



August 6, 2024

To whom it may concern:

Company name: Daiwa Securities Group Inc.

Representative: Akihiko Ogino, President and CEO

(Securities Code: 8601; TSE Prime and NSE  
Premier)

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

**Notice Regarding Completion of the Interim Review by Certified Public Accountants, etc. of the Financial Summary (Consolidated) for the Three Months Period Ended June 30, 2024 <Under Japanese GAAP>**

Daiwa Securities Group Inc. hereby announces that the interim review by certified public accountants, etc. of the Japanese-language originals of the quarterly consolidated financial statements in the “Financial Summary (Consolidated) For the three months period ended June 30, 2024 <Under Japanese GAAP>,” which was disclosed on August 1, 2024, has been completed.

There were no revisions made to the quarterly consolidated financial statements disclosed on August 1, 2024.

End

# Daiwa Securities Group Inc.

Code number: 8601

Stock Exchange Listings: Tokyo, Nagoya

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

Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for analysts)



August 6, 2024

## Financial Summary (Consolidated)

For the three months period ended June 30, 2024 <Under Japanese GAAP>

(Figures less than one million yen are rounded down)

### 1. Consolidated financial results (April 1, 2024 to June 30, 2024)

(1) Consolidated operating results

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

	Operating revenue		Net operating revenue		Operating income		Ordinary income	
FY 2024	335,357	26.0 %	149,139	11.2 %	35,115	14.3%	37,740	4.6%
FY 2023	266,259	81.6 %	134,110	26.4 %	30,733	247.4%	36,096	99.6%

(Note) Comprehensive income:

FY 2024: 60,829million yen ,  $\Delta$ 25.9% ; FY 2023: 82,097million yen , 52.5%

	Profit attributable to owners of parent		Net income per share		Diluted net income per share	
FY 2024	23,993	1.2%	17.10	Yen	16.76	Yen
FY 2023	23,712	99.6%	16.32	Yen	16.23	Yen

(2) Consolidated financial conditions

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

	Total assets	Total net assets	Equity ratio		Net assets per share	
As of Jun. 30, 2024	35,601,724	1,815,181	4.3	%	1,102.17	Yen
As of Mar. 31, 2024	32,027,299	1,788,658	4.8	%	1,086.20	Yen

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

As of Jun. 30, 2024: 1,548,540million yen ; As of Mar. 31, 2024: 1,522,186million yen

### 2. Cash dividends

	Dividends per share (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY 2023	—	19.00	—	25.00	44.00
FY 2024 (actual)	—				
FY 2024 (expected)*		—	—	—	44.00

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

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

### 3. Earnings forecasts for the fiscal year ending March 31, 2025 (consolidated)

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

Representative: Akihiko Ogino, President and CEO

For inquiry: Motoi Mishiba, Executive Director, Corporate Planning Dept. Investor Relations Office

Phone +81-3-5555-1111

#### 4. Other notes

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

New companies: None

Excluded companies: None

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

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

(i) Changes in accounting policies due to the revision of accounting standards: Yes

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

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(Note) For details, please see “2. Quarterly consolidated financial statements, (4) Changes in accounting policies” on page 13.

(4) Number of shares issued (common stock)

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

As of Jun. 30, 2024 : 1,569,378,772 ; As of Mar. 31, 2024 : 1,569,378,772

(ii) Number of treasury shares:

As of Jun. 30, 2024 : 164,442,713 ; As of Mar. 31, 2024 : 168,074,260

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

As of Jun. 30, 2024 : 1,403,520,660 ; As of Jun. 30, 2023 : 1,453,025,004

#### Implementation status of audit procedure:

Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes(voluntary)

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

Not applicable.

(Accompanying materials)

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

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

## 1. Overview of operating results, etc.

### (1) Analysis of operating results

#### (i) Status of overall business

For the three months ended June 30, 2024, operating revenue increased by 26.0% year on year to 335.3 billion yen, and net operating revenue increased by 11.2% to 149.1 billion yen.

Commission received increased by 13.4% to 93.4 billion yen. Brokerage commission increased by 6.3% to 23.1 billion yen due to the increase in stock trading. On the other hand, as a result of a decrease in equity underwriting transactions, commission for underwriting, secondary distribution and solicitation for selling and others for professional investors decreased by 26.1% to 8.4 billion yen.

Net trading income increased by 34.3% to 27.5 billion yen partly due to an increase in foreign exchange related trading revenue.

Net financial income decreased by 10.7% to 18.4 billion yen partly due to an increase in repurchase agreement expenses, despite an increase in interest income.

Selling, general and administrative expenses increased by 10.3% year on year to 114.0 billion yen. Trading related expenses increased by 17.6% to 21.9 billion yen due to an increase in commission expenses, etc., and personnel expenses increased by 9.7% to 57.1 billion yen due to increases in provision for bonuses and salaries, etc.

As a result of the above, ordinary income increased by 4.6% to 37.7 billion yen.

After adding extraordinary income to this figure and deducting extraordinary losses, income taxes and profit attributable to non-controlling interests, profit attributable to owners of parent increased by 1.2% year on year to 23.9 billion yen.

## (ii) Status by category described in segment information

The status of net operating revenue and ordinary income analyzed by segment is as follows. From the first quarter of the fiscal year ending March 31, 2025, in line with the Group's target business model, the Company has changed its reportable segments to the following three divisions: Wealth Management Division, Asset Management Division, and Global Markets & Investment Banking Division. In the following, segment information for the three months ended June 30, 2023 states information prepared based on the division categories after the change.

Millions of yen

	Net operating revenue				Ordinary income (loss)			
	Three months ended June 30, 2023	Three months ended June 30, 2024	Year-on-year increase (decrease)	Composition ratio	Three months ended June 30, 2023	Three months ended June 30, 2024	Year-on-year increase (decrease)	Composition ratio
Wealth Management Division	55,869	62,642	12.1%	42.0%	16,593	20,477	23.4%	54.2%
Asset Management Division	19,190	23,704	23.5%	15.9%	11,537	11,314	(1.9%)	29.9%
Securities asset management	10,840	13,553	25.0%	9.1%	4,403	6,635	50.7%	17.5%
Real estate asset management	6,633	7,075	6.7%	4.7%	4,368	3,891	(10.9%)	10.3%
Alternative asset management	1,716	3,075	79.2%	2.1%	2,765	787	(71.5%)	2.1%
Global Markets & Investment Banking Division	51,627	51,177	(0.9%)	34.3%	11,041	6,027	(45.4%)	15.9%
Global Markets	36,848	36,296	(1.5%)	24.3%	9,783	6,993	(28.5%)	—
Global Investment Banking	14,778	14,881	0.7%	10.0%	886	(2,097)	—	—
Others, adjustments, etc.	7,423	11,614	—	7.8%	(3,077)	(79)	—	—
Consolidated total	134,110	149,139	11.2%	100.0%	36,096	37,740	4.6%	100.0%

(Note) The composition ratio of ordinary income (loss) displays a percentage of the ordinary income of each segment in the consolidated total ordinary income of segments recording ordinary income in the three months ended June 30, 2024.

Wealth Management Division:

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

Equity revenue decreased for the three months ended June 30, 2024 mainly due to a decrease in underwriting transactions. Bond revenue increased, primarily due to a large-scale bond underwriting transaction, and an increase in the sales amount of foreign bonds. Both offering commission and agency fees for equity investment trusts increased due to an increase in the sales amount as a result of steady progress in the shift to a wealth management business model, coupled with a favorable market environment. Wrap-related revenue also increased due to an increase in the balance of contract assets.

Daiwa Next Bank continued to conduct various promotions in collaboration with its bank agency Daiwa Securities. The balance of deposits (including negotiable certificates of deposit) as of June 30, 2024 decreased by 2.5% from the end of the previous fiscal year to 4,416.0 billion yen, and the number of bank accounts increased by 1.3% to 1.80 million.

As a result, net operating revenue in the Wealth Management Division for the three months ended June 30, 2024 increased by 12.1% year on year to 62.6 billion yen, and ordinary income increased by 23.4% to 20.4 billion yen.

Asset Management Division:

Asset Management Division is comprised of Securities asset management, Real estate asset management and Alternative asset management.

Main sources of earnings of Securities asset management are the management fees for structuring and managing investment trusts from the Company's consolidated subsidiary Daiwa Asset Management. In addition, income related to structuring and managing of investment trusts and investment advisory services of Sumitomo Mitsui DS Asset Management Company, Limited, an equity method affiliate, is recorded in ordinary income according to the Group's ownership ratio. Factors that may have a major impact on operating results are the fluctuation in customer demand for investment trust and investment advisory services caused by the market conditions, the investment performance of the fund relative to market conditions and the appeal of the products themselves such as the development of products with themes that capture the interest of customers.

Securities asset management had an increase in revenue and an increase in profit. At Daiwa Asset Management, the balance of assets under management of publicly offered investment trusts increased by 1.9% from the end of the previous fiscal year to 29.5 trillion yen, with a net increase in funds and rise in the stock market contributing to the result. As a result, net operating revenue for the three months ended June 30, 2024 increased by 25.0% year on year to 13.5 billion yen, and ordinary income increased by 50.7% to 6.6 billion yen.

Main sources of earnings of Real estate asset management are real estate investment income from the Company's consolidated subsidiaries Daiwa Real Estate Asset Management, Daiwa Office Investment Corporation and Samty Residential Investment Corporation. In addition, the real estate investment income of each of the subsidiaries of the Company's equity method affiliate Samty Holdings Co., Ltd., and Daiwa Securities Living Investment Corporation, which is similarly an equity method affiliate, are recorded in ordinary income according to the Company's ownership ratio (Note). Factors that may have a major impact on operating results include trends in the domestic real estate market and office demand.

Real estate asset management had an increase in revenue and a decrease in profit. The combined balance of assets under management of Daiwa Real Estate Asset Management and Samty Residential Investment Corporation increased by 0.3% from the end of the previous fiscal year to 1,462.9 billion yen. However, primarily due to a decrease in the share of profit of entities accounted for using equity method, net operating revenue for the three months ended June 30, 2024 increased by 6.7% year on year to 7.0 billion yen, and ordinary income decreased by 10.9% to 3.8 billion yen.

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

Alternative asset management had an increase in revenue and a decrease in profit. Daiwa Corporate Investment secured earnings from the gains on sale of investees, while contributing to investment in domestic and overseas growth companies and listing support. In addition, Daiwa PI Partners invested in monetary claims, real estate loans and equity, and loans to corporations at home and abroad in addition to proceeding with collection of existing projects, while Daiwa Energy & Infrastructure recorded income and capital gains while executing energy and infrastructure related investment that contributes to the Sustainable Development Goals (SDGs) such as the acquisition of solar power plants. As a result, while income increased at Daiwa PI Partners primarily from investment in monetary claims, there was a decrease in income from energy and infrastructure related investment at Daiwa Energy & Infrastructure. Consequently, net operating revenue in Alternative asset management for the three months ended June 30, 2024 increased by 79.2% year on year to 3.0 billion yen, and ordinary income decreased by 71.5% to 0.7 billion yen.

As a result, net operating revenue in the Asset Management Division for the three months ended June 30, 2024 increased by 23.5% year on year to 23.7 billion yen, and ordinary income decreased by 1.9% to 11.3 billion yen.

(Note) With June 3, 2024 as the effective date, Samty Co., Ltd., which was an equity-method affiliate of the Company, transitioned to a holding company system in which Samty Holdings Co., Ltd., established through the method of sole-share transfer, was made a wholly owning parent company of Samty Co., Ltd. Following the transition to the holding company system, the Company made Samty Holdings Co., Ltd. an equity-method affiliate, and real estate investment income from each of Samty Holdings Co., Ltd.'s subsidiaries is recorded in ordinary income according to the Company's ownership ratio.

#### Global Markets & Investment Banking Division:

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

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

Global Markets had a decrease in revenue and a decrease in profit. Equity revenue decreased due to a drop in the brokerage commission on Japanese equities as a result of lower individual investor activity. Fixed income revenue decreased due to a decrease in customer flows in the Americas as a result of lower interest rate volatility. As a result, net operating revenue for the three months ended June 30, 2024 was 36.2 billion yen (36.8 billion yen for the three months ended June 30, 2023), and ordinary income was 6.9 billion yen (9.7 billion yen for the three months ended June 30, 2023).

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

Global Investment Banking had an increase in revenue and a decrease in profit. Underwriting and secondary offering commissions decreased compared to the three months ended June 30, 2023, when there were large transactions pertaining to equities where we served as lead manager. In addition, in the M&A business, despite the increased revenue from executing many transactions, there was deterioration in income/expenditures as the Group could not secure sufficient revenue to offset the increase in costs related to the overseas M&A business. As a result, net operating revenue in Global Investment Banking was 14.8 billion yen (14.7 billion yen for the three months ended June 30, 2023), and ordinary loss was 2.0 billion yen (ordinary income of 0.8 billion yen for the three months ended June 30, 2023).

As a result, Net operating revenue in the Global Markets & Investment Banking Division for the three months ended June 30, 2024 was 51.1 billion yen (51.6 billion yen for the three months ended June 30, 2023), and ordinary income was 6.0 billion yen (11.0 billion yen for the three months ended June 30, 2023).

#### Others:

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

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

For the three months ended June 30, 2024, ordinary income of some Group companies in the "Others" increased year on year. As a result, net operating revenue related to other, adjustments, etc. was 11.6 billion yen (7.4 billion yen for the three months ended June 30, 2023), and ordinary loss was 79 million yen (ordinary loss of 3.0 billion yen for the three months ended June 30, 2023).



## (2) Analysis of financial position

### <Assets>

Total assets as of June 30, 2024 increased by 3,574.4 billion yen (11.2%) from the end of the previous fiscal year to 35,601.7 billion yen. The breakdown shows that current assets increased by 3,553.7 billion yen (11.7%) to 33,993.0 billion yen, including a decrease in cash and deposits of 538.6 billion yen (12.2%) to 3,859.9 billion yen, an increase in trading products of 1,986.8 billion yen (26.4%) to 9,521.8 billion yen, and an increase in loans secured by securities of 1,656.0 billion yen (13.4%) to 14,024.5 billion yen. Non-current assets increased by 20.7 billion yen (1.3%) to 1,608.7 billion yen.

### <Liabilities and net assets>

Total liabilities increased by 3,547.9 billion yen (11.7%) from the end of the previous fiscal year to 33,786.5 billion yen. The breakdown shows that current liabilities increased by 3,566.1 billion yen (13.3%) to 30,363.7 billion yen, including an increase in trading products of 839.0 billion yen (14.3%) to 6,702.8 billion yen, and an increase in borrowings secured by securities of 2,170.4 billion yen (18.6%) to 13,869.4 billion yen. Non-current liabilities decreased by 18.2 billion yen (0.5%) to 3,417.1 billion yen, including a decrease in bonds payable of 33.9 billion yen (2.7%) to 1,242.4 billion yen, and an increase in long-term borrowings of 9.0 billion yen (0.4%) to 2,029.9 billion yen.

Total net assets increased by 26.5 billion yen (1.5%) to 1,815.1 billion yen. Total share capital and capital surplus was 480.8 billion yen. Retained earnings decreased by 11.0 billion yen (1.1%) to 950.3 billion yen, due to the recording of 23.9 billion yen in profit attributable to owners of parent as well as payment of 35.0 billion yen in dividends. Deduction for treasury shares decreased by 2,659 million yen (2.2%) to 120.4 billion yen, valuation difference on available-for-sale securities decreased by 2.1 billion yen (4.0%) to 50.8 billion yen, foreign currency translation adjustment increased by 32.8 billion yen (24.5%) to 167.0 billion yen, and non-controlling interests increased by 0.7 billion yen (0.3%) to 260.2 billion yen.

## 2. Quarterly consolidated financial statements

### (1) Quarterly consolidated balance sheets

Assets	Millions of yen			
	As of			
	March 31, 2024		June 30, 2024	
<b>Current assets:</b>				
Cash and deposits	¥	4,398,616	¥	3,859,998
Cash segregated as deposits		544,815		553,944
Notes and accounts receivable - trade, and contract assets		29,627		27,322
Securities		1,410,877		1,541,317
Trading products:		7,534,999		9,521,891
Trading securities and other		4,870,657		6,675,087
Derivatives		2,664,341		2,846,804
Private equity and other investments		138,663		139,708
Allowance for investment loss		(4)		—
Operating loans receivable		2,722,321		2,896,824
Work in process		839		1,027
Margin transaction assets:		158,635		181,968
Loans on margin transactions		149,301		172,584
Cash collateral pledged for securities borrowing on margin transactions		9,333		9,384
Loans secured by securities:		12,368,472		14,024,547
Cash collateral pledged for securities borrowed		9,128,456		10,509,941
Securities purchased under resale agreements		3,240,015		3,514,605
Advances paid		33,633		42,149
Short-term loans receivable		791		5,531
Accrued income		88,460		88,881
Other current assets		1,018,117		1,117,869
Allowance for doubtful accounts		(9,554)		(9,960)
<b>Total current assets</b>		<b>30,439,313</b>		<b>33,993,023</b>
<b>Non-current assets:</b>				
Property, plant and equipment		921,181		926,750
Intangible assets:		127,602		128,274
Goodwill		17,139		16,837
Other		110,463		111,436
Investments and other assets:		539,201		553,676
Investment securities		492,226		506,313
Long-term loans receivable		7,216		7,525
Long-term guarantee deposits		15,903		16,186
Deferred tax assets		6,825		6,071
Other		19,813		20,674
Allowance for doubtful accounts		(2,783)		(3,094)
<b>Total non-current assets</b>		<b>1,587,986</b>		<b>1,608,700</b>
<b>Total assets</b>	¥	<b>32,027,299</b>	¥	<b>35,601,724</b>

Millions of yen

<i>Liabilities</i>	As of	
	March 31, 2024	June 30, 2024
<b>Current liabilities:</b>		
Notes and accounts payable - trade	¥ 8,507	¥ 7,446
Trading products:	5,863,821	6,702,882
Trading securities and other	3,368,679	4,016,363
Derivatives	2,495,141	2,686,518
Trade date accrual	1,457,301	1,694,111
Margin transaction liabilities:	54,414	50,803
Borrowings on margin transactions	4,769	2,913
Cash received for securities lending on margin transactions	49,645	47,890
Borrowings secured by securities:	11,698,956	13,869,418
Cash collateral received for securities lent	8,270,945	8,919,285
Securities sold under repurchase agreements	3,428,011	4,950,133
Deposits for the banking business	4,511,603	4,408,156
Deposits received	562,416	671,980
Guarantee deposits received	522,809	580,342
Short-term borrowings	1,272,859	1,426,463
Commercial papers	440,000	500,900
Current portion of bonds payable	159,780	212,652
Income taxes payable	42,916	13,313
Provision for bonuses	43,054	17,906
Other current liabilities	159,110	207,331
<b>Total current liabilities</b>	<b>26,797,550</b>	<b>30,363,707</b>
<b>Non-current liabilities:</b>		
Bonds payable	1,276,312	1,242,400
Long-term borrowings	2,020,812	2,029,902
Deferred tax liabilities	45,616	51,051
Retirement benefit liability	43,715	43,726
Provision for loss on litigation	235	302
Other non-current liabilities	48,761	49,812
<b>Total non-current liabilities</b>	<b>3,435,452</b>	<b>3,417,194</b>
<b>Reserves under special laws:</b>		
Reserve for financial instruments transaction liabilities	5,637	5,640
<b>Total reserves under special laws</b>	<b>5,637</b>	<b>5,640</b>
<b>Total liabilities</b>	<b>¥ 30,238,640</b>	<b>¥ 33,786,543</b>

Millions of yen

<i>Net assets</i>	As of	
	March 31, 2024	June 30, 2024
<b>Shareholders' equity:</b>		
Share capital	¥ 247,397	¥ 247,397
Capital surplus	232,461	233,475
Retained earnings	961,438	950,399
Treasury shares	(123,153)	(120,493)
Deposits for subscriptions of treasury shares	83	62
<b>Total shareholders' equity</b>	<b>1,318,227</b>	<b>1,310,841</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	52,936	50,816
Deferred gains or losses on hedges	16,873	19,838
Foreign currency translation adjustment	134,149	167,043
<b>Total accumulated other comprehensive income</b>	<b>203,959</b>	<b>237,699</b>
<b>Share acquisition rights</b>	<b>6,956</b>	<b>6,347</b>
<b>Non-controlling interests</b>	<b>259,515</b>	<b>260,293</b>
<b>Total net assets</b>	<b>1,788,658</b>	<b>1,815,181</b>
<b>Total liabilities and net assets</b>	<b>¥ 32,027,299</b>	<b>¥ 35,601,724</b>

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

Quarterly consolidated statements of income

	Millions of yen			
	Three Months Ended			
	June 30, 2023		June 30, 2024	
<b>Operating revenue:</b>				
Commission received:	¥	82,381	¥	93,438
Brokerage commission		21,795		23,168
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors		11,429		8,443
Fees for offering, secondary distribution and solicitation for selling and others for professional investors		3,890		6,555
Other commission received		45,267		55,270
Net trading income		20,480		27,514
Net gain on private equity and other investments		186		184
Financial revenue		134,340		177,016
Other operating revenue		28,869		37,204
<b>Total operating revenue</b>		<b>266,259</b>		<b>335,357</b>
<b>Financial expenses</b>		<b>113,701</b>		<b>158,592</b>
<b>Other operating expenses</b>		<b>18,447</b>		<b>27,626</b>
<b>Net operating revenue</b>		<b>134,110</b>		<b>149,139</b>
<b>Selling, general and administrative expenses:</b>				
Trading related expenses		18,700		21,992
Personnel expenses		52,063		57,138
Real estate expenses		9,720		10,721
Office expenses		6,524		6,899
Depreciation		8,734		8,652
Taxes and dues		3,223		3,789
Provision of allowance for doubtful accounts		4		11
Other		4,406		4,819
<b>Total selling, general and administrative expenses</b>		<b>103,377</b>		<b>114,023</b>
<b>Operating income</b>		<b>30,733</b>		<b>35,115</b>
<b>Non-operating income:</b>				
Dividend income		1,308		966
Foreign exchange gains		4,464		1,001
Gain on investments in investment partnerships		233		589
Other		1,631		1,775
<b>Total non-operating income</b>		<b>7,637</b>		<b>4,333</b>
<b>Non-operating expenses:</b>				
Interest expenses		496		563
Share of loss of entities accounted for using the equity method		1,450		470
Other		328		674
<b>Total non-operating expenses</b>		<b>2,274</b>		<b>1,708</b>
<b>Ordinary income</b>	¥	<b>36,096</b>	¥	<b>37,740</b>

Millions of yen

	Three Months Ended	
	June 30, 2023	June 30, 2024
<b>Extraordinary income:</b>		
Gain on sale of investment securities	¥ 292	¥ 162
Gain on reversal of share acquisition rights	1,164	248
<b>Total extraordinary income</b>	<b>1,456</b>	<b>410</b>
<b>Extraordinary losses:</b>		
Loss on sale and retirement of non-current assets	661	67
Loss on sale of investment securities	7	4
Loss on valuation of investment securities	37	—
Loss on change in equity	—	55
Provision of reserve for financial instruments transaction liabilities	1	2
<b>Total extraordinary losses</b>	<b>708</b>	<b>130</b>
<b>Income before income taxes</b>	<b>36,844</b>	<b>38,020</b>
Income taxes - current	11,549	5,809
Income taxes - deferred	(663)	5,582
<b>Total income taxes</b>	<b>10,886</b>	<b>11,392</b>
<b>Profit</b>	<b>25,957</b>	<b>26,628</b>
<b>Profit attributable to non-controlling interests</b>	<b>2,245</b>	<b>2,635</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 23,712</b>	<b>¥ 23,993</b>

Quarterly consolidated statements of comprehensive income

	Millions of yen	
	Three Months Ended	
	June 30, 2023	June 30, 2024
<b>Profit</b>	¥ 25,957	¥ 26,628
<b>Other comprehensive income:</b>		
Valuation difference on available-for-sale securities	14,896	(1,897)
Deferred gains or losses on hedges	4,766	3,068
Foreign currency translation adjustment	34,085	29,741
Share of other comprehensive income of entities accounted for using the equity method	2,391	3,287
<b>Total other comprehensive income</b>	<b>56,140</b>	<b>34,200</b>
<b>Comprehensive income</b>	<b>¥ 82,097</b>	<b>¥ 60,829</b>
<b>Comprehensive income attributable to:</b>		
Comprehensive income attributable to owners of parent	¥ 79,788	¥ 57,733
Comprehensive income attributable to non-controlling interests	2,309	3,095

**(3) Basis for preparation of the quarterly consolidated financial statements**

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

**(4) Changes in accounting policies**

(Application of "Accounting Standard for Current Income Taxes," etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27 revised on October 28, 2022, Accounting Standards Board of Japan (ASBJ); hereinafter the "Revised Accounting Standard of 2022") and other relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28 revised on October 28, 2022, ASBJ; hereinafter the "Revised Application Guidance of 2022"). There is no impact for the quarterly consolidated financial statements as a result of this change in accounting policy.

Concerning the revision related to revised treatment on consolidated financial statements when deferring gains or losses on sale realized in conjunction with sale of shares of subsidiaries, etc. conducted among consolidated companies for tax purposes, the Revised Application Guidance of 2022 has been adopted from the beginning of the first quarter of the fiscal year ending March 31, 2025. The change in the accounting policy has been applied retrospectively. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year. There is no impact for the quarterly consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year as a result of this change in accounting policy.



## (5) Segment information

## Segment information

Three months ended June 30, 2023

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

(Millions of yen)

	Reportable segments				Others (Note) 1	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total		
Revenue from contracts with customers	38,399	23,832	28,134	90,366	9,410	99,776
Commission received	34,633	19,437	28,134	82,205	175	82,381
Other operating revenue (external customers)	3,765	4,394	-	8,160	9,234	17,394
Net trading income and other	8,320	314	23,535	32,171	52	32,224
Lease revenue based on rental contracts	-	9,810	-	9,810	1,577	11,388
Others (Note) 2	6,584	(10,577)	(19)	(4,012)	(11,461)	(15,473)
Net operating revenue						
Net operating revenue from external customers	53,304	23,379	51,651	128,335	(421)	127,914
Intersegment net operating revenue and transfers	2,564	(4,188)	(24)	(1,648)	5,666	4,018
Total	55,869	19,190	51,627	126,687	5,245	131,932
Segment income (loss) (Ordinary income (loss))	16,593	11,537	11,041	39,173	(2,672)	36,501

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

2 "Others" of Wealth Management Division, Asset Management Division, and Others includes "Commission fee" which consists in "Net operating revenue."

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

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

(Millions of yen)

Ordinary income	Amount
Reportable segments total	39,173
Loss from "Others"	(2,672)
Elimination between segments	(298)
Adjustments for unrealized gains or losses	266
Other adjustments	(373)
Ordinary income on the quarterly consolidated statements of income	36,096

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

Three months ended June 30, 2024

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

(Millions of yen)

	Reportable segments				Others (Note) 1	Total
	Wealth Management Division	Asset Management Division	Global Markets & Investment Banking Division	Total		
Revenue from contracts with customers	40,933	39,072	29,452	109,458	10,015	119,474
Commission received	40,087	23,660	29,452	93,200	238	93,438
Other operating revenue (external customers)	846	15,411	-	16,258	9,777	26,035
Net trading income and other	9,481	569	21,470	31,521	213	31,735
Lease revenue based on rental contracts	-	9,702	-	9,702	1,462	11,165
Others (Note) 2	8,678	(20,229)	(10)	(11,561)	(9,431)	(20,992)
Net operating revenue						
Net operating revenue from external customers	59,093	29,114	50,912	139,120	2,260	141,381
Intersegment net operating revenue and transfers	3,549	(5,409)	264	(1,596)	6,433	4,837
Total	62,642	23,704	51,177	137,524	8,694	146,218
Segment income (Ordinary income)	20,477	11,314	6,027	37,819	403	38,223

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

2 "Others" of Wealth Management Division, Asset Management Division, and Others includes "Commission fee" which consists in "Net operating revenue."

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

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

(Millions of yen)

Ordinary income	Amount
Reportable segments total	37,819
Income from "Others"	403
Elimination between segments	5
Adjustments for unrealized gains or losses	22
Other adjustments	(510)
Ordinary income on the quarterly consolidated statements of income	37,740

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

#### 4 Changes in reportable segments

The Group has formulated its Medium-Term Management Plan with the initial fiscal year of FY2024 (fiscal year ending March 31, 2025), and in order to align with the business model that the Group aims for in this plan, changes have been made to the classification method of the reportable segments effective the first quarter of the current fiscal year. The segment classifications were changed from the former four business categories of the “Retail Division,” “Wholesale Division,” “Asset Management Division” and “Investment Division” to the three business categories of the “Wealth Management Division,” “Asset Management Division,” and “Global Markets & Investment Banking Division.”

Furthermore, segment information for the first quarter of the previous fiscal year has been prepared and presented according to the classification method of reportable segments following the change.

## (6) Significant changes in amounts of shareholders' equity

Not applicable.

## (7) Going concern assumption

Not applicable.

## (8) Notes to quarterly consolidated statements of cash flows

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 are not prepared. Depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

Millions of yen

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	11,190	11,079
Amortization of goodwill	432	366

### 3. Supplementary information

#### (1) Quarterly transition of consolidated statements of income

	Millions of yen				
	Three Months Ended				
	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
<b>Operating revenue:</b>					
Commission received:	¥ 82,381	¥ 86,124	¥ 86,254	¥ 103,771	¥ 93,438
Brokerage commission	21,795	21,982	20,244	29,404	23,168
Commission for underwriting, secondary distribution and solicitation for selling and others for professional investors	11,429	9,242	9,279	8,538	8,443
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	3,890	3,749	4,196	6,554	6,555
Other commission received	45,267	51,150	52,533	59,274	55,270
Net trading income	20,480	24,186	26,580	26,913	27,514
Net gain on private equity and other investments	186	3,272	2,968	7,954	184
Financial revenue	134,340	154,436	161,866	156,945	177,016
Other operating revenue	28,869	35,807	57,707	76,431	37,204
<b>Total operating revenue</b>	<b>266,259</b>	<b>303,827</b>	<b>335,378</b>	<b>372,016</b>	<b>335,357</b>
<b>Financial expenses</b>	<b>113,701</b>	<b>130,846</b>	<b>141,751</b>	<b>139,554</b>	<b>158,592</b>
<b>Other operating expenses</b>	<b>18,447</b>	<b>28,659</b>	<b>45,733</b>	<b>67,878</b>	<b>27,626</b>
<b>Net operating revenue</b>	<b>134,110</b>	<b>144,321</b>	<b>147,894</b>	<b>164,583</b>	<b>149,139</b>
<b>Selling, general and administrative expenses:</b>					
Trading-related expenses	18,700	20,217	20,494	21,222	21,992
Personnel expenses	52,063	53,701	55,757	61,010	57,138
Real estate expenses	9,720	9,924	10,003	10,624	10,721
Office expenses	6,524	6,464	6,766	6,831	6,899
Depreciation	8,734	8,793	8,833	8,780	8,652
Taxes and dues	3,223	2,913	2,992	3,752	3,789
Provision of allowance for doubtful accounts	4	1	0	9	11
Other	4,406	4,476	4,985	5,269	4,819
<b>Total selling, general and administrative expenses</b>	<b>103,377</b>	<b>106,492</b>	<b>109,834</b>	<b>117,500</b>	<b>114,023</b>
<b>Operating income</b>	<b>30,733</b>	<b>37,828</b>	<b>38,060</b>	<b>47,083</b>	<b>35,115</b>
Non-operating income	7,637	2,494	3,991	10,659	4,333
Non-operating expenses	2,274	(512)	1,174	963	1,708
<b>Ordinary income</b>	<b>36,096</b>	<b>40,835</b>	<b>40,876</b>	<b>56,778</b>	<b>37,740</b>
Extraordinary income	1,456	2,227	1,989	12,768	410
Extraordinary losses	708	361	858	11,102	130
<b>Income before income taxes</b>	<b>36,844</b>	<b>42,701</b>	<b>42,007</b>	<b>58,444</b>	<b>38,020</b>
Income taxes - current	11,549	14,593	8,006	21,809	5,809
Income taxes - deferred	(663)	(3,899)	3,290	(5,126)	5,582
<b>Total income taxes</b>	<b>10,886</b>	<b>10,694</b>	<b>11,296</b>	<b>16,682</b>	<b>11,392</b>
<b>Profit</b>	<b>25,957</b>	<b>32,006</b>	<b>30,710</b>	<b>41,761</b>	<b>26,628</b>
<b>Profit attributable to non-controlling interests</b>	<b>2,245</b>	<b>2,213</b>	<b>2,253</b>	<b>2,166</b>	<b>2,635</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 23,712</b>	<b>¥ 29,793</b>	<b>¥ 28,457</b>	<b>¥ 39,594</b>	<b>¥ 23,993</b>

**Independent Auditor's Report on Review of Interim Consolidated Financial Statements**

August 6, 2024

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

KPMG AZSA LLC  
Tokyo Office, Japan

Kenji Tanaka  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Yoshihiro Matsuda  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Koji Fukai  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

**Conclusion**

We have reviewed the accompanying interim consolidated financial statements of Daiwa Securities Group Inc. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the interim consolidated balance sheet as at June 30, 2024, the interim consolidated statements of income and comprehensive income for the three-month period then ended, and the related notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with Article 4(1) of Standard for Preparation of Interim Financial Statements of Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. ("the Standard") (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan.

**Basis for Conclusion**

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

**Responsibilities of Management, the Audit Committee for the Interim Consolidated Financial Statements**

Management is responsible for the preparation and presentation of the interim consolidated financial statements in accordance with Article 4(1) of Standard for Preparation of Interim Financial Statements of Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. (applying the omissions prescribed in Article

4(2) of the Standard) and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 Article 4(1) of Standard for Preparation of Interim Financial Statements of Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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 Review of the Interim Consolidated Financial Statements**

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review in our report on the review of interim consolidated financial statements.

As part of our review in accordance with interim review standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters, and apply analytical and other review procedures. An interim review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude, based on the evidence obtained, that nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared in accordance with Article 4(1) of Standard for Preparation of Interim Financial Statements of Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan, if a material uncertainty relating to events or conditions comes to our attention 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 report on the review of interim consolidated financial statements to the related disclosures in the interim consolidated financial statements or, if such disclosures are inadequate, to express a qualified conclusion or an adverse conclusion. Our conclusions are based on the evidence obtained up to the date of our report on the review of interim consolidated financial statements; however, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate that nothing has come to our attention that causes us to believe that the presentation and disclosures in the interim consolidated financial statements are not prepared in accordance with Article 4(1) of Standard for Preparation of Interim Financial Statements of Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. (applying the omissions prescribed in Article 4(2) of the Standard) and accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the interim consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our review conclusion.

We communicate with the audit committee regarding, the planned scope and timing of the review, significant review findings that we identify during our review.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Notes to the Reader of Review Report:**

This report is an English translation of the Independent Auditor's Report on Review of the Interim Consolidated Financial Statements for the conveniences of the reader.