

Translation

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

(Securities Code: 8601)

June 3, 2022

To Our Shareholders

Daiwa Securities Group Inc.
9-1, Marunouchi 1-chome,
Chiyoda-ku, Tokyo
President and CEO
Seiji Nakata

Notice of Convocation of the 85th Ordinary General Meeting of Shareholders

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

You are hereby notified that the 85th Ordinary General Meeting of Shareholders (the “Meeting”) will be held as stated below.

In view of the situation of the novel coronavirus (COVID-19), the Meeting will be held after implementing appropriate measures to prevent the spread of infection.

In order to prevent the spread of infection, we would appreciate it if shareholders could refrain from visiting the venue. The Meeting will also be streamed live via the Internet.

Please examine the “Reference Documents for the General Meeting of Shareholders” provided below, and exercise your voting rights by 17:00 (5:00 p.m.) Monday, June 27, 2022, following the instructions below.

Particulars

1. Date and time of the Meeting

10:00 a.m., Tuesday, June 28, 2022 (Doors open at 9:00 a.m.) (Tokyo time)

2. Place of the Meeting

Convention Hall, B2, The Prince Park Tower Tokyo

8-1, Shiba-koen 4-chome, Minato-ku, Tokyo

3. Matters to be dealt with at the Meeting

Matters to be reported:

1. Report on the contents of the Business Report, the Consolidated Statutory Report, and the outcome of the audit of the Consolidated Statutory Report conducted by Independent Auditors and the Audit Committee, with respect to the 85th fiscal year (from April 1, 2021 to March 31, 2022).
2. Report on the contents of the Non-Consolidated Statutory Report for the 85th fiscal year (from April 1, 2021 to March 31, 2022).

Matters to be resolved:

- Proposal 1: Partial Amendments to the Articles of Incorporation
Proposal 2: Election of fourteen (14) Directors (Members of the Board)

4. Matters regarding the Exercise of Voting Rights

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

5. Disclosure via the Internet

- (1) As permitted by applicable laws and regulations and Article 23 of the Company’s Articles of Incorporation, “Status of Stock Acquisition Rights, etc.,” “System to Ensure Appropriateness of Business and State of Operation of Such System,” “Consolidated Statement of Changes in Net Assets,” “Notes to the Consolidated Statutory Report,” “Balance Sheet,” “Statement of Income,” “Statement of Changes in Net Assets,” “Notes to the Non-Consolidated Statutory Report,” and “Independent Auditor’s Report Related to the Non-Consolidated Statutory Report” which are to be provided along with this Notice of Convocation, are posted on the website of the Company (<https://www.daiwa-grp.jp/ir/shareholders/meeting/>) and are not attached to this Notice of Convocation. The Business Report, the Consolidated Statutory Report and the Non-Consolidated Statutory Report attached to this Notice of Convocation or posted on the Company’s website as stated above are the documents audited by the Audit Committee or Independent Auditors when they create the audit report or accounting audit report.
- (2) If any modification to the contents of the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Statutory Report and/or the Non-Consolidated Statutory Report is needed before the date of the Meeting, the Company will post such modification on the Company’s website as stated above.
- (3) Depending on the situation of the spread of COVID-19, the venue or time of the Meeting may need to be changed. In that case, such change will be posted on the Company’s website as stated above.
- (4) For the purpose of providing early disclosure, the contents of the Notice have been posted on the website of the Company before dispatch of the Notice.

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

Reference Documents for the General Meeting of Shareholders

Proposals and reference materials

Proposal 1 Partial Amendments to the Articles of Incorporation

1. Reasons for the changes

- (1) The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022 and the system for electronic provision of reference documents, etc. for the general meeting of shareholder will be introduced. Accordingly, the necessary amendments of the Articles of Incorporation shall be made.
- (2) The amendment of Article 2 (Purposes) is to add a business purpose in order to clarify the business of the Daiwa Securities Group due to the increasing importance of social infrastructure-related businesses such as the energy business, the caregiving business, and the agricultural business which launched based on the Hybrid Strategy (Note) stipulated in the Medium-Term Management Plan and to correspond to future development and diversification of business of the Daiwa Securities Group.

(Note) “Hybrid Strategy” is the construction of a business model that combines securities business and new business, which is aiming to expand the revenue base and improve profit stability by expanding the business portfolio into new businesses that will give rise to synergies.

2. Amendments

The amendments are as follows.

(Changes are underlined.)

| Current Articles of Incorporation | | Proposed Amendments | |
|-----------------------------------|----------------|--|---------------|
| (Purposes) | | (Purposes) | |
| Article 2. | [Text Omitted] | Article 2. | [Not amended] |
| (1) - (12) | [Text Omitted] | (1) - (12) | [Not amended] |
| | [New] | <u>(13) To do business relating to social infrastructure</u> | |
| <u>(13)</u> | [Text Omitted] | <u>(14)</u> | [Not amended] |
| 2. | [Text Omitted] | 2. | [Not amended] |

| Current Articles of Incorporation | Proposed Amendments |
|---|--|
| <p data-bbox="178 206 785 295"><u>(Disclosure of Reference Documents for General Meeting of Shareholders, etc., through the Internet and Deemed Provision thereof)</u></p> <p data-bbox="178 304 785 712">Article 23. <u>Upon convening of a General Meeting of Shareholders, it may be deemed that the Company has provided shareholders with necessary information that should be described or indicated in reference documents for the General Meeting of Shareholders, business reports, non-consolidated financial statements, and consolidated financial statements, on condition that such information is disclosed through the Internet in accordance with the Ministry of Justice Ordinance.</u></p> <p data-bbox="443 721 517 748">[New]</p> <p data-bbox="443 913 517 940">[New]</p> | <p data-bbox="810 206 1267 232"><u>(Measures for Electronic Provision, etc.)</u></p> <p data-bbox="810 304 928 331">Article 23.</p> <p data-bbox="810 340 1417 492">1. <u>When convening a General Meeting of Shareholders, the Company shall provide information contained in reference documents, etc. for the General Meeting of Shareholders electronically.</u></p> <p data-bbox="810 721 1417 904">2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ministry of Justice Ordinance in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p data-bbox="810 913 1104 940"><u>Supplementary provisions</u></p> <p data-bbox="810 976 912 1003">Article 1.</p> <p data-bbox="810 1012 1417 1102">1. <u>The amendments to Article 23 of the Articles of Incorporation shall come into effect as of September 1, 2022</u></p> <p data-bbox="810 1111 1417 1384">2. <u>Notwithstanding the provisions of the preceding paragraph, Article 23 (Disclosure of Reference Documents for General Meeting of Shareholders, etc., through the Internet and Deemed Provision thereof) of the current Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders or a General Meetings of Class Shareholders to be held on a date within six (6) months from September 1, 2022.</u></p> <p data-bbox="810 1393 1417 1576">3. <u>The provisions of this Article shall be deleted after the lapse of six (6) months from September 1, 2022, or the lapse of three (3) months from the date of the General Meeting of Shareholders or the General Meetings of Class Shareholders set forth in the preceding paragraph, whichever is later.</u></p> |

Proposal 2 Election of Fourteen (14) Directors (Members of the Board)

The terms of office of all fourteen (14) members of the Board of Directors are expiring as of the conclusion of this shareholder meeting. Accordingly, the Company requests shareholders' approval to elect, in total, fourteen (14) Directors pursuant to the decision of the Nominating Committee.

The candidates for Directors (Members of the Board) are as follows. Mr. Michiaki Ogasawara, Mr. Hirotaka Takeuchi, Mr. Ikuo Nishikawa, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa, Mr. Toshio Iwamoto and Ms. Yumiko Murakami are the candidates for Outside Directors as defined in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.

| Candidate Number | Name | Title and charge in the Company (★ indicates a Chairman of the committee) | Years on Board (as of the conclusion of this shareholder meeting) | Attendance Rate (FY2021) |
|------------------|--------------------|--|--|-----------------------------|
| 1 | Takashi Hibino | Chairman of the Board and Corporate Executive Officer Member of the Nominating Committee Member of the Compensation Committee | 18 | 10/10 (100%) |
| 2 | Seiji Nakata | Member of the Board, Representative Corporate Executive Officer, President and CEO Member of the Nominating Committee Member of the Compensation Committee | 7 | 10/10 (100%) |
| 3 | Toshihiro Matsui | Member of the Board, Representative Corporate Executive Officer, Deputy President, COO and Head of Wholesale | 6 | 10/10 (100%) |
| 4 | Keiko Tashiro | Member of the Board, Corporate Executive Officer and Deputy President, Executive Head of Overseas, Head of SDGs and Think Tank | 8 | 10/10 (100%) |
| 5 | Akihiko Ogino | Member of the Board, Corporate Executive Officer and Deputy President, Executive Head of Corporate Planning and Human Resources | 2 | 10/10 (100%) |
| 6 | Sachiko Hanaoka | Member of the Board Member of the Audit Committee | 3 | 10/10 (100%) |
| 7 | Hiromasa Kawashima | Member of the Board Member of the Audit Committee | 2 | 10/10 (100%) |
| 8 | Michiaki Ogasawara | Outside Director ★Member of the Nominating Committee Member of the Audit Committee | 7 | 10/10 (100%) |
| 9 | Hirotaka Takeuchi | Outside Director Member of the Nominating Committee ★Member of the Compensation Committee | 6 | 10/10 (100%) |

| | | | | | |
|----|---------------------|---|--|---|-----------------|
| 10 | Ikuo Nishikawa | Reappointment Outside Independent | Outside Director ★Member of the Audit Committee Member of the Compensation Committee | 6 | 10/10 (100%) |
| 11 | Eriko Kawai | Reappointment Female Outside Independent | Outside Director Member of the Nominating Committee Member of the Audit Committee | 4 | 10/10 (100%) |
| 12 | Katsuyuki Nishikawa | Reappointment Outside Independent | Outside Director Member of the Nominating Committee Member of the Audit Committee | 3 | 10/10 (100%) |
| 13 | Toshio Iwamoto | Reappointment Outside Independent | Outside Director Member of the Nominating Committee Member of the Compensation Committee | 2 | 10/10 (100%) |
| 14 | Yumiko Murakami | Reappointment Female Outside Independent | Outside Director Member of the Audit Committee Member of the Compensation Committee | 1 | 8/8 (100%) |

Expertise and experience of the candidates for Outside Director

| Name | Corporate Management | Global Business | Finance/ Accounting | Legal/ Compliance | DX (Note)/ ICT |
|---------------------|----------------------|-----------------|---------------------|-------------------|----------------|
| Michiaki Ogasawara | | | | • | • |
| Hiroataka Takeuchi | • | • | | | |
| Ikuo Nishikawa | | | • | | |
| Eriko Kawai | | • | | | |
| Katsuyuki Nishikawa | | | | • | |
| Toshio Iwamoto | • | • | | | • |
| Yumiko Murakami | • | • | | | |

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

Candidate
Number

1

Takashi Hibino

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | September 27, 1955 |
| Title and charge in the Company | Chairman of the Board and Corporate Executive Officer |
| Number of shares of the Company held | common stock 368,790 shares |
| Years on Board | 18 |
| Attendance Rate | Board of Directors 10/10 (100%) Nominating Committee 6/6 (100%) Compensation Committee 4/4 (100%) |

The reason for election

He joined the Company in 1979, served successively as the Head of Products, Overseas, Corporate Planning and Human Resources and thereby has broad experience related to the business of the whole Daiwa Securities Group. Also, he served as the Representative Corporate Executive Officer, President and CEO of the Company from 2011 to 2017 and has broad experience and insights as a manager. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|--|
| Apr. 1979 | Joined the Company |
| Apr. 2002 | Managing Director of Corporate Planning Dept. of the Company |
| June 2002 | Senior Managing Director and Head of Equity of Daiwa Securities SMBC Co. Ltd. |
| May 2004 | Executive Managing Director, Head of Corporate Planning, Human Resources, Legal and Secretariat and Managing Director of Human Resources Dept. of the Company |
| June 2004 | Member of the Board, Executive Managing Director, Head of Planning, Human Resources and Legal, and Managing Director of Human Resources Dept. of the Company |
| July 2004 | Head of Planning, Human Resources and Legal of the Company |
| Apr. 2005 | Head of Planning and Human Resources of the Company |
| Apr. 2007 | Member of the Board and Senior Executive Managing Director of the Company |
| July 2008 | Head of Planning and Human Resources and Deputy Head of Wholesale of the Company; and Senior Executive Managing Director of Daiwa Securities SMBC Co. Ltd. |
| Apr. 2009 | Member of the Board, Deputy President and Deputy Head of Wholesale of the Company; and Representative Director and Deputy President of Daiwa Securities SMBC Co. Ltd. |
| Apr. 2011 | Member of the Board, Representative Corporate Executive Officer, President, CEO and Head of Retail and Wholesale of the Company; Representative Director and President of Daiwa Securities Co. Ltd.; and Representative Director and President of Daiwa Securities Capital Markets Co. Ltd. |
| Apr. 2013 | CEO of the Company |
| Apr. 2017 | Chairman of the Board and Corporate Executive Officer of the Company (current position); and Representative Director and Chairman of the Board of Daiwa Securities Co. Ltd. |
| Apr. 2020 | Chairman of the Board of Daiwa Securities Co. Ltd. (current position) |

(Significant concurrent positions)

Chairman of the Board of Daiwa Securities Co. Ltd.

Outside Director of Imperial Hotel, Ltd.

Candidate
Number

2

Seiji Nakata

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | July 16, 1960 |
| Title and charge in the Company | Member of the Board, Representative Corporate Executive Officer, President and CEO |
| Number of shares of the Company held | common stock 304,630 shares |
| Years on Board | 7 (Note) |
| Attendance Rate | Board of Directors 10/10 (100%) Nominating Committee 6/6 (100%) Compensation Committee 4/4 (100%) |

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

The reason for election

He joined the Company in 1983 and served successively as the Deputy Head of Planning and Human Resources of the Company, Head of Corporate Institution and Head of Sales of Daiwa Securities Co. Ltd., and COO and Head of Retail of the Company. He serves as the Representative Corporate Executive Officer, President and CEO of the Company from 2017. He has expertise and experience to present a management strategy based on a wide vision and also to execute adequately the management and control of the Daiwa Securities Group. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|---|
| Apr. 1983 | Joined the Company |
| Apr. 1999 | Transferred to Daiwa Securities SB Capital Markets Co., Ltd. |
| Apr. 2005 | Managing Director of Product Strategy Dept. of Daiwa Securities SMBC Co. Ltd. |
| Apr. 2006 | Senior Managing Director and Head of Planning of the above company |
| Apr. 2007 | Corporate Executive Officer, Deputy Head of Planning and Human Resources, and Managing Director of Corporate Planning Dept. of the Company |
| Oct. 2008 | Deputy Head of 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; and 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 Presiding 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 and Deputy Head of Retail of the Company |
| Apr. 2016 | Representative Corporate Executive Officer, Deputy President, COO and Head of Retail of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. |
| June 2016 | Member of the Board, Representative Corporate Executive Officer and Deputy President of the Company |
| Apr. 2017 | Member of the Board, Representative Corporate Executive Officer, President (current position), CEO and Head of Retail of the Company; and Representative Director and President of Daiwa Securities Co. Ltd. (current position) |
| Apr. 2020 | CEO of the Company (current position) |

(Significant concurrent positions)

Representative Director and President of Daiwa Securities Co. Ltd.

Candidate
Number

3

Toshihiro Matsui

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | April 27, 1962 |
| Title and charge in the Company | Member of the Board, Representative Corporate Executive Officer, Deputy President, COO and Head of Wholesale |
| Number of shares of the Company held | common stock 240,300 shares |
| Years on Board | 6 |
| Attendance Rate | Board of Directors 10/10 (100%) |

The reason for election

He joined the Company in 1985 and served as the Managing Director of Corporate Institutions and Corporate Finance of Daiwa Securities SMBC Co. Ltd. and Corporate Planning Dept. of the Company. Since his inauguration as Corporate Executive Officer of the Company in 2009, he served as the Head of Legal, Deputy Head of Planning, Head of Planning and Human Resources and Head of Wholesale, etc., of the Company. He serves now as the Representative Corporate Executive Officer, Deputy President and COO and Head of Wholesale of the Company. He has broad experience and knowledge in broad areas such as Retail, Wholesale, Investment Banking, Planning and Human Resources. Therefore, he is considered to be qualified to serve as a member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------------------------------|--|
| Apr. 1985 | Joined the Company |
| Apr. 1999 | Transferred to Daiwa Securities SB Capital Markets Co., Ltd. |
| Sept. 2007 | Transferred to the Company |
| Oct. 2008 | Managing Director of Corporate Planning Dept. of the Company |
| Apr. 2009 | Corporate Executive Officer, Head of Legal, Deputy Head of Planning and Managing Director of Corporate Planning Dept. of the Company |
| Apr. 2010 | Deputy Head of Planning and Human Resources of the Company |
| Apr. 2011 | Executive Managing Director, Head of Legal, Deputy Head of Planning and Human Resources of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. |
| Jan. 2012 | Executive Managing Director of the Company; Senior Managing Director of Daiwa Securities Co. Ltd.; and Senior Managing Director of Daiwa Securities Capital Markets Co. Ltd. |
| Apr. 2012 | Head of Planning and Legal and Deputy Head of Human Resources of the Company; and Executive Managing Director of the Daiwa Securities Co. Ltd. |
| Apr. 2014 | Senior Executive Managing Director and Head of Planning and Human Resources of the Company; and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Apr. 2016 | Head of Planning and Deputy Head of Wholesale of the Company |
| June 2016 | Member of the Board and Senior Executive Managing Director of the Company |
| Apr. 2018 | Representative Corporate Executive Officer, Deputy President (current position), COO and Head of Planning and Wholesale of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. (current position) |
| Apr. 2019 | COO and Head of Wholesale of the Company |
| Apr. 2020 | COO of the Company |
| Apr. 2022 | COO and Head of Wholesale of the Company (current position) |
| (Significant concurrent positions) | Representative Director and Deputy President of Daiwa Securities Co. Ltd. |

Candidate
Number

4

Keiko Tashiro

Reappointment

Female

| | |
|--------------------------------------|--|
| Date of Birth | August 5, 1963 |
| Title and charge in the Company | Member of the Board, Corporate Executive Officer and Deputy President, Executive Head of Overseas Operations, Head of SDGs and Think Tank |
| Number of shares of the Company held | common stock 133,000 shares |
| Years on Board | 8 |
| Attendance Rate | Board of Directors 10/10 (100%) |

The reason for election

She joined the Company in 1986 and served successively as the Managing Director of the IR Office of the Company and Managing Director of the Daiwa Direct Planning Dept. of Daiwa Securities Co. Ltd. She became a Senior Managing Director of the Company in 2009, and since then she has served successively as its Head of Daiwa Direct Business, Head of Fixed Income, Currency and Commodities and as Head of the Americas business and Deputy Head of Overseas (in charge of the Americas) of the Company and Chairperson of the Board of Daiwa Capital Markets America Holdings Inc. She serves now as the Corporate Executive Officer, Deputy President, Executive Head of Overseas Operations, Head of SDGs and Think Tank of the Company. She has broad knowledge and experience in the Overseas and Corporate Planning. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|--|
| Apr. 1986 | Joined the Company |
| Apr. 1999 | Transferred to Daiwa Securities SB Capital Markets Co., Ltd. |
| July 1999 | Transferred to the Company |
| Sept. 2005 | Managing Director 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 (in charge of the 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, Deputy Head of Overseas (in charge of the Americas) of the Company |
| June 2014 | Member of the Board and Executive Managing Director of the Company |
| Apr. 2016 | Member of the Board, Senior Executive Managing Director and Head of Overseas of the Company; and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Apr. 2019 | Member of the Board, Corporate Executive Officer, Deputy President (current position) of the Company; and Representative Director and Deputy President of Daiwa Securities Co. Ltd. (current position) |
| Apr. 2020 | Head of Overseas and SDGs of the Company |
| Apr. 2022 | Executive Head of Overseas, Head of SDGs and Think Tank of the Company (current position); and Member of the Board of Daiwa Institute of Research Ltd. (current position) |

(Significant concurrent positions)

Representative Director and Deputy President of Daiwa Securities Co. Ltd.

Member of the Board of Daiwa Institute of Research Ltd.

Candidate
Number

5

Akihiko Ogino

Reappointment

| | |
|--------------------------------------|--|
| Date of Birth | January 28, 1966 |
| Title and charge in the Company | Member of the Board, Corporate Executive Officer and Deputy President Executive Head of Corporate Planning and Human Resources |
| Number of shares of the Company held | common stock 165,500 shares |
| Years on Board | 2 |
| Attendance Rate | Board of Directors 10/10 (100%) |

The reason for election

He joined the Company in 1989 and served as Managing Director of the Executive Office, the Corporate Planning Dept. and the Legal Dept. of the Company. He became a Senior Managing Director of the Company in 2014, and since then he has served successively as Head of Legal, Deputy Head of Planning, Deputy Head of Overseas and Head of Planning of the Company and now serves as Corporate Executive Officer, Deputy President and Executive Head of Corporate Planning and Human Resources of the Company. He has broad knowledge and experience in Planning and Human Resources and also has experience in Investment Banking. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|---|
| Apr. 1989 | Joined the Company |
| Oct. 2008 | Managing Director of the Executive Office of the Company |
| Apr. 2014 | Senior Managing Director, Head of Legal and Deputy Head of Planning of the Company; and Senior Managing Director of Daiwa Securities Co. Ltd. |
| Apr. 2015 | Head of Legal and Deputy Head of Planning and Overseas of the Company |
| Apr. 2017 | Executive Managing Director, Head of Legal and Deputy Head of Planning of the Company; and Executive Managing Director of the Daiwa Securities Co. Ltd. |
| Apr. 2019 | Senior Executive Managing Director, and Head of Planning and Legal, and Executive Head of Human Resources of the Company; and Member of the Board, Senior Executive Managing Director of the Daiwa Securities Co. Ltd. |
| June 2020 | Member of the Board, Senior Executive Managing Director of the Company |
| Apr. 2022 | Member of the Board, Corporate Executive Officer, Deputy President, Executive Head of Corporate Planning and Human Resources of the Company (current position) Representative Director and Deputy President of Daiwa Securities Co. Ltd. (current position) |

(Significant concurrent positions)

Representative Director and Deputy President of Daiwa Securities Co. Ltd.

Representative Director of DG Daiwa Ventures

Candidate
Number

6

Sachiko Hanaoka

Non-Executive

Reappointment

Female

| | |
|--------------------------------------|---|
| Date of Birth | May 28, 1967 |
| Title and charge in the Company | Member of the Board |
| Number of shares of the Company held | common stock 60,200 shares |
| Years on Board | 3 |
| Attendance Rate | Board of Directors 10/10 (100%) Audit Committee 16/16 (100%) |

The reason for election

She joined the Company in 1990. After serving in the Research and Product Divisions, she served successively as the Managing Director of the Products Planning Dept., the Education and Training Dept., and the Investment Strategy Dept. of Daiwa Securities Co. Ltd. Throughout her broad accumulated experience in the Research Division, she has developed a strong analytical ability and broad knowledge in business accounting and broad accumulated experience in management. Therefore, she is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

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

Candidate
Number

7

Hiromasa Kawashima

Non-Executive

Reappointment

| | |
|--------------------------------------|---|
| Date of Birth | July 18, 1968 |
| Title and charge in the Company | Member of the Board |
| Number of shares of the Company held | common stock 71,800 shares |
| Years on Board | 2 |
| Attendance Rate | Board of Directors 10/10 (100%) Audit Committee 16/16 (100%) |

The reason for election

He joined the Company in 1992. After serving in the Human Resources and Investment Banking divisions, he served successively as Managing Director of the Executive Office and Internal Audit Dept. of the Company. He has broad knowledge and experience in Human Resources and Internal Audit. Therefore, he is considered to be qualified to serve as a Member of the Board.

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|---|
| Apr. 1992 | Joined the Company |
| Apr. 2006 | Transferred to Daiwa Securities SMBC Co. Ltd. |
| Apr. 2011 | Transferred to the Company |
| Apr. 2016 | Managing Director of Internal Audit Dept. of the Company; and Managing Director of Internal Audit Dept. of Daiwa Securities Co. Ltd. |
| Apr. 2020 | Senior Managing Director of the Company; Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. (current position); and Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. (current position) Audit & Supervisory Board Member of Daiwa Food & Agriculture Co. Ltd. (current position) |
| June 2020 | Member of the Board of the Company (current position) |

(Significant concurrent positions)

Audit & Supervisory Board Member of Daiwa Securities Co. Ltd.
Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd.
Audit & Supervisory Board Member of Daiwa Food & Agriculture Co. Ltd.

Candidate
Number

8

Michiaki Ogasawara

Reappointment

Outside

Independent

| | |
|--------------------------------------|--|
| Date of Birth | January 29, 1954 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 20,100 shares |
| Years on Board | 7 |
| Attendance Rate | Board of Directors 10/10 (100%) Nominating Committee 6/6 (100%) Audit Committee 16/16 (100%) |

The reason for election and overview of the expected roles

He held positions such as the Director-General of Global ICT Strategy Bureaus and the Vice-Minister of the Ministry of Internal Affairs and Communication. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his specialized experience and knowledge accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors even though he had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|--|
| Apr. 1976 | Entered Ministry of Posts and Telecommunications |
| Jan. 2003 | Director-General of Tohoku Bureau of Telecommunication, Ministry of Internal Affairs and Communications |
| Jan. 2004 | Director-General of Kanto Bureau of Telecommunication, the above Ministry |
| Feb. 2005 | Deputy Director-General of the above Ministry |
| Aug. 2005 | Director-General of Local Public Service Personnel Dept., Local Administration Bureau the above Ministry |
| July 2006 | Director-General of Civil Protection and Disaster Management Dept., Fire and Disaster Management Agency, the above Ministry |
| July 2007 | Director-General of the Information and Communications Policy, the above Ministry |
| July 2008 | Director-General of the Global ICT Strategy Bureau, the above Ministry |
| Jan. 2010 | Assistant Vice-Minister of the above Ministry |
| Sept. 2012 | Vice-Minister of the above Ministry |
| Oct. 2013 | Advisor of Daiwa Institute of Research Ltd. |
| June 2015 | Resigned as Advisor of the above company |
| June 2015 | Member of the Board of the Company (current position) |

(Significant concurrent positions)

Advisor of Sumitomo Corporation

Outside Director of Tokyu Fudosan Holdings Corporation

Chairman of Foundation for MultiMedia Communications

Advisor of Fujitsu Future Studies Center Ltd.

Outside Director of Koei Tecmo Holdings Co., Ltd.



Candidate
Number
9

Hirotaka Takeuchi

Reappointment
Outside
Independent

| | |
|--------------------------------------|---|
| Date of Birth | October 16, 1946 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 22,000 shares |
| Years on Board | 6 |
| Attendance Rate | Board of Directors 10/10 (100%) Nominating Committee 6/6 (100%) Compensation Committee 4/4 (100%) |

The reason for election and overview of the expected roles

He served positions such as a Professor of Hitotsubashi University, Faculty of Commerce and Management and Professor of Harvard Business School. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his specialized experience and knowledge accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors even though he had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|---|
| Sept. 1976 | Lecturer of Harvard Business School |
| Dec. 1977 | Assistant Professor of Harvard Business School |
| Apr. 1983 | Assistant Professor of Hitotsubashi University, Faculty of Commerce and Management |
| Apr. 1987 | Professor of Hitotsubashi University, Faculty of Commerce and Management |
| Apr. 1998 | Dean of Hitotsubashi University, the Graduate School of International Corporate Strategy |
| Apr. 2010 | Professor Emeritus of Hitotsubashi University |
| July 2010 | Professor of Harvard Business School (current position) |
| June 2016 | Member of the Board of the Company (current position) |

(Significant concurrent positions)

Professor of Harvard Business School
 Outside Director of Integral Corporation
 Senior Advisor of P&E Directions, Inc.
 Outside Director of BrightPath Biotherapeutics Co., Ltd.
 Member of the Board of T-Lab.
 Principal of Global Academy K. K.
 Chair of the Board of Trustees of International Christian University

Candidate
Number

10

Ikuo Nishikawa

Reappointment

Outside

Independent

| | |
|--------------------------------------|--|
| Date of Birth | July 1, 1951 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 12,600 shares |
| Years on Board | 6 |
| Attendance Rate | Board of Directors 10/10 (100%) Audit Committee 16/16 (100%) Compensation Committee 4/4 (100%) |

The reason for election and overview of the expected roles

He held positions such as the Representative Partner of Century Audit Corporation and Chairman of Accounting Standards Board of Japan. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his specialized experience and knowledge accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers. Based on the above-mentioned reasons, the Company made the decision that he could adequately carry out his assignment as one of the Company's Outside Directors, even though he had never been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|---|
| Sept. 1990 | Representative Partner of Century Audit Corporation (currently known as Ernst & Young ShinNihon LLC) |
| Jan. 1993 | Representative of JICPA in International Accounting Standards Committee |
| July 1995 | Executive Director of the Japanese Institute of Certified Public Accountants |
| Aug. 2001 | Deputy Chairman of Accounting Standards Board of Japan |
| Apr. 2007 | Chairman of Accounting Standards Board of Japan |
| Apr. 2012 | Professor of Keio University, Faculty of Business & Commerce |
| June 2016 | Member of the Board of the Company (current position) |
| Apr. 2017 | Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce (current position) |

(Significant concurrent positions).

Outside Director of MEGMILK SNOW BRAND Co., Ltd.

Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce

Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.



Candidate
Number
11

Eriko Kawai

Reappointment

Female

Outside

Independent

| | |
|--------------------------------------|--|
| Date of Birth | April 28, 1958 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 10,900 shares |
| Years on Board | 4 |
| Attendance Rate | Board of Directors 10/10 (100%) Nominating Committee 6/6 (100%) Audit Committee 16/16 (100%) |

The reason for election and overview of the expected roles

She held positions such as the Pension Funds Administrator of BIS and the [Organization for Economic Cooperation and Development \(OECD\)](#), and she has extensive experience at global companies and international organizations, as well as experience and record as a manager. The Company requests that shareholders elect her as an Outside Director since the Company expects, based on her significant experience and knowledge about corporate management accumulated through her career, she will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

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

(Significant concurrent positions)

Outside Director of CMIC HOLDINGS Co., Ltd.

Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd.

Specially Appointed Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Social Innovation Center, Kyoto University

Outside Director of Mitsui Fudosan Co., Ltd.

Senior Advisor of International Management Forum Co., Ltd.

Candidate
Number

12

Katsuyuki Nishikawa

Reappointment

Outside

Independent

| | |
|--------------------------------------|--|
| Date of Birth | February 20, 1954 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 3,500 shares |
| Years on Board | 3 |
| Attendance Rate | Board of Directors 10/10 (100%) Nominating Committee 6/6 (100%) Audit Committee 16/16 (100%) |

The reason for election and overview of the expected roles

He held positions such as the Vice-Minister of Justice, the Superintending Prosecutor of the Tokyo High Public Prosecutors Office and the Prosecutor General, and is currently an attorney at law. The Company requests that shareholders elect him as an Outside Director since the Company expects, based on his significant experience and professional knowledge about law and compliance accumulated through his career, he will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers even though he had never previously been involved directly in corporate management.

Brief personal history, title, charge and significant concurrent positions

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

(Significant concurrent positions)

Attorney at Nishikawa Katsuyuki Law Office

Outside Audit & Supervisory Board Member of Aeon Hokkaido Corporation



Candidate
Number
13

Toshio Iwamoto

Reappointment

Outside

Independent

| | |
|--------------------------------------|---|
| Date of Birth | January 5, 1953 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 3,500 shares |
| Years on Board | 2 |
| Attendance Rate | Board of Directors 10/10 (100%) Nominating Committee 6/6 (100%) Compensation Committee 4/4 (100%) |

The reason for election and overview of the expected roles

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

Brief personal history, title, charge and significant concurrent positions

| | |
|-----------|--|
| Apr. 1976 | Joined Nippon Telegraph and Telephone Public Corporation |
| June 2004 | Member of the Board of NTT DATA Corporation |
| June 2005 | Senior Managing Director of the above company |
| June 2007 | Member of the Board and Executive Managing Director of the above company |
| June 2009 | Representative Director and Deputy President of the above company |
| June 2012 | Representative Director and President of the above company |
| June 2018 | Advisor of the above company (current position) |
| June 2020 | Member of the Board of the Company (current position) |

(Significant concurrent positions)
Advisor of NTT DATA Corporation
Outside Audit & Supervisory Board Member of IHI Corporation



Candidate
Number
14

Yumiko Murakami

Reappointment

Female

Outside

Independent

| | |
|--------------------------------------|---|
| Date of Birth | February 6, 1965 |
| Title and charge in the Company | Outside Director |
| Number of shares of the Company held | common stock 1,200 shares |
| Years on Board | 1 |
| Attendance Rate | Board of Directors 8/8 (100%) Nominating Committee 12/12 (100%) Compensation Committee 3/3 (100%) |

(Note) Attendance Rate at the Board of Directors' meetings, etc. since his appointment in June 2021.

The reason for election and overview of the expected roles

She worked for the United Nations, Goldman Sachs Japan Co., Ltd. and Credit Suisse Securities (Japan) Limited, and served as Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre. The Company requests that shareholders elect her as an Outside Director since the Company expects, based on her significant global experience, experience and track record of corporate management and understanding of the securities business accumulated through her experience, she will be able to advise on the management of the Company and supervise of the execution of duties by Corporate Executive Officers.

Brief personal history, title, charge and significant concurrent positions

| | |
|------------|---|
| Aug. 1989 | United Nations Development Programme (Barbados) |
| Jan. 1991 | United Nations Secretariat (New York) |
| Sept. 1991 | United Nations Transitional Authority in Cambodia (Phnom Penh) |
| Aug. 1994 | Vice President of Goldman Sachs International (London) |
| May 1997 | Managing Director of Goldman Sachs and Co. (New York) |
| Apr. 2008 | Managing Director of Goldman Sachs Japan Co., Ltd. (Tokyo) |
| Sept. 2009 | Managing Director of Credit Suisse Securities (Japan) Limited (Tokyo) |
| Sept. 2013 | Head of Organization for Economic Cooperation and Development (OECD) Tokyo Centre |
| June 2021 | Member of the Board of the Company (current position) |

(Significant concurrent positions)
General Partner of MPower KK
Outside Director of Raksul Inc.

(Notes)

1. *The independence of the candidates for Outside Director from the Company is as follows.*
 - *None of the candidates for Outside Director has executed business of or has become an executive of the Company or its subsidiaries by means other than being an Outside Director of the Company in the past.*
 - *None of the candidates for Outside Director executes business of or is an executive of, or has done or been so during the last ten (10) years, any entity that has a special relationship with the Company.*
 - *None of the candidates for Outside Director received a large sum of money or other financial benefits from the Company or any entity that has a special relationship with the Company in the past, and none of them anticipates receiving them in the future.*
 - *None of the candidates for Outside Director has a spouse, family member within the third degree of kinship or other similar person who executes business of or is an executive of the Company or any entity that has a special relationship with the Company.*
 - *All of the candidates for Outside Director fulfill the requirements for Independent Directors as defined by the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. The Company is scheduled to designate all of the candidates for Outside Director as Independent Directors and to report this designation to the exchanges mentioned above.*
2. *The current Outside Directors, Mr. Michiaki Ogasawara, Mr. Hiroataka Takeuchi, Mr. Ikuo Nishikawa, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa, Mr. Toshio Iwamoto and Ms. Yumiko Murakami have each executed an agreement to limit liability to the Company. Each agreement stipulates that the maximum amount of liability is 10 million yen or the minimum amount of liability provided in Paragraph 1 of Article 425 of the Companies Act, whichever is higher. In case the election of those candidates for Outside Director is duly approved, the Company will continue to be a party to such agreement with each Outside Director.*
3. *The Company has entered into a directors and officers liability insurance agreement as provided in Paragraph 1 of Article 430-3 of the Companies Act with an insurance company, and the insurance agreement is designed to cover damages that may be incurred by the insured Directors of the Company who are liable for the execution of their duties or receiving a claim for pursuing their liability. If each candidate is appointed and assumes office as Director, he/she will be insured under the insurance agreement. The Company also plans to renew the insurance agreement on the same terms at the time of the next renewal.*

[References]

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

| Name | Title | Nominating Committee | Audit Committee | Compensation Committee |
|---------------------|---|-----------------------------|------------------------|-------------------------------|
| Takashi Hibino | Chairman of the Board and Corporate Executive Officer | ○ | | ○ |
| Seiji Nakata | Member of the Board, Representative Corporate Executive Officer and President | ○ | | ○ |
| Sachiko Hanaoka | Member of the Board | | ○ | |
| Hiromasa Kawashima | Member of the Board | | ○ | |
| Michiaki Ogasawara | Member of the Board (Outside) Independent Officer | ◎ | ○ | |
| Hiroataka Takeuchi | Member of the Board (Outside) Independent Officer | ○ | | ◎ |
| Ikuo Nishikawa | Member of the Board (Outside) Independent Officer | | ◎ | ○ |
| Eriko Kawai | Member of the Board (Outside) Independent Officer | ○ | ○ | |
| Katsuyuki Nishikawa | Member of the Board (Outside) Independent Officer | ○ | ○ | |
| Toshio Iwamoto | Member of the Board (Outside) Independent Officer | ○ | | ○ |
| Yumiko Murakami | Member of the Board (Outside) Independent Officer | | ○ | ○ |

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

Business Report (From April 1, 2021 to March 31, 2022)

I. Status of the Group's Business Activities

The Group strives to improve the corporate value of the Group through its core business - the securities business. The outline of the Group's performance in the current fiscal year (FY2021) is as follows.

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

1. Economic and Market Environment

As was the case in FY2020, the Japanese economy continued to be affected by the COVID-19 pandemic in FY2021, intermittently interrupting economic activity. The government declared a state of emergency for a third time in April 2021, but in mid-May the number of people going out began to rise again, personal consumption picked up, and real GDP showed positive growth in the April-June quarter. The Tokyo Olympic and Paralympic Games, which were held in July, stimulated personal consumption, but the declaration of yet another state of emergency for Tokyo and other areas curbed economic activity from July to September. Japanese automakers were also forced to sharply curtail production due to a global semiconductor shortage and supply chain delays in auto parts due to the spread of COVID-19 in Southeast Asia. Partly due to a drop in automobile exports and domestic sales, real GDP growth fell into negative territory in the July-September quarter. The rate of infections subsequently slowed, partly due to vaccinations, and economic activity resumed. As spending on activities like travel and dining out surged and auto production rose, in the October-December quarter real GDP rebounded to roughly the pre-pandemic level two years ago. In November the government decided to implement an economic stimulus package on the order of about 79 trillion yen. This economic stimulus package had been expected to boost GDP in the January-March 2022 quarter, but infections surged again in January, and economic activity stalled again due to supply chain delays in auto parts and higher resources prices. In February, Russia invaded Ukraine, and prices for a wide range of resources soared as a result of economic sanctions imposed on Russia by Japan, the U.S., Europe, and other countries. In March, the yen continue to decline against the dollar—falling to 125 yen/dollar at one point—as a reflection of the different monetary policy directions being taken by Japan and the U.S.

The stock market ran into heavy upside resistance in FY2021 amid factors such as a pullback after FY2020 run up in share prices, intermittent measures to prevent the spread of COVID-19, and semiconductor shortages. The Nikkei Stock Average rebounded to the 30,000-yen level at one point, but fell back to 27,821.43 yen at the end of FY2021 amid growing uncertainty due to worries about the deteriorating situation in Ukraine. This represents a 4.7% decline from the end of FY2020.

In the bond market, in FY2021 the 10-year Japanese Government Bond yield remained in slightly positive territory against the backdrop of the tug-of-war between the upward pressure on interest rates arising from the global economic recovery and Japan's extremely accommodative monetary policy. Bond yields were trending higher towards the end of FY2021 as Europe and the U.S. moved to tighten monetary policy amid rising inflation, especially in the form of higher prices for resources.

As a result, the 10-year Japanese Government Bond yield at the end of FY2021 was 0.210%.

2. Outline of the Consolidated Performance

(1) Profits and Losses of the Group

(Billions of yen)

| | Fiscal 2021 As of March 31, 2022 | Change (%) from Previous Term |
|---|-------------------------------------|----------------------------------|
| Operating Revenue | 619.4 | 7.5% |
| Net Operating Revenue | 502.0 | 7.6% |
| Ordinary Income | 135.8 | 17.9% |
| Profit attributable to owners of parent | 94.8 | -12.5% |

(Millions of yen)

| | Net Operating Revenues | | | Ordinary Income | | |
|-------------------------------------|----------------------------|----------------------------|------------------------------------|----------------------------|----------------------------|------------------------------------|
| | Fiscal 2020 (84th term) | Fiscal 2021 (85th term) | Change from Previous Term | Fiscal 2020 (84th term) | Fiscal 2021 (85th term) | Change from Previous Term |
| Retail | 169,505 | 188,879 | 11.4% | 20,070 | 41,807 | 108.3% |
| Wholesale | 215,860 | 195,863 | -9.3% | 74,737 | 50,951 | -31.8% |
| <i>Global Markets</i> | 161,730 | 134,353 | -16.9% | 62,777 | 38,301 | -39.0% |
| <i>Global Investment Banking</i> | 54,129 | 61,510 | 13.6% | 11,021 | 10,693 | -3.0% |
| Asset Management | 51,145 | 71,052 | 38.9% | 32,775 | 45,253 | 38.1% |
| <i>Securities Asset Management</i> | 39,373 | 45,351 | 15.2% | 16,013 | 21,995 | 37.4% |
| <i>Real Estate Asset Management</i> | 11,772 | 25,701 | 118.3% | 16,761 | 23,258 | 38.8% |
| Investment | 4,602 | 11,055 | 140.2% | 1,123 | 7,192 | 540.0% |
| Others | 25,546 | 35,242 | — | -13,532 | -9,382 | — |
| Total | 466,660 | 502,093 | 7.6% | 115,175 | 135,821 | 17.9% |

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

(Billions of yen)

| | Fiscal 2021 As of March 31, 2022 | Change from Previous Term |
|--|-------------------------------------|------------------------------|
| Total Assets | 27,531.0 | 1,431.7 |
| Debts | 25,891.2 | 1,383.7 |
| Shareholders' equity (Net Assets) | 1,639.8 | 48.0 |
| Shareholders' equity (Net Assets) per share (Yen) | 925.81 | 50.69 |

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

Retail Business

In order to achieve “Customer First” & “Quality No.1”, Daiwa Securities Co. Ltd. is pursuing the customer's best interests by shifting to a wealth management type business model, expanding its solutions-based business through a total assets approach, and expanding customer contacts by the best mix of digital and real approaches.

Daiwa Securities pursued a number of initiatives in FY2021, once again convening a Customer Satisfaction Council with the aim of improving its products and services with customer feedback as the starting point, expanding the array of foreign equities handled, and reducing the burden on customers by expediting estate procedures. As a result, Daiwa Securities Co. Ltd. ranked first place in an external NPS survey (Note) in the face-to-face securities section for the third consecutive year.

Daiwa Securities strives to offer appealing products and services that address its customers' every need, and in August 2021 it began offering a new “Anshin-Tsunagaru Wrap” wrap account service based on the concepts of asset succession support and asset preservation.

In September 2021 it added a small-lot real estate product created by the Group, focusing mainly on urban properties, to its product lineup.

Furthermore, it considered and promoted the collaboration with companies with a solid customer base, such as Japan Post Group, Shinkin Central Bank, and Credit Saison Co.,Ltd, in order to expand its customer base and provide services in the asset building area.

In March 2022, Daiwa Securities signed the final agreement for a comprehensive business alliance with the Shikoku Bank.

With respect to branch strategy, it increased the number of small, low-cost sales offices as part of the effort to build an efficient network of branches and sales offices and, as a result, there were 181 branches, including 71 sales offices, in Japan at the end of FY2021. In addition, it worked to expand the points of contact with customers by actively utilizing digital tools such as webinars and online interviews amid the spread of COVID-19.

(Note) The NPS survey is the NPS (a measure that quantifies customer loyalty) benchmark results of an industry specific survey conducted on users, announced in October 2021 by NTTCom Online Marketing Solutions Corporation.

Wholesale Business

The wholesale business of the Group is comprised of the Global Markets business and the Global Investment Banking business.

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

In FY2021, offering timely products that address diverse customer needs and trading equities and bonds in response to changing market conditions contributed to earnings.

As a result of our efforts to realize our “Quality No. 1” objective, Nikkei Veritas ranked Daiwa Securities Co. Ltd. in first place in the analyst rankings in the equity category for a fourth straight year and second place in the financial markets category.

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

In the underwriting business, Daiwa Securities Co. Ltd. served as the global coordinator (Note 1) for the sale of shares by JAPAN POST HOLDINGS Co., Ltd. and a public offering by Renesas Electronics Corporation, and as lead manager for the SDGs-IPO (Note 2) offered by TESS Holdings Co., Ltd. and for subordinated bonds issued by SoftBank Group Corp. and ENEOS Holdings, Inc., among many others.

In the M&A advisory business, Daiwa Securities Co. Ltd. was involved in a number of group reorganization and industry realignment deals in Japan, including the conversion of TOPPAN FORMS Co., Ltd. into a wholly owned subsidiary by Toppan Inc. and the merger of Fuji Co., Ltd. and MAXVALU NISHINIHON Co., Ltd. The framework for providing quality M&A advisory services around the world was strengthened thanks to the establishment of DC Advisory (Thailand) Co., Ltd., a joint venture with 9 Basil Co., Ltd., and the launch of M&A advisory services by Daiwa Securities (China) Co., Ltd.

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

(Note 2) SDGs-IPO (Initial Public Offering) is a type of public offering in which shares are sold to the public for the first time and the issuer and use of the funds are evaluated by a third-party evaluation organization for their contribution to the SDGs and compliance with Social Bond Principles.

Asset Management Business

Daiwa Asset Management Co. Ltd. has been working to expand assets under management by strengthening its fund management capabilities and increasing the number of distributors offering its private investment trusts.

The iFree Leverage NASDAQ 100 Fund and the Decarbonization Technology Equity Fund did well, with assets growing to 118.4 billion yen and 78.1 billion yen, respectively.

In addition, mainly due to capital inflow to the ETF, its net assets of Publicly Offered Stock Investment Trusts increased by 622.9 billion yen in FY2021 to 23.6 trillion yen at the end of FY2021.

Against the backdrop of cooperation between the Japanese and Chinese governments in the area of securities markets, two Chinese ETFs were listed in Japan and China as part of the Japan-China ETF Connectivity scheme, which allows ETFs to be listed for trading on each other's market.

Global X Japan Co. Ltd. provided twelve listed ETFs, such as a theme-based ETF and smart beta ETF (Note). Its assets under management were 68.3 billion yen at the end of FY2021.

In the real estate asset management business, it sought to improve the quality of its real estate portfolio by acquiring new properties and replacing assets and also to improve the value of existing properties. The scale of assets under management at the end of FY2021 was 1,279.0 billion yen.

In September 2021 Daiwa Real Estate Asset Management Co. Ltd. formed the DSREF Amaterasu Core Fund, Investment Limited Partnership, a private fund that will specialize in investing in solar power projects.

(Note) A smart beta ETF is an ETF that is linked to an index that aims to outperform the average returns for a market or industry by selecting stocks quantitatively focusing on factors such as financial indicators or dividends.

Investment Business

Daiwa Corporate Investment Co., Ltd. has invested in venture companies at various stages in Japan and overseas and has promoted the exit of existing investments through such means as listing of the investee. DAIWA-SSIAM Vietnam Growth Fund III L.P., with SSI Asset Management as an advisor, closed its fund in October 2021, and Daiwa Taiwan-Japan BioVenture Investment Limited Partnership II, a fund that invests in unlisted biotechnology ventures in Japan and Taiwan, closed its fund in December 2021.

Daiwa PI Partners Co. Ltd. invested in money claims, real estate loans and equity and loans to corporations at home and abroad.

In March 2022, Blue Topaz Inc. (Note 1), which is involved in venture debt (Note 2), became a subsidiary of Daiwa PI Partners Co. Ltd., as part of the Group's hybrid strategy for creating a new capital cycle.

Daiwa Energy & Infrastructure Co. Ltd. has made investments in renewable energy businesses such as solar power projects and in infrastructure businesses such as an investment in Ucles Holdco S.L., a company that provides optical fiber facilities in Spain.

(Note 1) Blue Topaz Inc. changed its name to Daiwa Blue Financial Inc. in March 2022.

(Note 2) Venture debt refers to providing financing to startup companies in the form of loans and is a way to raise capital for growth without diluting equity.

Others

Daiwa Institute of Research Ltd. contributed to the reduction of IT costs by improving the efficiency of system development for the Group. In addition, it conducted research and development of AI related to forecasting stock prices and exchange rate trends, and provided system solutions to companies outside the Group. Also, as a think tank, it actively disseminated information based on current economic and social trends, including ESG/SDGs.

It has been 10 years since Daiwa Next Bank, Ltd. was established, and the bank provides convenient services to a wide range of customers, such as yen-denominated deposits and foreign currency deposits with attractive interest rates, via the nationwide branch network of Daiwa Securities Co. Ltd. In July 2021 the amount held by the bank in its Ouen (Supporting) Term Deposits topped 150 billion yen.

CONNECT Co. Ltd. started a new partnership with MUFG Bank, Ltd. and Recruit Co., Ltd. in the asset formation business.

Daiwa Securities Realty Co. Ltd., established in April 2021, has begun forming and selling small-lot real estate products to customers of the Group.

4. Status of the Capital Investment of the Group

The Group makes capital investments so that we can build a customer-oriented sales organization, offer products and services that meet our customers' needs, develop infrastructure to ensure business efficiency and security, address legal and regulatory requirements, and strengthen risk management.

Pursuing the best mix of digital and real, in the IT area we are making investments aimed at combining human and data/digital technology advantages in order to expand profits and make our businesses more sophisticated and efficient. In FY2021 we pursued initiatives aimed at broadening customer touchpoints by building a new CRM system (Note 1) to support sales personnel consulting, upgrading Internet services with the intention of configuring screens and menus to be convenient for our customers, and adapting systems for our collaboration with Japan Post Group in the area of discretionary investment services. Along with building a platform for storing and analyzing data that allows all officers and employees of Daiwa Securities Co. Ltd. to make data-driven decisions, we worked to improve the efficiency of middle- and back-office operations, and to deploy a zero trust (Note 2) security platform.

As a result of these measures, the Group made 22.7 billion yen in IT-related capital investments.

Further, Daiwa Securities Co. Ltd. opened new sales offices in Tsurumi, Fujimino, Kameari and Shin-kamagaya.

(Note 1) A Customer Relationship Management (CRM) system is a system for centralizing customer information including contact history and transaction records.

(Note 2) Zero trust is a security concept under which the security of every access to data systems requiring protection, whether from inside or outside the company, is verified and not based on trust.

5. Status of Financing of the Group

The Company issued the bonds below amounting to 30 billion yen in total.

| | Issue Amount | Payment Date |
|--------------------------------|----------------|--------------|
| 36th Series of Unsecured Bonds | 15 billion yen | June 2, 2021 |
| 37th Series of Unsecured Bonds | 15 billion yen | June 2, 2021 |

6. Five-Year Trend of Consolidated Performance and Assets

(Billions of yen)

| Item \ Term | 81 st | 82 nd | 83 rd | 84 th | 85 th |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | (Apr. 1, 2017– Mar. 31, 2018) | (Apr. 1, 2018– Mar. 31, 2019) | (Apr. 1, 2019– Mar. 31, 2020) | (Apr. 1, 2020– Mar. 31, 2021) | (Apr. 1, 2021– Mar. 31, 2022) |
| Operating revenue | 712.6 | 720.5 | 672.2 | 576.1 | 619.4 |
| Net operating revenue | 505.3 | 441.2 | 426.2 | 466.6 | 502.0 |
| Ordinary income | 155.6 | 83.1 | 70.2 | 115.1 | 135.8 |
| Profit attributable to owners of parent | 110.5 | 63.8 | 60.3 | 108.3 | 94.8 |
| Shareholders' equity (Net Assets) | 1,370.5 | 1,256.4 | 1,257.7 | 1,591.8 | 1,639.8 |
| Total Assets | 21,135.0 | 21,126.7 | 23,822.0 | 26,099.3 | 27,531.0 |
| Shareholders' equity (Net Assets) per share (Yen) | 786.56 | 794.54 | 796.33 | 875.12 | 925.81 |
| Profit per share (Yen) | 66.88 | 39.95 | 39.11 | 71.20 | 63.06 |
| Return on Equity (ROE) (%) | 8.8% | 5.1% | 4.9% | 8.5% | 7.0% |
| Number of consolidated Subsidiaries | 59 | 60 | 66 | 118 | 136 |
| Number of affiliates accounted for using the equity method | 10 | 10 | 15 | 17 | 18 |

(Note 1) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) has been applied from the beginning of the 82nd term. The number of total assets in the 81st term is the number calculated by retroactively applying the Standard.

(Note 2) The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. are applied from the beginning of the current consolidated fiscal year. Each number for the current consolidated fiscal year is the number after the application of these accounting standards.

7. Issues to Be Addressed by the Group

In fiscal 2021, the stock market reached record levels with the Nikkei average coming to 30,670 yen for the first time in 31 years since August 1990 as the global economy returned to normal and expectations rose for the new administration. On the other hand, it was also a roller coaster year of adjustment due to such factors as the continued spread of COVID-19 and increased geopolitical risks. In the midst of these circumstances, the Group's Medium-Term Management Plan, "Passion for the Best" 2023, got off to a smooth start in its first year. The pillar of this Medium-Term Management Plan is the shift to a wealth management type business model, and steady progress is being made on that front. At the same time, by promoting a hybrid strategy, the Group was able to create high value-added products and services and diversify its profit structure. It was a year in which we moved steadily forward toward the goal of becoming the best partner for creating the future together ("Be with you") as set forth in the Medium-Term Management Plan.

In fiscal 2022, as the uncertainties in global affairs increase and uneasiness over the COVID-19 pandemic persists, the Group must make efforts to solve issues through the financial and capital markets. This year is the second year of the Medium-Term Management Plan. We will work on further advancing the total assets approach to propose wealth management for solving customer challenges and promote the provision of new management options, including alternative assets created through a hybrid strategy. In addition, by further promoting a hybrid strategy, we will establish a solid revenue model that is less susceptible to the impact of the market environment. At the same time, we aim to further support corporate ESG and SDGs, including support for growing companies contributing to the development of the Japanese economy and transition finance.

The Daiwa Securities Group celebrates its 120th anniversary this year. In addition to expressing our heartfelt gratitude to all of our stakeholders who have supported us since our founding, this provides us with a valuable opportunity to reaffirm the stance of the Daiwa Securities Group, which continues to change with the times.

The entire Daiwa Securities Group will continue to contribute to the development of society and the economy through the financial and capital markets and engage in the creation of a new cycle of funds for the realization of a sustainable and affluent society in order to be a necessary presence for all stakeholders.

The Action Plans for Each Business Division

Retail Division

- 1 Realization of wealth management type business model
- 2 Provision of products and services that meet customers' needs and expansion of solution business through a total assets approach
- 3 New business development and improvement of profitability through the use of business alliances with external channels
- 4 Efforts related to sustainability and making the digital shift in mass marketing and customer support

Wholesale Division

- 1 Provision of diverse products and advanced solutions that meet customers' needs
- 2 Expansion of the brokerage business foundation leveraging highly acclaimed research capabilities
- 3 Support for the sustainability of companies through the promotion of SDGs financing
- 4 Enhancement of digital human resources and promotion of a data-driven business

Asset Management Division

- 1 Expansion of existing business by strengthening management capability, discovery capability and product arrangement capability
- 2 Research and Develop, and commercialization of new businesses, including product development for investing in alternative assets
- 3 Strengthening of asset management capability and establishment of business foundation in the real estate asset management business
- 4 Promotion of real estate business such as the expansion of the real estate securitization business through coordination within the Group

Investment Division

- 1 Discovery of excellent investment opportunities, enhancement of value of investments and strengthening of monitoring systems
- 2 Promotion of capital recycling model in the energy sector
- 3 Establishment of ongoing VC fund management business
- 4 Development of socially meaningful investments conscious of SDGs

Other (Daiwa Institute of Research Group)

- 1 Establishment of IT service platforms and creation of new value through AI and data science
- 2 Contribution to the reduction of costs of the Daiwa Securities Group by providing high-quality, stable services at low cost
- 3 Sales systems based on customer characteristics, high value-added proposal activities by business analysts based on customer needs, expansion of customer base through system solutions including utilization of data science and new technologies, and new business development
- 4 Enhancement of research quality by creating a virtuous cycle of communication, information gathering and exchange of opinions

Other (Daiwa Next Bank)

- 1 Provision of competitive interest rates and provision of appealing new products and new services
- 2 Further strengthening of coordination within the Group and accumulation of projects in the financing business
- 3 Expansion of assets under management centered on securitized products and review of portfolio based on market trends
- 4 Expansion of balance of Ouen (Supporting) Term Deposits and efforts to promote ESG investment and lending

8. Status of the Group

(1) The Group's Primary Business

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

(2) Status of Major Subsidiaries and Affiliates

| Company Name | Location | Capital (millions of yen) | Ratio of Voting Rights (Directly owned) | Main Business |
|--|----------------------|--|---|---|
| Daiwa Securities Co. Ltd. | Chiyoda-ku, Tokyo | 100,000 | 100.0% (100.0%) | Securities-related business Investment advisory and agency business |
| Daiwa Asset Management Co. Ltd. | Chiyoda-ku, Tokyo | 15,174 | 100.0% (100.0%) | Investment management business Investment advisory and agency business |
| Daiwa Institute of Research Ltd. | Koto-ku, Tokyo | 3,898 | 100.0% (100.0%) | Information service |
| Daiwa Securities Business Center Co., Ltd. | Koto-ku, Tokyo | 100 | 100.0% (100.0%) | Back office operation |
| Daiwa Facilities Co., Ltd. | Chuo-ku, Tokyo | 100 | 100.0% (100.0%) | Lending, borrowing and management of real estate |
| Daiwa Next Bank, Ltd. | Chiyoda-ku, Tokyo | 50,000 | 100.0% (100.0%) | Banking business |
| Daiwa Corporate Investment Co., Ltd. | Chiyoda-ku, Tokyo | 100 | 100.0% (—) | Investment business |
| Daiwa PI Partners Co. Ltd. | Chiyoda-ku, Tokyo | 12,000 | 100.0% (—) | Investment business |
| Daiwa Energy & Infrastructure Co. Ltd. | Chiyoda-ku, Tokyo | 500 | 100.0% (—) | Investment business |
| Daiwa Real Estate Asset Management Co. Ltd. | Chuo-ku, Tokyo | 200 | 100.0% (100.0%) | Investment management business Investment advisory and agency business |
| Daiwa Securities Realty Co. Ltd. | Chuo-ku, Tokyo | 500 | 100.0% (100.0%) | Real estate related business |
| Daiwa Office Investment Corporation | Chuo-ku, Tokyo | 245,093 | 40.7% (14.0%) | Investment in specified assets |
| Samty Residential Investment Corporation | Chiyoda-ku, Tokyo | 74,149 | 40.2% (38.8%) | Investment in specified assets |
| Daiwa Capital Markets Europe Limited | London, U.K. | GBP732 million | 100.0% (—) | Securities-related business |
| Daiwa Capital Markets Hong Kong Limited | Hong Kong, China | HKD100 million USD276 million | 100.0% (—) | Securities-related business |
| Daiwa Capital Markets Singapore Limited | Singapore, Singapore | SGD140 million | 100.0% (—) | Securities-related business |
| Daiwa Capital Markets America Holdings Inc. | New York, U.S.A. | USD621 million | 100.0% (—) | Integration and management of subsidiaries |
| Daiwa Capital Markets America Inc. | New York, U.S.A. | USD100 million | 100.0% (—) | Securities-related business |

(3) Situation of Specified Wholly-Owned Subsidiary at the End of FY2021

Not applicable.

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

Daiwa Institute of Research Holdings Ltd., Daiwa Institute of Research Ltd., and Daiwa Institute of Research Business Innovation Ltd. have merged on April 1, 2021, with Daiwa Institute of Research Holdings Ltd. as the surviving company and Daiwa Institute of Research Ltd. and Daiwa Institute of Research Business Innovation Ltd. as the absorbed companies, and changed its name to Daiwa Institute of Research Ltd.

(5) Status of Major Business Alliances

Not applicable.

(6) The Group's Primary Business Locations

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

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

| | |
|----------------------------|---|
| Hokkaido / Tohoku | Sapporo Branch, Sendai Branch, and 8 other branches |
| Kanto (excluding Tokyo) | Yokohama Branch, Chiba Branch, Omiya Branch, and 41 other branches |
| Tokyo | Head Office, Ginza Branch, Shinjuku Branch, Shibuya Branch, Ikebukuro Branch, and 35 other branches |
| Chubu / Hokuriku | Nagoya Branch, Shizuoka Branch, and 27 other branches |
| Kinki | Kyoto Branch, Osaka Branch, Umeda Branch, Namba Branch, Kobe Branch, and 28 other branches |
| Chugoku / Shikoku | Hiroshima Branch, and 12 other branches |
| Kyushu / Okinawa | Fukuoka Branch, and 11 other branches |

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

| Number of employees | Change from previous fiscal year |
|---------------------|----------------------------------|
| 14,889 | -207 |

(Note 1) The number of employees reflects the number of the people who actually work in the Group.

(Note 2) The annual average number of part-time workers is 262.

(ii) The Company's Employees

| Number of employees | Average age | Average years of service |
|---------------------|-------------|--------------------------|
| 569 | 42.0 | 14.8 |

(Note 1) The number of employees reflects the number of the people who actually work in the Company. 565 employees work for both the Company and Daiwa Securities Co. Ltd.

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

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

(8) Major Lenders

| Name of Lender | Type of Loan | Balance (Millions of yen) |
|-------------------------------------|-----------------------|------------------------------|
| Sumitomo Mitsui Banking Corporation | Short-Term Borrowings | 10,000 |
| | Long-Term Borrowings | 164,478 |
| Mizuho Bank Ltd. | Short-Term Borrowings | 30,000 |
| | Long-Term Borrowings | 72,000 |
| MUFG Bank, Ltd. | Long-Term Borrowings | 61,000 |
| Resona Bank Ltd. | Short-Term Borrowings | 10,000 |
| | Long-Term Borrowings | 23,000 |

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

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

Not applicable.

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

II. Summary of the Company (as of March 31, 2022)

1. Status of Shares

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

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

| Type of Shares | Total Number of Authorized Class Shares |
|-------------------------|---|
| Common Stock | 4,000,000,000 |
| Class 1 Preferred Stock | 100,000,000 |
| Class 2 Preferred Stock | 100,000,000 |
| Class 3 Preferred Stock | 100,000,000 |

(2) **Total number of issued and outstanding shares:** 1,699,378,772 shares of Common Stock (including treasury stock)

(3) **Total number of Shareholders:** 148,268

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

| Name | Number of Shares of Common Stocks held (% of total outstanding shares) |
|--|--|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 238,102 thousand shares (16.05%) |
| Custody Bank of Japan, Ltd. (Trust Account) | 74,814 thousand shares (5.04%) |
| Taiyo Life Insurance Company | 41,140 thousand shares (2.77%) |
| Barclays Securities Japan Limited | 34,391 thousand shares (2.31%) |
| NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST | 31,662 thousand shares (2.13%) |
| Nippon Life Insurance Company | 31,164 thousand shares (2.10%) |
| JAPAN POST HOLDINGS Co., Ltd. | 30,000 thousand shares (2.02%) |
| STATESTREET BANK WEST CLIENT - TREATY 505234 | 24,262 thousand shares (1.63%) |
| Daiwa's Employee Stock Ownership Association | 22,083 thousand shares (1.48%) |
| NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS | 20,297 thousand shares (1.36%) |

(Note 1) The Company holds 216,066,485 of its own shares as treasury stock as of March 31, 2022 and the Company is excluded from the above list of major shareholders.

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

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

The Company has introduced the Restricted Stock Compensation Plan for the purpose of further enhancing incentives to improve medium- and long-term business performance and promoting further value sharing between the Company, its subsidiaries' Directors, Corporate Executive Officers, etc. and shareholders. The Restricted Stock allotted to Directors and Corporate Executive Officers during FY2021 is as follows.

| | Numbers allotted (person) | Allotted Shares |
|-------------------------------------|--------------------------------------|------------------------|
| Directors | 2 | 20,200 |
| Corporate Executive Officers | 16 | 320,300 |
| Outside Directors | - | - |

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

2. The Corporate Governance System of the Group

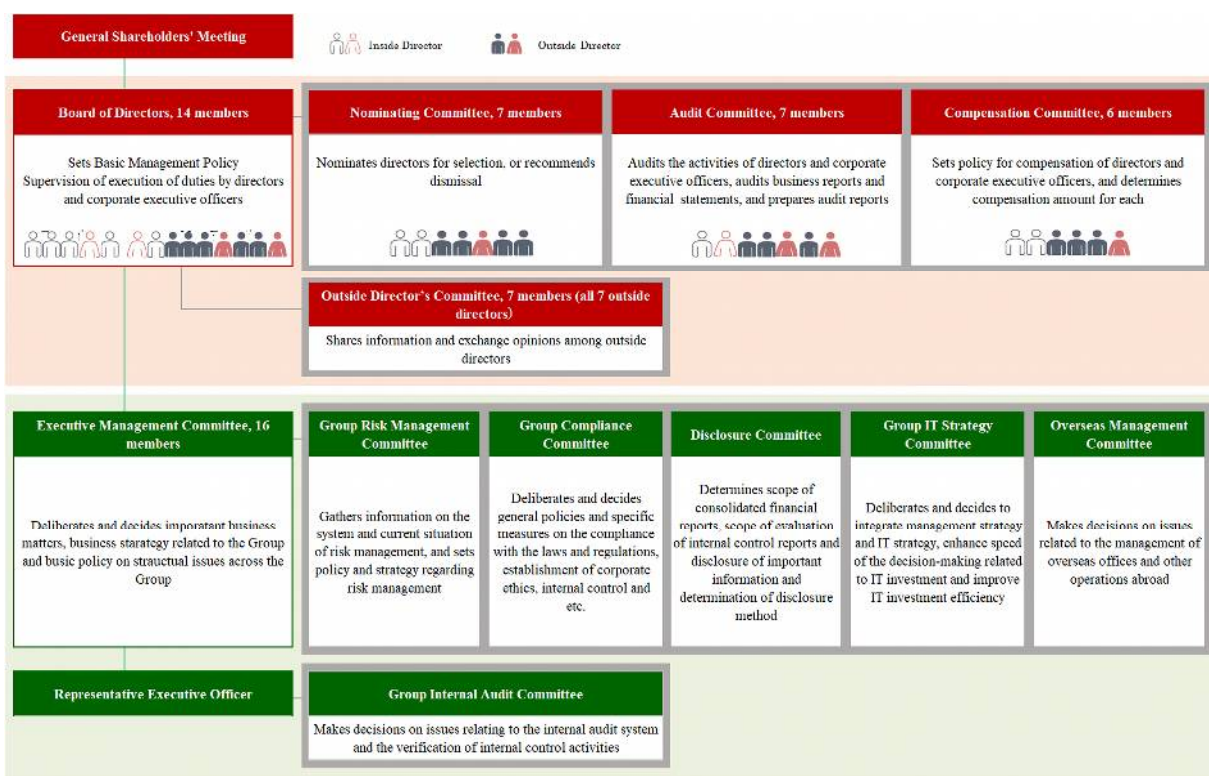
Basic Stance on Corporate Governance

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

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

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

Corporate Governance System (as of March 31, 2022)



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

Main Roles and Activity Status of the Three Committees in FY2021

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

| Nominating Committee | |
|----------------------------------|--|
| Main Roles | Determining the agenda for the election and dismissal of Directors which will be submitted to the Shareholders' Meeting. |
| Activity Status in FY2021 | In FY2021, the Nominating Committee met six (6) times to discuss matters, including the composition of the Board of Directors with consideration of corporate governance, the basic policy for nominating candidates for Director, the selection of Director candidates, the succession plan for CEO and the tenure of Outside Directors. The Nominating Committee selects candidates for Director in light of the Group's selection standards for Directors. These standards include criteria to ensure the independence of Outside Directors. |
| Members | Michiaki Ogasawara (Chairman, Outside Director) Takashi Hibino Seiji Nakata Hirotaka Takeuchi (Outside Director) Eriko Kawai (Outside Director) Katsuyuki Nishikawa (Outside Director) Toshio Iwamoto (Outside Director) |
| Audit Committee | |
| Main Roles | Auditing the legalities and appropriateness of the activities of Directors and Corporate Executive Officers. |
| Activity Status in FY2021 | In FY2021, the Audit Committee met sixteen (16) times. The committee evaluated the execution of duties of Directors and Corporate Executive Officers, audited documentation, including financial statements and business reports, and prepared an audit report for the period under review. |
| Members | Ikuo Nishikawa (Chairman, Outside Director) Sachiko Hanaoka Hiromasa Kawashima Michiaki Ogasawara (Outside Director) Eriko Kawai (Outside Director) Katsuyuki Nishikawa (Outside Director) Yumiko Murakami (Outside Director) |
| Compensation Committee | |
| Main Roles | Setting policy for compensation of Directors and Corporate Executive Officers and determining the compensation amount for each. |
| Activity Status in FY2021 | In FY2021, the Compensation Committee met four (4) times to discuss the compensation policy and to determine the compensation of each Director and Corporate Executive Officer. It also studied a Group-wide incentive plan aimed at improving consolidated earnings results. |
| Members | Hirotaka Takeuchi (Chairman, Outside Director) Takashi Hibino Seiji Nakata Ikuo Nishikawa (Outside Director) Toshio Iwamoto (Outside Director) Yumiko Murakami (Outside Director) |

3. Status of the Company's Officers

(1) Status of Directors

| Title | Name | Area of Responsibility and Significant Concurrent Positions |
|-----------------------|---------------------|---|
| Chairman of the Board | Takashi Hibino | See “(2) Corporate Executive Officers” |
| Member of the Board | Seiji Nakata | See “(2) Corporate Executive Officers” |
| Member of the Board | Toshihiro Matsui | See “(2) Corporate Executive Officers” |
| Member of the Board | Keiko Tashiro | See “(2) Corporate Executive Officers” |
| Member of the Board | Akihiko Ogino | See “(2) Corporate Executive Officers” |
| Member of the Board | Sachiko Hanaoka | Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. Audit & Supervisory Board Member of Daiwa Asset Management Co. Ltd. Audit & Supervisory Board Member of Daiwa Institute of Research Ltd. |
| Member of the Board | Hiromasa Kawashima | Audit & Supervisory Board Member of Daiwa Securities Co. Ltd. Audit & Supervisory Board Member of Daiwa Real Estate Asset Management Co. Ltd. Audit & Supervisory Board Member of Daiwa Food & Agriculture Co. Ltd. |
| Member of the Board | Michiaki Ogasawara | See “(3) Outside Officers” |
| Member of the Board | Hiroataka Takeuchi | See “(3) Outside Officers” |
| Member of the Board | Ikuo Nishikawa | See “(3) Outside Officers” |
| Member of the Board | Eriko Kawai | See “(3) Outside Officers” |
| Member of the Board | Katsuyuki Nishikawa | See “(3) Outside Officers” |
| Member of the Board | Toshio Iwamoto | See “(3) Outside Officers” |
| Member of the Board | Yumiko Murakami | See “(3) Outside Officers” |

(Note 1) Members of the Board, Michiaki Ogasawara, Hiroataka Takeuchi, Ikuo Nishikawa, Eriko Kawai, Katsuyuki Nishikawa, Toshio Iwamoto and Yumiko Murakami are Outside Directors as defined under Article 2, Item 15 of the Companies Act. The Company reports to the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. that those Directors are Independent Directors.

(Note 2) Ikuo Nishikawa is a certified public accountant and has considerable knowledge of finance and accounting.

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

| | |
|------------------------|---|
| Nominating Committee | Michiaki Ogasawara (Chairman), Takashi Hibino, Seiji Nakata, Hiroataka Takeuchi, Eriko Kawai, Katsuyuki Nishikawa, Toshio Iwamoto |
| Audit Committee | Ikuo Nishikawa (Chairman), Sachiko Hanaoka, Hiromasa Kawashima, Michiaki Ogasawara, Eriko Kawai, Katsuyuki Nishikawa, Yumiko Murakami |
| Compensation Committee | Hiroataka Takeuchi (Chairman), Takashi Hibino, Seiji Nakata, Ikuo Nishikawa, Toshio Iwamoto, Yumiko Murakami |

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

(2) Status of Corporate Executive Officers

| Title | Name | Area of Responsibility and Significant Concurrent Positions |
|---|-------------------|--|
| President/ Representative Corporate Executive Officer | Seiji Nakata | Chief Executive Officer (CEO) and Representative Director/ President of Daiwa Securities Co. Ltd. |
| Deputy President/ Representative Corporate Executive Officer | Toshihiro Matsui | Chief Operating Officer (COO) and Representative Director/Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Keiko Tashiro | Head of Overseas and SDGs of the Company and Representative Director/Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Kazuo Takahashi | Head of Wholesale of the Company and Representative Director/Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Mikita Komatsu | Deputy Head of Wholesale of the Company and Representative Director/Deputy President of Daiwa Securities Co. Ltd. |
| Deputy President | Koichi Matsushita | Head of Asset Management of the Company and Representative Director/President of Daiwa Asset Management Co. Ltd. |
| Deputy President | Masahisa Nakagawa | Head of Think Tank Representative Director/President of Daiwa Institute of Research Ltd., |
| Senior Executive Managing Director | Akihiko Ogino | Head of Planning and Legal, and Executive Head of Human Resources of the Company, Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd., Member of the Board of Daiwa Asset Management Co. Ltd., Member of the Board of Daiwa Next Bank, Ltd. and Representative Director of DG Daiwa Ventures Inc. |
| Senior Executive Managing Director | Shinsuke Niizuma | Head of Retail of the Company and Member of the Board, Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Senior Executive Managing Director | Atsushi Mochizuki | Head of Compliance of the Company and Representative Director/Senior Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Junichi Arihara | Chief Risk Management Officer (CRO) and Chief Data Officer (CDO) of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Yoshifumi Otsuka | Head of Internal Audit of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |

| | | |
|-----------------------------|-----------------|---|
| Executive Managing Director | Kana Shirakawa | Head of Human Resources and Chief Health Officer (CHO) of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Tomoyuki Murase | Chief Information Officer (CIO) of the Company and Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd. |
| Executive Managing Director | Eiji Sato | Chief Financial Officer (CFO) and Deputy Head of Planning and Overseas of the Company and Executive Managing Director of Daiwa Securities Co. Ltd. |
| Corporate Executive Officer | Takashi Hibino | Representative Director/Chairman of the Board of Daiwa Securities Co. Ltd. and Outside Director of Imperial Hotel, Ltd. |

(Note 1) Corporate Executive Officers Seiji Nakata, Toshihiro Matsui, Keiko Tashiro, Akihiko Ogino and Takashi Hibino also serve as Directors.

(Note 2) Five of the Corporate Executive Officers, Kazuo Takahashi, Mikita Komatsu, Koichi Matsushita, Masahisa Nakagawa, and Yoshifumi Otsuka resigned as of March 31, 2022. Effective on the same date, Kazuo Takahashi and Mikita Komatsu resigned their positions as Representative Director and Deputy President of Daiwa Securities Co. Ltd., while Yoshifumi Otsuka resigned his position as Member of the Board, Executive Managing Director of Daiwa Securities Co. Ltd.. Koichi Matsushita resigned as Representative Director and President of Daiwa Asset Management Co., Ltd. effective April 1, 2022.

(Note 3) Effective April 1, 2022, Shiko Yanagisawa was appointed as a Corporate Executive Officer, and on the same date Corporate Executive Officer's positions and responsibilities were changed as follows:

Representative Corporate Executive Officer and Deputy President Toshihiro Matsui, COO and Head of Wholesale

Deputy President Keiko Tashiro, Executive Head of Overseas Operations, Head of SDGs and Think Tank

Deputy President Akihiko Ogino, Executive Head of Corporate Planning and Human Resources

Deputy President Shinsuke Niizuma, Head of Retail

Senior Executive Managing Director Junichi Arihara, Chief Risk Officer (CRO) and Chief Data Officer (CDO)

Senior Executive Managing Director Tomoyuki Murase, Chief Information Officer (CIO)

Executive Managing Director Shiko Yanagisawa, Head of Internal Audit

Executive Managing Director Eiji Sato, CFO, Head of Planning, and Deputy Head of Overseas Operations

Akihiko Ogino resigned as Director of Daiwa Asset Management Co. Ltd. and Daiwa Next Bank, Ltd. as of March 31, 2022. Effective April 1, 2022, Keiko Tashiro have been appointed as the Board of Directors of Daiwa Institute of Research Ltd., and Akihiko Ogino and Shinsuke Niizuma have been appointed as Representative Director and Deputy President of Daiwa Securities Co. Ltd., Junichi Arihara and Tomoyuki Murase have been appointed as Senior Executive Managing Director of Daiwa Securities Co. Ltd., and Eiji Sato has been appointed as Executive Managing Director of Daiwa Securities Co. Ltd.

(3) Outside Officers

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

| Name | Significant Concurrent Positions |
|---------------------|---|
| Michiaki Ogasawara | Advisor of Sumitomo Corporation |
| | Outside Director of Tokyu Fudosan Holdings Corporation |
| | Chairman of Foundation for MultiMedia Communications |
| | Advisor of Fujitsu Future Studies Center Ltd. |
| | Outside Director of Koei Tecmo Holdings Co., Ltd. |
| Hirotaka Takeuchi | Professor of the Harvard Business School |
| | Outside Director of Integral Corporation |
| | Senior Advisor of P&E Directions, Inc. |
| | Outside Director of BrightPath Biotherapeutics Co., Ltd. |
| | Director of T-Lab. |
| | Principal of Global Academy K. K. |
| Ikuo Nishikawa | Chair of International Christian University |
| | Outside Director of Megmilk Snow Brand Co., Ltd. |
| | Guest Professor of Graduate School of Keio University, Faculty of Business & Commerce |
| Eriko Kawai | Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd. |
| | Outside Director of CMIC HOLDINGS Co., Ltd. |
| | Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd. |
| | Specially Appointed Professor of Graduate School of Advanced Integrated Studies in Human Survivability, Social Innovation Center, Kyoto University; and |
| | Outside Director of Mitsui Fudosan Co., Ltd. |
| Katsuyuki Nishikawa | Senior Advisor of International Management Forum Co., Ltd. |
| | Attorney at Nishikawa Katsuyuki Law Office |
| Toshio Iwamoto | Outside Audit & Supervisory Board Member of AEON Hokkaido Co., Ltd. |
| | Advisor of NTT DATA Corporation |
| Yumiko Murakami | Outside Audit & Supervisory Board Member of IHI Corporation |
| | General Partner of MPower KK |
| | Outside Director of Raksul Inc. |

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

(ii) Major activities during the current fiscal year

| Name | Status of attendance and remarks and overview of the performed duties regarding expected roles |
|---------------------|--|
| Michiaki Ogasawara | Attended all 10 Board of Directors' meetings and, as chairman of the Nominating Committee and member of the Audit Committee, attended all 6 meetings of the Nominating Committee and 16 meetings of the Audit Committee held in FY2021. Made remarks on the resolutions, contributed to discussion in such meetings and played a role related to advice for and supervision over management based mainly on knowledge and experience acquired in his career as a government officer. |
| Hirotaka Takeuchi | Attended all 10 Board of Directors' meetings and, as chairman of the Compensation Committee and member of the Nominating Committee, attended all 4 meetings of Compensation Committee and 6 meetings of the Nominating Committee held in FY2021. Made remarks on the resolutions, contributed to discussion in such meetings and played a role related to advice for and supervision over management based mainly on his knowledge and experience relating to management strategies. |
| Ikuo Nishikawa | Attended all 10 Board of Directors' meetings and, as chairman of the Audit Committee and member of the Compensation Committee, attended all 16 meetings of the Audit Committee and 4 meetings of the Compensation Committee held in FY2021. Made remarks on the resolutions, contributed to discussion in such meetings and plays a role related to advice for and supervision over management from his professional perspectives as a certified public accountant. |
| Eriko Kawai | Attended all 10 Board of Directors' meetings and, as member of the Nominating Committee and Audit Committee, attended all 6 meetings of the Nominating Committee and 16 meetings of the Audit Committee held in FY2021. Made remarks on the resolutions, contributed to discussion in such meetings and plays a role related to advice for and supervision over management based mainly on knowledge and experience relating to the financial business. |
| Katsuyuki Nishikawa | Attended all 10 Board of Directors' meetings and, as member of the Nominating Committee and Audit Committee, attended all 6 meetings of the Nominating Committee and 16 meetings of the Audit Committee held in FY2021. Made remarks on the resolutions, contributed to discussion in such meetings and played a role related to advice for and supervision over management from his professional perspectives as a lawyer. |
| Toshio Iwamoto | Attended all 10 Board of Directors' meetings and, as member of the Nominating Committee and Compensation Committee, attended all 6 meetings of the Nominating Committee and 4 meetings of the Compensation Committee in FY2021. Made remarks on the resolutions, contributed to discussion in such meetings, and played a role related to advice for and supervision over management based mainly on his abundant experience as a manager and knowledge of IT. |
| Yumiko Murakami | Attended all 8 Board of Directors' meeting held after her appointment in FY2021, and as a member of the Audit Committee and Compensation Committee, attended all 12 meetings of the Audit Committee and all 3 meetings |

| | |
|--|--|
| | <p>of the Compensation Committee held after her appointment in FY2021. Made remarks on the resolutions, contributed to discussion in such meetings, and played a role related to advice for and supervision over management based mainly on her abundant international experience and her experience and achievements in business, as well as her knowledge about the securities business.</p> |
|--|--|

(iii) Outline of the Agreement to limit liability

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

(4) Outline of Directors and Officers liability insurance agreement

(i) Scope of insured

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

(ii) Outline of insurance agreement

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

(5) **Remuneration of Directors and Corporate Executive Officers**

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

a) **Decision of the policy**

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

b) **Outline of the contents of the policy**

Policies for Determination of Remuneration of Directors and Corporate Executive Officers

Compensation for Directors and Corporate Executive Officers is 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 a nominating committee, etc.

Remuneration of Directors and Corporate Executive Officers consists of base remuneration, performance-linked remuneration and stock-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. |
| Performance-linked remuneration |
| - Determined depending on the level of individual contribution, mainly on the basis of consolidated ROE and consolidated ordinary 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 the other relevant factors and provided at a certain time every year. |
| - A certain limit is set for the cash payment regarding performance-linked remuneration based on business performance. If performance-linked remuneration exceeds the limit, the part exceeding the limit will be replaced from cash to restricted stock. |
| - It does not apply to Directors who do not serve as Corporate Executive Officers. |
| 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. |
| - It does not apply to Outside Directors. |

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

Regarding remuneration of Directors and Corporate Executive Officers for the current fiscal year the Compensation Committee decided its content after confirming the consistency with “Policies for Determination of Remuneration of Directors and Corporate Executive Officers.” Therefore we determined that it is in line with the policy.

(ii) Matters regarding the performance-linked remuneration

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

The Company sets the KPIs that are set as the Group numerical goal in the Medium-Term Management Plan “Passion for the Best” 2023 as indicators to calculate performance-linked remuneration.

b) How to determine performance-linked remuneration and c) Performance of indicators related to the performance-linked remuneration for FY2021

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. Financial Performance Evaluation and Quality Evaluation are determined in the Compensation Committee.

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

| | | Financial Performance Evaluation (100) | | ± | Quality Evaluation (-10 - +10) | | | |
|--------------------|-----------------------------------|--|-----------------|-----------------|---|--|-------------------|-------------------|
| Performance KPIs | | Points | Reference Value | | | | | |
| | | Consolidated ROE | 50 | 10% | | | | 7.0% |
| | | Consolidated Ordinary Income | 50 | JPY 200 billion | | | | 135.8 billion yen |
| Financial KPIs | Hybrid KPI | | | | Hybrid-related ordinary income | JPY 50 billion or more | 32.0 billion yen | |
| | | | | | Hybrid-related ordinary income percentage | Approximately 25% | 23 % | |
| | Financial KPI | | | | Consolidated capital ratio | Maintain 18% or higher (lower gradually since regulations applied) | 19.7 % (Note) | |
| | Quality No.1 (Customer-first) KPI | | | | Retail Division asset based revenue ratio | 50% or higher (FY2023 4Q) | 46.1 % | |
| | Digital KPI | | | | Daiwa Securities AUM | JPY 90 trillion or more | 75.1 trillion yen | |
| Non-Financial KPIs | | | | | Number of Digital IT Master | 200 personnel or more | — | |
| | | | | | Number of CFP and CMA | 3,000 personnel or more | 2,830 person | |
| | | | | | Balance of investment SDGs-related business | JPY 150 billion or more | 116.2 billion yen | |
| | | | | | SDGs bond league table | In top 3 | 4 | |
| | | | | | “Ouen (Supporting)” term deposits balance | JPY 200 billion or more | 152.5 billion yen | |
| | | | | | Ratio of women on the board of directors | 30% or higher (By 2030) | 28.6 % | |
| | | | | | Ratio of women in management positions | 25% or higher (FY2025) | 18.3 % | |
| | | | | | Employee satisfaction | Maintain at 80% or higher | 95 % | |

(Note) The figure of consolidated total capital adequacy ratio is as of the end of December 2021.

(iii) Matters regarding the non-monetary remuneration

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

| | |
|---|--|
| Stock Remuneration I (remuneration linked to stock price) | It is intended to provide restricted stock for amount which equals to fixed ratio of the base remuneration. 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. |
| Stock Remuneration II (remuneration linked to performance) | A certain limit is set for the cash payment regarding performance-linked remuneration based on business performance, and if performance-linked remuneration exceeds the limit, the part exceeding the limit will be replaced from cash to restricted stock. Restriction period is 3 years, it will function as substantial fee defer when performance-linked remuneration exceeds a certain limit. |

(iv) Remuneration paid to Directors and Corporate Executive Officers

| | Total amount of remuneration (millions of yen) | Total amount by type of remuneration, etc. (millions of yen) | | | | Number paid (person) |
|-------------------------------------|--|--|-------------------|---------------------------------|---------------------|----------------------|
| | | Base remuneration | Restricted stocks | Performance-linked remuneration | Retirement benefits | |
| Directors | 76 | 63 | 12 | - | - | 2 |
| Corporate Executive Officers | 1,284 | 549 | 202 | 532 | - | 16 |
| Outside Directors | 141 | 141 | - | - | - | 7 |

(Note 1) The remuneration to the five (5) Directors who also serve as the Corporate Executive Officers are stated in the column of amount paid to the Corporate Executive Officers.

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

(Note 3) Performance-linked remuneration does not include restricted stocks.

4. Status of Independent Auditors

(1) **Name: KPMG AZSA LLC**

(2) **Amount of Fees, etc.**

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

88 million yen

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

564 million yen

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

(Note 2) The Audit Committee consented to the audit fees after reviewing the adequacy of the fees in FY2021, by examining the appropriateness of the audit plan explained by the independent auditor and also by confirming the calculation basis of the fee estimate such as working hours and hourly rate through the procedure of analysis and evaluation of actual records in previous fiscal years, comparison to other companies, etc.

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

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

(i) **Discharge in the cases stipulated in law**

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

(ii) **Discharge or refusal of reappointment in other cases**

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

(4) Other

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

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

5. Policies for Determination of Distribution of Surpluses

The Company aims to continuously raise shareholder value, including profit-sharing.

The Company will generally pay dividends semiannually as the mid-term dividend and the year-

end dividend at a pay-out ratio of at least 50% based on the consolidated financial performance. The Company will also, taking account of stability, consider increasing returns to its shareholders in various ways including share buybacks when it has sufficient accumulated capital to pursue further growth.

Based on the basic policies above, we have decided that the distributions of surplus for FY2021 are 17 yen per share as the mid-term dividend (resolved at the Board of Directors' meeting held on October 27, 2021) and 16 yen per share as the year-end dividend. Accordingly, the annual dividend will be 33 yen per share.

[References] SDGs of the Group

The Group recognizes SDGs as overarching goals to lead the world. Through the Group’s business, we will work actively toward the realization of a prosperous society by simultaneously pursuing both the Company’s economic value and solutions to social challenges.

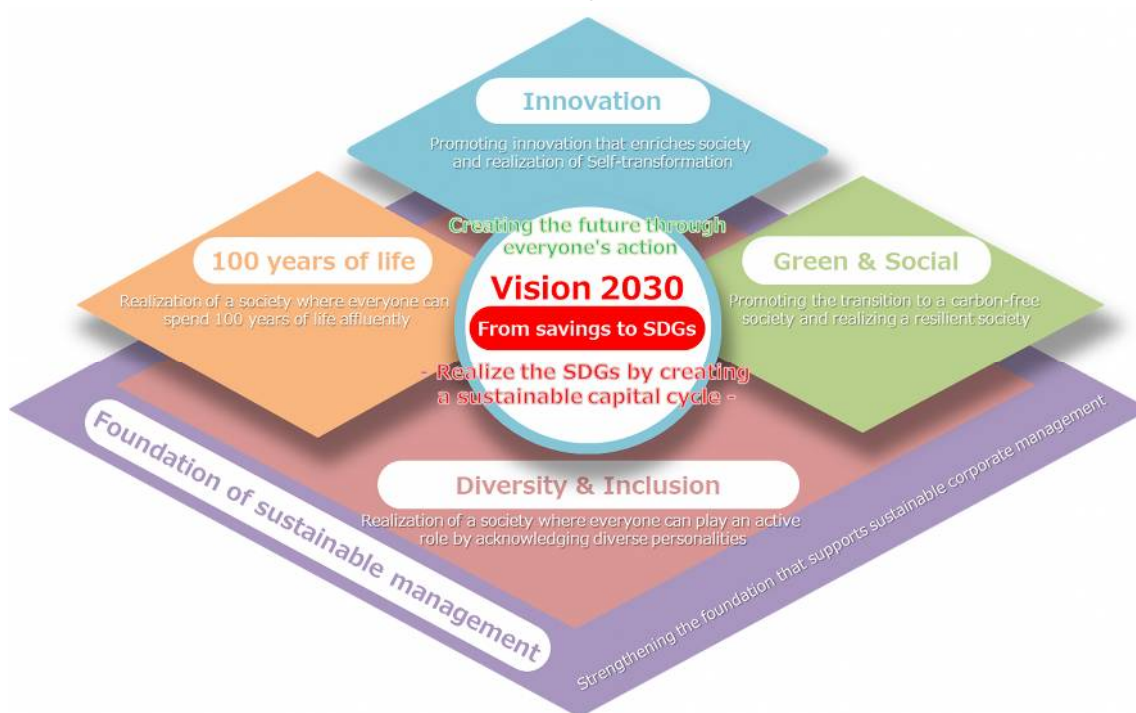
In May 2021 the Group established the management vision “Vision 2030” toward 2030, the deadline for achieving SDGs.

Vision 2030

The core concept of “Vision 2030” is “From savings to SDGs – Creating the future through everyone’s action,” in which we aim to realize the SDGs by creating sustainable capital cycle. In order to achieve “Vision 2030,” we have identified priority areas and issues which we should focus on as “materiality.”

These priority areas are: “100 years of life”, “Innovation”, “Green & Social”, “Diversity & Inclusion” and “Foundation of sustainable management”. The three years of the current Medium-Term Management Plan represent the first three years on the path towards “Vision 2030” and we have set KPIs linked to specific actions in each priority area in order to manage progress.

The image of “Vision 2030”



The Group Net Zero Carbon Declaration

The Group has established “Green & Social” as one of the priority areas in our “Vision 2030” and we are pursuing initiatives to drive the transition to a carbon-free society and to bring about a resilient society.

As part of this, we drafted the Daiwa Securities Group Net Zero Carbon Declaration, under which we aim to achieve net zero greenhouse gas emissions within our own operations (Note) by 2030 (Scope 1 and Scope 2) and achieve net zero greenhouse gas emissions within our investment and loan portfolios, etc. by 2050 (Scope 3). We have established specific actions as priorities in order to achieve the goals of this declaration.

The Group will continue to focus on promoting transition financing and other mechanisms that will aid in realizing a carbon-free society.

The Daiwa Securities Group Net Zero Carbon Declaration

- (1) Achieve net zero greenhouse gas emissions within our own operations (Note) by 2030 (Scope 1 and Scope 2)
- (2) Achieve net zero greenhouse gas emissions within our investment and loan portfolios, etc. by 2050 (Scope 3)
- (3) Support the smooth transition to a carbon-neutral society through our business activities

The Daiwa Securities Group's main priority areas

| | | |
|---|---|---|
| <p><u>Sustainable finance for the delivery of a carbon-neutral society</u></p> <ul style="list-style-type: none"> ✓ Promote green finance / transition finance ✓ Expand business investment in the renewable energy sector ✓ Strengthen engagement with investee firms | <p><u>Support for new technologies and promote business solutions that contribute to the delivery of a carbon-neutral society</u></p> <ul style="list-style-type: none"> ✓ Promote innovation (hydrogen, CCUS, etc.) and provide support for new technologies ✓ Expand our advisory business within the renewable energy sector | <p><u>Provide Investment opportunities that contribute to the delivery of a carbon-neutral society</u></p> <ul style="list-style-type: none"> ✓ Expand our lineup of related products and services - Expand investment trusts with an environmental theme - Arrange SDGs bonds including green bonds - Promote SDGs IPO in the environmental sector |
| <p><u>Reduce the environmental footprint of the company</u></p> <ul style="list-style-type: none"> ✓ Shift to 100% renewable energy ✓ Continue efficient use of energy ✓ Consider carbon offsetting | <p><u>Set targets to align with the Paris Agreement goals and expand transparent information disclosure</u></p> <ul style="list-style-type: none"> ✓ Analyze greenhouse gas emissions management methods for investment and loan portfolios ✓ Set intermediate targets for Scope 3 to align with the Paris Agreement goals by utilizing SBT, etc. (in FY2023) ✓ Ensure appropriate disclosures related to our climate change response (TCFD, etc.) | <p><u>Strengthen our management system to achieve net zero carbon</u></p> <ul style="list-style-type: none"> ✓ Revise and embed the Daiwa Securities Group "Environmental and Social Policy Framework" ✓ Embed sustainability elements into compensation of Directors and Corporate Executive Officers |

(Note) We intend to calculate company scope based on a consolidated basis.

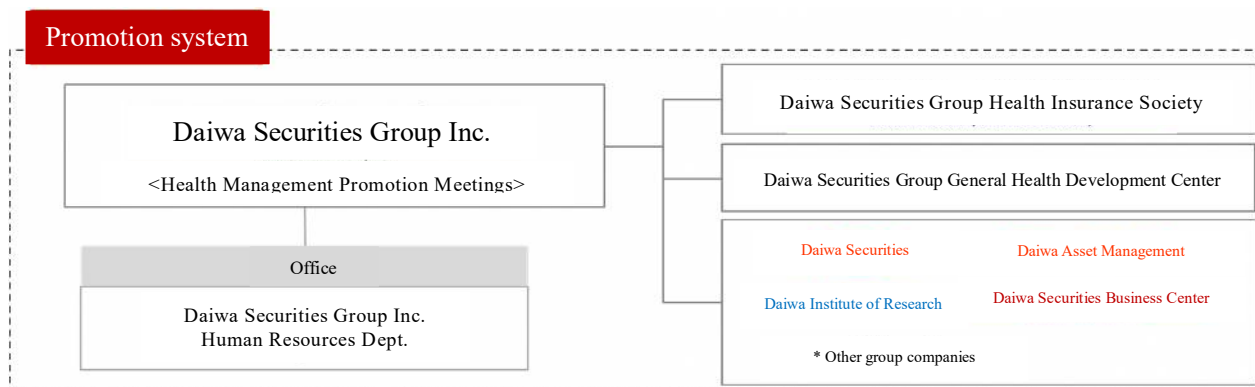
(Reference) Health Management of the Group

The Group’s Corporate Principles include “placing importance on human resources.” Based on the idea that the source of the Group’s competitiveness lies in the capabilities of its employees, we are strategically addressing the promotion of healthy management, aiming to increase our productivity through improvement of employee well-being (Note) and continue to demonstrate high performance as an organization.

As a result, the Group has been selected as “Health & Productivity Stock Selection” jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for eight consecutive years.

Structure to Promote Health Management

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



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

Consolidated Balance Sheets

(Millions of yen)

| | Fiscal 2021, As of Mar. 31, 2022, | [References] Fiscal 2020, As of Mar. 31, 2021, |
|---|--------------------------------------|--|
| <i>Assets</i> | | |
| Current assets: | | |
| Cash and deposits | 4,592,384 | 4,763,197 |
| Cash segregated as deposits | 559,729 | 485,876 |
| Notes and accounts receivable-trade | - | 21,488 |
| Notes and accounts receivable-trade, and contract assets | 22,420 | - |
| Securities | 1,177,898 | 996,683 |
| Trading products: | 8,004,920 | 7,834,093 |
| Trading securities and other | 5,919,617 | 5,374,191 |
| Derivatives | 2,085,303 | 2,459,901 |
| Operational investment securities | 123,839 | 97,092 |
| Allowance for investment loss | (151) | (588) |
| Operating loans | 1,933,758 | 1,996,121 |
| Work in process | 768 | 603 |
| Margin transaction assets: | 177,401 | 162,078 |
| Loans on margin transactions | 170,555 | 152,077 |
| Cash collateral pledged for securities borrowing on margin transactions | 6,845 | 10,001 |
| Loans secured by securities: | 8,394,277 | 7,448,321 |
| Cash collateral pledged for securities borrowed | 5,283,874 | 5,054,451 |
| Loans on Gensaki transactions | 3,110,403 | 2,393,870 |
| Advances paid | 22,454 | 20,131 |
| Short-term loans receivable | 439 | 595 |
| Accrued income | 40,062 | 36,229 |
| Other | 967,025 | 788,790 |
| Allowance for doubtful accounts | (7,589) | (4,401) |
| Total current assets | 26,009,638 | 24,646,314 |
| Non-current assets: | | |
| Property, plant and equipment: | 913,879 | 880,477 |
| Buildings | 233,825 | 210,109 |
| Machinery and equipment | 9,379 | 9,251 |
| Equipment | 16,418 | 18,030 |
| Land | 650,741 | 598,541 |
| Construction in progress | 3,514 | 44,544 |
| Intangible assets: | 121,482 | 128,786 |
| Goodwill | 19,657 | 21,229 |
| Leasehold right | 5,787 | 5,787 |
| Software | 74,516 | 84,276 |
| Other | 21,521 | 17,493 |
| Investments and other assets: | 486,088 | 443,751 |
| Investment securities | 443,446 | 402,590 |
| Long-term loans receivable | 6,451 | 6,313 |
| Guarantee deposits | 16,748 | 17,692 |
| Deferred tax assets | 11,992 | 11,397 |
| Other | 12,491 | 10,415 |
| Allowance for doubtful accounts | (1,422) | (1,037) |
| Allowance for investment loss | (3,620) | (3,620) |
| Total non-current assets | 1,521,450 | 1,453,016 |
| Total assets | 27,531,089 | 26,099,330 |

(Millions of yen)

| | Fiscal 2021, As of Mar. 31, 2022, | [References] Fiscal 2020, As of Mar. 31, 2021, |
|---|--------------------------------------|--|
| Liabilities | | |
| Current liabilities: | | |
| Notes and accounts payable-trade | 6,361 | 5,382 |
| Trading products: | 4,945,900 | 4,367,822 |
| Trading securities and other | 2,948,427 | 2,032,969 |
| Derivatives | 1,997,473 | 2,334,853 |
| Trade date accrual | 548,406 | 1,320,279 |
| Margin transaction liabilities: | 70,318 | 64,022 |
| Borrowings on margin transactions | 5,327 | 4,139 |
| Cash received for securities lending on margin transactions | 64,991 | 59,882 |
| Borrowings secured by securities: | 9,463,697 | 8,176,094 |
| Cash received on debt credit transaction of securities | 4,761,437 | 4,699,647 |
| Borrowings on Gensaki transaction | 4,702,259 | 3,476,447 |
| Deposits from banking business | 4,189,105 | 4,416,097 |
| Deposits received | 456,384 | 419,994 |
| Guarantee deposits received | 347,468 | 366,351 |
| Short-term borrowings | 2,155,782 | 1,408,288 |
| Commercial papers | 116,000 | 265,000 |
| Current portion of bonds | 446,760 | 203,774 |
| Income taxes payable | 8,649 | 17,962 |
| Provision for bonuses | 37,586 | 36,316 |
| Other | 152,851 | 151,966 |
| Total current liabilities | 22,945,274 | 21,219,352 |
| Non-current liabilities: | | |
| Bonds payable | 1,563,631 | 1,557,333 |
| Long-term borrowings | 1,237,048 | 1,586,913 |
| Deferred tax liabilities | 42,241 | 43,176 |
| Retirement benefit liability | 44,236 | 44,773 |
| Provision for loss on litigation | 115 | 1,809 |
| Other | 54,934 | 50,430 |
| Total non-current liabilities | 2,942,208 | 3,284,436 |
| Reserves under special laws: | | |
| Reserve for financial instruments transaction liabilities | 3,717 | 3,699 |
| Total reserves under special laws | 3,717 | 3,699 |
| Total liabilities | 25,891,200 | 24,507,489 |
| Net assets | | |
| Shareholders' equity: | | |
| Capital stock | 247,397 | 247,397 |
| Capital surplus | 230,451 | 230,651 |
| Retained earnings | 942,793 | 911,742 |
| Treasury shares | (134,201) | (107,646) |
| Deposit for subscriptions to treasury shares | 26 | 9 |
| Total shareholders' equity | 1,286,467 | 1,282,154 |
| Accumulated other comprehensive income: | | |
| Valuation difference on available-for-sale securities | 29,587 | 41,587 |
| Deferred gains or losses on hedges | 9,940 | (3,058) |
| Foreign currency translation adjustment | 47,288 | 12,886 |
| Total accumulated other comprehensive income | 86,815 | 51,415 |
| Stock subscription rights | 9,109 | 9,125 |
| Non-controlling interests | 257,497 | 249,145 |
| Total net assets | 1,639,888 | 1,591,841 |
| Total liabilities and net assets | 27,531,089 | 26,099,330 |

Consolidated Statements of Income

(Millions of yen)

| | Fiscal 2021, Apr. 1, 2021, - Mar. 31, 2022, | <u>References</u> Fiscal 2022, Apr. 1, 2020, - Mar. 31, 2021, |
|--|---|--|
| Operating revenue: | | |
| Commission received: | 314,051 | 286,835 |
| Brokerage commission | 75,907 | 78,026 |
| Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors | 39,210 | 38,098 |
| Fees for offering, secondary distribution and solicitation for selling and others for professional investors | 21,440 | 19,211 |
| Other fees received | 177,493 | 151,499 |
| Net trading income | 101,522 | 118,895 |
| Net gain on private equity and other securities | 6,048 | 4,808 |
| Financial revenue | 75,978 | 93,188 |
| Other operating revenue | 121,870 | 72,444 |
| Total operating revenue | 619,471 | 576,172 |
| Financial expenses | 44,714 | 54,480 |
| Other operating expenses | 72,663 | 55,031 |
| Net operating revenue | 502,093 | 466,660 |
| Selling, general and administrative expenses: | | |
| Trading related expenses | 62,588 | 57,612 |
| Personnel expenses | 198,790 | 193,002 |
| Real estate expenses | 37,643 | 38,441 |
| Office cost | 24,740 | 24,365 |
| Depreciation | 34,811 | 33,920 |
| Taxes and dues | 10,678 | 11,493 |
| Provision of allowance for doubtful accounts | 32 | 281 |
| Other | 17,274 | 14,682 |
| Total selling, general and administrative expenses | 386,559 | 373,800 |
| Operating income | 115,534 | 92,859 |
| Non-operating income: | | |
| Dividend income | 4,738 | 3,381 |
| Share of profit of entities accounted for using equity method | 8,104 | 12,369 |
| Foreign exchange gains | 601 | - |
| Gain on investments in investment partnerships | 5,216 | 5,539 |
| Other | 4,587 | 4,210 |
| Total non-operating income | 23,247 | 25,500 |
| Non-operating expenses: | | |
| Interest expenses | 1,838 | 636 |
| Foreign exchange losses | - | 252 |
| Bond issuance cost | 30 | 163 |
| Other | 1,090 | 2,132 |
| Total non-operating expenses | 2,960 | 3,184 |
| Ordinary income | 135,821 | 115,175 |
| Extraordinary income: | | |
| Gain on sale of non-current assets | 45 | 57 |
| Gain on receipt of donated non-current assets | 318 | - |
| Gain on sale of investment securities | 3,858 | 4,231 |
| Gain on sale of shares of subsidiaries and associates | 2,926 | - |
| Gain on step acquisitions | - | 46,962 |
| Gain on change in equity | - | 180 |
| Recoveries of written off receivables | 302 | - |
| Reversal of provision for loss on litigation | 686 | - |
| Reversal of office relocation expenses | 872 | - |
| Reversal of reserve for financial instruments transaction liabilities | - | 218 |
| Total extraordinary income | 9,010 | 51,650 |
| Extraordinary losses: | | |
| Loss on sale and retirement of non-current assets | 627 | 1,386 |
| Impairment loss | 488 | 9,394 |
| Loss on sale of investment securities | - | 219 |
| Loss on valuation of investment securities | 734 | 1,738 |
| Loss on valuation of shares of subsidiaries and associates | - | 896 |
| Provision of allowance for investment loss | - | 3,620 |
| Provision of reserve for financial instruments transaction liabilities | 17 | - |
| Structural reform cost | 44 | 4,319 |
| Business restructuring expenses | 1,074 | - |
| Other | 178 | 684 |
| Total extraordinary losses | 3,166 | 22,259 |
| Income before income taxes | 141,666 | 144,567 |
| Income taxes-current | 39,609 | 35,589 |
| Income taxes-deferred | (2,088) | (673) |
| Total income taxes | 37,521 | 34,915 |
| Profit | 104,144 | 109,651 |
| Profit(loss) attributable to non-controlling interests | 9,253 | 1,255 |
| Profit attributable to owners of parent | 94,891 | 108,396 |

Independent Auditor's Report

May 12, 2022

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

KPMG AZSA LLC
Tokyo Office, Japan

Kanako Ogura
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Tomomi Mase
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Koji Fukai
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, a summary of significant accounting policies and other explanatory information of Daiwa Securities Group Inc. (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

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

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

We have nothing to report in this regard.

Responsibilities of Management and the audit committee for the Consolidated Financial Statements

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

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

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

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

Our objectives are to obtain reasonable assurance 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit, 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, related safeguards.

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

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

Notes to the Reader of Independent Auditor's Report:

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

Audit Report

The Audit Committee has audited the execution of duties by the Directors and the Corporate Executive Officers for the 85th fiscal year from April 1, 2021 to March 31, 2022. We report the methods and the results of the audit as follows.

1. Methods used in audits and content of audits

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

- (1) In conformity with the audit standard of the Audit Committee decided by the Committee and in accordance with audit policies, assignment of duties, and the like, and cooperating with the internal control department, the Audit Committee attended significant meetings, received reports from Directors and Corporate Executive Officers, and the like, about their execution, requested their explanation when necessary, inspected the contents of the important approval documents and other important documents, and investigated the status of the Company's business and assets. As to subsidiaries, the Audit Committee communicated and exchanged information with and, when necessary, received reports of business from subsidiaries' Directors and Audit & Supervisory Board Member, and the like.
- (2) The Audit Committee observed and verified whether the independent auditor was maintaining its independence and was carrying out its audits in an appropriate manner. The Audit Committee also received reports from the independent auditor on the execution of its duties and, when necessary, requested explanations regarding those reports. Further, the Audit Committee received notification from the independent auditor that it had established the "system for ensuring the proper execution of its duties" (as enumerated in each Item of Article 131 of the Accounting Regulation Ordinance) in compliance with the "Quality Control Standards Relating to Auditing" (adopted by the Business Accounting Council on October 28, 2005), and the like. When necessary, the Audit Committee requested explanations regarding the notification.

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

2. Results of the Audit

- (1) Results of audit of the business report, etc.
 - In our opinion, the business report and its supporting schedules fairly present the situation of the Company, in compliance with the provisions of applicable laws, regulations and the Articles of Incorporation.
 - In our opinion, none of the actions taken by Directors and Corporate Executive Officers in executing their duties were fraudulent and none of their actions materially violated the provisions of applicable laws, regulations or the Articles of Incorporation.
 - In our opinion, the content of the resolution by the Board of Directors regarding the organization of the internal control system was appropriate, the contents of the business report regarding internal control systems was appropriate, and, furthermore, all actions of Directors and Corporate Executive Officers with respect to executing internal control

systems were carried out appropriately.

(2) Results of the audit of the consolidated statutory report

In our opinion, the auditing methods used by the independent auditor KPMG AZSA LLC and the results of its audit were appropriate.

(3) Results of the audit of the statutory report and its supplementary schedules

In our opinion, the auditing methods used by the independent auditor KPMG AZSA LLC and the results of its audit were appropriate.

May 12, 2022

Audit Committee

Daiwa Securities Group Inc.

Committee Chairperson
Ikuo Nishikawa

Committee Member
Sachiko Hanaoka

Committee Member
Hiromasa Kawashima

Committee Member
Michiaki Ogasawara

Committee Member
Eriko Kawai

Committee Member
Katsuyuki Nishikawa

Committee Member
Yumiko Murakami

(Note) Mr. Ikuo Nishikawa, Mr. Michiaki Ogasawara, Ms. Eriko Kawai, Mr. Katsuyuki Nishikawa and Ms. Yumiko Murakami are the outside directors provided under the provisions of Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.