


# Eclat Textile (1476 TT)

 Target price: **TWD560.00** (from TWD540.00)

 Share price (19 May): **TWD320.00** | Up/downside: **+75.0%**

5 4 3 2 1


**Buy**  
 (unchanged)

## 1Q26 results review: solid 2026 outlook

- 1Q26 results: a strong beat on gross and operating margins
- Order outlook remains on track for 2026
- Reaffirming our Buy (1) rating; raising 12-month TP to TWD560

**Helen Chien**  
 (886) 2 8758 6254  
 helen.chien@daiwacm-cathay.com.tw

**Neil Teng**  
 (886) 2 8758 6256  
 neil.teng@daiwacm-cathay.com.tw


**What's new:** Eclat held an investor conference on 19 May to discuss its 1Q26 results (see [our Memo](#), 7 May) and its outlook for 2026. We reaffirm our Buy (1) rating, as we believe Eclat is in a solid position to gain market share through vendor consolidation and to benefit from a trend towards functionality upgrades designed to navigate macroeconomic uncertainties, such as inflation and oil price hikes.

**What's the impact:** Key highlights of 1Q26 results: a strong beat. Its 1Q26 gross margin came in at 32.2% (vs. 30.2% in both 4Q25 and 1Q25), beating our estimate (28.5%) and the consensus (29.7%), thanks to new product lines and gross margin improvements in both its garment and fabric segments. The company maintains its gross margin target of 28-32%, and will update in mid-2026. Its revenue momentum for 4M26 was mainly driven by the garment segment.

**Unchanged 2026 order outlook and gross margin guidance.** Its order visibility remains at 6 months, and the company aims to deliver monthly revenue of TWD3bn+ for the remaining months of 2026. Despite the inflationary environment in the US, the company believes order placement momentum remains intact. YTD, revenue contribution from new clients was 10.3%, and revenue contribution from new products was 15-20%. The order outlook from its key clients is largely on track, with some rush orders in between, despite macro uncertainty. Its new plant in Indonesia will be established in 2H26 and ramp up capacity in 2H27, with garment capacity added first and fabric capacity considered thereafter. Its mid- to long-term revenue drivers are new product development (including functionality upgrades and high value-added products) on top of its innovation capability. During the meeting, management highlighted that it will gradually raise its cash dividend payout ratio onward, vs. 75% in 2025. We slightly raise our 2026E EPS by 4%, mainly on our more aggressive gross margin assumptions, but trim our 2027E EPS by 2% on more conservative revenue forecasts. We also introduce our 2028 forecasts.

**What we recommend:** We reaffirm our Buy (1) rating and raise our 12-month TP to TWD560 (from TWD540), still based on a target PER of 22x (close to the mid-point of its past-5-year range of 13-27x [average PER of 21x]), and on 1-year forward EPS. Key downside risks: slower-than-expected gross margin expansion; lower-than-expected demand; and high inflation and tariff uncertainty.

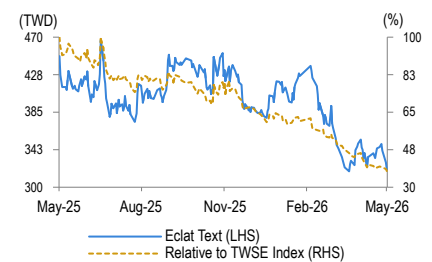
**How we differ:** Our 2026E EPS is 2% above consensus, likely as we are slightly more aggressive on Eclat's gross margin assumptions.

### Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	(3.2)	(3.2)	n.a.
Net profit change	4.0	(1.4)	n.a.
Core EPS (FD) change	3.8	(1.5)	n.a.

Source: Daiwa forecasts

### Share price performance



12-month range	318.00-466.00
Market cap (USDbn)	2.78
3m avg daily turnover (USDm)	17.11
Shares outstanding (m)	274
Major shareholder	Zhen-Hai Hong (Chairman) (3.3%)

### Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	40,561	43,894	47,534
Operating profit (m)	8,396	9,218	10,077
Net profit (m)	6,797	7,396	8,077
Core EPS (fully-diluted)	24.729	26.908	29.385
EPS change (%)	23.1	8.8	9.2
Daiwa vs Cons. EPS (%)	1.7	(0.0)	(0.6)
PER (x)	12.9	11.9	10.9
Dividend yield (%)	5.8	6.3	6.9
DPS	18.6	20.2	22.1
PBR (x)	2.7	2.5	2.4
EV/EBITDA (x)	9.2	8.3	7.5
ROE (%)	21.9	22.1	22.5

Source: FactSet, Daiwa forecasts

**Eclat: revenue and earnings forecasts revisions**

(TWDm)	2026E			2027E			2028E		
	New	Previous	Change	New	Previous	Change	New	Previous	Change
Fabric revenue	13,286	13,286	0.0%	13,823	13,823	0.0%	14,381	n.a.	n.a.
Garment revenue	27,275	28,599	-4.6%	30,071	31,531	-4.6%	33,153	n.a.	n.a.
<b>Sales</b>	<b>40,561</b>	<b>41,885</b>	<b>-3.2%</b>	<b>43,894</b>	<b>45,353</b>	<b>-3.2%</b>	<b>47,534</b>	<b>n.a.</b>	<b>n.a.</b>
Gross profit	12,371	12,147	1.8%	13,475	13,606	-1.0%	14,641	n.a.	n.a.
Gross profit margin	30.5%	29.0%	1.5pp	30.7%	30.0%	0.7pp	30.8%	n.a.	n.a.
Operating profit	8,396	8,084	3.9%	9,218	9,297	-0.9%	10,077	n.a.	n.a.
Operating profit margin	20.7%	19.3%	1.4pp	21.0%	20.5%	0.5pp	21.2%	n.a.	n.a.
Net profit	6,797	6,537	4.0%	7,396	7,502	-1.4%	8,077	n.a.	n.a.
Net profit margin	16.8%	15.6%	1.2pp	16.9%	16.5%	0.3pp	17.0%	n.a.	n.a.
EPS (TWD)	24.73	23.81	3.8%	26.91	27.33	-1.5%	29.38	n.a.	n.a.

Source: Daiwa forecasts

**Eclat: 1Q26 results vs. Daiwa and Bloomberg forecasts**

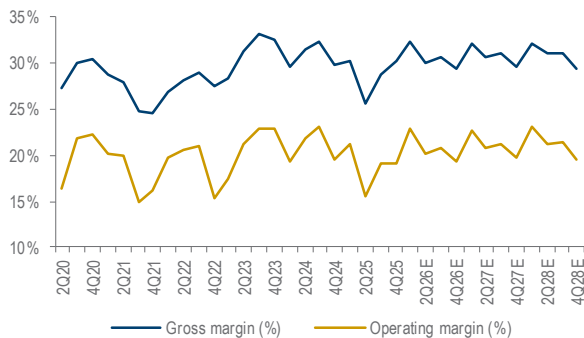
(TWDm)	Eclat's 1Q26 results	Daiwa's previous forecast	Difference	Bloomberg consensus	Difference
Revenue	9,621	9,122	5.5%	9,460	1.7%
Gross profit	3,095	2,600	19.0%	2,814	10.0%
Operating profit	2,195	1,665	31.9%	1,911	14.9%
Profit before tax	2,291	1,699	34.8%	1,948	17.6%
Net profit	1,835	1,367	34.2%	1,550	18.3%
Basic EPS (TWD)	6.69	4.98	34.2%	5.62	19.0%
<b>Margin</b>					
Gross margin	32.2%	28.5%	3.7pp	29.7%	2.4pp
Operating margin	22.8%	18.2%	4.6pp	20.2%	2.6pp
Pre-tax margin	23.8%	18.6%	5.2pp	20.6%	3.2pp
Net margin	19.1%	15.0%	4.1pp	16.4%	2.7pp

Source: Company, Bloomberg, Daiwa forecasts

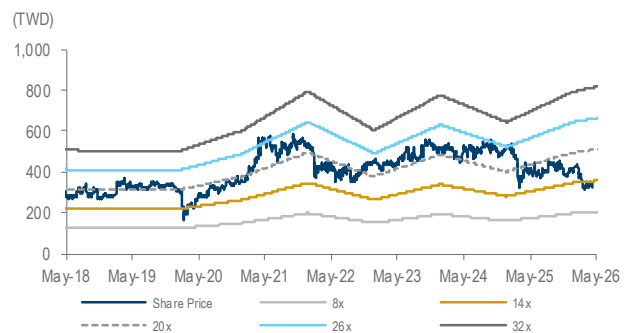
**Eclat: quarterly P&L**

(TWDm)	2026E				2027E				2026E	2027E	2028E
	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E			
Revenue	9,621	10,264	10,500	10,176	10,300	10,900	11,100	11,594	40,561	43,894	47,534
Gross profit	3,095	3,079	3,203	2,995	3,296	3,325	3,441	3,414	12,371	13,475	14,641
Operating profit	2,195	2,069	2,173	1,960	2,326	2,260	2,351	2,281	8,396	9,218	10,077
Pre-tax profit	2,291	2,100	2,203	1,991	2,357	2,290	2,382	2,312	8,585	9,342	10,201
Net profit	1,835	1,522	1,743	1,697	1,888	1,660	1,884	1,964	6,797	7,396	8,077
Basic EPS (TWD)	6.69	5.55	6.35	6.19	6.88	6.05	6.87	7.16	24.77	26.96	29.44
<b>Margin</b>											
Gross margin	32.2%	30.0%	30.5%	29.4%	32.0%	30.5%	31.0%	29.4%	30.5%	30.7%	30.8%
Operating margin	22.8%	20.2%	20.7%	19.3%	22.6%	20.7%	21.2%	19.7%	20.7%	21.0%	21.2%
Pre-tax margin	23.8%	20.5%	21.0%	19.6%	22.9%	21.0%	21.5%	19.9%	21.2%	21.3%	21.5%
Net margin	19.1%	14.8%	16.6%	16.7%	18.3%	15.2%	17.0%	16.9%	16.8%	16.9%	17.0%
<b>YoY</b>											
Revenue	2.6%	5.6%	9.0%	9.8%	7.1%	6.2%	5.7%	13.9%	6.8%	8.2%	8.3%
Gross profit	9.3%	23.5%	16.0%	7.1%	6.5%	8.0%	7.4%	14.0%	13.7%	8.9%	8.6%
Operating profit	11.1%	37.9%	18.0%	10.4%	6.0%	9.2%	8.2%	16.4%	18.4%	9.8%	9.3%
Pre-tax profit	9.8%	153.2%	5.5%	1.5%	2.9%	9.1%	8.1%	16.2%	23.2%	8.8%	9.2%
Net profit	9.2%	153.2%	5.5%	7.3%	2.9%	9.1%	8.1%	15.7%	23.2%	8.8%	9.2%
<b>QoQ</b>											
Revenue	3.9%	6.7%	2.3%	-3.1%	1.2%	5.8%	1.8%	4.4%			
Gross profit	10.7%	-0.5%	4.0%	-6.5%	10.1%	0.9%	3.5%	-0.8%			
Operating profit	23.6%	-5.7%	5.0%	-9.8%	18.7%	-2.9%	4.0%	-3.0%			
Pre-tax profit	16.9%	-8.3%	4.9%	-9.7%	18.4%	-2.8%	4.0%	-2.9%			
Net profit	16.0%	-17.0%	14.5%	-2.6%	11.2%	-12.1%	13.5%	4.2%			

Source: Company, Daiwa forecasts

**Eclat: margin trend**


Source: Company, Daiwa forecasts

**Eclat: 1-year forward PER**


Source: Bloomberg, Daiwa forecasts

## Financial summary

### Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Garment revenue growth (YoY %)	16.9	5.2	(22.6)	23.9	6.2	8.2	10.3	10.3
Fabric revenue growth (YoY %)	52.9	21.8	(22.4)	12.5	(2.3)	4.0	4.0	4.0
Gross margin (%)	26.4	27.8	31.4	30.9	28.6	30.5	30.7	30.8

### Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Garment revenue	23,552	24,774	19,174	23,755	25,220	27,275	30,071	33,153
Fabric revenue	12,284	14,962	11,617	13,073	12,770	13,286	13,823	14,381
Other Revenue	81	0	0	0	0	0	(0)	0
<b>Total Revenue</b>	<b>35,917</b>	<b>39,736</b>	<b>30,790</b>	<b>36,828</b>	<b>37,990</b>	<b>40,561</b>	<b>43,894</b>	<b>47,534</b>
Other income	0	0	0	0	0	0	0	0
COGS	(26,426)	(28,671)	(21,111)	(25,460)	(27,108)	(28,190)	(30,418)	(32,894)
SG&A	(2,930)	(3,168)	(2,977)	(3,442)	(3,614)	(3,772)	(4,038)	(4,326)
Other op. expenses	(163)	(160)	(153)	(171)	(176)	(203)	(219)	(238)
<b>Operating profit</b>	<b>6,398</b>	<b>7,737</b>	<b>6,549</b>	<b>7,755</b>	<b>7,092</b>	<b>8,396</b>	<b>9,218</b>	<b>10,077</b>
Net-interest inc./(exp.)	(2)	(23)	(2)	38	99	84	84	84
Assoc/forex/extraord./others	(11)	826	128	557	(225)	105	40	40
<b>Pre-tax profit</b>	<b>6,386</b>	<b>8,540</b>	<b>6,676</b>	<b>8,351</b>	<b>6,966</b>	<b>8,585</b>	<b>9,342</b>	<b>10,201</b>
Tax	(1,237)	(1,750)	(1,499)	(1,710)	(1,451)	(1,788)	(1,945)	(2,124)
Min. int./pref. div./others	0	0	0	0	0	0	0	0
<b>Net profit (reported)</b>	<b>5,149</b>	<b>6,790</b>	<b>5,176</b>	<b>6,641</b>	<b>5,515</b>	<b>6,797</b>	<b>7,396</b>	<b>8,077</b>
<b>Net profit (adjusted)</b>	<b>5,149</b>	<b>6,790</b>	<b>5,176</b>	<b>6,641</b>	<b>5,515</b>	<b>6,797</b>	<b>7,396</b>	<b>8,077</b>
<b>EPS (reported)(TWD)</b>	<b>18.765</b>	<b>24.749</b>	<b>18.867</b>	<b>24.204</b>	<b>20.101</b>	<b>24.774</b>	<b>26.957</b>	<b>29.438</b>
<b>EPS (adjusted)(TWD)</b>	<b>18.765</b>	<b>24.749</b>	<b>18.867</b>	<b>24.204</b>	<b>20.101</b>	<b>24.774</b>	<b>26.957</b>	<b>29.438</b>
<b>EPS (adjusted fully-diluted)(TWD)</b>	<b>18.764</b>	<b>24.747</b>	<b>18.866</b>	<b>24.203</b>	<b>20.087</b>	<b>24.729</b>	<b>26.908</b>	<b>29.385</b>
<b>DPS (TWD)</b>	<b>12.000</b>	<b>17.000</b>	<b>13.500</b>	<b>17.000</b>	<b>15.000</b>	<b>18.580</b>	<b>20.218</b>	<b>22.078</b>
<b>EBIT</b>	<b>6,398</b>	<b>7,737</b>	<b>6,549</b>	<b>7,755</b>	<b>7,092</b>	<b>8,396</b>	<b>9,218</b>	<b>10,077</b>
<b>EBITDA</b>	<b>7,031</b>	<b>8,531</b>	<b>7,430</b>	<b>8,642</b>	<b>7,968</b>	<b>9,255</b>	<b>10,158</b>	<b>11,090</b>

### Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	6,386	8,540	6,676	8,351	6,966	8,585	9,342	10,201
Depreciation and amortisation	632	794	881	886	876	859	940	1,012
Tax paid	(1,237)	(1,750)	(1,499)	(1,710)	(1,451)	(1,788)	(1,945)	(2,124)
Change in working capital	(3,020)	3,828	(708)	(2,365)	1,283	(1,260)	(226)	(957)
Other operational CF items	16	905	(686)	(442)	(104)	0	0	0
<b>Cash flow from operations</b>	<b>2,778</b>	<b>12,318</b>	<b>4,664</b>	<b>4,720</b>	<b>7,570</b>	<b>6,396</b>	<b>8,110</b>	<b>8,132</b>
Capex	(2,490)	(1,796)	(303)	(484)	(370)	(2,480)	(2,000)	(2,000)
Net (acquisitions)/disposals	5	0	46	93	0	0	0	0
Other investing CF items	(13)	(3,011)	(1,579)	(401)	(1,497)	0	0	0
<b>Cash flow from investing</b>	<b>(2,498)</b>	<b>(4,807)</b>	<b>(1,836)</b>	<b>(792)</b>	<b>(1,866)</b>	<b>(2,480)</b>	<b>(2,000)</b>	<b>(2,000)</b>
Change in debt	4	431	(1,154)	1,181	(1,171)	0	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(3,018)	(3,292)	(4,664)	(3,704)	(4,664)	(4,116)	(5,098)	(5,547)
Other financing CF items	525	(393)	(233)	(586)	(18)	0	0	0
<b>Cash flow from financing</b>	<b>(2,489)</b>	<b>(3,254)</b>	<b>(6,052)</b>	<b>(3,109)</b>	<b>(5,854)</b>	<b>(4,116)</b>	<b>(5,098)</b>	<b>(5,547)</b>
Forex effect/others	(54)	5	15	(15)	(59)	0	0	0
<b>Change in cash</b>	<b>(2,264)</b>	<b>4,262</b>	<b>(3,209)</b>	<b>804</b>	<b>(209)</b>	<b>(200)</b>	<b>1,012</b>	<b>585</b>
Free cash flow	287	10,522	4,361	4,236	7,200	3,916	6,110	6,132

Source: FactSet, Daiwa forecasts

## Financial summary continued ...

### Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	1,760	6,022	2,814	3,618	3,409	3,210	4,222	4,807
Inventory	8,276	4,625	4,402	5,522	5,931	6,141	6,641	7,174
Accounts receivable	5,209	4,087	4,967	6,638	4,817	6,227	6,152	6,980
Other current assets	578	3,621	5,215	5,730	7,210	7,210	7,210	7,210
<b>Total current assets</b>	<b>15,823</b>	<b>18,355</b>	<b>17,398</b>	<b>21,508</b>	<b>21,367</b>	<b>22,787</b>	<b>24,225</b>	<b>26,170</b>
Fixed assets	12,065	13,627	12,288	12,994	12,328	13,944	15,004	15,992
Goodwill & intangibles	19	19	25	27	20	20	20	20
Other non-current assets	1,372	1,362	2,122	1,337	1,326	1,326	1,326	1,326
<b>Total assets</b>	<b>29,279</b>	<b>33,364</b>	<b>31,833</b>	<b>35,865</b>	<b>35,042</b>	<b>38,078</b>	<b>40,575</b>	<b>43,508</b>
Short-term debt	1,347	1,778	624	1,804	547	547	547	547
Accounts payable	4,144	3,526	3,137	3,793	3,625	3,985	4,184	4,587
Other current liabilities	1,536	2,274	2,320	1,169	1,090	1,090	1,090	1,090
<b>Total current liabilities</b>	<b>7,027</b>	<b>7,577</b>	<b>6,081</b>	<b>6,767</b>	<b>5,263</b>	<b>5,623</b>	<b>5,822</b>	<b>6,225</b>
Long-term debt	1,037	563	0	0	0	0	0	0
Other non-current liabilities	66	81	81	177	137	137	137	137
<b>Total liabilities</b>	<b>8,129</b>	<b>8,222</b>	<b>6,162</b>	<b>6,943</b>	<b>5,400</b>	<b>5,760</b>	<b>5,958</b>	<b>6,362</b>
Share capital	2,744	2,744	2,744	2,744	2,744	2,744	2,744	2,744
Reserves/R.E./others	18,406	22,398	22,927	26,178	26,893	29,575	31,873	34,403
<b>Shareholders' equity</b>	<b>21,149</b>	<b>25,142</b>	<b>25,671</b>	<b>28,922</b>	<b>29,637</b>	<b>32,319</b>	<b>34,617</b>	<b>37,147</b>
Minority interests	0	0	0	0	0	0	0	0
<b>Total equity &amp; liabilities</b>	<b>29,279</b>	<b>33,364</b>	<b>31,833</b>	<b>35,865</b>	<b>35,037</b>	<b>38,078</b>	<b>40,575</b>	<b>43,508</b>
EV	88,421	84,116	85,608	85,984	84,935	85,135	84,123	83,538
<b>Net debt/(cash)</b>	<b>624</b>	<b>(3,681)</b>	<b>(2,190)</b>	<b>(1,814)</b>	<b>(2,862)</b>	<b>(2,662)</b>	<b>(3,675)</b>	<b>(4,259)</b>
<b>BVPS (TWD)</b>	<b>77.084</b>	<b>91.636</b>	<b>93.563</b>	<b>105.412</b>	<b>108.020</b>	<b>117.793</b>	<b>126.170</b>	<b>135.390</b>

### Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	27.5	10.6	(22.5)	19.6	3.2	6.8	8.2	8.3
EBITDA (YoY)	13.4	21.3	(12.9)	16.3	(7.8)	16.2	9.8	9.2
Operating profit (YoY)	16.4	20.9	(15.4)	18.4	(8.6)	18.4	9.8	9.3
Net profit (YoY)	21.0	31.9	(23.8)	28.3	(17.0)	23.2	8.8	9.2
Core EPS (fully-diluted) (YoY)	21.0	31.9	(23.8)	28.3	(17.0)	23.1	8.8	9.2
Gross-profit margin	26.4	27.8	31.4	30.9	28.6	30.5	30.7	30.8
EBITDA margin	19.6	21.5	24.1	23.5	21.0	22.8	23.1	23.3
Operating-profit margin	17.8	19.5	21.3	21.1	18.7	20.7	21.0	21.2
Net profit margin	14.3	17.1	16.8	18.0	14.5	16.8	16.9	17.0
ROAE	25.5	29.3	20.4	24.3	18.8	21.9	22.1	22.5
ROAA	18.5	21.7	15.9	19.6	15.6	18.6	18.8	19.2
ROCE	28.7	30.3	24.4	27.2	23.3	26.6	27.1	27.7
ROIC	26.6	28.5	22.6	24.4	20.8	23.6	24.1	25.0
Net debt to equity	2.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate	19.4	20.5	22.5	20.5	20.8	20.8	20.8	20.8
Accounts receivable (days)	53.7	42.7	53.7	57.5	55.0	49.7	51.5	50.4
Current ratio (x)	2.3	2.4	2.9	3.2	4.1	4.1	4.2	4.2
Net interest cover (x)	4,206.8	337.2	3,882.0	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	63.9	68.7	71.6	70.2	74.6	75.0	75.0	75.0
Free cash flow yield	0.3	12.0	5.0	4.8	8.2	4.5	7.0	7.0

Source: FactSet, Daiwa forecasts

## Company profile

Eclat Textile (Eclat) is a technology-based Taiwanese textiles company that supplies functional and flexible knitwear fabrics, as well as sports apparel products, to a diversified client base. Its major clients include Nike, Gap (Athleta), Under Armour and Lululemon.

## ESG analysis

### ESG risks

Risks	Management	Analyst comments	
G	Executive/board quality	1	The CEO and Chairman of Eclat are not the same individual. The Chairman leads the board and the 2 independent CEOs manage its fabric and garment divisions, respectively. The board includes 4 independent directors and 1 female member. Moreover, 3 of the board members (including the Chairman) are founding members, with more than 40 years of experience in Eclat's business, indicating strong leadership and management capability.
	Capital management	1	Eclat has maintained its payout ratio at 64-75% over 2019-25. As it is expanding its capacity in Indonesia, we believe the current payout level is reasonable.
	Related party & transaction	1	Eclat's garment division sources partially from its fabric division, with an internal transfer ratio of 40%. We believe this is a strong sign to its clients about the company's competitive advantages in production cost and quality.
S	Supply chain management	1	Eclat adheres to the ZDHC regulation (MRSL) and has adopted the Higg Index to evaluate its sustainability. It is also a partner of the Bluesign system. Eclat has also set up its ERP system, which could save 50k+ hours per year. To lower supplier-related risks, it adopts a decentralised procurement strategy that conducts collaborative R&D with suppliers. Its capacity allocation has expanded to different regions in the past few years, including Taiwan, Vietnam, Cambodia and Indonesia. We believe the risk-mitigation measures from the decentralised procurement strategy can offset the costs incurred from managing suppliers from various locations.
E	Materials sourcing & efficiency	1	As one of the few textile companies that have R&D capability to develop innovative products, Eclat has invested substantially in its environment-friendly products on the back of the ESG trend in the fashion industry. Also, Eclat has been increasing its recycled yarn percentage every year (2022: 17.23%) and is dedicated to improving its local-to-local sourcing ratio (2022: 85.43% in Taiwan; 45.81% in Vietnam), which saves transportation costs and energy, and lowers carbon emissions.

*Note: Management score represents a company's ability to manage/benefit from certain ESG topics. The scores range from 1 to 3, with 1 being the strongest.*

Update Date: 19 May 2026

Source: Daiwa, Company

## Important Disclosures and Disclaimer

This publication is produced by Daiwa Securities Group Inc. and/or its non-U.S. affiliates, and distributed by Daiwa Securities Group Inc. and/or its non-U.S. affiliates, except to the extent expressly provided herein. This publication and the contents hereof are intended for information purposes only, and may be subject to change without further notice. Any use, disclosure, distribution, dissemination, copying, printing or reliance on this publication for any other purpose without our prior consent or approval is strictly prohibited. Neither Daiwa Securities Group Inc. nor any of its respective parent, holding, subsidiaries or affiliates, nor any of its respective directors, officers, servants and employees, represent nor warrant the accuracy or completeness of the information contained herein or as to the existence of other facts which might be significant, and will not accept any responsibility or liability whatsoever for any use of or reliance upon this publication or any of the contents hereof. Neither this publication, nor any content hereof, constitute, or are to be construed as, an offer or solicitation of an offer to buy or sell any of the securities or investments mentioned herein in any country or jurisdiction nor, unless expressly provided, any recommendation or investment opinion or advice. Any view, recommendation, opinion or advice expressed in this publication may not necessarily reflect those of Daiwa Securities Group Inc., and/or its affiliates nor any of its respective directors, officers, servants and employees except where the publication states otherwise. This research report is not to be relied upon by any person in making any investment decision or otherwise advising with respect to, or dealing in, the securities mentioned, as it does not take into account the specific investment objectives, financial situation and particular needs of any person.

Daiwa Securities Group Inc., its subsidiaries or affiliates, or its or their respective directors, officers and employees from time to time have trades as principals, or have positions in, or have other interests in the securities of the company under research including market making activities, derivatives in respect of such securities or may have also performed investment banking and other services for the issuer of such securities. Daiwa Securities Group Inc., its subsidiaries or affiliates do and seek to do business with the company(s) covered in this research report. Therefore, investors should be aware that a conflict of interest may exist. The following are additional disclosures.

### Ownership of Securities

For "Ownership of Securities" information, please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

### Investment Banking Relationship

For "Investment Banking Relationship", please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

### Daiwa Securities Co. Ltd. and Daiwa Securities Group Inc.

Daiwa Securities Co. Ltd. is a subsidiary of Daiwa Securities Group Inc.

### Investment Banking Relationship

Within the preceding 12 months, Daiwa Capital Markets Hong Kong Limited has lead-managed public offerings and/or secondary offerings of the equities or relevant securities of the following companies: Beijing Geekplus Technology Co Ltd (2590 HK), WeRide Inc (800 HK/ WRD US) and SEYOND (2665 HK).

\*Subsidiaries of Daiwa Securities Group Inc. for the purposes of this section shall mean any one or more of: Daiwa Capital Markets Hong Kong Limited (大和資本市場香港有限公司), Daiwa Capital Markets Singapore Limited, Daiwa Capital Markets Australia Limited, Daiwa-Cathay Capital Markets Co., Ltd., Daiwa Securities Capital Markets Korea Co., Ltd.

Within the last 12 months, the subsidiaries and/or affiliates of Daiwa Securities Group Inc. \* has received compensation for investment banking services from NH Investment & Securities Co Ltd (005940 KS), E-Mart Inc (139480 KS), Samsung Securities Co Ltd (016360 KS), KT Corporation (030200 KS) and Hyundai Department Store Co Ltd (069960 KS).

## Hong Kong

This research is distributed in Hong Kong by Daiwa Capital Markets Hong Kong Limited (大和資本市場香港有限公司) ("DHK") which is regulated by the Hong Kong Securities and Futures Commission. Recipients of this research in Hong Kong may contact DHK in respect of any matter arising from or in connection with this research.

### Investment Banking Relationship

Within the preceding 12 months, Daiwa Capital Markets Hong Kong Limited has lead-managed public offerings and/or secondary offerings of the equities or relevant securities of the following companies: Beijing Geekplus Technology Co Ltd (2590 HK), WeRide Inc (800 HK/ WRD US) and SEYOND (2665 HK).

Within the preceding 12 months, Daiwa Capital Markets Hong Kong Limited has received compensation for investment banking services from -.

### Relevant Relationship (DHK)

DHK may from time to time have an individual employed by or associated with it serves as an officer of any of the companies under its research coverage.

## Singapore

This research is distributed in Singapore by Daiwa Capital Markets Singapore Limited and it may only be distributed in Singapore to accredited investors, expert investors and institutional investors as defined in the Financial Advisers Regulations of Singapore and the Securities and Futures Act 2001 of Singapore, both as amended from time to time. By virtue of distribution to these category of investors, Daiwa Capital Markets Singapore Limited and its representatives are not required to comply with Section 45 of the Financial Advisers Act 2001 of Singapore (Section 45 relates to disclosure of Daiwa Capital Markets Singapore Limited's interest and/or any associated or connected person's interest in securities). Recipients of this research in Singapore may contact Daiwa Capital Markets Singapore Limited in respect of any matter arising from or in connection with this research.

## Australia

This research is distributed in Australia by Daiwa Capital Markets Australia Limited and it may only be distributed in Australia to wholesale investors within the meaning of the Corporations Act. Recipients of this research in Australia may contact Daiwa Capital Markets Stockbroking Limited in respect of any matter arising from or in connection with the research.

## Taiwan

This research is solely for reference and not intended to provide tailored investment recommendations. This research is distributed in Taiwan by Daiwa-Cathay Capital Markets Co., Ltd. and it may only be distributed in Taiwan to specific customers who have signed recommendation contracts with Daiwa-Cathay Capital Markets Co., Ltd. and non-customers including (i) professional institutional investors, (ii) TWSE or TPEX listed companies, upstream and downstream vendors, and specialists that offer or seek advice, and (iii) potential customers with an actual need for business development in accordance with the Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers. Recipients of this research including non-customer recipients of this research shall not provide it to others or engage in any activities in connection with this research which may involve conflicts of interests. Neither Daiwa-Cathay Capital Markets Co., Ltd. nor its personnel who writes or reviews the research report has any conflict of interest in this research. Since Daiwa-Cathay Capital Markets Co., Ltd. does not operate brokerage trading business in foreign markets, **this research is prepared on a "without recommendation" to any foreign securities basis** and Daiwa-Cathay Capital Markets Co., Ltd. does not accept orders from customers to trade in such foreign securities. Recipients of this research shall carefully judge their own investment risk and take full responsibility for the results of any resulting investments in the companies and/or sectors featured in this research. Without the prior written permission of Daiwa-Cathay Capital Markets Co., Ltd., recipients of this research are prohibited from disclosing the research to the media, reprinting the research, or quoting from the research to other parties. Recipients of this research in Taiwan may contact Daiwa-Cathay Capital Markets Co., Ltd. in respect of any matter arising from or in connection with the research.

## Thailand

This research is distributed to only institutional investors in Thailand. This report is provided to you for informational purposes only. Information contained herein is not intended to be, and shall not be construed as, an offer or an invitation for subscription or purchase of securities in Thailand. This document has not been and will not be registered with, or approved by, the Office of the Securities and Exchange Commission of Thailand. As neither Daiwa Securities Group Inc. nor any of its subsidiaries or affiliates, nor any of the foregoing entities' respective directors, officers, servants and employees are licensed to carry on any securities business in Thailand, this document is intended to be read by the addressee who is an institutional investor only and may not be circulated or distributed, whether directly or indirectly, to the public or any members of the public in Thailand, unless to the extent permitted by applicable laws and regulations.

This report is prepared by analysts who are employed by Daiwa Securities Group Inc. and/or its non-U.S. affiliates. Neither Daiwa Securities Group Inc. nor any of its subsidiaries or affiliates, nor any of the foregoing entities' respective directors, officers, servants and employees accept any liability whatsoever for any direct or consequential loss arising from any use of this research or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed to be reliable. However, neither Daiwa Securities Group Inc. nor any of its subsidiaries or affiliates, nor any of the foregoing entities' respective directors, officers, servants and employees make any representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

Daiwa Securities Group Inc., its subsidiaries and affiliates and their respective directors, officers, servants and employees may have positions and financial interest in securities mentioned in this research. Daiwa Securities Group Inc. and its subsidiaries and affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this research. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this research.

## United Kingdom

These materials constitute independent research for the purposes of the Financial Conduct Authority ("FCA") Conduct of Business Rules. These materials have been produced by Daiwa Securities Co. Ltd ("DSCL") and/or its affiliates and are distributed by Daiwa Capital Markets Europe Limited ("DCME") to persons classified as (i) eligible counterparties; and (ii) professional clients for the purposes of the Conduct of Business Rules of the FCA. These materials should not be disseminated to any retail clients in the United Kingdom. DCME is authorised and regulated by the FCA and is a member of the London Stock Exchange. DCME's FCA registration number is 124490 and the FCA's registered address is 25 The North Colonnade, London, E14 5HS.

DCME makes no representation as to the completeness, accuracy or timeliness of any of the materials produced by DSCL, and does not accept any liability for any losses, costs, liabilities or expenses which may arise directly or indirectly from any use of, or reliance on the materials.

DCME and/or its affiliates may, from time to time, to the extent permitted by law, participate or invest in, or be mandated in respect of transactions with the issuer(s) referred to in the materials prepared by DSCL, perform services for or solicit business from such issuers, and/or have a position or effect transactions in a particular issuer's securities and/or may have acted as an underwriter during the past twelve months in respect of a particular issuer of its securities. DCME does not review DSCL's materials prior to publication on DCME's platforms and has no influence over its content. DCME has in place organisational arrangements for the prevention and avoidance of conflicts of interest, including information barriers to control the flow of information between the private and public sides of the firm. A summary of DCME's conflict management policies are available at <http://www.uk.daiwacm.com/about-us/corporate-governance-regulatory>.

DSCL's materials are distributed by DCME only as permitted by law. The materials are not directed to, or intended for distribution to or use by, any person or entity located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject DCME to any regulation or licensing requirement within such jurisdiction.

## Germany

Research reports are produced by Daiwa Securities Co. Ltd. and/or its affiliates and are distributed by Daiwa Capital Markets Deutschland GmbH in the European Union. Daiwa Capital Markets Deutschland GmbH is authorised and regulated by Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin") under the reference number 149361. Daiwa Capital Markets Deutschland GmbH and its affiliates may, from time to time, to the extent permitted by law, participate or invest in, or be mandated in respect of, other financing transactions with the issuer(s) of the securities referred to herein (the "Securities"), perform services for or solicit business from such issuers, and/or have a position or effect transactions in the Securities or options thereof.

This publication is intended for investors who are Professional Clients or Eligible Counterparties in the European Union within the meaning of Directive 2014/65/EU ("MiFID II") and should therefore not be distributed to Retail Clients in the European Union.

Daiwa Capital Markets Deutschland GmbH has in place organisational arrangements for the identification, prevention and management of conflicts of interest. Information regarding our conflict management are available at: <https://www.de.daiwacm.com/policies/>

Additional disclosures regarding specific company names and related financial instruments are available at: <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

## Bahrain

This research material is distributed in Bahrain by Daiwa Capital Markets Europe Limited, Bahrain Branch, regulated by The Central Bank of Bahrain and holds Investment Business Firm – Category 2 license and having its official place of business at the Bahrain World Trade Centre, South Tower, 7th floor, P.O. Box 30069, Manama, Kingdom of Bahrain. Tel No. +973 17534452 Fax No. +973 535113

## United States

This research is distributed into the United States directly by Daiwa Capital Markets Hong Kong Limited (DCMHK) and in certain cases indirectly by Daiwa Capital Markets America Inc. (DCMA), a U.S. Securities and Exchange Commission registered broker-dealer and FINRA member firm, exclusively to "major U.S. institutional investors", as defined under Rule 15a-6 promulgated under the U.S. Securities Exchange Act of 1934, as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission (SEC). Where this is co-branded research published by Daiwa's partners in collaboration with other parties not affiliated with Daiwa, this research is distributed in the United States by DCMHK only. This report is not an offer to sell or the solicitation of any offer to buy securities. U.S. customers wishing to effect transactions in any designated investment discussed in this report should do so through a qualified salesperson of DCMA. Non-U.S. customers wishing to effect transactions in any designated investment discussed in this report should contact a Daiwa entity in their local jurisdiction. The securities or other investment products discussed in this report may not be eligible for sale in some jurisdictions.

Analysts employed outside the U.S., as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of DCMA, and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

ADDITIONAL IMPORTANT DISCLOSURES CAN BE FOUND AT:

<https://daiwa3.bluematrix.com/sellside/Disclosures.action>

## Ownership of Securities

For "Ownership of Securities" information please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

## Investment Banking Relationships

For "Investment Banking Relationships" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

## DCMA Market Making

For "DCMA Market Making" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>.

## Research Analyst Conflicts

For updates on "Research Analyst Conflicts" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>. The principal research analysts who prepared this report have no financial interest in securities of the issuers covered in the report, are not (nor are any members of their household) an officer, director or advisory board member of the issuer(s) covered in the report, and are not aware of any material relevant conflict of interest involving the analyst or DCMA, and did not receive any compensation from the issuer during the past 12 months except as noted: no exceptions.

## Research Analyst Certification

For updates on "Research Analyst Certification" and "Rating System" please visit BlueMatrix disclosure link at <https://daiwa3.bluematrix.com/sellside/Disclosures.action>. The views about any and all of the subject securities and issuers expressed in this Research Report accurately reflect the personal views of the research analyst(s) primarily responsible for this report (or the views of the firm producing the report if no individual analyst is named on the report); and no part of the compensation of such analyst (or no part of the compensation of the firm if no individual analyst is named on the report) was, is, or will be directly or indirectly related to the specific recommendations or views contained in this Research Report.

The following explains the rating system in the report as compared to relevant local indices, unless otherwise stated, based on the beliefs of the author of the report.

- "1": the security could outperform the local index by more than 15% over the next 12 months.
- "2": the security is expected to outperform the local index by 5-15% over the next 12 months.
- "3": the security is expected to perform within 5% of the local index (better or worse) over the next 12 months.
- "4": the security is expected to underperform the local index by 5-15% over the next 12 months.
- "5": the security could underperform the local index by more than 15% over the next 12 months.

## Disclosure of investment ratings

Rating	Percentage of total
Buy*	73.51%
Hold**	19.39%
Sell***	7.10%

Source: Daiwa

Notes: data is for single-branded Daiwa research in Asia (ex Japan) and correct as of 31 March 2026.

\* comprised of Daiwa's Buy and Outperform ratings.

\*\* comprised of Daiwa's Hold ratings.

\*\*\* comprised of Daiwa's Underperform and Sell ratings.

Additional information may be available upon request.

## Japan - Notification items pursuant to Article 37 of the Financial Instruments and Exchange Law

(This Notification is only applicable to where report is distributed by Daiwa Securities Co. Ltd.)

If you decide to enter into a business arrangement with our company based on the information described in this report, we ask you to pay close attention to the following items.

- In addition to the purchase price of a financial instrument, our company will collect a trading commission\* for each transaction as agreed beforehand with you. Since commissions may be included in the purchase price or may not be charged for certain transactions, we recommend that you confirm the commission for each transaction. In some cases, our company also may charge a maximum of ¥2 million per year as a standing proxy fee for our deposit of your securities, if you are a non-resident.
- For derivative and margin transactions etc., our company may require collateral or margin requirements in accordance with an agreement made beforehand with you. Ordinarily in such cases, the amount of the transaction will be in excess of the required collateral or margin requirements\*\*.
- There is a risk that you will incur losses on your transactions due to changes in the market price of financial instruments based on fluctuations in interest rates, exchange rates, stock prices, real estate prices, commodity prices, and others. In addition, depending on the content of the transaction, the loss could exceed the amount of the collateral or margin requirements.
- There may be a difference between bid price etc. and ask price etc. of OTC derivatives handled by our company.
- Before engaging in any trading, please thoroughly confirm accounting and tax treatments regarding your trading in financial instruments with such experts as certified public accountants.

\* The amount of the trading commission cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

\*\* The ratio of margin requirements etc. to the amount of the transaction cannot be stated here in advance because it will be determined between our company and you based on current market conditions and the content of each transaction etc.

When making an actual transaction, please be sure to carefully read the materials presented to you prior to the execution of agreement, and to take responsibility for your own decisions regarding the signing of the agreement with our company.

Corporate Name:	Daiwa Securities Co. Ltd.
Registered:	Financial Instruments Business Operator, Chief of Kanto Local Finance Bureau (Kin-sho) No.108
Memberships:	Japan Securities Dealers Association, The Financial Futures Association of Japan, Japan Investment Advisers Association, Type II Financial Instruments Firms Association, Japan Security Token Offering Association