilities) was 7,716 million yen.  
6 Part of the book value of the land is made up of a leasehold right.

- 7 With certain exceptions, the book value of building and land is the beneficial interests in trust. Furthermore, with certain exceptions, these properties are lent to parties other than consolidated companies.

### 3 Planned additions, retirements, etc. of facilities

Plans for the new construction and retirement of important facilities as of the end of the current fiscal year are as follows.

#### (1) Additions, etc.

Company name	Location	Segment name	Description of facility	Size	Planned investment amount		Method of financing	Scheduled start and completion
					Total amount (Millions of yen)	Amount already paid (Millions of yen)		
The Company	Chiyoda-ku, Tokyo	Others	TOKYO TORCH (Tokiwabashi project in front of Tokyo Station)	(Torch Tower) Occupied area: Approx. 4,600 m <sup>2</sup>	To be confirmed	11,633	Internally generated funds	FY2023-FY2028

(Note) The total amount of planned investment is undecided, because the construction costs have not yet been determined. This business is a joint business, and the amount of funds already paid associated with the Company's stake is listed.

#### (2) Retirement, etc.

Not applicable.

## Item 4. Information About Reporting Company

### 1 Status of shares

#### (1) Total number of shares, etc.

##### (i) Total number of shares

Type	Total number of authorized 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
Total	4,000,000,000

(Note) In the field for the “Total number of authorized shares” for each class of shares, the total number of authorized class shares for each class of shares provided by the Articles of Incorporation is listed, and in the total field, the total number of authorized shares provided by the Articles of Incorporation is listed.

##### (ii) Shares issued

Type	Number of shares issued (as of March 31, 2025) (Shares)	Number of shares issued as of issuance date of this report (as of June 18, 2025) (Shares)	Stock exchange	Description
Common stock	1,569,378,772	1,569,378,772	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market	The number of shares to constitute a share unit of the Company is 100 shares.
Total	1,569,378,772	1,569,378,772	—	—

(2) Status of share acquisition rights, etc.

(i) Description of stock option plan

1) According to a resolution at the Ordinary General Meeting of Shareholders in 2005

The Company has issued share acquisition rights without contribution to provide stock options based on the provisions of Article 280.20 and Article 280.21 of the “Act for Partial Revision of the Commercial Code” (2001, Law No. 128, “Former Commercial Code Revised in 2001”). This issuance was resolved at the Shareholders’ Meeting and Executive Management Committee meeting held on June 24, 2005.

Date of resolution	June 24, 2005
Category and number of grantees	Directors and Corporate Executive Officers (Shikkoyaku) of the Company: 15 Directors and Senior Managing Directors of the Company’s subsidiaries and associates: 76
Number of Rights (units)*	Common Stock: 29 [24]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 29,000 [24,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From July 1, 2005 to June 30, 2025
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from June 1, 2025, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up).

2) According to a resolution at the Ordinary General Meeting of Shareholders in 2006

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting and Executive Management Committee meeting held on June 24, 2006.

Date of resolution	June 24, 2006
Category and number of grantees	Directors and Corporate Executive Officers (Shikkoyaku) of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 77
Number of Rights (units)*	Common Stock: 19 [16]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 19,000 [16,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From July 1, 2006 to June 30, 2026
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2026, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 682 yen obtained from the book value of share acquisition rights of 1,363 yen added to the issuance price of the shares.

3) According to a resolution at the Ordinary General Meeting of Shareholders in 2007

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting and Executive Management Committee meeting held on June 23, 2007.

Date of resolution	June 23, 2007
Category and number of grantees	Directors and Corporate Executive Officers (Shikkoyaku) of the Company: 16 Directors and Senior Managing Directors of the Company's subsidiaries: 79
Number of Rights (units)*	Common Stock: 27 [24]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 27,000 [24,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From July 1, 2007 to June 30, 2027
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2027, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 657 yen obtained from the book value of share acquisition rights of 1,312 yen added to the issuance price of the shares.

4) According to a resolution at the Ordinary General Meeting of Shareholders in 2008

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting and Executive Management Committee meeting held on June 21, 2008.

Date of resolution	June 21, 2008
Category and number of grantees	Directors and Corporate Executive Officers (Shikkoyaku) of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 83
Number of Rights (units)*	Common Stock: 47 [44]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 47,000 [44,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From July 1, 2008 to June 30, 2028
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2028, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 487 yen obtained from the book value of share acquisition rights of 972 yen added to the issuance price of the shares.

5) According to a resolution at the Ordinary General Meeting of Shareholders in 2009

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting and Executive Management Committee meeting held on June 20, 2009.

Date of resolution	June 20, 2009
Category and number of grantees	Directors and Corporate Executive Officers (Shikkoyaku) of the Company: 16 Directors and Senior Managing Directors of the Company's subsidiaries: 90
Number of Rights (units)*	Common Stock: 171 [154]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 171,000 [154,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From July 1, 2009 to June 30, 2029
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2029, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 291 yen obtained from the book value of share acquisition rights of 580 yen added to the issuance price of the shares.

6) According to a resolution at the Ordinary General Meeting of Shareholders in 2010

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting and Executive Management Committee meeting held on June 26, 2010.

Date of resolution	June 26, 2010
Category and number of grantees	Directors and Corporate Executive Officers (Shikkoyaku) of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 102
Number of Rights (units)*	Common Stock: 372 [360]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 372,000 [360,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From July 1, 2010 to June 30, 2030
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2030, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 188 yen obtained from the book value of share acquisition rights of 375 yen added to the issuance price of the shares.

7) According to a resolution at the Ordinary General Meeting of Shareholders in 2011

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting and Executive Management Committee meeting held on June 25, 2011.

Date of resolution	June 25, 2011
Category and number of grantees	Directors and Corporate Executive Officers (Shikkoyaku) of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 96
Number of Rights (units)*	Common Stock: 696 [673]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 696,000 [673,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From July 1, 2011 to June 30, 2031
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2031, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 180 yen obtained from the book value of share acquisition rights of 358 yen added to the issuance price of the shares.

8) According to a resolution at the Ordinary General Meeting of Shareholders in 2012

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting on June 27, 2012 and the Executive Management Committee meeting held on February 1, 2013.

Date of resolution	June 27, 2012
Category and number of grantees	Directors, Corporate Executive Officers (Shikkoyaku), and Senior Managing Directors of the Company: 18 Directors and Senior Managing Directors of the Company's subsidiaries: 85
Number of Rights (units)*	Common Stock: 568 [547]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 568,000 [547,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From February 12, 2013 to June 30, 2032
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2032, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 285 yen obtained from the book value of share acquisition rights of 568 yen added to the issuance price of the shares.

9) According to a resolution at the Ordinary General Meeting of Shareholders in 2013

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting on June 26, 2013 and the Executive Management Committee meeting held on January 31, 2014.

Date of resolution	June 26, 2013
Category and number of grantees	Directors, Corporate Executive Officers (Shikkoyaku), and Senior Managing Directors of the Company: 22 Directors and Senior Managing Directors of the Company's subsidiaries: 81
Number of Rights (units)*	Common Stock: 278 [275]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 278,000 [275,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From February 10, 2014 to June 30, 2033
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2033, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 479 yen obtained from the book value of share acquisition rights of 956 yen added to the issuance price of the shares.

10) According to a resolution at the Ordinary General Meeting of Shareholders in 2014

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act. This issuance was resolved at the Shareholders' Meeting on June 26, 2014 and the Executive Management Committee meeting held on January 30, 2015.

Date of resolution	June 26, 2014
Category and number of grantees	Directors, Corporate Executive Officers (Shikkoyaku), and Senior Managing Directors of the Company: 21 Directors and Senior Managing Directors of the Company's subsidiaries: 85
Number of Rights (units)*	Common Stock: 370
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 370,000
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From February 9, 2015 to June 30, 2034
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, its subsidiaries and associates which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2034, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). As of the end of the month (May 31, 2025) before the filing date, the information for these items has not changed.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 426 yen obtained from the book value of share acquisition rights of 850.7 yen added to the issuance price of the shares.

11) According to a resolution at the Ordinary General Meeting of Shareholders in 2015

- i) The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act, resolved at the Shareholders' Meeting on June 25, 2015 and the Executive Management Committee meeting on February 5, 2016.

Date of resolution	June 25, 2015
Category and number of grantees	Directors, Corporate Executive Officers (Shikkoyaku), and Senior Managing Directors of the Company: 21 Directors and Senior Managing Directors of the Company's subsidiaries: 85
Number of Rights (units)*	Common Stock: 503
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 503,000
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From February 16, 2016 to June 30, 2035
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries and affiliates which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2035, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). As of the end of the month (May 31, 2025) before the filing date, the information for these items has not changed.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 333 yen obtained from the book value of share acquisition rights of 663.4 yen added to the issuance price of the shares.

- ii) The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act, resolved at the Shareholders' Meeting on June 25, 2015 and the Executive Management Committee meeting on February 5, 2016.

Date of resolution	June 25, 2015
Category and number of grantees	Employees of the Company and Directors, Senior Managing Directors, and employees of subsidiaries and affiliates: 3,238
Number of Rights (units)*	Common Stock: 1,789 [1,566]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 1,789,000 [1,566,000]
Amount to be paid in upon exercise of share acquisition rights*	733 yen per share
Exercise period of share acquisition rights*	From July 1, 2020 to June 24, 2025
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 733 Additional paid-in capital: 367
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 733 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 424 yen obtained from the book value of share acquisition rights of 113.2 yen added to the issuance price of the shares.

12) According to a resolution at the Ordinary General Meeting of Shareholders in 2016

- i) The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act, resolved at the Shareholders' Meeting on June 28, 2016 and the Executive Management Committee meeting on January 30, 2017.

Date of resolution	June 28, 2016
Category and number of grantees	Directors, Corporate Executive Officers (Shikkoyaku), and Senior Managing Directors of the Company: 19 Directors and Senior Managing Directors of the Company's subsidiaries: 90
Number of Rights (units)*	Common Stock: 524 [518]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 524,000 [518,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From February 8, 2017 to June 30, 2036
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries and affiliates which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2036, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 355 yen obtained from the book value of share acquisition rights of 707.9 yen added to the issuance price of the shares.

- ii) The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act, resolved at the Shareholders' Meeting on June 28, 2016 and the Executive Management Committee meeting on January 30, 2017.

Date of resolution	June 28, 2016
Category and number of grantees	Employees of the Company and Directors, Senior Managing Directors, and employees of subsidiaries and affiliates: 3,482
Number of Rights (units)*	Common Stock: 3,719 [3,670]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 3,719,000 [3,670,000]
Amount to be paid in upon exercise of share acquisition rights*	767 yen per share
Exercise period of share acquisition rights*	From July 1, 2021 to June 27, 2026
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 767 Additional paid-in capital: 384
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 767 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 445 yen obtained from the book value of share acquisition rights of 122.1 yen added to the issuance price of the shares.

13) According to a resolution at the Ordinary General Meeting of Shareholders in 2017

- i) The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act, resolved at the Shareholders' Meeting on June 28, 2017 and the Executive Management Committee meeting on January 30, 2018.

Date of resolution	June 28, 2017
Category and number of grantees	Directors, Corporate Executive Officers (Shikkoyaku), and Senior Managing Directors of the Company: 21 Directors and Senior Managing Directors of the Company's subsidiaries: 97
Number of Rights (units)*	Common Stock: 555 [551]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 555,000 [551,000]
Amount to be paid in upon exercise of share acquisition rights*	1 yen per share
Exercise period of share acquisition rights*	From February 8, 2018 to June 30, 2037
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1 Additional paid-in capital: 1
Exercise condition of share acquisition rights*	<ol style="list-style-type: none"> <li>1 Each share acquisition right may not be exercised in part.</li> <li>2 Each holder of these share acquisition rights may exercise his/her rights from the next day after he/she loses all of the positions as Director or Corporate Executive Officer (Shikkoyaku), or Senior Managing Directors of the Company, and its subsidiaries and affiliates which are determined by the Board of Directors of the Company or the Corporate Executive Officers (Shikkoyaku) to whom the determination has been delegated by a resolution of the Board of Directors of the Company.</li> <li>3 Regardless of above condition 2, he/she can exercise his/her rights from May 31, 2037, subject to other conditions for exercise of such rights.</li> <li>4 Other conditions are stipulated in the agreement for granting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.</li> </ol>
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 365 yen obtained from the book value of share acquisition rights of 727.2 yen added to the issuance price of the shares.

- ii) The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act, resolved at the Shareholders' Meeting on June 28, 2017 and the Executive Management Committee meeting on January 30, 2018.

Date of resolution	June 28, 2017
Category and number of grantees	Employees of the Company, its subsidiaries, and affiliates, and Directors and Senior Managing Directors of subsidiaries and affiliates: 3,621
Number of Rights (units)*	Common Stock: 4,547 [4,514]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 4,547,000 [4,514,000]
Amount to be paid in upon exercise of share acquisition rights*	815 yen per share
Exercise period of share acquisition rights*	From July 1, 2022 to June 27, 2027
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 815 Additional paid-in capital: 408
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 815 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 469 yen obtained from the book value of share acquisition rights of 122.8 yen added to the issuance price of the shares.

14) According to a resolution at the Ordinary General Meeting of Shareholders in 2018

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238 and Article 239 of the Companies Act, resolved at the Shareholders' Meeting on June 27, 2018 and the Executive Management Committee meeting on July 30, 2018.

Date of resolution	June 27, 2018
Category and number of grantees	Employees of the Company, its subsidiaries, and affiliates, and Directors and Senior Managing Directors of subsidiaries and affiliates: 3,841
Number of Rights (units)*	Common Stock: 37,946 [37,618]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 3,794,600 [3,761,800]
Amount to be paid in upon exercise of share acquisition rights*	686 yen per share
Exercise period of share acquisition rights*	From July 1, 2023 to June 26, 2028
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 686 Additional paid-in capital: 343
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 686 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 395 yen obtained from the book value of share acquisition rights of 104.0 yen added to the issuance price of the shares.

15) According to a resolution by the Executive Management Committee in 2019

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238, Article 240, and Article 416 of the Companies Act, resolved at the Executive Management Committee meeting on August 9, 2019.

Date of resolution	August 9, 2019
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of subsidiaries: 3,826
Number of Rights (units)*	Common Stock: 49,729 [49,224]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 4,972,900 [4,922,400]
Amount to be paid in upon exercise of share acquisition rights*	502 yen per share
Exercise period of share acquisition rights*	From July 1, 2024 to July 30, 2029
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 502 Additional paid-in capital: 251
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 502 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 278 yen obtained from the book value of share acquisition rights of 53.7 yen added to the issuance price of the shares.

16) According to a resolution by the Executive Management Committee in 2020

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238, Article 240, and Article 416 of the Companies Act, resolved at the Executive Management Committee meeting on July 31, 2020.

Date of resolution	July 31, 2020
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of subsidiaries: 4,046
Number of Rights (units)*	Common Stock: 79,200
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 7,920,000
Amount to be paid in upon exercise of share acquisition rights*	508 yen per share
Exercise period of share acquisition rights*	From July 1, 2025 to July 30, 2030
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 508 Additional paid-in capital: 254
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). As of the end of the month (May 31, 2025) before the filing date, the information for these items has not changed.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 508 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 292 yen obtained from the book value of share acquisition rights of 74.8 yen added to the issuance price of the shares.

17) According to a resolution by the Executive Management Committee in 2021

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238, Article 240, and Article 416 of the Companies Act, resolved at the Executive Management Committee meeting on July 29, 2021.

Date of resolution	July 29, 2021
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of subsidiaries: 4,026
Number of Rights (units)*	Common Stock: 79,465
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 7,946,500
Amount to be paid in upon exercise of share acquisition rights*	633 yen per share
Exercise period of share acquisition rights*	From July 1, 2026 to July 28, 2031
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 633 Additional paid-in capital: 317
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). As of the end of the month (May 31, 2025) before the filing date, the information for these items has not changed.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 633 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 347 yen obtained from the book value of share acquisition rights of 60.4 yen added to the issuance price of the shares.

18) According to a resolution by the Executive Management Committee in 2022

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238, Article 240, and Article 416 of the Companies Act, resolved at the Executive Management Committee meeting on July 29, 2022.

Date of resolution	July 29, 2022
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of subsidiaries: 4,757
Number of Rights (units)*	Common Stock: 55,888 [55,053]
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 5,588,800 [5,505,300]
Amount to be paid in upon exercise of share acquisition rights*	607 yen per share
Exercise period of share acquisition rights*	From September 1, 2024 to July 28, 2032
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 607 Additional paid-in capital: 304
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). For items with information that has changed from the end of the fiscal year to the end of the month (May 31, 2025) before the filing date, the information as of the end of the month before the filing date is presented in brackets [ ]. The information for other items has not changed since the end of the fiscal year.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 607 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 333 yen obtained from the book value of share acquisition rights of 58.9 yen added to the issuance price of the shares.

19) According to a resolution by the Executive Management Committee in 2023

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238, Article 240, and Article 416 of the Companies Act, resolved at the Executive Management Committee meeting on July 31, 2023.

Date of resolution	July 31, 2023
Category and number of grantees	Employees of the Company and its subsidiaries 5,400
Number of Rights (units)*	Common Stock: 78,969
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 7,896,900
Amount to be paid in upon exercise of share acquisition rights*	774 yen per share
Exercise period of share acquisition rights*	From September 1, 2025 to July 30, 2033
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 774 Additional paid-in capital: 387
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). As of the end of the month (May 31, 2025) before the filing date, the information for these items has not changed.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 774 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 445 yen obtained from the book value of share acquisition rights of 115.6 yen added to the issuance price of the shares.

20) According to a resolution by the Executive Management Committee in 2024

The Company has issued the following share acquisition rights without contribution for the purpose of providing stock options based on the provisions of Article 236, Article 238, Article 240, and Article 416 of the Companies Act, resolved at the Executive Management Committee meeting on August 1, 2024.

Date of resolution	August 1, 2024
Category and number of grantees	Employees of the Company and its subsidiaries 4,929
Number of Rights (units)*	Common Stock: 63,481
Class and number of shares subject to share acquisition rights (shares)*	Common Stock: 6,348,100
Amount to be paid in upon exercise of share acquisition rights*	1,112 yen per share
Exercise period of share acquisition rights*	From September 1, 2026 to July 31, 2034
Issuance price of shares and additional paid-in capital in the event that shares are issued upon exercise of share acquisition rights*	Issuance price: 1,112 yen Additional paid-in capital: 556 yen
Exercise condition of share acquisition rights*	1 Each share acquisition right may not be exercised in part. 2 Other conditions are stipulated in the agreement for allotting share acquisition rights that is concluded between the Company and the person who will receive the allotment of share acquisition rights.
Transfer of share acquisition rights*	Approval of the Board of Directors is required.
Delivery of share acquisition rights in association with reorganization*	—

\* The information is as of the end of the fiscal year (March 31, 2025). As of the end of the month (May 31, 2025) before the filing date, the information for these items has not changed.

(Note) The above paid-in capital is the amount obtained by multiplying the share issuance price of 1,112 yen by 0.5 (fractional amounts of less than 1 yen are rounded up). Additional paid-in capital amounts to 640 yen obtained from the book value of share acquisition rights of 167 yen added to the issuance price of the shares.

(ii) Details of Rights Plan

Not applicable.

(iii) Status of other share acquisition rights, etc.

Not applicable.

(3) Exercise of corporate bonds with share acquisition rights with attached clauses to amend the exercise price

Not applicable.

(4) Trends in total number of shares issued, share capital, etc.

Date	Change in total number of shares issued (Thousands of shares)	Balance of total number of shares issued (Thousands of shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
May 10, 2022 (Note)	(130,000)	1,569,378	–	247,397	–	226,751

(Note) Reduced due to the cancelation of treasury shares.

(5) Shareholder composition

(As of March 31, 2025)

Category	Status of shares (Number of shares constituting one unit: 100)								Status of shares less than one unit (shares)
	Governmental organizations	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	1	132	53	1,343	793	457	155,949	158,728	–
Number of shares held (units)	1	4,531,682	846,950	713,312	3,929,714	15,020	5,651,244	15,687,923	586,472
Ratio to total shares (%)	0.00	28.89	5.40	4.55	25.05	0.10	36.02	100.00	–

(Notes) 1 The shares registered in the name of the Japan Securities Depository Center are included in “Other corporations” in the above table. The amount is 30 units (3,000 shares).

2 The “Individuals and others” field includes 1,543,932 units (154,393,200 shares), and the “Status of shares less than one unit” field includes 35 shares held under own name.

## (6) Status of major shareholders

(As of March 31, 2025)

Name/Company Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (excluding treasury shares, %)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1, Akasaka 1-Chome, Minato-ku, Tokyo	222,558	15.72
Custody Bank of Japan, Ltd. (Trust Account)	8-12 Harumi 1-Chome, Chuo-ku, Tokyo	68,859	4.86
Taiyo Life Insurance Company	7-1 Nihombashi 2-Chome, Chuo-ku, Tokyo	41,140	2.90
Nippon Life Insurance Company	6-6, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	31,164	2.20
JAPAN POST HOLDINGS Co., Ltd.	3-1, Otemachi 2-Chome, Chiyoda-ku, Tokyo	30,000	2.12
STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing proxy: Mizuho Bank, Ltd.)	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (15-1, Konan 2-Chome, Minato-ku, Tokyo)	29,006	2.04
JPMorgan Securities Japan Co., Ltd.	7-3, Marunouchi 2-Chome, Chiyoda-ku, Tokyo	23,670	1.67
Barclays Securities Japan limited	10-1, Roppongi 6-Chome, Minato-ku, Tokyo	19,800	1.39
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (15-1, Konan 2-Chome, Minato-ku, Tokyo)	19,550	1.38
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UK (15-1, Konan 2-Chome, Minato-ku, Tokyo)	19,206	1.35
Total	—	504,956	35.68

(Notes) 1 Although the Company holds 154,393 thousand shares of its own shares as treasury shares as of March 31, 2025, it is excluded from the above list of major shareholders.

- 2 In the Statement of Changes on the status of large-volume holdings of shares, etc. provided for public viewing on January 10, 2023, the Company received a report that Sumitomo Mitsui Trust Bank, Limited and two other companies jointly held the following shares as of December 30, 2022. As of March 31, 2025, the Company cannot confirm the actual number of shares held, and as such, these are not included in the above status of major shareholders.

The contents of the Statement of Changes are as follows.

Name/Company Name	Address	Number of shares, etc. held (thousands of shares)	Holding ratio of shares, etc. (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	12,445	0.79
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shiba-koen 1-Chome, Minato-ku, Tokyo	52,807	3.36
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-Chome, Minato-ku, Tokyo	26,671	1.70
Total	—	91,923	5.86

- 3 In the Statement of Changes on the status of large-volume holdings of shares, etc. provided for public viewing on October 31, 2023, the Company received a report that Silchester International Investors LLP held the following shares as of October 30, 2023. As of March 31, 2025, the Company cannot confirm the actual number of shares held, and as such, these are not included in the above status of major shareholders.

The contents of the Statement of Changes are as follows.

Name/Company Name	Address	Number of shares, etc. held (thousands of shares)	Holding ratio of shares, etc. (%)
Silchester International Investors LLP	5th Floor, Time & Life Building, 1 Bruton Street, London, W1J 6TL, UK	63,129	4.02

- 4 In the Statement of Large-Volume Holdings on the status of large-volume holdings of shares, etc. provided for public viewing on January 11, 2024, the Company received a report that Nomura Securities Co., Ltd. and two other companies jointly held the following shares as of December 29, 2023. As of March 31, 2025, the Company cannot confirm the actual number of shares held, and as such, these are not included in the above status of major shareholders.

The contents of the Statement of Large-Volume Holdings are as follows.

Name/Company Name	Address	Number of shares, etc. held (thousands of shares)	Holding ratio of shares, etc. (%)
Nomura Securities Co., Ltd.	13-1, Nihombashi 1-Chome, Chuo-ku, Tokyo	2,957	0.19
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	3,008	0.19
Nomura Asset Management Co., Ltd.	2-1, Toyosu 2-Chome, Koto-ku, Tokyo	72,794	4.64
Total	-	78,760	5.02

- 5 In the Statement of Changes on the status of large-volume holdings of shares, etc. provided for public viewing on October 18, 2024, although it is listed that BlackRock Japan Co., Ltd. and 12 other companies jointly held the following shares as of October 15, 2024, the Company cannot confirm the actual number of shares held as of March 31, 2025, and as such, these are not included in the above status of major shareholders.

The contents of the Statement of Changes are as follows.

Name/Company Name	Address	Number of shares, etc. held (thousands of shares)	Holding ratio of shares, etc. (%)
BlackRock Japan Co., Ltd.	8-3, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	32,056	2.04
Aperio Group, LLC	Suite 204, Three Harbor Drive, City of Sausalito, CA, United States	1,717	0.11
BlackRock Advisors, LLC	251 Little Falls Drive, Wilmington, DE, United States	1,692	0.11
BlackRock Financial Management, Inc.	251 Little Falls Drive, Wilmington, DE, United States	2,505	0.16
BlackRock Investment Management (Australia) Limited	Level 37, Chifley Tower, 2 Chifley Square, Sydney, New South Wales, Australia	2,493	0.16
BlackRock (Netherlands) BV	Amstelplein 1, 1096 HA, Amsterdam, the Netherlands	3,763	0.24
BlackRock Fund Managers Limited	12 Throgmorton Avenue, London, UK	8,357	0.53
BlackRock (Luxembourg) S.A.	35A, Avenue John F. Kenedy, L-1855, Luxembourg	2,185	0.14
BlackRock Asset Management Canada Limited	161 Bay Street #2500, Toronto, Ontario, Canada	2,655	0.17
BlackRock Asset Management Ireland Limited	1st Floor, 2 Ballsbridge Park Ballsbridge, Dublin, Ireland	14,096	0.90
BlackRock Fund Advisors	400 Howard Street, San Francisco, CA, United States	28,194	1.80
BlackRock Institutional Trust Company, N.A.	400 Howard Street, San Francisco, CA, United States	18,267	1.16
BlackRock Investment Management (UK) Limited	12 Throgmorton Avenue, London, UK	2,273	0.14
Total	–	120,259	7.66

## (7) Status of voting rights

## (i) Shares issued

(As of March 31, 2025)

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares)	(Shares in treasury) Common stock 154,393,200	–	–
	(Reciprocally held shares) Common stock 204,600	–	–
Shares with full voting rights (Other)	Common stock 1,414,194,500	14,141,945	–
Shares less than one unit	Common stock 586,472	–	Shares less than one unit (100 shares)
Total number of shares issued	1,569,378,772	–	–
Total number of voting rights	–	14,141,945	–

(Notes) 1 The shares registered in the name of Japan Securities Depository Center are included in “Shares with full voting rights (Other)” in the above table. The amount is 3,000 shares (30 units of voting rights).

2 The number of shares in the “Shares less than one unit” field includes 35 treasury shares owned by the Company.

## (ii) Treasury shares, etc.

(As of March 31, 2025)

Name / Company name of shareholder	Address of shareholder	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total number of shares held (shares)	Ownership percentage to the total number of shares issued (%)
(Shares in treasury) Daiwa Securities Group Inc.	9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	154,393,200	–	154,393,200	9.83
Total	–	154,393,200	–	154,393,200	9.83

(Notes) 1 The Company owns 35 treasury shares of less than one unit.

2 In addition to the above, the Company’s subsidiaries own 204,600 shares held under own name as shares held for their securities service.

## 2 Acquisitions, etc. of treasury shares

Classes of shares, etc. Acquisition of common stock which falls under Article 155, item (iii) and Article 155, item (vii) of the Companies Act

### (1) Acquisitions by a resolution of the General Meeting of Shareholders

Not applicable.

### (2) Acquisitions by a resolution of the Board of Directors

Category	Number of shares (shares)	Total value (thousands of yen)
Resolution by the Board of Directors meeting (April 28, 2025) (Acquisition period: From May 16, 2025 to March 24, 2026)	Up to 50,000,000	Up to 50,000,000
Treasury shares acquired before the fiscal year ended March 31, 2025	–	–
Treasury shares acquired during the fiscal year ended March 31, 2025	–	–
Total number and total value of remaining shares under resolution	–	–
The unexercised ratio as of March 31, 2025 (%)	–	–
Treasury shares acquired during the period from April 1, 2025 until the filing date of this Annual Securities Report	7,700,000	7,367,173
The unexercised ratio as of the filing date of this Annual Securities Report (%)	84.60	85.27

(Notes) 1 The number of treasury shares acquired in the current period does not include the number of shares acquired from June 1, 2025 through the date the annual securities report was submitted.

2 The unexercised ratio as of the filing date is calculated excluding treasury shares acquired from June 1, 2025 through the date the annual securities report was submitted.

### (3) Items not based on resolutions of the General Meeting of Shareholders or Board of Directors

Category	Number of shares (shares)	Total value (thousands of yen)
Treasury shares acquired during the fiscal year ended March 31, 2025	9,500	10,585
Treasury shares acquired during the period from April 1, 2025 until the filing date of this Annual Securities Report	930	875

(Note) The number of treasury shares acquired in the current period does not include the number of shares acquired through the repurchase of shares of less than one unit from June 1, 2025 through the date the annual securities report was submitted.

(4) Status of disposal and ownership of acquired treasury shares

Category	Fiscal year ended March 31, 2025		From April 1, 2025 until the filing date of this Annual Securities Report	
	Number of shares (shares)	Total disposal value (Thousands of yen)	Number of shares (shares)	Total disposal value (Thousands of yen)
Acquired treasury shares offered for subscription	–	–	–	–
Acquired treasury shares that were canceled	–	–	–	–
Acquired treasury shares transferred for merger, share exchange, and company split	–	–	–	–
Others				
(Sales resulting from requests for sale of shares less than one unit)	125	91	–	–
(Exercise of share acquisition rights)	12,766,700	9,355,255	594,100	436,201
(Disposal of treasury shares associated with restricted stock compensation)	914,200	669,910	–	–
Treasury shares held	154,393,235	–	161,500,065	–

- (Notes) 1 Disposal of treasury shares during the period does not include the number of shares sold resulting from requests for sale of shares of less than one unit or the number of shares disposed of through the exercise of share acquisition rights from June 1, 2025 through the date that the annual securities report is submitted.
- 2 Treasury shares owned during the period does not include the number of shares acquired by a resolution of the Board of Directors, the number of shares repurchased or sold of less than one unit, or the number of shares disposed of through the exercise of share acquisition rights from June 1, 2025 through the date that the annual securities report is submitted.

### 3 Dividend policy

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.

Furthermore, the Company's Articles of Incorporation establish the record date and that dividends of surplus shall be paid through a resolution by the Board of Directors.

The year-end dividend for the fiscal year ended March 31, 2025 was 28 yen per share. Based on a resolution by the Board of Directors on October 29, 2024, the Company paid the mid-term dividend of 28 yen per share in December 2024. Accordingly, the annual dividend is 56 yen per share.

(Note) Dividends of surplus for the record date belonging to the current fiscal year are as follows.

Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
October 29, 2024 Resolution of Board of Directors	39,488	28
April 28, 2025 Resolution of Board of Directors	39,619	28

## 4 Explanation about corporate governance, etc.

### (1) Overview of corporate governance

#### (i) Basic views on corporate governance

The Company will respect the rights and interests of the shareholders, consider the position of all stakeholders and strive for sustainable growth and improvement of medium to long term corporate value through realization of our corporate principles “Building trust,” “Placing importance on personnel,” “Contributing to society” and “Maintaining healthy earnings results.”

For that purpose, the Company practices group management based on a holding company structure, establishes a highly transparent and objective governance environment that conforms to international standards, realizes highly efficient oversight of Group companies and builds a unified group management system that elicits synergies among Group companies. To achieve that, the Company has established “Daiwa Securities Group Inc. Corporate Governance Guidelines” to define the basic framework and policies of the Daiwa Securities Group’s corporate governance.

The Company has adopted Three Committees System (a company with nominating committee, etc.) as an institutional design in order to supervise management through the following (a) and (b).

(a) 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).

(b) Improving transparency and fairness of the management by establishing three committees: the Nominating Committee, Audit Committee and Compensation Committee with highly independent Outside Directors as a majority of their members.

Furthermore, the Company positively addresses corporate social responsibility activities in order to obtain trust from all of the stakeholders. There are indeed various aspects to corporate social responsibility, such as providing superior products, services, and sincere responses to customers; returning profits and disclosing information to shareholders appropriately; taking measures for labor environment and evaluation of the employees; establishing legal compliance and corporate ethics; environmental management; as well as social contribution.

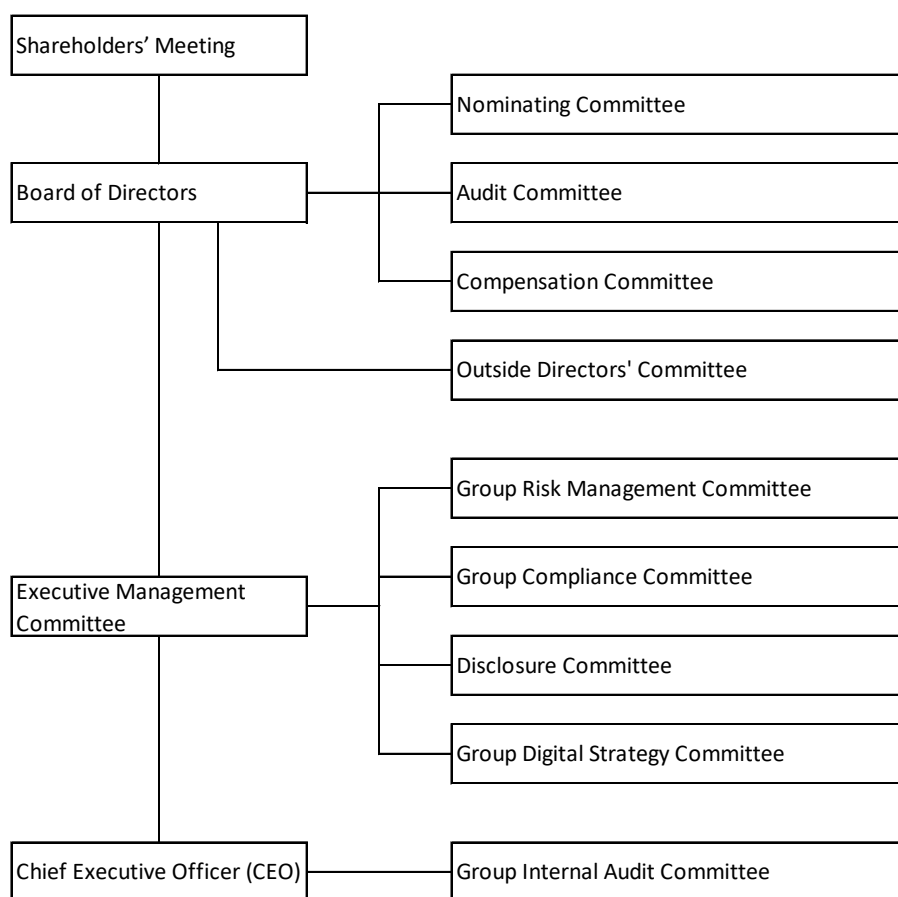
The Company believes that these approaches, together with a strengthened corporate governance system which emphasizes transparency, mobility and efficiency will lead to the sustainable improvement of the corporate value.

#### (ii) Organization of the Company

The corporate governance system of the Company consists of (i) the Board of Directors and the Three Committees (Nominating Committee, Audit Committee, and Compensation Committee) as a supervising body, (ii) Outside Directors’ Committee as a subcommittee of the Board of Directors, (iii) Executive Management Committee and its subcommittees (Group Risk Management Committee, Group Compliance Committee, Disclosure Committee, Group Digital Strategy Committee) as an executing body, and (iv) Group Internal Audit Committee, which is in direct control of President and CEO as an internal audit body.

In order to have a variety of views in group management, the Company has assigned seven women as its Directors and Corporate Executive Officers (Shikkoyaku). The Group has also assigned 21 women as officers.

<The Corporate Governance System of the Company>



1) Board of Directors

The Board of Directors, in which Chairperson of the Board served as a chair, is held once or more than once every three months. In FY2024, there were 11 meetings in total. The Board of Directors as of the filing date of the Annual Securities Report consists of 12 members, six of whom are Outside Directors. The Board of Directors includes six women. If the proposal (matter to be resolved) “Election of fourteen (14) Directors (Members of the Board)” is approved and adopted at the Ordinary General Meeting of Shareholders to be held on June 20, 2025, the Board of Directors will consist of 14 members, seven of whom are Outside Directors and seven of whom are women. Furthermore, the Articles of Incorporation stipulate that there shall be up to 20 Directors.

The Board of Directors determine core management matters such as basic management policy, matters related to election and dismissal of, division of duties and command system, etc., among Corporate Executive Officers (Shikkoyaku), and systems for internal control and risk management. In order to make management decisions promptly and to enhance efficient group management, the Board of Directors delegates decision-making powers to the Corporate Executive Officers (Shikkoyaku) as much as possible. In addition, by supervising the execution of duties of the Directors and the Corporate Executive Officers (Shikkoyaku), the Company aims to ensure the fairness and transparency of the Group management and to achieve sustainable growth and maximization of corporate value over the medium to long term based on the corporate principles.

The members of the Board of Directors as of the filing date of this Annual Securities Report and their status of attendance in FY2024 are as follows.

Seiji Nakata	(Chair) (concurrently Corporate Executive Officer)	11/11 (100%)
Akihiko Ogino	(President and CEO)	11/11 (100%)
Shinsuke Niizuma	(Deputy President, Corporate Executive Officer, COO)	9/9 (100%) *Appointed on June 21, 2024 (Note) 1
Keiko Tashiro	(concurrently Corporate Executive Officer)	11/11 (100%)

Eiji Sato	(concurrently Corporate Executive Officer)	9/9 (100%) *Appointed on June 21, 2024 (Note) 1
Sachiko Hanaoka		11/11 (100%)
Eriko Kawai	(Outside Director)	11/11 (100%)
Katsuyuki Nishikawa	(Outside Director)	11/11 (100%)
Toshio Iwamoto	(Outside Director)	11/11 (100%)
Yumiko Murakami	(Outside Director)	11/11 (100%)
Noriko Iki	(Outside Director)	11/11 (100%)
Mami Yunoki	(Outside Director) (Note) 2	9/9 (100%) *Appointed on June 21, 2024

Composition of the members after the resolution by the Board of Directors following the conclusion of the Ordinary General Meeting of Shareholders scheduled for June 20, 2025, shall be as follows:

Seiji Nakata	(Chair) (concurrently Corporate Executive Officer)
Akihiko Ogino	(President and CEO)
Shinsuke Niizuma	(Deputy President, Corporate Executive Officer, COO)
Keiko Tashiro	(concurrently Corporate Executive Officer)
Eiji Sato	(concurrently Corporate Executive Officer)
Hiroko Sakurai	(concurrently Corporate Executive Officer) (New appointment) (Note) 3
Sachiko Hanaoka	
Eriko Kawai	(Outside Director)
Katsuyuki Nishikawa	(Outside Director)
Toshio Iwamoto	(Outside Director)
Yumiko Murakami	(Outside Director)
Noriko Iki	(Outside Director)
Mami Yunoki	(Outside Director) (Note) 2
Akira Ichikawa	(Outside Director) (New appointment)

- (Notes)
- 1 Adding participation as a Corporate Executive Officer, the status of attendance is 100% (11/11).
  - 2 Her name in the family register is Mami Kato.
  - 3 Participated as a Corporate Executive Officer (Shikkoyaku) at Board of Directors meetings held in FY2024. The status of attendance is 100% (11/11 meetings).
  - 4 The status of attendance of Takashi Hibino, Toshihiro Matsui, Hirotaka Takeuchi and Ikuo Nishikawa, who retired from the position of Directors on June 21, 2024, was 2/2 (100%).

The following resolutions and reports were made at Board of Directors in FY2024.

[Major resolution items]

- Review of the Medium-term Management Plan
- FY2025 management policy and budget decided
- Risk appetite statement (once every half year)
- Revision of the Environmental and Social Policy Framework
- Financial results (including quarterly results), dividends (including changes to the dividend policy), and financial statements under the Companies Act
- Appointment of officers (selection of the Chairperson of the Board, President and CEO, Deputy President, Corporate Executive Officer, COO, selection of Corporate Executive Officers (Shikkoyaku), decision of division of duties for Corporate Executive Officers (Shikkoyaku), and selection of members of the Nominating Committee, Audit Committee, and Compensation Committee)
- Amendments to rules
- Other decisions at the Board of Directors on matters based on laws and regulations

[Major reporting items]

- Reports from the Nominating, Audit and Compensation Committees
- Selection and delegation tasks of Executive Officers (Shikkoyakuin)
- First-half summary for segment-specific annual plans for FY2024 and future initiatives
- Capital and business alliance between Daiwa Asset Management Co., Ltd. and JAPAN POST INSURANCE Co., Ltd.
- Capital and business alliance with Aozora Bank
- Status of execution of duties by the Executive Management Committee (including important businesses, investments, and business alliances, important system investments, the granting of stock options to employees, the fundraising report, and Recovery and Resolution Plan)
- Action to implement management that is conscious of cost of capital and stock price
- Initiatives for Japan to become a leading asset management center
- Initiatives for customer-centric business operations
- State of dialogue with shareholders, investors, etc.
- Climate-related disclosures proposal (former TCFD disclosures)
- Status report on sustainability promotion
- Initiatives for health management
- Improving our cybersecurity control and management framework
- AI governance preparation status
- Status of response to the Corporate Governance Code
- Effectiveness evaluation of the Board of Directors

The Corporate Secretariat was also established as a section to support the Board of Directors and Outside Directors. The Corporate Secretariat acts as a secretariat of the Board of Directors together with the Corporate Planning Dept.

i) Nominating Committee

The meetings of the Nominating Committee are held once or more a year. In FY2024, there were five meetings in total.

As of the filing date of the Annual Securities Report, Nominating Committee consists of four Outside Directors, including a chair, and two Internal Directors. In order to nominate Directors from multiple points of view, the specialized expertise of the Outside Directors is taken into consideration. Furthermore, Chair of the Nominating Committee Toshio Iwamoto has considerable knowledge of corporate management and human resources measures obtained through his experience in corporate management.

The members of the Nominating Committee as of the filing date of this Annual Securities Report and their status of attendance in FY2024 are as follows.

Toshio Iwamoto	(Chair) (Outside Director)	5/5 (100%)
Seiji Nakata		5/5 (100%)
Akihiko Ogino		5/5 (100%)
Eriko Kawai	(Outside Director)	5/5 (100%)
Katsuyuki Nishikawa	(Outside Director)	5/5 (100%)
Noriko Iki	(Outside Director)	5/5 (100%)

Composition of the members after the resolution by the Board of Directors following the conclusion of the Ordinary General Meeting of Shareholders scheduled for June 20, 2025, shall be as follows:

Toshio Iwamoto	(Chair) (Outside Director)
Seiji Nakata	
Akihiko Ogino	
Eriko Kawai	(Outside Director)
Katsuyuki Nishikawa	(Outside Director)
Noriko Iki	(Outside Director)
Akira Ichikawa	(Outside Director) (New appointment)

The following resolutions and reports were made at the Nominating Committee in FY2024.

[Major resolution items]

- Selection of candidates for Director
- Disclosure of Directors' "Knowledge, experience and ability," etc.

[Major reporting items]

- Composition of the Board of Directors in consideration of corporate governance
- The basic idea for nominating candidates for Director
- CEO succession plan

<Policies for selection of candidates to serve as the Directors>

Policies for selection of candidates to the position of Directors are described below:

- Able to exert maximum effort to actualize the Daiwa Securities Group's Corporate Principles.
- Have a high sense of ethics and morals and take the initiative to set a good example.
- Have experience in the course of business or have expert knowledge in law, accounting, or management, etc.

Outside Directors must also fulfill all of the requirements for independence listed below, in addition to the requirements above:

- Should have no work experience as an Executive Director, Corporate Executive Officer (Shikkoyaku), Executive Officer (Shikkoyakuin), or any other person equivalent to these or an employee of the Daiwa Securities Group.
- Should not be a Director, Corporate Executive Officer (Shikkoyaku), manager or employee of a company whose major shareholder is the Daiwa Securities Group or which is the main business partner of the Daiwa Securities Group.
- Have no matter which impairs the independence in order to perform the duty as the Director.

In addition, the total tenure of Outside Directors shall, in principle, not exceed eight years and regardless of the reason, individuals who have served for more than ten years in total shall not be an Outside Director candidate.

<Composition of the Board of Directors>

Policies for composition of the Board of Directors are described below:

- In principle, one-third or more of the members of Directors shall be elected as Independent Outside Directors

and the majority of the Directors shall not concurrently serve as Corporate Executive Officers (Shikkoyaku).

- The Company endeavors to ensure a balance of knowledge, experience and ability, and diversity including gender, internationality, etc. for the Board of Directors as a whole and sets the ratio of female Directors in principle at 30% or more.

ii) Audit Committee

In principle, meetings of Audit Committee are held once a month. In FY2024, there were 16 meetings in total. Audit Committee consists of five Directors who do not serve as Corporate Executive Officers (Shikkoyaku) concurrently. Four members, including the chair, are Outside Directors and the other member is a full-time Internal Director. Katsuyuki Nishikawa, the chair of the Audit Committee, served as the prosecutor general, etc. and is a qualified attorney at law, and has considerable knowledge of law. Mami Yunoki, a member of the Audit Committee, is a qualified CPA, and has considerable knowledge of finance and accounting.

Composition of the Audit Committee as of the filing date of this Annual Securities Report is as described below: (FY2024 attendance is provided in “(3) Status of audit (i) Status of Audit Committee audit b. Status of the activities of the Audit Committee in the current fiscal year.”)

Katsuyuki Nishikawa (Chair) (Outside Director)  
Sachiko Hanaoka  
Yumiko Murakami (Outside Director)  
Noriko Iki (Outside Director)  
Mami Yunoki (Outside Director) (Note)  
(Note) Her name in the family register is Mami Kato.

Composition of the members after the resolution by the Board of Directors following the conclusion of the Ordinary General Meeting of Shareholders scheduled for June 20, 2025, shall be as follows:

No change since the filing date of the Annual Securities Report.

The Audit Committee is in charge of auditing the execution of duties by the Directors and Corporate Executive Officers (Shikkoyaku), auditing business reports and financial statements, etc., preparing audit reports, and determining the content of proposals to be submitted at shareholders meetings regarding the election or dismissal, and non-reappointment of the Accounting Auditor.

Audit Committee Members attend meetings of the Board of Directors, and one Audit Committee Member appointed by Audit Committee attends the Executive Management Committee as well as other important meetings, browses important documents and has report hearings from officers and employees to share the information with other Audit Committee Members, in order for the Company to create an environment for the effective audit by the Audit Committee.

The Company sets up Audit Committee Office as a full-time post to support the duties of the Audit Committee.

iii) Compensation Committee

The meetings of the Compensation Committee are held once or more a year. In FY2024 there were five meetings in total.

As of the filing date of the Annual Securities Report, Compensation Committee consists of four Outside Directors, including a chair, and two Internal Directors. The specialized expertise of the Outside Directors is taken into consideration so that the Compensation Committee can plan, operate, and verify rational remuneration system. Furthermore, the chair of the Compensation Committee Eriko Kawai has considerable knowledge of management strategy and the remuneration system obtained through her career.

The members of the Compensation Committee as of the filing date of this Annual Securities Report and their status of attendance in FY2024 are as follows.

Eriko Kawai	(Chair) (Outside Director)	5/5 (100%)
Seiji Nakata		5/5 (100%)
Akihiko Ogino		4/4 (100%) *Appointed on June 21, 2024
Toshio Iwamoto	(Outside Director)	5/5 (100%)
Yumiko Murakami	(Outside Director)	5/5 (100%)
Mami Yunoki	(Outside Director) (Note) 1	4/4 (100%) *Appointed on June 21, 2024

Composition of the members after the resolution by the Board of Directors following the conclusion of the

Ordinary General Meeting of Shareholders scheduled for June 20, 2025, shall be as follows:

Eriko Kawai (Chair) (Outside Director)  
Seiji Nakata  
Akihiko Ogino  
Toshio Iwamoto (Outside Director)  
Yumiko Murakami (Outside Director)  
Mami Yunoki (Outside Director) (Note) 1  
Akira Ichikawa (Outside Director) (New appointment)

(Notes) 1 Her name in the family register is Mami Kato.

2 The status of attendance of Takashi Hibino, Hiroataka Takeuchi and Ikuo Nishikawa, who retired on June 21, 2024, was 1/1 (100%).

The following resolutions and reports were made at the Compensation Committee in FY2024.

[Major resolution items]

- Director remuneration policy and details of individual remuneration
- The incentive plan of the Group as a whole, to ensure the enhancement of consolidated earnings and stock prices

[Major reporting items]

- Results of the executive compensation survey

iv) Outside Directors' Committee

Outside Directors' Committee is comprised of all Outside Directors of the Company. The primary purpose of the Outside Directors' Committee is sharing information among the Outside Directors and aims to exchange their opinions on issues including contents related to agenda items of the Board of Directors. The chair is appointed from among the members of the committee, and Director Katsuyuki Nishikawa has been the chair since FY2023.

The meetings of the Committee are held once or more a year. The Committee met four times in FY2024, and in addition to taking up themes including acquisition without consent, the nature of cutting-edge generative AI and AI governance, and a competitive human resources strategy, held discussions with the President and CEO.

v) Off-site meeting

Off-site meeting is held once a year so that internal directors and outside directors can strengthen communication by exchanging opinions in a more candid manner. In FY2024, Q&A sessions and opinion exchanges were held on individual themes based on lectures by external experts on "The Impact of US Presidential Elections on the Japanese Economy and Market" and presentations from corporate planning representatives on "The Economic Environment Surrounding the Company and the Wealth Management Business."

2) Executive Management Committee

The meetings of the Executive Management Committee are held once every three months or more. In FY2024 there were 22 meetings. The Executive Management Committee consists of all 11 Corporate Executive Officers (Shikkoyaku).

The Executive Management Committee deliberates and determines important business matters and the Group's business strategy and the basic policy on the structural problems across the Group companies.

In order to make the management decisions promptly, the Board of Directors delegated decision-making powers to the Executive Management Committee as much as possible. Furthermore, to have more specialized deliberation, the Company established four subcommittees (Group Risk Management Committee, Group Compliance Committee, Disclosure Committee and Group Digital Strategy Committee) each of which consists of certain Corporate Executive Officers (Shikkoyaku), etc.

The Corporate Executive Officers (Shikkoyaku) of the Company hold main executive posts in Group companies to secure unity among group management and enable efficient and effective implementation of the divisional strategies based on the Group's strategy.

i) Group Risk Management Committee

Group Risk Management Committee deals with the group risk management system and the status of the risk of the Group, deliberates and decides upon policy and concrete measures on risk management.

The Committee consists of seven Corporate Executive Officers (Shikkoyaku) and three Executive Officers (Shikkoyakuin), and is chaired by President and CEO. The meetings are held at least once every three months. In

FY2024 there were eight meetings in total.

ii) Group Compliance Committee

Group Compliance Committee deliberates and decides general policies and specific measures on the compliance with the laws and regulations, establishment of corporate ethics, internal control, etc. of the Group.

The Committee consists of seven Corporate Executive Officers (Shikkoyaku) and four Executive Officers (Shikkoyakuin), and is chaired by President and CEO. The meetings of the Committee are held once every three months or more. In FY2024 there were five meetings in total.

iii) Disclosure Committee

Disclosure Committee is in charge of decision making regarding disclosure of the Group's information on management, effectiveness and appropriateness of internal control system, the scope of consolidated financial reporting, etc. In principle, the meetings of the Committee are held before the quarterly earnings announcement, disclosure of a securities report or a semi-annual report. The Committee meetings are also held from time to time when certain important matters to be disclosed occur.

The Committee consists of seven Corporate Executive Officers (Shikkoyaku), who are in charge of the sections which have close relations to the above decision making and who have jurisdiction over such sections, and two other members, a total of nine members. In principle, the chair of the Committee is CFO. In FY2024 there were 16 meetings in total (nine of which were held in writing).

iv) Group Digital Strategy Committee

Group Digital Strategy Committee deliberates and decides to integrate management strategy and digital strategy, enhance speed of the decision-making related to IT investment, and improve IT investment efficiency.

The Committee consists of six Corporate Executive Officers (Shikkoyaku) and one Executive Officer (Shikkoyakuin), seven members in total. The chair of the committee is President and CEO. The meetings are in principle held once every six months. In FY2024 there were two meetings of the Group Digital Strategy Committee in total.

3) Group Internal Audit Committee

Group Internal Audit Committee deliberates and determines subject matters concerning the development of the internal audit system related to the Group's business and verification of internal controls to secure suitability and effectiveness of the Group's business operations, internal audit system and internal control.

The Committee consists of eight Corporate Executive Officers (Shikkoyaku) and four Executive Officers (Shikkoyakuin), and is chaired by President and CEO. The meetings are held at least once every three months. In FY2024 there were five meetings of the Group Internal Audit Committee in total.

(iii) Status of development of internal control system

<Internal control system>

The Group has created a management structure centered on the Company with regard to the Group's various main risks in relation to the Group's business, and seeks to ensure the effectiveness and efficiency of operations, the reliability of the finance report, compliance with the laws and regulations concerning business operations, and the safeguard of assets, etc. This is based on the recognition that the maintenance of the internal control system to accomplish the sound and appropriate operation is the responsibility of the management.

Based on the recognition that establishment of a sound and efficient internal control system enhances the value of the Group, and having concluded that the internal audit plays an important role in such a system, the Company has positioned a full-time Internal Audit Corporate Executive Officer (Shikkoyaku) in charge, and has the Internal Audit Department, which is independent from other sections, verifying the internal control system.

As a whistleblowing system, we have introduced the Group-wide "Corporate Ethics Hotline" to promptly identify and correct acts that may damage the corporate value of the Group, including violations of laws and regulations. In managing the system, we work to ensure the protection and anonymity of whistleblowers. Additionally, to increase awareness of the system, we provide notifications through internal newsletters and the intranet and continuously implement surveys on the level of awareness and trust of our employees. We have worked to create an environment in which anyone can use the system without hesitation, including allowing whistleblowers to file reports not only with the in-house contact, but also with external law firms.

In addition, for the proper management of business activities of Group companies in Japan and overseas, we have established

rules for management of Group companies and overseas offices, etc., and aim to clarify the measures for information gathering and the matters to be approved and reported from Group companies.

(iv) Risk Appetite Framework

1) Risk Appetite Framework

Against the backdrop of the 2008 global financial crisis, international financial regulations were enhanced, and globally active financial institutions are required to ensure sufficient soundness to exercise their financial intermediary capabilities even in times of economic or market stress. The Group, for the purpose of strengthening of risk governance at the management level, utilizes a Risk Appetite Framework.

The “Risk Appetite Framework” is a management framework that defines the type and total amount of risk, which should be willingly accepted for achieving business strategy, as a risk appetite and uses it as a common language within the Company about the risk-taking policy in general. On risk appetite, the Company selects the risk appetite index from the viewpoint of liquidity, equity capital, etc., sets the level of risk to accept, and manages and monitors the risk appetite. The Group has documented such a framework as a risk appetite statement and strives to foster a risk culture by instilling risk appetite within the Group and improving the level of business management and risk management systems.

2) Risk Appetite Framework operating system

In the Risk Appetite Statement, the Board of Directors deliberates and makes decisions on such matters as the quantitative risk appetite index with regard to liquidity and equity.

Risk Appetite Framework-related audits of the Board of Directors and management business execution are conducted by the Audit Committee.

(v) Status of establishment of risk management system

1) Risk management of the Group

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, in order to conduct risk management of the entire Group in accordance with Risk Appetite Framework. 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. The Three Lines of Defense is an approach to clarify the functions, roles, and responsibilities in risk management and to ensure sound management. The First Defensive Line is front offices, where various operational risks are identified and managed autonomously. The Second Defensive Line is Group-wide risk management, which is conducted mainly by the Risk Management Division and Compliance Division. The Internal Audit Division constitutes the Third Defensive Line by verifying and evaluating whether or not the other two lines of defense are functioning effectively.

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 subsidiaries’ risk management systems and risk exposures. Also, the Group Risk Management Committee as a sub-committee of the Executive Management Committee of the Company receives reports, collected and assembled by the CRO, and discusses matters such as risk exposure and issues concerning the risk management system of each subsidiary discovered by monitoring subsidiaries. Major subsidiaries regularly hold risk management committee meetings, etc., and strengthen their risk management.

2) Risks to be managed

<Market risk>

Market risk refers to the risk of incurring losses due to market fluctuations, which affect the value of stock prices, interest rates, foreign exchange rates, and commodity prices.

In terms of the Group’s trading business, by providing market liquidity the Group acquires compensation while at the same time taking on market risk through the holding of a certain amount of financial assets. The Group implements suitable hedges to curtail fluctuations in profits and losses. However, as hedges may fail to function effectively in times of stress, the Group sets limits on Value at Risk (VaR: Maximum expected loss under certain confidence level) and loss estimates under various types of stress test to ensure that they are within the scope of equity capital, after taking into consideration financial conditions and such factors as the business plans and budgets of subject departments. The Group also sets limits on such facets as position and sensitivity. The departments in charge of the Group’s trading services calculate positions and sensitivity for the purpose of assessing their own market risk, and monitor such. Meanwhile, risk management departments also monitor the status of market risk, confirm whether risk falls within the established limits, and report on such to management on a daily basis.

#### <Credit risk>

Credit risk refers to the risk of losses caused in cases where a counterparty of a trade or the issuer of a financial product held by the Group suffers a default, or credibility deteriorates. The credit risks generated in the trading business of the Group consist of counterparty risk and issuer risk.

In regard to 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.

#### <Liquidity risk>

Liquidity risk refers to the risk of experiencing cash management difficulties or suffering losses due to having to finance at markedly higher costs than usual as a result of a change in market conditions or a deterioration of Group companies' finance. Regarding this item, please see "II. Overview of Business 4 Management analysis of financial position, operating results, and cash flows (4) Analysis of cash flows for the current fiscal year (ii) Information about resources for capital and liquidity."

#### <Operational risk>

Operational risk is the risk of losses that occur when internal processes, people, and systems do not perform adequately or do not function; it can also arise from external events. The Group classifies operational risks into the categories of operations risk, systems risk, information security risk, compliance risk, legal risk, human resources risk, tangible assets risk and monitors them by assigning departments responsibilities for individual risk.

As the Group's business becomes more sophisticated, diversified, and systemized, so do the accompanying risks. As a result, the importance of managing operational risk has grown every year.

Major Group companies strive to appropriately manage their operational risk via, but not limited to, risk control self-assessments (RCSAs) in accordance with rules on operational risk management set by the Company. Additionally, we have the necessary policies in place including the tightening of authority, the automation of business operations to reduce human errors, and creating operational manuals, for constantly working towards better operational risk management in response to the business characteristics of each Group company.

#### <Model risk>

Model risk refers to the potential for direct or indirect losses arising from errors in model development, implementation, or inappropriate use.

To manage model risk effectively, the Group has clearly defined the roles and responsibilities of all parties involved and established a comprehensive framework to manage models throughout their lifecycle. This includes model validation and approval processes prior to initial use or any significant changes, as well as ongoing monitoring and periodic reviews to ensure proper model performance and risk control.

#### <Investment risk>

Investment risk refers to the risk that the value of an investment made by the Group will be damaged, or that additional funding will be required, and to the risk that the return on investment will be lower than expected due to deterioration of the business performance and credit status of the investee, and to changes in the market environment. This risk is managed at the portfolio level and at the individual investment level.

In terms of portfolio level management, the Group has set Group-wide risk limits on a per industry basis in order to appropriately manage the investment concentration condition, and regularly monitors this situation. In terms of individual investment level management, along with verifying risk prior to making the investment based on a certain standard, the Group monitors the risk condition following investment on an ongoing basis.

#### <Reputational risk>

Reputational risk refers to the possibility of the Group sustaining unforeseen losses and the Group's counterparties being adversely affected due to a deterioration of its reliability, reputation, and assessment caused by the spread of rumors or

erroneous information. There are no uniform procedures for managing reputational risk because it can emanate from a variety of sources.

The Group has established various regulations under its Disclosure Policy, with particular emphasis on the management and provision of information. It has also set up the Disclosure Committee within the Company.

Each Group company is obligated to report information that could turn into reputational risk to the Disclosure Committee. That way, the Company can obtain and centrally manage information, and it disseminates accurate information in a prompt manner according to the decisions of the Disclosure Committee.

The Group strives to keep abreast of problems and occurrences that may affect its reputation risk so that if and when such problems occur, their impact on the Group can be minimized. It also acts to ensure that erroneous and inaccurate information is properly corrected, and that it responds appropriately to libel and other issues. The Group has public relations and investor relations systems in place to prevent and minimize risks regarding its reputation.

#### <Accounting and tax risk>

Accounting and tax risk is the risk of not conducting appropriate accounting treatment and disclosure in accordance with accounting or taxation standards, laws, and regulations, or of not filing or paying taxes appropriately, as well as the risk of losses arising as a result.

The Group strives to reduce accounting risk by operating in accordance with fundamental regulations related to internal controls on financial reporting, and by establishing, putting into practice, and striving to improve its internal controls on financial reporting.

In addition, by notifying principal Group companies of necessary reporting items related to tax risk management and receiving such items in a timely manner, the Group endeavors to appropriately determine the tax risk management status and risk conditions for the entire Group, thereby reducing its tax risk.

#### (vi) Decision-making body of dividends of surplus

Based on Article 459 of the Companies Act, for each item stipulated in Paragraph 1. of the same article on dividends of surplus, excluding cases otherwise stipulated by laws and regulations, the Articles of Incorporation stipulate which items are stipulated by resolutions by the Board of Directors not requiring a resolution by the Shareholders' Meeting. The purpose of this provision is to give the Board of Directors the authority to decide matters relating to dividends of surplus to allow the flexible return of profits to shareholders.

#### (vii) Requirements for a resolution to elect Directors

As determined by the Articles of Incorporation, Directors are elected by majority vote at which shareholders holding one-third or more of voting rights of shareholders eligible to exercise the voting rights must be present.

In addition, according to the Articles of Incorporation, accumulative voting is not adopted for the election of Directors.

#### (viii) Requirements of special resolution of a General Meeting of Shareholders

As determined by the Article of Incorporation, to facilitate the smooth operation of the Shareholders' Meeting, special resolutions by the Shareholders' Meeting provided by Article 309, Paragraph 2 of the Companies Act must be passed with shareholders holding one-third or more of voting rights of shareholders eligible to exercise the voting rights present and two thirds of more of those voting rights voting in favor of the resolution.

#### (ix) Exemption from liability of Directors and Corporate Executive Officers (Shikkoyaku)

So that the expected roles of Directors and Corporate Executive Officers (Shikkoyaku) in the performance of their duties can be sufficiently exercised, according to Article 426, Paragraph 1 of the Companies Act, through a resolution by the Board of Directors, the responsibilities of Directors (including past Directors) and Corporate Executive Officers (Shikkoyaku) (including past Corporate Executive Officers (Shikkoyaku)) stipulated in Article 423, Paragraph 1 of the Companies Act may be exempted to the extent allowed by laws and regulations.

#### (x) Agreement to limit liability of Outside Directors

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.

#### (xi) Outline of Directors and Officers liability insurance agreement

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, with Directors and Senior Managing Directors of the Company and important Group companies as the insureds. This policy covers an insured's losses and such costs as court expenses incurred from claims for damages arising from an act (including nonfeasance) carried out by an insured. 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 an insured.

(xii) Class shares

At the Ordinary General Meeting of Shareholders held on June 26, 2014, based on trends in Japanese and overseas legal and regulatory reform, to respond to the newly created "Framework for the Orderly Disposal by Financial Institutions," the Company resolved to amend the Articles of Incorporation to allow the issuance of Class 1 Preferred Stock, Class 2 Preferred Stock, and Class 3 Preferred Stock, but as of the filing date of the Annual Securities Report, preferred stock has not yet been issued. Class 1 Preferred Stock, Class 2 Preferred Stock, and Class 3 Preferred Stock are prioritized over common stock in terms of dividends of surplus and distribution of residual assets, and excluding cases specifically provided for by laws and regulations, shareholders of these types of preferred stock do not have voting rights at the Shareholders' Meeting. However, where preferred dividends are not paid according to issuing conditions, voting rights are created until the payment of dividends reopens. Shareholders of Class 1 Preferred Stock and Class 2 Preferred Stock hold put options for which the consideration is common stock. During the put option period, the Company may acquire all Class 1 Preferred Stock and Class 2 Preferred Stock for which put options have not been called with common stock as the consideration. Furthermore, in certain cases, the Company stipulates that it can acquire Class 1 Preferred Stock and Class 3 Preferred Stock with cash as the consideration. Moreover, where certain conditions stipulated for each type of preferred stock occur, the Company stipulates that it can acquire all of the preferred stock in question either with common stock as the consideration or without contribution.

(xiii) Promotion of health management

The Group has established "Placing importance on personnel" as one of our corporate principles. Based on the belief that personnel are the source of our competitiveness, the Company is focused on increasing our productivity by improving the wellbeing (Note) of our employees in the future, aiming to continue to exercise high-level organizational performance, and promoting the maintenance and improvement of employee health (health management) strategically. Each year, the Group produces a "Health White Paper" that analyzes the health conditions of all our Group officers and employees, and at a Group-wide "Health Management Promotion Meeting" led by the CHO (Chief Health Officer, who is the Head of Human Resources), which is also attended by officers of each group company and held regularly, we create awareness about issues of health management, evaluate and share our initiatives, conduct health management PDCA. As a result of these initiatives, in March 2025, the Group was selected as a "Health & Productivity Stock Selection," which is a joint initiative by METI and the Tokyo Stock Exchange that selects companies that strategically consider the health management of their employees from a corporate management perspective. This is the tenth time we have been selected since the selection began in 2015.

(Note) Wellbeing: a positive physical, psychological, and social state of being.

(2) Status of the Company's officers

(i) List of officers

- 1) The status of officers as of June 18, 2025 (the filing date of this Annual Securities Report) is as described below:  
There are 11 male officers and 7 female officers (38.9% of the officers are women).

a. Status of Directors

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Chairperson of the Board	Seiji Nakata	July 16, 1960	Apr. 1983	Joined the Company	(Note) ii	416
			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 Deputy President, Member of the Board 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 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; and Representative Director and Chairperson of the Board of Daiwa Securities Co. Ltd.					
			[Major concurrent positions]	Representative Director and Chairperson of the Board of Daiwa Securities Co. Ltd.		

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Akihiko Ogino	January 28, 1966	Apr. 1989 Apr. 2010 Apr. 2014  Apr. 2015 Apr. 2016 Apr. 2017 Apr. 2019  June 2020 Apr. 2022  Apr. 2024  [Major concurrent positions]	Joined the Company Head of Corporate Planning Dept. of the Company Senior Managing Director, Head of Legal and Deputy Head of Corporate Planning of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. Head of Legal and Deputy Head of Corporate Planning and Overseas Operations of the Company Head of Legal and Deputy Head of Corporate Planning of the Company Executive Managing Director of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. 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. Member of the Board, Senior Executive Managing Director, Corporate Executive Officer of the Company Member of the Board, Deputy President, Corporate Executive Officer, Executive Head of Corporate Planning and Human Resources of the Company; and Deputy President, Member of the Board of Daiwa Securities Co. Ltd. Member of the Board, President and CEO of the Company; and President, Member of the Board of the Board of Daiwa Securities Co. Ltd. President, Member of the Board of the Board of Daiwa Securities Co. Ltd.	(Note) ii	241

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Shinsuke Niizuma	September 19, 1965	Apr. 1988 Apr. 1999 May 2014 Apr. 2015  Apr. 2016 Apr. 2018 Apr. 2019  Apr. 2020 Apr. 2022  Apr. 2024  June 2024  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities Co. Ltd. Head of Nagoya Branch of the above company Senior Managing Director and Head of Regional Marketing, and Head of Nagoya Branch of the above company Head of Retail Marketing Strategy of the above company Executive Managing Director, Chief Customer Officer (CCO) and Head of Retail Marketing Strategy of the above company 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. Head of Retail of the Company Deputy President, Corporate Executive Officer and Head of Retail of the Company; and Deputy President, Member of the Board of Daiwa Securities Co. Ltd. Deputy President, Corporate Executive Officer, COO and Head of Wealth Management of the Company; and Member of the Board of Daiwa Next Bank, Ltd. Member of the Board, and Deputy President, Corporate Executive Officer of the Company Deputy President, Member of the Board of Daiwa Securities Co. Ltd. Member of the Board of Daiwa Next Bank, Ltd.	(Note) ii	190

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Keiko Tashiro	August 5, 1963	Apr. 1986	Joined the Company	(Note) ii	189
			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, Executive Managing Director, Corporate Executive Officer 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; and Deputy President, Member of the Board 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.		
			Apr. 2025	Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education of the Company		
			[Major concurrent positions]	Member of the Board of Daiwa Asset Management Co. Ltd.		

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Eiji Sato	February 14, 1969	Apr. 1991 Oct. 2005 Oct. 2014 Apr. 2017  Apr. 2019  Apr. 2020  Apr. 2022  Apr. 2023  Apr. 2024 June 2024  Apr. 2025  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities SMBC Co. Ltd. Head of Corporate Planning Dept. of the Company 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. Corporate Executive Officer, Chief Financial Officer (CFO) and Deputy Head of Corporate Planning and Overseas Operations of the Company Executive Managing Director, Corporate Executive Officer of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. 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. 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. Head of Corporate Planning of the Company Member of the Board, Senior Executive Managing Director, Corporate Executive Officer of the Company Head of Corporate Planning and Deputy Head of Overseas Operations of the Company Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	(Note) ii	142
Director	Sachiko Hanaoka	May 28, 1967	Apr. 1990 Mar. 1995 Oct. 1999 Apr. 2012  Apr. 2019          June 2019 Apr. 2021  [Major concurrent positions]	Joined the Company Transferred to Daiwa Institute of Research Ltd. Transferred to Daiwa Securities Co. Ltd. Head of Investment Strategy Dept. of the above company Senior Managing Director of the Company; 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 Business Innovation Ltd.; and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. Member of the Board of the Company Audit & Supervisory Board Member of Daiwa Institute of Research Ltd. 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.	(Note) ii	109

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Eriko Kawai	April 28, 1958	Oct. 1981 Sept. 1985  Oct. 1986  Nov. 1995  July 1998  Oct. 2004  Mar. 2008  Apr. 2012  Apr. 2013  Apr. 2014  June 2018 Apr. 2021 [Major concurrent positions]	Joined Nomura Research Institute, Ltd Management Consultant at McKinsey & Company, Inc.  Fund Manager of Mercury Asset Management / SG Warburg plc  Chief Investment Officer, Supervisory Board Member of Yamaichi Regent ABC Polska Senior Pension Funds Administrator of Bank for International Settlements (BIS) Senior Pension Funds Administrator of Organization for Economic Cooperation and Development (OECD) Founder and representative of Kawai Global Intelligence  Professor of Institute for the Promotion of Excellence in Higher Education, Kyoto University Professor of Institute for Liberal Arts and Sciences, Kyoto University Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University  Member of the Board of the Company Emeritus Professor of Kyoto University 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.	(Note) ii	16
Director	Katsuyuki Nishikawa	February 20, 1954	Apr. 1979  Jan. 2008  July 2008  July 2009  Aug. 2011 Jan. 2014  Dec. 2015  Sept. 2016 July 2018 Sept. 2018 June 2019 [Major concurrent positions]	Prosecutor of Osaka District Public Prosecutors Office  Director-General of the Rehabilitation Bureau of the Ministry of Justice Director-General of the Immigration Bureau of the Ministry of Justice Director-General of the Criminal Affairs Bureau of the Ministry of Justice Vice-Minister of the Ministry of Justice Superintending Prosecutor of the Sapporo High Public Prosecutors Office Superintending Prosecutor of the Tokyo High Public Prosecutors Office Prosecutor General Retired as Prosecutor General Attorney at law Member of the Board of the Company Attorney at Nishikawa Katsuyuki Law Office Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation	(Note) ii	14

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Toshio Iwamoto	January 5, 1953	Apr. 1976 June 2004 June 2005 June 2007 June 2009 June 2012 June 2018 June 2020 [Major concurrent positions]	Joined Nippon Telegraph and Telephone Public Corporation Member of the Board of NTT DATA Corporation (currently known as NTT DATA Group Corporation) Senior Managing Director of the above company Member of the Board and Executive Managing Director of the above company Representative Director and Deputy President of the above company Representative Director and President of the above company Senior Corporate Advisor of the above company Member of the Board of the Company Outside Director of East Japan Railway Company Outside Director of Isetan Mitsukoshi Holdings Ltd. Outside Director of Sumitomo Forestry Co., Ltd.	(Note) ii	9
Director	Yumiko Murakami	February 6, 1965	Aug. 1989 Jan. 1991 Sept. 1991 Aug. 1994 May 1997 Dec. 2004 Apr. 2008 Sept. 2009 Sept. 2013 June 2021 [Major concurrent positions]	United Nations Development Programme (Barbados) United Nations Secretariat (New York) United Nations Transitional Authority in Cambodia (Phnom Penh) Joined Goldman Sachs International (London) Vice President of Goldman Sachs and Co. (New York) Managing Director of the above company Managing Director of Goldman Sachs Japan Co., Ltd. (Tokyo) Managing Director of Credit Suisse Securities (Japan) Limited (Tokyo) Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre Member of the Board of the Company General Partner of MPower KK Outside Director of Raksul Inc.	(Note) ii	7
Director	Noriko Iki	March 21, 1956	Apr. 1979 July 2009 July 2010 Sept. 2012 Apr. 2014 June 2018 June 2023 [Major concurrent positions]	Joined Ministry of Labour Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare Research Director of Japan Institute for Labour Policy and Training Director-General of Tokyo Labour Bureau, Ministry of Health, Labour and Welfare Ambassador Extraordinary and Plenipotentiary to Brunei President of Japan Institute for Women's Empowerment & Diversity Management Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management Member of the Board of the Company Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management Outside Director of FUJI KYUKO CO., LTD	(Note) ii	6

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Mami Yunoki	May 27, 1963	May 1985 Sept. 2006  July 2008 July 2016  Sept. 2020  July 2023  Mar. 2024  June 2024 [Major concurrent positions]	Joined Aoyama Audit Corporation Joined PricewaterhouseCoopers Aarata (currently known as PricewaterhouseCoopers Japan LLC) Partner of the above corporation 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 Part-time lecturer at Graduate School of Hitotsubashi University Representative of Mami Yunoki Certified Public Accountant Office Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd. Member of the Board of the Company Representative of Mami Yunoki Certified Public Accountant Office Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.	(Note) ii	3
Total						1,346

(Notes) (i) Members of the Board, Eriko Kawai, Katsuyuki Nishikawa, Toshio Iwamoto, Yumiko Murakami, Noriko Iki, and Mami Yunoki are “Outside Directors.”

(ii) The term of these Directors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 through the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025.

(iii) Ms. Mami Yunoki’s name in her family register is Mami Kato.

(iv) The Company is a company with Three Committees. The committee structure is as follows.

Nominating Committee	Chair	Toshio Iwamoto
	Member	Seiji Nakata
	Member	Akihiko Ogino
	Member	Eriko Kawai
	Member	Katsuyuki Nishikawa
	Member	Noriko Iki
Audit Committee	Chair	Katsuyuki Nishikawa
	Member	Sachiko Hanaoka
	Member	Yumiko Murakami
	Member	Noriko Iki
	Member	Mami Yunoki
Compensation Committee	Chair	Eriko Kawai
	Member	Seiji Nakata
	Member	Akihiko Ogino
	Member	Toshio Iwamoto
	Member	Yumiko Murakami
	Member	Mami Yunoki

b. Status of Corporate Executive Officers (Shikkoyaku)

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousands of shares)
President and CEO	Akihiko Ogino	January 28, 1966	Refer to a. Status of Directors		(Note) i	241
Deputy President, Corporate Executive Officer, COO and Head of Wealth Management	Shinsuke Niizuma	September 19, 1965	Refer to a. Status of Directors		(Note) i	190
Deputy President, Corporate Executive Officer, Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education	Keiko Tashiro	August 5, 1963	Refer to a. Status of Directors		(Note) i	189
Deputy President, Corporate Executive Officer, Chief Information Officer (CIO) and Chief Data Officer (CDO)	Tomoyuki Murase	September 29, 1963	<p>Apr. 1987 Apr. 1999 Oct. 2011 Dec. 2013 Apr. 2015 Apr. 2016 Apr. 2019 Apr. 2020 Apr. 2022 Apr. 2023</p> <p>[Major concurrent positions]</p>	<p>Joined the Company Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Transferred to Daiwa Institute of Research Ltd. Head of System Integration Division II of Daiwa Institute of Research Business Innovation Ltd. Senior Managing Director and Deputy Head of Operations &amp; IT of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. Senior Managing Director and Head of Operations &amp; IT of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. Executive Managing Director of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. Executive Managing Director, Corporate Executive Officer and Chief Information Officer (CIO) of the Company; and Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Senior Executive Managing Director, Corporate Executive Officer of the Company; and Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Deputy President, Corporate Executive Officer, Chief Information Officer (CIO) and Chief Data Officer (CDO) of the Company Deputy President, Member of the Board of Daiwa Securities Co. Ltd. Deputy President, Member of the Board of Daiwa Securities Co. Ltd.</p>	(Note) i	136
Senior Executive Managing Director, Corporate Executive Officer and Head of Corporate Planning and Deputy Head of Overseas Operations	Eiji Sato	February 14, 1969	Refer to a. Status of Directors		(Note) i	142

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousands of shares)
Senior Executive Managing Director, Corporate Executive Officer and Head of Compliance	Hiroko Sakurai	August 19, 1965	Apr. 1988 Apr. 1999 Apr. 2013 Apr. 2016 Apr. 2019 Oct. 2019 Apr. 2021 Apr. 2022 Apr. 2023 [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Head of Investor Relations Office of the Company Senior Managing Director, Head of Private Banking of Daiwa Securities Co. Ltd. Executive Managing Director, Head of Private Banking and Head of Daiwa Direct Business of the above company Head of Private Banking, Head of Contact Center, Deputy Head of Retail Marketing Strategy and Head of Online Business of the above company 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 Head of Private Banking and Head of Contact Center of the above company Senior Executive Managing Director, Corporate Executive Officer and Head of Compliance of the Company; and Representative Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Representative Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	(Note) i	131
Senior Executive Managing Director, Corporate Executive Officer and Deputy Head of Wealth Management	Junichi Serizawa	October 28, 1967	Apr. 1992 Apr. 1999 Apr. 2015 Apr. 2017 Apr. 2020 Apr. 2022 Apr. 2023 Apr. 2024 [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities Co. Ltd. Head of Shibuya Branch of the above company Senior Managing Director and Head of Regional Marketing, and Head of Kyoto Branch of the above company Executive Managing Director and Head of Regional Marketing of the above company Executive Managing Director, Member of the Board of the above company Senior Executive Managing Director, Member of the Board and Head of Sales of the above company Senior Executive Managing Director, Corporate Executive Officer and Deputy Head of Wealth Management of the Company Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	(Note) i	116

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousands of shares)
Senior Executive Managing Director, Corporate Executive Officer, and Chief Risk Officer (CRO)	Tsutomu Kobayashi	February 16, 1968	Apr. 1990 Apr. 1999  Oct. 2017  Apr. 2018  Apr. 2021  Apr. 2022 Apr. 2023 Apr. 2025  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Appointive Managing Director to Head of Equity, Appointive Managing Director to Head of FICC, Daiwa Securities Co., Ltd. Senior Managing Director, Deputy Head of Equity and Deputy Head of FICC, Daiwa Securities Co., Ltd. Executive Managing Director, Head of Group Risk Management and Head of Data Management of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Executive Managing Director, Corporate Executive Officer, Chief Risk Officer (CRO) Senior Executive Managing Director, Corporate Executive Officer of the Company; and Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	(Note) i	133
Executive Managing Director, Corporate Executive Officer, and Chief Financial Officer (CFO)	Kotaro Yoshida	June 3, 1968	Apr. 1992 Feb. 2002 Apr. 2007  Apr. 2019  Apr. 2021  Apr. 2023 Apr. 2024  Apr. 2025  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities Co. Ltd. Transferred to Daiwa Securities SMBC Co. Ltd. Head of Corporate Planning Dept. of the Company Senior Managing Director, and Deputy Head of Product Solutions of Daiwa Securities Co. Ltd. Head of Product Solutions of the above company Executive Managing Director, Corporate Executive Officer, and Chief Financial Officer (CFO) of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. Executive Managing Director, Corporate Executive Officer, Chief Financial Officer (CFO), and Head of Finance Dept. of the Company Executive Managing Director of Daiwa Securities Co. Ltd.	(Note) i	63
Senior Managing Director, Corporate Executive Officer and Head of Internal Audit	Keiichi Ishikawa	July 14, 1970	Apr. 1993 Apr. 1999  Apr. 2009  Apr. 2020 Apr. 2024  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Transferred to Daiwa Securities SMBC Co. Ltd. Head of Internal Audit Dept. of the Company Senior Managing Director, Corporate Executive Officer and Head of Internal Audit of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. Senior Managing Director of Daiwa Securities Co. Ltd.	(Note) i	35

Position	Name	Date of Birth	Brief personal history	Term	Number of shares held (thousands of shares)
Corporate Executive Officer	Seiji Nakata	July 16, 1960	Refer to a. Status of Directors	(Note) i	416
Total (Note) ii					616

- (Notes) (i) The term of these Corporate Executive Officers (Shikkoyaku) is from the end of the first Board of Directors Meeting held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 through the end of the first Board of Directors Meeting held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025.
- (ii) The total number of shares owned does not include the number of shares held by Corporate Executive Officers concurrently serving as Directors.

- 2) At the Annual Shareholders Meeting scheduled for June 20, 2025, the Company plans to propose “The Election of 14 Directors” as a resolution item, and if the proposal is approval and adopted, the status and terms of office of the Company’s officers shall be as follows. Furthermore, the positions of the officers are provided in the contents (position, etc.) in the resolution item at the Board of Directors meeting scheduled to be held immediately after the Annual Shareholders Meeting in question.

There are 12 male officers and 7 female officers (36.8% of the officers are women).

a. Status of Directors

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Chairperson of the Board	Seiji Nakata	July 16, 1960	Apr. 1983	Joined the Company	(Note) ii	416
			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 Deputy President, Member of the Board 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 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; and Representative Director and Chairperson of the Board of Daiwa Securities Co. Ltd.					
[Major concurrent positions]	Representative Director and Chairperson of the Board of Daiwa Securities Co. Ltd.					

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Akihiko Ogino	January 28, 1966	Apr. 1989 Apr. 2010 Apr. 2014  Apr. 2015 Apr. 2016 Apr. 2017 Apr. 2019  June 2020  Apr. 2022  Apr. 2024  [Major concurrent positions]	Joined the Company Head of Corporate Planning Dept. of the Company Senior Managing Director, Head of Legal and Deputy Head of Corporate Planning of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. Head of Legal and Deputy Head of Corporate Planning and Overseas Operations of the Company Head of Legal and Deputy Head of Corporate Planning of the Company Executive Managing Director of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. 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. Member of the Board, Senior Executive Managing Director, Corporate Executive Officer of the Company Member of the Board, Deputy President, Corporate Executive Officer, Executive Head of Corporate Planning and Human Resources of the Company; and Deputy President, Member of the Board of Daiwa Securities Co. Ltd. Member of the Board, President and CEO of the Company; and President, Member of the Board of Daiwa Securities Co. Ltd. President, Member of the Board of Daiwa Securities Co. Ltd.	(Note) ii	241

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Shinsuke Niizuma	September 19, 1965	Apr. 1988 Apr. 1999 May 2014 Apr. 2015  Apr. 2016 Apr. 2018 Apr. 2019  Apr. 2020 Apr. 2022  Apr. 2024  June 2024  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities Co. Ltd. Head of Nagoya Branch of the above company Senior Managing Director and Head of Regional Marketing, and Head of Nagoya Branch of the above company Head of Retail Marketing Strategy of the above company Executive Managing Director, Chief Customer Officer (CCO) and Head of Retail Marketing Strategy of the above company 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. Head of Retail of the Company Deputy President, Corporate Executive Officer and Head of Retail of the Company; and Deputy President, Member of the Board of Daiwa Securities Co. Ltd. Deputy President, Corporate Executive Officer, COO and Head of Wealth Management of the Company; and Member of the Board of Daiwa Next Bank, Ltd. Member of the Board, and Deputy President, Corporate Executive Officer of the Company Deputy President, Member of the Board of Daiwa Securities Co. Ltd. Member of the Board of Daiwa Next Bank, Ltd.	(Note) ii	190

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Keiko Tashiro	August 5, 1963	Apr. 1986	Joined the Company	(Note) ii	189
			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, Executive Managing Director, Corporate Executive Officer 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; and Deputy President, Member of the Board 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.		
			Apr. 2025	Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education of the Company		
			[Major concurrent positions]	Member of the Board of Daiwa Asset Management Co. Ltd.		

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Eiji Sato	February 14, 1969	Apr. 1991 Oct. 2005 Oct. 2014 Apr. 2017	<p>Joined the Company</p> <p>Transferred to Daiwa Securities SMBC Co. Ltd.</p> <p>Head of Corporate Planning Dept. of the Company</p> <p>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.</p> <p>Apr. 2019 Corporate Executive Officer, Chief Financial Officer (CFO) and Deputy Head of Corporate Planning and Overseas Operations of the Company</p> <p>Apr. 2020 Executive Managing Director, Corporate Executive Officer of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd.</p> <p>Apr. 2022 Chief Financial Officer (CFO), Head of Corporate Planning and Deputy Head of Overseas Operations of the Company</p> <p>Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.</p> <p>Apr. 2023 Senior Executive Managing Director, Corporate Executive Officer, Chief Financial Officer (CFO) and Head of Corporate Planning of the Company</p> <p>Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.</p> <p>Apr. 2024 Head of Corporate Planning of the Company</p> <p>June 2024 Member of the Board, Senior Executive Managing Director, Corporate Executive Officer of the Company</p> <p>Apr. 2025 Head of Corporate Planning and Deputy Head of Overseas Operations of the Company</p> <p>[Major concurrent positions] Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.</p>	(Note) ii	142

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Hiroko Sakurai	August 19, 1965	Apr. 1988 Apr. 1999  Apr. 2013 Apr. 2016  Apr. 2019  Oct. 2019  Apr. 2021  Apr. 2022 Apr. 2023  June 2025  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Head of Investor Relations Office of the Company Senior Managing Director, Head of Private Banking of Daiwa Securities Co. Ltd. Executive Managing Director, Head of Private Banking and Head of Daiwa Direct Business of the above company Head of Private Banking, Head of Contact Center, Deputy Head of Retail Marketing Strategy and Head of Online Business of the above company 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 Head of Private Banking and Head of Contact Center of the above company Senior Executive Managing Director, Corporate Executive Officer and Head of Compliance of the Company; and Representative Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Member of the Board, Senior Executive Managing Director, Corporate Executive Officer of the Company Representative Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	(Note) ii	131
Director	Sachiko Hanaoka	May 28, 1967	Apr. 1990 Mar. 1995 Oct. 1999 Apr. 2012  Apr. 2019  June 2019 Apr. 2021  [Major concurrent positions]	Joined the Company Transferred to Daiwa Institute of Research Ltd. Transferred to Daiwa Securities Co. Ltd. Head of Investment Strategy Dept. of the above company Senior Managing Director of the Company; 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 Business Innovation Ltd.; and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. Member of the Board of the Company Audit & Supervisory Board Member of Daiwa Institute of Research Ltd. 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.	(Note) ii	109

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Eriko Kawai	April 28, 1958	Oct. 1981 Sept. 1985  Oct. 1986  Nov. 1995  July 1998  Oct. 2004  Mar. 2008  Apr. 2012  Apr. 2013  Apr. 2014  June 2018 Apr. 2021 [Major concurrent positions]	Joined Nomura Research Institute, Ltd Management Consultant at McKinsey & Company, Inc.  Fund Manager of Mercury Asset Management / SG Warburg plc  Chief Investment Officer, Supervisory Board Member of Yamaichi Regent ABC Polska Senior Pension Funds Administrator of Bank for International Settlements (BIS) Senior Pension Funds Administrator of Organization for Economic Cooperation and Development (OECD) Founder and representative of Kawai Global Intelligence  Professor of Institute for the Promotion of Excellence in Higher Education, Kyoto University Professor of Institute for Liberal Arts and Sciences, Kyoto University Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Kyoto University  Member of the Board of the Company Emeritus Professor of Kyoto University 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.	(Note) ii	16
Director	Katsuyuki Nishikawa	February 20, 1954	Apr. 1979  Jan. 2008  July 2008  July 2009  Aug. 2011 Jan. 2014  Dec. 2015  Sept. 2016 July 2018 Sept. 2018 June 2019 [Major concurrent positions]	Prosecutor of Osaka District Public Prosecutors Office  Director-General of the Rehabilitation Bureau of the Ministry of Justice Director-General of the Immigration Bureau of the Ministry of Justice Director-General of the Criminal Affairs Bureau of the Ministry of Justice Vice-Minister of the Ministry of Justice Superintending Prosecutor of the Sapporo High Public Prosecutors Office Superintending Prosecutor of the Tokyo High Public Prosecutors Office Prosecutor General Retired as Prosecutor General Attorney at law Member of the Board of the Company Attorney at Nishikawa Katsuyuki Law Office Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation	(Note) ii	14

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Toshio Iwamoto	January 5, 1953	Apr. 1976 June 2004 June 2005 June 2007 June 2009 June 2012 June 2018 June 2020 [Major concurrent positions]	Joined Nippon Telegraph and Telephone Public Corporation Member of the Board of NTT DATA Corporation (currently known as NTT DATA Group Corporation) Senior Managing Director of the above company Member of the Board and Executive Managing Director of the above company Representative Director and Deputy President of the above company Representative Director and President of the above company Senior Corporate Advisor of the above company Member of the Board of the Company Outside Director of East Japan Railway Company Outside Director of Isetan Mitsukoshi Holdings Ltd. Outside Director of Sumitomo Forestry Co., Ltd.	(Note) ii	9
Director	Yumiko Murakami	February 6, 1965	Aug. 1989 Jan. 1991 Sept. 1991 Aug. 1994 May 1997 Dec. 2004 Apr. 2008 Sept. 2009 Sept. 2013 June 2021 [Major concurrent positions]	United Nations Development Programme (Barbados) United Nations Secretariat (New York) United Nations Transitional Authority in Cambodia (Phnom Penh) Joined Goldman Sachs International (London) Vice President of Goldman Sachs and Co. (New York) Managing Director of the above company Managing Director of Goldman Sachs Japan Co., Ltd. (Tokyo) Managing Director of Credit Suisse Securities (Japan) Limited (Tokyo) Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre Member of the Board of the Company General Partner of MPower KK Outside Director of Raksul Inc.	(Note) ii	7
Director	Noriko Iki	March 21, 1956	Apr. 1979 July 2009 July 2010 Sept. 2012 Apr. 2014 June 2018 June 2023 [Major concurrent positions]	Joined Ministry of Labour Director-General of Equal Employment, Children and Families Bureau, Ministry of Health, Labour and Welfare Research Director of Japan Institute for Labour Policy and Training Director-General of Tokyo Labour Bureau, Ministry of Health, Labour and Welfare Ambassador Extraordinary and Plenipotentiary to Brunei President of Japan Institute for Women's Empowerment & Diversity Management Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management Member of the Board of the Company Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management Outside Director of FUJI KYUKO CO., LTD	(Note) ii	6

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousand shares)
Director	Mami Yunoki	May 27, 1963	May 1985 Sept. 2006  July 2008 July 2016  Sept. 2020  July 2023  Mar. 2024  June 2024 [Major concurrent positions]	Joined Aoyama Audit Corporation Joined PricewaterhouseCoopers Aarata (currently known as PricewaterhouseCoopers Japan LLC) Partner of the above corporation 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 Part-time lecturer at Graduate School of Hitotsubashi University Representative of Mami Yunoki Certified Public Accountant Office Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd. Member of the Board of the Company Representative of Mami Yunoki Certified Public Accountant Office Outside Audit & Supervisory Board Member of Chugai Pharmaceutical Co., Ltd.	(Note) ii	3
Director	Akira Ichikawa	November 12, 1954	Apr. 1978 June 2007 June 2008  Apr. 2010  Apr. 2020  June 2025 [Major concurrent positions]	Joined Sumitomo Forestry Co., Ltd. Executive Officer of the above company Director and Managing Executive Officer of the above company President and Representative Director of the above company Chairman of the Board and Representative Director of the above company Member of the Board of the Company Chairman of the Board and Representative Director of Sumitomo Forestry Co., Ltd. Outside Director of SUMITOMO CHEMICAL COMPANY, LIMITED Representative Director and Chairman of Wooden Home Builders Association of Japan Representative Director and Chairman of Organization for Landscape and Urban Green Infrastructure	(Note) ii	—
Total						1,477

(Notes) (i) Members of the Board, Eriko Kawai, Katsuyuki Nishikawa, Toshio Iwamoto, Yumiko Murakami, Noriko Iki, Mami Yunoki, and Akira Ichikawa are “Outside Directors.”

(ii) The term of these Directors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 through the end of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.

(iii) Ms. Mami Yunoki’s name in her family register is Mami Kato.

(iv) The Company is a company with Three Committees. The committee structure is as follows.

Nominating Committee	Chair	Toshio Iwamoto
	Member	Seiji Nakata
	Member	Akihiko Ogino
	Member	Eriko Kawai
	Member	Katsuyuki Nishikawa
	Member	Noriko Iki
	Member	Akira Ichikawa

Audit Committee	Chair	Katsuyuki Nishikawa
	Member	Sachiko Hanaoka
	Member	Yumiko Murakami
	Member	Noriko Iki
	Member	Mami Yunoki
Compensation Committee	Chair	Eriko Kawai
	Member	Seiji Nakata
	Member	Akihiko Ogino
	Member	Toshio Iwamoto
	Member	Yumiko Murakami
	Member	Mami Yunoki
	Member	Akira Ichikawa

b. Status of Corporate Executive Officers (Shikkoyaku)

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousands of shares)
President and CEO	Akihiko Ogino	January 28, 1966	Refer to a. Status of Directors		(Note) i	241
Deputy President, Corporate Executive Officer, COO and Head of Wealth Management	Shinsuke Niizuma	September 19, 1965	Refer to a. Status of Directors		(Note) i	190
Deputy President, Corporate Executive Officer, Head of Asset Management, Securities Asset Management, Sustainability, and Financial Education	Keiko Tashiro	August 5, 1963	Refer to a. Status of Directors		(Note) i	189
Deputy President, Corporate Executive Officer, Chief Information Officer (CIO) and Chief Data Officer (CDO)	Tomoyuki Murase	September 29, 1963	<p>Apr. 1987 Apr. 1999</p> <p>Oct. 2011 Dec. 2013</p> <p>Apr. 2015</p> <p>Apr. 2016</p> <p>Apr. 2019</p> <p>Apr. 2020</p> <p>Apr. 2022</p> <p>Apr. 2023</p> <p>[Major concurrent positions]</p>	<p>Joined the Company</p> <p>Transferred to Daiwa Securities SB Capital Markets Co., Ltd.</p> <p>Transferred to Daiwa Institute of Research Ltd.</p> <p>Head of System Integration Division II of Daiwa Institute of Research Business Innovation Ltd.</p> <p>Senior Managing Director and Deputy Head of Operations &amp; IT of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd.</p> <p>Senior Managing Director and Head of Operations &amp; IT of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd.</p> <p>Executive Managing Director of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd.</p> <p>Executive Managing Director, Corporate Executive Officer and Chief Information Officer (CIO) of the Company; and Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.</p> <p>Senior Executive Managing Director, Corporate Executive Officer of the Company; and Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.</p> <p>Deputy President, Corporate Executive Officer, Chief Information Officer (CIO) and Chief Data Officer (CDO) of the Company</p> <p>Deputy President, Member of the Board of Daiwa Securities Co. Ltd.</p> <p>Deputy President, Member of the Board of Daiwa Securities Co. Ltd.</p>	(Note) i	136
Senior Executive Managing Director, Corporate Executive Officer and Head of Corporate Planning and Deputy Head of Overseas Operations	Eiji Sato	February 14, 1969	Refer to a. Status of Directors		(Note) i	142
Senior Executive Managing Director, Corporate Executive Officer and Head of Compliance	Hiroko Sakurai	August 19, 1965	Refer to a. Status of Directors		(Note) i	131

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousands of shares)
Senior Executive Managing Director, Corporate Executive Officer and Deputy Head of Wealth Management	Junichi Serizawa	October 28, 1967	Apr. 1992 Apr. 1999 Apr. 2015 Apr. 2017  Apr. 2020 Apr. 2022 Apr. 2023 Apr. 2024  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities Co. Ltd. Head of Shibuya Branch of the above company Senior Managing Director and Head of Regional Marketing, and Head of Kyoto Branch of the above company Executive Managing Director and Head of Regional Marketing of the above company Executive Managing Director, Member of the Board of the above company Senior Executive Managing Director, Member of the Board and Head of Sales of the above company Senior Executive Managing Director, Corporate Executive Officer and Deputy Head of Wealth Management of the Company Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	(Note) i	116
Senior Executive Managing Director, Corporate Executive Officer, and Chief Risk Officer (CRO)	Tsutomu Kobayashi	February 16, 1968	Apr. 1990 Apr. 1999  Oct. 2017  Apr. 2018  Apr. 2021  Apr. 2022 Apr. 2023  Apr. 2025  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Appointive Managing Director to Head of Equity, Appointive Managing Director to Head of FICC, Daiwa Securities Co., Ltd. Senior Managing Director, Deputy Head of Equity and Deputy Head of FICC, Daiwa Securities Co., Ltd. Executive Managing Director, Head of Group Risk Management and Head of Data Management of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Executive Managing Director, Corporate Executive Officer, Chief Risk Officer (CRO) of the Company Senior Executive Managing Director, Corporate Executive Officer of the Company; and Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd. Senior Executive Managing Director, Member of the Board of Daiwa Securities Co. Ltd.	(Note) i	133

Position	Name	Date of Birth	Brief personal history		Term	Number of shares held (thousands of shares)
Executive Managing Director, Corporate Executive Officer, and Chief Financial Officer (CFO)	Kotaro Yoshida	June 3, 1968	Apr. 1992 Feb. 2002 Apr. 2007  Apr. 2019 Apr. 2021 Apr. 2023 Apr. 2024  Apr. 2025  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities Co. Ltd. Transferred to Daiwa Securities SMBC Co. Ltd. Head of Corporate Planning Dept. of the Company Senior Managing Director, and Deputy Head of Product Solutions of Daiwa Securities Co. Ltd Head of Product Solutions of the above company Executive Managing Director, Corporate Executive Officer, and Chief Financial Officer (CFO) of the Company; and Executive Managing Director of Daiwa Securities Co. Ltd. Executive Managing Director, Corporate Executive Officer, Chief Financial Officer (CFO), and Head of Finance Dept. of the Company Executive Managing Director of Daiwa Securities Co. Ltd.	(Note) i	63
Senior Managing Director, Corporate Executive Officer and Head of Internal Audit	Keiichi Ishikawa	July 14, 1970	Apr. 1993 Apr. 1999 Apr. 2009 Apr. 2020 Apr. 2024  [Major concurrent positions]	Joined the Company Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Transferred to Daiwa Securities SMBC Co. Ltd. Head of Internal Audit Dept. of the Company Senior Managing Director, Corporate Executive Officer and Head of Internal Audit of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. Senior Managing Director of Daiwa Securities Co. Ltd.	(Note) i	35
Corporate Executive Officer	Seiji Nakata	July 16, 1960	Refer to a. Status of Directors		(Note) i	416
Total (Note) ii						485

(Notes) (i) The term of these Corporate Executive Officers (Shikkoyaku) is from the end of the first Board of Directors Meeting held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 through the end of the first Board of Directors Meeting held after the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.

(ii) The total number of shares owned does not include the number of shares held by Corporate Executive Officers concurrently serving as Directors.

## 2) Status of Outside Directors

As of June 18, 2025 (the filing date of the Annual Securities Report), the Outside Directors being appointed are Eriko Kawai, Emeritus Professor of Kyoto University, attorney Katsuyuki Nishikawa, Toshio Iwamoto, former President of NTT DATA Group Corporation (currently known as NTT DATA Group Corporation), Yumiko Murakami, who has served as the head of the OECD Tokyo Centre, Noriko Iki, Senior Adviser of Japan Institute for Women's Empowerment & Diversity Management, and Mami Yunoki, CPA (at the Annual Shareholders Meeting scheduled for June 20, 2025, the Company plans to propose "The Election of 14 Directors" as a resolution item, and if the proposal is approval and adopted, in June 2025, Akira Ichikawa, Chairman of the Board and Representative Director of Sumitomo Forestry Co., Ltd., will be appointed, bringing the number of the Company's Outside Directors to seven). The number of shares owned is provided in "4. Explanation about corporate governance, etc. (2) Status of the Company's officers (i) List of officers."

There are no personnel-related, capital-related, or other transaction-related concerns between the Company and its Outside Directors in the performance of their duties as Directors that would create serious conflicts of interest or damage their independence.

Because the Outside Directors do not come from the Company or any entity that has a special relationship with the Company, and because there are no matters that would create a serious conflict of interest in the performance of their duties as Outside Directors, the Company considers they are highly independent and has registered each Outside Director as an Independent Officer with both the Tokyo Stock Exchange and the Nagoya Stock Exchange. Furthermore, because each of the Outside Directors possesses the specialized knowledge and experience related to law, management, or accounting, the Company believes that they are suitable as Outside Directors. The Company's policy for the selection of Outside Directors is provided in "4 Explanation about corporate governance, etc. (1) Overview of corporate governance (ii) Organization of the Company 1) Board of Directors 1) Nominating Committee."

Outside Directors oversee the execution of duties of Corporate Executive Officers (Shikkoyaku) acting as Directors who are constituent members of the Board of Directors from an independent, neutral standpoint and provide opinions and decisions as committee members of the Nominating Committee, Audit Committee, and Compensation Committee. During this process, it is expected that the Outside Directors provide recommendations to management based on their knowledge and experience. Furthermore, when Directors of the Company are appointed as officers of other companies, the Company will evaluate the possibility of competitive transactions and take other appropriate measures including approval by the Board of Directors.

- 3) Mutual collaboration of supervision performed by Outside Directors with internal audit, the audit and accounting audit performed by the Audit Committee, as well as relationship with the internal control division

The Company's Audit Committee is made up of four of the six Outside Directors (planned to become seven after the conclusion of the Ordinary General Meeting of Shareholders scheduled for June 20, 2025) and one Internal Director. Members of the Audit Committee appointed by the Audit Committee may attend meetings of the Group Internal Audit Committee that creates the internal auditing framework for the Group's operations and deliberates and decides on matters relating to the evaluation of internal control, may request explanations and provide opinions, and may attend meetings of the Executive Management Committee and its subcommittees. The appointed members of the Audit Committee hear reports from officers and employees at these meetings and provide information to other Members of the Audit Committee, working to create an environment for effective auditing by the Audit Committee. In addition, the Audit Committee periodically receives reports from the Accounting Auditor as to the status of accounting audit.

(3) Status of audit

(i) Status of Audit Committee audit

a. Organization, personnel, and procedures of the Audit Committee audit

The Company has adopted Three Committees System as its organization and established an Audit Committee. Audit Committee consists of four Outside Directors and one Internal Director. Among Outside Directors, Katsuyuki Nishikawa served as the prosecutor general, etc. and is a qualified attorney at law with considerable knowledge of law, and Mami Yunoki is a qualified CPA with considerable knowledge of finance and accounting. Furthermore, full-time Internal Director Sachiko Hanaoka is designated as Audit Committee Member appointed by the Audit Committee (hereinafter, “Appointed Audit Committee Member”).

The duties of the Audit Committee include auditing the execution of duties of Directors and Corporate Executive Officers (Shikkoyaku), auditing documents including business reports, financial statements, etc., and preparing audit reports. The Audit Committee, in compliance with audit standards of Audit Committee established by the Audit Committee and in accordance with the policy of audit, division of duties and the like, conducts audits in cooperation with the Internal Audit Division and the Accounting Auditor.

Audit Committee Members attend meetings of the Board of Directors, and Appointed Audit Committee Member attends the Executive Management Committee as well as other important meetings, browses important documents and has report hearings from officers and employees to share the information with other Audit Committee Members, in order for the Company to create an environment for the effective audit by the Audit Committee.

The Company established the Audit Committee Office as a full-time post to support the duties of Audit Committee. Personnel decision for those working in the Audit Committee Office (personnel rotations, evaluation, etc.) and organizational changes, etc. require the prior agreement of the Audit Committee or the Appointed Audit Committee Member to ensure the independence of the Audit Committee Office from Corporate Executive Officers (Shikkoyaku).

b. Status of the activities of the Audit Committee in the current fiscal year

As its audit policy for FY2024, following the stipulations of the Companies Act, other laws and regulations, the Articles of Incorporation, and internal regulations, etc., the Audit Committee conducted audits centered on verification of the status of the creation and operation of internal control at the Company and Group. Through this process, the Audit Committee acts as one branch of corporate governance, contributes to the maximization of corporate value to fulfill the mandate from the Company’s shareholders, and contributes to the execution of the Company’s social mission.

In principle, meetings of Audit Committee are held once a month. In FY2024, there were 16 meetings in total. The status of attendance of individual Audit Committee Members is as follows.

Name	Number of meetings held	Number of times of attendance	Description
Katsuyuki Nishikawa	16	16	
Sachiko Hanaoka	16	16	
Ikuo Nishikawa	4	4	Retired as Director on June 21, 2024.
Yumiko Murakami	16	16	
Noriko Iki	16	16	
Mami Yunoki	12	12	Appointed on June 21, 2024.

Audit Committee Meetings in FY2024 required an average of one hour and fifty-one minutes per meeting.

The Audit Committee conducted audits with three key themes in FY2024: 1) initiatives aimed at “maximizing the value of customer assets,” 2) group coordination and business model reform in the new segment system, and 3) internal control of domestic and overseas Group companies. In auditing key themes, in addition to hearing reports from officers and employees of the Company and domestic and overseas subsidiaries, the Audit Committee Members inspected the Main Branch and Contact Center of Daiwa Securities, and Daiwa Securities Business Center.

In addition to conducting audits of each fiscal year’s key themes, according to the annual audit plan, the Audit Committee holds regular meetings with the Chairperson of the Board, President and CEO, and CFO (once a year) and with the Accounting Auditor (three times a year). Furthermore, in addition to the above, the fulltime Appointed Audit Committee Member holds regular meetings with the Chairperson of the Board and President and CEO and with the Accounting Auditor (three times a year). The Appointed Audit Committee Member also holds annual meetings with officers at the Corporate Executive Officer (Shikkoyaku) level and above (eight officers) and with the Directors and Senior Managing

Directors of Daiwa Securities (30 officers) to confirm issues and the state of operational executive in each division.

c. Specific details considered at the Audit Committee in FY2024

The main specific details considered at the Audit Committee in FY2024 were as follows.

[Resolution items]

- FY2024 audit policy and audit plan
- Audit Committee Report
- Audit Committee Member appointed by the Audit Committee and their duties and authority
- Consent of the Audit Committee pertaining to the Accounting Auditor's audit fees
- Verification of the independence of the Accounting Auditor and evaluation based on the Accounting Auditor Evaluation Standards
- Confirmation of the reappointment of the Accounting Auditor
- Consent to the internal audit policy and internal audit plan for FY2025

[Reporting items]

- Details of discussion at major committees such as the Executive Management Committee
- Results of the internal audit
- Development of the internal audit plan
- Summary of results from Daiwa Securities branch inspections
- Status of response to customer requests in the Wealth Management Business
- Status of product governance including a review of the product features of fund wraps
- Status of initiatives of the Compliance Division aimed at preventing fraud
- Status of monitoring investment risk
- Status of overseas governance initiatives
- Current status and issues at major overseas offices (Asia/Oceania, Europe/Middle East, and the Americas)

d. Mutual collaboration of the Audit Committee audit, with the internal audit, and the accounting audit

The Audit Committee receives regular reports on the state of internal auditing at the Group from the Company's Internal Audit Department, and the Appointed Audit Committee Member attends the meetings of the Group Internal Audit Committee and provides opinions as necessary. Audit Committee is also able to delegate investigative duties to the Internal Audit Department as necessary.

The Audit Committee holds regular meetings with the Accounting Auditor, receives reports on audit plans and the state and results of audits from the Accounting Auditor, and exchanges opinions with the Accounting Auditor on Key Audit Matters ("KAM"). The Audit Committee evaluates the Accounting Auditor's independence and quality control system. Furthermore, the Appointed Audit Committee Member conducts hearings with the Accounting Auditor as necessary.

The Audit Committee receives regular reports from the Compliance Division, Finance Department, and Risk Management Department responsible for internal control functions. The Appointed Audit Committee Member attends the meetings of the Executive Management Committee, Group Risk Management Committee, and Group Compliance Committee, etc., and collects broad-based information and audits the state of execution of duties of the Directors and Corporate Executive Officers (Shikkoyaku).

(ii) Status of internal audits

Based on the recognition that establishment of a sound and efficient internal control system enhances the value of the Group, and having concluded that the internal audit plays an important role in such a system, the Company has positioned a full-time Internal Audit Corporate Executive Officer (Shikkoyaku) in charge, and has the Internal Audit Department, which is independent from other sections, verify the internal control system. Additionally, within our Group we have established dedicated internal audit departments consisting of approximately 100 personnel in total at the Company and major domestic and overseas subsidiaries that conduct risk-based audits in accordance with the "Group Internal Audit Charter" following the standards of The Institute of Internal Auditors to enhance corporate value. The internal audit departments include certified professionals such as Certified Internal Auditors (CIA) and Certified Information Systems Auditors (CISA), and we provide training aimed at improving the quality of internal audits.

The focus items in the internal audits of the Group's business include the internal control system at Daiwa Securities and its overseas locations as a global financial instruments business operator, the state of business at Group companies, and the state of control from the Company.

Coordination with the internal audit divisions of Group companies is carried out through regular meetings, monitoring, and

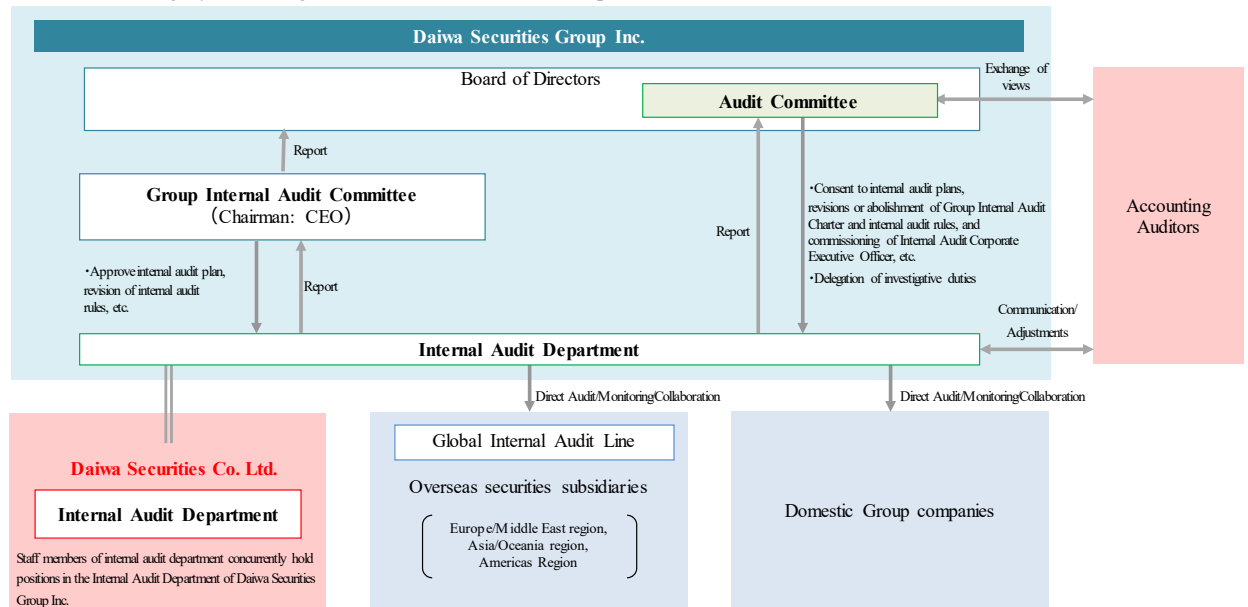
audit activities.

The approval of internal audit plans and the reporting of audit results are conducted at the meetings of the Group Internal Audit Committee.

Furthermore, internal audit plans shall require the consent of the Audit Committee or the Appointed Audit Committee Member, and the audit results are reported directly to the Audit Committee.

The Company's Internal Audit Department coordinates and communicates with the Audit Committee and the Accounting Auditor and make adjustments with them in order to carry out audit activities efficiently. Additionally, as mentioned above, the Audit Committee may delegate investigative duties to the Internal Audit Department.

Internal Auditing System Diagram of Daiwa Securities Group



(iii) Status of accounting audit

a. Name of audit corporation  
KPMG AZSA LLC

b. Continuous auditing period  
51 years

c. Certified Public Accountants involved in auditing  
Kenji Tanaka  
Yoshihiro Matsuda  
Koji Fukai

d. Composition of assistants in auditing activities  
Assistants for the accounting audit work conducted at the Company include 20 Certified Public Accountants, 19 persons who have passed an accountant examination and other 10 persons.

e. Policy and reason for selecting audit corporation  
The same Audit Corporation serves as both the Company's Certified Public Accountant and its Accounting Auditor. The Audit Committee has confirmed the Accounting Auditor KPMG AZSA LLC's independence and quality management system through the "Accounting Auditor Evaluation Standards" provided in "f. Evaluation of the auditing corporation by the Audit Committee." Referencing the results of that evaluation, based on the policies for determination of discharge or refusal of reappointment, at the Audit Committee Meeting held on May 13, 2025, the Audit Committee deemed that it was valid not to submit a proposal at the Shareholders' Meeting on not reappointing KPMG AZSA LLC as the Accounting Auditor, and adopted a resolution to that effect.

The policies for determination of discharge or refusal of reappointment are as follows.

<Policies for determination of discharge or refusal of reappointment>

i) Discharge in the cases stipulated in law

The Audit Committee shall discharge the Accounting Auditor with the consent of all members of the committee, in the case where the Accounting 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 Accounting 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 Accounting Auditor is questionable or deems it reasonable to retain another Accounting Auditor from the viewpoint of efficacy, etc., the Audit Committee will determine the content of the proposal regarding the discharge or refusal of reappointment of the Accounting Auditor to be submitted to the Shareholders' Meeting.

f. Evaluation of the audit corporation by the Audit Committee

The Audit Committee has prepared the "Accounting Auditor Evaluation Standards" and evaluates the Audit Corporation using these standards. That evaluation is conducted in principle twice a year. The evaluation standards include the four fields of "1. General Competency," "2. Independence and Professional Ethics," "3. Audit Quality and Quality Management," and "4. Effectiveness and Validity of Audit Implementation," and a total of 44 evaluation items and is reviewed as necessary. At Audit Committee Meetings held on November 26, 2024 and May 13, 2025, the evaluation of the Accounting Auditor was conducted, resulting in no issues in any of the evaluation items.

(iv) Details of audit fees, etc.

a. Details of fees to Certified Public Accountants, etc. for audits

(Millions of yen)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	132	13	141	11
Consolidated subsidiaries	396	64	386	65
Total	528	78	527	77

(Note) The non-audit services for the Company involve creation of comfort letters.

Non-audit services at consolidated subsidiaries include assurance engagements related to legal and regulatory compliance in the separate management of customer assets and assurance engagements in internal control.

b. Details of fees to organizations which belongs to the same network as the Certified Public Accountants, etc. for audits (KPMG Group) (excluding a.)

(Millions of yen)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	14	–	0
Consolidated subsidiaries	589	23	684	31
Total	589	38	684	31

(Note) The non-audit services for the Company include services relating to tax filing, services related to market analysis and investigations.

The non-audit services for the consolidated subsidiaries involve services relating to tax filing.

c. Details of other material fees for audit certification services

Not applicable.

d. Policy for determining audit fees

While there are no corresponding items, fees to the Company's Certified Public Accountants, etc. for audits are decided

considering the number of audit days and the details of the work.

e. Basis of consent to the fees, etc. for the Accounting Auditor by the Audit Committee

The Audit Committee consented to the audit fees in accordance with Article 399, Paragraph 1 of the Companies Act, after reviewing the adequacy of the fees, etc. for the Accounting Auditor in the fiscal year under review, by examining the appropriateness of the audit plan explained by the Accounting 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.

(4) Remuneration for Directors and Corporate Executive Officers (Shikkoyaku)

(i) Policies for Determination of the Amount of Remuneration of Directors and Corporate Executive Officers (Shikkoyaku) and Calculation Method Thereof

As stipulated by the Companies Act, the Compensation Committee has determined “Policies for Determination of Remuneration of Directors and Corporate Executive Officers (Shikkoyaku).”

Compensation for Directors and Corporate Executive Officers (Shikkoyaku) is 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 and in the medium/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 Three Committees (a company with nominating committee, etc.).

Remuneration of Directors and Corporate Executive Officers (Shikkoyaku) consists of Base remuneration, Stock-linked remuneration and Performance-linked remuneration, and determined at the Compensation Committee which are specifically as below.

Base remuneration	• A fixed amount calculated based on his/her position, duties and role, and paid monthly and in cash
Stock-linked remuneration	• 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	• 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, etc. • It does not apply to Directors who do not serve as Corporate Executive Officers (Shikkoyaku).

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

Regarding remuneration, etc. of Directors and Corporate Executive Officers (Shikkoyaku) for the current fiscal year, the Compensation Committee has determined that the remuneration, etc. conforms with “Policies for Determination of Remuneration of Directors and Corporate Executive Officers (Shikkoyaku)” because such remuneration, etc. was decided by the Compensation Committee only after confirming its consistency with such policies.

- (ii) Indicators for Performance-linked remuneration, reasons for choosing the indicators, how to determine Performance-linked remuneration, and targets and results

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

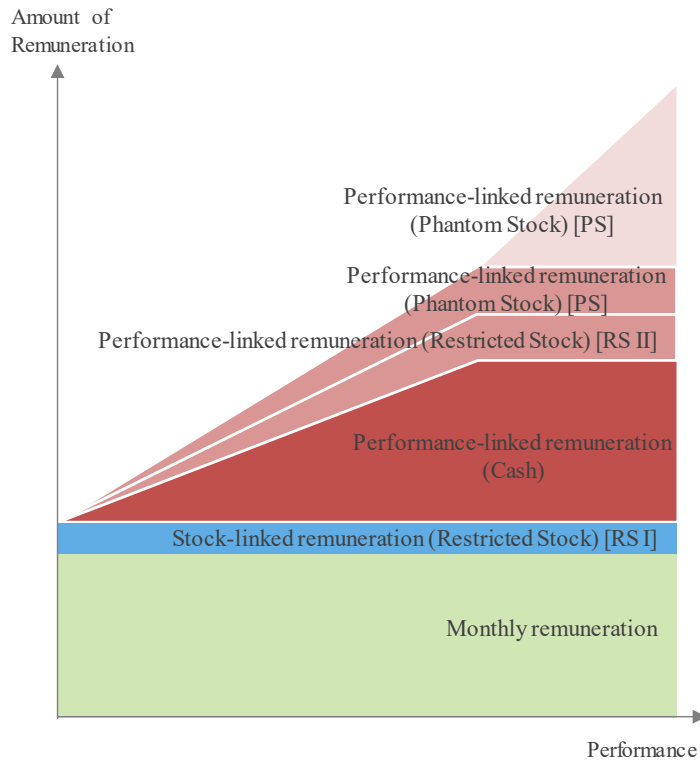
The performance assessments used in calculating Performance-linked remuneration reflect the financial performance evaluation, which is based on the Performance KPIs using the financial information and the quality evaluation, which is a comprehensive assessment of the KPIs other than the Performance KPI.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

Performance-linked remuneration is calculated by multiplying the reference amount determined for each position by the performance evaluation, and reflecting the degree of individual contribution. The same calculation formula is applied to all positions for performance evaluation.

Financial Performance Evaluation (100)				±	Quality Evaluation (-20 – +20)		
Category	KPI	Points	Reference Value		KPI	Reference Value	Actual value
Performance	Consolidated ROE	40	10%				9.8%
	Consolidated Ordinary Income	40	240 billion yen				224.7 billion yen
	Base income	20	150 billion yen				137.5 billion yen
Customer asset					AUM	120 trillion yen	90.2 trillion yen
					Stock-related asset	13.6 trillion yen	9.8 trillion yen
					AUM in AM Division	44 trillion yen	34.9 trillion yen
Digital					Number of digital value creation projects	10	2
					Number of trial digital projects	50	45
Sustainability					SDG-related bond league table	In top 2	1st
					Engagement Survey score	80 % or higher	81%
					GHG emissions produced by the Company	FY2030 Net zero	–
					GHG emissions from investment and loan portfolio	186 – 255 g-CO2/kWh	–

(Note) Reference Value is determined at Compensation Committee, based on Medium-term Management Plan.

(Image of remuneration)



- Restricted stocks and Phantom stocks in a value corresponding to a certain ratio of performance-linked remuneration (cash) are paid to foster a system that increases incentives for long-term performance improvement and sustainable growth.
- In order to foster a system that increases incentives for long-term performance improvement and sustainable growth, if performance-linked remuneration exceeds a certain limit, the excess amount will be paid in the form of by Phantom stock.

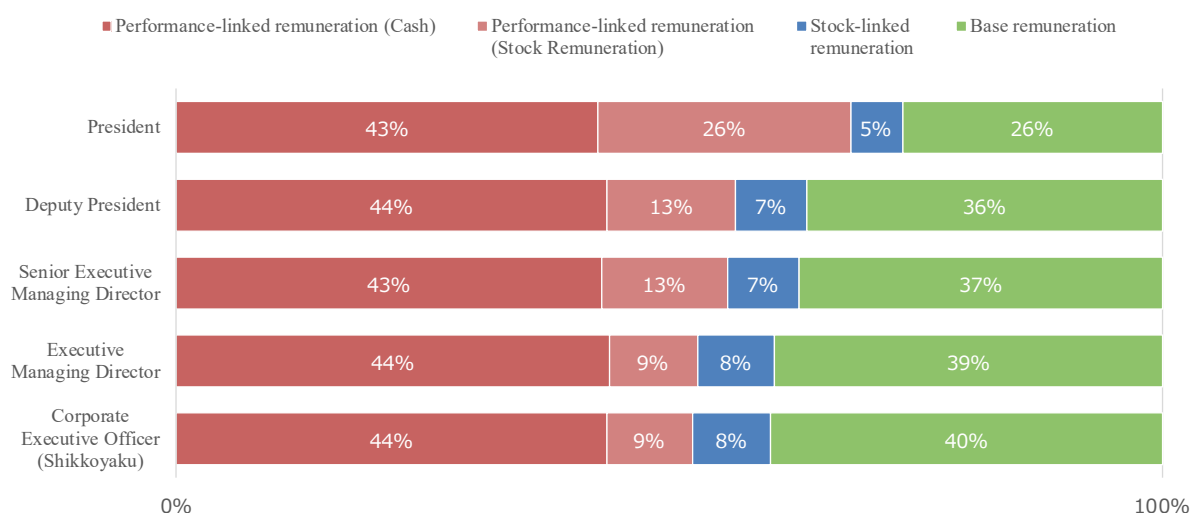
(Stock Compensation Plan)

The Company introduced the Stock Compensation Plan to increase incentives for the Company and its subsidiaries' Directors, Corporate Executive Officers (Shikkoyaku), and Senior Managing Directors (Shikkoyakuin), etc., to enhance performance in the medium and long term and strengthen values shared among the Eligible Officers, etc. and shareholders

Stock-linked remuneration (RS I)	It is intended to provide restricted stock (RS I) for amount which equals to fixed ratio of the Base remuneration, and to function effectively as an incentive for long-term performance improvement, restriction will be released when he/she resigns his/her position as director, officers etc., of the Company and its subsidiaries and affiliates.
Performance-linked remuneration (RS II)	It is paid in the form of restricted stocks (RS II) 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.
Performance-linked remuneration (PS)	It is paid in the form of Phantom stocks (PS) of a value corresponding to a certain percentage of performance-linked remuneration (cash). Furthermore, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid in Phantom stock. Phantom stock is a cash-based compensation system linked to the Company's stock price. The holding period is approximately three years, which functions both as an incentive to boost long-term performance and to defer actual compensation.

- \* RS II is calculated by multiplying the ratios established by position by performance-linked remuneration (cash).
  - \* PS is calculated by multiplying performance-linked remuneration (cash) by a fixed percentage regardless of position.
- Regarding the President and CEO, a structure is in place to decide 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.
- \* In case 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, 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).

(iii) Payment ratios of different types of compensation

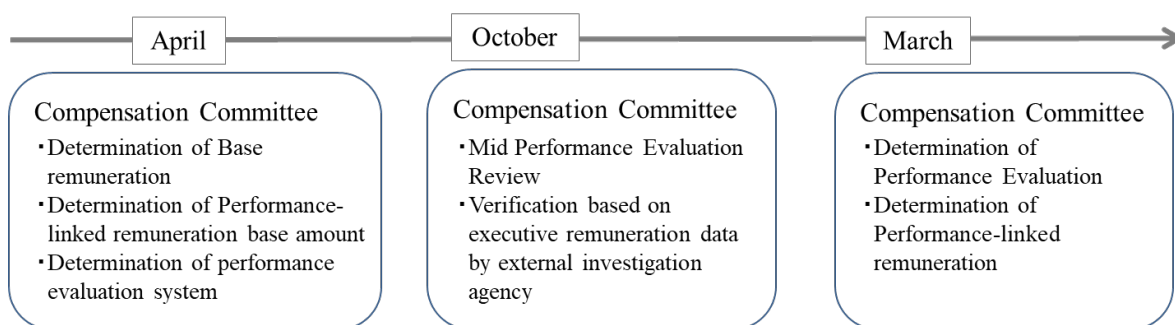


(Note) Above figures are the ratio when Performance KPIs of the Medium-term Management Plan are achieved.

(iv) Summary of procedure on decision of remuneration for Directors or its policy of calculation method

The Articles of Incorporation stipulate that the remuneration, etc., of the Directors and Corporate Executive Officers (Shikkoyaku) is determined by the resolution of Compensation Committee.

In determining the amount of remuneration, it is calculated based on the indicators determined by Compensation Committee, majority of which is held by Outside Directors to secure the transparency.



\* In addition to above, Compensation Committee is held from time to time.

- (v) Details of the activities of the committee in the process of deciding the amounts of compensation for officers of reporting companies in the current fiscal year.

As of the filing date of the Annual Securities Report, the Compensation Committee is composed of four Outside Directors including the Chair and two Internal Directors and decides the policy for officer compensation and the amount of individual compensation for Directors and Corporate Executive Officers (Shikkoyaku).

In the fiscal year under review, the Compensation Committee met five times to discuss the compensation policy and the compensation of each Director and Corporate Executive Officer. It also studied a Group-wide incentive plan aimed at improving consolidated earnings results and stock prices.

- (vi) Compensation by type of officer, remuneration, and number of eligible officers

Type of officer	Total amount of remuneration (Millions of yen)	Total amount by type of remuneration, etc. (millions of yen)					Number of eligible officers	
		Base remuneration	RS I	Performance-linked remuneration				Retirement benefits
				Cash	RS II	RS III		
Directors	66	57	8	–	–	–	–	3
Corporate Executive Officers (Shikkoyaku)	1,777	517	157	852	182	67	–	12
Outside Directors	139	130	8	–	–	–	–	8

- (Notes) 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).
- 2 The amount of performance-linked remuneration is the amount to be paid for the current fiscal year.
- 3 For RS III, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid as restricted stock. The decision was made at the Compensation Committee to change remuneration for Directors and Corporate Executive Officers (Shikkoyaku) from FY2025, and an upper limit was set for performance-linked remuneration (cash) and RS II. The remuneration paid when that threshold is exceeded was changed from RS III to PS, and RS III was abolished.

## (vii) Consolidated Compensation, etc., by officer

(Millions of yen)

Name	Total consolidated compensation, etc.	Type of officer	Company name	Value of consolidated compensation, etc., by type					
				Base remuneration	RS I	Performance-linked remuneration			Retirement benefits
						Cash	RS II	RS III	
Seiji Nakata	310	Corporate Executive Officer (Shikkoyaku)	Reporting company	69	23	129	32	10	–
			Daiwa Securities	46	–	–	–	–	–
Akihiko Ogino	398	Corporate Executive Officer (Shikkoyaku)	Reporting company	69	23	187	56	15	–
			Daiwa Securities	46	–	–	–	–	–
Shinsuke Niizuma	251	Corporate Executive Officer (Shikkoyaku)	Reporting company	60	17	115	23	9	–
			Daiwa Securities	25	–	–	–	–	–
Keiko Tashiro	182	Corporate Executive Officer (Shikkoyaku)	Reporting company	67	13	80	16	6	–
			Daiwa Securities	–	–	–	–	–	–
Tomoyuki Murase	181	Corporate Executive Officer (Shikkoyaku)	Reporting company	46	13	80	16	6	–
			Daiwa Securities	19	–	–	–	–	–
Eiji Sato	147	Corporate Executive Officer (Shikkoyaku)	Reporting company	44	10	64	12	4	–
			Daiwa Securities	11	–	–	–	–	–
Hiroko Sakurai	147	Corporate Executive Officer (Shikkoyaku)	Reporting company	10	10	–	–	–	–
			Daiwa Securities	43	–	64	12	4	–
Junichi Serizawa	147	Corporate Executive Officer (Shikkoyaku)	Reporting company	10	10	–	–	–	–
			Daiwa Securities	43	–	64	12	4	–
Kana Shirakawa	147	Corporate Executive Officer (Shikkoyaku)	Reporting company	43	10	64	12	4	–
			Daiwa Securities	10	–	–	–	–	–
Tutomu Kobayashi	110	Corporate Executive Officer (Shikkoyaku)	Reporting company	34	8	49	5	3	–
			Daiwa Securities	9	–	–	–	–	–
Kotaro Yoshida	110	Corporate Executive	Reporting company	34	8	49	5	3	–

		Officer (Shikkoyaku)	Daiwa Securities	9	-	-	-	-	-
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- (Notes)
- 1 The persons, each of whose total remuneration, etc., paid is equal to or more than 100 million yen, are listed above.
  - 2 Type of officer refers to the officer categories used by the reporting company.
  - 3 Officers serving as both Directors and Corporate Executive Officers (Shikkoyaku) are listed as Corporate Executive Officers (Shikkoyaku) in the type of officer column.
  - 4 For RS III, where performance-linked remuneration exceeds a set upper limit, the portion in excess is paid as restricted stock. The decision was made at the Compensation Committee to change remuneration for Directors and Corporate Executive Officers (Shikkoyaku) from FY2025, and an upper limit was set for performance-linked remuneration (cash) and RS II. The remuneration paid when that threshold is exceeded was changed from RS III to PS, and RS III was abolished.

(5) Status on stockholdings

(i) Criteria and approach for the classification of investment shares

The Company classifies investment stocks held with the objective of receiving profit through stock price fluctuations or dividends as stocks held purely for investment purposes.

However, the Company is a holding company, established for the purpose of holding and managing Group companies, and maintains shares of companies with the aim of expanding its securities-related business through the maintenance and strengthening of the relationship between Daiwa Securities Group and the companies that issued those shares. All stocks held by the Company are investment stocks held for purposes other than pure investment.

The status of the Company for which held shares accounted for the largest portion of investment stock on the balance sheets of the Company and its consolidated subsidiaries is as follows.

(ii) Investment stocks held for purposes other than purely investment purposes

a. Verification by the Board of Directors, etc., regarding the suitability of holding individual stocks, the method for determining the rationality of holding stocks, and the Company's holding policy

The Company has established qualitative and quantitative standards for the holding of listed shares for purposes other than pure investment purposes (hereinafter, "strategic shareholdings"). The Company will hold the strategic shareholding shares only when it determines that such shareholding is of significance. Furthermore, the Company regularly verifies the significance of such shareholdings under qualitative and quantitative standards and will sell shares which are determined to be insignificant, factoring in the impact on the market and other matters which should be taken into consideration.

In verifying the significance of the shareholdings, the Company checks whether a given shareholding contributes to the enhancement of medium- to long-term corporate value of the Group on a quantitative basis from the viewpoint of economic rationality (i.e., whether the returns from the shares, such as revenues related to client companies or dividend income, exceed the standard capital cost) and from a qualitative basis in line with the objectives for the shareholding (e.g., potential for growth and enhancement of business relationships, etc.). Moreover, the Board of Directors regularly verifies the significance of each of the listed strategic shareholdings.

The results of the quantitative verification at the end of March 2025 are as follows:

Of the Company's strategic shareholdings of listed companies, excluding stocks that are held for the purpose of tie-ups, around 70% exceeded the target value of the quantitative standards. For the other approximately 30% of strategic shareholdings, which were below the target value, the Company will verify qualitative aspects of the shareholding, such as the maintenance and enhancement of future business relationships with these companies, and aim to improve the profitability of the shareholding. However, if the profitability of the shareholding does not improve in a certain period, the Company will consider selling such shares.

b. Number of companies and amount booked on the balance sheets of which shares are held

	Number of companies (Issues)	Amount on the balance sheets (Millions of yen)
Unlisted stocks	106	23,086
Stocks other than unlisted stocks	79	124,339

(Companies for which shares were added in fiscal year ended March 31, 2025)

	Number of companies (Issues)	Total amount acquired as added shares (Millions of yen)	Reasons for adding shares
Unlisted stocks (Note)	2	5,480	Focusing on expanding its securities business and strengthening Group capabilities, the Company acquired shares in two issues with the goal of collaborating with and bolstering its relationship with new business partners.
Stocks other than unlisted stocks	–	–	–

(Note) In addition to the above, one issue was added through share exchanges.

(Companies for which shares were reduced in fiscal year ended March 31, 2025)

	Number of companies (Issues)	Total amount sold as decreased shares (Millions of yen)
Unlisted stocks (Note)	4	12
Stocks other than unlisted stocks	16	2,902

(Note) In addition to the above, one issue was subtracted through share exchanges.

c. Information on the number of shares and amounts in the balance sheets by issue name for specified investment shares and shares deemed held.

Specified investment shares

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
Credit Saison Co., Ltd.	8,050,400	8,050,400	The Group concluded a capital and business alliance for the mutual utilization of know-how and customer networks in the financial business, the development and provision of “next-generation comprehensive financial services” to meet diversifying market needs, and to create “the future of finance.” Thus far, we have cooperated in financial product brokerage services, customer introduction, and accumulated investment and point investment with credit cards, etc., and the Company will continue to hold shares in this company based on our capital and business alliance aimed at cooperating to expand the securities-related business focused on areas such as the asset formation field and loan business.	Yes
	28,385	25,568		
KDDI CORPORATION	5,603,600	2,801,800	The Company’s quantitative criteria are met and this company is a business partner in the Company’s securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business. The number of shares held has increased because of a share split.	None
	13,221	12,557		
Japan Airlines Co., Ltd.	5,000,000	5,000,000	The Company’s qualitative criteria are met and this company is a business partner in the Company’s securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	12,782	14,587		
Bandai Namco Holdings Inc.	1,500,000	1,800,000	The Company’s qualitative criteria are met and this company is a business partner in the Company’s securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business. Since March 31, 2025 and up until the filing date of the Annual Securities Report, we have sold 300,000 shares.	Yes
	7,506	5,090		
FUJI MEDIA HOLDINGS, INC.	2,790,000	2,790,000	The Company’s qualitative criteria are met and this company is a business partner in the Company’s securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	7,120	5,535		
KYOCERA CORPORATION	3,360,000	3,360,000	The Company’s qualitative criteria are met and this company is a business partner in the Company’s securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	5,629	6,795		

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
T&D Holdings, Inc.	1,745,060	1,745,060	The Company's qualitative criteria are met, and we have collaborated on projects including jointly developing insurance products, introducing NISA workplace savings to the employees of Taiyo Life Insurance Company, a Group company of T&D Holdings, Inc., and introducing NISA in collaboration with our subsidiary Daiwa Connect Securities Co., Ltd. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	5,538	4,532		
Imperial Hotel, Ltd.	6,091,040	6,091,040	The Company's qualitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	5,445	5,981		
TOHO CO., LTD.	570,810	570,810	The Company's qualitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	4,225	2,824		
CSC Financial Co., Ltd.	22,775,000	22,775,000	The Company will continue to hold shares because we have a business alliance with the goal of expanding the securities-related business focused on investment banking related services in China.	None
	4,197	2,611		
Electric Power Development Co., Ltd.	1,257,000	1,257,000	This company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	3,182	3,137		
Kyoto Financial Group, Inc.	1,161,600	1,161,600	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	2,643	3,207		
Mirae Asset Securities Co., Ltd.	2,363,485	2,363,485	The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the ETF business in Japan and the United States and the securities-related business in South Korea.	None
	2,204	2,143		
GMO Financial Holdings, Inc.	2,520,000	2,681,200	The Company will continue to hold shares in this company in the interest of cooperation based on our basic agreement aimed at an alliance in the areas of video and other content sharing and joint development, web marketing know-how sharing, and stock certificate lending transactions.	None
	1,925	2,128		
Value Partners Group Limited	64,021,000	64,021,000	The Company will continue to hold shares because we have a business alliance with the goal of expanding the securities-related business in Hong Kong and China.	None
	1,907	2,216		

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
KISSEI PHARMACEUTICAL CO., LTD.	493,880	493,880	The Company's qualitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	1,898	1,745		
The Hyakugo Bank, Ltd.	2,296,000	2,296,000	This company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	1,687	1,490		
Sumitomo Mitsui Trust Group, Inc.	392,630	392,630	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	1,460	1,298		
Sumitomo Metal Mining Co., Ltd.	387,000	387,000	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	1,255	1,775		
Kyushu Financial Group, Inc.	1,701,109	1,701,109	This company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	1,251	1,942		
Juroku Financial Group, Inc.	171,254	171,254	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	827	820		
TSURUMI MANUFACTURING CO., LTD.	262,500	262,500	This company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	813	983		
North Pacific Bank, Ltd.	1,270,380	1,270,380	The Company continued to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business, but as of the filing date of the Annual Securities Report all shares have been sold.	Yes
	656	565		
The Ogaki Kyoritsu Bank, Ltd.	238,974	238,974	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	567	521		

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
The Ehime Bank, Ltd.	458,545	458,545	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it to expand the securities-related business, including providing "Daiwa Fund Wrap" based on a business outsourcing contract for the intermediation of the conclusion of discretionary investment contracts concluded between our subsidiary Daiwa Securities Co. Ltd. and The Ehime Bank, Ltd.	Yes
	492	520		
ONO PHARMACEUTICAL CO., LTD.	306,800	306,800	The Company's quantitative criteria are met. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	491	753		
Tokyo Tatemono Co., Ltd.	191,106	191,106	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	482	502		
The 77 Bank, Ltd.	93,900	187,800	This company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	446	778		
THE SHIGA BANK, LTD.	81,105	81,105	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	426	340		
ASTMAX Co., Ltd.	1,662,500	1,662,500	The Company continued to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business, but as of the filing date of the Annual Securities Report all shares have been sold.	None
	407	408		
Tokyo Kiraboshi Financial Group, Inc.	67,721	67,721	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	394	330		

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
THE TOCHIGI BANK, LTD.	1,067,000	1,067,000	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it to expand the securities-related business, including providing "Daiwa Fund Wrap" and "Daiwa Fund Wrap Online" based on a business outsourcing contract for the intermediation of the conclusion of discretionary investment contracts concluded between our subsidiary Daiwa Securities Co. Ltd. and THE TOCHIGI BANK, LTD.	None
	338	388		
The First Bank of Toyama, Ltd.	264,600	264,600	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	303	252		
The Musashino Bank, Ltd.	87,700	87,700	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	285	258		
The Sumitomo Warehouse Co., Ltd.	100,000	100,000	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	276	256		
The Hyakujushi Bank, Ltd.	76,500	76,500	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	265	227		
San ju San Financial Group, Inc.	105,800	105,800	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	250	220		
The Akita Bank, Ltd.	96,016	96,016	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	246	202		
The Kita-Nippon Bank, Ltd.	69,266	69,266	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	222	170		

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
The Shikoku Bank, Ltd.	180,124	180,124	On March 28, 2022, the Company's subsidiary Daiwa Securities Co. Ltd. and The Shikoku Bank, Ltd. concluded a final agreement related to a comprehensive business tie-up, which began in April 2023. The Company will continue to hold shares in this company in order to grow the securities-related business through cooperation based on our business alliance relationship.	Yes
	216	220		
HEIWA REAL ESTATE CO., LTD.	44,000	44,000	The Company's quantitative criteria are met. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	206	179		
MEIKO TRANS CO., LTD.	130,213	197,613	This company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	205	316		
Mirae Asset Securities Co., Ltd. Class B preferred shares	467,865	467,865	The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the ETF business in Japan and the United States and the securities-related business in South Korea.	None
	192	193		
Fukuoka Financial Group, Inc.	45,641	45,641	The Company's quantitative criteria are met. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	179	184		
TAMURA CORPORATION	300,000	300,000	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	152	178		
Procrea Holdings, Inc.	85,916	85,916	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	146	159		
The Toho Bank, Ltd.	400,000	400,000	The Company continued to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business, but as of the filing date of the Annual Securities Report all shares have been sold.	Yes
	142	144		
Hosiden Corporation	70,700	70,700	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	140	137		

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
THE SHIMIZU BANK, LTD.	78,000	78,000	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	117	125		
Nagoya Railroad Co., Ltd.	63,654	63,654	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	110	137		
DAISHINKU CORP.	184,000	184,000	This company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	103	147		
THE DAITO BANK, LTD.	123,100	123,100	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it to expand the securities-related business, including providing "Daiwa Fund Wrap" based on a business outsourcing contract for the intermediation of the conclusion of discretionary investment contracts concluded between our subsidiary Daiwa Securities Co. Ltd. and THE DAITO BANK, LTD.	Yes
	87	95		
RETAIL PARTNERS CO., LTD.	48,470	48,470	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	65	89		
MATSUYA CO., LTD.	60,000	60,000	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	63	68		
The Chikuho Bank, Ltd.	40,454	40,454	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	55	63		
Nippon Beet Sugar Manufacturing Co., Ltd.	22,000	22,000	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	50	45		

Issue name	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Purpose of holding, overview of business alliances, etc., quantitative holding effect, and reasons for the increase in the number of shares (Note)	Shareholding of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount on the balance sheets (millions of yen)	Amount on the balance sheets (millions of yen)		
THE TOTTORI BANK, LTD.	38,760	38,760	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	49	57		
ASAHI PRINTING CO., LTD.	49,896	49,896	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	None
	44	45		
Senshu Ikeda Holdings, Inc.	92,949	92,949	The Company continued to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business, but as of the filing date of the Annual Securities Report all shares have been sold.	None
	40	36		
THE OITA BANK, LTD.	11,648	11,648	The Company's quantitative criteria are met and this company is a business partner in the Company's securities-related business. The Company will continue to hold shares in this company in order to maintain and strengthen a good relationship with it, aiming for growth in the securities-related business.	Yes
	40	35		

(Note) It is difficult to provide the quantitative effects of ownership. The verification of the significance of shareholding was performed as described in "a. Verification by the Board of Directors, etc., regarding the suitability of holding individual stocks, the method for determining the rationality of holding stocks and the Company's holding policy."

Shares deemed held

Not applicable.

(iii) Investment stocks held for purely investment purposes

Not applicable.

(iv) During the current fiscal year, the purpose of holding investment stocks was changed from purely investment purposes to purposes other than purely investment purposes

Not applicable.

(v) In the four fiscal years prior to the current fiscal year and during the current fiscal year, the purpose of holding investment stocks was changed from purposes other than purely investment purposes to purely investment purposes

Not applicable.

## Item 5. Financial Information

### 1 Basis for preparation of the consolidated and non-consolidated financial statements

(1) The Company's consolidated financial statements are prepared in accordance with the Cabinet Office Order on Financial Instruments Business (Cabinet Office Order 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) that apply to financial statements of companies that engage in securities-related business, the main business of the Group, based on the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976, hereinafter referred to as "Regulation on Consolidated Financial Statements") and the provisions of Article 46 and Article 68 of the said Regulation.

(2) The Company's financial statements are prepared based on the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, hereinafter referred to as "Regulation on Financial Statements").

In addition, the Company falls under a Special Company Submitting Financial Statements and prepares its financial statements according to the provisions of Article 127 of the Regulation on Financial Statements.

### 2 Audit certification

The Company has had its consolidated financial statements for the fiscal year ended March 31, 2025 and its financial statements for the fiscal year ended March 31, 2025 audited by KPMG AZSA LLC, based on the provisions of Article 193-2, Paragraph (1) of the Financial Instruments and Exchange Act.

### 3 Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company takes remarkable efforts to ensure fair presentation of consolidated financial statements, etc. Specifically, the Company has joined the Financial Accounting Standards Foundation in order to properly understand details of accounting standards and other rules and establish a system that enables appropriate response to changes in accounting standards and other rules. In addition, the Company attends seminars held by the foundation and the auditing corporation, etc.

(Note) Figures are expressed in millions of yen, with amounts of less than one million omitted.

# 1 Consolidated financial statements and other information

## (1) Consolidated financial statements

### (i) Consolidated balance sheets

(Millions of yen)

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

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable - trade	8,507	8,471
Trading products:	5,863,821	7,437,195
Trading securities and other	3,368,679	4,810,648
Derivatives	2,495,141	2,626,547
Trade date accrual	1,457,301	-
Margin transaction liabilities:	54,414	39,891
Borrowings on margin transactions	*4 4,769	*4 2,466
Cash received for securities lending on margin transactions	49,645	37,425
Borrowings secured by securities:	11,698,956	15,445,468
Cash collateral received for securities lent	8,270,945	8,793,891
Securities sold under repurchase agreements	3,428,011	6,651,576
Deposits for the banking business	4,511,603	4,297,685
Deposits received	562,416	602,199
Guarantee deposits received	522,809	495,532
Short-term borrowings	*4 1,272,859	*4 1,415,334
Commercial papers	440,000	322,500
Current portion of bonds payable	159,780	399,531
Income taxes payable	42,916	28,724
Provision for bonuses	43,054	48,644
Other current liabilities	159,110	154,219
<b>Total current liabilities</b>	<b>26,797,550</b>	<b>30,695,399</b>
<b>Non-current liabilities:</b>		
Bonds payable	1,276,312	1,218,490
Long-term borrowings	*4, *11 2,020,812	*4, *11 2,036,629
Deferred tax liabilities	45,616	45,403
Retirement benefit liability	43,715	43,139
Provision for loss on litigation	235	413
Other non-current liabilities	48,761	55,309
<b>Total non-current liabilities</b>	<b>3,435,452</b>	<b>3,399,386</b>
<b>Reserves under special laws:</b>		
Reserve for financial instruments transaction liabilities	5,637	6,273
<b>Total reserves under special laws</b>	*9 5,637	*9 6,273
<b>Total liabilities</b>	<b>30,238,640</b>	<b>34,101,059</b>

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Share capital	247,397	247,397
Capital surplus	232,461	266,290
Retained earnings	961,438	1,041,490
Treasury shares	(123,153)	(113,139)
Deposits for subscriptions of treasury shares	83	40
<b>Total shareholders' equity</b>	<b>1,318,227</b>	<b>1,442,079</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	52,936	50,173
Deferred gains or losses on hedges	16,873	13,837
Foreign currency translation adjustment	134,149	133,623
Remeasurements of defined benefit plans	–	24
<b>Total accumulated other comprehensive income</b>	<b>203,959</b>	<b>197,659</b>
<b>Share acquisition rights</b>	<b>6,956</b>	<b>6,344</b>
<b>Non-controlling interests</b>	<b>259,515</b>	<b>277,204</b>
<b>Total net assets</b>	<b>1,788,658</b>	<b>1,923,287</b>
<b>Total liabilities and net assets</b>	<b>32,027,299</b>	<b>36,024,346</b>

(ii) Consolidated statements of income and consolidated statements of comprehensive income  
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Operating revenue:</b>		
Commission received:	358,532	416,489
Brokerage commission	93,427	89,045
Commission for underwriting, secondary distribution, and solicitation for selling and others for professional investors	38,490	47,930
Fees for offering, secondary distribution, and solicitation for selling and others for professional investors	18,390	24,900
Other commission received	208,225	254,613
Net trading income	*2 98,160	*2 107,373
Net gain on private equity and other investments	14,381	12,360
Financial revenue	607,590	681,952
Other operating revenue	198,816	153,839
<b>Total operating revenue</b>	<b>1,277,482</b>	<b>1,372,014</b>
<b>Financial expenses</b>	<b>*3 525,853</b>	<b>*3 603,940</b>
<b>Other operating expenses</b>	<b>160,718</b>	<b>122,084</b>
<b>Net operating revenue</b>	<b>590,910</b>	<b>645,990</b>
<b>Selling, general and administrative expenses:</b>		
Trading related expenses	80,635	91,756
Personnel expenses	*4 222,532	*4 245,001
Real estate expenses	40,273	43,808
Office expenses	26,586	28,449
Depreciation	35,141	34,313
Taxes and dues	12,881	14,257
Provision of allowance for doubtful accounts	15	–
Other	19,138	21,661
<b>Total selling, general and administrative expenses</b>	<b>437,205</b>	<b>479,247</b>
<b>Operating income</b>	<b>153,705</b>	<b>166,742</b>
<b>Non-operating income:</b>		
Dividend income	6,513	5,258
Share of profit of entities accounted for using the equity method	4,828	47,282
Foreign exchange gains	4,629	1,857
Gain on investments in investment partnerships	2,508	2,851
Other	6,303	5,765
<b>Total non-operating income</b>	<b>24,782</b>	<b>63,016</b>
<b>Non-operating expenses:</b>		
Interest expenses	2,020	2,701
Bond issuance costs	213	289
Other	1,665	2,051
<b>Total non-operating expenses</b>	<b>3,900</b>	<b>5,042</b>
<b>Ordinary income</b>	<b>174,587</b>	<b>224,716</b>

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
<b>Extraordinary income:</b>				
Gain on sale of non-current assets	*5	11,031		–
Gain on sale of investment securities		6,206		2,926
Gain on sale of shares of subsidiaries and associates		39		943
Gain on reversal of share acquisition rights		1,164		248
<b>Total extraordinary income</b>		<b>18,441</b>		<b>4,118</b>
<b>Extraordinary losses:</b>				
Loss on sale and retirement of non-current assets	*6	1,818	*6	523
Impairment losses	*10	3,799	*10	3,838
Loss on sale of investment securities		7		4
Loss on valuation of investment securities		232		1,115
Loss on valuation of shares of subsidiaries and associates		2,587		–
Loss on change in equity		71		66
Office relocation expenses		–	*7	402
Provision of reserve for financial instruments transaction liabilities		1,349		636
Structural reform costs		–	*8	890
Business restructuring expenses	*9	3,024	*9	2,331
Other		140		–
<b>Total extraordinary losses</b>		<b>13,032</b>		<b>9,808</b>
<b>Income before income taxes</b>		<b>179,997</b>		<b>219,026</b>
Income taxes - current		55,960		55,304
Income taxes - deferred		(6,399)		(1,372)
<b>Total income taxes</b>		<b>49,561</b>		<b>53,932</b>
<b>Profit</b>		<b>130,436</b>		<b>165,093</b>
<b>Profit attributable to non-controlling interests</b>		<b>8,878</b>		<b>10,725</b>
<b>Profit attributable to owners of parent</b>		<b>121,557</b>		<b>154,368</b>

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Profit</b>	130,436	165,093
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	28,159	(4,957)
Deferred gains or losses on hedges	711	(1,537)
Foreign currency translation adjustment	53,719	(3,165)
Share of other comprehensive income of entities accounted for using equity method	6,081	4,038
<b>Total other comprehensive income</b>	*1 88,672	*1 (5,622)
<b>Comprehensive income</b>	219,108	159,471
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of parent	209,986	148,068
Comprehensive income attributable to non-controlling interests	9,122	11,403

## (iii) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Deposits for subscriptions of treasury shares	
<b>Balance at the beginning of the period</b>	247,397	230,274	886,160	(71,522)	–	1,292,309
<b>Changes of items during the period</b>						
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)
Net changes of items other than shareholders' equity						
<b>Total changes of items during the period</b>	–	2,187	75,278	(51,631)	83	25,917
<b>Balance at the end of the period</b>	247,397	232,461	961,438	(123,153)	83	1,318,227

	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		
<b>Balance at the beginning of the period</b>	24,717	16,028	74,785	8,793	258,855
<b>Changes of items during the period</b>					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Disposal of treasury shares					
Other					
Net changes of items other than shareholders' equity	28,219	844	59,364	(1,837)	660
<b>Total changes of items during the period</b>	28,219	844	59,364	(1,837)	660
<b>Balance at the end of the period</b>	52,936	16,873	134,149	6,956	259,515

	Shareholders' equity					Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Deposits for subscriptions of treasury shares	
<b>Balance at the beginning of the period</b>	247,397	232,461	961,438	(123,153)	83	1,318,227
<b>Changes of items during the period</b>						
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
Net changes of items other than shareholders' equity						
<b>Total changes of items during the period</b>	–	33,828	80,051	10,014	(43)	123,851
<b>Balance at the end of the period</b>	247,397	266,290	1,041,490	(113,139)	40	1,442,079

	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		
<b>Balance at the beginning of the period</b>	52,936	16,873	134,149	–	6,956	259,515
<b>Changes of items during the period</b>						
Dividends of surplus						
Profit attributable to owners of parent						
Purchase of treasury shares						
Disposal of treasury shares						
Capital increase of consolidated subsidiaries						
Other						
Net changes of items other than shareholders' equity	(2,763)	(3,035)	(526)	24	(611)	17,688
<b>Total changes of items during the period</b>	(2,763)	(3,035)	(526)	24	(611)	17,688
<b>Balance at the end of the period</b>	50,173	13,837	133,623	24	6,344	277,204

## (iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Cash flows from operating activities:</b>		
Income before income taxes	179,997	219,026
Depreciation	45,274	44,353
Amortization of goodwill	1,877	1,467
Increase (decrease) in allowance for doubtful accounts	2,244	4,624
Increase (decrease) in reserve for financial instruments transaction liabilities	1,349	636
Interest and dividend income	(6,750)	(5,530)
Interest expenses	2,020	2,701
Share of loss (profit) of entities accounted for using the equity method	(4,828)	(47,282)
Loss (gain) on sale and retirement of non-current assets	(9,212)	523
Loss (gain) on sale of investment securities	(6,198)	(2,921)
Loss (gain) on sale of shares of subsidiaries and associates	-	(943)
Loss (gain) on change in equity	71	66
Loss (gain) on valuation of investment securities	232	1,115
Impairment losses	3,799	3,838
Structural reform costs	-	890
Decrease (increase) in cash segregated as deposits for customers	(12,238)	(25,622)
Decrease (increase) in trading products - assets (liabilities)	823,205	(1,213,635)
Decrease (increase) in private equity and other investments	(10,540)	15,508
Decrease (increase) in operating loans receivable	(697,799)	(73,505)
Decrease/increase in margin transaction assets/liabilities	3,249	(15,939)
Decrease/increase in loans/borrowings secured by securities	(300,962)	746,676
Decrease (increase) in short-term loans receivable	(290)	133
Increase (decrease) in deposits for the banking business	578,841	(213,918)
Decrease (increase) in short-term guarantee deposits	(6,535)	132,139
Increase (decrease) in guarantee deposits received	91,589	(27,303)
Increase (decrease) in deposits received	125,091	41,257
Other, net	(92,856)	8,316
<b>Subtotal</b>	<b>710,631</b>	<b>(403,326)</b>
Interest and dividends received	11,072	13,125
Interest paid	(2,013)	(2,811)
Income taxes refund (paid)	(14,566)	(61,053)
<b>Net cash provided by (used in) operating activities</b>	<b>705,124</b>	<b>(454,066)</b>

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<b>Cash flows from investing activities:</b>		
Payments into time deposits	(83,655)	(35,528)
Proceeds from withdrawal of time deposits	73,481	69,170
Purchase of securities	(726,288)	(1,198,573)
Proceeds from sales and redemption of securities	563,565	977,880
Purchase of property, plant and equipment	(27,781)	(46,823)
Proceeds from sales of property, plant and equipment	19,063	11,090
Purchase of intangible assets	(36,714)	(38,471)
Purchase of investment securities	(25,361)	(50,305)
Proceeds from sales and redemption of investment securities	38,104	57,987
Purchase of shares of subsidiaries and associates	(10,993)	(98,644)
Loan advances	(396)	(626)
Proceeds from collection of loans receivable	171	184
Other, net	(7,182)	(781)
<b>Net cash provided by (used in) investing activities</b>	<b>(223,986)</b>	<b>(353,443)</b>
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term borrowings	(32,234)	109,729
Proceeds from long-term borrowings	636,083	236,340
Repayments of long-term borrowings	(131,651)	(302,016)
Proceeds from issuance of bonds	335,871	512,618
Redemption of bonds	(701,851)	(329,740)
Proceeds from sales of treasury shares	9,446	9,954
Purchase of treasury shares	(60,012)	(10)
Dividends paid	(44,746)	(74,521)
Proceeds from share issuance to non-controlling shareholders	–	52,500
Dividends paid to non-controlling interests	(10,609)	(10,505)
Other, net	(3,142)	(5,329)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,847)</b>	<b>199,019</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>38,101</b>	<b>(3,763)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>516,392</b>	<b>(612,253)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,835,559</b>	<b>4,351,951</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>*1 4,351,951</b>	<b>*1 3,739,698</b>

## Notes to the consolidated financial statements

### Basis of preparation of consolidated financial statements

#### 1 Scope of consolidation

##### (1) Number of consolidated subsidiaries: 122 companies

The names of major consolidated subsidiaries are provided in “4 Status of subsidiaries and associates” under “I. Overview of the Company.”

For the current fiscal year, we have newly included seven companies in the scope of consolidation because of the new establishment and one company because of the new investment in the silent partnership investment business. Furthermore, we have excluded one company from the scope of consolidation due to reduced significance, 18 companies due to liquidation, and 11 companies due to the termination 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 two 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, net income or loss (amount corresponding to equity interest), and the retained earnings (amount corresponding to equity interest), 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

The 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

For an overview of special purpose entities subject to disclosure, overview of transactions where special purpose entities subject to disclosure are used, amount of transactions with special purpose entities subject to disclosure, etc., see “Special purpose entities subject to disclosure.”

#### 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 have newly included three companies in the scope of application of the equity method because of the new acquisition of shares and one company because of a sole-share transfer. We also excluded one company from the scope of application of the equity method because of a share transfer, one company because of the termination

of a silent partnership investment business, and one company because of a 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 one company and the financial statements for the fiscal year end of each company for the other companies.

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

The names of major non-consolidated subsidiaries and affiliates to which the equity method is not applied:

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 net income or loss (amount corresponding to equity interest) and the retained earnings (amount corresponding to equity interest), and were immaterial as a whole, therefore, the Company did not apply the equity method to these non-consolidated subsidiaries and affiliates.

- (3) The 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

The number of the companies: 9 companies

The 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 as to 34 consolidated subsidiaries and the tentative financial statements as of March 31, 2025 as to the other five subsidiaries. We also made adjustments necessary for consolidation as to 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 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 (5 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 the Company and its domestic consolidated subsidiaries 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 (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 and bonds issued, etc., the Company and some consolidated subsidiaries execute hedging using derivative 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 Committee Practical Guidelines 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) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand and deposits that can be withdrawn on demand including current deposits and ordinary deposits, and short-term investments with maturities of three months or less from the acquisition date.

(9) Other significant items associated with the preparation of the consolidated financial statements

Group Tax Sharing System

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

(Significant accounting estimates)

Among the items for which the amount has been recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, those that may have a significant impact on the consolidated financial statements for the next 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 (30.6 billion yen of assets and 17.0 billion yen of liabilities for the previous fiscal year). 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 “(Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments (Note) 1 Explanation of valuation techniques used for measurement of the fair value and inputs for measurement of the 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 the fair value in the case of changes in significant unobservable inputs is described in “(Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments (Note) 2 Information on the Level 3 fair value financial instruments recorded at fair value on the consolidated balance sheets.”

(2) Evaluation 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)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Private equity and other investments	138,663	107,364
Allowance for investment loss (current assets)	(4)	(445)
Operating loans receivable (Alternative Asset Management)	106,705	110,802
Allowance for doubtful accounts (Alternative Asset Management)	(6,127)	(9,673)
Total	239,237	208,048

Daiwa PI Partners Co. Ltd. and Daiwa Energy & Infrastructure Co. Ltd., which are consolidated subsidiaries belonging to Alternative Asset Management of the Group, make investments in and loans to private equity, real estate, energy and infrastructure, etc. mainly through securities that do not belong to trading products such as private equity and other investments and operating loans receivable, etc. At the end of the current fiscal year, Alternative Asset Management 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 changes in the latest business environment and the business plan that reflects it, 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 previous fiscal year, we recorded a loss of 6.3 billion yen from lending and investments in both Japan and overseas. For the current fiscal year, we recorded a loss of 8.8 billion yen from lending and investments in both Japan and overseas.

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 evaluations.

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, additional losses or reversals of allowances may be recognized for the next fiscal year.

(Changes in accounting policies)

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27 revised on October 28, 2022; 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; hereinafter the “Revised Guidance of 2022”). There is no impact on the consolidated financial statements as a result of this change in accounting policy.

Concerning the revision related to revised treatment in the consolidated financial statements when gains or losses on sales of shares of subsidiaries, etc. conducted among consolidated companies are deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the fiscal year ended March 31, 2025. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the previous fiscal year. There is no impact on the consolidated financial statements as a result of this change in accounting policy.

(Accounting standards issued but not yet effective)

- “Accounting Standard for Leases” (ASBJ Statement No. 34 revised on September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33 revised on September 13, 2024)

(1) Overview

As part of an initiative to ensure Japanese accounting standards are consistent with international standards, ASBJ has been considering to develop accounting standards related to leases that recognize assets and liabilities for all leases of a lessee, taking into account the international accounting standards. As the basic policy, the single accounting model of IFRS 16 has been used as the foundation, and although not incorporating every provision of IFRS 16, ASBJ has decided to incorporate the main provisions in the interest of greater simplicity and convenience. Even when the provisions of IFRS 16 are used in individual financial statements, the lease accounting standards issued by ASBJ are designed to eliminate the need for revisions in principle. In terms of the lessee’s accounting treatment, for the method used to allocate lease expenses of lessees, like IFRS 16, a single accounting model is applied to all leases in which depreciation of right-of-use assets and the amount of interest on lease liabilities are recorded, regardless of whether the lease is classified as a finance lease or an operating lease.

(2) Application date

The Company will apply the accounting standard from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of application

The impact of the application of the accounting standards and other rules on the consolidated financial statements is currently under evaluation.

(Notes to consolidated balance sheets)

- \*1 The amounts of receivables and contract assets from transactions with customers recorded under notes and accounts receivable-trade, and contract assets are respectively described below.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Accounts receivable - trade	24,442	28,484
Contract assets	5,184	4,560

- \*2 Breakdown of accumulated depreciation deducted from property, plant and equipment

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Buildings	143,528	152,172
Machinery and equipment	1,751	2,086
Furniture and fixtures	43,587	41,709
Total	188,867	195,969

- \*3 Investments in non-consolidated subsidiaries and affiliates

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Investment securities	179,377	334,637
(of which, the amount of investment in jointly controlled entities)	1,250	1,766

- \*4 Assets pledged as collateral

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Cash and deposits	21,911	9,001
Securities	223,932	198,746
Trading products	314,497	548,157
Operating loans receivable	1,254,916	1,253,297
Other current assets	51,449	45,043
Investment securities	17,259	16,620
Total	1,883,966	2,070,865

Liabilities secured by collateral

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Borrowings on margin transactions	4,735	2,466
Short-term borrowings	345,374	276,641
Long-term borrowings	795,582	777,738
Total	1,145,691	1,056,846

(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 (85,996 million yen in the previous fiscal year) are also pledged as collateral.

## 5 Fair value of securities pledged as collateral

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Securities lent under loan agreements (loan for consumption)	9,453,808	10,223,216
Securities sold under repurchase agreements (Gensaki)	3,273,956	6,580,198
Other	463,554	584,383
Total	13,191,320	17,387,799

(Note) Those belonging to \*4 “Assets pledged as collateral” are excluded.

## 6 Fair value of securities received as collateral

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Securities borrowed under loan agreements (loan for consumption)	10,333,855	12,888,837
Securities purchased under resale agreements (Gensaki)	3,085,681	3,805,985
Other	453,776	458,907
Total	13,873,314	17,153,729

## 7 Balance of unused commitments to extend credit

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Total line of credit	806,000	738,728
Balance of used commitments to extend credit	427,266	382,173
Balance of unused commitments to extend credit	378,734	356,555

Note that the above total amount of commitments to extend credit includes amounts that will end without being drawn down, so the total balance of unused commitments to extend credit will not necessarily be drawn down.

## \*8 Allowance for doubtful accounts deducted directly from assets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Investments and other assets, other	2,501	1,868

## \*9 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

10 Guarantee obligations

Names of the guarantees (details of obligations guaranteed) are described below.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Good Time Living Co. Ltd. (Lump-sum payment for occupancy refundable debt)	10,840	11,294
Other (Standby letter of credit)	1,075	2,271
Total	11,916	13,566

\*11 Non-recourse debt

(1) Non-recourse debt is as follows.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Long-term borrowings	13,375	12,645

(2) Assets corresponding to non-recourse debt are as follows.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Cash and deposits	812	854
Other current assets	26,694	26,438
Total	27,506	27,293

Note that the above amounts are included in the amount of \*4 “Assets pledged as collateral” and “Liabilities secured by collateral.”

12 Balance of unused lines of commitment

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
	15,141	44,856

(Notes to consolidated statements of income)

1 Revenue from contracts with customers

Operating revenue is not separately presented for revenue arising from contracts with customers and other revenues. The amount of revenue from contracts with customers is described in “Notes to the consolidated financial statements (Segment information).”

\*2 Breakdown of net trading income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Equities and others	43,625	32,488
Bond, forex, and others	54,535	74,884
Total	98,160	107,373

*3	Provision of allowance for doubtful accounts included in financial expenses	(Millions of yen)	
		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
		2,433	608
*4	Provision for bonuses included in personnel expenses	(Millions of yen)	
		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
		43,384	50,583
*5	Details of gain on sale of non-current assets	(Millions of yen)	
		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Gain on sale of non-current assets		
	Buildings	2,443	-
	Machinery and equipment	0	-
	Furniture and fixtures	0	-
	Land	8,586	-
*6	Details of loss on sale and retirement of non-current assets	(Millions of yen)	
		Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	Loss on sale of non-current assets		
	Buildings	47	-
	Land	-	28
	Loss on retirement of non-current assets		
	Buildings	145	21
	Machinery and equipment	0	-
	Furniture and fixtures	162	110
	Software	661	242
	Other	801	120
*7	Fiscal year ended March 31, 2025		
	Office relocation expenses include expenses associated with relocation, etc. of consolidated subsidiaries' offices.		
*8	Fiscal year ended March 31, 2025		
	The Group is undertaking revenue restructuring, and as part of this effort, it is reducing real estate expenses by integrating nearby head office and branches and improving the efficiency of the branch function, while reviewing the assets held in existing businesses. As a result, the Group has recorded 890 million yen in expenses related to the return of business offices and branch relocations, etc. as structural reform costs.		
*9	Fiscal year ended March 31, 2024		
	Business restructuring expenses include expenses associated with business restructuring, etc. for domestic and overseas subsidiaries.		

Fiscal year ended March 31, 2025

Business restructuring expenses include expenses associated with business restructuring, etc. for domestic and overseas subsidiaries.

\*10 Fiscal year ended March 31, 2024

We recorded impairment losses on the following asset groups.

(Millions of yen)

Location	Condition	Impairment losses
Japan	Business assets, etc.	2,028
Americas	Other	1,770
Total		3,799

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

As a result of 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 15 million yen, furniture and fixtures of 36 million yen, software of 1,976 million yen, and goodwill of 1,770 million yen.

The recoverable amount of buildings, furniture and fixtures, and software is measured with the value in use. The value in use of buildings and furniture and fixtures is assessed using the memorandum value, and the value in use of software is set at zero. The recoverable amount of goodwill is measured based on the re-evaluated enterprise value.

Fiscal year ended March 31, 2025

We recorded impairment losses on the following asset groups.

(Millions of yen)

Location	Condition	Impairment losses
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 decisions on 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.

Also, the recoverable amount of assets for which disposal has been decided is measured by net realizable value, which is determined by the appraisal value, etc. Furthermore, the recoverable amount of assets for which profitability has declined significantly is measured by value in use, which is set at zero.

(Notes to consolidated statements of comprehensive income)

\*1 Reclassification adjustments, income taxes and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
<hr/>		
Valuation difference on available-for-sale securities		
Amount arising during the year	32,287	(3,125)
Reclassification adjustments	6,735	(2,896)
	<hr/>	
Amount before income taxes and tax effects	39,023	(6,021)
Income taxes and tax effects	10,863	(1,064)
	<hr/>	
Valuation difference on available-for-sale securities	28,159	(4,957)
	<hr/>	
Deferred gains or losses on hedges		
Amount arising during the year	1,981	(961)
Reclassification adjustments	(960)	(905)
	<hr/>	
Amount before income taxes and tax effects	1,021	(1,867)
Income taxes and tax effects	309	(329)
	<hr/>	
Deferred gains or losses on hedges	711	(1,537)
	<hr/>	
Foreign currency translation adjustment		
Amount arising during the year	53,719	(3,165)
Reclassification adjustments	-	-
	<hr/>	
Amount before income taxes and tax effects	53,719	(3,165)
Income taxes and tax effects	-	-
	<hr/>	
Foreign currency translation adjustment	53,719	(3,165)
	<hr/>	
Share of other comprehensive income of entities accounted for using the equity method		
Amount arising during the year	6,081	10,427
Reclassification adjustments	-	(6,389)
	<hr/>	
Share of other comprehensive income of entities accounted for using the equity method	6,081	4,038
	<hr/>	
Total other comprehensive income	88,672	(5,622)
	<hr/>	

(Notes to consolidated statements of changes in net assets)

Fiscal year ended March 31, 2024

1 Shares issued

(Thousands of shares)

Type of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock	1,569,378	–	–	1,569,378

2 Treasury shares

(Thousands of shares)

Type of shares	As of April 1, 2023	Increase	Decrease	As of March 31, 2024
Common stock	116,399	63,954	12,279	168,074

(Notes) 1 The increase of 63,954 thousand shares in the number of common stock was due to the purchase of 63,939 thousand treasury shares in accordance with resolutions at Board of Directors meetings held on April 27, 2023 and October 31, 2023, and the receipt of requests to purchase 15 thousand shares of less than one unit.

2 The decrease of 12,279 thousand shares in the number of common stock included the transfer of 0 thousand shares due to the receipt of requests to sell shares of less than one unit, the transfer of 10,624 thousand shares associated with the exercise of share acquisition rights, and 1,655 thousand shares granted as a result of the Restricted Stock Compensation Plan.

3 Share acquisition rights

Company name	Item	Class of shares	Number of shares (shares)				Balance as of March 31, 2024 (Millions of yen)
			As of April 1, 2023	Increase	Decrease	As of March 31, 2024	
Reporting company	Share acquisition rights as stock options			–			6,956
Total				–			6,956

4 Dividends

(1) Amount of dividends

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
April 27, 2023 Board of Directors	Common stock	17,435	12	March 31, 2023	June 5, 2023
October 31, 2023 Board of Directors	Common stock	27,311	19	September 30, 2023	December 1, 2023

(2) Among dividends with record dates during the fiscal year ended March 31, 2024, dividends to be distributed after the end of the fiscal year

Resolution	Type of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
April 25, 2024 Board of Directors	Common stock	Retained earnings	35,032	25	March 31, 2024	May 31, 2024

Fiscal year ended March 31, 2025

1 Shares issued

(Thousands of shares)

Type of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock	1,569,378	–	–	1,569,378

2 Treasury shares

(Thousands of shares)

Type of shares	As of April 1, 2024	Increase	Decrease	As of March 31, 2025
Common stock	168,074	9	13,681	154,402

(Notes) 1 The increase of 9 thousand shares in the number of common stock was due to the receipt of requests to purchase 9 thousand shares of less than one unit.

2 The decrease of 13,681 thousand shares in the number of common stock included the transfer of 0 thousand shares due to the receipt of requests to sell shares of less than one unit, the transfer of 12,766 thousand shares associated with the exercise of share acquisition rights, and 914 thousand shares granted as a result of the Restricted Stock Compensation Plan.

3 Share acquisition rights

Company name	Item	Class of shares	Number of shares (shares)				Balance as of March 31, 2025 (Millions of yen)
			As of April 1, 2024	Increase	Decrease	As of March 31, 2025	
Reporting company	Share acquisition rights as stock options			–			6,344
	Total			–			6,344

4 Dividends

(1) Amount of dividends

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

(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

Resolution	Type of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
April 28, 2025 Board of Directors	Common stock	Retained earnings	39,619	28	March 31, 2025	May 30, 2025

(Notes to consolidated statements of cash flows)

\*1 Reconciliation of cash and cash equivalents at the end of the period and the related account on the consolidated balance sheets  
(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	4,398,616	3,756,732
Time deposits with maturity over 3 months, etc.	(51,665)	(17,034)
Certificates of deposits with maturity of 3 months or less *	5,000	—
Cash and cash equivalents	4,351,951	3,739,698

\* Certificates of deposits with maturity of 3 months or less are included in securities in the consolidated balance sheets.

(Leases)

As lessee:

Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Due within one year	13,591	13,779
Due after one year	88,964	91,854
Total	102,555	105,634

As lessor:

Operating lease transactions

Future minimum lease payments under non-cancelable operating leases

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Due within one year	16,726	19,100
Due after one year	45,721	42,134
Total	62,448	61,234

(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,” etc., 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 our 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 and 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 and 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, etc. 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 and 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 which 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 which 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 which 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 subsidiaries’ risk management systems and risk exposures. 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

1) Management of market risk

The Group manages its trading business by establishing the limit for VaR, position and 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)

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 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.

2) Management of credit risk

The credit risks generated in the trading business of the Group consist of counterparty risk and issuer risk. In regard to 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.

3) 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 as to financial instruments held for purposes 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, securities, etc., 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 which need 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 and 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).

The VaR is calculated using the historical simulation method (holding period: 20 days, confidence interval: 99%, observation period: 750 business days) and the value calculated in 20-day holding period is converted to a 125-day holding period. The value 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 FY2024, 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 securities-related business that uses many assets and liabilities and in 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 the Group, the Company collectively manages and monitors the liquidity of the entire Group under the basic policy

of securing the appropriate liquidity of the Group as a whole. The Group 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 maintain the consolidated liquidity coverage ratio (hereinafter referred to as “LCR”) and consolidated net stable funding ratio (hereinafter referred to as “NSFR”) at or above the specified ratio (100% each) based on Financial Services Agency Notification No. 61 of 2014. In addition to managing and monitoring the regulatory LCR and NSFR based on notifications from the Financial Services Agency as the risk appetite associated with liquidity, we have established a liquidity risk management system centered on liquidity stress testing to allow business continuity even in the event that we are unable to obtain unsecured financing for a period of time. For our evaluation of the sufficiency of our short-term unsecured financing, we first envisioned a range of stress scenarios, and are now performing daily checks to ensure our liquidity portfolio is sufficient to cover our estimated outflow of funds. For our evaluation of the sufficiency of our long-term unsecured financing, we regularly monitor the amount of stable fundraising against low-liquidity assets during stress periods.

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 and 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.

(4) 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 Paragraph 24-3 and Paragraph 24-9 of the ASBJ Guidance No. 31 “Implementation Guidance on Accounting Standard for Fair Value Measurement” has been applied, stocks without market prices, and 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

As of March 31, 2024

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
(1) Trading products				
(i) Trading securities and other				
Equities	85,727	333	1,795	87,856
Government, municipal and other bonds	1,197,338	155,066	–	1,352,404
Corporate bonds	–	327,072	–	327,072
Foreign bonds	1,252,902	556,350	13,495	1,822,748
Beneficiary certificates	34,242	9,236	–	43,479
Other	0	1,235,882	1,213	1,237,095
(ii) Derivatives				
Equity	45,314	211,257	17,433	274,006
Interest rate	169	1,697,807	3,749	1,701,726
Currency	–	620,014	5,141	625,156
Credit / Other	–	59,108	4,343	63,451
(2) Securities, private equity and other investments and investment securities				
Available-for-sale securities				
Equities	132,097	–	–	132,097
Government, municipal and other bonds	85,583	12,874	–	98,458
Corporate bonds	–	140,676	20,841	161,517
Foreign bonds	435,546	387,524	33,510	856,581
Beneficiary certificates	54,885	76,181	–	131,066
Total assets	3,323,808	5,489,386	101,525	8,914,720

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Liabilities</u>				
(1) Trading products				
(i) Trading securities and other				
Equities	198,093	5,627	–	203,721
Government, municipal and other bonds	1,856,672	1,119	–	1,857,792
Foreign bonds	1,154,222	65,212	–	1,219,434
Beneficiary certificates	16,060	–	–	16,060
Other	–	71,670	–	71,670
(ii) Derivatives				
Equity	69,710	177,351	3,998	251,060
Interest rate	211	1,713,403	8,322	1,721,936
Currency	6	456,830	1,739	458,576
Credit / Other	–	60,601	2,966	63,567
Total liabilities	3,294,977	2,551,816	17,026	5,863,821
Derivatives other than trading transactions (*1, *2)				
Interest rate	–	69,627	–	69,627
Currency	–	(14,139)	–	(14,139)
Total derivatives other than trading transactions	–	55,488	–	55,488

\*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 63,350 million yen.

\*3 Investment trusts to which Paragraph 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 10,754 million yen in “Available-for-sale securities.”

\*4 The Company and some consolidated subsidiaries conducted 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 and corporate bonds issued, etc., and mainly apply deferred hedge accounting to them. We have also applied “Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR” (PITF No. 40, issued on March 17, 2022) to these hedging relationships.

As of March 31, 2025

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
(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

(Millions of yen)

	Fair Value			
	Level 1	Level 2	Level 3	Total
<u>Liabilities</u>				
(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 Paragraph 24-3 and Paragraph 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 conducted 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 and 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

As of March 31, 2024

(Millions of yen)

	Fair Value				Amounts in the consolidated balance sheets	Difference
	Level 1	Level 2	Level 3	Total		
<b>Assets</b>						
(1) Operating loans receivable					2,722,321	
Allowance for doubtful accounts					(9,186)	
	–	–	2,712,095	2,712,095	2,713,135	(1,040)
(2) Securities, private equity and other investments and investment securities						
(i) Held-to-maturity debt securities						
Corporate bonds	–	207,920	–	207,920	216,458	(8,537)
(ii) Subsidiary and affiliated company stock	139,725	–	–	139,725	89,823	49,901
Total assets	139,725	207,920	2,712,095	3,059,741	3,019,417	40,324
<b>Liabilities</b>						
(1) Deposits for the banking business	–	4,508,948	–	4,508,948	4,511,603	2,655
(2) Bonds payable	–	1,273,314	–	1,273,314	1,276,312	2,997
(3) Long-term borrowings	–	2,018,664	–	2,018,664	2,020,812	2,147
Total liabilities	–	7,800,927	–	7,800,927	7,808,727	7,800

As of March 31, 2025

(Millions of yen)

	Fair Value				Amounts in the consolidated balance sheets	Difference
	Level 1	Level 2	Level 3	Total		
<b>Assets</b>						
(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						
Corporate bonds	–	188,938	–	188,938	206,383	(17,445)
(ii) Subsidiary and affiliated company stock	151,142	–	–	151,142	176,143	(25,000)
<b>Total assets</b>	<b>151,142</b>	<b>188,938</b>	<b>2,778,435</b>	<b>3,118,516</b>	<b>3,166,331</b>	<b>(47,815)</b>
<b>Liabilities</b>						
(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
<b>Total liabilities</b>	<b>–</b>	<b>7,525,013</b>	<b>–</b>	<b>7,525,013</b>	<b>7,552,804</b>	<b>27,791</b>

“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 transaction and the amount equivalent to the selling price of securities related to the customer’s 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, NAV is used as the fair value, and it is classified as Level 2 fair value. Also, investment trusts to which Paragraph 24-3 and Paragraph 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 loans that are secured by customer’s 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 are 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

As of March 31, 2024

Category	Evaluation methodology	Significant unobservable input	Input range
Derivatives	Expected cash flow discount model under risk-neutral measure		
Interest rates / Exchange rates		Swap rate	0.9 - 4.8%
		Currency basis	(0.8) - (0.04)%
Equity		Stock price volatility	18.6 - 20.9%
Credit / Other		Credit spread	0.1 - 5.3%
		Correlation coefficient	(0.18) - 0.85
Available-for-sale securities		Credit spread	0.1 - 2.3%
		Stock price volatility	11.6 - 23.1%

As of March 31, 2025

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 current fiscal year (the previous 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.

Fiscal year ended March 31, 2024

(Millions of yen)

	Trading securities and other (Assets)	Derivatives (Net)	Private equity and other investments	Available-for-sale securities	Total
Beginning balance	10,828	101,514	7,317	34,009	153,670
Gain/Loss for the current fiscal year					
Recorded in gain and loss (*2)	832	(19,024)	–	–	(18,191)
Purchase, sale, issuance and settlement					
Purchase	29,380	338	7,872	5,000	42,590
Sale	(23,678)	(459)	–	–	(24,138)
Issuance	–	–	–	–	–
Settlement	–	(13,405)	–	(5,000)	(18,405)
Transfer to Level 3 fair value (*1, *4)	2,577	–	–	–	2,577
Transfer from Level 3 fair value (*1, *5)	(3,435)	(55,321)	–	–	(58,756)
Change in valuation difference	–	–	1,169	3,983	5,152
Ending balance	16,504	13,641	16,358	37,992	84,498
Unrealized gain/loss on financial instruments held on the consolidated balance sheet date which is recorded in gain/loss for this fiscal year (*3)	332	(32,429)	–	–	(32,097)

\*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.

Fiscal year ended March 31, 2025

(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 calculated using inputs including credit spread, and when the market fluctuates, the fair value can increase or decrease based on the combined total 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.

As of March 31, 2024

(Millions of yen)

	Fair Value	Positive fair value fluctuations	Negative fair value fluctuations
Derivatives	13,641	804	804
Available-for-sale securities	37,992	33	695

As of March 31, 2025

(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 for which NAV is considered to be the fair value in accordance with Paragraph 24-3 and Paragraph 24-9 of the Implementation Guidance on Accounting Standard for Fair Value Measurement

Fiscal year ended March 31, 2024

(Millions of yen)

	Available-for-sale securities
	Paragraph 24-9 (Real estate)
Beginning balance	12,930
Gain / loss for the current fiscal year	
Recorded in gain and loss	791
Purchase, sale and reimbursement	
Purchase	3,932
Sale	(6,285)
Reimbursement	—
NAV is considered to be the fair value	—
NAV is not considered to be the fair value	—
Change in valuation difference	(614)
Ending balance	10,754

Fiscal year ended March 31, 2025

(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

\* The main details of the restrictions on cancellations and repurchase requests on the consolidated balance sheet date are those with cancellation restrictions for a certain period, totaling 6,059 million yen.

(Note) 4 Securities without market prices (such as unlisted stocks) and partnership investment, etc. are as follows. They are not included in assets (2) “Available-for-sale securities.”

As of March 31, 2024

(Millions of yen)

Category	Amounts in the consolidated balance sheets
Subsidiary stock and affiliated company stock	
Unlisted stock *1	126,327
Available-for-sale securities	
Unlisted stock *1	32,501
Partnership investment, etc. *2	169,338

\*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.”

\*3 Partnership investments, etc. include 109,015 million yen of investments in investment limited partnerships, etc. that are subsidiaries, etc. at the end of the current fiscal year.

As of March 31, 2025

(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.”

\*3 Partnership investments, etc. include 86,792 million yen of investments in investment limited partnerships, etc. that are subsidiaries, etc. at the end of the current fiscal year.

(Note) 5 Scheduled redemption amounts of monetary claims and securities with maturity after the consolidated balance sheet date  
As of March 31, 2024

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Operating loans receivable	1,776,282	536,735	263,940	145,362
Securities, private equity and other investments and investment securities				
Held-to-maturity debt securities	–	55,884	–	160,574
Corporate bonds	–	55,884	–	160,574
Available-for-sale securities with maturities	94,469	426,175	218,783	292,869
Bonds	94,469	426,175	218,783	292,869
Government, municipal and other bonds	–	12,874	–	85,583
Corporate bonds	18,186	114,527	10,946	34,215
Foreign bonds	76,282	298,773	207,836	173,069
<b>Total</b>	<b>1,870,751</b>	<b>1,018,795</b>	<b>482,724</b>	<b>598,806</b>

As of March 31, 2025

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Operating loans receivable	1,809,937	363,694	474,842	145,079
Securities, private equity and other investments and investment securities				
Held-to-maturity debt securities	–	55,926	–	150,457
Corporate bonds	–	55,926	–	150,457
Available-for-sale securities with maturities	194,913	436,411	264,710	295,981
Bonds	194,913	436,411	264,710	295,981
Government, municipal and other bonds	5,295	29,728	59,236	83,014
Corporate bonds	58,731	68,786	20,009	25,723
Foreign bonds	130,886	337,896	185,464	187,243
<b>Total</b>	<b>2,004,851</b>	<b>856,032</b>	<b>739,553</b>	<b>591,518</b>

(Note) 6 Scheduled repayment of bonds payable, long-term borrowings and other interest-bearing debt after the consolidated balance sheet date

As of March 31, 2024

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Deposits for the banking business	4,459,392	52,210	–	–
Bonds payable	–	871,901	133,833	270,577
Long-term borrowings	–	1,486,342	372,798	161,671
Total	4,459,392	2,410,454	506,631	432,248

\* Demand deposits in deposits for the banking business are included in “Within 1 year.”

As of March 31, 2025

(Millions of yen)

	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Deposits for the banking business	4,250,172	47,512	–	–
Bonds payable	–	717,217	114,748	386,524
Long-term borrowings	–	1,449,166	440,734	146,728
Total	4,250,172	2,213,896	555,482	533,253

\* Demand deposits in deposits for the banking business are included in “Within 1 year.”

(Securities)

1 Trading products  
Trading securities and other  
As of March 31, 2024

(Millions of yen)

Type	Fair Value	
	Assets	Liabilities
Equities	87,856	203,721
Bonds	3,502,226	3,077,226
Commercial papers and certificates of deposits	–	–
Beneficiary certificates	43,479	16,060
Other	1,237,095	71,670
Net unrealized gains (losses) included in profit or loss in the fiscal year	17,780	(15,936)

As of March 31, 2025

(Millions of yen)

Type	Fair Value	
	Assets	Liabilities
Equities	138,888	151,696
Bonds	4,184,007	4,288,287
Commercial papers and certificates of deposits	–	–
Beneficiary certificates	30,446	11,960
Other	1,191,214	358,703
Net unrealized gains (losses) included in profit or loss in the fiscal year	(17,982)	22,975

2 Securities, private equity and other investments and investment securities

(i) Held-to-maturity debt securities

As of March 31, 2024

(Millions of yen)

Type	Amounts in the consolidated balance sheets	Fair Value	Difference
Items whose fair value exceed the amount in the consolidated balance sheets	2,584	2,586	1
Government, municipal and other bonds	—	—	—
Corporate bonds	2,584	2,586	1
Other	—	—	—
Items whose fair value does not exceed the amount in the consolidated balance sheets	213,873	205,334	(8,539)
Government, municipal and other bonds	44,591	44,555	(36)
Corporate bonds	169,282	160,778	(8,503)
Other	—	—	—

As of March 31, 2025

(Millions of yen)

Type	Amounts in the consolidated balance sheets	Fair Value	Difference
Items whose fair value exceed the amount in the consolidated balance sheets	—	—	—
Government, municipal and other bonds	—	—	—
Corporate bonds	—	—	—
Other	—	—	—
Items whose fair value does not exceed the amount in the consolidated balance sheets	206,383	188,938	(17,445)
Government, municipal and other bonds	44,629	43,734	(895)
Corporate bonds	161,754	145,203	(16,550)
Other	—	—	—

(ii) Available-for-sale securities  
As of March 31, 2024

(Millions of yen)

Type	Amounts in the consolidated balance sheets	Acquisition cost or amortized cost	Difference
Items whose carrying amount exceeds acquisition cost or amortized cost	617,559	527,720	89,838
Stocks	120,893	55,585	65,307
Bonds	373,122	366,294	6,827
Government, municipal and other bonds	11,201	9,927	1,273
Corporate bonds	59,478	57,011	2,466
Other	302,443	299,355	3,088
Other	123,543	105,839	17,703
Items whose carrying amount does not exceed acquisition cost or amortized cost	790,022	824,485	(34,462)
Stocks	11,204	12,726	(1,522)
Bonds	639,471	668,308	(28,837)
Government, municipal and other bonds	98,458	106,102	(7,643)
Corporate bonds	105,845	106,490	(645)
Other	435,167	455,715	(20,547)
Other	139,346	143,450	(4,103)

(Note) Securities without market prices (such as unlisted stocks) and partnership investments, etc. are not included in the above table. (They are as described in (Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments, (Note) 4.)

As of March 31, 2025

(Millions of yen)

Type	Amounts in the consolidated balance sheets	Acquisition cost or amortized cost	Difference
Items whose carrying amount exceeds acquisition cost or amortized cost	725,117	636,321	88,796
Stocks	128,183	57,913	70,269
Bonds	501,971	495,250	6,720
Government, municipal and other bonds	58,211	56,892	1,319
Corporate bonds	25,839	24,046	1,792
Other	417,920	414,311	3,608
Other	94,962	83,156	11,805
Items whose carrying amount does not exceed acquisition cost or amortized cost	850,763	887,259	(36,496)
Stocks	5,038	6,426	(1,387)
Bonds	702,502	735,054	(32,551)
Government, municipal and other bonds	130,226	146,086	(15,859)
Corporate bonds	148,580	150,551	(1,971)
Other	423,696	438,417	(14,720)
Other	143,221	145,778	(2,557)

(Note) Securities without market prices (such as unlisted stocks) and partnership investments, etc. are not included in the above table. (They are as described in (Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments, (Note) 4.)

(iii) Held-to-maturity debt securities sold during the fiscal year

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

## (iv) Available-for-sale securities sold during the fiscal year

Fiscal year ended March 31, 2024

(Millions of yen)

Category	Sale proceeds	Total gain on sale	Total loss on sale
Stocks	26,734	13,732	74
Bonds	94,760	9	13,069
Government, municipal and other bonds	62,102	–	9,567
Corporate bonds	5,491	9	636
Other	27,166	–	2,865
Other	69,624	23,484	13,375
Total	191,119	37,227	26,519

Fiscal year ended March 31, 2025

(Millions of yen)

Category	Sale proceeds	Total gain on sale	Total loss on sale
Stocks	25,318	14,540	4
Bonds	101,611	268	4,016
Government, municipal and other bonds	51,428	–	2,526
Corporate bonds	19,368	–	568
Other	30,814	268	921
Other	24,784	659	1,588
Total	151,713	15,468	5,609

## 3 Impairment of securities

For the previous fiscal year, we recognized impairment losses of 1,900 million yen on shares of subsidiaries, 687 million yen on shares of affiliates, and 2,118 million yen on available-for-sale securities (comprising 1,985 million yen for stocks and 132 million yen for other).

For the current fiscal year, impairment losses of 5,452 million yen have been recognized on available-for-sale securities (comprising 5,419 million yen for stocks and 32 million yen for other).

Note that for impairment losses of securities with a market price, if the market price at the end of the fiscal year declines by 50% or more compared to the acquisition cost, we deem this to be a significant decline without the likelihood of recovery and recognize impairment losses. In addition, if the market price declines by 30% or more, but less than 50% of the acquisition cost, we comprehensively assess aspects such as the movement in the market price and the financial position of the issuer to determine the possibility of recovery. Impairment losses are recognized if it is determined that there is no likelihood of recovery.

## 4 Securities whose classification was changed

Not applicable.

## (Derivatives)

1 Derivatives used for trading purposes  
As of March 31, 2024

## (1) Equity-related transactions

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Futures and forwards	64,113	9,947	608,789	37,004
Swaps	155,650	17,183	136,366	6,738
Options	1,780,295	246,875	1,896,609	207,318
Total	2,000,058	274,006	2,641,765	251,060

## (2) Interest rate-related transactions

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Futures and forwards	1,515,530	2,865	2,624,575	6,768
Swaps	60,150,852	1,698,264	58,320,640	1,714,894
Options	514,027	597	518,476	274
Total	62,180,410	1,701,726	61,463,693	1,721,936

## (3) Currency-related transactions

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Futures and forwards	147,865	36,514	31,322	5,672
Foreign exchange forward	2,510,000	51,578	3,126,185	64,411
Swaps	5,112,290	450,099	5,516,256	239,169
Options	526,154	86,963	999,661	149,322
Total	8,296,310	625,156	9,673,425	458,576

## (4) Credit / Other

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Credit / Other	3,496,571	63,451	3,474,972	63,567
Total	3,496,571	63,451	3,474,972	63,567

(Note) The method of calculating the fair value is described in “(Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments (Note) 1 Explanation of valuation techniques used for measurement of the fair value and inputs for measurement of the fair value (i) Trading products (ii) Derivatives.”

As of March 31, 2025

(1) Equity-related transactions

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Futures and forwards	127,512	1,303	300,927	8,386
Swaps	140,821	16,265	67,574	2,888
Options	565,644	29,086	661,409	33,175
Total	833,977	46,655	1,029,911	44,450

(2) Interest rate-related transactions

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Futures and forwards	1,399,051	2,165	2,304,497	2,622
Swaps	74,048,274	2,149,670	73,071,365	2,168,717
Options	1,457,064	1,833	1,527,899	1,203
Total	76,904,390	2,153,669	76,903,763	2,172,543

(3) Currency-related transactions

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Futures and forwards	144,280	34,592	35,890	5,142
Foreign exchange forward	2,424,597	42,368	2,005,356	28,411
Swaps	5,516,550	367,270	4,935,297	175,287
Options	644,957	75,672	1,260,959	141,824
Total	8,730,386	519,904	8,237,504	350,666

(4) Credit / Other

(Millions of yen)

Type	Assets		Liabilities	
	Contract amount, etc.	Fair Value	Contract amount, etc.	Fair Value
Credit / Other	3,963,752	62,752	3,873,801	58,886
Total	3,963,752	62,752	3,873,801	58,886

(Note) The method of calculating the fair value is described in “(Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments (Note) 1 Explanation of valuation techniques used for measurement of the fair value and inputs for measurement of the fair value (i) Trading products (ii) Derivatives.”

2 Derivatives used for non-trading purposes

(i) Derivatives to which hedge accounting is not applied

The contract amount or the amount equivalent to the principal stipulated in the contract, the fair value and unrealized gains or losses are as follows.

As of March 31, 2024

(Millions of yen)

Underlying asset classification	Type	Contract amount, etc.	Fair Value	Unrealized gains (losses)
Interest rate-related transactions	Swaps	2,500	(7)	(7)
Currency-related transactions	Swaps	212,882	(8,442)	(8,442)
Currency-related transactions	Foreign exchange forward	651,511	587	587

(Note) The method of calculating the fair value is described in “(Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments (Note) 1 Explanation of valuation techniques used for measurement of the fair value and inputs for measurement of the fair value (1) Trading products (ii) Derivatives.”

As of March 31, 2025

(Millions of yen)

Underlying asset classification	Type	Contract amount, etc.	Fair Value	Unrealized gains (losses)
Interest rate-related transactions	Swaps	1,200	(2)	(2)
Currency-related transactions	Swaps	180,321	5,943	5,943
Currency-related transactions	Foreign exchange forward	388,856	(1,093)	(1,093)

(Note) The method of calculating the fair value is described in “(Financial instruments) 2. Fair value and fair value hierarchy by level of financial instruments (Note) 1 Explanation of valuation techniques used for measurement of the fair value and inputs for measurement of the fair value (1) Trading products (ii) Derivatives.”

(ii) Derivatives to which hedge accounting is applied

Major hedged items, the contract amount or the amount equivalent to the principal stipulated in the contract and fair value are as follows.

As of March 31, 2024

(Millions of yen)

Underlying asset classification	Type	Hedge accounting method	Major hedged items	Contract amount, etc.	Fair Value
Interest rate-related transactions	Swaps	Deferred hedge accounting	Corporate bonds, borrowings, and securities	780,468	69,635
Currency-related transactions	Swaps	Deferred hedge accounting	Securities	13,164	(285)
Currency-related transactions	Foreign exchange forward	Deferred hedge accounting*	Loans, securities and deposits denominated in foreign currencies	496,240	(5,999)

\* Deferred hedge accounting is used for subsidiaries conducting the banking business in accordance with the JICPA Industry Committee Practical Guidelines No. 25.

As of March 31, 2025

(Millions of yen)

Underlying asset classification	Type	Hedge accounting method	Major hedged items	Contract amount, etc.	Fair Value
Interest rate-related transactions	Swaps	Deferred hedge accounting	Corporate bonds, borrowings, and securities	1,153,460	65,666
Currency-related transactions	Swaps	Deferred hedge accounting	Securities	59,808	2,039
Currency-related transactions	Foreign exchange forward	Deferred hedge accounting*	Loans, securities and deposits denominated in foreign currencies	416,650	(2,617)

\* Deferred hedge accounting is used for subsidiaries conducting the banking business in accordance with the JICPA Industry Committee Practical Guidelines No. 25.

(Retirement benefits)

1 Overview of retirement benefit plans adopted

The Company and its major domestic consolidated subsidiaries maintain unfunded defined benefit plans (a lump-sum retirement plan) and defined contribution plans.

Note that some overseas consolidated subsidiaries also maintain defined contribution plans.

2 Defined benefit plans

(1) Reconciliation from the opening balance to the closing balance for retirement benefit obligations

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Balance of retirement benefit obligations at the beginning of the period	44,309	43,715
Service cost	2,920	2,727
Retirement benefits paid	(3,621)	(3,428)
Other	106	125
Balance of retirement benefit obligations at the end of the period	43,715	43,139

(2) Reconciliation between the ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Retirement benefit obligations of funded plans	-	-
Plan assets	-	-
	-	-
Retirement benefit obligations of unfunded plans	43,715	43,139
Net amount of liabilities and assets recorded in the consolidated balance sheets	43,715	43,139
Retirement benefit liability	43,715	43,139
Net amount of liabilities and assets recorded in the consolidated balance sheets	43,715	43,139

(3) Amounts of retirement benefit expenses and their components

	(Millions of yen)	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Service cost	2,920	2,727
Retirement benefit expenses for defined benefit plans	2,920	2,727

3 Defined contribution plans

The amounts of required contributions to defined contribution plans of the Company and certain consolidated subsidiaries were 5,543 million yen and 5,744 million yen for the fiscal years ended March 31, 2024 and March 31, 2025, respectively.

(Stock options, etc.)

1 Account title and amount of stock options recorded as expenses

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Personnel expenses in selling, general and administrative expenses	869	1,110

2 Amount recorded as profit from forfeiture due to the non-exercise of stock option rights

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Extraordinary income	1,164	248

3 Outline, volume and changes of stock options

(1) Description of stock options

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in June 2005
Category and number of grantees	Directors and Corporate Executive Officers of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries and associates: 76
Class and number of shares granted (shares)	Common Stock: 538,000
Grant date	June 24, 2005
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From July 1, 2005 to June 30, 2025

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2006
Category and number of grantees	Directors and Corporate Executive Officers of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 77
Class and number of shares granted (shares)	Common Stock: 301,000
Grant date	July 1, 2006
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From July 1, 2006 to June 30, 2026

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2007
Category and number of grantees	Directors and Corporate Executive Officers of the Company: 16 Directors and Senior Managing Directors of the Company's subsidiaries: 79
Class and number of shares granted (shares)	Common Stock: 309,000
Grant date	July 1, 2007
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From July 1, 2007 to June 30, 2027

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2008
Category and number of grantees	Directors and Corporate Executive Officers of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 83
Class and number of shares granted (shares)	Common Stock: 350,000
Grant date	July 1, 2008
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From July 1, 2008 to June 30, 2028

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2009
Category and number of grantees	Directors and Corporate Executive Officers of the Company: 16 Directors and Senior Managing Directors of the Company's subsidiaries: 90
Class and number of shares granted (shares)	Common Stock: 664,000
Grant date	July 1, 2009
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From July 1, 2009 to June 30, 2029

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2010
Category and number of grantees	Directors and Corporate Executive Officers of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 102
Class and number of shares granted (shares)	Common Stock: 1,056,000
Grant date	July 1, 2010
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From July 1, 2010 to June 30, 2030

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2011
Category and number of grantees	Directors and Corporate Executive Officers of the Company: 15 Directors and Senior Managing Directors of the Company's subsidiaries: 96
Class and number of shares granted (shares)	Common Stock: 1,211,000
Grant date	July 1, 2011
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From July 1, 2011 to June 30, 2031

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2013
Category and number of grantees	Directors, Corporate Executive Officers, and Senior Managing Directors of the Company: 18 Directors and Senior Managing Directors of the Company's subsidiaries: 85
Class and number of shares granted (shares)	Common Stock: 831,000
Grant date	February 12, 2013
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From February 12, 2013 to June 30, 2032

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2014
Category and number of grantees	Directors, Corporate Executive Officers, and Senior Managing Directors of the Company: 22 Directors and Senior Managing Directors of the Company's subsidiaries: 81
Class and number of shares granted (shares)	Common Stock: 404,000
Grant date	February 10, 2014
Vesting conditions	Not attached
Requisite service period	Not prescribed
Exercise period	From February 10, 2014 to June 30, 2033

Company name	Reporting company	
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2015	Share Acquisition Rights, Series 11
Category and number of grantees	Directors, Corporate Executive Officers, and Senior Managing Directors of the Company: 21 Directors and Senior Managing Directors of the Company's subsidiaries: 85	Employees of the Company and Directors, Senior Managing Directors, and employees of the Company's subsidiaries and associates: 3,072
Class and number of shares granted (shares)	Common Stock: 461,000	Common Stock: 5,418,000
Grant date	February 9, 2015	February 9, 2015
Vesting conditions	Not attached	Continuous service from the grant date until the vested date (June 30, 2019)
Requisite service period	Not prescribed	From February 9, 2015 to June 30, 2019
Exercise period	From February 9, 2015 to June 30, 2034	From July 1, 2019 to June 25, 2024

Company name	Reporting company	
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2016	Share Acquisition Rights, Series 12
Category and number of grantees	Directors, Corporate Executive Officers, and Senior Managing Directors of the Company: 21 Directors and Senior Managing Directors of the Company's subsidiaries: 85	Employees of the Company and Directors, Senior Managing Directors, and employees of the Company's subsidiaries and affiliates: 3,238
Class and number of shares granted (shares)	Common Stock: 581,000	Common Stock: 4,484,000
Grant date	February 16, 2016	February 16, 2016
Vesting conditions	Not attached	Continuous service from the grant date until the vested date (June 30, 2020)
Requisite service period	Not prescribed	From February 16, 2016 to June 30, 2020
Exercise period	From February 16, 2016 to June 30, 2035	From July 1, 2020 to June 24, 2025

Company name	Reporting company	
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2017	Share Acquisition Rights, Series 13
Category and number of grantees	Directors, Corporate Executive Officers, and Senior Managing Directors of the Company: 19 Directors and Senior Managing Directors of the Company's subsidiaries: 90	Employees of the Company and Directors, Senior Managing Directors, and employees of the Company's subsidiaries and affiliates: 3,482
Class and number of shares granted (shares)	Common Stock: 574,000	Common Stock: 7,448,000
Grant date	February 8, 2017	February 8, 2017
Vesting conditions	Not attached	Continuous service from the grant date until the vested date (June 30, 2021)
Requisite service period	Not prescribed	From February 8, 2017 to June 30, 2021
Exercise period	From February 8, 2017 to June 30, 2036	From July 1, 2021 to June 27, 2026

Company name	Reporting company	
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2018	Share Acquisition Rights, Series 14
Category and number of grantees	Directors, Corporate Executive Officers, and Senior Managing Directors of the Company: 21 Directors and Senior Managing Directors of the Company's subsidiaries: 97	Employees of the Company and Directors, Senior Managing Directors, and employees of the Company's subsidiaries and affiliates: 3,621
Class and number of shares granted (shares)	Common Stock: 599,000	Common Stock: 7,462,000
Grant date	February 8, 2018	February 8, 2018
Vesting conditions	Not attached	Continuous service from the grant date until the vested date (June 30, 2022)
Requisite service period	Not prescribed	From February 8, 2018 to June 30, 2022
Exercise period	From February 8, 2018 to June 30, 2037	From July 1, 2022 to June 27, 2027

Company name	Reporting company	
Name of Share Acquisition Rights	Share Acquisition Rights, Series 15	
Category and number of grantees	Employees of the Company and Directors, Senior Managing Directors, and employees of the Company's subsidiaries and affiliates: 3,841	
Class and number of shares granted (shares)	Common Stock: 7,469,500	
Grant date	August 10, 2018	
Vesting conditions	Continuous service from the grant date until the vested date (June 30, 2023)	
Requisite service period	From August 10, 2018 to June 30, 2023	
Exercise period	From July 1, 2023 to June 26, 2028	

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 16
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of the Company's subsidiaries: 3,826
Class and number of shares granted (shares)	Common Stock: 8,462,500
Grant date	August 26, 2019
Vesting conditions	Continuous service from the grant date until the vesting date (June 30, 2024)
Requisite service period	From August 26, 2019 to June 30, 2024
Exercise period	From July 1, 2024 to July 30, 2029

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 17
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of the Company's subsidiaries: 4,046
Class and number of shares granted (shares)	Common Stock: 7,920,000
Grant date	August 17, 2020
Vesting conditions	Continuous service from the grant date until the vesting date (June 30, 2025)
Requisite service period	From August 17, 2020 to June 30, 2025
Exercise period	From July 1, 2025 to July 30, 2030

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 18
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of the Company's subsidiaries: 4,026
Class and number of shares granted (shares)	Common Stock: 7,946,500
Grant date	August 13, 2021
Vesting conditions	Continuous service from the grant date until the vesting date (June 30, 2026)
Requisite service period	From August 13, 2021 to June 30, 2026
Exercise period	From July 1, 2026 to July 28, 2031

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 19
Category and number of grantees	Employees of the Company and its subsidiaries, and Directors and Senior Managing Directors of the Company's subsidiaries: 4,757
Class and number of shares granted (shares)	Common Stock: 7,977,800
Grant date	August 15, 2022
Vesting conditions	Continuous service from the grant date until the vesting date (August 31, 2024)
Requisite service period	From August 15, 2022 to August 31, 2024
Exercise period	From September 1, 2024 to July 28, 2032

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 20
Category and number of grantees	Employees of the Company and its subsidiaries: 5,400
Class and number of shares granted (shares)	Common Stock: 7,896,900
Grant date	August 15, 2023
Vesting conditions	Continuous service from the grant date until the vesting date (August 31, 2025)
Requisite service period	From August 15, 2023 to August 31, 2025
Exercise period	From September 1, 2025 to July 30, 2033

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 21
Category and number of grantees	Employees of the Company and its subsidiaries: 4,929
Class and number of shares granted (shares)	Common Stock: 6,348,100
Grant date	August 16, 2024
Vesting conditions	Continuous service from the grant date until the vesting date (August 31, 2026)
Requisite service period	From August 16, 2024 to August 31, 2026
Exercise period	From September 1, 2026 to July 31, 2034

(2) Volume and changes of stock options

The number of stock options is reported as the number of shares equivalent for stock options present at the end of the current fiscal year (the fiscal year ended March 31, 2025).

(i) Number of stock options

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in June 2005
Stock options before being vested (shares)	
Beginning of the period	–
Granted	–
Forfeited	–
Vested	–
Unvested balance	–
Stock options after being vested (shares)	
Beginning of the period	44,000
Vested	–
Exercised	20,000
Forfeited	–
Unexercised balance	24,000

Reporting company
Share Acquisition Rights issued in July 2006
–
–
–
–
–
32,000
–
13,000
–
19,000

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2007
Stock options before being vested (shares)	
Beginning of the period	–
Granted	–
Forfeited	–
Vested	–
Unvested balance	–
Stock options after being vested (shares)	
Beginning of the period	43,000
Vested	–
Exercised	16,000
Forfeited	–
Unexercised balance	27,000

Reporting company
Share Acquisition Rights issued in July 2008
–
–
–
–
–
73,000
–
26,000
–
47,000

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2009
Stock options before being vested (shares)	
Beginning of the period	–
Granted	–
Forfeited	–
Vested	–
Unvested balance	–
Stock options after being vested (shares)	
Beginning of the period	213,000
Vested	–
Exercised	42,000
Forfeited	–
Unexercised balance	171,000

Reporting company
Share Acquisition Rights issued in July 2010
–
–
–
–
–
466,000
–
94,000
–
372,000

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2011
Stock options before being vested (shares)	
Beginning of the period	–
Granted	–
Forfeited	–
Vested	–
Unvested balance	–
Stock options after being vested (shares)	
Beginning of the period	773,000
Vested	–
Exercised	77,000
Forfeited	–
Unexercised balance	696,000

Reporting company
Share Acquisition Rights issued in February 2013
–
–
–
–
–
599,000
–
31,000
–
568,000

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2014
Stock options before being vested (shares)	
Beginning of the period	–
Granted	–
Forfeited	–
Vested	–
Unvested balance	–
Stock options after being vested (shares)	
Beginning of the period	307,000
Vested	–
Exercised	29,000
Forfeited	–
Unexercised balance	278,000

Reporting company	
Share Acquisition Rights issued in February 2015	Share Acquisition Rights, Series 11
–	–
–	–
–	–
–	–
–	–
394,000	2,927,000
–	–
24,000	2,120,000
–	807,000
370,000	–

Company name	Reporting company	
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2016	Share Acquisition Rights, Series 12
Stock options before being vested (shares)		
Beginning of the period	–	–
Granted	–	–
Forfeited	–	–
Vested	–	–
Unvested balance	–	–
Stock options after being vested (shares)		
Beginning of the period	526,000	2,059,000
Vested	–	–
Exercised	23,000	938,000
Forfeited	–	12,000
Unexercised balance	503,000	1,109,000

Reporting company	
Share Acquisition Rights issued in February 2017	Share Acquisition Rights, Series 13
–	–
–	–
–	–
–	–
–	–
530,000	3,990,000
–	–
6,000	1,270,000
–	24,000
524,000	2,696,000

Company name	Reporting company		Reporting company
	Share Acquisition Rights issued in February 2018	Share Acquisition Rights, Series 14	
Name of Share Acquisition Rights			
Stock options before being vested (shares)			
Beginning of the period	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Unvested balance	–	–	–
Stock options after being vested (shares)			
Beginning of the period	563,000	4,737,000	3,856,400
Vested	–	–	–
Exercised	8,000	1,163,000	950,800
Forfeited	–	46,000	25,200
Unexercised balance	555,000	3,528,000	2,880,400

Company name	Reporting company		Reporting company
	Share Acquisition Rights, Series 16	Share Acquisition Rights, Series 17	
Name of Share Acquisition Rights			
Stock options before being vested (shares)			
Beginning of the period	7,498,000		7,217,000
Granted	–		–
Forfeited	–		119,500
Vested	7,498,000		–
Unvested balance	–		7,097,500
Stock options after being vested (shares)			
Beginning of the period	–		–
Vested	7,498,000		–
Exercised	3,489,600		–
Forfeited	45,000		–
Unexercised balance	3,963,400		–

Company name	Reporting company		Reporting company
	Share Acquisition Rights, Series 18	Share Acquisition Rights, Series 19	
Name of Share Acquisition Rights			
Stock options before being vested (shares)			
Beginning of the period	7,451,000		7,678,100
Granted	–		–
Forfeited	136,500		–
Vested	–		7,678,100
Unvested balance	7,314,500		–
Stock options after being vested (shares)			
Beginning of the period	–		–
Vested	–		7,678,100
Exercised	–		2,389,000
Forfeited	–		95,400
Unexercised balance	–		5,193,700

Company name	Reporting company		Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 20		Share Acquisition Rights, Series 21
Stock options before being vested (shares)			
Beginning of the period	7,812,400		–
Granted	–		6,348,100
Forfeited	161,500		68,000
Vested	–		–
Unvested balance	7,650,900		6,280,100
Stock options after being vested (shares)			
Beginning of the period	–		–
Vested	–		–
Exercised	–		–
Forfeited	–		–
Unexercised balance	–		–

## (ii) Price information

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in June 2005
Exercise price (yen)	1
Average share price at the time of exercise (yen)	1,128
Fair value per share at grant date (Yen)	-

Reporting company
Share Acquisition Rights issued in July 2006
1
1,058
1,363

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2007
Exercise price (yen)	1
Average share price at the time of exercise (yen)	1,055
Fair value per share at grant date (Yen)	1,312

Reporting company
Share Acquisition Rights issued in July 2008
1
1,018
972

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2009
Exercise price (yen)	1
Average share price at the time of exercise (yen)	1,026
Fair value per share at grant date (Yen)	580

Reporting company
Share Acquisition Rights issued in July 2010
1
1,020
375

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in July 2011
Exercise price (yen)	1
Average share price at the time of exercise (yen)	1,083
Fair value per share at grant date (Yen)	358

Reporting company
Share Acquisition Rights issued in February 2013
1
1,066
568

Company name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights issued in February 2014
Exercise price (yen)	1
Average share price at the time of exercise (yen)	1,055
Fair value per share at grant date (Yen)	956

Reporting company	
Share Acquisition Rights issued in February 2015	Share Acquisition Rights, Series 11
1	931
1,068	1,182
850.7	188.6

Company name	Reporting company		Reporting company	
	Share Acquisition Rights issued in February 2016	Share Acquisition Rights, Series 12	Share Acquisition Rights issued in February 2017	Share Acquisition Rights, Series 13
Name of Share Acquisition Rights				
Exercise price (yen)	1	733	1	767
Average share price at the time of exercise (yen)	1,034	1,120	1,059	1,117
Fair value per share at grant date (Yen)	663.4	113.2	707.9	122.1

Company name	Reporting company		Reporting company
	Share Acquisition Rights issued in February 2018	Share Acquisition Rights, Series 14	Share Acquisition Rights, Series 15
Name of Share Acquisition Rights			
Exercise price (yen)	1	815	686
Average share price at the time of exercise (yen)	1,071	1,122	754
Fair value per share at grant date (Yen)	727.2	122.8	104

Company name	Reporting company	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 16	Share Acquisition Rights, Series 17
Exercise price (yen)	502	508
Average share price at the time of exercise (yen)	1,144	No rights exercised
Fair value per share at grant date (Yen)	53.7	74.8

Company name	Reporting company	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 18	Share Acquisition Rights, Series 19
Exercise price (yen)	633	607
Average share price at the time of exercise (yen)	No rights exercised	1,041
Fair value per share at grant date (Yen)	60.4	58.9

Company name	Reporting company	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 20	Share Acquisition Rights, Series 21
Exercise price (yen)	774	1,112
Average share price at the time of exercise (yen)	No rights exercised	No rights exercised
Fair value per share at grant date (Yen)	115.6	167.0

4 Method for estimating the fair value per share of stock options

The method for estimating the fair value per share of stock options granted in the current fiscal year is as follows.

Company Name	Reporting company
Name of Share Acquisition Rights	Share Acquisition Rights, Series 21
Valuation method	Black-Scholes Model
Major underlying assumptions and estimation method	
Volatility of share price (Note) 1	27.4%
Expected remaining period (Note) 2	6.0 years
Expected dividends (Note) 3	44 yen per share
Risk-free interest rate (Note) 4	0.47%

(Notes) 1 For the 21<sup>st</sup> Series of Share Acquisition Rights, the calculation is based on the actual share price from August 2018, which is 6.0 years (expected remaining period) back from the grant date.

2 For the 21<sup>st</sup> Series of Share Acquisition Rights, estimated on the assumption that rights are exercised at the midpoint of the exercise period since there has been no adequate accumulation of data and it is difficult to make a reasonable estimate.

3 According to the actual dividend for the fiscal year ended March 31, 2024.

4 For the 21<sup>st</sup> Series of Share Acquisition Rights, the yield of Japanese government bonds having a remaining life equal to the expected remaining period.

5 Method for estimating the number of stock options vested

As it is difficult to reasonably estimate the number of stock options that will be forfeited in the future, only the number of stock options that have actually been forfeited is reflected.

## (Income taxes)

## 1 Breakdown of major factors for deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Net operating losses carry-forward (Note)	46,136	45,793
Net gain on private equity and other investments	10,842	15,890
Retirement benefit liability	13,486	13,607
Provision for bonuses	7,500	8,386
Excess depreciation	8,555	8,273
Loss on valuation of investment securities	7,119	7,521
Valuation difference on available-for-sale securities	5,906	7,411
Loss on valuation of shares of subsidiaries and associates	3,256	7,382
Elimination of unrealized profit	4,416	4,915
Allowance for doubtful accounts	4,559	4,848
Impairment losses	3,265	3,740
Enterprise taxes and business office taxes	2,731	2,370
Asset retirement obligations	2,069	2,075
Reserve for financial instruments transaction liabilities	1,726	1,977
Trading securities and derivatives	964	1,416
Provision for loss on litigation	72	130
Deferred gains or losses on hedges	1,567	–
Other	12,578	14,112
Total gross deferred tax assets	136,753	149,855
Valuation allowance for net operating losses carry-forward (Note)	(45,051)	(44,471)
Valuation allowance for deductible temporary difference	(51,662)	(63,459)
Subtotal of valuation allowance	(96,714)	(107,931)
Total deferred tax assets	40,039	41,923
Deferred tax liabilities		
Valuation difference from business combinations	37,844	37,170
Valuation difference on available-for-sale securities	26,409	26,700
Deferred gains or losses on hedges	8,837	9,069
Other	5,738	6,496
Total deferred tax liabilities	78,830	79,437
Net deferred tax assets (liabilities)	(38,790)	(37,514)

(Note) Amount of net operating losses (“NOL”) carry-forward and their deferred tax assets by expiry date

As of March 31, 2024

(Millions of yen)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
NOL carry-forward (a)	1,702	1,022	3,416	414	1,312	38,267	46,136
Valuation allowance	(1,698)	(906)	(3,416)	(414)	(1,218)	(37,396)	(45,051)
Deferred tax assets	3	115	–	–	93	871	1,084

(a) The amount of NOL carry-forward is the amount under the normal effective statutory tax rate.

As of March 31, 2025

(Millions of yen)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
NOL carry-forward (a)	1,010	3,425	450	1,150	674	39,081	45,793
Valuation allowance	(966)	(3,337)	(450)	(1,134)	(674)	(37,909)	(44,471)
Deferred tax assets	44	88	–	16	–	1,172	1,321

(a) The amount of NOL carry-forward is the amount under the normal effective statutory tax rate.

2 Reconciliation of the differences between the statutory effective tax rate and the actual effective income tax rate after application of deferred tax accounting

(%)

	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.62	30.62
(Adjustments)		
Valuation allowance	0.16	2.72
Permanent difference (income)	(0.49)	(1.38)
Permanent difference (expense)	1.28	1.91
Difference in tax rates between the Company and overseas consolidated subsidiaries	(0.81)	(0.82)
Adjustment of unrealized inter-company profit	(0.96)	0.11
Amortization of goodwill	0.24	0.15
Share of loss (profit) of entities accounted for using the equity method	(0.24)	(5.93)
Special tax deductions	(0.69)	(2.27)
Profit attributable to non-controlling interests on real estate investment corporations	(1.62)	(1.32)
Other	0.04	0.81
Actual effective income tax rate after application of deferred tax accounting	27.53	24.62

(Changes in presentation)

“Special tax deductions” that was included in “Other” for the previous fiscal year have been presented separately from the current fiscal year due to its increase in monetary significance. The notes for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, (0.65)% presented in “Other” in the previous fiscal year has been reclassified into (0.69)% in “Special tax deductions” and 0.04% in “Other.”

3 Accounting for income taxes or deferred tax accounting related to income taxes

The Company and some domestic consolidated subsidiaries have applied the Group Tax Sharing System. In addition, the accounting and disclosure for income taxes or deferred tax accounting related to income taxes are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

4 Revisions to amounts of deferred tax assets and deferred tax liabilities based on changes in income tax rates

With the enactment of the “Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025)” by the Japanese Diet on March 31, 2025, the “Defense Special Corporate Tax” will be imposed starting from the fiscal year beginning on April 1, 2026.

Accordingly, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will be changed from the current rate of 30.62% to 31.52% for temporary differences that are expected to be resolved in the fiscal years beginning on or after April 1, 2026. The impact of this tax rate change on our financial statements is minimal.

(Investment and rental properties)

The Group owns rental office buildings, rental housing, and other real estate (including land) as well as land and other real estate for redevelopment projects in Tokyo and other areas. For the previous fiscal year, net rental income from such rental properties was 24,564 million yen (main rental revenue is recorded as other operating revenue and main rental expenses are recorded as other operating expenses) and gain on sale of these properties was 11,560 million yen (recorded as other operating revenue and extraordinary income). For the current fiscal year, net rental income from such rental properties was 25,281 million yen (main rental revenue is recorded as other operating revenue and main rental expenses are recorded as other operating expenses) and gain on sale of these properties was 395 million yen (recorded as other operating revenue).

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, 2024	Fiscal year ended March 31, 2025
Amounts in the consolidated balance sheets	Beginning balance	780,718	778,902
	Increase or decrease during the period	(1,815)	11,679
	Ending balance	778,902	790,582
Fair value at the end of the period		920,681	940,627

- (Notes)
- 1 The carrying amount represents the amount of acquisition cost less accumulated depreciation.
  - 2 The fair value at the end of the period is appraised value or surveyed value by the outside real estate appraiser.
  - 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 amounts recorded on the consolidated balance sheets for these properties were 11,685 million yen at the end of the previous fiscal year and 11,657 million yen at the end of the current fiscal year.

(Revenue recognition)

(1) Disaggregation of revenue from contracts with customers

Disaggregation of revenue from contracts with customers is included in “Notes to the consolidated financial statements (Segment information).”

(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

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 transaction 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, etc. 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 mainly on 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 is comprised of Securities Asset Management, Real Estate Asset Management and Alternative Asset Management.

In 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.

Real Estate Asset Management manages investment corporations and funds for real estates.

In 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 of 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.

#### Others

In the other business segments, 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 on a daily basis, 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:

Fiscal year ended March 31, 2024

(Millions of yen)

	As of April 1, 2023	As of March 31, 2024
Contract assets	2,136	5,184
Contract liabilities	4,895	6,487
Receivables from contracts with customers	37,500	47,065

Fiscal year ended March 31, 2025

(Millions of yen)

	As of April 1, 2024	As of 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)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Not later than one year	1,550	3,083
Later than one year and not later than two years	1,467	2,516
Later than two years and not later than three years	883	2,125
Later than three years and not later than four years	492	2,055
Later than four years and not later than five years	422	653
More than five years	2,194	2,645
Total	7,010	13,080

(Segment information)

[Segment information]

1 Outline of reportable segment

The Group's reportable segment is defined as an operating division or a group of operating divisions for which discrete financial information is available, and whose operating results are reviewed at regular intervals by the Company's management in order to make decisions about resources to be allocated and assess its performances.

The Group sets securities-related business as its core business, and provides comprehensive investment and financial services in coordination with the Group's supporting businesses. In conducting the Group's business activities, the Company determines domestic and global comprehensive strategies by each managerial organization corresponding to markets and business types with respect to the businesses of consolidated subsidiaries and affiliates accounted for using the equity method.

Therefore, the Group consists of segments corresponding to each market and business type based on individual consolidated subsidiaries and affiliates accounted for using the equity method, and has aggregated them into three reportable segments based on the similarity of economic characteristics as "Wealth Management Division," "Asset Management Division," and "Global Markets & Investment Banking Division."

"Wealth Management Division" provides a broad range of financial products and services mainly to individual and unlisted corporate customers. "Asset Management Division" establishes and manages investment trust funds for various assets, provides investment advisory and management services to domestic and global institutional investors, and also manages investment corporations and funds for real estates. It also invests in assets such as monetary claims, private equity, venture capital, real estate, renewable energy, and infrastructure, and carries out its business with a focus on maximizing investment returns from existing projects and creating new investment funds. "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 the underwriting of securities and M&A advisory, both in Japan and overseas.

2 Method of calculating amounts of net operating revenue, operating income (loss) and other items by reportable segment

Accounting method applied to the reportable business segment is generally the same as described in "Basis of preparation of consolidated financial statements."

Intersegment net operating revenue is based on third-party transaction prices.

3 Information about net operating revenue, ordinary income (loss), and the amounts of other items by reportable segment and information on disaggregation of revenue  
Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments				Others (Note) 1	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total		
Revenue from contracts with customers	175,131	163,685	125,955	464,773	45,987	510,760
Commission received	146,343	84,739	125,955	357,038	1,494	358,532
Other operating revenue (external customers)	28,788	78,946	–	107,734	44,492	152,227
Net trading income and other	34,880	14,270	93,175	142,326	395	142,721
Lease revenue based on rental contracts	–	39,416	–	39,416	6,278	45,694
Others (Note) 2	6,363	(100,287)	(215)	(94,140)	(41,627)	(135,767)
Net operating revenue						
Net operating revenue from external customers	216,375	117,085	218,915	552,375	11,033	563,409
Intersegment net operating revenue and transfers	11,756	(19,301)	1,564	(5,980)	23,660	17,679
Total	228,131	97,784	220,479	546,395	34,693	581,088
Segment income (loss) (Ordinary income (loss))	66,213	66,407	44,037	176,657	(1,226)	175,430
Other items						
Depreciation	15,315	6,677	14,729	36,722	14,093	50,815
Amortization of goodwill	–	958	918	1,877	–	1,877
Interest income	0	126	0	127	123	251
Interest expenses	1	2,865	0	2,867	5	2,872
Share of profit (loss) of entities accounted for using the equity method	–	3,661	1,456	5,117	(1)	5,116

(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 includes “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).”

4 The Company does not disclose the segment information on assets as the management does not allocate it to each segment for managerial decision-making.

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments				Others (Note) 1	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
Net trading income and other	34,989	13,642	85,821	134,453	737	135,190
Lease revenue based on rental contracts	–	39,577	–	39,577	6,024	45,601
Others (Note) 2	36,661	(98,024)	(142)	(61,505)	(29,958)	(91,464)
Net operating revenue						
Net operating revenue from external customers	240,343	124,303	232,250	596,897	16,887	613,785
Intersegment net operating revenue and transfers	15,497	(21,785)	1,945	(4,342)	21,481	17,138
Total	255,841	102,517	234,196	592,555	38,368	630,924
Segment income (Ordinary income)	80,664	77,418	42,738	200,820	3,406	204,226
Other items						
Depreciation	15,565	6,804	14,101	36,470	13,278	49,748
Amortization of goodwill	–	982	484	1,467	–	1,467
Interest income	7	167	8	183	139	322
Interest expenses	12	3,850	0	3,863	142	4,005
Share of profit (loss) of entities accounted for using the equity method	10	20,844	1,649	22,504	3,315	25,819

(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 includes “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).”

4 The Company does not disclose the segment information on assets as the management does not allocate it to each segment for managerial decision-making.

4 Difference between total amount of reportable segments and the amount reported in the consolidated financial statements, and the major components thereof

(Millions of yen)

Net operating revenue	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segments total	546,395	592,555
Net operating revenue from “Others”	34,693	38,368
Elimination between segments	(17,679)	(17,138)
Commission fees deducted from net operating revenue	26,293	32,118
Other adjustments	1,207	86
Net operating revenue on the financial statements	590,910	645,990

(Millions of yen)

Ordinary income	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segments total	176,657	200,820
Income (loss) from “Others”	(1,226)	3,406
Elimination between segments	(298)	5
Adjustments for unrealized gains or losses	829	(82)
Other adjustments	(1,375)	20,566
Ordinary income on the financial statements	174,587	224,716

(Millions of yen)

Other items	Reportable segments total		Other		Adjustments		Consolidated financial statement amount	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation	36,722	36,470	14,093	13,278	(5,541)	(5,395)	45,274	44,353
Amortization of goodwill	1,877	1,467	–	–	–	–	1,877	1,467
Interest income	127	183	123	139	(14)	(50)	237	271
Interest expenses	2,867	3,863	5	142	(851)	(1,303)	2,020	2,701
Share of profit (loss) of entities accounted for using the equity method	5,117	22,504	(1)	3,315	(287)	21,462	4,828	47,282

5 Changes in reportable segments

The Group has formulated its Medium-term Management Plan with the initial fiscal year of FY2024 (fiscal year ended March 31, 2025) in order to align with the business model it aims to achieve under this plan, and has changed the classification method of the reportable segments effective from the fiscal year ended March 31, 2025. The segment classifications were changed from the former four business categories of the “Retail Division,” “Wholesale Division,” “Asset Management Division,” and “Investment Division” to the three business categories of the “Wealth Management Division,” “Asset Management Division,” and “Global Markets & Investment Banking Division.”

Furthermore, segment information for the fiscal year ended March 31, 2024 has been prepared and presented according to the classification method of reportable segments following the change.

[Related information]

Fiscal year ended March 31, 2024

1 Information about products and services

The information is omitted since the Group operates services exclusively in investment/financial business, with securities-related business at its core.

2 Information about geographical areas

(1) Net operating revenue

(Millions of yen)

Japan	Europe	Asia/Oceania	Americas	Total
507,481	41,668	25,567	16,193	590,910

(Note) Net operating revenues are classified by country or region mainly based on the location of customers.

(2) Property, plant and equipment

The information is omitted, because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheets.

3 Information about main customers

Information about main customers has been omitted since there is no external customer who accounts for 10% or more of net operating revenue in the consolidated statements of income.

Fiscal year ended March 31, 2025

1 Information about products and services

The information is omitted since the Group operates services exclusively in investment/financial business, with securities-related business at its core.

2 Information about geographical areas

(1) Net operating revenue

(Millions of yen)

Japan	Europe	Asia/Oceania	Americas	Total
559,106	48,452	32,078	6,352	645,990

(Note) Net operating revenues are classified by country or region mainly based on the location of customers.

(2) Property, plant and equipment

The information is omitted, because the amount of property, plant and equipment located in Japan accounted for more than 90% of total property, plant and equipment in the consolidated balance sheets.

3 Information about main customers

Information about main customers has been omitted since there is no external customer who accounts for 10% or more of net operating revenue in the consolidated statements of income.

[Information about impairment losses on non-current assets by reportable segment]

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments				Others	Corporate and elimination	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total			
Impairment losses	2,028	–	1,770	3,799	–	–	3,799

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments				Others	Corporate and elimination	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total			
Impairment losses	184	529	1,416	2,130	1,707	–	3,838

[Information about amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segments				Others	Corporate and elimination	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total			
(Goodwill)							
Amortization in the period	–	958	918	1,877	–	–	1,877
Balance at the end of the period	–	14,615	2,523	17,139	–	–	17,139

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments				Others	Corporate and elimination	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total			
(Goodwill)							
Amortization in the period	–	982	484	1,467	–	–	1,467
Balance at the end of the period	–	13,633	1,989	15,622	–	–	15,622

[Information about gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

The amount of negative goodwill arising from the acquisition of shares in Aozora Bank, Ltd. and the application of the equity method has been included in the share of profit of entities accounted for using the equity method.

[Related party information]

1 Transactions with related parties

Transactions between consolidated subsidiaries of the company submitting the consolidated financial statements and their related parties

Non-consolidated subsidiaries and affiliates of the company that submitted the consolidated financial statements

Fiscal year ended March 31, 2024

Type	Name	Location	Share capital or investments in capital (Millions of yen)	Description of business	Ratio of voting rights (%)	Relationship with related parties	Transaction detail	Transaction amount (Millions of yen)	Account Title	Ending balance (Millions of yen)
Affiliates	The Tokyo Tanshi Co., Ltd.	Chuo-ku, Tokyo	10,300	Call loan and discount company	(Holding) Direct 17.43	Receipt of cash collateral	Receipt of cash collateral (Note) 1	23,589	Cash collateral received for securities lent	114,377
							Payment of interest (Note) 2	22	Cash collateral pledged for securities borrowed	1,102,062
						Securities lending	Securities lending (Note) 1	24,952	Accrued income	8
							Receipt of premium charges (Note) 2	85	Other current liabilities	19
						Pledge of cash collateral	Pledge of cash collateral (Note) 1	680,900		
							Receipt of interest (Note) 2	419		
	Securities borrowing	Securities borrowing (Note) 1	679,418							
	Transfer of officers	Payment of premium charges (Note) 2	1,618							

(Notes) 1 For the transaction amount, we use the fair value of securities lent and securities borrowed and the average of month-end balances for the amount of cash collateral received and cash collateral pledged.

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

Fiscal year ended March 31, 2025

Type	Name	Location	Share capital or investments in capital (Millions of yen)	Description of business	Ratio of voting rights (%)	Relationship with related parties	Transaction detail	Transaction amount (Millions of yen)	Account Title	Ending balance (Millions of yen)
Affiliates	The Tokyo Tanshi Co., Ltd.	Chuo-ku, Tokyo	10,300	Call loan and discount company	(Holding) Direct 17.43	Receipt of cash collateral	Receipt of cash collateral (Note) 1	104,878	Cash collateral received for securities lent	114,975
							Payment of interest (Note) 2	138	Cash collateral pledged for securities borrowed	2,648,013
						Securities lending	Securities lending (Note) 1	109,598	Accrued income	1,050
							Receipt of premium charges (Note) 2	83	Other current liabilities	37
						Pledge of cash collateral	Pledge of cash collateral (Note) 1	1,396,850		
							Receipt of interest (Note) 2	1,461		
						Securities borrowing	Securities borrowing (Note) 1	1,392,682		
	Transfer of officers	Payment of premium charges (Note) 2	1,624							

(Notes) 1 For the transaction amount, we use the fair value of securities lent and securities borrowed and the average of month-end balances for the amount of cash collateral received and cash collateral pledged.

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

2 Notes on the parent company or significant affiliates

Condensed financial information of significant affiliates

In the current fiscal year, The Tokyo Tanshi Co., Ltd. was a significant affiliate and its condensed financial information is as follows.

(Millions of yen)

	The Tokyo Tanshi Co., Ltd.	
	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Total current assets	33,753,181	38,279,311
Total non-current assets	20,134	20,430
Total current liabilities	33,688,854	38,210,485
Total non-current liabilities	674	677
Total net assets	83,787	88,578
Operating revenue	(18,525)	23,773
Income before income taxes	3,440	5,653
Profit	2,571	4,333

(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. The Group does not hold any investment, etc. with voting rights in any special purpose entities, and has also not dispatched officers or employees to those special purpose entities. The number of such special purpose entities and the amount of notes issued are as follows.

	As of March 31, 2024	As of March 31, 2025
Number of special purpose entities	6 companies	6 companies
The amount of notes issued	797,100 million yen	790,607 million yen

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.

The Group does not have any investment, etc. with voting rights, and no officers or employees are dispatched. The number of such special purpose entities and the amount of investment received are as follows.

	As of March 31, 2024	As of March 31, 2025
Number of special purpose entities	1 company	1 company
The amount of investment received	13,019 million yen	13,019 million yen

\* At the end of the current fiscal year, the Group has invested 162 million yen in such special purpose entities.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets per share	1,086.20	1,158.82
Net income per share	84.94	109.53
Diluted net income per share	83.86	107.64

(Note) The calculation bases are as follows:

(1) Net assets per share

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Total net assets	1,788,658	1,923,287
Deduction from total net assets	266,555	283,588
[Share acquisition rights]	[6,956]	[6,344]
[Non-controlling interests]	[259,515]	[277,204]
[Deposits for subscriptions of treasury shares]	[83]	[40]
Net assets attributable to common stock	1,522,103	1,639,698
Number of common stock used for the calculation of net assets per share (thousands of shares)	1,401,304	1,414,976

## (2) Net income per share and diluted net income per share

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net income per share		
Profit attributable to owners of parent	121,557	154,368
Profit not attributable to common stockholders	–	–
Profit attributable to owners of parent attributable to common stock	121,557	154,368
Average number of common stock outstanding during the period (thousands of shares)	1,431,033	1,409,313
Diluted net income per share		
Adjustment of profit attributable to owners of parent	–	–
Increase in the number of common stock (thousands of shares)	18,584	24,749
[Share acquisition rights (thousands of shares)]	[18,584]	[24,749]
Outline of dilutive shares that are not included in the calculation of diluted net income per share due to a lack of dilutive effect (thousands of shares)	1 type of stock option by Share Acquisition Rights. An overview of Share Acquisition Rights, etc. is described in “Item 4. Information About Reporting Company 1 Status of Shares (2) Status of Share Acquisition Rights, etc.”	1 type of stock option by Share Acquisition Rights. An overview of Share Acquisition Rights, etc. is described in “Item 4. Information About Reporting Company 1 Status of Shares (2) Status of Share Acquisition Rights, etc.”

(Subsequent events)

(Purchase of treasury shares)

The Company adopted the resolution at the meeting of the Board of Directors 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<br>(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<br>(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  |

## (v) Consolidated supplementary financial schedules

## [Schedule of bonds]

Company Name	Description of bonds	Date of issuance	Balance at the beginning of the current period (Millions of yen)	Balance at the end of the current period (Millions of yen)	Interest rate (%)	Collateral	Maturity
(Note) 1	18th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	August 28, 2014	12,000 (12,000)	–	0.87	None	August 28, 2024
(Note) 1	20th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	February 25, 2015	20,000 (20,000)	–	0.89	None	February 25, 2025
(Note) 1	23rd Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	August 12, 2015	25,000	25,000 (25,000)	0.91	None	August 12, 2025
(Note) 1	26th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	February 25, 2016	11,000	11,000 (11,000)	0.56	None	February 25, 2026
(Note) 1	28th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	August 25, 2016	30,000	30,000	0.40	None	August 25, 2026
(Note) 1	31st Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	August 28, 2017	15,000	15,000	0.41	None	August 27, 2027
(Note) 1	33rd Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	November 29, 2018	12,000	12,000	0.48	None	November 29, 2028
(Note) 1	35th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	June 2, 2020	38,000	38,000 (38,000)	0.50	None	June 2, 2025
(Note) 1	36th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	June 2, 2021	15,000	15,000	0.23	None	June 2, 2026
(Note) 1	37th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	June 2, 2021	15,000	15,000	0.33	None	June 2, 2028
(Note) 1	38th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	February 24, 2023	30,000	30,000 (30,000)	0.54	None	February 24, 2026
(Note) 1	39th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	February 24, 2023	30,000	30,000	0.79	None	February 24, 2028
(Note) 1	40th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	November 28, 2023	50,000	50,000	0.58	None	November 27, 2026
(Note) 1	41st Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	November 28, 2023	50,000	50,000	0.86	None	November 28, 2028
(Note) 1	42nd Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	December 18, 2023	41,000	41,000	0.58	None	December 18, 2026
(Note) 1	43rd Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	December 18, 2023	45,000	45,000	0.86	None	December 18, 2028
(Note) 1	44th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	February 27, 2024	10,000	10,000	0.47	None	February 26, 2027
(Note) 1	1st Series of Unsecured Security Token Bonds (with limited inter-bond pari-passu clause and restricted transfer)	March 21, 2024	1,000 (1,000)	–	0.80	None	March 21, 2025
(Note) 1	11th Series of Callable Unsecured Floating Rate Bonds (limited to qualified institutional investors)	September 15, 2016	30,000	30,000	1.03	None	September 15, 2026
(Note) 1	13th Series of Callable Unsecured Floating Rate Bonds (limited to qualified institutional investors)	January 20, 2017	20,000	20,000	0.87	None	January 20, 2027
(Note) 1	15th Series of Unsecured Bonds (limited to qualified institutional investors)	February 28, 2018	20,000 (20,000)	–	0.26	None	May 31, 2024
(Note) 1	16th Series of Unsecured Bonds (limited to qualified institutional investors)	February 28, 2018	20,000 (20,000)	–	0.61	None	November 29, 2024
(Note) 1	17th Series of Unsecured Bonds (limited to qualified institutional investors)	July 31, 2018	20,000	20,000 (20,000)	0.92	None	May 30, 2025
(Note) 1	18th Series of Unsecured Bonds (limited to qualified institutional investors)	May 31, 2019	17,000	17,000	0.97	None	November 30, 2026

Company Name	Description of bonds	Date of issuance	Balance at the beginning of the current period (Millions of yen)	Balance at the end of the current period (Millions of yen)	Interest rate (%)	Collateral	Maturity
(Note) 1	19th Series of Callable Unsecured Private Placement Bonds (limited to qualified institutional investors, with Mizuho ESG evaluation)	May 31, 2019	10,000	10,000	0.99	None	May 29, 2026
(Note) 1	20th Series of Unsecured Bonds (limited to qualified institutional investors)	May 27, 2020	30,000	30,000	1.06	None	May 27, 2027
(Note) 1	21st Series of Unsecured Bonds (limited to qualified institutional investors)	December 10, 2021	10,000 (10,000)	–	0.64	None	December 10, 2024
(Note) 1	22nd Series of Unsecured Bonds (limited to qualified institutional investors)	September 21, 2022	30,000	30,000	1.03	None	September 17, 2032
(Note) 1	23rd Series of Unsecured Bonds (limited to qualified institutional investors)	February 29, 2024	15,000	15,000	1.03	None	February 28, 2031
(Note) 1	5th Series of Unsecured Bonds limited to qualified institutional investors (denominated in US dollars)	September 30, 2020	37,852	37,380 (37,380)	5.63	None	September 30, 2025
(Note) 1 (Note) 8	1st Series of Unsecured Perpetual Subordinated Bonds with optional-redemption clause and subordinate clause	March 16, 2020	125,000	125,000	1.20	None	Not specified
(Note) 1 (Note) 9	2nd Series of Unsecured Perpetual Subordinated Bonds with optional-redemption clause and subordinate clause	March 16, 2020	25,000	25,000	1.39	None	Not specified
(Note) 1 (Note) 10	3rd Series of Unsecured Perpetual Subordinated Bonds with optional-redemption clause and subordinate clause	December 5, 2024	–	115,000	2.20	None	Not specified
(Note) 1 (Note) 11	4th Series of Unsecured Perpetual Subordinated Bonds with optional-redemption clause and subordinate clause	December 5, 2024	–	10,000	2.64	None	Not specified
(Note) 2*	6th Series of Unsecured Bonds (with limited inter-bond pari-passu clause)	December 17, 2010	7,800	7,800 (7,800)	2.16	None	December 9, 2025
(Note) 2*	2nd Series of Unsecured Bonds (with limited inter-bond pari-passu clause and limited to a small number of persons)	April 25, 2011	3,000	3,000	2.41	None	April 24, 2026
(Note) 2*	3rd Series of Unsecured Bonds (with limited inter-bond pari-passu clause and limited to a small number of persons)	August 30, 2011	5,000	5,000	2.24	None	August 28, 2026
(Note) 2	5th Series of Callable Unsecured Bonds (with limited inter-bond pari-passu clause, with restrictions on splitting and limited to a small number of persons)	September 7, 2018	2,000	2,000	0.73	None	September 7, 2038
(Note) 3	4th Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	September 12, 2014	2,100 (2,100)	–	1.00	None	September 12, 2024
(Note) 3	5th Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	September 12, 2019	1,700 (1,700)	–	0.22	None	September 12, 2024
(Note) 3	6th Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	September 12, 2019	1,300	1,300	0.66	None	September 12, 2031
(Note) 3	7th Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	September 11, 2020	1,500	1,500 (1,500)	0.31	None	September 11, 2025
(Note) 3	8th Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	September 11, 2020	2,400	2,400	0.60	None	September 11, 2030
(Note) 3	9th Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	August 19, 2024	–	2,200	0.83	None	August 17, 2029

Company Name	Description of bonds	Date of issuance	Balance at the beginning of the current period (Millions of yen)	Balance at the end of the current period (Millions of yen)	Interest rate (%)	Collateral	Maturity
(Note) 3	10th Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	August 19, 2024	–	1,600	1.47	None	August 18, 2034
(Note) 4	1st Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	December 16, 2020	1,700	1,700 (1,700)	0.58	None	December 16, 2025
(Note) 4	2nd Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	December 8, 2021	1,500	1,500	0.85	None	December 8, 2031
(Note) 4	3rd Series of Unsecured Investment Corporation Bonds (with pari-passu clause among specified investment corporation bonds)	December 15, 2022	1,400	1,400	0.85	None	December 15, 2027
(Note) 5	Straight bonds (Euro bonds)	From 2006 to 2025	544,840 (72,980)	685,241 (227,151)	(0.10) to 14.37	None	From 2024 to 2055
Total	–	–	1,436,092 (159,780)	1,618,021 (399,531)	–	–	–

- (Notes)
- 1 Description relating to the Company.
  - 2 Description relating to Daiwa Securities Co. Ltd. (\* Issued by Daiwa Securities Capital Markets Co., Ltd.).
  - 3 Description relating to Daiwa Office Investment Corporation.
  - 4 Description relating to Samty Residential Investment Corporation.
  - 5 Aggregate of the outstanding bonds issued by Daiwa Securities Co. Ltd.  
Note that the balance at the end of the current period denominated in foreign currency is US\$257,390 thousand.
  - 6 “Interest rate” is the value at the end of the current fiscal year.
  - 7 The expected redemption amounts not later than one year are included in parentheses in the balance at the beginning of the period field and the balance at the end of the current period field.
  - 8 The interest rate will become variable from the day following June 5, 2025.
  - 9 The interest rate will become variable from the day following June 5, 2030.
  - 10 The interest rate will become variable from the day following December 5, 2029.
  - 11 The interest rate will become variable from the day following December 5, 2034.
  - 12 The expected redemption amounts not later than five years after the consolidated balance sheet date are as follows.

(Millions of yen)

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Bonds payable	399,531	339,343	165,316	176,880	35,676

[Schedule of borrowings]

Category	Balance at the beginning of the current period (Millions of yen)	Balance at the end of the current period (Millions of yen)	Average interest rate (%)	Repayment due date
Short-term borrowings	986,816	1,212,111	1.18	–
Current portion of long-term borrowings	277,405	203,223	0.85	–
Non-recourse long-term borrowings due within one year	8,636	–	–	–
Current portion of lease obligations	2,509	2,535	2.68	–
Long-term borrowings (less current portion)	2,016,073	2,023,984	0.67	From 2026 to 2049
Non-recourse long-term borrowings (less current portion)	4,739	12,645	1.40	From 2026 to 2029
Lease obligations (less current portion)	6,209	4,105	2.70	From 2026 to 2031
Other interest-bearing debt				
Commercial papers (due within one year)	440,000	322,500	0.54	–
Borrowings on margin transactions (due within one year)	4,769	2,466	1.22	–
Total	3,747,159	3,783,571	–	–

(Notes) 1 “Average interest rate” represents the weighted average interest rate for the balance of borrowings at end of current period.

2 The expected repayment amounts of long-term borrowings, non-recourse long-term borrowings and lease obligations (excluding current portions) due within five years after the consolidated balance sheet date are as follows.

(Millions of yen)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term borrowings	526,104	654,035	127,951	128,429
Non-recourse long-term borrowings	4,645	–	–	8,000
Lease obligations	2,566	661	501	154

[Schedule of asset retirement obligations]

The information is omitted, because the amount of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2025 accounts for not more than 1% of the total liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2025, respectively.

## (2) [Other]

## Quarterly information for the fiscal year ended March 31, 2025

(Cumulative period)	First quarter (Three months ended June 30, 2024)	Second quarter (Six months ended September 30, 2024)	Third quarter (Nine months ended December 31, 2024)	Current fiscal year (Fiscal year ended March 31, 2025)
Operating revenue (millions of yen)	335,357	689,688	1,026,437	1,372,014
Net operating revenue (millions of yen)	149,139	310,238	471,771	645,990
Income before income taxes (millions of yen)	38,020	107,113	172,026	219,026
Profit attributable to owners of parent (millions of yen)	23,993	77,785	124,413	154,368
Net income per share (yen)	17.10	55.31	88.37	109.53

Accounting period	First quarter (Three months ended June 30, 2024)	Second quarter (Three months ended September 30, 2024)	Third quarter (Three months ended December 31, 2024)	Fourth quarter (Three months ended March 31, 2025)
Net income per share (yen)	17.10	38.18	33.04	21.19

(Note) The Company prepares its quarterly financial information in accordance with the rules prescribed by the stock exchange for the first and third quarters and the financial information for such quarters are subject to interim review.

## 2 Financial statements and other information

### (1) Financial statements

#### (i) Balance sheets

(Millions of yen)

	As of March 31, 2024		As of March 31, 2025	
<b>Assets</b>				
Current assets				
Cash and deposits	*1	46,125	*1	28,892
Short-term loans receivable	*1	96,054	*1	276,660
Accounts receivable - other	*1	24,508	*1	3,146
Accrued income	*1	4,870	*1	5,010
Other current assets	*1	8,231	*1	7,676
Total current assets		179,791		321,386
Non-current assets				
Property, plant and equipment				
Buildings		26,906		25,946
Machinery, equipment and vehicles		2		2
Furniture and fixtures		2,369		2,499
Land		49,351		49,351
Construction in progress		12,351		12,322
Intangible assets				
Software		5,438		5,804
Other		3,516		3,097
Investments and other assets				
Investment securities	*2	211,460	*2	197,055
Shares of subsidiaries and associates		602,549		716,641
Investments in other securities of subsidiaries and associates		166,641		144,623
Long-term loans receivable	*1	1,249,514	*1	1,191,815
Long-term guarantee deposits	*1	4,762	*1	4,739
Other	*1	4,738	*1	5,587
Allowance for doubtful accounts		(1,749)		(1,900)
Total non-current assets		2,334,338		2,354,489
Total assets		2,514,129		2,675,876

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
<b>Liabilities</b>		
Current liabilities		
Short-term borrowings	*1 94,914	*1 200,000
Current portion of bonds payable	83,000	161,380
Accrued expenses	*1 4,236	*1 5,710
Borrowings secured by securities	*1 36,932	*1 39,638
Income taxes payable	466	729
Provision for bonuses	1,459	2,168
Other current liabilities	*1 29,678	*1 4,553
Total current liabilities	250,686	414,180
Non-current liabilities		
Bonds payable	776,852	740,000
Long-term borrowings	*1 648,739	*1 676,860
Deferred tax liabilities	16,653	18,642
Other	*1 8,523	*1 9,112
Total non-current liabilities	1,450,768	1,444,616
Total liabilities	1,701,455	1,858,796
Net assets		
Shareholders' equity		
Share capital	247,397	247,397
Capital surplus		
Legal capital surplus	226,751	226,751
Other capital surplus	2,187	3,203
Total capital surplus	228,939	229,955
Retained earnings		
Legal retained earnings	45,335	45,335
Other retained earnings	358,024	352,896
Reserve for tax purpose reduction entry	1,860	1,860
Retained earnings brought forward	356,163	351,036
Total retained earnings	403,359	398,231
Treasury shares	(123,153)	(113,138)
Deposits for subscriptions of treasury shares	83	40
Total shareholders' equity	756,626	762,485
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	52,643	51,564
Deferred gains or losses on hedges	(3,551)	(3,315)
Total valuation and translation adjustments	49,092	48,248
Share acquisition rights	6,956	6,344
Total net assets	812,674	817,079
Total liabilities and net assets	2,514,129	2,675,876

## (ii) Statements of income

(Millions of yen)

	Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025	
<b>Operating revenue</b>				
Dividends from subsidiaries and associates	*1	52,062	*1	87,314
Interest on loans receivable from subsidiaries and associates	*1	15,859	*1	18,640
Other	*1	5,439	*1	5,058
<b>Total operating revenue</b>		<b>73,361</b>		<b>111,013</b>
<b>Operating expenses</b>				
<b>Selling, general and administrative expenses</b>				
Trading related expenses	*1	3,505	*1	3,970
Personnel expenses	*1, *2	7,276	*1, *2	8,951
Real estate expenses	*1	1,969	*1	1,934
Office expenses	*1	4,097	*1	3,986
Depreciation		2,259		1,845
Taxes and dues		2,010		2,132
Other	*1	1,942	*1	2,596
<b>Total selling, general and administrative expenses</b>		<b>23,062</b>		<b>25,416</b>
Financial expenses	*1, *3	14,069	*1, *3	20,391
Other operating expenses		2,639		2,215
<b>Total operating expenses</b>		<b>39,772</b>		<b>48,023</b>
<b>Operating income</b>		<b>33,589</b>		<b>62,990</b>
<b>Non-operating income</b>				
Dividend income		5,807		4,227
Gain on investments in investment partnerships		3,230		3,432
Other	*1	2,343	*1	2,054
<b>Total non-operating income</b>		<b>11,381</b>		<b>9,713</b>
<b>Non-operating expenses</b>				
Bond issuance costs	*1	930	*1	861
Other	*1	41	*1	17
<b>Total non-operating expenses</b>		<b>971</b>		<b>878</b>
<b>Ordinary income</b>		<b>43,998</b>		<b>71,825</b>
<b>Extraordinary income</b>				
Gain on sale of non-current assets		6,511		–
Gain on sale of investment securities		5,959		2,800
Gain on sale of shares of subsidiaries and associates		39		–
Gain on reversal of share acquisition rights		1,164		248
Other		1		–
<b>Total extraordinary income</b>		<b>13,676</b>		<b>3,049</b>
<b>Extraordinary losses</b>				
Loss on valuation of non-current assets		–		199
Loss on sale of investment securities		7		4
Loss on valuation of investment securities		–		1,115
Loss on valuation of shares of subsidiaries		12,121		–
Business restructuring expenses		–		150
Other		1,089		–
<b>Total extraordinary losses</b>		<b>13,218</b>		<b>1,470</b>
<b>Income before income taxes</b>		<b>44,456</b>		<b>73,404</b>
Income taxes - current		2,975		4,093
Income taxes - deferred		(755)		(82)
<b>Total income taxes</b>		<b>2,220</b>		<b>4,011</b>
<b>Profit</b>		<b>42,236</b>		<b>69,393</b>

(iii) Statements of changes in net assets  
Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		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	–	45,335	1,860	358,674
Changes of items during the period						
Dividends of surplus	–	–	–	–	–	(44,746)
Profit	–	–	–	–	–	42,236
Purchase of treasury shares	–	–	–	–	–	–
Disposal of treasury shares	–	–	2,187	–	–	–
Other	–	–	–	–	–	–
Net changes of items other than shareholders' equity	–	–	–	–	–	–
Total changes of items during the period	–	–	2,187	–	–	(2,510)
Balance at the end of the period	247,397	226,751	2,187	45,335	1,860	356,163

	Shareholders' equity			Valuation and translation adjustments		Share acquisition rights
	Treasury shares	Deposits for subscriptions of treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	
Balance at the beginning of the period	(71,522)	–	808,497	30,605	(2,135)	8,793
Changes of items during the period						
Dividends of surplus	–	–	(44,746)	–	–	–
Profit	–	–	42,236	–	–	–
Purchase of treasury shares	(60,012)	–	(60,012)	–	–	–
Disposal of treasury shares	8,381	–	10,568	–	–	–
Other	–	83	83	–	–	–
Net changes of items other than shareholders' equity	–	–	–	22,038	(1,415)	(1,837)
Total changes of items during the period	(51,631)	83	(51,870)	22,038	(1,415)	(1,837)
Balance at the end of the period	(123,153)	83	756,626	52,643	(3,551)	6,956

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		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
Changes of items during the period						
Dividends of surplus	-	-	-	-	-	(74,521)
Profit	-	-	-	-	-	69,393
Purchase of treasury shares	-	-	-	-	-	-
Disposal of treasury shares	-	-	1,016	-	-	-
Other	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during the period	-	-	1,016	-	-	(5,127)
Balance at the end of the period	247,397	226,751	3,203	45,335	1,860	351,036

	Shareholders' equity			Valuation and translation adjustments		Share acquisition rights
	Treasury shares	Deposits for subscriptions of treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	
Balance at the beginning of the period	(123,153)	83	756,626	52,643	(3,551)	6,956
Changes of items during the period						
Dividends of surplus	-	-	(74,521)	-	-	-
Profit	-	-	69,393	-	-	-
Purchase of treasury shares	(10)	-	(10)	-	-	-
Disposal of treasury shares	10,025	(43)	10,998	-	-	-
Other	-	-	-	-	-	-
Net changes of items other than shareholders' equity	-	-	-	(1,079)	236	(611)
Total changes of items during the period	10,014	(43)	5,859	(1,079)	236	(611)
Balance at the end of the period	(113,138)	40	762,485	51,564	(3,315)	6,344

## Notes to the financial statements

### (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 accordance with the Corporation Tax Act of Japan.

##### (2) Intangible assets, and investments and other assets

The Company computes amortization of intangible assets, and 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 derivative 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) Group Tax Sharing System

The Group Tax Sharing System has been adopted.

(Notes to balance sheets)

\*1 Monetary claims and obligations with related companies

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Short-term monetary claims	122,239	287,301
Long-term monetary claims	1,253,649	1,195,927
Short-term monetary liabilities	87,887	114,508
Long-term monetary liabilities	37,371	32,959

\*2 The fair value of securities loaned to subsidiaries

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Investment securities	62,912	64,236

3 Guarantee obligations

Names of the guarantees (details of obligations guaranteed) are described below.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Related companies (Derivative liabilities)	813	4,820
Good Time Living Co. Ltd. (Lump-sum payment for occupancy refundable debt)	10,840	11,294
Total	11,653	16,115

(Notes to statements of income)

\*1 Transactions with related companies

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating transactions	82,890	124,982
Non-operating transactions	1,957	2,471

\*2 Provision for bonuses included in personnel expenses

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
	1,459	2,168

\*3 Breakdown of financial expenses

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Interest expenses	14,069	19,649
Other	—	741

(Securities)

Subsidiary stock and affiliated company stock

As of March 31, 2024

(Millions of yen)

Category	Amounts in balance sheets	Fair Value	Difference
(1) Shares of subsidiaries and associates			
Shares of affiliates	41,100	96,023	54,922
(2) Investments in other securities of subsidiaries and associates			
Subsidiaries	48,908	75,145	26,237
Affiliates	35,759	39,915	4,156
Total	125,768	211,084	85,316

As of March 31, 2025

(Millions of yen)

Category	Amounts in balance sheets	Fair Value	Difference
(1) Shares of subsidiaries and associates			
Shares of affiliates	102,388	117,316	14,927
(2) Investments in other securities of subsidiaries and associates			
Subsidiaries	50,320	71,608	21,287
Affiliates	35,759	33,591	(2,168)
Total	188,468	222,515	34,047

(Note) Amounts of subsidiary stock and affiliated company stock without market price recorded on the balance sheets

(Millions of yen)

Category	As of March 31, 2024	As of March 31, 2025
(1) Shares of subsidiaries and associates		
Shares of subsidiaries	528,533	529,237
Shares of affiliates	32,916	85,015
(2) Investments in other securities of subsidiaries and associates		
Subsidiaries	81,973	58,543
Total	643,422	672,796

These are not included in “subsidiary stock and affiliated company stock” because there are no market prices.

(Income taxes)

1 Breakdown of major factors for deferred tax assets and liabilities

	(Millions of yen)	
	As of March 31, 2024	As of March 31, 2025
Deferred tax assets		
Loss on valuation of shares of subsidiaries and associates	6,626	13,246
Allowance for doubtful accounts	8,571	10,315
Loss on valuation of investment securities	6,301	6,679
Excess depreciation	3,587	3,554
Net operating losses carry-forward	1,502	321
Other	5,680	4,278
Total gross deferred tax assets	32,270	38,396
Valuation allowance for net operating losses carry-forward	(1,502)	(321)
Valuation allowance for deductible temporary difference	(25,204)	(33,933)
Subtotal of valuation allowance	(26,706)	(34,254)
Total deferred tax assets	5,563	4,142
Deferred tax liabilities		
Valuation difference on available-for-sale securities	20,727	21,232
Other	1,488	1,552
Total deferred tax liabilities	22,216	22,784
Net deferred tax assets (liabilities)	(16,653)	(18,642)

2 Reconciliation of the differences between the statutory effective tax rate and the actual effective income tax rate after application of deferred tax accounting

	(%)	
	As of March 31, 2024	As of March 31, 2025
Statutory effective tax rate	30.62	30.62
(Adjustments)		
Valuation allowance	5.45	6.81
Permanent difference (income)	(31.33)	(33.12)
Permanent difference (expense)	1.17	1.44
Other	(0.92)	(0.29)
Actual effective income tax rate after application of deferred tax accounting	4.99	5.46

3 Accounting for income taxes or deferred tax accounting related to income taxes

The Group Tax Sharing System has been adopted. In addition, the accounting and disclosure for income taxes or deferred tax accounting related to income taxes are in accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

4 Revisions to amounts of deferred tax assets and deferred tax liabilities based on changes in income tax rates

With the enactment of the “Act for Partial Amendment to the Income Tax Act, etc. (Act No. 13 of 2025)” by the Japanese Diet on March 31, 2025, the “Defense Special Corporate Tax” will be imposed starting from the fiscal year beginning on April 1, 2026.

Accordingly, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will be changed from the current rate of 30.62% to 31.52% for temporary differences that are expected to be resolved in the fiscal years beginning on or after April 1, 2026. The impact of this tax rate change on our financial statements is minimal.

(Revenue recognition)

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

(Subsequent events)

(Purchase of treasury shares)

The Company adopted the resolution at the meeting of the Board of Directors 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<br>(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<br>(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  |

## (iv) Non-consolidated supplementary financial schedules

[Non-consolidated supplementary financial schedule of property, plant and equipment, etc.]

(Millions of yen)

Type of assets	Balance at the beginning of the period	Increase	Decrease	Balance at the end of the period	Accumulated depreciation and amortization as of March 31, 2025	Depreciation and amortization in the fiscal year	Net balance at the end of the period
Property, plant and equipment							
Buildings	30,226	2	–	30,228	4,282	962	25,946
Machinery and equipment	3	–	–	3	0	0	2
Furniture and fixtures	2,951	176	0	3,126	626	46	2,499
Land	49,351	–	–	49,351	–	–	49,351
Construction in progress	12,351	–	28	12,322	–	–	12,322
Total property, plant and equipment	94,884	178	28	95,033	4,910	1,009	90,123
Intangible assets							
Software	–	–	–	27,082	23,985	1,724	3,097
Other	–	–	–	3,444	737	40	2,706
Total intangible assets	–	–	–	30,527	24,722	1,764	5,804

(Note) The “Balance at the beginning of the period,” “Increase” and “Decrease” are omitted because the “Net balance at the end of the period” of intangible assets is less than 1% of total assets.

[Non-consolidated supplementary financial schedule of provisions]

(Millions of yen)

Category	Balance at the beginning of the period	Increase	Decrease (utilized)	Decrease (due to other reason)	Balance at the end of the period
Allowance for doubtful accounts	2,600	150	619	0	2,131
Provision for bonuses	1,459	2,168	1,459	–	2,168

(Notes) 1 The “other reason” in the decrease for allowance for doubtful accounts is the reversal amounts from the collection of debts.  
2 In the balance sheets, 230 million yen of allowance for doubtful accounts is deducted directly from the amount of debts.

## (2) Details of major assets and liabilities

This information has been omitted as the consolidated financial statements have been prepared.

## (3) [Other]

Not applicable.

## Item 6. Overview of Operational Procedures for Shares

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date for dividends of surplus	September 30 and March 31
Number of shares constituting one unit	100 shares
Repurchase of shares less than one unit	
Handling office	(Special accounts) 4-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department
Administrator of shareholders' register	(Special accounts) 4-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Offices available for repurchase	–
Charges for repurchase	Amounts separately determined by the Company
Sale of shares less than one unit	
Handling office	(Special accounts) 4-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department
Administrator of shareholders' register	(Special accounts) 4-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Offices available for sale	–
Handling fees	Amounts separately determined by the Company

(Note) In accordance with the Company's Articles of Incorporation, the Company's shareholders may not exercise rights other than the following in relation to shares less than one unit that they hold.

- (i) Rights stipulated in each item of Article 189, Paragraph (2) of the Companies Act
- (ii) Rights to make a request pursuant to the provisions of Article 166, Paragraph (1) of the Companies Act
- (iii) Rights to receive an allotment of shares for subscription and allotment of share acquisition rights for subscription corresponding to the number of shares held by the shareholder
- (iv) Right to request to sell the number of unit shares combined with the number of shares less than one unit held

Method of public notice	<p>Electronic public notice.  <a href="https://www.daiwa-grp.jp/ir/shareholders/">https://www.daiwa-grp.jp/ir/shareholders/</a>  However, if the Company is unable to make electronic public notice due to an accident or any other compelling reason, it will make an alternative public notice in a newspaper the Nihon Keizai Shimbun.</p>																																
Special benefit for Shareholders	<p>Shareholder benefits program at the end of September</p> <p>(1) Eligible shareholders: Shareholders or registered pledgees holding 1,000 shares or more as reported in the shareholder register as of September 30 each year</p> <p>(2) Details of benefits: “Choose from the Shareholder Benefits Catalog,” “Discount on costs when moving into housing for seniors” and “Discounts and benefits at hotels and golf courses”</p> <p>Details of available options in the Shareholder Benefits Catalog</p> <table border="1" data-bbox="387 533 1425 790"> <thead> <tr> <th>Shareholder benefits</th> <th>1,000 or more shares Less than 3,000 shares</th> <th>3,000 or more shares Less than 5,000 shares</th> </tr> </thead> <tbody> <tr> <td>(i) Local specialty, etc. (2,000 yen value)</td> <td rowspan="3">Select one of the items from the shareholder benefits (i) to (iii) shown on the left or only available through the Web (2,000 yen value)</td> <td rowspan="3">Select two of the 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## Item 7. Reference Information of Reporting Company

### 1 Information about parent company, etc. of reporting company

The Company does not have a parent company.

### 2 Other reference information

Between the date of beginning of this fiscal year and the filing date of this Annual Securities Report, the Company has filed the following documents.

1	Securities Registration Statement and Appendices, and Written Confirmation	(Stock subscription as a result of the Restricted Stock Compensation Plan)	June 21, 2024 Filed to Director-General of Kanto Local Finance Bureau
2	Amended Registration Statement of Securities Registration Statement	Amendments to the Securities Registration Statement and Appendices (Filed June 21, 2024)	June 24, 2024 Filed to Director-General of Kanto Local Finance Bureau
3	Shelf Registration statement (straight bonds) and Appendices		July 12, 2024 Filed to Director-General of Kanto Local Finance Bureau
4	Shelf Registration Statement supplementary document and Appendices	Filing concerning Shelf Registration Statements (Filed July 12, 2024)  same as above	November 29, 2024  May 16, 2025 Filed to Director-General of Kanto Local Finance Bureau
5	Amendment to Shelf Registration Statements	Filing concerning Shelf Registration Statements (Filed July 12, 2024)  same as above same as above same as above	August 1, 2024  August 19, 2024 October 25, 2024 May 8, 2025 Filed to Director-General of Kanto Local Finance Bureau
6	Annual Securities Report and Appendices, and Written Confirmation	Business year: from April 1, 2023 to March 31, 2024	June 24, 2024 Filed to Director-General of Kanto Local Finance Bureau
7	Internal Control Report	Business year: from April 1, 2023 to March 31, 2024	June 24, 2024 Filed to Director-General of Kanto Local Finance Bureau
8	Semi-annual Securities Reports and Written Confirmations	88th term (April 1, 2024 - March 31, 2025)	November 13, 2024 Filed to Director-General of Kanto Local Finance Bureau
9	Extraordinary Report	This is an Extraordinary Report pursuant to Article 19, Paragraph (2), Item (ix)-2, of the Cabinet Office Order on Disclosure of Corporate Affairs (results of exercise of voting rights at Shareholders' Meeting). This is an Extraordinary Report pursuant to Article 19, Paragraph (2), Item (ii)-2, of the Cabinet Office Order on Disclosure of Corporate Affairs (issuance of share acquisition rights for which notification may be omitted).	June 24, 2024 Filed to Director-General of Kanto Local Finance Bureau  August 1, 2024 Filed to Director-General of Kanto Local Finance Bureau
10	Amended Extraordinary Report	Amendments to the Extraordinary Report (Filed August 1, 2024)	August 19, 2024 Filed to Director-General of Kanto Local Finance Bureau

11 Share Buyback Reports

May 13, 2025

June 11, 2025

Filed to Director-General of Kanto  
Local Finance Bureau

12 Amended report and written  
confirmation of the Annual  
Securities Report

Business year: from April 1, 2022 to March 31, 2023

June 24, 2024

Filed to Director-General of Kanto  
Local Finance Bureau

Part 2 Information About Company Which Provides Guarantee to Reporting Company

Not applicable.

**Independent Auditor’s Report on the Financial Statements**  
**and**  
**Internal Control Over Financial Reporting**

June 18, 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

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Daiwa Securities Group Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”) provided in the “Financial Information” section in the company’s Annual Securities Report, which comprise the consolidated balance sheet as at March 31, 2025 and the consolidated statement of income and comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended 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.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In our audit of the consolidated financial statements of the current period, we have selected key audit matters by taking into account risks related to fluctuations in the economic conditions and financial markets both globally and within Japan, risks associated with climate change, as well as business risks regarding the Asset Management Division and Global Markets & Investment Banking Division. As a result, we decided to include the key audit matters, “Valuation of private equity and other investments, and operating loans receivable held by Alternative Asset Management” and “Valuation of Level 3 derivative instruments held as part of trading products” as the key audit matters for the current period.

Valuation of private equity and other investments, and operating loans receivable held by Alternative Asset Management	
The key audit matter	How the matter was addressed in our audit
<p>As described in the Note “Significant accounting estimates” to the consolidated financial statements, Daiwa Securities Group Inc. and its subsidiaries (the “Group”) recognized private equity and other investments of ¥107.3 billion and operating loans receivable of ¥110.8 billion in Alternative Asset Management within the Asset Management Division. These amounts included the balances held by the consolidated subsidiaries, Daiwa PI Partners Co. Ltd. and Daiwa Energy &amp; Infrastructure Co. Ltd.. In relation to these investments, a loss on domestic and international investments and loans of ¥8.8 billion was recognized for the current fiscal year.</p> <p>The Group is engaged in a principal investment business that primarily aims to generate profits by acquiring/holding investments, such as shares of entities, using its own capital and reselling these investments after enhancing the corporate value of the investee companies through business improvements or other means. The Group is also engaged in energy and infrastructure investment businesses, acquiring and holding domestic and foreign investment assets within these sectors, primarily aiming to generate income gains during the holding period and capital gains from resale. These businesses are conducted by Alternative Asset Management, and impairment losses on the investments may be recognized if the value of the investments, such as shares, declines during the holding period. Furthermore, if the Group cannot resell investments, such as shares, at prices exceeding their acquisition costs, there is a risk of incurring losses.</p> <p>As described in Note “4. Accounting policies: (1) Valuation standards and methods for major assets” to the consolidated financial statements, among private equity and other investments, securities without market prices are recorded in the consolidated balance sheet at cost using the moving average method. If the substantive value of an investment has declined significantly, impairment loss shall be recognized unless its recoverability is supported by sufficient evidence. In addition, as described in Note “4. Accounting policies: (3) Accounting policies for significant allowances and provisions”, even if impairment indicators do not exist, in order to provide for losses arising from private equity and other investments, the amount of an estimated loss shall be recognized as an allowance for investment losses by assessing the financial conditions of investee companies. Furthermore, as described in Note “4. Accounting policies: (3) Accounting policies for significant allowances and provisions”, the estimated amount of uncollectible operating loans receivable shall be recognized as an allowance for doubtful accounts to provide for potential credit loss.</p> <p>The valuation of private equity and other investments and operating loans receivable held by Alternative Asset Management involves a high degree of estimation uncertainty and significant management judgments primarily in the following areas:</p> <ul style="list-style-type: none"> <li>• Evaluating the operating status of investee companies;</li> <li>• Determining the method of calculating the valuation amount;</li> <li>• Determining the key assumptions and data underlying the valuation; and</li> <li>• Determining the necessity of impairment or the recognition of an allowance for investment losses of private equity and other investments, as well as the necessity to recognize an allowance for doubtful</li> </ul>	<p>To assess the valuation of private equity and other investments and operating loans receivable held by Alternative Asset Management, we primarily performed the following audit procedures:</p> <p><b>(1) Internal control testing</b></p> <p>We tested the design and operating effectiveness of certain of the Group’s internal controls relevant to the valuation of private equity and other investments, and operating loans receivable held by Alternative Asset Management. In this assessment, we focused our testing on the following controls:</p> <ul style="list-style-type: none"> <li>• controls to ensure that the internal rules for the valuation of private equity and other investments, and operating loans receivable held by Alternative Asset Management comply with accounting standards and other applicable requirements; and</li> <li>• controls to ensure that valuation process of investee companies are appropriate.</li> </ul> <p><b>(2) Assessment of the valuation of private equity and other investments, and operating loans receivable</b></p> <p>We assessed the extent of the incurred losses and evaluated whether there was sufficient evidence supporting the recoverability of the energy-related investments held by Alternative Asset Management, which were significant in amount and whose performance fell short of initial projections due to the decline in the industry’s business environment. This assessment included the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluation of the operating status of the investee companies</li> </ul> <p>We inspected materials used in management’s evaluation and evaluation reports from an external valuation company, inquired of the personnel responsible for the investing department and the risk management department regarding the evaluation, and performed an analysis based on publicly available information on investee companies obtained independently by the auditor. In our evaluation, we considered the following:</p> <ul style="list-style-type: none"> <li>• the status of the industries to which investee companies belong;</li> <li>• the investee companies’ business model;</li> <li>• the outlook of the performance and cashflow of investee companies; and</li> <li>• the progress of the projects.</li> </ul> <ul style="list-style-type: none"> <li>• Assessment of valuation calculation methods</li> </ul> <p>We assessed the appropriateness of the selection of methods for calculating the valuation by inspecting materials used in the management’s valuation calculation and evaluation reports from an external</p>

<p>accounts on operating loans receivable, along with the measurement of the corresponding amounts.</p> <p>For the aforementioned reasons, we determined that our assessment of the valuation of private equity and other investments and operating loans receivable held by Alternative Asset Management, was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>valuation company, inquired of the personnel responsible for the investing department and the risk management department.</p> <ul style="list-style-type: none"> <li>Assessment of the assumptions and data underlying the valuation estimate</li> </ul> <p>We inspected documents that describe significant assumptions and data regarding the investee companies' business plan and projections of their future business environment which form the basis for the estimate of future cash flows, and inquired of management regarding the effect of those assumptions on the valuation of investments. Additionally, we assessed the appropriateness of those assumptions and data by comparing them with the results of our own analysis based on external data obtained independently by the auditor.</p> <p>In estimating the evaluation of energy-related investments, we determined that future electricity sales prices, trends in imported fuel prices which serve as the basis for power generation costs, trends in Japan's energy policy and discount rates are significant assumptions and data points. As for assumptions of future electricity sales prices and trends in imported fuel prices, the audit team compared the Group's projections with alternative forecasts published by international organizations.</p> <p>Additionally, we assessed whether reasonable estimates were made by considering changes and future outlooks in the supply-demand structure in energy sales regions and the situation regarding energy policies.</p> <p>To assess these significant assumptions and data, we involved experts in the energy sector and valuation specialists within our domestic network firm.</p>
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Valuation of Level 3 derivative instruments held as part of trading products	
The key audit matter	How the matter was addressed in our audit
<p>In the consolidated balance sheet, derivative instruments held as part of trading products were recorded at ¥2,782.9 billion in current assets and ¥2,626.5 billion in current liabilities. As described in the Notes "Significant accounting estimates" and "Financial instruments: 2. Fair value and fair value hierarchy by level of financial instruments" to the consolidated financial statements, the derivative assets and liabilities held as part of trading products categorized within Level 3 of the fair value hierarchy, or Level 3 derivative assets and liabilities, were ¥22.0 billion and ¥19.9 billion, respectively.</p> <p>As described in Note "4. Accounting policies: (1) Valuation standards and methods for major assets" to the consolidated</p>	<p>To assess the valuation of Level 3 derivative instruments held as part of trading products, we primarily performed the following audit procedures:</p> <p><b>(1) Internal control testing</b></p> <p>We tested the design and operating effectiveness of certain the Group's internal controls relevant to the valuation of Level 3 derivative instruments held as part of trading products. In this assessment, we focused our testing on the following controls:</p> <ul style="list-style-type: none"> <li>controls that validate the inputs used in the pricing models, including those that are not observable in the</li> </ul>

<p>financial statements, derivative instruments held as part of trading products are measured at fair value in the consolidated balance sheet, while valuation gains or losses are reported within net gains or losses on trading in the consolidated income statement. Information regarding Level 3 fair value is provided in the Note “Financial instruments: 2. Fair value and fair value hierarchy by level of financial instruments” to the consolidated financial statements, and the unrealized gains or losses recorded in the consolidated balance sheet for Level 3 derivatives amounted to (¥3.4 billion).</p> <p>The fair values of over-the-counter derivative instruments are calculated using pricing models including those generally recognized in the market or the updated versions thereof. These pricing models are adjusted to reflect market practices by performing an analysis through the comparison with observable market information and alternative pricing models, or other means.</p> <p>The calculation of fair value using pricing models involves inputs such as interest rates, exchange rates, stock prices, volatilities and correlation coefficients. In particular, unobservable inputs including long-term swap-rates, long-term currency basis, long-term volatilities of stock prices, long-term credit spreads and correlation coefficients are used to calculate the fair value of Level 3 derivative instruments.</p> <p>Estimating the fair value of Level 3 derivative instruments involves a high degree of estimation uncertainty and significant management judgment. The valuation requires complex processes based on a high level of expertise in valuation methodologies primarily in the following areas:</p> <ul style="list-style-type: none"> <li>• Selecting and adjusting pricing models; and</li> <li>• Determining inputs used in the pricing models.</li> </ul> <p>For the aforementioned reasons, we determined that our assessment of the valuation of Level 3 derivative instruments held as part of trading products was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>market, as well as the marked-to-market valuation, conducted by a department independent from the trading department; and</p> <ul style="list-style-type: none"> <li>• controls in which the appropriateness of assumptions embedded in the pricing models and the valuation techniques, as well as adjustments to the pricing models are validated by a department independent of the department which developed the pricing models.</li> </ul> <p><b>(2) Assessment of the valuation of Level 3 derivative instruments held as part of trading products</b></p> <ul style="list-style-type: none"> <li>• Assessment of the pricing models <p>We assessed the continuous effectiveness of assumptions in the pricing models used to calculate the valuation of derivative instruments, as well as the reasonableness of any adjustments. We involved valuation specialists in financial instruments within our international network firms (hereinafter, the “financial instrument valuation specialists”) who assessed the reasonableness of the adjustments made to the pricing models during the current fiscal year.</p> </li> <li>• Assessment of inputs <p>We compared observable market inputs with data independently obtained from information vendors and other sources. We also compared unobservable inputs primarily with consensus pricing data provided by a consensus pricing service provider and the values we estimated independently.</p> </li> <li>• Assessment of the valuation of derivative instruments calculated using the pricing models <p>For a sample of derivative instruments selected considering quantitative and qualitative significance, we independently calculated the valuation and compared them with the fair values calculated by management, with the involvement of the financial instrument valuation specialists.</p> </li> <li>• Assessment of relevant disclosures <p>We assessed the appropriateness of the balances by level and the information related to Level 3 fair value disclosed in accordance with the “Accounting Standard for Calculation of Fair Value Measurement”.</p> </li> </ul>
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## Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers and 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 executive officers and directors' performance of their duties including 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 about 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 the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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, 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.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Audit of the Internal Control Report**

#### **Opinion**

We also have audited the accompanying internal control report of Daiwa Securities Group Inc. as at March 31, 2025, in accordance with Article 193-2(2) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying internal control report, which states that the internal control over financial reporting was effective as at March 31, 2025, presents fairly, in all material respects, the results of the assessments of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit of the internal control report in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Internal Control Report* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the internal control report 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.

### **Responsibilities of Management and the Audit Committee for the Internal Control Report**

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

The audit committee is responsible for overseeing and examining the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

### **Auditor's Responsibilities for the Audit of the Internal Control Report**

Our objectives are to obtain reasonable assurance about whether the internal control report is free from material misstatement based on our audit of the internal control report and to issue an auditor's report that includes our opinion.

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

- Perform procedures to obtain audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. The procedures for the audit of the internal control report are selected and performed, depending on the auditor's judgment, based on significance of effect on the reliability of financial reporting.
- Evaluate the overall presentation of the internal control report, including the appropriateness of the scope, procedures and results of the assessments that management presents.
- Plan and perform the audit of the internal control report to obtain sufficient appropriate audit evidence about the results of the assessments of internal control over financial reporting in the internal control report. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the internal control report. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of our audit of the internal control report, the results thereof, material weaknesses in internal control identified during our audit of internal control report, and those that were remediated.

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.

### **Fee-related Information**

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in Explanation about corporate governance, etc., (3) Status of audit included in "Information About Reporting Company."

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Audit Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

## Independent Auditor's Report on the Financial Statements

June 18, 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

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Daiwa Securities Group Inc. (“the Company”) provided in the “Financial Information” section in the company’s Annual Securities Report, which comprise the balance sheet as at March 31, 2025 and the statement of income and statement of changes in net assets for the year then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, in accordance with Article 193-2(1) of the Financial Instruments and Exchange Act of Japan.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance for the year then ended 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* 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.

#### **Key Audit Matter**

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

In our audit of the financial statements of the current period, we included the “Valuation of shares of subsidiaries and associates” as the key audit matter for the current period.

Valuation of shares of subsidiaries and associates	
The key audit matter	How the matter was addressed in our audit
<p>Daiwa Securities Group Inc. (the “Company”), as a holding company of a comprehensive securities group, holds large amounts of shares of subsidiaries and associates. The Company recognized shares of subsidiaries and associates of ¥716.6 billion on the balance sheet as of March 31, 2025, which includes shares without market prices that have been acquired at a price that reflects future excess earning power.</p> <p>As described in the Note, “Significant accounting policies: 1. Valuation standards and methods for major assets” to the financial statements, shares of subsidiaries and associates are recorded in the balance sheet at cost using the moving average method. If the substantive value of the subsidiaries and associates has declined significantly, impairment loss shall be recognized unless its recoverability is supported by sufficient evidence. In addition, as described in the Note “Significant accounting policies: 3. Accounting policies for provisions” to the financial statements, even if impairment do not exist, in order to prepare for losses arising from the shares of subsidiaries and associates, the decline in substantive value shall be recognized as an allowance for investment losses by taking into consideration the actual situation of subsidiaries and associates.</p> <p>The balance of shares of subsidiaries and associates accounts for approximately 26% of the total assets. Additionally, since the measurement of excess earning power in the calculation of fair value involves management judgment, it could potentially have a significant impact on the financial statements.</p> <p>For the aforementioned reasons, we determined that our assessment of the valuation of shares of subsidiaries and associates was of utmost significance in our audit of the financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<p>To assess the valuation of shares of subsidiaries and associates, we primarily performed the following audit procedures:</p> <p><b>(1) Internal control testing</b></p> <p>We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the valuation of shares of subsidiaries and associates. In this assessment, we focused our testing on the following controls:</p> <ul style="list-style-type: none"> <li>controls to ensure that the internal rules for the valuation of shares of subsidiaries and associates comply with accounting standards and other applicable requirements; and</li> <li>controls to ensure that the substantive value of shares of subsidiaries and associates is appropriate considering excess earning power.</li> </ul> <p><b>(2) Assessment of the valuation of shares of subsidiaries and associates</b></p> <p>In order to evaluate the judgment regarding the necessity of impairment or recognition of an allowance for investment losses on shares of subsidiaries and associates, we assessed the extent to which losses had been incurred. This assessment included the following audit procedures:</p> <ul style="list-style-type: none"> <li><b>Evaluation of the operating status and excess earning power of subsidiaries and associates</b></li> </ul> <p>In order to understand the operating status of the subsidiaries and associates and to reevaluate the excess earning power reflected in their acquisition costs, we inspected materials used in management’s evaluation of the operating status. These materials include the Company’s analysis on the progress of the business plans of subsidiaries and associates and the variance between the initial plan and actual performance, as well as an analysis on the reasonableness of business improvement measures. In addition, we assessed the management’s evaluation on shares of subsidiaries and associates by inspecting an evaluation report from an external valuation company and performing an analysis based on publicly available information on industry trends of subsidiaries and associates independently obtained by the auditor.</p>

### Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the financial statements, the financial statements, and our auditor’s reports thereon. Management is responsible for the preparation and presentation of the other information. The audit committee is responsible for overseeing the executive officers and 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 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 executive officers and directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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, 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.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Fee-related Information**

Fee-related Information is described in Report on the Audit of the Consolidated Financial Statements.

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

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Audit Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Financial Instruments and Exchange Act of Japan.

## Cover page

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, Paragraph (1) of the Financial Instruments and Exchange Act of Japan
Place of filing	Director-General of Kanto Local Finance Bureau
Filing date	June 18, 2025
Company name	Daiwa Securities Group Inc. (Kabushiki Kaisha Daiwa Shoken Group Honsha)
Company name in English	Daiwa Securities Group Inc.
Title and name of representative	Akihiko Ogino, President and CEO
Title and name of CFO	Kotaro Yoshida, Executive Managing Director
Address of registered headquarters	9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-Chome, Naka-ku, Nagoya)

## 1 Basic Framework of Internal Control over Financial Reporting

Akihiko Ogino, the Company's President and CEO and Kotaro Yoshida, Chief Financial Officer are responsible for designing and operating the Company's internal control over financial reporting. They design and operate internal control over financial reporting in accordance with the basic framework of internal control presented in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting for consolidated financial statements may not completely prevent or detect misstatements in financial reporting.

## 2 Scope of Assessment, Assessment Date and Assessment Procedure

Assessment of internal control over financial reporting was carried out as of March 31, 2025, which is the final day of the Company's business year, in accordance with generally accepted assessment standards for internal control over financial reporting.

In this assessment, the business processes to be assessed are selected after an assessment of internal control that has a significant impact on overall financial reporting on a consolidated basis ("company-level internal control") is carried out, and in consideration of the results of the said assessment. In assessing the said business processes, an assessment of the effectiveness of internal control was conducted by identifying the key controls that would have a material impact on the reliability of financial reporting after analyzing the selected business processes and by assessing the status of design and operation of the said key controls.

The scope of assessment of internal control over financial reporting was determined to be the scope that is necessary from the viewpoint of materiality of the impact on the reliability of financial reporting regarding the Company, its consolidated subsidiaries and its equity-method entities. The materiality of the impact on the reliability of the financial reporting is determined with consideration of the monetary and qualitative impacts, as well as the possibility of their occurrence. The Company has reasonably determined the scope of assessment of internal control relating to business processes taking account of the assessment results of company-level internal controls at the Company, its consolidated subsidiaries and equity-method entities. Furthermore, consolidated subsidiaries and equity-method entities deemed to be insignificant from a monetary and qualitative materiality perspective are not included in the scope of company-level internal control.

For the scope of assessment of internal control relating to business processes, taking the average for the past five fiscal years in each business location as well as summing from the locations that recorded high net operating revenue (after eliminating dividends between consolidated companies) for the current fiscal year, we referred to two business locations that accounted for roughly two-thirds of the average for the past five fiscal years as well as the consolidated net operating revenue in the current fiscal year as "Significant business locations." Commission received, net trading income, trading products, margin transaction assets and liabilities, and loans and borrowings secured by securities were selected as accounts that have a large involvement with the corporate business objectives of the selected significant business locations and their related business processes were subject to assessment. In addition, the scope of assessment includes other business locations as well as selected significant business locations with respect to certain business processes. Specifically, business processes that have a high risk of misstatement and relate to significant accounting items involving estimates and forecasts, and business processes relating to a business or operation dealing with high-risk transactions, are added to the scope of assessment as business processes with substantial significance in terms of effects on financial reporting, regardless of whether they occur at selected significant business locations.

## 3 Assessment Result

As a result of the above assessment, we judge that the Company's internal control over its financial reporting is effective as of March 31, 2025.

## 4 Supplementary Matters

Not applicable.

## 5 Special Notes

Not applicable.

## Cover page

Document title	Written Confirmation
Clause of stipulation	Article 24-4-2, Paragraph (1) of the Financial Instruments and Exchange Act of Japan
Place of filing	Director-General of Kanto Local Finance Bureau
Filing date	June 18, 2025
Company name	Daiwa Securities Group Inc. (Kabushiki Kaisha Daiwa Shoken Group Honsha)
Company name in English	Daiwa Securities Group Inc.
Title and name of representative	Akihiko Ogino, President and CEO
Title and name of CFO	Kotaro Yoshida, Executive Managing Director
Address of registered headquarters	9-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) Nagoya Stock Exchange, Inc. (8-20, Sakae 3-Chome, Naka-ku, Nagoya)

## 1 Matters Concerning the Appropriateness of the Content Stated in the Annual Securities Report

Akihiko Ogino, the Company's President and CEO and Kotaro Yoshida, Chief Financial Officer have confirmed that the content stated in the Company's Annual Securities Report for its 88th term (April 1, 2024 - March 31, 2025) is reasonable based on the Financial Instruments and Exchange Act and related regulations.

## 2 Special Notes

Confirmed with no specific matters to report.