

Daiwa Securities Group Inc.

1Q FY2021 Earnings Announcement

July 29, 2021

Daiwa Securities Group Inc.

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Highlights (1Q/FY2021, YoY)

Both net operating revenues and ordinary income up YoY

Consolidated earnings results	FY2021 1Q	FY2020 1Q	% Changes vs 1Q/FY2020
Net operating revenues	¥126.7 bn	¥105.4 bn	+20.2%
Ordinary income	¥34.9 bn	¥21.3 bn	+63.4%
Profit attributable to owners of parent	¥23.5 bn	¥17.5 bn	+34.2%

【Retail Division】

- Ordinary income reported ¥10 bn led by steady progress in changing to wealth management business model and cost reduction.
- Investment trust sales amount doubled to ¥478.9 bn owing to asset based fee plan for investment trust*.
- Contract amount of wrap account service increased 2.4x and contract AUM reached a record high (¥2.7 tn**).

【Wholesale Division】

- In Global Markets, revenues from equity remained flat but FICC revenues dropped compared with last fiscal year when bond market was favorable.
- Both net operating revenues and ordinary profits up YoY in Global Investment Banking with contributions from equity and debt underwriting deals and M&A deals.

【Asset Management Division】

- AUM for both Securities AM and Real Estate AM reached a record high which led increase in both net operating revenues and ordinary income.

* A commission plan in which customer pays an asset-based fee instead of the commission charged for the investment trust at the time of purchase. The fee will depend on the investment trust total valuation and holding period.

** Includes Wholesale Division

Summary (1Q/FY2021, QoQ)

※The following shows the percentage change from the previous quarter.

1Q FY2021 Net operating revenues: ¥126.7 bn (+1.7%)

- Revenues in Retail Division down QoQ. Investment trust and wrap-related revenues grew but equity revenues slowed from stock market correction.
- Revenues in Wholesale Division down QoQ. In Global Markets, FICC revenues declined on the back of low bond market volatility. In Global Investment Banking, debt underwriting revenues expanded driven by several large deals but equity underwriting and M&A revenues decreased.
- Revenues in Investment Division up QoQ lifted by income gain and capital gain in Daiwa Energy & Infrastructure.

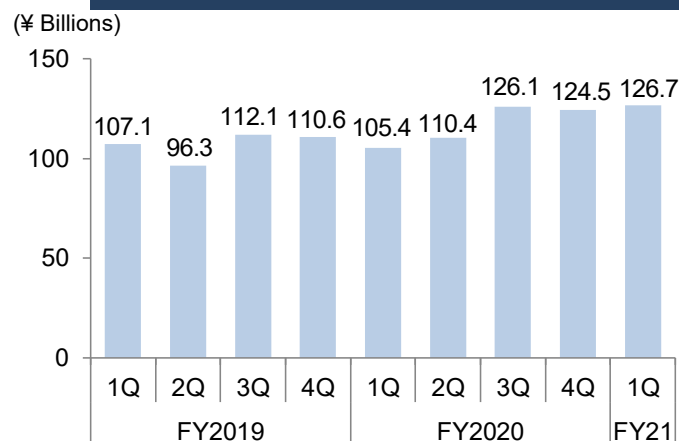
1Q FY2021 Ordinary income: ¥34.9 bn (-1.7%)

- Non-operating income decreased from the prior quarter when strong equity method investment gains were posted.
- SG&A declined to ¥94.8 billion (-5.1%) as earnings-linked bonuses decreased.

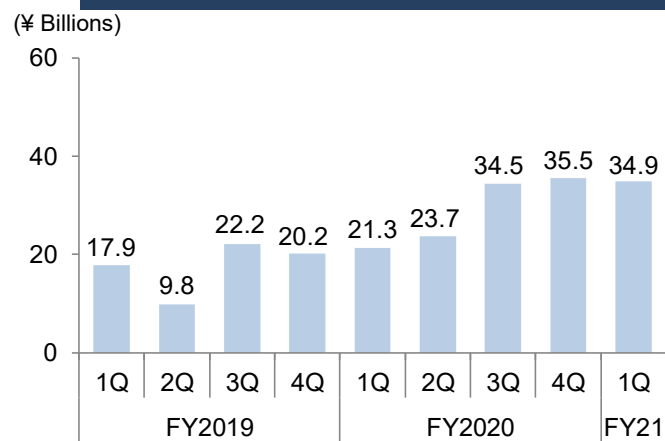
1Q FY2021 Profit attributable to owners of parent: ¥23.5 bn (-53.4%)

- Annualized ROE: 7.1% BPS: ¥866.74

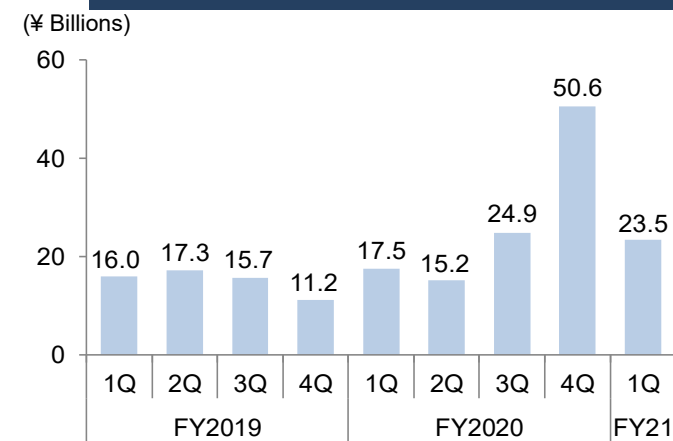
Net Operating Revenues



Ordinary Income



Profit Attributable to Owners of Parent



Financial Summary

(¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	128,612	128,568	151,636	167,355	149,836	-10.5%	16.5%	576,172
Net operating revenues	105,445	110,488	126,149	124,576	126,721	1.7%	20.2%	466,660
SG&A	88,833	90,768	94,207	99,990	94,873	-5.1%	6.8%	373,800
Ordinary income	21,370	23,750	34,514	35,540	34,922	-1.7%	63.4%	115,175
Profit (loss) attributable to owners of parent	17,552	15,252	24,985	50,606	23,560	-53.4%	34.2%	108,396
Total assets	25,657,575	25,583,609	26,234,974	26,099,330	25,586,624			26,099,330
Net assets	1,264,195	1,285,466	1,300,145	1,591,841	1,581,457			1,591,841
Shareholders' equity*	1,217,225	1,235,097	1,250,130	1,333,570	1,321,883			1,333,570
EPS (¥)	11.55	10.01	16.40	33.22	15.45			71.20
BPS (¥)	800.39	810.92	820.74	875.12	866.74			875.12
ROE (Annualized)	5.8%	5.0%	8.0%	15.7%	7.1%			8.5%

* Shareholders' equity = Owners' equity + Accumulated other comprehensive income

Consolidated Segment Summary



(¥ Millions)

Net operating revenues	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Retail	35,148	40,703	44,310	49,343	47,356	-4.0%	34.7%	169,505
Wholesale	51,509	47,595	57,078	59,676	46,751	-21.7%	-9.2%	215,860
<i>Global Markets</i>	45,271	33,247	40,112	43,099	31,682	-26.5%	-30.0%	161,730
<i>Global Investment Banking</i>	6,238	14,348	16,966	16,577	15,068	-9.1%	141.6%	54,129
Asset Management	12,784	12,170	12,835	13,355	17,352	29.9%	35.7%	51,145
<i>Securities Asset Management</i>	9,129	9,740	9,995	10,507	11,096	5.6%	21.5%	39,373
<i>Real Estate Asset Management</i>	3,655	2,429	2,839	2,847	6,255	119.7%	71.1%	11,772
Investments	1,028	3,645	3,174	-3,245	2,757	-	168.1%	4,602
Other/Adjustments	4,974	6,373	8,750	5,447	12,502	-	-	25,546
Consolidated total	105,445	110,488	126,149	124,576	126,721	1.7%	20.2%	466,660

Ordinary income	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Retail	-893	2,660	6,943	11,360	10,037	-11.6%	-	20,070
Wholesale	18,476	14,187	21,454	20,619	11,328	-45.1%	-38.7%	74,737
<i>Global Markets</i>	20,574	8,995	15,477	17,730	7,795	-56.0%	-62.1%	62,777
<i>Global Investment Banking</i>	-2,060	4,769	5,726	2,587	3,144	21.5%	-	11,021
Asset Management	7,571	7,459	7,683	10,060	10,000	-0.6%	32.1%	32,775
<i>Securities Asset Management</i>	3,188	3,929	4,237	4,658	5,184	11.3%	62.6%	16,013
<i>Real Estate Asset Management</i>	4,383	3,530	3,445	5,402	4,816	-10.8%	9.9%	16,761
Investments	117	2,228	1,880	-3,102	1,824	-	15.6x	1,123
Other/Adjustments	-3,901	-2,786	-3,447	-3,396	1,730	-	-	-13,532
Consolidated total	21,370	23,750	34,514	35,540	34,922	-1.7%	63.4%	115,175

*Figures calculated based on managerial accounting of each Group companies. Equity in earnings of affiliates is included in each respective segment.

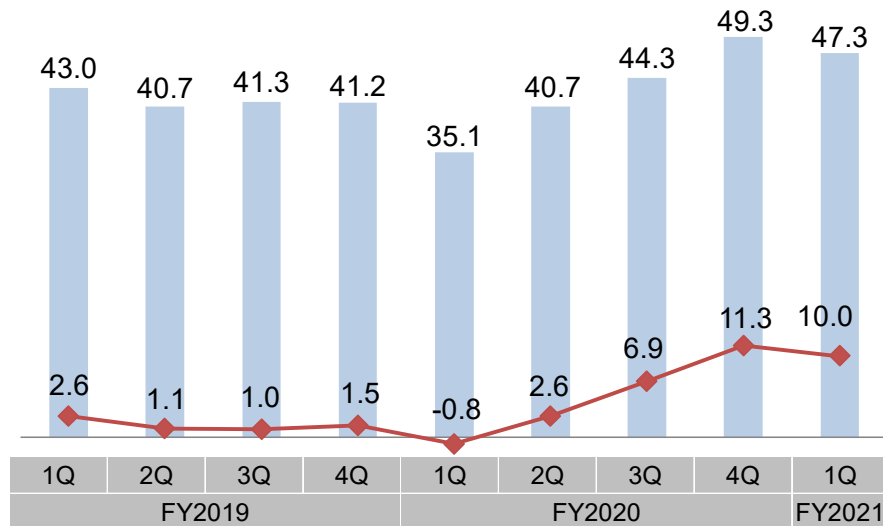
Consolidated Segment Summary



■ Net operating revenues ◆ Ordinary income

Retail Division

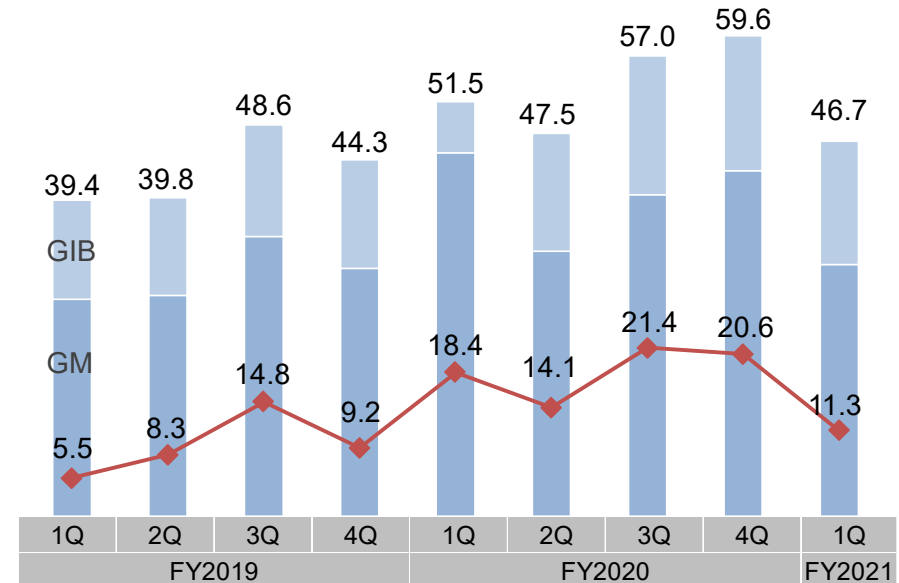
(¥ Billions)



Wholesale Division

(¥ Billions)

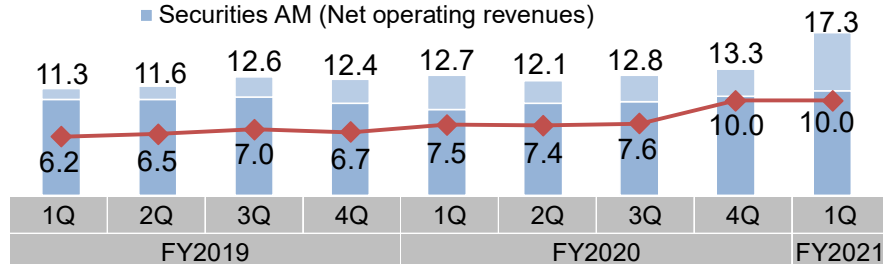
■ Global Investment Banking (Net operating revenues)
■ Global Markets (Net operating revenues)



Asset Management Division

(¥ Billions)

■ Real Estate AM (Net operating revenues)
■ Securities AM (Net operating revenues)



Investment Division

(¥ Billions)



Consolidated B/S Summary

Consolidated Balance Sheet (June 30, 2021)

(¥ Billions)

Current assets		24,131	(-514)	Current liabilities		20,907	(-311)
Cash and deposits	3,970	(-792)	Trading products	4,372	(5)		
Short-term investment securities	1,100	(104)	Trading securities and other	2,153	(120)		
Trading products	8,464	(630)	Stocks, Convertible bonds	205	(-4)		
Trading securities and other	6,115	(741)	Bonds	1,881	(120)		
Stocks, Convertible bonds	287	(126)	Other	66	(5)		
Bonds	4,737	(1,334)	Derivatives transactions	2,219	(-115)		
Beneficiary certificates	54	(-161)	Loans payable secured by securities	8,922	(746)		
Other	1,036	(-557)	Deposits for banking business	4,286	(-129)		
Derivatives transactions	2,348	(-111)	Short-term loans payable	871	(-536)		
Operational investment securities (after allowance for possible investment losses)	96	(-0)	Current portion of bonds	293	(90)		
Loans secured by securities	7,053	(-395)					
Non-current assets		1,454	(1)	Long-term liabilities		3,093	(-190)
Property, plant and equipment	883	(2)	Bonds payable	1,521	(-35)		
Intangible assets	124	(-4)	Long-term loans payable	1,433	(-153)		
Investments and other assets	447	(3)					
Listed stocks	124	(-2)	Total liabilities	24,005	(-502)		
Unlisted stocks	27	(-0)	Net assets	1,581	(-10)		
Affiliated company stocks, etc.	138	(1)	Owners' equity	1,268	(-13)		
Other	156	(4)	Accumulated other comprehensive income	53	(2)		
			Non-controlling interests	250	(1)		
Total Assets	25,586	(-512)	Total liabilities and net assets	25,586	(-512)		

Total assets: ¥25.58 tn

Net assets: ¥1.58 tn

Shareholders' equity:** ¥1.32 tn

- 80.5% of total assets have high liquidity*.

* Cash and deposits + Short-term investment securities + Trading products + Loans secured by securities

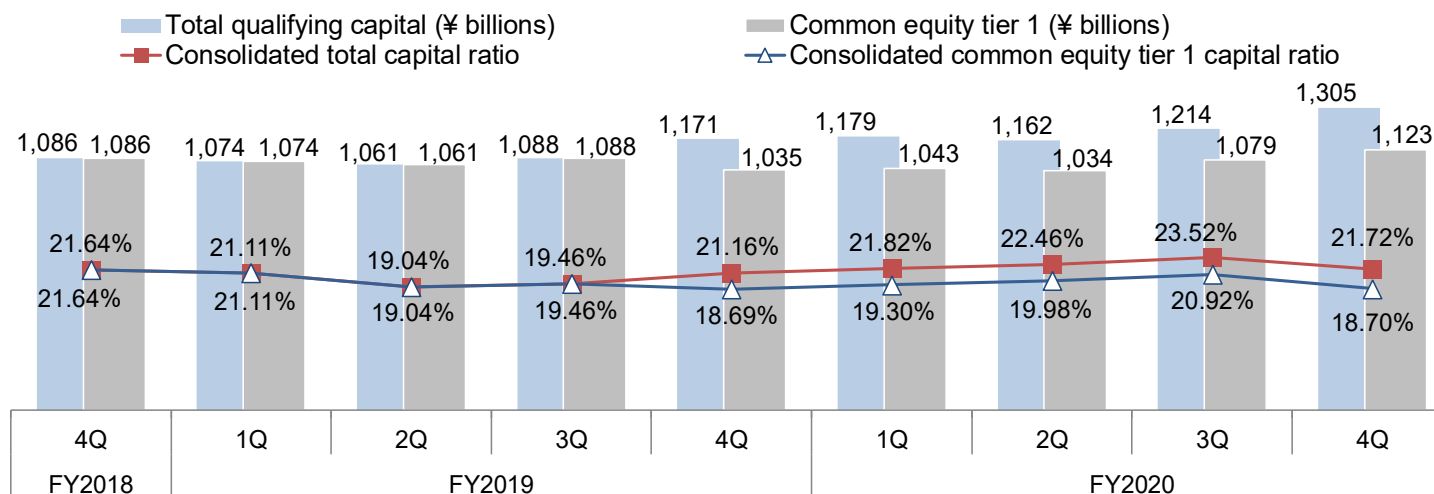
- Shareholders' equity** decreased by ¥11.6 bn from March 31, 2021.

** Shareholders' equity = Owners' equity + Accumulated other comprehensive income

*Figures in parentheses indicate changes from March 31, 2021



Consolidated Capital Adequacy Ratio



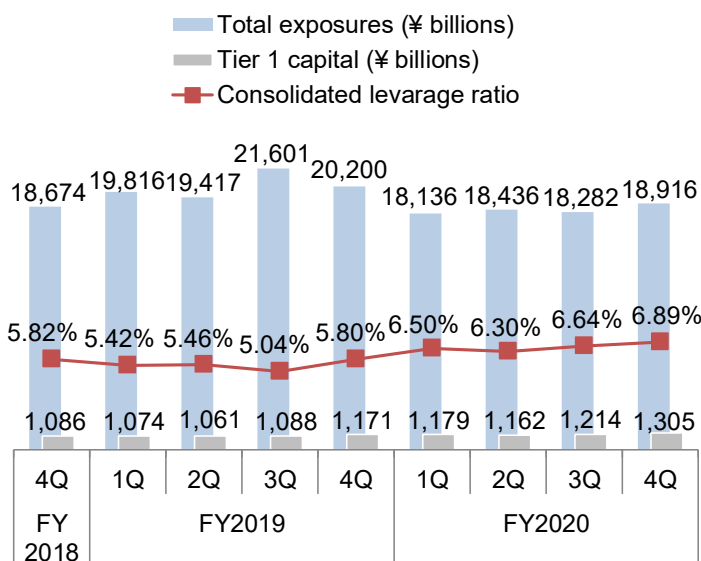
【Regulatory Capital (Basel III)】

(As at March 31, 2021)

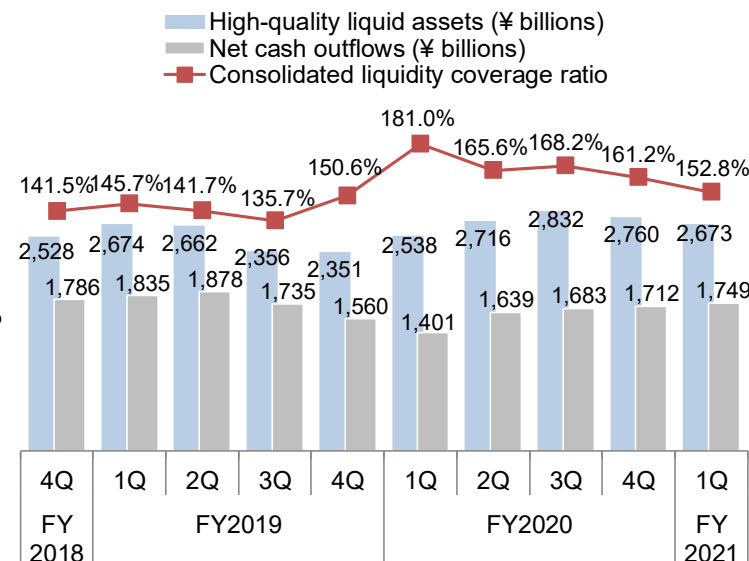
- Consolidated Total Capital Ratio : 21.72%
- Consolidated Tier 1 Capital Ratio : 21.72%
- Consolidated Common Equity Tier 1 Capital Ratio : 18.70%
- Consolidated Leverage Ratio : 6.89%

※ Figures are as at the end of each quarter.

Consolidated Leverage Ratio



Consolidated Liquidity Coverage Ratio



【Regulatory Liquidity (Basel III)】

(Daily average Apr. – Jun. 2021)

- Consolidated Liquidity Coverage Ratio : 152.8%

P/L Summary

(¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	128,612	128,568	151,636	167,355	149,836	-10.5%	16.5%	576,172
Commission received	57,749	70,809	76,664	81,612	77,309	-5.3%	33.9%	286,835
Net trading income	32,056	22,832	32,654	31,352	26,293	-16.1%	-18.0%	118,895
Net gain (loss) on private equity	641	3,210	2,660	-1,703	1,681	-	162.1%	4,808
Financial revenue	26,516	20,396	24,429	21,845	21,295	-2.5%	-19.7%	93,188
Other operating revenue	11,648	11,319	15,227	34,249	23,257	-32.1%	99.7%	72,444
Financial expenses	15,582	11,536	11,160	16,201	10,421	-35.7%	-33.1%	54,480
Other operating expenses	7,583	6,543	14,326	26,577	12,692	-52.2%	67.4%	55,031
Net operating revenues	105,445	110,488	126,149	124,576	126,721	1.7%	20.2%	466,660
SG&A	88,833	90,768	94,207	99,990	94,873	-5.1%	6.8%	373,800
Operating income	16,612	19,719	31,941	24,586	31,848	29.5%	91.7%	92,859
Non-operating income	4,758	4,030	2,573	10,953	3,074	-71.9%	-35.4%	22,315
Ordinary income/loss	21,370	23,750	34,514	35,540	34,922	-1.7%	63.4%	115,175
Extraordinary income/loss	2,810	-764	637	26,707	253	-99.0%	-91.0%	29,391
Income before income taxes	24,181	22,985	35,152	62,247	35,176	-43.5%	45.5%	144,567
Total income taxes	6,277	7,417	9,687	11,533	9,304	-19.3%	48.2%	34,915
Profit (loss) attributable to owners of parent	17,552	15,252	24,985	50,606	23,560	-53.4%	34.2%	108,396

- Commission received decreased (-5.3%)

- Brokerage commission* slowed to ¥18.6 bn (-23.1%) as Japanese equity trading decreased.
- Underwriting and secondary offering commissions* were ¥10.5 bn (+44.1%).
- Distribution commission* was ¥6.2 bn (-0.5%).
- M&A related commission* was ¥7.9 bn (-25.5%).

* Breakdown of total commission received (See p.23)

- Other operating revenue and other operating expenses declined from the prior quarter when posted full year effect of SPC consolidation.
- Non-operating income dropped compared to the prior quarter when strong equity method investment gain related to hybrid business and gain on investments in partnerships were posted.

Breakdown of SG&A

¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
SG&A	88,833	90,768	94,207	99,990	94,873	-5.1%	6.8%	373,800
Trading related expenses	13,289	14,414	14,765	15,142	15,230	0.6%	14.6%	57,612
Personnel expenses	44,979	46,647	48,911	52,464	49,200	-6.2%	9.4%	193,002
Real estate expenses	9,409	9,442	9,457	10,132	9,137	-9.8%	-2.9%	38,441
Office cost	6,144	5,779	6,233	6,207	5,657	-8.8%	-7.9%	24,365
Depreciation	8,404	8,441	8,473	8,601	8,771	2.0%	4.4%	33,920
Taxes and dues	2,762	2,587	2,707	3,436	2,858	-16.8%	3.5%	11,493
Other	3,842	3,456	3,659	4,006	4,018	0.3%	4.6%	14,964

- SG&A declined (-5.1%)
- Personnel expenses declined (-6.2%) as earnings-linked bonuses decreased.
- Real estate expenses declined (-9.8%) from decrease in system related equipment and insurance expenses.
- Office cost declined (-8.8%) due to decrease in system related office expenses.

Consolidated Cost Structure



(¥ Billions)	FY2019					FY2020					FY2021
	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q
Total SG&A	94.7	89.8	93.2	94.2	371.9	88.8	90.7	94.2	99.9	373.8	94.8
Variable costs	36.6	32.2	35.2	35.4	139.5	30.4	32.2	35.5	38.5	136.7	35.6
Trading related expenses	17.8	16.7	17.3	16.9	68.8	13.2	14.4	14.7	15.1	57.6	15.2
<i>Advertising and promotion expenses</i>	2.5	3.1	3.0	3.2	12.0	1.3	1.9	2.0	1.6	6.9	1.6
Bonus and others	12.3	9.2	12.1	12.4	46.2	11.2	12.4	15.0	17.5	56.3	14.7
Overtime, part-time	2.3	2.1	2.2	2.1	8.9	1.9	1.9	1.9	1.8	7.7	1.7
Fixed costs	58.0	57.6	57.9	58.8	232.4	58.4	58.5	58.7	61.4	237.0	59.1
Personnel expenses	32.0	32.1	32.0	32.2	128.4	31.6	32.1	31.7	32.9	128.5	32.6
Real estate expenses	9.1	8.9	9.1	9.4	36.6	9.4	9.4	9.4	10.1	38.4	9.1
Depreciation	7.7	7.6	7.6	7.7	30.8	8.4	8.4	8.4	8.6	33.9	8.7
Office expenses	6.1	6.0	6.3	6.3	24.7	5.9	5.5	5.9	5.9	23.4	5.4
Taxes and dues	2.5	2.6	2.5	2.7	10.5	2.7	2.5	2.7	3.4	11.4	2.8

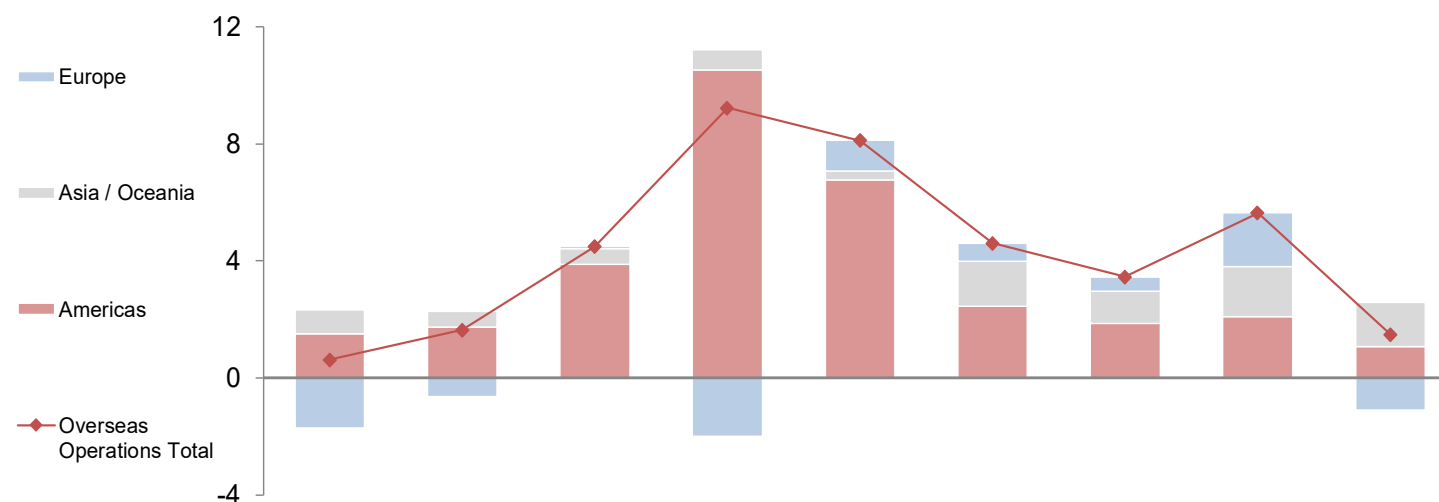
Ordinary Income of Overseas Operations

(¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Overseas Operations Total	8,112	4,610	3,456	5,638	1,499	-73.4%	-81.5%	21,817
Europe	1,043	613	494	1,818	-1,091	-	-	3,969
Asia / Oceania	297	1,537	1,100	1,724	1,509	-12.4%	407.7%	4,659
Americas	6,771	2,459	1,860	2,096	1,080	-48.4%	-84.0%	13,188

Overseas operations stayed in the black for 21 consecutive quarters.

- In Europe, ordinary income decreased as revenues from M&A business slowed compared with the strong prior quarter. Equity and FICC revenues also declined.
- Asia / Oceania posted strong results even though drop in Asian equity revenue decreased ordinary income.
- Americas posted decline in ordinary income. M&A revenues were strong, but the FICC revenues slowed on the back of low of interest rate volatility.

Ordinary Income



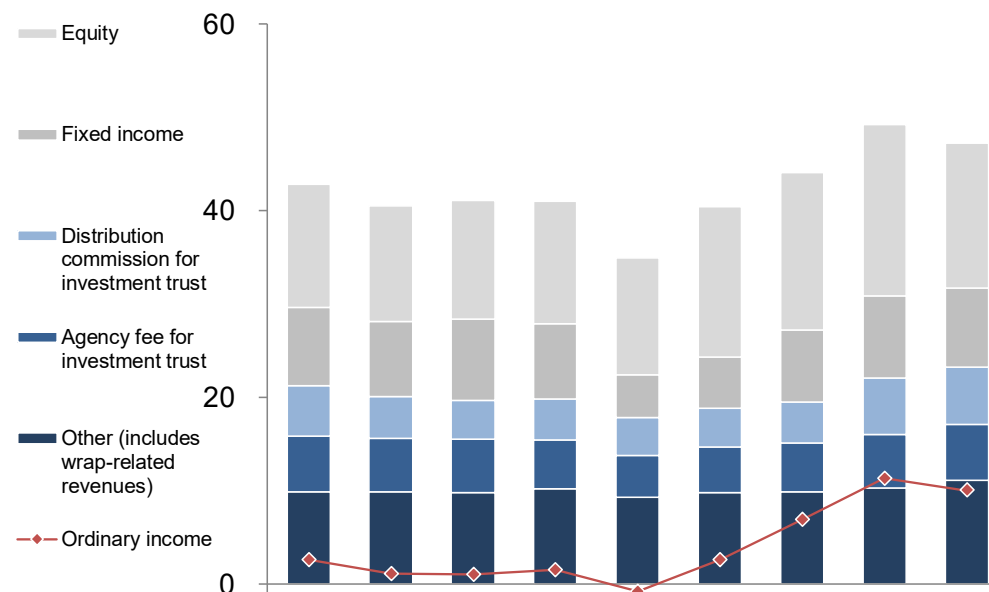
(¥ Billions)	FY2019				FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Europe	-1.5	-1.0	0.0	-2.5	0.5	0.5	0.5	0.5	-1.0
Asia / Oceania	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Americas	1.0	1.5	3.5	9.5	6.5	2.5	2.0	2.0	1.0
Overseas Operations Total	0.0	1.0	4.5	10.5	8.0	4.5	3.5	5.5	1.5

Retail Division

(¥ Millions)	FY2021 1Q	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
Net operating revenues	47,356	-4.0%	34.7%	169,505
Ordinary income	10,037	-11.6%	-	20,070

- Equity revenues down QoQ as Japanese equity trading volume decreased.
- Fixed income revenues slowed QoQ as structured bond sales dropped.
- Distribution commission for investment remained high. Investment trust agency fee up QoQ due to a rise in average asset under custody.
- Other revenues up QoQ supported by continued growth in Investment advisory and account management fees (wrap-related revenues).

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	13.2	12.4	12.7	13.1	12.5	16.1	16.9	18.3	15.5
Fixed income	8.4	8.0	8.7	8.1	4.6	5.5	7.7	8.8	8.5
Distribution commission for investment trust	5.4	4.5	4.2	4.4	4.0	4.1	4.4	6.1	6.1
Agency fee for investment trust	5.9	5.7	5.7	5.2	4.5	4.9	5.2	5.7	6.0
Other (includes wrap-related revenues)	9.9	9.9	9.8	10.2	9.3	9.8	9.9	10.3	11.1
Net operating revenues	43.0	40.7	41.3	41.2	35.1	40.7	44.3	49.3	47.3
Ordinary income	2.6	1.1	1.0	1.5	-0.8	2.6	6.9	11.3	10.0

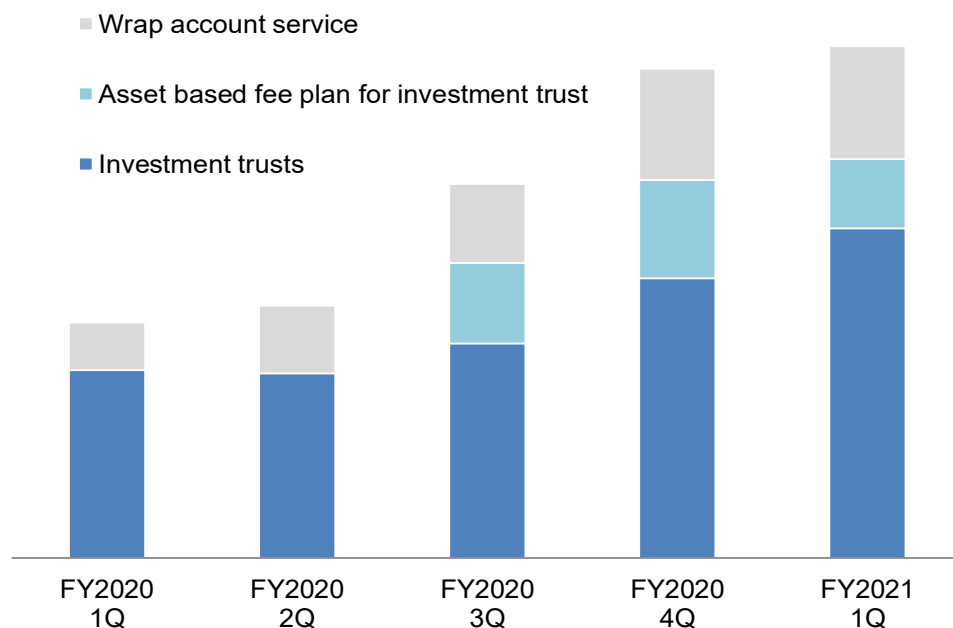
【Stock Investment Trusts】

- Sales and distribution amount of wide range of stock investment trusts increased including funds to invest in ESG/SDGs themes.

【Wrap Account Service】

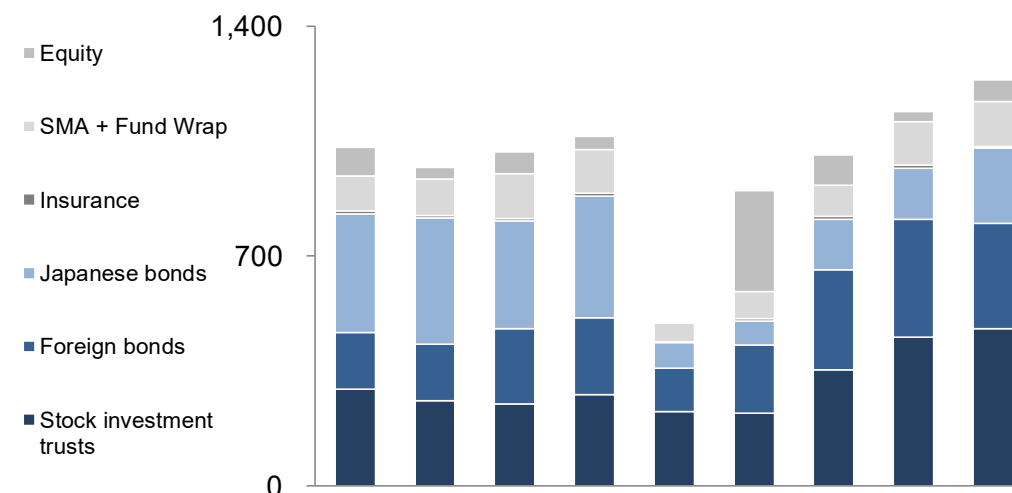
- Contract AUM hit a record high of ¥2.70 trillion* led by an increase in contract amount.

Sales and Distribution Amount of Stock Investment Trusts and Wrap Account Service*



* Includes Wholesale Division

Sales and Distribution Amount by Product



Product	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity*	88.0	35.4	65.7	40.1	1.1	307.0	93.0	28.9	66.8
SMA + Fund Wrap**	105.1	109.8	135.3	133.4	56.9	81.8	95.5	133.8	135.7
Insurance***	8.6	7.5	7.8	8.6	2.4	6.9	7.8	8.3	4.8
Japanese bonds	361.8	385.6	328.6	369.7	76.6	73.8	153.1	156.3	231.2
Foreign bonds****	172.7	171.2	228.0	233.6	133.5	207.8	305.5	358.0	320.0
Stock investment trusts*****	294.8	260.1	251.0	279.2	225.5	221.2	353.8	453.8	478.9
Asset based fee plan for investment trust							96.3	117.8	83.0

*Distribution amount from equity underwriting

**Total contract amount of fund wrap and SMA

***Insurance include pension insurance, life insurance and business insurance

****Foreign bonds include yen-denominated foreign bonds

*****Stock investment trusts include switching transactions between funds

Wholesale Division Global Markets



(¥ Millions)	FY2021 1Q	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
Net operating revenues	31,682	-26.5%	-30.0%	161,730
Ordinary income	7,795	-56.0%	-62.1%	62,777

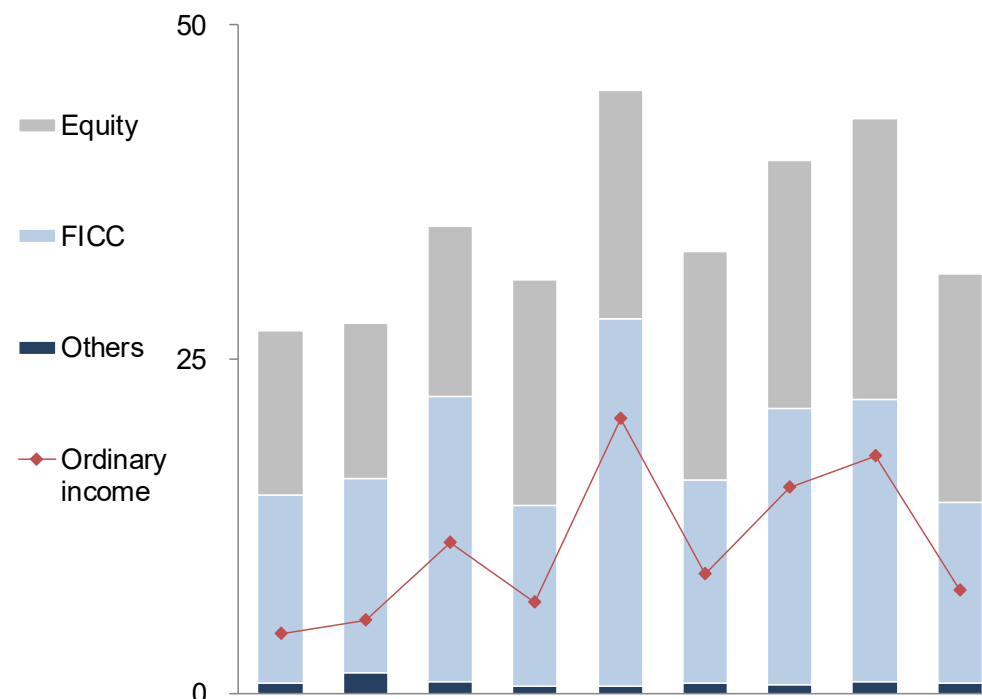
【Equity】

- Equity revenues down QoQ as customer order flows of Japanese equity declined.

【FICC*】

- FICC revenues down QoQ both in Japan and overseas.
- In Japan, customer order flow in credit was solid but JGB trading struggled.
- In the U.S., revenue slowed on the back of low interest rate volatility.

Net Operating Revenues and Ordinary Income



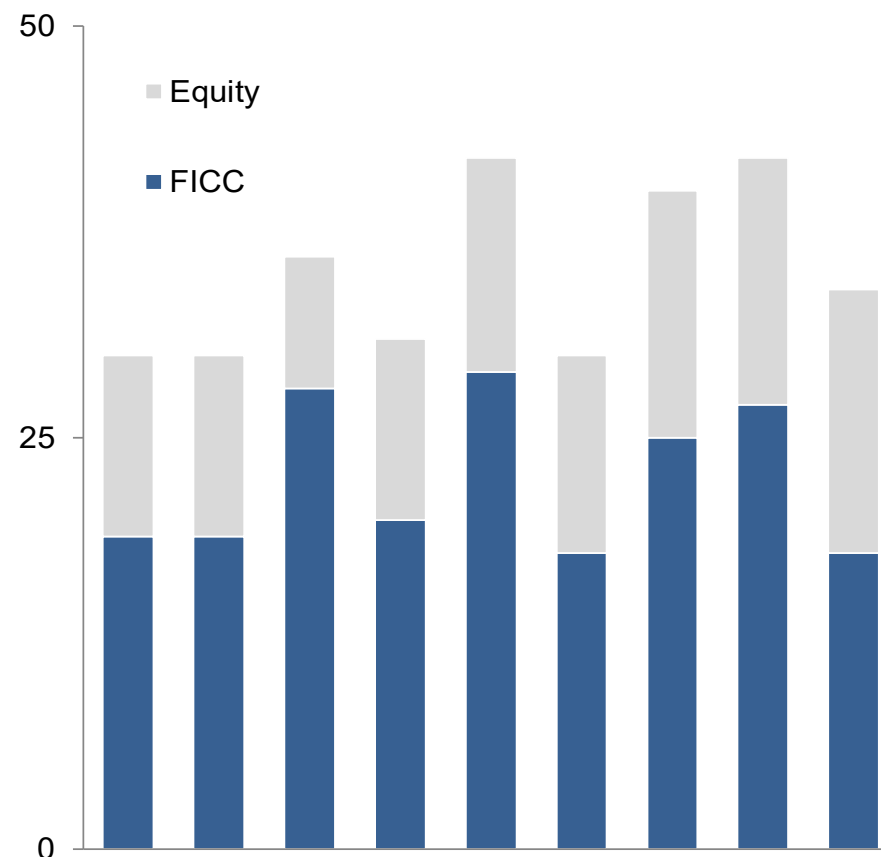
(¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	12.3	11.6	12.7	16.8	17.1	17.1	18.6	21.0	17.1
FICC*	14.0	14.5	21.3	13.5	27.4	15.2	20.6	21.1	13.5
Others	0.8	1.6	0.9	0.6	0.6	0.8	0.7	0.9	0.8
Net operating revenues	27.3	27.8	35.0	31.1	45.2	33.2	40.1	43.0	31.6
Ordinary income	4.5	5.5	11.3	6.8	20.5	8.9	15.4	17.7	7.7

*FICC: Fixed Income, Currency and Commodities

【Managerial accounting basis】

(¥ Billions)	FY2021 1Q	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
Equity	16	6.7%	23.1%	55
FICC	18	-33.3%	-37.9%	99
Total	34	-19.0%	-19.0%	154

**Consolidated Trading Gain / Loss
(Managerial Accounting Basis)**



(¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	11	11	8	11	13	12	15	15	16
FICC	19	19	28	20	29	18	25	27	18
Total	30	30	36	31	42	30	40	42	34

Wholesale Division Global Investment Banking

(¥ Millions)	FY2021 1Q	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
Net operating revenues	15,068	-9.1%	141.6%	54,129
Ordinary income	3,144	21.5%	-	11,021

【Equity】

- Acted as global coordinator for Renesas Electronics PO, the largest deal in 1Q.

<Selected lead managed deals>

		<Offering size>
Renesas Electronics Corporation	Global PO	¥434.6 bn
GMO Payment Gateway, Inc.	Euro yen CB	¥20.0 bn
TESS Holdings Co., Ltd.	SDGs-IPO◆	¥19.2 bn
Tokaido REIT, Inc.	REIT-IPO	¥17.1 bn
Frontier Real Estate Investment Corporation	REIT-PO	¥15.4 bn
Kenedix Retail REIT Corporation	REIT-PO	¥12.3 bn

【Debt】

- Lead managed a number of deals including SoftBank Group bond.

<Selected deals>

		<Offering size>
SoftBank Group Corp. (35yrs)	Subordinated Bond	¥405.0 bn
JBIC (3/10yrs)	Benchmark Dollar Bond	USD 4.0 bn
ENEOS Holdings, Inc. (60yrs)	Subordinated Bond	¥300.0 bn
Nippon Life Insurance Co. Sub. Loan (30yrs)	Subordinated Bond	¥200.0 bn
JRTT (10*/15*yrs)	FILP Agency Bond◆	¥20.0 bn
Tokyo Metropolitan Government (5**yrs)	Municipal Bond◆	¥30.0 bn

【M&A】

- Managed many domestic and overseas deals.

<Selected deals>

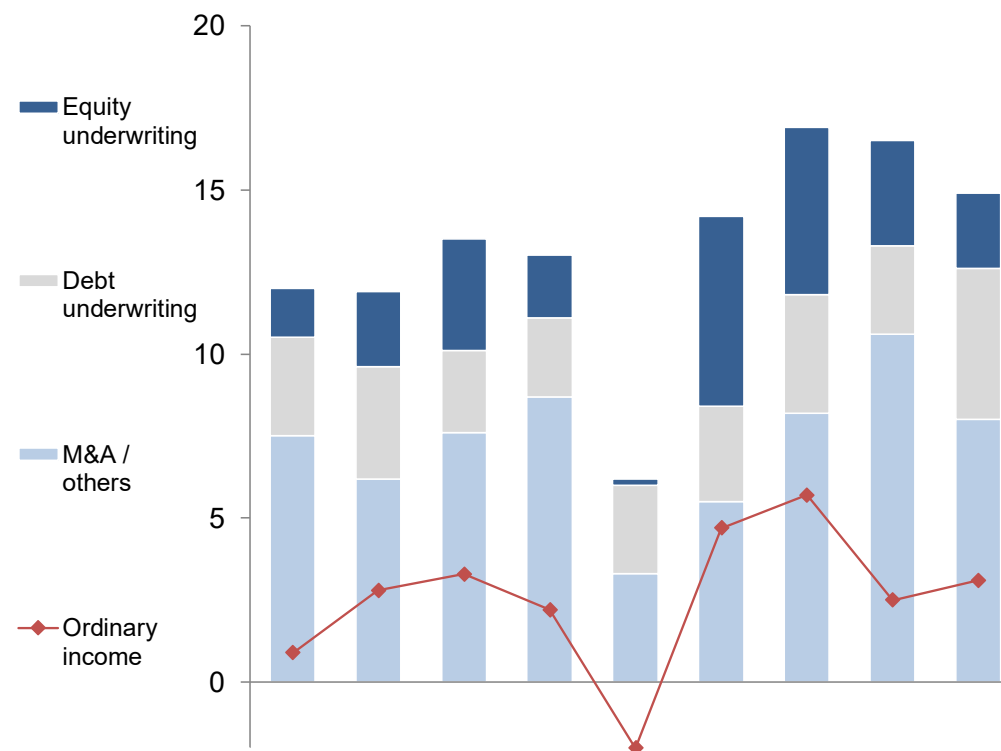
Alienation of Pieroth Japan K.K. by Pieroth Wein AG to Nippon Investment Company Inc.
 Making PALTEK Corporation a wholly owned subsidiary of Restar Holdings Corporation
 Share acquisition of Yusen Real Estate Corporation by Japan Post Real Estate Co., Ltd.
 Share acquisition of Stockholm Exergi by APG-led consortium
 Acquisition of CreditSights by Fitch Group
 Acquisition of GPS Insight by Accel-KKR

* Sustainability bonds

** Social bonds

◆: Sustainability related

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity underwriting	1.5	2.3	3.4	1.9	0.2	5.8	5.1	3.2	2.3
Debt underwriting	3.0	3.4	2.5	2.4	2.7	2.9	3.6	2.7	4.6
M&A / others	7.5	6.2	7.6	8.7	3.3	5.5	8.2	10.6	8.0
Net operating revenues	12.1	11.9	13.6	13.2	6.2	14.3	16.9	16.5	15.0
Ordinary income	0.9	2.8	3.3	2.2	-2.0	4.7	5.7	2.5	3.1

Asset Management Division

(¥ Millions)	FY2021 1Q	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
Net operating revenues	17,352	29.9%	35.7%	51,145
Ordinary income	10,000	-0.6%	32.1%	32,775

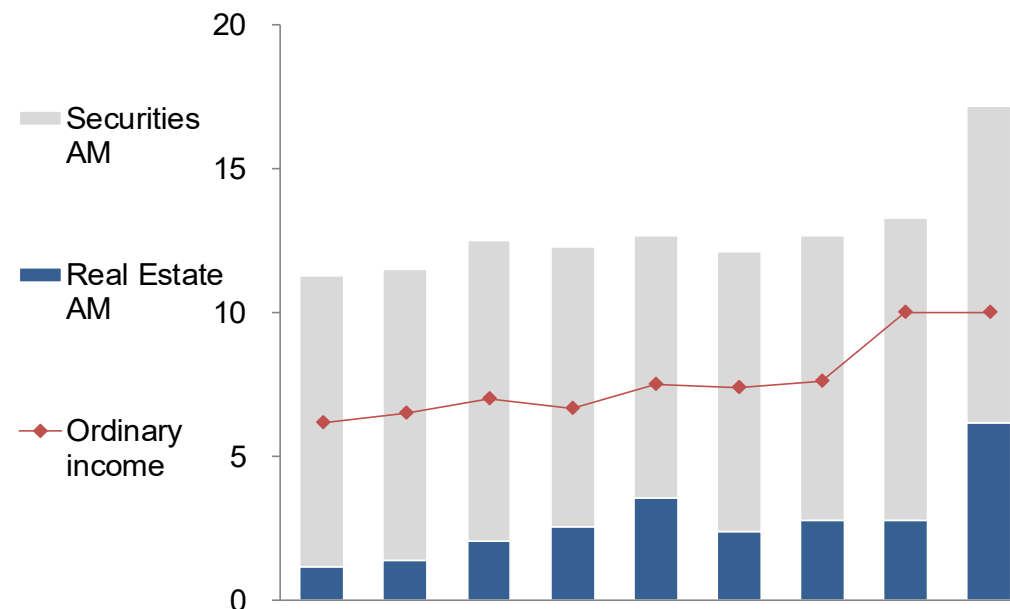
【Securities AM】

- Revenues in Daiwa AM increased led by net asset inflow of publicly offered investment trusts and rise in average AUM.

【Real estate AM】

- AUM of Daiwa Real Estate Asset Management increased, but revenues decreased from decline in property acquisition compensation.
- Income of Daiwa Office Investment is 100% included in the ordinary income from the first quarter of FY2021 reflecting its consolidation.

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Securities AM	10.1	10.1	10.4	9.7	9.1	9.7	9.9	10.5	11.0
Real estate AM*	1.2	1.4	2.1	2.6	3.6	2.4	2.8	2.8	6.2
Net operating revenues	11.3	11.6	12.6	12.4	12.7	12.1	12.8	13.3	17.3
Securities AM	4.1	4.0	4.4	4.0	3.1	3.9	4.2	4.6	5.1
Real estate AM**	2.1	2.4	2.5	2.7	4.3	3.5	3.4	5.4	4.8
Ordinary income	6.2	6.5	7.0	6.7	7.5	7.4	7.6	10.0	10.0

* Includes Daiwa Real Estate Asset Management, Daiwa Office Investment (from 1Q FY2021), and Samty Residential Investment

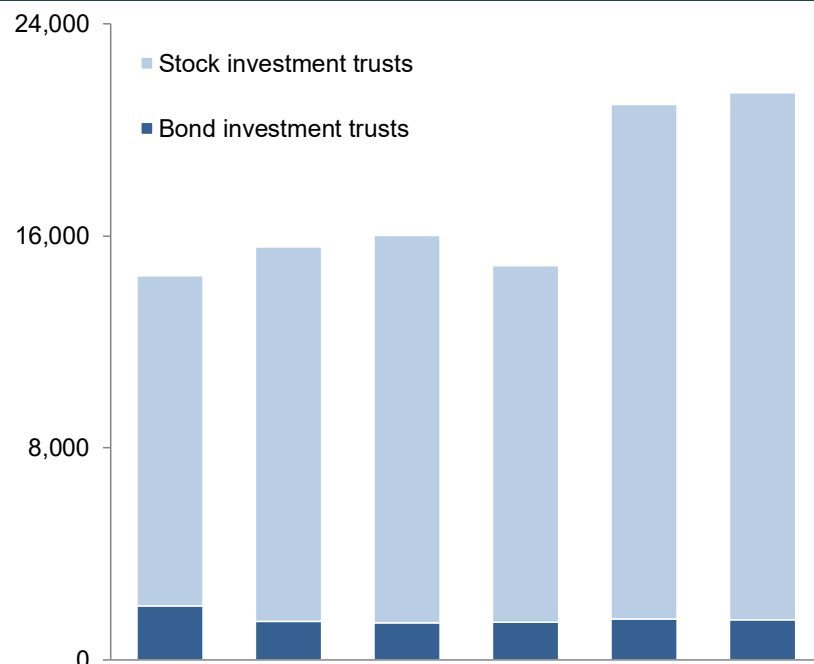
** Equity in earnings of affiliates is included in non-operating revenues

Asset Management Division

Assets Under Management and Net Increase

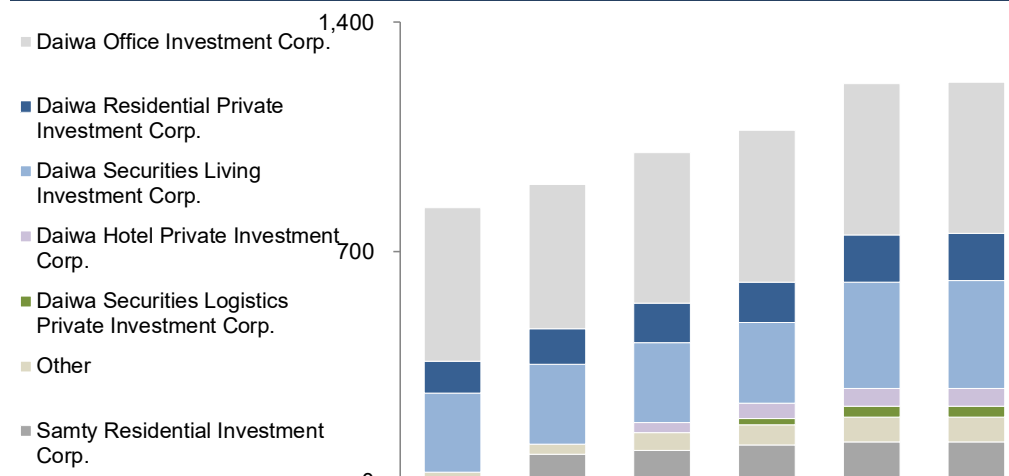


Daiwa Asset Management AUM



(¥ Billions)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 1Q
Stock investment trusts	12,454	14,123	14,616	13,478	19,418	19,892
excl. ETF	7,805	7,717	7,245	6,063	7,543	7,863
(Net inflow)	(168)	(302)	(-339)	(-217)	(50)	(32)
ETF	4,648	6,406	7,371	7,414	11,875	12,029
(Net inflow)	(1,255)	(1,109)	(1,279)	(947)	(1,001)	(216)
Bond investment trusts	2,036	1,465	1,396	1,421	1,561	1,515
Total	14,491	15,588	16,012	14,900	20,980	21,408
Stock investment trust share	14.7%	14.3%	14.2%	14.0%	13.9%	13.7%

Real Estate Asset Management Business AUM of Two Companies*



(¥ Billions)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 1Q
Daiwa Office Investment Corp.	469	439	460	463	461	461
Daiwa Residential Private Investment Corp.	96	107	118	121	146	146
Daiwa Securities Living Investment Corp.**	242	244	245	247	323	328
Daiwa Hotel Private Investment Corp.			29	45	54	54
Daiwa Securities Logistics Private Investment Corp.				20	33	33
Other	25	30	53	59	75	75
Total	834	822	907	959	1,094	1,099
Samty Residential Investment Corp. (Sub sponsor)		81	93	109	118	118
Total (Including sub sponsor)	834	903	1,000	1,069	1,212	1,217

* Daiwa Real Estate Asset Management, Samty Asset Management

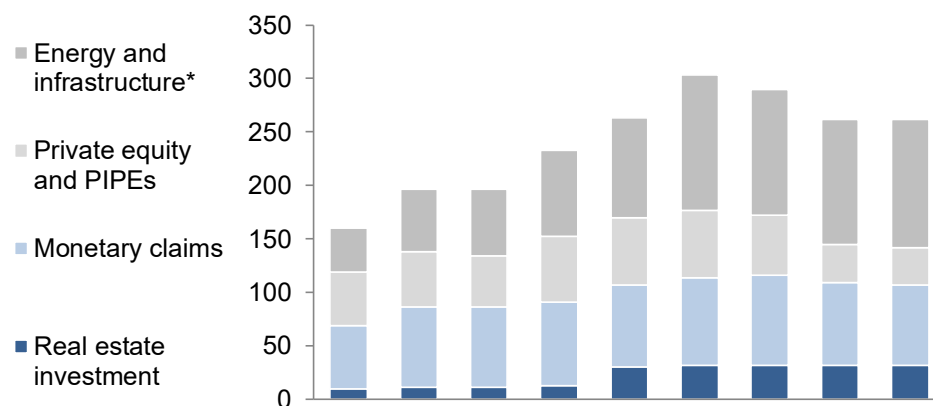
** Japan Rental Housing Investment Inc. merged with Nippon Healthcare Investment Corp. through absorption-type merger and changed its trade name to Daiwa Securities Living Investment Corp. on April 1, 2020. Daiwa Securities Living Investment Corp.'s AUM from FY2016 to FY2019 is a total of the two companies.

Investment Division

(¥ Millions)	FY2021 1Q	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
Net operating revenues	2,757	-	168.1%	4,602
Ordinary income	1,824	-	15.6x	1,123

- Daiwa Energy & Infrastructure posted both income gains and capital gains.

Principal Investment Value



(¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q

Daiwa PI Partners

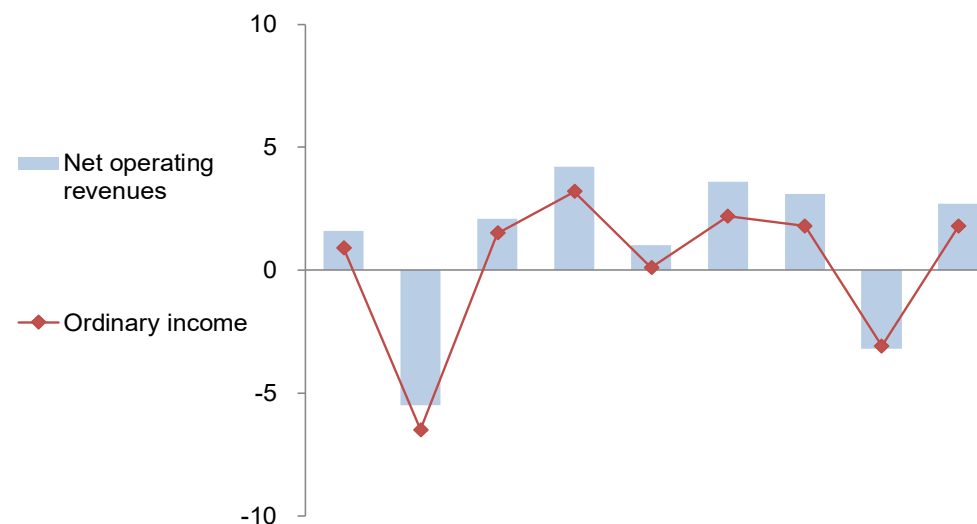
Private equity and PIPEs**	50	52	48	61	63	63	56	36	35
Monetary claims	59	75	75	78	77	82	84	77	75
Real estate investment	10	11	11	13	30	32	32	32	32
Daiwa Energy & Infrastructure	41	58	62	81	93	126	118	117	120
Total	163	198	198	235	265	305	290	264	264

* Energy and infrastructure indicates investment balance of Daiwa Energy & Infrastructure

**PIPEs: Private Investment in Public Equities

※ All figures are as at the end of each quarter

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net operating revenues	1.6	-5.5	2.1	4.2	1.0	3.6	3.1	-3.2	2.7
Ordinary income	0.9	-6.5	1.5	3.2	0.1	2.2	1.8	-3.1	1.8

Reference

Daiwa Securities Group Inc.

Breakdown of Commission

(¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Total commission	57,749	70,809	76,664	81,612	77,309	-5.3%	33.9%	286,835
Brokerage commission	17,124	16,420	20,287	24,194	18,600	-23.1%	8.6%	78,026
Underwriting and secondary offering commissions	4,430	14,443	11,871	7,353	10,595	44.1%	139.1%	38,098
Distribution commission	4,068	4,205	4,613	6,324	6,295	-0.5%	54.8%	19,211
Other commission	32,126	35,740	39,892	43,740	41,817	-4.4%	30.2%	151,499
<i>Investment advisory and account management fees</i>	6,841	7,100	7,299	7,256	7,702	6.1%	12.6%	28,498
<i>Insurance sales commission</i>	104	268	155	226	131	-42.2%	25.8%	755
<i>M&A related commission</i>	2,709	5,222	8,100	10,664	7,948	-25.5%	193.3%	26,696
<i>Management fee</i>	15,210	16,431	16,758	17,509	18,391	5.0%	20.9%	65,910
<i>Other</i>	7,260	6,716	7,578	8,083	7,644	-5.4%	5.3%	29,638

Balance Sheet

Daiwa Securities Balance Sheet (June 30, 2021)

(¥ Billions)

Current assets	12,943	(12)	Current liabilities	10,940	(81)
Trading products	5,919	(845)	Trading products	3,360	(-104)
Trading securities and other	3,577	(911)	Trading securities and other	1,149	(-15)
Derivatives transactions	2,342	(-65)	Derivatives transactions	2,210	(-88)
Margin transaction assets	175	(18)	Margin transaction liabilities	62	(-0)
Loans on margin transactions	170	(23)	Loans payables secured by securities	5,429	(586)
Cash collateral pledged for securities	5	(-4)	Short-term loans payable	715	(-573)
Loans secured by securities	4,456	(-236)	Current portion of bonds	146	(-10)
Short-term guarantee deposits	508	(-40)	Long-term liabilities	1,388	(-51)
Short-term loans receivable	499	(29)	Bonds payable	739	(64)
Non-current assets	159	(-6)	Long-term loans payable	600	(-114)
Property, plant and equipment	47	(-0)	Total liabilities	12,332	(29)
Intangible assets	72	(-2)	Net assets	770	(-23)
Total assets	13,103	(5)	Shareholders' equity	768	(-23)
			Capital stock	100	—
			Total liabilities and net assets	13,103	(5)

※ Figures in parentheses show changes from March 31, 2021

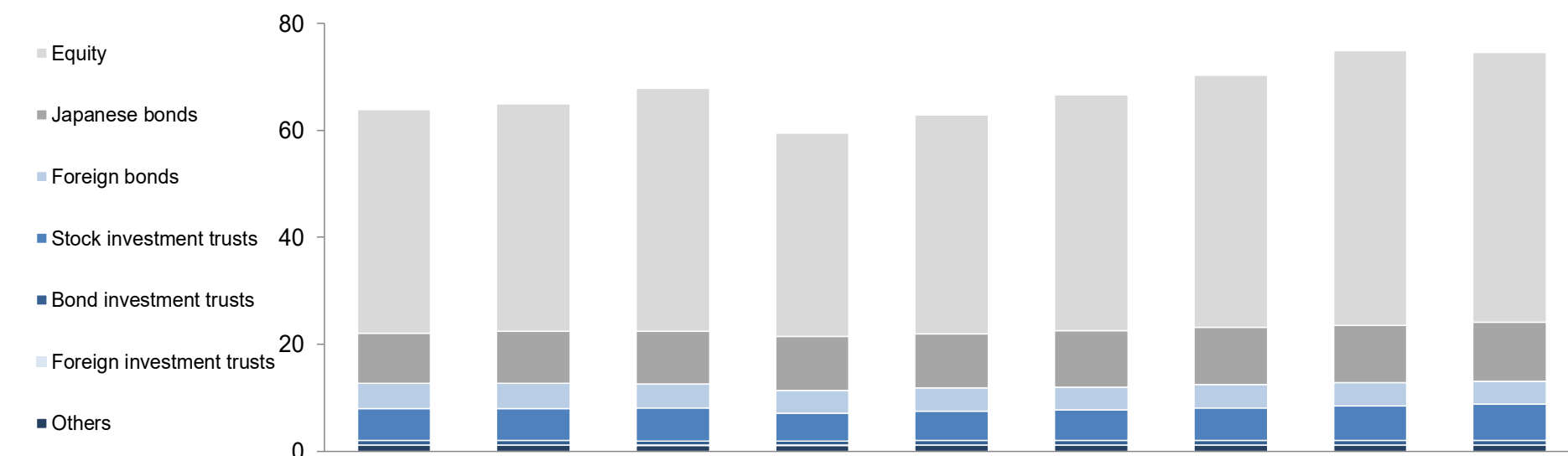
Financial Summary I

(¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	69,108	72,591	88,281	85,198	86,283	1.3%	24.9%	315,179
Commission received	37,882	46,304	50,684	51,325	50,473	-1.7%	33.2%	186,197
Brokerage commission	12,687	11,865	15,683	18,084	13,973	-22.7%	10.1%	58,321
<i>Stock and others</i>	12,012	11,538	15,362	17,713	13,626	-23.1%	13.4%	56,626
Underwriting and secondary offering commissions	4,403	12,946	10,454	6,025	9,042	50.1%	105.3%	33,830
<i>Equity</i>	157	8,889	5,829	2,798	2,419	-13.5%	15.3x	17,675
<i>Bond and others</i>	4,245	4,057	4,624	3,226	6,622	105.2%	56.0%	16,154
Distribution commission	4,026	4,150	4,559	6,268	6,195	-1.2%	53.9%	19,004
<i>Investment trust</i>	4,020	4,093	4,383	6,053	6,018	-0.6%	49.7%	18,550
Other commissions	16,765	17,341	19,986	20,947	21,262	1.5%	26.8%	75,040
<i>Agency fee and others</i>	5,342	5,854	6,081	6,776	7,277	7.4%	36.2%	24,054
<i>Investment advisory and account management fees</i>	6,841	7,100	7,299	7,256	7,702	6.1%	12.6%	28,498
<i>Insurance sales commission</i>	104	268	155	226	131	-42.2%	25.8%	755
<i>M&A related commission</i>	1,336	716	2,789	2,469	2,152	-12.8%	61.1%	7,311
Net trading income/loss	22,537	20,449	30,551	29,057	28,598	-1.6%	26.9%	102,596
Financial revenues	8,688	5,837	7,045	4,815	7,211	49.8%	-17.0%	26,385
Financial expenses	5,258	2,849	3,742	1,930	3,871	100.5%	-26.4%	13,780
Net operating revenues	63,849	69,742	84,539	83,267	82,412	-1.0%	29.1%	301,399

Financial Summary II

(¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
SG&A	55,940	58,998	59,423	61,387	59,291	-3.4%	6.0%	235,750
Trading related expenses	8,159	9,248	9,424	8,885	9,046	1.8%	10.9%	35,718
Personnel expenses	22,626	24,264	24,357	25,596	24,622	-3.8%	8.8%	96,844
Real estate expenses	6,241	6,413	5,601	5,937	5,360	-9.7%	-14.1%	24,194
Office cost	11,436	11,509	11,875	12,368	12,055	-2.5%	5.4%	47,189
Depreciation	5,537	5,623	5,938	5,983	5,956	-0.4%	7.6%	23,081
Taxes and dues	1,044	1,012	1,191	1,334	1,265	-5.2%	21.2%	4,583
Other	895	926	1,034	1,281	984	-23.2%	9.9%	4,137
Ordinary income	8,125	10,708	25,312	22,135	23,730	7.2%	192.0%	66,283
Net income	5,527	7,049	17,321	11,495	17,512	52.3%	216.8%	41,393
ROE (Annualized)	3.0%	3.8%	9.1%	5.8%	9.0%			5.4%
Capital adequacy ratio	351.0%	351.3%	393.6%	364.6%	337.1%			364.6%

Assets under Custody



(¥ Trillions)	FY2019				FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	41.9	42.5	45.4	38.0	41.0	44.1	47.1	51.4	50.5
Japanese bonds	9.3	9.7	9.8	10.1	10.0	10.5	10.8	10.7	11.0
Foreign bonds	4.7	4.7	4.5	4.3	4.4	4.3	4.3	4.3	4.3
Stock investment trusts	6.0	6.0	6.2	5.2	5.5	5.7	6.1	6.5	6.8
Bond investment trusts	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Foreign investment trusts	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Others	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1
Total	64.2	65.2	68.2	59.8	63.2	67.0	70.7	75.3	75.0
Daiwa Next Bank deposit balance	3.8	4.0	4.2	4.0	3.9	4.0	4.2	4.4	4.2

※ All figures are as at the end of each quarter.

※ ETFs are recorded in 'Equity'.

Number of Accounts and Equity Trading

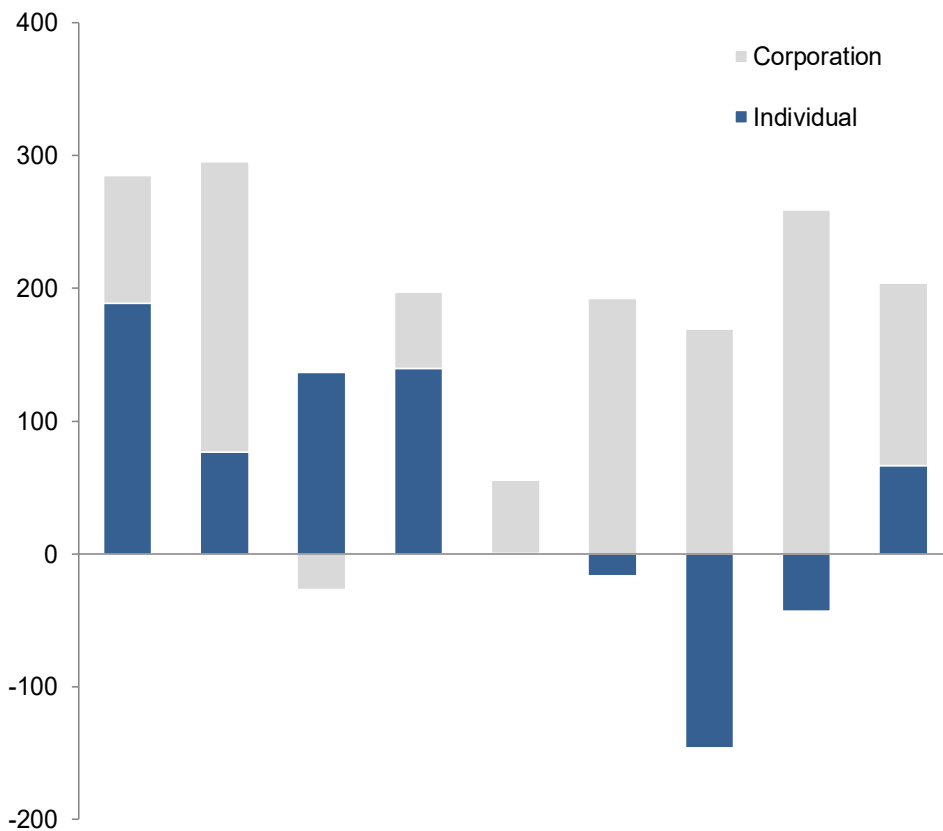
	FY2019				FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Accounts with balance (thousands)	3,021	3,026	3,009	3,022	3,020	3,019	3,010	3,034	3,023
Accounts holding equity (thousands)	1,439	1,438	1,427	1,440	1,445	1,461	1,453	1,445	1,450
Online trading accounts (thousands)	3,329	3,344	3,358	3,373	3,381	3,397	3,411	3,446	3,460
Newly opened accounts (thousands)	29	32	31	35	24	36	35	41	34
NISA accounts* (thousands)	860	863	863	866	867	868	866	866	864
Wrap account service (end of quarter)									
Contract assets under management (¥ billions)	2,171	2,233	2,313	2,087	2,219	2,318	2,430	2,574	2,701
Number of customers (thousands)	144.2	144.3	142.3	141.9	141.0	140.1	137.8	137.5	139.0
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	1,985	1,972	2,392	3,131	3,220	2,606	2,908	3,416	2,542
Online out of total (thousands)	1,745	1,739	2,112	2,788	2,917	2,328	2,537	2,998	2,237
Total trading value (¥ billions)	1,868	1,795	2,169	2,564	2,700	2,447	2,990	3,704	2,801
Online out of total (¥ billions)	1,414	1,365	1,686	2,050	2,172	1,899	2,159	2,708	2,054
Foreign equity trading value (Retail)									
Trading value (¥ billions)	354	312	221	300	337	377	403	383	367

* Includes Junior NISA

Net Asset Inflow

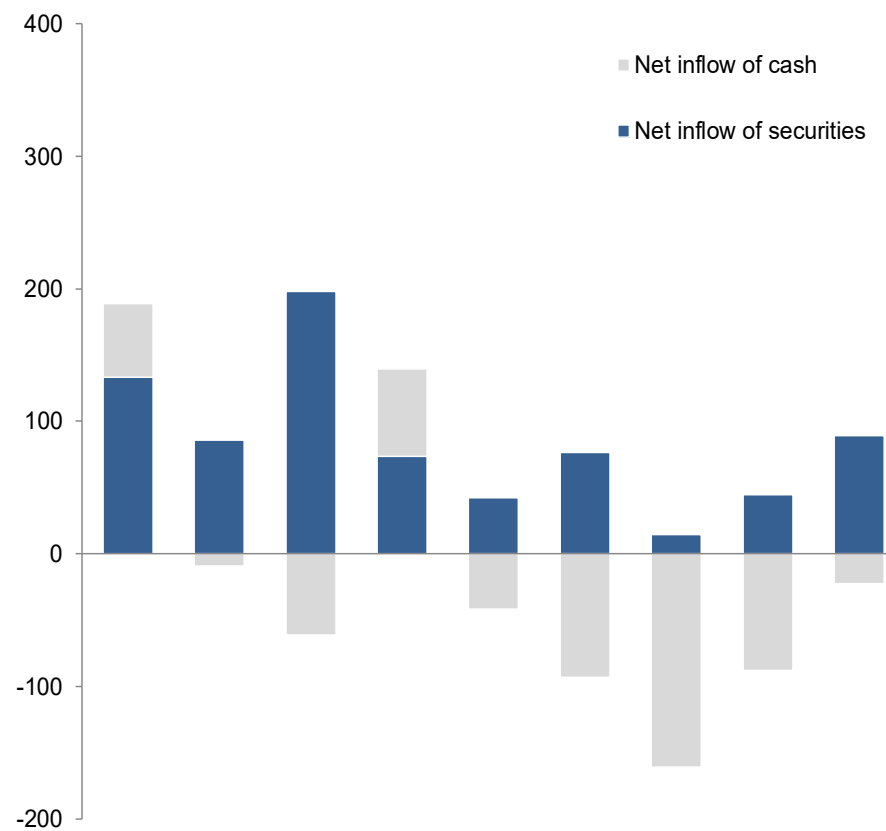


Retail Division (Daiwa Securities) Net Asset Inflow*



¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Corporation	96.6	219.1	-26.7	57.7	54.6	192.4	169.2	258.8	137.2
Individual	188.6	76.5	136.6	139.6	0.8	-16.3	-145.8	-43.3	66.5
Total	285.2	295.7	109.9	197.3	55.4	176.1	23.3	215.4	203.7

Retail Division (Daiwa Securities) Net Asset Inflow (Individuals)



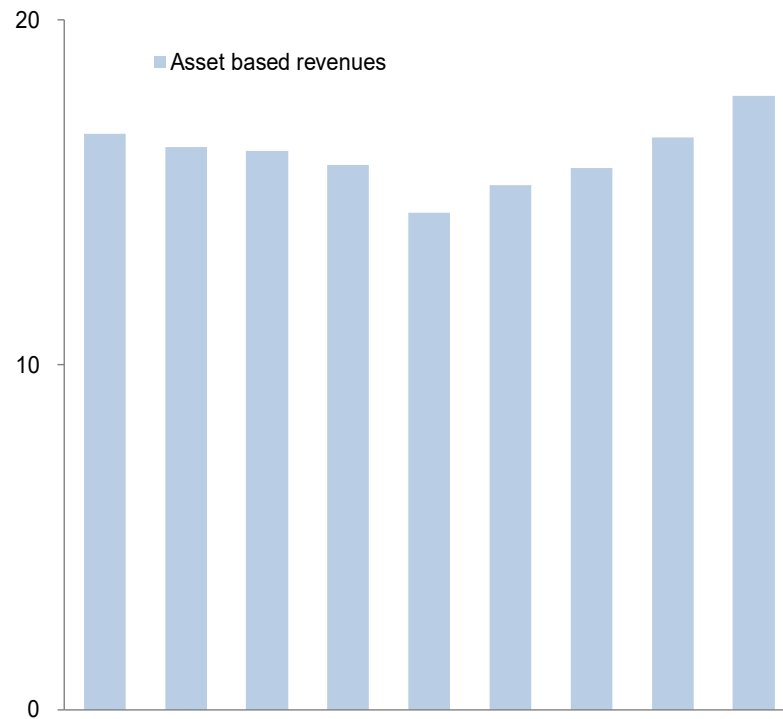
¥ Billions)	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net inflow of cash	55.3	-9.2	-61.4	66.2	-41.7	-92.9	-160.7	-88.1	-22.8
Net inflow of securities	133.3	85.8	198.0	73.4	42.6	76.6	14.8	44.7	89.3
Total	188.6	76.5	136.6	139.6	0.8	-16.3	-145.8	-43.3	66.5

* Net asset inflow = net inflow of cash and securities

Asset Based Revenues



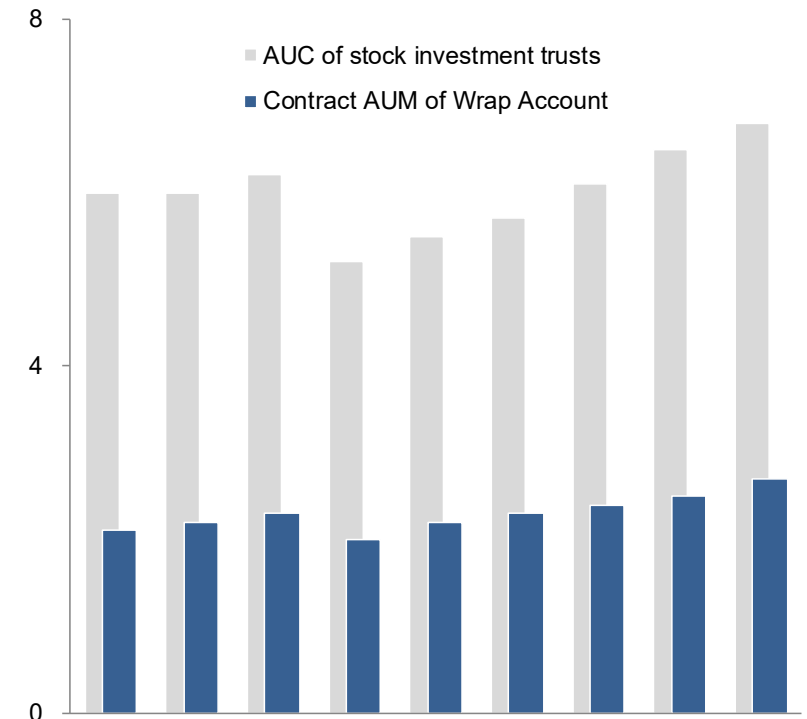
Asset Based Revenues



¥ Billions	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net operating revenues in Retail Division (Daiwa Securities)	41.9	39.4	40.2	40.0	34.1	39.5	43.2	48.1	46.2
Asset based revenues	16.7	16.3	16.2	15.8	14.4	15.2	15.7	16.6	17.8
Asset based revenue ratio	39.9%	41.5%	40.5%	39.6%	42.3%	38.6%	36.5%	34.6%	38.6%

* Asset based revenues: Agency fee for investment trust, Investment advisory and account management fees, Bank agency fees and other, revenues from asset based fee plan for investment trusts, etc.

AUC of Stock Investment Trusts and Contract AUM of Wrap Account



¥ Trillions	FY2019				FY2020				FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
AUC of stock investment trusts	6.0	6.0	6.2	5.2	5.5	5.7	6.1	6.5	6.8
Contract AUM of Wrap Account	2.1	2.2	2.3	2.0	2.2	2.3	2.4	2.5	2.7

*Contract AUM of Wrap Account includes Stocks, Bonds and Cash in some parts.

League Table

	Primary and secondary equity offerings	IPO	Straight bonds (excl. family bonds)	Agency bonds	Municipal bonds	Samurai bonds (excl. family bonds)	M&A (Number of deals)
FY2021 1Q League Table							
1st	Morgan Stanley	Nomura	Daiwa	Mitsubishi UFJMS	Nomura	SMBC Nikko	SMFG
	26.5%	44.4%	22.9%	25.6%	20.5%	40.5%	
2nd	Bank of America	Morgan Stanley	Mizuho	Mizuho	SMBC Nikko	Daiwa	Nomura
	26.3%	15.1%	21.5%	24.4%	17.1%	17.5%	
3rd	Daiwa	Mizuho	Nomura	Nomura	Daiwa	Nomura	Morgan Stanley
	18.6%	12.4%	19.0%	20.1%	16.6%	17.5%	
4th	JPMorgan	Daiwa	Mitsubishi UFJMS	SMBC Nikko	Mitsubishi UFJMS	Mizuho	Mizuho
	8.1%	10.6%	16.6%	11.1%	15.9%	17.5%	
5th	Mitsubishi UFJMS	SMBC Nikko	SMBC Nikko	Daiwa	Mizuho	Mitsubishi UFJMS	Daiwa
	7.2%	7.7%	16.0%	10.1%	15.7%	7.0%	

Source: Compiled by Daiwa Securities based on REFINITIV April 2021 - June 2021

Primary and secondary equity, IPO, Straight bonds, Agency bonds, Municipal bonds and Samurai bonds are based on settlement date.

Joint lead manager allotment of Primary and secondary equity, IPO, Straight bonds, Municipal bonds and Agency bonds is based on underwritten amount.

Joint bookrunner allotment of Samurai bonds is divided up evenly among the bookrunners.

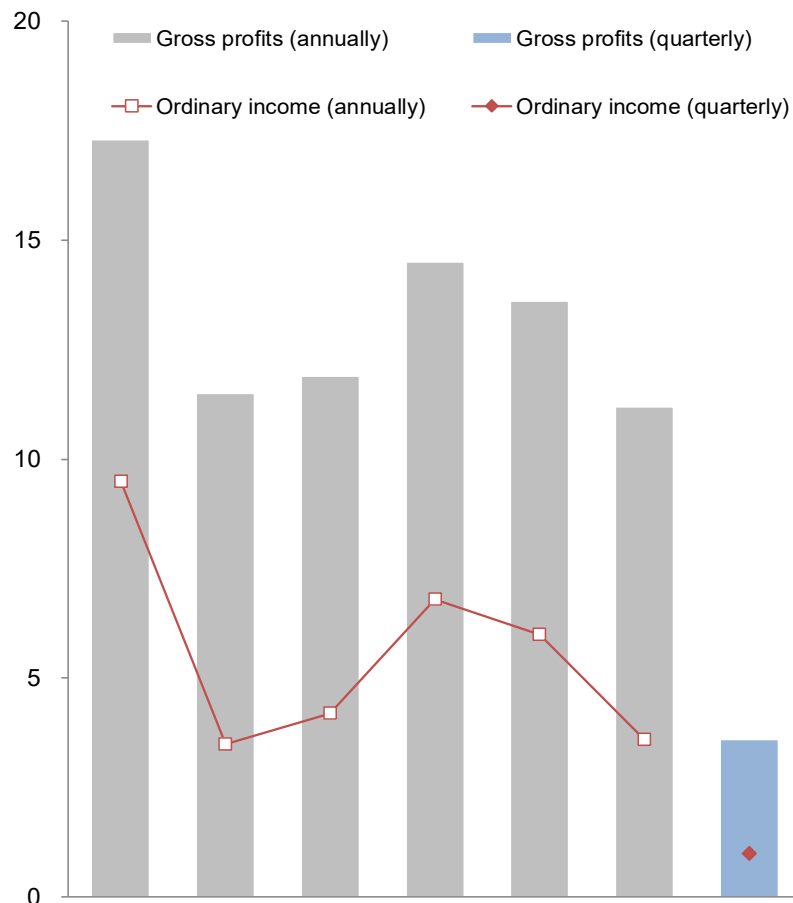
M&A is compiled by Daiwa Securities based on Mergermarket

Financial Summary

(¥ Millions)	FY2020				FY2021	% Change vs 20/4Q	% Change vs 20/1Q	FY2020
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	15,168	16,472	16,779	17,486	18,326	4.8%	20.8%	65,906
Management fee	15,048	16,377	16,682	17,378	18,150	4.4%	20.6%	65,487
<i>Stock investment trust</i>	15,010	16,336	16,627	17,306	18,074	4.4%	20.4%	65,280
<i>Bond investment trust</i>	38	40	55	72	75	4.7%	95.9%	206
Other operating revenues	119	95	96	107	176	64.2%	48.0%	419
SG&A	12,223	12,819	13,188	13,606	13,900	2.2%	13.7%	51,838
Commission paid	6,454	7,054	7,097	7,359	7,698	4.6%	19.3%	27,965
Other SG&A	5,769	5,764	6,091	6,246	6,201	-0.7%	7.5%	23,872
Operating income	2,944	3,653	3,590	3,879	4,426	14.1%	50.3%	14,067
Ordinary income	3,063	3,616	3,810	4,126	4,522	9.6%	47.6%	14,616
Net income	2,138	2,461	2,641	2,148	3,127	45.6%	46.3%	9,389

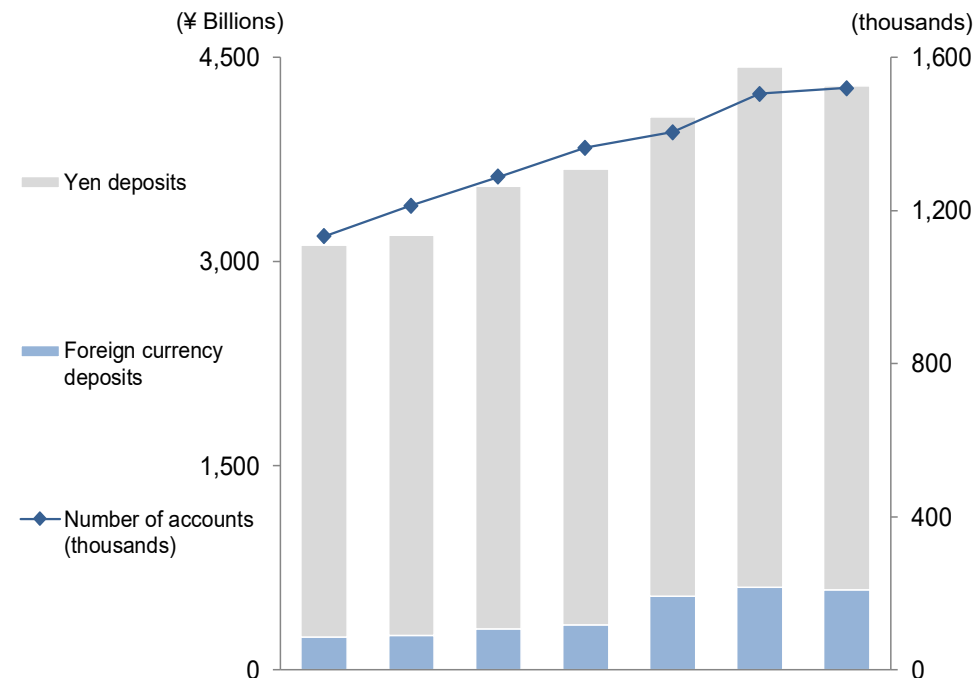
Earnings and Deposit Balance

Gross Profits / Ordinary Income



(¥ Billions)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 1Q
Gross profits	17.3	11.5	11.9	14.5	13.6	11.2	3.6
Ordinary income	9.5	3.5	4.2	6.8	6.0	3.6	1.0

Daiwa Next Bank Deposit Balance & Number of Accounts



(¥ Billions)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 1Q
Ordinary deposits	1,401	1,653	1,756	1,610	1,873	2,224	2,180
Time deposits	1,711	1,480	1,746	1,953	2,067	2,171	2,085
Negotiable certificate of deposits / Other	8	59	53	115	122	35	27
Deposit balance	3,121	3,193	3,556	3,678	4,062	4,430	4,293
Foreign currency deposits	243	253	300	331	539	606	592
Number of accounts (thousands)	1,133	1,213	1,289	1,364	1,405	1,505	1,520

*All figures are as at the end of the period.

Range and Assumption of VaR

- Confidence level: 99% (one-side test)
- Holding period: 1 day
- Adjusted for price correlation between products

(¥ Billions)	FY2019				FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
VaR (Quarter end)	1.33	1.42	0.94	1.22	0.99	1.21	1.20	1.18	1.59
High	1.68	1.55	1.61	1.77	1.43	1.43	1.89	1.62	1.83
Low	0.74	1.02	0.94	0.87	0.75	0.90	0.94	1.05	0.82
Average	1.18	1.27	1.28	1.18	1.08	1.11	1.35	1.35	1.37
By risk factors (Quarter end)									
Equity	0.38	0.39	0.34	0.19	0.21	0.33	0.37	0.40	0.25
Interest	1.16	1.35	1.21	1.12	1.25	0.97	1.16	1.22	0.66
Currency	0.21	0.24	0.20	0.20	0.24	0.29	0.41	0.31	0.45
Commodities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Number of Group Employees



	FY2019				FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total	16,499	16,306	16,078	15,904	16,120	15,972	15,749	15,529	15,671
Overseas	1,960	1,963	1,963	1,984	1,977	1,989	2,012	2,018	2,024

■ Number of employees as at the end of each quarter.

* Total figures are the sum of consolidated group companies.

* Figures include temporary staff.

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