


Realtek Semiconductor (2379 TT)

 Target price: **TWD615.00** (from TWD575.00)

 Share price (12 May): **TWD555.00** | Up/downside: **+10.8%**

 5 4 3 2 **1**

Buy
 (unchanged)

When uncertainty overshadows reality?

- Likely a prolonged pre-stocking on supply-chain issues ...
- ... yet demand rebalancing to be pushed back, not pushed out
- Reaffirming our Buy (1) call with a higher 12M TP of TWD615

Rick Hsu

(886) 2 8758 6261

rick.hsu@daiwacm-cathay.com.tw



What's new: Following our [results memo](#), we leave our forecasts little changed for Realtek to reflect its latest business dynamics. We expect a prolonged demand pre-stocking for a stronger 1H26 revenue build on customers' lingering concerns over supply-chain uncertainties. This counter-seasonal print should, however, result in a deeper 2H26 correction on demand rebalancing, when customers destock to manage inventory amid likely deteriorated consumer demand on commodity price hikes. That said, we reaffirm our Buy (1) rating on valuation grounds as this likely correction should be seasonal and already in the price. We remain positive on Realtek's structural outlook riding on the multi-G (gigabits/second) bandwidth upgrade cycles across wireless and wireline communications.

What's the impact: Forecast revisions. We lower our 2H26E revenue for Realtek with a below-seasonal print to reflect likely a demand rebalancing, after it enjoys counter-seasonal 1H26E on customers' restocking and pre-stocking – an anti-seasonal pattern similar to that of 2025 ([Upgrading: turnaround around the corner](#), 10 March). Net of the rebalancing effect, we leave our 2026 forecasts little changed. We are now modelling a higher gross-margin trajectory to factor in the better product mix and Realtek's bargaining power of partially passing rising material and manufacturing costs on to its customers. In this note, we introduce our 2028 forecasts with an EPS of c.TWD40 for a 13% CAGR over 2025-28E.

Rebalancing pushed back, not pushed out. In our sector update ([Game over? Not so soon but ...](#), 30 March), we flagged our view on deteriorated consumer demand across the PC and smartphone segments due to commodity price hikes that hurt consumer purchases. We stick with this view and continue to see a likely demand rebalancing at Realtek, despite the timing now being pushed back by one quarter to 3Q26E. That said, we believe the potential correction in 2H26E is seasonal and poses no threat to Realtek's structural business. After two years of anti-seasonal performance, we still expect its EPS YoY growth to turn positive from 2Q26 and sustain the momentum into 2028, supported by the multi-year, multi-G bandwidth upgrade cycle across wireline and wireless communications.

What we recommend: Given our forecast revisions, we raise our 12M TP for Realtek to TWD615 (previous: TWD575), as we fine-tune our 4-quarter forward PER target to 19x, from 18x, to capture its expanded YoY EPS growth after the turnaround in 2Q26E. We reaffirm our Buy (1) rating with key downside risk of commodity price hikes leading to worse-than-expected consumer demand resulting in a choppy earnings rebound.

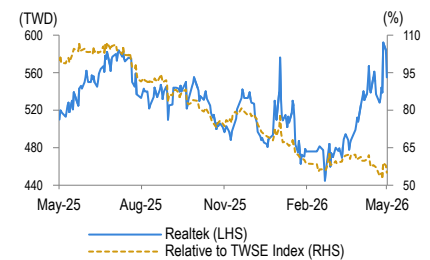
How we differ: Our 2027-28E EPS are 1-12% below the consensus, likely on our deeper rebalancing effect that lowers the forecasting trajectory.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	1.4	(0.9)	n.a.
Net profit change	2.5	1.4	n.a.
Core EPS (FD) change	0.4	(0.7)	n.a.

Source: Daiwa forecasts

Share price performance



12-month range	445.00-592.00
Market cap (USDbn)	9.12
3m avg daily turnover (USDm)	61.49
Shares outstanding (m)	516
Major shareholder	JPMorgan Chase & Co (5.2%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	136,308	153,625	183,495
Operating profit (m)	16,800	18,975	21,876
Net profit (m)	16,742	18,643	21,209
Core EPS (fully-diluted)	31.847	35.464	40.345
EPS change (%)	13.5	11.4	13.8
Daiwa vs Cons. EPS (%)	2.1	(1.1)	(12.0)
PER (x)	17.4	15.6	13.8
Dividend yield (%)	4.5	4.9	5.2
DPS	25.0	27.0	29.0
PBR (x)	5.1	4.6	4.2
EV/EBITDA (x)	10.7	9.6	8.1
ROE (%)	30.9	31.7	32.5

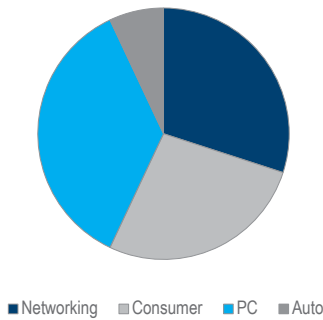
Source: FactSet, Daiwa forecasts

Realtek: quarterly P&L forecasts

TWDM	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2025	2026E	2027E	2028E
Revenue	35,022	31,914	29,491	26,278	36,423	36,330	32,562	30,993	122,706	136,308	153,625	183,495
COGS	16,965	15,885	14,839	13,643	18,336	18,421	16,683	15,899	61,333	69,339	78,560	94,628
Gross profit	18,057	16,029	14,652	12,635	18,087	17,909	15,879	15,094	61,374	66,968	75,065	88,867
Opex	13,153	12,021	11,538	10,301	13,755	13,406	11,788	11,219	47,014	50,168	56,090	66,991
SG&A	3,374	2,972	2,889	2,607	3,278	3,161	2,735	2,634	11,841	11,808	13,384	15,981
R&D	9,780	9,049	8,649	7,694	10,477	10,245	9,052	8,585	35,172	38,360	42,706	51,010
Operating profit	4,904	4,008	3,113	2,335	4,332	4,503	4,091	3,875	14,360	16,800	18,975	21,876
Pre-tax profit	5,605	4,624	4,045	2,986	4,977	5,183	4,771	4,565	17,261	19,496	21,805	24,806
Income taxes	844	715	616	332	649	752	692	662	2,507	2,754	3,162	3,597
Net profit	4,762	3,909	3,429	2,654	4,329	4,431	4,079	3,903	14,753	16,742	18,643	21,209
O/S (M, fully diluted)	521	515	514	526	526	526	526	526	526	526	526	526
FD EPS (TWD)	9.14	7.59	6.67	5.05	8.23	8.43	7.76	7.42	28.06	31.85	35.46	40.35
As a % of revenue												
Gross profit	51.6%	50.2%	49.7%	48.1%	49.7%	49.3%	48.8%	48.7%	50.0%	49.1%	48.9%	48.4%
Opex	37.6%	37.7%	39.1%	39.2%	37.8%	36.9%	36.2%	36.2%	38.3%	36.8%	36.5%	36.5%
SG&A	9.6%	9.3%	9.8%	9.9%	9.0%	8.7%	8.4%	8.5%	9.7%	8.7%	8.7%	8.7%
R&D	27.9%	28.4%	29.3%	29.3%	28.8%	28.2%	27.7%	27.7%	28.7%	28.1%	27.8%	27.8%
Operating profit	14.0%	12.6%	10.6%	8.9%	11.9%	12.4%	12.6%	12.5%	11.7%	12.3%	12.4%	11.9%
Net profit	13.6%	12.2%	11.6%	10.1%	11.9%	12.2%	12.5%	12.6%	12.0%	12.3%	12.1%	11.6%
Growth (QoQ)												
Revenue	33%	-9%	-8%	-11%	39%	0%	-10%	-5%				
Gross profit	42%	-11%	-9%	-14%	43%	-1%	-11%	-5%				
Operating profit	70%	-18%	-22%	-25%	86%	4%	-9%	-5%				
Net profit	40%	-18%	-12%	-23%	63%	2%	-8%	-4%				
FD EPS	39%	-17%	-12%	-24%	63%	2%	-8%	-4%				
Growth (YoY)												
Revenue	37%	4%	-4%	0%	4%	14%	10%	18%	8%	11%	13%	19%
Gross profit	39%	3%	-7%	-1%	0%	12%	8%	19%	7%	9%	12%	18%
Operating profit	79%	1%	-20%	-19%	-12%	12%	31%	66%	6%	17%	13%	15%
Net profit	52%	-11%	-22%	-22%	-9%	13%	19%	47%	-4%	13%	11%	14%
FD EPS	51%	-11%	-21%	-23%	-10%	11%	16%	47%	-5%	13%	11%	14%

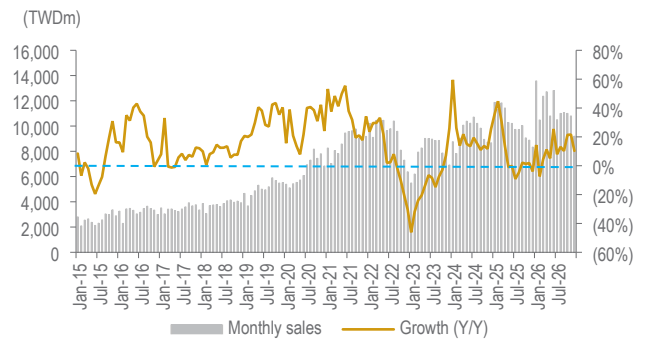
Source: Company, Daiwa estimates and forecasts

Realtek: 1Q26 revenue mix by application



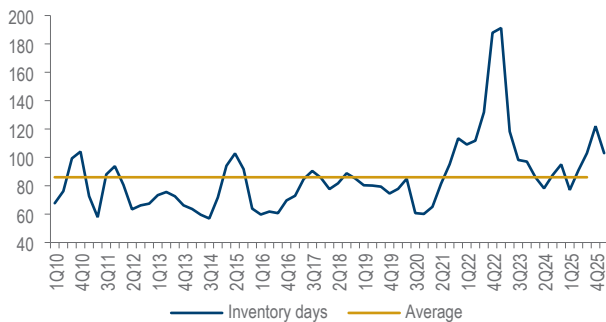
Source: Daiwa estimates

Realtek: monthly revenue run-rate



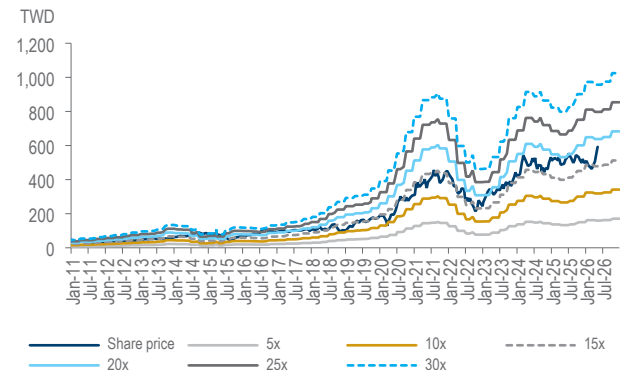
Source: Company, Daiwa forecasts (for May-Dec 2026)

Realtek: quarterly inventory trend



Source: Company

Realtek: 4-quarter forward PER bands



Source: Company, TEJ, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Networking & communication (%)	71	76	77	77	77	79	80	81
Computer & peripheral (%)	14	12	10	11	10	9	9	9
Multimedia & consumer (%)	15	13	13	13	13	12	11	10

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Networking & communication revenue	75,067	84,710	73,133	86,991	94,382	108,308	123,314	148,989
Computer & peripheral revenue	14,542	12,871	9,464	12,180	12,379	11,782	13,340	15,607
Other Revenue	15,896	14,209	12,582	14,223	15,945	16,218	16,972	18,900
Total Revenue	105,504	111,790	95,179	113,394	122,706	136,308	153,625	183,495
Other income	0	0	0	0	0	0	0	0
COGS	(52,316)	(57,155)	(54,431)	(56,232)	(61,333)	(69,339)	(78,560)	(94,628)
SG&A	(7,910)	(8,863)	(7,633)	(10,073)	(11,841)	(11,808)	(13,384)	(15,981)
Other op. expenses	(27,953)	(30,048)	(26,460)	(33,544)	(35,172)	(38,360)	(42,706)	(51,010)
Operating profit	17,325	15,724	6,655	13,545	14,360	16,800	18,975	21,876
Net-interest inc./(exp.)	220	733	2,335	2,504	2,548	2,685	2,830	2,930
Assoc/forex/extraord./others	30	465	555	336	353	11	0	0
Pre-tax profit	17,575	16,922	9,545	16,384	17,261	19,496	21,805	24,806
Tax	(722)	(718)	(392)	(1,050)	(2,507)	(2,754)	(3,162)	(3,597)
Min. int./pref. div./others	0	0	0	0	0	0	0	0
Net profit (reported)	16,853	16,204	9,153	15,335	14,753	16,742	18,643	21,209
Net profit (adjusted)	16,853	16,204	9,153	15,335	14,753	16,742	18,643	21,209
EPS (reported)(TWD)	33.000	31.623	17.847	29.900	28.619	32.477	36.165	41.142
EPS (adjusted)(TWD)	33.000	31.623	17.847	29.900	28.619	32.477	36.165	41.142
EPS (adjusted fully-diluted)(TWD)	32.384	30.483	17.587	29.742	28.064	31.847	35.464	40.345
DPS (TWD)	14.000	27.023	27.000	15.499	25.369	25.000	27.000	29.000
EBIT	17,325	15,724	6,655	13,545	14,360	16,800	18,975	21,876
EBITDA	19,626	18,528	9,680	16,889	18,079	20,961	23,689	27,554

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	17,575	16,922	9,545	16,384	17,261	19,496	21,805	24,806
Depreciation and amortisation	2,301	2,804	3,025	3,344	3,719	4,160	4,714	5,678
Tax paid	(722)	(718)	(392)	(1,050)	(2,507)	(2,754)	(3,162)	(3,597)
Change in working capital	(9,811)	(5,938)	9,803	1,875	8,115	6,359	(7,082)	(723)
Other operational CF items	9,009	5,987	(4,084)	3,424	(3,573)	0	0	(0)
Cash flow from operations	18,352	19,058	17,896	23,978	23,015	27,261	16,275	26,164
Capex	(2,510)	(2,451)	(2,167)	(2,347)	(2,089)	(2,726)	(3,073)	(3,670)
Net (acquisitions)/disposals	(45)	(370)	0	(2,240)	0	0	0	0
Other investing CF items	(11,478)	2,456	3,251	(5,121)	(14,291)	(2,045)	(2,304)	(2,752)
Cash flow from investing	(14,033)	(366)	1,084	(9,707)	(16,380)	(4,771)	(5,377)	(6,422)
Change in debt	2,903	1,107	(8,977)	250	5,590	0	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(7,150)	(13,847)	(13,847)	(7,949)	(13,078)	(12,888)	(13,919)	(14,950)
Other financing CF items	(90)	(98)	(115)	(2,367)	(128)	0	0	0
Cash flow from financing	(4,337)	(12,838)	(22,939)	(10,066)	(7,616)	(12,888)	(13,919)	(14,950)
Forex effect/others	(81)	703	472	383	(766)	0	0	0
Change in cash	(99)	6,557	(3,486)	4,588	(1,747)	9,603	(3,021)	4,791
Free cash flow	15,842	16,607	15,730	21,631	20,926	24,535	13,202	22,494

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	52,891	56,913	43,590	55,099	61,376	70,978	67,957	72,749
Inventory	16,549	25,553	11,757	13,506	19,561	10,834	19,298	16,998
Accounts receivable	15,989	12,013	12,757	12,305	15,011	18,599	19,281	25,964
Other current assets	817	1,013	1,183	3,747	1,409	1,409	1,409	1,409
Total current assets	86,245	95,492	69,288	84,658	97,357	101,821	107,946	117,120
Fixed assets	6,303	5,210	7,068	8,441	10,100	11,453	12,970	14,766
Goodwill & intangibles	2,232	2,413	2,625	2,659	3,475	2,732	2,679	2,593
Other non-current assets	6,452	10,586	14,836	18,138	18,972	18,972	18,972	18,972
Total assets	101,232	113,701	93,815	113,897	129,903	134,978	142,568	153,451
Short-term debt	13,342	13,738	4,250	4,500	10,090	10,090	10,090	10,090
Accounts payable	11,443	10,496	7,273	9,584	11,738	12,958	15,022	18,681
Other current liabilities	34,036	38,310	34,723	43,877	52,928	52,928	52,928	52,928
Total current liabilities	58,821	62,545	46,246	57,961	74,756	75,976	78,040	81,699
Long-term debt	1,003	1,713	2,227	0	0	0	0	0
Other non-current liabilities	2,456	2,680	3,104	2,978	2,935	2,935	2,935	2,935
Total liabilities	62,280	66,938	51,577	60,939	77,691	78,911	80,975	84,634
Share capital	5,107	5,129	5,129	5,129	5,155	5,155	5,155	5,155
Reserves/R.E./others	33,836	41,625	37,100	47,819	47,047	50,902	56,427	63,652
Shareholders' equity	38,943	46,753	42,228	52,948	52,202	56,057	61,582	68,807
Minority interests	10	10	10	10	10	10	10	10
Total equity & liabilities	101,232	113,701	93,815	113,897	129,903	134,978	142,568	153,451
EV	247,573	244,658	249,006	235,520	234,834	225,231	228,252	223,461
Net debt/(cash)	(38,546)	(41,462)	(37,113)	(50,599)	(51,286)	(60,888)	(57,867)	(62,659)
BVPS (TWD)	76.256	91.242	82.339	103.240	101.263	108.740	119.459	133.473

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	35.7	6.0	(14.9)	19.1	8.2	11.1	12.7	19.4
EBITDA (YoY)	84.7	(5.6)	(47.8)	74.5	7.0	15.9	13.0	16.3
Operating profit (YoY)	100.5	(9.2)	(57.7)	103.5	6.0	17.0	12.9	15.3
Net profit (YoY)	91.7	(3.8)	(43.5)	67.5	(3.8)	13.5	11.4	13.8
Core EPS (fully-diluted) (YoY)	91.3	(5.9)	(42.3)	69.1	(5.6)	13.5	11.4	13.8
Gross-profit margin	50.4	48.9	42.8	50.4	50.0	49.1	48.9	48.4
EBITDA margin	18.6	16.6	10.2	14.9	14.7	15.4	15.4	15.0
Operating-profit margin	16.4	14.1	7.0	11.9	11.7	12.3	12.4	11.9
Net profit margin	16.0	14.5	9.6	13.5	12.0	12.3	12.1	11.6
ROAE	49.3	37.8	20.6	32.2	28.1	30.9	31.7	32.5
ROAA	18.8	15.1	8.8	14.8	12.1	12.6	13.4	14.3
ROCE	36.8	27.2	12.0	25.5	24.0	26.2	27.5	29.1
ROIC	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net debt to equity	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Effective tax rate	4.1	4.2	4.1	6.4	14.5	14.1	14.5	14.5
Accounts receivable (days)	51.3	45.7	47.5	40.3	40.6	45.0	45.0	45.0
Current ratio (x)	1.5	1.5	1.5	1.5	1.3	1.3	1.4	1.4
Net interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	81.3	82.1	85.5	86.9	87.7	87.4	83.1	80.2
Free cash flow yield	5.5	5.8	5.5	7.6	7.3	8.6	4.6	7.9

Source: FactSet, Daiwa forecasts

Company profile

Realtek focuses on research, design, development and distribution of integrated circuits (ICs) for applications across networking & communication (NC), computer & peripheral (CP) and multimedia & consumer (MM). The majority of its revenue comes from NC products, including WiFi, Bluetooth, Ethernet and switch controllers. It also provides diversified CP products such as audio codec, IP cam, and solid-state drive (SSD) controllers as well as MM products like TV SoC and monitor controllers.

ESG analysis

ESG risks

Risks	Management	Analyst comments
G	Executive/board quality	2 <p>Realtek's Board of Directors consists of nine members whose expertise spans industry, academia, finance, accounting, and management, providing the company with a broad and diverse range of professional perspectives. Three of these directors are independent, representing 33 percent of the board and exceeding the regulatory minimum requirement of 20 percent for independent directors. This higher proportion of independent directors enhances oversight, helps safeguard shareholder interests, and supports more objective decision-making.</p> <p>However, an important governance risk remains in the area of board diversity. The board currently includes only one female director out of nine members, which represents 11 percent of the total. This limited female representation may constrain the breadth of viewpoints and experiences reflected in board discussions and could be perceived as misaligned with evolving stakeholder expectations and best practices on gender diversity in corporate governance.</p>
	Capital management	1 <p>In the past 8 years, Realtek's dividend payout ratios were above 80%. As a fabless company, it does not need high capital expenditure for manufacturing sites. Realtek's business has shown stable earnings growth over its 30-year history. Thus, we see its dividend policy with a high payout ratio as appropriate.</p>
	Related party & transaction	2 <p>Realtek's related-party transactions are primarily with G.M.I. Technology Inc. and Greatek Electronics Inc. Realtek pays certain processing costs to related parties. These payments are made under standard commercial terms and conditions. Overall, we do not observe any significant impact on Realtek's business arising from these related-party transactions.</p>
S	Supply chain management	2 <p>Realtek has formulated a set of supplier management regulations in accordance with Realtek's Supplier Sustainability Management Policy. It requires suppliers to obtain ISO9001 quality management system certification to ensure that all of its suppliers possess a high level of environment awareness.</p>
E	Water & wastewater management	1 <p>As a fabless company without manufacturing plants, Realtek does not produce much wastewater compared to manufacturing companies, and thus has a relatively limited impact on the environment. Realtek has implemented a water conservation plan to increase water efficiency, such as the reuse of rainwater, re-circulating water in its cooling tower and installing water-saving devices. Its water saving rate (=reduced water consumption/total water withdrawn) increased gradually.</p>
E	Waste & hazardous materials management	1 <p>The company reports to the Executive Yuan's Environmental Protection Administration waste and reporting management system every month on the quantity of waste and its method of disposal. In 2024, it produced 26.10 tonnes of industrial waste, maintaining over a 90% recycling rate for hazardous industrial waste.</p>
E	GHG emissions	1 <p>Realtek has independently conducted GHG emission inventory and management at its Hsinchu Headquarters since 2019. In 2022, Realtek implemented a comprehensive ISO 14064-1:2018 GHG inventory and passed third-party verification. As of 2024, the company has completed GHG emission inventory and third-party verification for all sites within the Realtek Group.</p>

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: 29 Jan 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, Investment Management Association of Japan, Type II Financial Instruments Firms Association, Japan Security Token Offering Association