

Daiwa Securities Group Inc.
1Q FY2022 Earnings Announcement

July 29, 2022

Daiwa Securities Group Inc.

This presentation may contain forward-looking statements about the Daiwa Securities Group. You can identify these statements by the fact that they do not relate strictly to historic or current facts. These statements discuss future expectations, identify strategies, contain projections of results of operations or of financial condition or state other “forward-looking” information. These statements are based on currently available information and represent the beliefs of the management of the Daiwa Securities Group. These statements are subject to numerous risks and uncertainties that could cause the Daiwa Securities Group’s actual results, performance, achievements or financial condition to differ materially from those described or implied in the forward-looking statements. The Daiwa Securities Group undertakes no obligation to publicly update any forward-looking statements after the date of this presentation. These potential risks and uncertainties include, but are not limited to: competition within the financial services industries in Japan and overseas, our ability to adjust our business focus and to maintain profitable strategic alliances, volatile and sudden movements in the international securities markets, foreign exchange and global economic situations affecting the Daiwa Securities Group.

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Highlights (1Q/FY2022, YoY)

Both net operating revenues and ordinary income decreased due to deterioration of the market environment.

Consolidated earnings results	FY2022 1Q	FY2021 1Q	% Changes vs 1Q/FY2021
Net operating revenues	¥106.1 bn	¥126.7 bn	-16.3%
Ordinary income	¥18.0 bn	¥34.9 bn	-48.2%
Profit attributable to owners of parent	¥11.8 bn	¥23.5 bn	-49.6%

- Retail Division decreased in both operating revenues and ordinary income due to a decrease in revenues from customer order flow, but maintained ordinary income of ¥6.2 bn led by steady progress in shifting to wealth management business model and cost reduction.
- For Wholesale Division, earnings and expenses for both Global Markets and Global Investment Banking deteriorated due to a decrease in client activities.
 - Overseas operations stayed in the black for 25 consecutive quarters as ordinary income in Americas up 2.2 times YoY.
- For Asset Management Division, both net operating revenues and ordinary income increased led by the expansion of real estate asset management business.
- Investment Division increased in both net operating revenues and ordinary income owing to an increase in revenues from private equity investments.

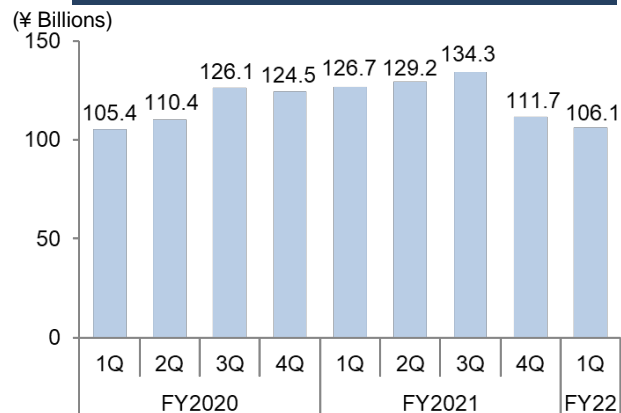
Summary (1Q/FY2022, QoQ)

Both net operating revenues and ordinary income decreased due to deterioration of the market environment.

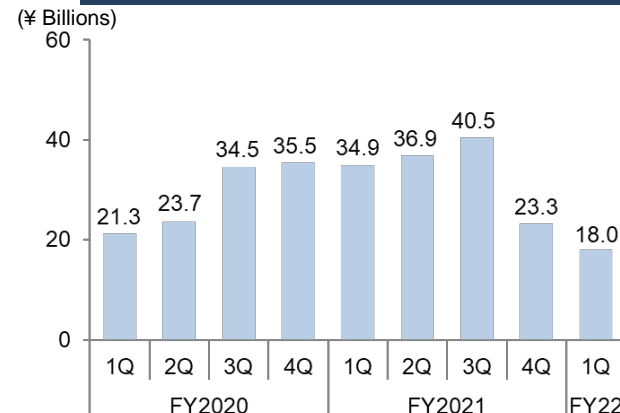
Consolidated earnings results	FY2022 1Q	% Changes vs 4Q/FY2021
Net operating revenues	¥106.1 bn	-5.1%
Ordinary income	¥18.0 bn	-22.5%
Profit attributable to owners of parent	¥11.8 bn	-34.0%

- For Retail Division, wrap-related revenues and distribution commission for investment trusts increased though revenues from equity decreased.
- For Wholesale Division, earnings and expenses deteriorated for both Global Markets and Global Investment Banking.
- Annualized ROE: 3.4% BPS: ¥943.71 (a record high)

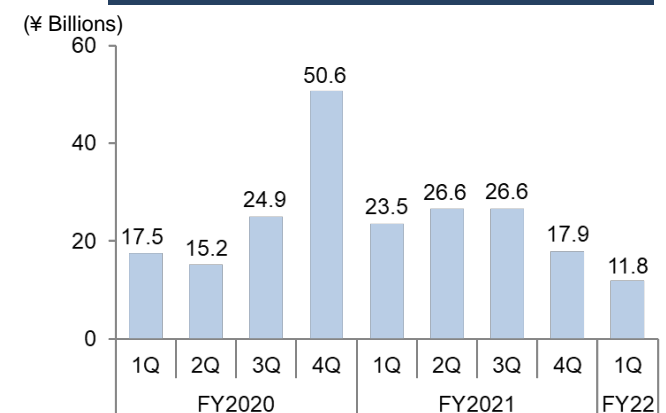
Net Operating Revenues



Ordinary Income



Profit Attributable to Owners of Parent



Financial Summary

(¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	149,836	154,702	166,599	148,333	146,640	-1.1%	-2.1%	619,471
Net operating revenues	126,721	129,222	134,374	111,776	106,122	-5.1%	-16.3%	502,093
SG&A	94,873	98,544	98,323	94,817	97,274	2.6%	2.5%	386,559
Ordinary income	34,922	36,997	40,561	23,340	18,085	-22.5%	-48.2%	135,821
Profit (loss) attributable to owners of parent	23,560	26,642	26,698	17,989	11,878	-34.0%	-49.6%	94,891
Total assets	25,586,624	25,510,806	26,415,274	27,531,089	28,747,174			27,531,089
Net assets	1,581,457	1,612,395	1,600,496	1,639,888	1,668,661			1,639,888
Shareholders' equity*	1,321,883	1,344,702	1,331,188	1,373,282	1,400,590			1,373,282
EPS (¥)	15.45	17.54	17.90	12.13	8.01			63.06
BPS (¥)	866.74	889.70	897.76	925.81	943.71			925.81
ROE (Annualized)	7.1%	8.0%	8.0%	5.3%	3.4%			7.0%

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

Segment Summary

(¥ Millions)

Net operating revenues	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Retail	47,356	49,653	49,783	42,085	40,393	-4.0%	-14.7%	188,879
Wholesale	46,751	50,634	53,478	44,999	35,965	-20.1%	-23.1%	195,863
<i>Global Markets</i>	31,682	32,567	35,892	34,210	24,491	-28.4%	-22.7%	134,353
<i>Global Investment Banking</i>	15,068	18,066	17,586	10,788	11,474	6.4%	-23.9%	61,510
Asset Management	17,352	17,679	18,259	17,760	18,605	4.8%	7.2%	71,052
<i>Securities Asset Management</i>	11,096	11,388	11,632	11,233	11,306	0.6%	1.9%	45,351
<i>Real Estate Asset Management</i>	6,255	6,290	6,627	6,526	7,299	11.8%	16.7%	25,701
Investments	2,757	1,022	3,159	4,115	3,689	-10.3%	33.8%	11,055
Other/Adjustments	12,502	10,232	9,692	2,815	7,466	-	-	35,242
Consolidated total	126,721	129,222	134,374	111,776	106,122	-5.1%	-16.3%	502,093

Ordinary income	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Retail	10,037	12,364	12,703	6,702	6,298	-6.0%	-37.2%	41,807
Wholesale	11,328	12,617	16,593	10,411	-2,672	-	-	50,951
<i>Global Markets</i>	7,795	8,833	11,296	10,375	-2,073	-	-	38,301
<i>Global Investment Banking</i>	3,144	3,444	4,840	-736	-1,155	-	-	10,693
Asset Management	10,000	12,757	11,294	11,201	11,173	-0.3%	11.7%	45,253
<i>Securities Asset Management</i>	5,184	5,811	5,681	5,317	5,309	-0.2%	2.4%	21,995
<i>Real Estate Asset Management</i>	4,816	6,945	5,612	5,883	5,863	-0.3%	21.7%	23,258
Investments	1,824	-464	1,728	4,103	4,483	9.3%	145.7%	7,192
Other/Adjustments	1,730	-277	-1,757	-9,078	-1,196	-	-	-9,382
Consolidated total	34,922	36,997	40,561	23,340	18,085	-22.5%	-48.2%	135,821

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

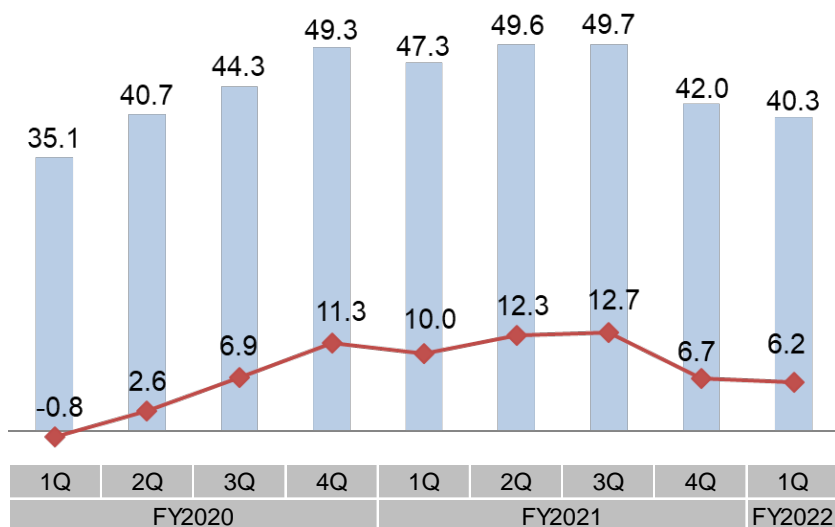
Segment Summary



Net operating revenues Ordinary income

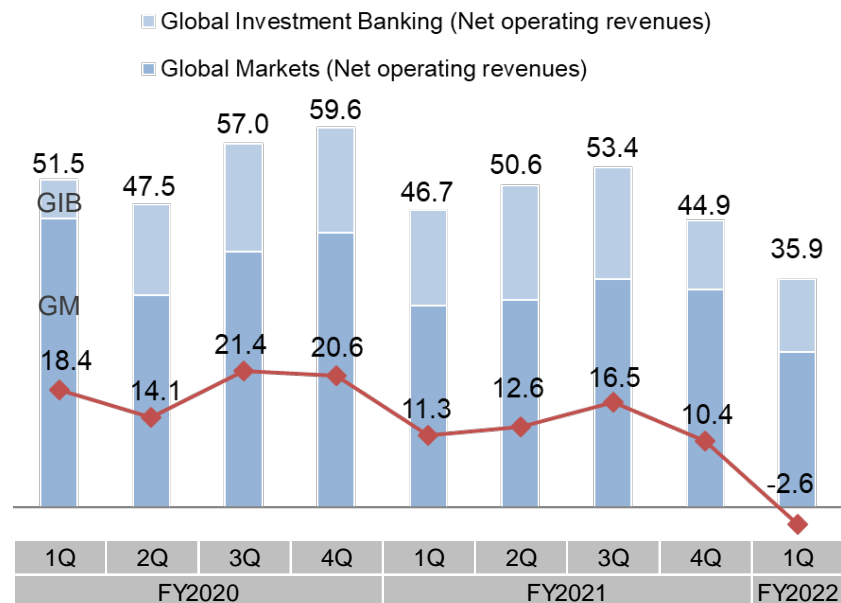
Retail Division

(¥ Billions)



Wholesale Division

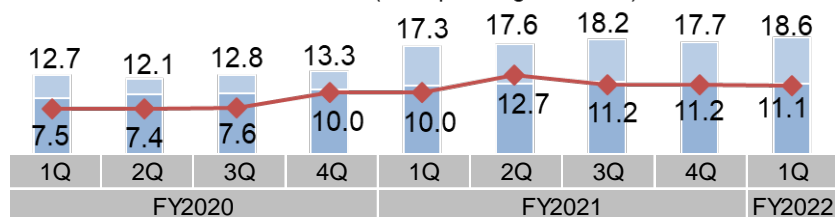
(¥ Billions)



Asset Management Division

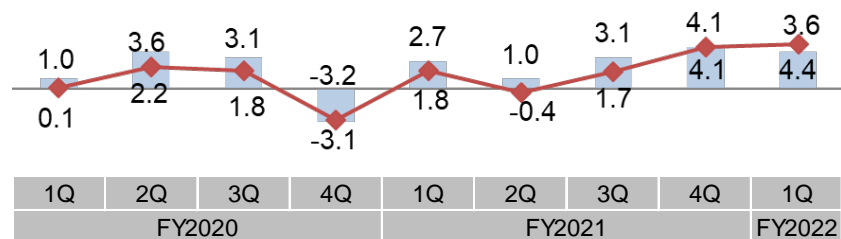
(¥ Billions)

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



Investment Division

(¥ Billions)



Consolidated B/S Summary

Consolidated Balance Sheet (June 30, 2022)

(¥ Billions)

Current assets			Current liabilities		
Cash and deposits	27,208	(1,198)	Trading products	24,049	(1,104)
Short-term investment securities	3,956	(-635)	Trading securities and other	5,933	(987)
Trading products	1,155	(-22)	Stocks, Convertible bonds	3,689	(741)
Trading securities and other	8,630	(625)	Bonds	197	(17)
Stocks, Convertible bonds	6,263	(343)	Bonds	3,311	(697)
Bonds	156	(-21)	Other	181	(26)
Beneficiary certificates	5,467	(444)	Derivatives transactions	2,244	(246)
Other	117	(1)	Loans payable secured by securities	10,407	(943)
Derivatives transactions	2,367	(282)	Deposits for banking business	4,142	(-47)
Operational investment securities (after allowance for possible investment losses)	134	(11)	Short-term loans payable	1,680	(-475)
Loans secured by securities	9,266	(871)	Current portion of bonds	465	(18)
Non-current assets			Long-term liabilities		
Property, plant and equipment	1,538	(17)	Bonds payable	3,025	(82)
Intangible assets	915	(1)	Long-term loans payable	1,458	(-104)
Investments and other assets	121	(0)	Total liabilities	27,078	(1,187)
Listed stocks	501	(15)	Net assets	1,668	(28)
Unlisted stocks	119	(0)	Owners' equity	1,275	(-11)
Affiliated company stocks, etc.	28	(0)	Accumulated other comprehensive income	125	(38)
Other	155	(0)	Non-controlling interests	259	(2)
	197	(14)			
Total Assets	28,747	(1,216)	Total liabilities and net assets	28,747	(1,216)

Total assets: ¥28.74 tn

Net assets: ¥1.66 tn

Shareholders' equity: ¥1.40 tn**

- 80.0% of total assets have high liquidity*.

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

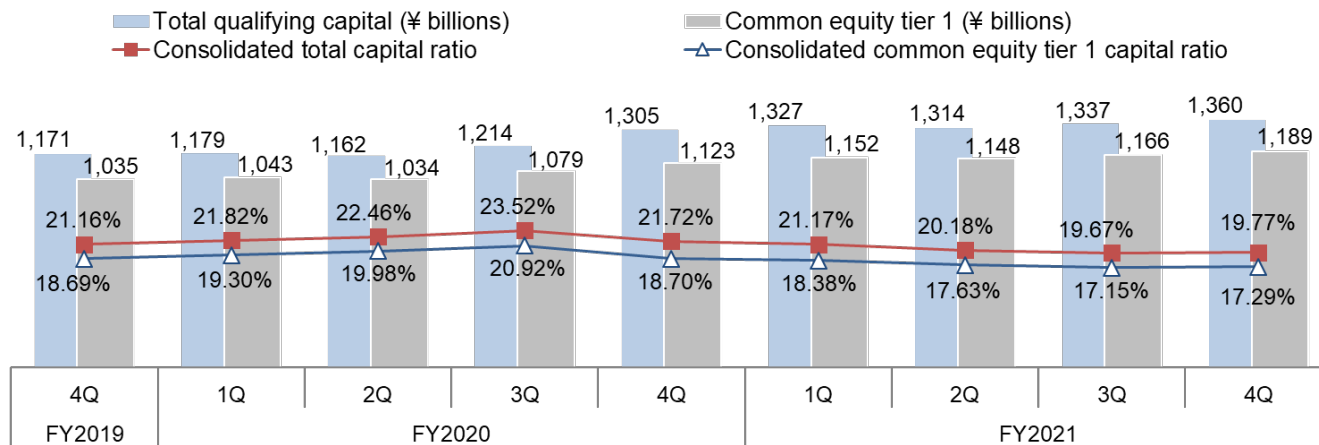
- Shareholders' equity** increased by ¥27.3 bn from March 31, 2022.

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

*Figures in parentheses indicate changes from March 31, 2022



Consolidated Capital Adequacy Ratio



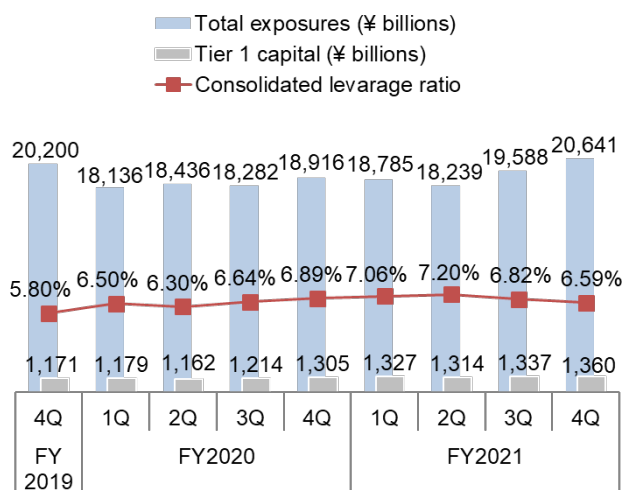
【Regulatory Capital (Basel III)】

(As at March 31, 2022)

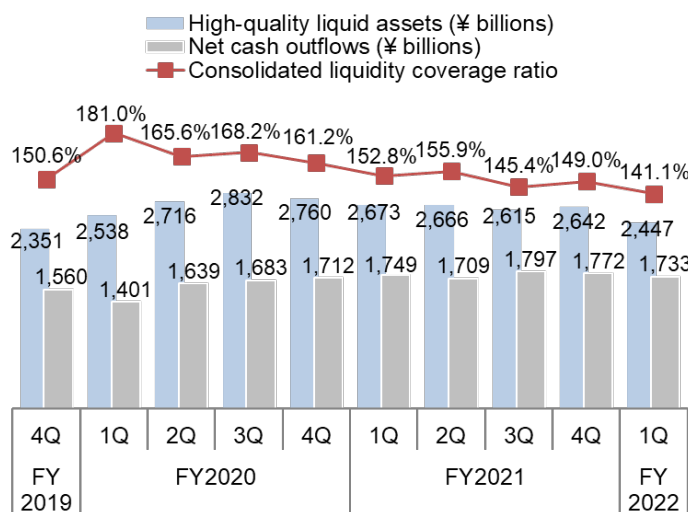
- Consolidated Total Capital Ratio : 19.77%
- Consolidated Tier 1 Capital Ratio : 19.77%
- Consolidated Common Equity Tier 1 Capital Ratio : 17.29%
- Consolidated Leverage Ratio : 6.59%

※ Figures are as at the end of each quarter.

Consolidated Leverage Ratio



Consolidated Liquidity Coverage Ratio



【Regulatory Liquidity (Basel III)】

(Daily average Apr. – Jun. 2022)

- Consolidated Liquidity Coverage Ratio : 141.1%

P/L Summary

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

(¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	149,836	154,702	166,599	148,333	146,640	-1.1%	-2.1%	619,471
Commission received	77,309	82,983	84,490	69,267	67,004	-3.3%	-13.3%	314,051
Net trading income	26,293	25,847	28,544	20,837	15,594	-25.2%	-40.7%	101,522
Net gain (loss) on private equity	1,681	926	1,037	2,403	2,544	5.8%	51.3%	6,048
Financial revenue	21,295	18,587	17,687	18,408	34,836	89.2%	63.6%	75,978
Other operating revenue	23,257	26,357	34,840	37,415	26,659	-28.7%	14.6%	121,870
Financial expenses	10,421	12,503	10,225	11,562	23,556	103.7%	126.0%	44,714
Other operating expenses	12,692	12,976	21,999	24,994	16,961	-32.1%	33.6%	72,663
Net operating revenues	126,721	129,222	134,374	111,776	106,122	-5.1%	-16.3%	502,093
SG&A	94,873	98,544	98,323	94,817	97,274	2.6%	2.5%	386,559
Operating income	31,848	30,677	36,050	16,958	8,847	-47.8%	-72.2%	115,534
Non-operating income	3,074	6,319	4,511	6,381	9,237	44.8%	200.5%	20,287
Ordinary income/loss	34,922	36,997	40,561	23,340	18,085	-22.5%	-48.2%	135,821
Extraordinary income/loss	253	3,054	300	2,234	2,094	-6.3%	724.8%	5,844
Income before income taxes	35,176	40,051	40,862	25,574	20,180	-21.1%	-42.6%	141,666
Total income taxes	9,304	11,026	11,846	5,342	5,524	3.4%	-40.6%	37,521
Profit (loss) attributable to owners of parent	23,560	26,642	26,698	17,989	11,878	-34.0%	-49.6%	94,891

- Commission received decreased (-3.3%).
- Brokerage commission* was ¥15.1 bn (-14.4%) due to a decrease in both Japanese and foreign equity trading.
- Underwriting and secondary offering commissions* were ¥5.3 bn (+5.6%).
- Distribution commission* was ¥3.6 bn (+6.4%).
- M&A related commission* was ¥7.0 bn (-6.2%).

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

Breakdown of SG&A

¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
SG&A	94,873	98,544	98,323	94,817	97,274	2.6%	2.5%	386,559
Trading related expenses	15,230	15,148	16,393	15,815	17,409	10.1%	14.3%	62,588
Personnel expenses	49,200	51,827	50,036	47,726	49,116	2.9%	-0.2%	198,790
Real estate expenses	9,137	9,338	9,524	9,644	9,704	0.6%	6.2%	37,643
Office cost	5,657	6,275	6,406	6,399	6,178	-3.4%	9.2%	24,740
Depreciation	8,771	8,773	8,753	8,513	8,623	1.3%	-1.7%	34,811
Taxes and dues	2,858	2,577	2,949	2,292	2,283	-0.4%	-20.1%	10,678
Other	4,018	4,603	4,259	4,425	3,957	-10.6%	-1.5%	17,306

- SG&A increased (+2.6%).
- Trading related expenses increased as commission paid and traveling expenses increased (+10.1%).
- Personnel expenses in overseas increased from weakening of yen. Earnings-linked bonuses increased in Americas (+2.9%).

Cost Structure

(¥ Billions)	FY2020					FY2021					FY2022
	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q
Total SG&A	88.8	90.7	94.2	99.9	373.8	94.8	98.5	98.3	94.8	386.5	97.2
Variable costs	30.4	32.2	35.5	38.5	136.7	35.6	38.0	37.9	34.3	146.0	35.8
Trading related expenses	13.2	14.4	14.7	15.1	57.6	15.2	15.1	16.3	15.8	62.5	17.4
<i>Advertising and promotion expenses</i>	1.3	1.9	2.0	1.6	6.9	1.6	1.7	1.8	1.5	6.9	1.8
Bonus and others	11.2	12.4	15.0	17.5	56.3	14.7	16.7	15.7	12.6	59.7	13.0
Overtime, part-time	1.9	1.9	1.9	1.8	7.7	1.7	1.6	1.7	1.6	6.7	1.5
Fixed costs	58.4	58.5	58.7	61.4	237.0	59.1	60.5	60.3	60.4	240.4	61.4
Personnel expenses	31.6	32.1	31.7	32.9	128.5	32.6	33.3	32.5	33.4	131.9	34.4
Real estate expenses	9.4	9.4	9.4	10.1	38.4	9.1	9.3	9.5	9.6	37.6	9.7
Depreciation	8.4	8.4	8.4	8.6	33.9	8.7	8.7	8.7	8.5	34.8	8.6
Office expenses	5.9	5.5	5.9	5.9	23.4	5.4	6.0	6.1	6.1	23.8	5.9
Taxes and dues	2.7	2.5	2.7	3.4	11.4	2.8	2.5	2.9	2.2	10.6	2.2

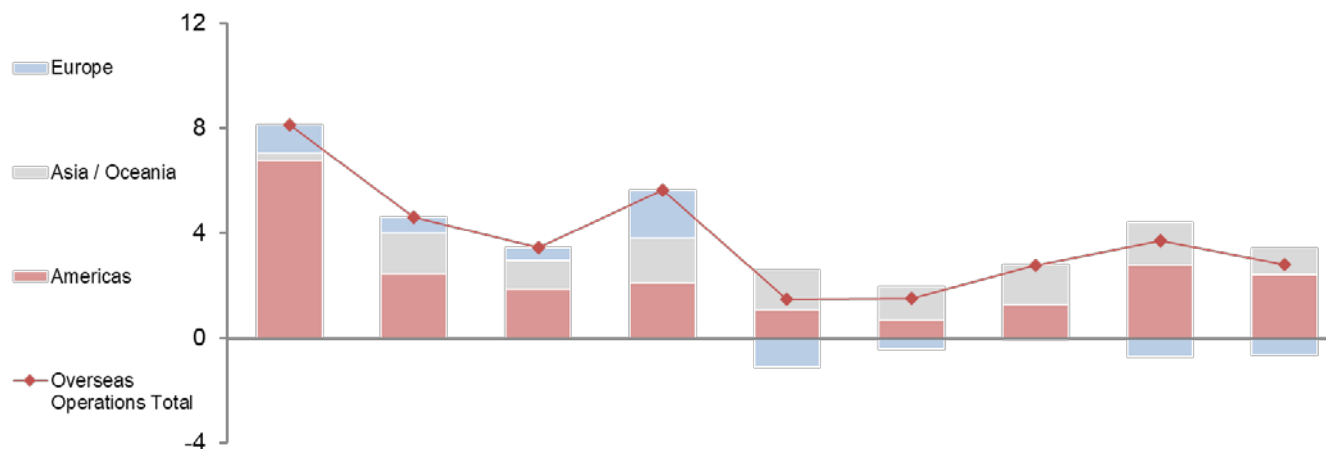
Ordinary Income of Overseas Operations

(¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Overseas Operations Total	1,499	1,537	2,764	3,723	2,800	-24.8%	86.8%	9,525
Europe	-1,091	-426	-62	-689	-637	-	-	-2,270
Asia / Oceania	1,509	1,268	1,576	1,631	1,003	-38.5%	-33.6%	5,986
Americas	1,080	695	1,250	2,781	2,434	-12.5%	125.2%	5,809

Overseas operations stayed in the black for 25 consecutive quarters.

- In Europe, primary revenues increased while activities of clients remained low in equity and FICC.
- Asia / Oceania decreased in ordinary income as equity and primary revenues dropped.
- In Americas, equity revenues decreased though FICC and M&A related revenues increased.

Ordinary Income



(¥ Billions)	FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Asia / Oceania	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Americas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overseas Operations Total	8.0	4.5	3.5	5.5	1.0	1.0	2.5	4.0	2.5

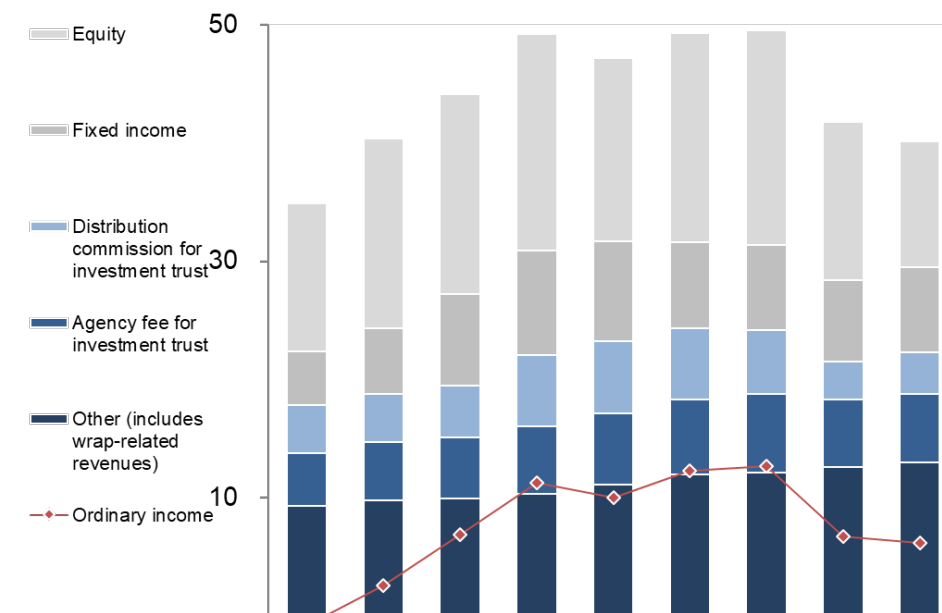
Retail Division

(¥ Millions)	FY2022 1Q	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
Net operating revenues	40,393	-4.0%	-14.7%	188,879
Ordinary income	6,298	-6.0%	-37.2%	41,807

- Equity revenues dropped as both Japanese and foreign equity trading volume decreased.
- Distribution commission for investment trust improved due to an increase in stock investment trust sales.
- Other revenues increased due to growth in wrap-related revenues.
- Asset based revenues were ¥19.6 bn.
(49.7% of net operating revenues in Retail Division of Daiwa Securities)

*Asset based revenues (See p.30)

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	12.5	16.1	16.9	18.3	15.5	17.7	18.1	13.4	10.6
Fixed income	4.6	5.5	7.7	8.8	8.5	7.3	7.2	6.9	7.2
Distribution commission for investment trust	4.0	4.1	4.4	6.1	6.1	6.0	5.4	3.2	3.5
Agency fee for investment trust	4.5	4.9	5.2	5.7	6.0	6.3	6.7	5.7	5.8
Other (includes wrap-related revenues)	9.3	9.8	9.9	10.3	11.1	12.0	12.1	12.6	13.0
Net operating revenues	35.1	40.7	44.3	49.3	47.3	49.6	49.7	42.0	40.3
Ordinary income	-0.8	2.6	6.9	11.3	10.0	12.3	12.7	6.7	6.2

Retail Division Daiwa Securities

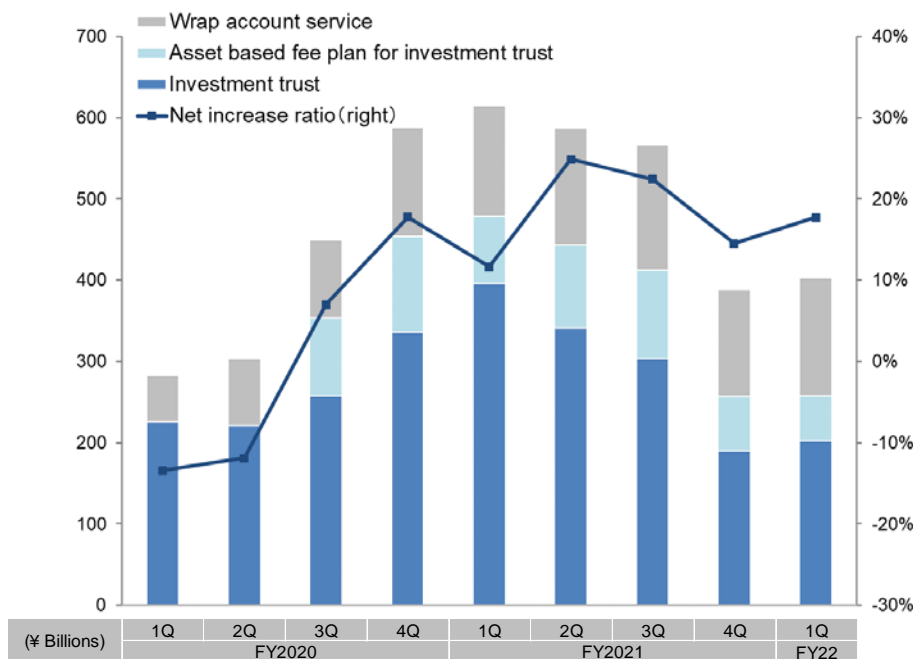
【Wrap Account Service*】

- Recorded contract amount of ¥144.6 bn and net inflow of ¥82.6 bn, both of which expanded QoQ.

【Stock Investment Trusts】

- Sales of global high dividend stock fund increased. Value equity funds also saw solid sales.

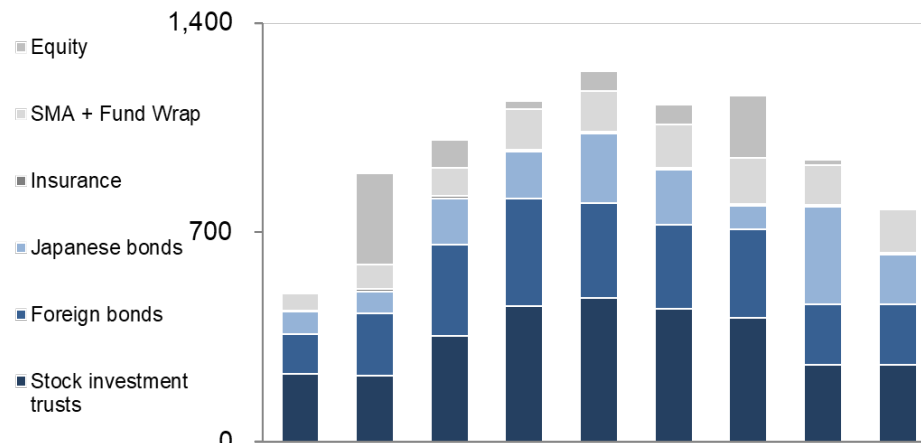
Sales/Distribution Amount and Net Increase Ratio Wrap Account Service* and Stock Investment Trusts



$$\text{Net increase ratio}(\%) = \frac{\text{Sales} - (\text{sell-off} + \text{redemption})}{\text{Sales}} \times 100$$

※ Includes switching transactions between funds.

Sales and Distribution Amount by Product



Sales and Distribution Amount (¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity*	1.1	307.0	93.0	28.9	66.8	67.1	206.9	19.2	6.2
SMA + Fund Wrap**	56.9	81.8	95.5	133.8	135.7	144.6	154.0	131.5	144.6
Insurance***	2.4	6.9	7.8	8.3	4.8	6.6	7.4	5.0	6.2
Japanese bonds	76.6	73.8	153.1	156.3	231.2	185.8	78.4	325.7	167.9
Foreign bonds****	133.5	207.8	305.5	358.0	320.0	281.1	296.2	203.8	200.4
Stock investment trusts*****	225.5	221.2	353.8	453.8	478.9	442.9	412.9	256.8	258.0
Asset based fee plan for investment trust			96.3	117.8	83.0	102.2	109.1	67.1	55.9

*Distribution amount from equity underwriting

**Total contract amount of fund wrap and SMA

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

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

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

* Includes Wholesale Division

Wholesale Division Global Markets

(¥ Millions)	FY2022 1Q	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
Net operating revenues	24,491	-28.4%	-22.7%	134,353
Ordinary income	-2,073	-	-	38,301

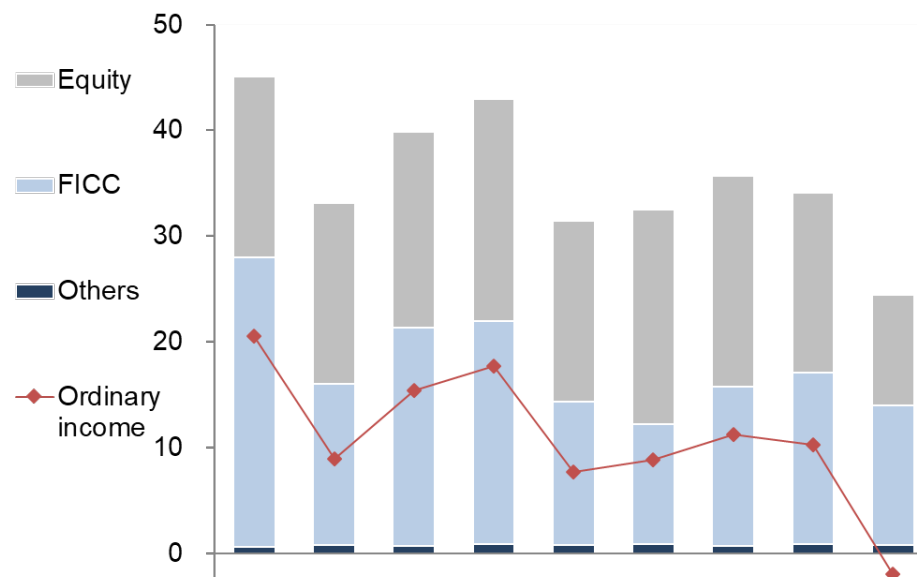
【Equity】

- Equity revenues decreased as customer order flow decreased from market uncertainty and increase in volatility, and sluggish position management.

【FICC*】

- FICC revenues decreased.
- In Japan, revenues from JGB stayed solid. However, credit revenues stayed low due to widening of credit spreads and sluggish position management for derivatives.
- For overseas, in the U.S., revenues increased due to a rise in interest rates and volatility.

Net Operating Revenues and Ordinary Income



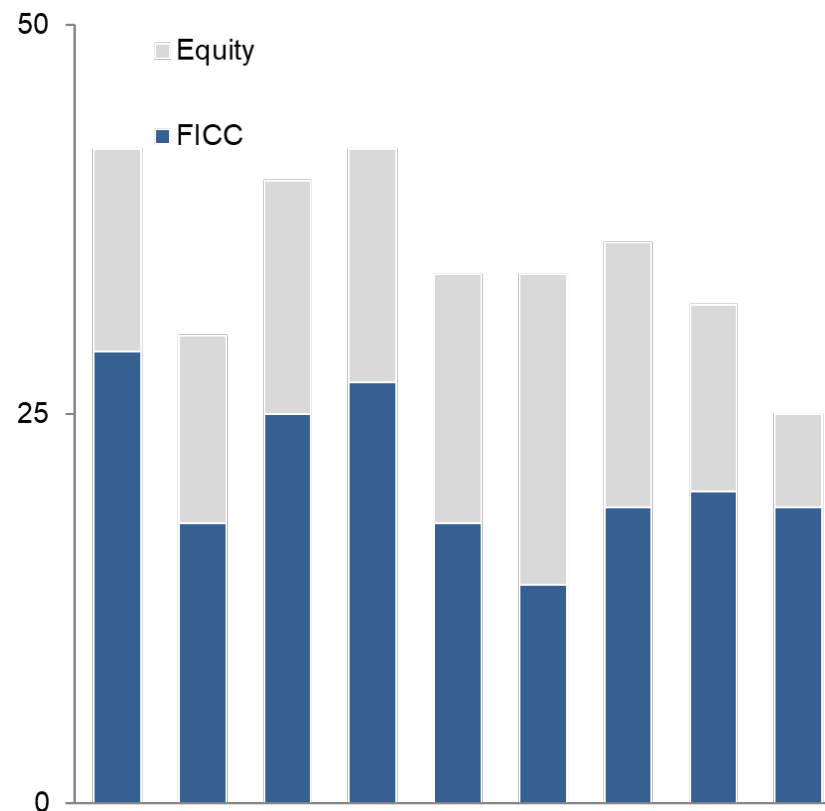
(¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	17.1	17.1	18.6	21.0	17.1	20.3	19.9	17.0	10.4
FICC*	27.4	15.2	20.6	21.1	13.5	11.3	15.1	16.2	13.2
Others	0.6	0.8	0.7	0.9	0.8	0.9	0.7	0.9	0.8
Net operating revenues	45.2	33.2	40.1	43.0	31.6	32.5	35.8	34.2	24.4
Ordinary income	20.5	8.9	15.4	17.7	7.7	8.8	11.2	10.3	-2.0

*FICC: Fixed Income, Currency and Commodities

【Managerial accounting basis】

(¥ Billions)	FY2022 1Q	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
Equity	6	-50.0%	-62.5%	65
FICC	19	-5.0%	5.6%	71
Total	25	-21.9%	-26.5%	136

Consolidated Trading Gain / Loss (Managerial Accounting Basis)



(¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	13	12	15	15	16	20	17	12	6
FICC	29	18	25	27	18	14	19	20	19
Total	42	30	40	42	34	34	36	32	25

(¥ Millions)	FY2022 1Q	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
Net operating revenues	11,474	6.4%	-23.9%	61,510
Ordinary income	-1,155	-	-	10,693

【Equity】

■ Lead managed several deals.

<Selected lead managed deals>		<Offering size>
Aica Kogyo Company, Limited	Euro yen CB	¥18.0 bn
HEIWA REAL ESTATE REIT, Inc.	REIT	¥8.0 bn
ANYCOLOR Inc.	IPO	¥2.8 bn

【Debt】

■ Lead managed several straight bonds and subordinated bonds.

<Selected deals>		<Offering size>
Rakuten Group, Inc. (3yrs)	Straight Bond	¥150.0 bn
Nippon Life Insurance Co. Sub. Loan (30yrs)	Subordinated Bond	¥130.0 bn
FUJIFILM Holdings Corporation (3*/5*/7*/10*yrs)	Straight Bond ◆	¥120.0 bn
ENEOS Holdings, Inc. (10**/20**yrs)	Straight Bond ◆	¥100.0 bn
African Development Bank (3yrs)	Benchmark Bond	USD 1.0 bn
JBIC (3yrs)	Benchmark Bond	USD 1.5 bn

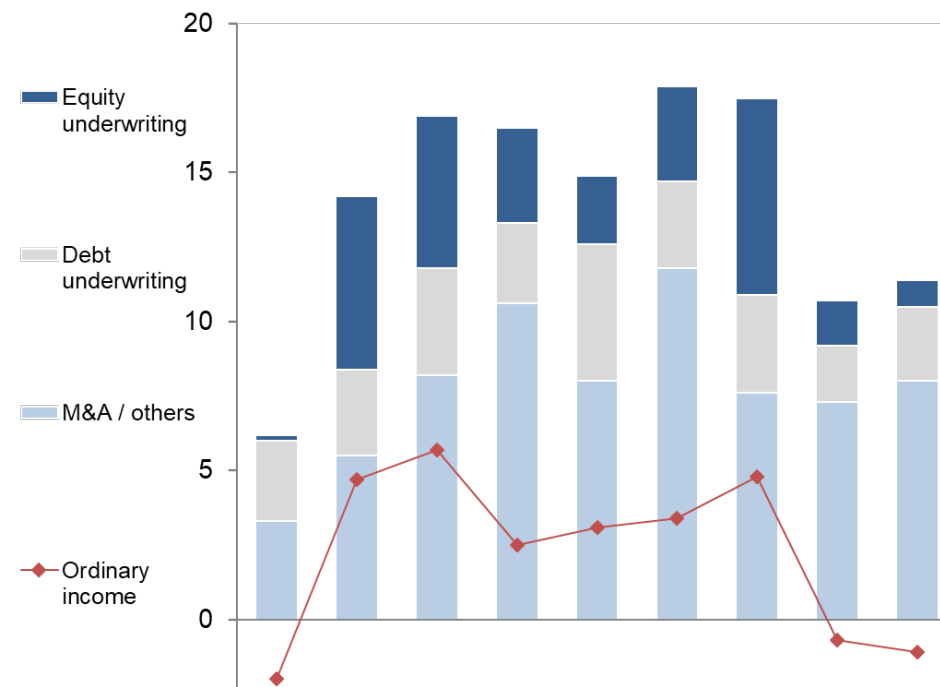
【M&A】

■ Revenues increased by managing several overseas deals.

<Selected deals>
 Making Kintetsu World Express, Inc. a wholly owned subsidiary of Kintetsu Group Holdings Co.,Ltd.
 Sale of Ividen Ceram GmbH (Austria) to Core Value Industry Holding (Austria) by IBIDEN CO.,LTD.
 Capital and business alliance between Nitori Holdings Co., Ltd. and EDION Corporation
 Investment of Vista Equity Partners Management, LLC (U.S.) to Critical Start (U.S.) owned by Bregal Sagemount (U.S.)
 Sale of Diplomatic MS S.p.A (Italy) to DAIKIN INDUSTRIES, Ltd. by Alcedo Sgr S.p.A. (Italy)
 Funding by SBI Investments Co., Ltd. and Trifecta Capital (India) to arzoo's Series B (India)

*Social bonds ◆: Sustainability related
 **Transition-linked bonds

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity underwriting	0.2	5.8	5.1	3.2	2.3	3.2	6.6	1.5	0.9
Debt underwriting	2.7	2.9	3.6	2.7	4.6	2.9	3.3	1.9	2.5
M&A / others	3.3	5.5	8.2	10.6	8.0	11.8	7.6	7.3	8.0
Net operating revenues	6.2	14.3	16.9	16.5	15.0	18.0	17.5	10.7	11.4
Ordinary income	-2.0	4.7	5.7	2.5	3.1	3.4	4.8	-0.7	-1.1

Asset Management Division

(¥ Millions)	FY2022 1Q	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
Net operating revenues	18,605	4.8%	7.2%	71,052
Ordinary income	11,173	-0.3%	11.7%	45,253

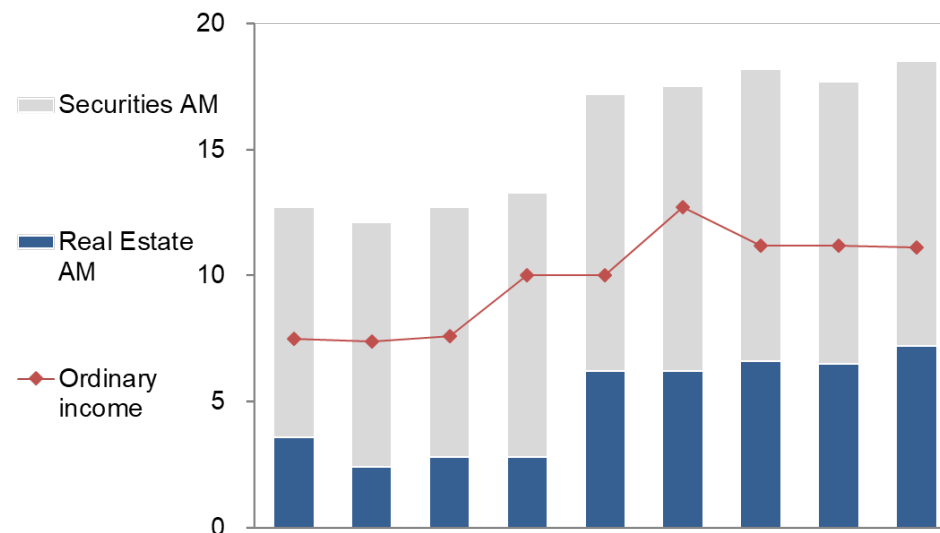
【Securities AM】

- Revenues in Daiwa Asset Management remained flat. Secured net asset inflow, but AUM dropped due to market factors.

【Real estate AM】

- AUM of Daiwa Real Estate Asset Management increased.

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Securities AM	9.1	9.7	9.9	10.5	11.0	11.3	11.6	11.2	11.3
Real estate AM*	3.6	2.4	2.8	2.8	6.2	6.2	6.6	6.5	7.2
Net operating revenues	12.7	12.1	12.8	13.3	17.3	17.6	18.2	17.7	18.6
Securities AM	3.1	3.9	4.2	4.6	5.1	5.8	5.6	5.3	5.3
Real estate AM	4.3	3.5	3.4	5.4	4.8	6.9	5.6	5.8	5.8
Ordinary income**	7.5	7.4	7.6	10.0	10.0	12.7	11.2	11.2	11.1

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

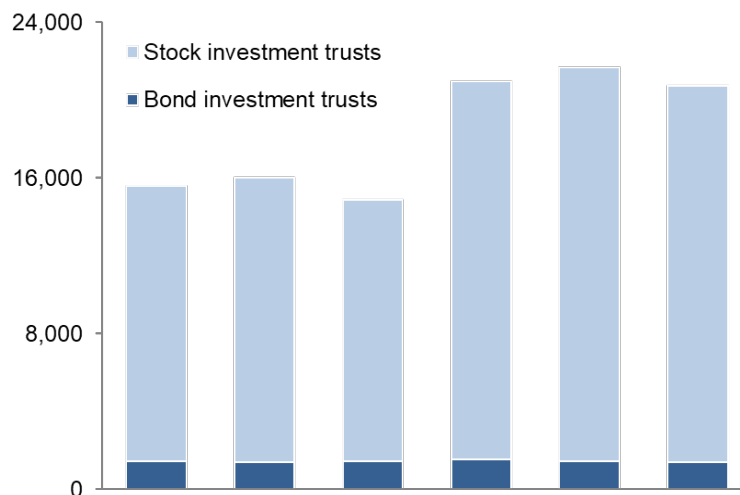
** Equity in earnings of affiliates is included in non-operating revenues

Asset Management Division

Assets Under Management and Net Increase



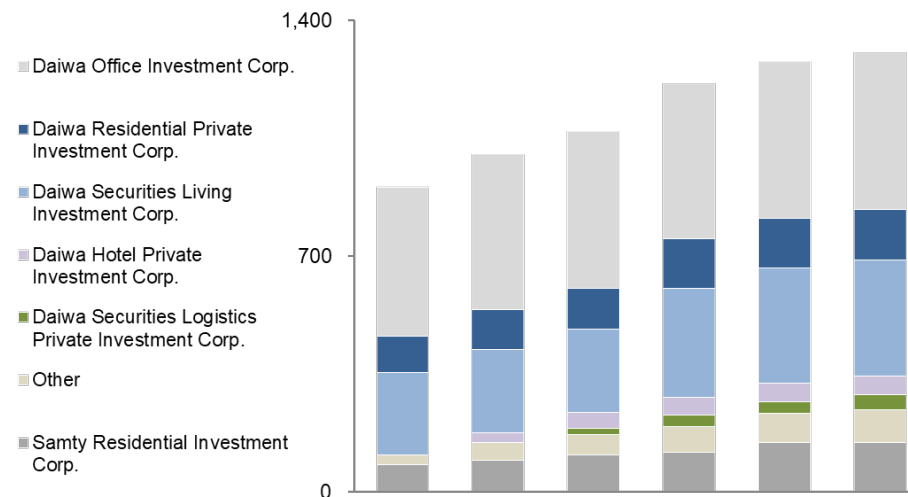
Daiwa Asset Management Publicly Offered Securities Investment Trusts AUM



(¥ Billions)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 1Q
Stock investment trusts	14,123	14,616	13,478	19,418	20,261	19,321
excl. ETF	7,717	7,245	6,063	7,543	8,268	7,862
(Net inflow)	(302)	(-339)	(-217)	(50)	(347)	(133)
ETF	6,406	7,371	7,414	11,875	11,993	11,459
(Net inflow)	(1,109)	(1,279)	(947)	(1,001)	(275)	(-53)
Bond investment trusts	1,465	1,396	1,421	1,561	1,434	1,397
Total	15,588	16,012	14,900	20,980	21,696	20,718
Publicly Offered Securities Investment Trusts Share	14.3%	14.2%	14.0%	13.9%	13.3%	13.2%

※ All figures are as at the end of each quarter

Real Estate Asset Management Business AUM of Two Companies*



(¥ Billions)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 1Q
Daiwa Office Investment Corp.	439	460	463	461	466	466
Daiwa Residential Private Investment Corp.	107	118	121	146	146	148
Daiwa Securities Living Investment Corp.**	244	245	247	323	343	345
Daiwa Hotel Private Investment Corp.		29	45	54	54	54
Daiwa Securities Logistics Private Investment Corp.			20	33	35	45
Other	30	53	59	75	85	96
Total	822	907	959	1,094	1,131	1,157
Samty Residential Investment Corp. (Sub sponsor)	81	93	109	118	147	147
Total (Including sub sponsor)	903	1,000	1,069	1,212	1,279	1,304

※ All figures are as at the end of each quarter

* Daiwa Real Estate Asset Management, Samty Asset Management

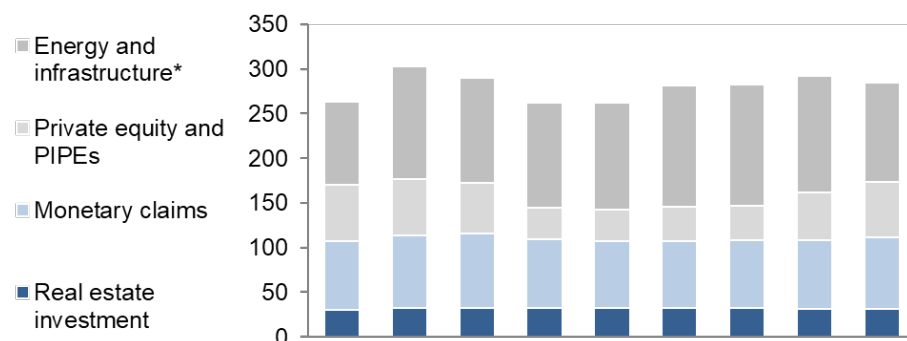
** Japan Rental Housing Investment Inc. merged with Nippon Healthcare Investment Corp. through absorption-type merger and changed its trade name to Daiwa Securities Living Investment Corp. on April 1, 2020. Daiwa Securities Living Investment Corp.'s AUM from FY2017 to FY2019 is a total of the two companies.

Investment Division

(¥ Millions)	FY2022 1Q	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
Net operating revenues	3,689	-10.3%	33.8%	11,055
Ordinary income	4,483	9.3%	145.7%	7,192

- Revenues from investments in private equity and monetary claims increased.
- Equity method investment gain in Aquila Capital expanded for Daiwa Energy & Infrastructure.

Principal Investment Value



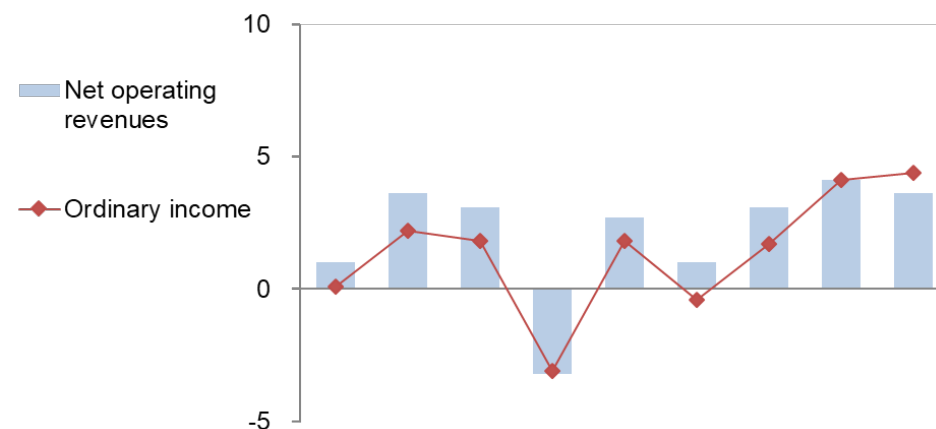
(¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Daiwa PI Partners									
Private equity and PIPEs**	63	63	56	36	35	39	39	54	62
Monetary claims	77	82	84	77	75	75	76	77	80
Real estate investment	30	32	32	32	32	32	32	31	31
Daiwa Energy & Infrastructure	93	126	118	117	120	136	136	130	112
Total	265	305	290	264	264	283	285	294	287

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

**PIPEs: Private Investment in Public Equities

※ All figures are as at the end of each quarter

Net Operating Revenues and Ordinary Income



(¥ Billions)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net operating revenues	1.0	3.6	3.1	-3.2	2.7	1.0	3.1	4.1	3.6
Ordinary income	0.1	2.2	1.8	-3.1	1.8	-0.4	1.7	4.1	4.4

Reference

Daiwa Securities Group Inc.

Breakdown of Commission

(¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Total commission	77,309	82,983	84,490	69,267	67,004	-3.3%	-13.3%	314,051
Brokerage commission	18,600	19,521	20,105	17,679	15,137	-14.4%	-18.6%	75,907
Underwriting and secondary offering commissions	10,595	9,833	13,708	5,072	5,357	5.6%	-49.4%	39,210
Distribution commission	6,295	6,181	5,559	3,403	3,620	6.4%	-42.5%	21,440
Other commission	41,817	47,445	45,117	43,112	42,889	-0.5%	2.6%	177,493
<i>Investment advisory and account management fees</i>	7,702	8,237	8,518	8,393	8,522	1.5%	10.6%	32,852
<i>Insurance sales commission</i>	131	128	115	127	189	48.7%	44.5%	503
<i>M&A related commission</i>	7,948	11,877	7,918	7,548	7,077	-6.2%	-11.0%	35,292
<i>Management fee</i>	18,391	19,027	19,290	18,321	18,421	0.5%	0.2%	75,030
<i>Other</i>	7,644	8,174	9,274	8,721	8,678	-0.5%	13.5%	33,815

Balance Sheet

Daiwa Securities Balance Sheet (June 30, 2022)

(¥ Billions)

Current assets	15,048	(592)	Current liabilities	12,990	(639)
Trading products	5,939	(489)	Trading products	4,187	(750)
Trading securities and other	3,582	(183)	Trading securities and other	1,949	(486)
Derivatives transactions	2,357	(305)	Derivatives transactions	2,238	(264)
Margin transaction assets	171	(-1)	Margin transaction liabilities	62	(-5)
Loans on margin transactions	164	(-1)	Loans payables secured by securities	6,213	(294)
Cash collateral pledged for securities borrowing on margin transactions	6	(-0)	Short-term loans payable	1,195	(-490)
Loans secured by securities	5,573	(91)	Current portion of bonds	279	(73)
Short-term guarantee deposits	886	(184)	Long-term liabilities	1,733	(-46)
Short-term loans receivable	401	(-167)	Bonds payable	844	(-21)
Non-current assets	187	(-1)	Long-term loans payable	842	(-24)
Property, plant and equipment	45	(-0)	Total liabilities	14,727	(593)
Intangible assets	69	(0)	Net assets	508	(-2)
Total assets	15,236	(591)	Shareholders' equity	506	(-1)
			Capital stock	100	—
			Total liabilities and net assets	15,236	(591)

※ Figures in parentheses show changes from March 31, 2022

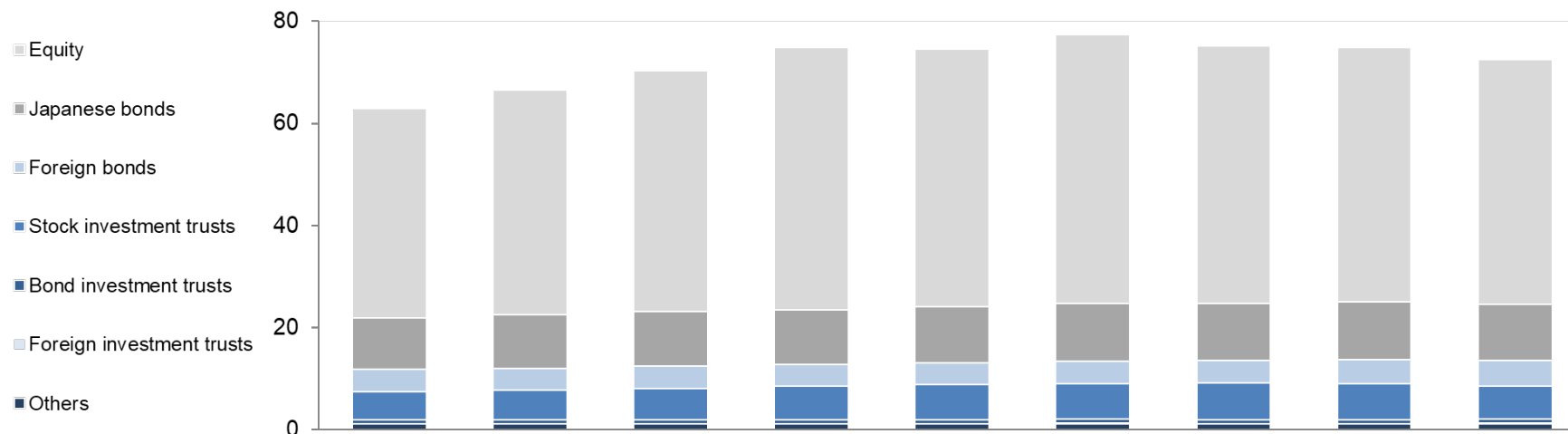
Financial Summary I

¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	86,283	83,982	88,830	66,942	59,273	-11.5%	-31.3%	326,039
Commission received	50,473	52,145	54,598	43,633	40,496	-7.2%	-19.8%	200,850
Brokerage commission	13,973	14,660	15,404	13,594	10,745	-21.0%	-23.1%	57,631
<i>Stock and others</i>	13,626	14,214	14,979	13,107	10,345	-21.1%	-24.1%	55,929
Underwriting and secondary offering commissions	9,042	8,271	11,201	4,431	4,263	-3.8%	-52.9%	32,946
<i>Equity</i>	2,419	3,441	6,702	1,020	606	-40.6%	-74.9%	13,583
<i>Bond and others</i>	6,622	4,830	4,499	3,377	3,656	8.3%	-44.8%	19,329
Distribution commission	6,195	6,102	5,478	3,345	3,562	6.5%	-42.5%	21,121
<i>Investment trust</i>	6,018	5,995	5,371	3,205	3,444	7.4%	-42.8%	20,591
Other commissions	21,262	23,111	22,514	22,263	21,924	-1.5%	3.1%	89,151
<i>Agency fee and others</i>	7,277	7,835	8,103	7,509	7,412	-1.3%	1.8%	30,725
<i>Investment advisory and account management fees</i>	7,702	8,237	8,518	8,393	8,522	1.5%	10.6%	32,852
<i>Insurance sales commission</i>	131	128	115	127	189	48.7%	44.5%	503
<i>M&A related commission</i>	2,152	2,633	1,459	1,797	1,001	-44.3%	-53.5%	8,043
Net trading income/loss	28,598	26,289	27,402	18,145	10,790	-40.5%	-62.3%	100,436
Financial revenues	7,211	5,547	6,829	5,163	7,987	54.7%	10.8%	24,752
Financial expenses	3,871	1,727	3,310	2,023	4,622	128.5%	19.4%	10,932
Net operating revenues	82,412	82,254	85,520	64,919	54,651	-15.8%	-33.7%	315,106

Financial Summary II

(¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
SG&A	59,291	59,878	60,921	59,605	57,530	-3.5%	-3.0%	239,698
Trading related expenses	9,046	8,659	9,794	9,941	9,942	0.0%	9.9%	37,441
Personnel expenses	24,622	25,389	24,897	23,589	22,616	-4.1%	-8.2%	98,498
Real estate expenses	5,360	5,392	5,359	5,485	5,365	-2.2%	0.1%	21,596
Office cost	12,055	12,139	12,535	12,970	12,206	-5.9%	1.2%	49,702
Depreciation	5,956	5,973	5,941	5,721	5,662	-1.0%	-4.9%	23,593
Taxes and dues	1,265	1,194	1,283	647	739	14.2%	-41.6%	4,391
Other	984	1,129	1,109	1,250	998	-20.2%	1.4%	4,473
Ordinary income	23,730	22,905	25,627	5,969	-2,345	-	-	78,234
Net income	17,512	16,981	17,781	5,125	-1,967	-	-	57,401
ROE (Annualized)	9.0%	8.7%	8.9%	3.1%	-			8.8%
Capital adequacy ratio	337.1%	331.2%	318.3%	280.4%	283.0%			280.4%

Assets under Custody



¥ Trillions	FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Equity	41.0	44.1	47.1	51.4	50.5	52.7	50.4	49.9	47.9
Japanese bonds	10.0	10.5	10.8	10.7	11.0	11.3	11.1	11.2	11.1
Foreign bonds	4.4	4.3	4.3	4.3	4.3	4.4	4.5	4.8	4.9
Stock investment trusts	5.5	5.7	6.1	6.5	6.8	6.9	7.1	7.0	6.5
Bond investment trusts	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Foreign investment trusts	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Others	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.1	1.2
Total	63.2	67.0	70.7	75.3	75.0	77.7	75.5	75.1	72.8
Daiwa Next Bank deposit balance	3.9	4.0	4.2	4.4	4.2	4.2	4.3	4.1	4.1

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

※ ETFs are recorded in 'Equity'.

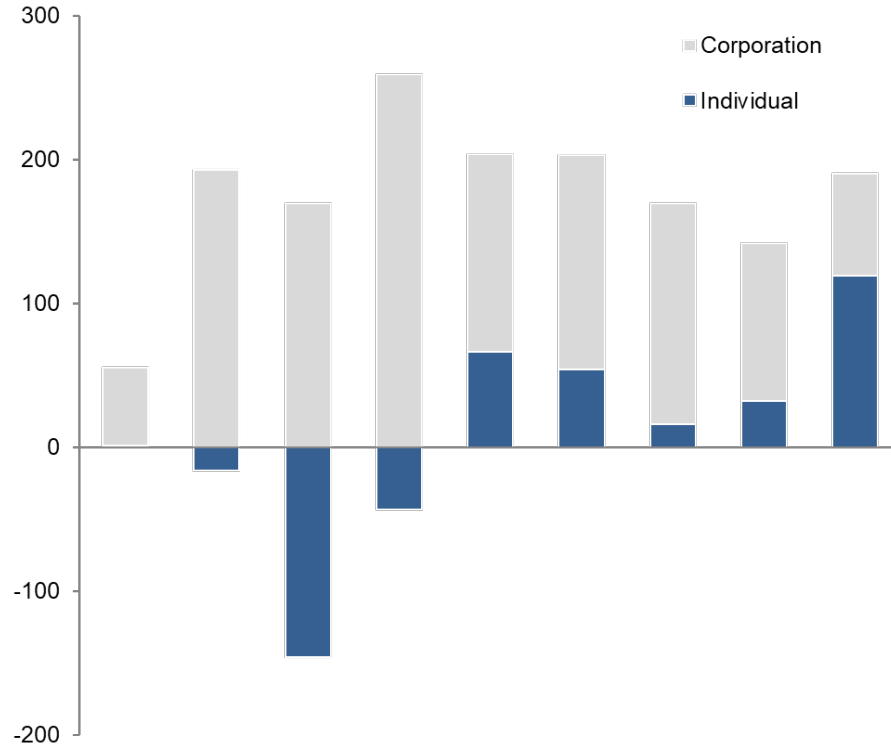
Number of Accounts and Equity Trading

	FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Accounts with balance (thousands)	3,020	3,019	3,010	3,034	3,023	3,031	3,024	3,038	3,033
Accounts holding equity (thousands)	1,445	1,461	1,453	1,445	1,450	1,447	1,456	1,458	1,462
Online trading accounts (thousands)	3,381	3,397	3,411	3,446	3,460	3,477	3,492	3,506	3,517
Newly opened accounts (thousands)	24	36	35	41	34	37	31	29	29
NISA accounts* (thousands)	867	868	866	866	864	863	862	863	861
Wrap account service (end of quarter)									
Contract assets under management (¥ billions)	2,219	2,318	2,430	2,574	2,701	2,789	2,925	2,957	2,926
Number of customers (thousands)	141	140	137	137	139	140	142	144	147
Contracts and trading value for individual investors at Daiwa Securities (Japanese Equity)									
Total number of contracts (thousands)	3,220	2,606	2,908	3,416	2,542	2,511	2,590	2,541	2,211
<i>Online out of total (thousands)</i>	<i>2,917</i>	<i>2,328</i>	<i>2,537</i>	<i>2,998</i>	<i>2,237</i>	<i>2,202</i>	<i>2,260</i>	<i>2,255</i>	<i>1,984</i>
Total trading value (¥ billions)	2,700	2,447	2,990	3,704	2,801	2,997	3,007	2,857	2,302
<i>Online out of total (¥ billions)</i>	<i>2,172</i>	<i>1,899</i>	<i>2,159</i>	<i>2,708</i>	<i>2,054</i>	<i>2,094</i>	<i>2,086</i>	<i>2,004</i>	<i>1,680</i>
Foreign equity trading value (Retail)									
Trading value (¥ billions)	337	377	403	383	367	381	400	204	154

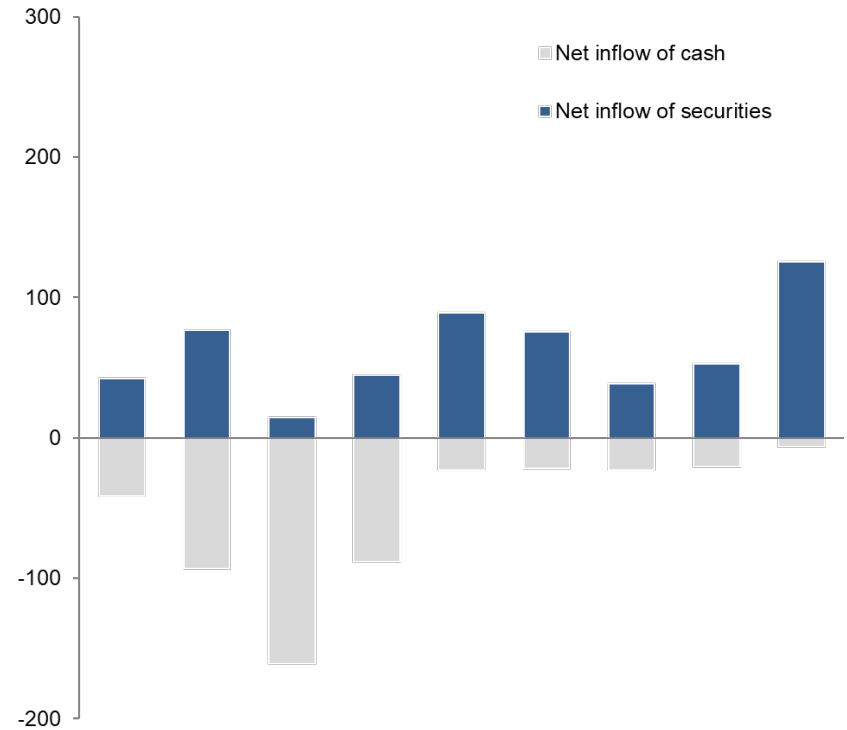
* Includes Junior NISA

Net Asset Inflow

Retail Division (Daiwa Securities) Net Asset Inflow*



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



Component	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Corporation	54.6	192.4	169.2	258.8	137.2	148.9	153.8	109.7	71.5
Individual	0.8	-16.3	-145.8	-43.3	66.5	54.2	15.9	32.2	118.8
Total	55.4	176.1	23.3	215.4	203.7	203.2	169.7	141.9	190.3

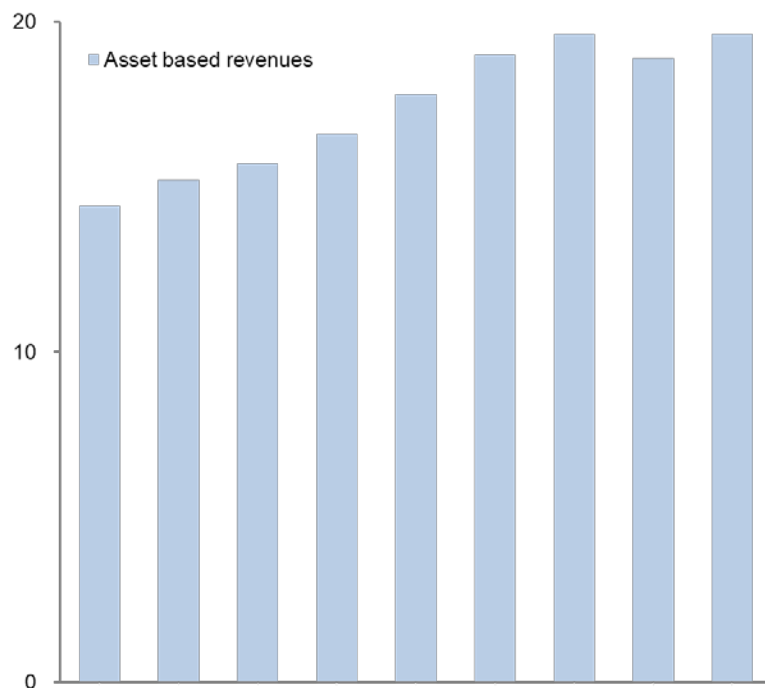
Component	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Net inflow of cash	-41.7	-92.9	-160.7	-88.1	-22.8	-21.6	-22.9	-20.3	-6.4
Net inflow of securities	42.6	76.6	14.8	44.7	89.3	75.8	38.8	52.5	125.2
Total	0.8	-16.3	-145.8	-43.3	66.5	54.2	15.9	32.2	118.8

* Net asset inflow = net inflow of cash and securities

Asset Based Revenues



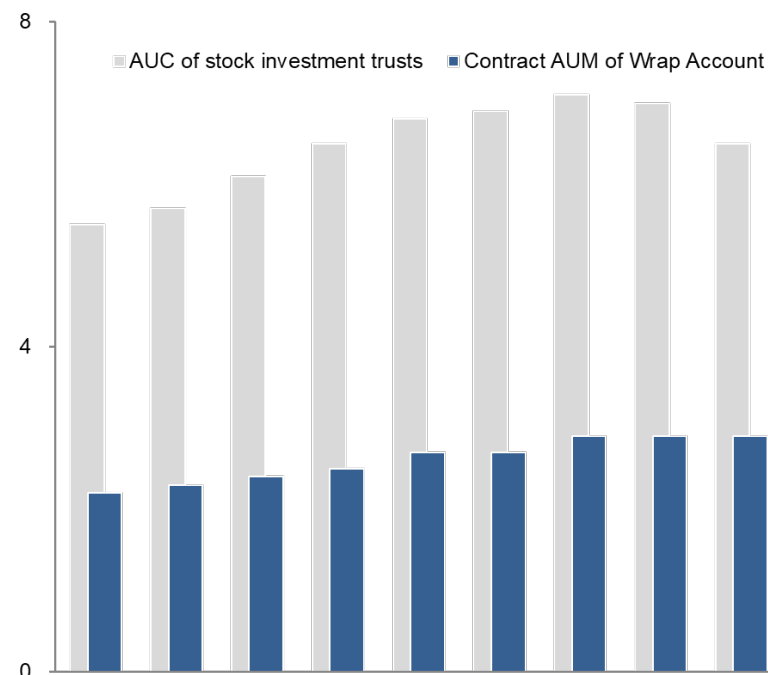
Asset Based Revenues



Net operating revenues in Retail Division (Daiwa Securities)	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Asset based revenues	14.4	15.2	15.7	16.6	17.8	19.0	19.6	18.9	19.6
Asset based revenue ratio	42.3%	38.6%	36.5%	34.6%	38.6%	39.5%	40.4%	46.1%	49.7%

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

AUC of Stock Investment Trusts and Contract AUM of Wrap Account



AUC of stock investment trusts	FY2020				FY2021				FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Contract AUM of Wrap Account	2.2	2.3	2.4	2.5	2.7	2.7	2.9	2.9	2.9

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

League Table

	Primary and secondary equity offerings	IPO	Straight bonds (excl. family bonds)	Agency bonds	Municipal bonds	Samurai bonds (excl. family bonds)	M&A (Number of deals)
FY2022 1Q League Table							
1st	JPMorgan	Nomura	Mizuho	Daiwa	Nomura	Mitsubishi UFJMS	Nomura
	67.4%	39.3%	27.5%	28.8%	23.7%	35.2%	
2nd	SMBC Nikko	SMBC Nikko	Nomura	Nomura	Mitsubishi UFJMS	Nomura	SMFG
	12.4%	23.3%	26.0%	28.7%	17.8%	22.0%	
3rd	Daiwa	SBI	Daiwa	Mizuho	Daiwa	Mizuho	Houlihan Lokey
	9.8%	14.6%	22.7%	26.0%	17.5%	22.0%	
4th	Nomura	Daiwa	Mitsubishi UFJMS	Mitsubishi UFJMS	Mizuho	SMBC Nikko	Morgan Stanley
	5.7%	8.2%	16.8%	12.9%	17.4%	13.2%	
5th	Mizuho	Mizuho	Tokai Tokyo	SMBC Nikko	SMBC Nikko	Daiwa	Daiwa
	4.7%	7.0%	2.9%	1.2%	7.9%	7.6%	

Source: Compiled by Daiwa Securities based on REFINITIV April 2022 – June 2022

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

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

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

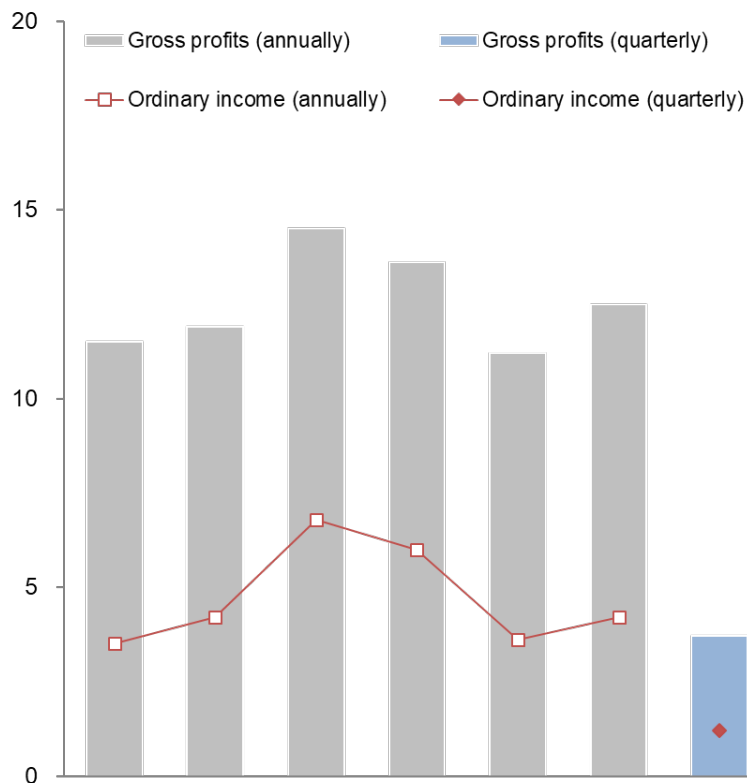
M&A is compiled by Daiwa Securities based on Mergermarket

Financial Summary

(¥ Millions)	FY2021				FY2022	% Change vs 4Q/FY21	% Change vs 1Q/FY21	FY2021
	1Q	2Q	3Q	4Q	1Q			
Operating revenues	18,326	19,044	19,328	18,249	18,379	0.7%	0.3%	74,948
Management fee	18,150	18,925	19,206	18,120	18,241	0.7%	0.5%	74,403
<i>Stock investment trust</i>	18,074	18,838	19,114	18,034	18,166	0.7%	0.5%	74,062
<i>Bond investment trust</i>	75	87	91	85	74	-13.0%	-0.9%	340
Other operating revenues	176	118	122	128	138	7.7%	-21.6%	545
SG&A	13,900	14,070	14,570	13,855	14,004	1.1%	0.7%	56,397
Commission paid	7,698	8,009	8,026	7,500	7,503	0.0%	-2.5%	31,234
Other SG&A	6,201	6,060	6,544	6,355	6,500	2.3%	4.8%	25,163
Operating income	4,426	4,973	4,757	4,393	4,375	-0.4%	-1.1%	18,551
Ordinary income	4,522	5,017	5,081	4,466	4,720	5.7%	4.4%	19,089
Net income	3,127	3,280	3,496	2,833	2,984	5.3%	-4.6%	12,738

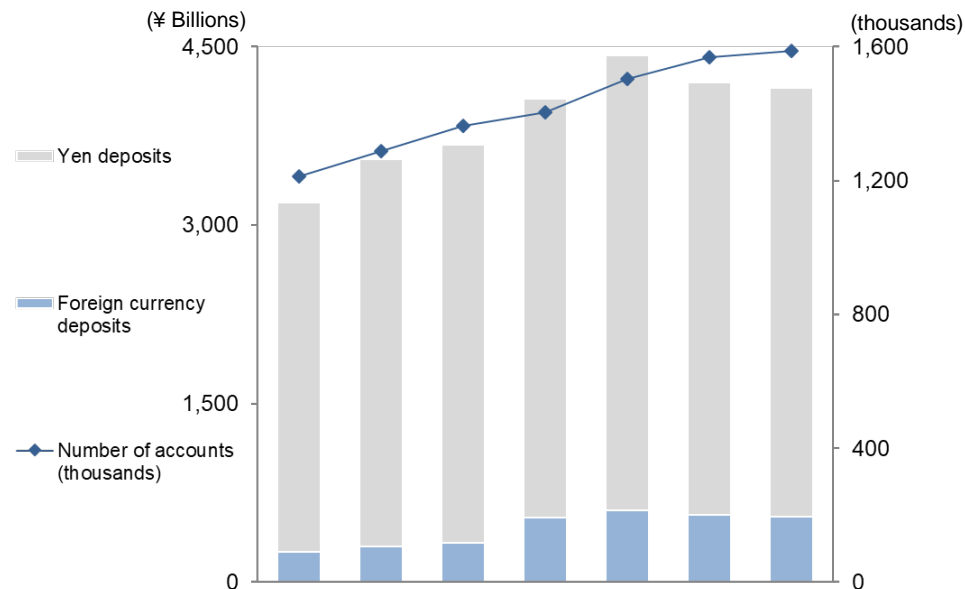
Earnings and Deposit Balance

Gross Profits / Ordinary Income



(¥ Billions)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 1Q
Gross profits	11.5	11.9	14.5	13.6	11.2	12.5	3.7
Ordinary income	3.5	4.2	6.8	6.0	3.6	4.2	1.2

Daiwa Next Bank Deposit Balance & Number of Accounts



(¥ Billions)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 1Q
Ordinary deposits	1,653	1,756	1,610	1,873	2,224	2,163	2,125
Time deposits	1,480	1,746	1,953	2,067	2,171	2,005	1,997
Negotiable certificate of deposits / Other	59	53	115	122	35	29	29
Deposit balance	3,193	3,556	3,678	4,062	4,430	4,197	4,151
Foreign currency deposits	253	300	331	539	606	569	551
Number of accounts (thousands)	1,213	1,289	1,364	1,405	1,505	1,569	1,589

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

Range and Assumption of VaR

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

(¥ Billions)	FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
VaR (Quarter end)	0.99	1.21	1.20	1.18	1.59	1.74	1.95	1.92	1.35
High	1.43	1.43	1.89	1.62	1.83	2.07	2.58	2.37	1.96
Low	0.75	0.90	0.94	1.05	0.82	1.35	1.43	1.55	0.99
Average	1.08	1.11	1.35	1.35	1.37	1.64	1.90	1.90	1.54
By risk factors (Quarter end)									
Equity	0.21	0.33	0.37	0.40	0.25	0.41	0.24	0.40	0.27
Interest	1.25	0.97	1.16	1.22	0.66	1.28	1.29	1.20	0.86
Currency	0.24	0.29	0.41	0.31	0.45	0.49	0.48	0.51	0.22
Commodities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

※Preliminary results for 3Q FY2021 are modified.

Number of Group Employees

	FY2020				FY2021				FY2022
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Total	16,120	15,972	15,749	15,529	15,671	15,455	15,229	15,134	15,419
Overseas	1,977	1,989	2,012	2,018	2,024	2,032	2,007	2,046	2,104

- Number of employees as at the end of each quarter.
- * Total figures are the sum of consolidated group companies.
- * Figures include temporary staff.

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