Fositek Corp (6805 TT)

Target price: **TWD2,600.00** (from TWD2,600.00)

Share price (1 Jun): **TWD2,120.00** | Up/downside: **+22.6%**

5 4 3 2 1

Buy (unchanged)

Positive tone on the 2026-27 outlook

- Stronger revenue outlook in 2H26 vs. 1H26
- The server segment should be the key revenue driver
- Reaffirming our Buy (1) rating with an unchanged 12M TP of TWD2,600

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: Fositek joined our Daiwa Corporate Day on 29 May and shared an update on its business. We expect the company to benefit from the AI server trend in the coming years, with rising server revenue from QDs and slides over 2026-28E and share-gain potential in GPU and ASIC applications. We reaffirm our Buy (1) rating. See our previous flash, *Server segment should be the key earnings driver*, 7 May 2026.

What's the impact: **Positive tone from the investor conference.** For 2Q26, Fositek guided revenue to be flat to up 5% QoQ, with double-digit QoQ revenue growth in both 3Q26 and 4Q26. We believe 2H26 revenue should be stronger than 1H26, supported by more ASIC projects, VR, LPX and Vera CPU projects. For CPO, Fositek is sampling QDs to CSP and GPU clients, which is likely to contribute revenue in 2027, according to management. Apart from AVC (see *our latest flash* on 14 May), Fositek is also testing with other thermal solution vendors, as well as new segments such as power rack. For slides, the company plans to tap into the liquid cooling segment in 2H26, with target revenue set to more than double YoY in 2026. For hinges for foldable phones, Fositek aims for flat YoY revenue in 2026, with the launch of three-fold phones in 3Q26 in a sole-supplier position. The company is also positive on the 2027 outlook, thanks to rising liquid cooling applications in VR and ASICs. It sees a high utilisation rate for QDs, with intact order visibility (without product transition concerns), and we believe there could be some upside potential to gross margin on improving yield rates and automation levels. On the gross margin side, Fositek expects to grow QoQ in 2026. We slightly cut our 2026E EPS by 2% on more conservative revenue assumptions, but raise our 2027-28E EPS by 4-5% on our more aggressive revenue and gross margin assumptions. Note: Its product mix for 1Q26 is as below: foldable phone 37.7% (-4.7% YoY), notebook 5.2% (+6.2% YoY), server 56.4% (+546.9% YoY) and others 0.7% (+8.4% YoY); its April 2026 product mix is: foldable phone 40.2%, notebook 5.7%, server 53.5% and others 0.6%

What we recommend: We reaffirm our Buy (1) call with an unchanged 12M TP of TWD2,600, still based on a target PER of 33x (vs. its past-3-year range of 9-43x [average of 23x]), translating to a 0.42x PEG over 2025-27E on our 1-year forward EPS. Key downside risks: lower-than-expected market share for key clients; slower-than-expected penetration rate of foldable phones; and geopolitical risks.

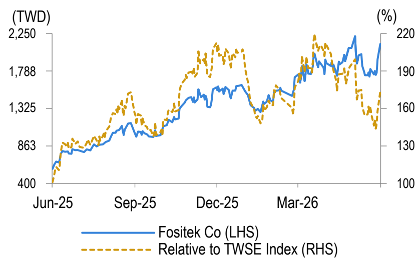
How we differ: Our 2026-28E EPS are 1-7% above Bloomberg consensus, likely as we are more positive on its revenue and gross margins.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	(4.6)	2.8	3.0
Net profit change	(2.1)	4.7	4.8
Core EPS (FD) change	(2.1)	4.7	4.8

Source: Daiwa forecasts

Share price performance



12-month range	580.00-2,215.00
Market cap (USDbn)	4.64
3m avg daily turnover (USDm)	125.53
Shares outstanding (m)	69
Major shareholder	AVC (16.9%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	18,644	26,294	31,998
Operating profit (m)	5,314	7,914	9,839
Net profit (m)	4,560	6,720	8,318
Core EPS (fully-diluted)	66.473	97.964	121.257
EPS change (%)	114.6	47.4	23.8
Daiwa vs Cons. EPS (%)	3.5	0.9	7.4
PER (x)	31.9	21.6	17.5
Dividend yield (%)	1.6	2.3	2.9
DPS	33.3	49.0	60.7
PBR (x)	12.9	9.3	7.1
EV/EBITDA (x)	23.4	15.5	12.0
ROE (%)	49.4	49.9	45.9

Source: FactSet, Daiwa forecasts

Fositek: revenue and earnings forecast revisions

	2026E			2027E			2028E		
(TWDm)	**New**	**Previous**	**Change**	**New**	**Previous**	**Change**	**New**	**Previous**	**Change**
Sales	**18,644**	**19,546**	-4.6%	**26,294**	**25,573**	2.8%	**31,998**	**31,061**	3.0%
Gross profit	**6,283**	**6,450**	-2.6%	**9,071**	**8,695**	4.3%	**11,199**	**10,716**	4.5%
Gross margin	*33.7%*	*33.0%*	0.7pp	*34.5%*	*34.0%*	0.5pp	*35.0%*	*34.5%*	0.5pp
Operating profit	**5,314**	**5,434**	-2.2%	**7,914**	**7,570**	4.6%	**9,839**	**9,396**	4.7%
Operating margin	*28.5%*	*27.8%*	0.7pp	*30.1%*	*29.6%*	0.5pp	*30.8%*	*30.3%*	0.5pp
Net profit	**4,560**	**4,660**	-2.1%	**6,720**	**6,417**	4.7%	**8,318**	**7,933**	4.8%
Net margin	*24.5%*	*23.8%*	0.6pp	*25.6%*	*25.1%*	0.5pp	*26.0%*	*25.5%*	0.5pp
Fully diluted EPS (TWD)	**66.47**	**67.92**	-2.1%	**97.96**	**93.55**	4.7%	**121.26**	**115.65**	4.8%

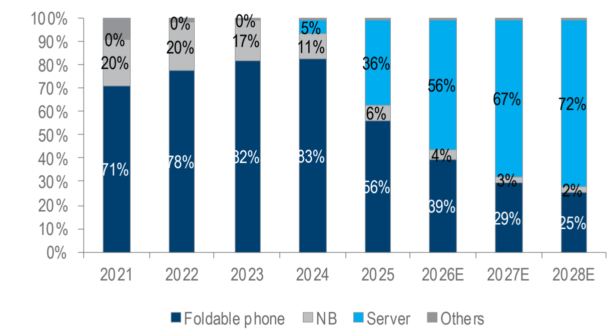
Source: Daiwa forecasts

Fositek: quarterly and annual P&L

	2026E				2027E				2026E	2027E	2028E
(TWDm)	**1Q26**	**2Q26E**	**3Q26E**	**4Q26E**	**1Q27E**	**2Q27E**	**3Q27E**	**4Q27E**			
Revenue	4,184	4,253	4,700	5,508	5,400	5,800	7,100	7,994	18,644	26,294	31,998
Gross profit	1,352	1,404	1,598	1,930	1,809	1,972	2,428	2,862	6,283	9,071	11,199
Operating profit	1,120	1,159	1,353	1,682	1,544	1,697	2,153	2,520	5,314	7,914	9,839
Pre-tax profit	1,165	1,204	1,398	1,727	1,590	1,743	2,199	2,566	5,494	8,097	10,022
Net profit	917	1,011	1,174	1,457	1,319	1,446	1,825	2,130	4,560	6,720	8,318
Basic EPS (TWD)	13.38	14.75	17.13	21.26	19.24	21.10	26.62	31.06	66.52	98.03	121.33
Margin											
Gross margin	32.3%	33.0%	34.0%	35.0%	33.5%	34.0%	34.2%	35.8%	33.7%	34.5%	35.0%
Operating margin	26.8%	27.2%	28.8%	30.5%	28.6%	29.3%	30.3%	31.5%	28.5%	30.1%	30.8%
Pre-tax margin	27.9%	28.3%	29.7%	31.4%	29.4%	30.0%	31.0%	32.1%	29.5%	30.8%	31.3%
Net margin	21.9%	23.8%	25.0%	26.5%	24.4%	24.9%	25.7%	26.6%	24.5%	25.6%	26.0%
YoY											
Revenue	85.8%	62.3%	31.8%	38.5%	29.1%	36.4%	51.1%	45.1%	50.2%	41.0%	21.7%
Gross profit	171.2%	122.6%	62.0%	67.1%	33.8%	40.5%	52.0%	48.3%	92.1%	44.4%	23.5%
Operating profit	206.3%	133.2%	70.7%	93.5%	37.8%	46.5%	59.1%	49.9%	110.5%	48.9%	24.3%
Pre-tax profit	177.1%	205.0%	68.4%	92.1%	36.4%	44.8%	57.3%	48.6%	115.9%	47.4%	23.8%
Net profit	157.3%	206.0%	71.0%	93.9%	43.8%	43.1%	55.4%	46.1%	114.6%	47.4%	23.8%
QoQ											
Revenue	5.2%	1.7%	10.5%	17.2%	-2.0%	7.4%	22.4%	12.6%			
Gross profit	17.1%	3.8%	13.9%	20.8%	-6.3%	9.0%	23.1%	17.9%			
Operating profit	28.9%	3.4%	16.8%	24.3%	-8.2%	9.9%	26.9%	17.0%			
Pre-tax profit	29.6%	3.3%	16.2%	23.5%	-8.0%	9.6%	26.2%	16.7%			
Net profit	22.1%	10.2%	16.2%	24.1%	-9.5%	9.6%	26.2%	16.7%			

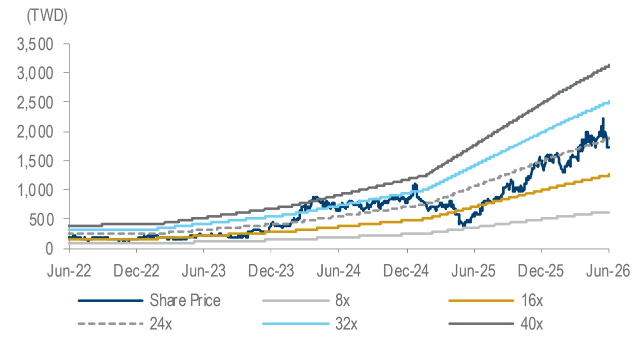
Source: Company, Daiwa forecasts

Fositek: product mix



Source: Company, Daiwa forecasts

Fositek: 1-year forward PER



Source: Bloomberg, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Foldable phone revenue YoY growth	0.0	8.9	19.1	45.9	3.6	5.0	5.0	5.0
NB YoY growth (%)	0.0	2.4	(5.5)	(7.7)	(11.1)	0.0	0.0	0.0
Server revenue YoY growth (%)	0.0	0.0	0.0	0.0	935.9	130.0	70.0	30.0

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Foldable phone	3,572	3,889	4,633	6,759	7,001	7,352	7,719	8,105
Server	0	0	0	435	4,506	10,364	17,619	22,905
Other Revenue	1,449	1,125	1,011	994	906	929	955	988
Total Revenue	**5,020**	**5,014**	**5,644**	**8,188**	**12,414**	**18,644**	**26,294**	**31,998**
Other income	0	0	0	0	0	0	0	0
COGS	(3,827)	(3,848)	(4,326)	(6,361)	(9,144)	(12,361)	(17,223)	(20,799)
SG&A	(133)	(153)	(151)	(180)	(187)	(261)	(342)	(400)
Other op.expenses	(251)	(238)	(286)	(450)	(559)	(708)	(815)	(960)
Operating profit	**809**	**775**	**881**	**1,197**	**2,524**	**5,314**	**7,914**	**9,839**
Net-interest inc./(exp.)	(9)	(15)	1	52	41	43	42	42
Assoc/forex/extraord./others	(24)	76	30	245	(21)	138	140	140
Pre-tax profit	**776**	**835**	**911**	**1,495**	**2,545**	**5,494**	**8,097**	**10,022**
Tax	(243)	(271)	(283)	(267)	(419)	(934)	(1,376)	(1,704)
Min. int./pref. div./others	0	0	0	0	0	0	0	0
Net profit (reported)	**533**	**564**	**628**	**1,227**	**2,125**	**4,560**	**6,720**	**8,318**
Net profit (adjusted)	**533**	**564**	**628**	**1,227**	**2,125**	**4,560**	**6,720**	**8,318**
EPS (reported)(TWD)	**9.289**	**9.331**	**10.185**	**17.904**	**31.002**	**66.515**	**98.027**	**121.335**
EPS (adjusted)(TWD)	**9.289**	**9.331**	**10.185**	**17.904**	**31.002**	**66.515**	**98.027**	**121.335**
EPS (adjusted fully-diluted)(TWD)	**9.276**	**9.311**	**10.174**	**17.890**	**30.982**	**66.473**	**97.964**	**121.257**
DPS (TWD)	**3.688**	**4.000**	**6.115**	**8.000**	**10.500**	**33.258**	**49.013**	**60.667**
EBIT	**809**	**775**	**881**	**1,197**	**2,524**	**5,314**	**7,914**	**9,839**
EBITDA	**910**	**966**	**1,043**	**1,638**	**2,801**	**5,776**	**8,473**	**10,492**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	776	835	911	1,495	2,545	5,494	8,097	10,022
Depreciation and amortisation	126	115	132	196	298	325	419	513
Tax paid	(78)	(128)	(125)	(173)	(337)	(934)	(1,376)	(1,704)
Change in working capital	(726)	1,400	221	(212)	(260)	(562)	(16)	(257)
Other operational CF items	386	96	80	103	(274)	(43)	(42)	(42)
Cash flow from operations	**484**	**2,318**	**1,218**	**1,409**	**1,970**	**4,280**	**7,081**	**8,532**
Capex	(204)	(106)	(189)	(541)	(322)	(500)	(500)	(500)
Net (acquisitions)/disposals	0	3	5	(70)	6	0	0	0
Other investing CF items	54	(16)	2	(53)	(47)	0	0	0
Cash flow from investing	**(150)**	**(119)**	**(182)**	**(664)**	**(362)**	**(500)**	**(500)**	**(500)**
Change in debt	644	77	(521)	(10)	(10)	0	0	0
Net share issues/(repurchases)	0	0	0	0	0	0	0	0
Dividends paid	(19)	(272)	(242)	(377)	(548)	(720)	(2,280)	(3,360)
Other financing CF items	650	(19)	1,833	(35)	(45)	0	0	0
Cash flow from financing	**1,275**	**(214)**	**1,071**	**(422)**	**(603)**	**(720)**	**(2,280)**	**(3,360)**
Forex effect/others	0	0	0	0	0	0	0	0
Change in cash	**1,609**	**1,985**	**2,107**	**324**	**1,005**	**3,060**	**4,301**	**4,672**
Free cash flow	280	2,131	949	713	1,881	3,780	6,581	8,032

Source: FactSet, Daiwa forecasts

Daiwa Capital Markets Hong Kong Limited

Financial summary continued …

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	1,854	3,841	5,898	6,336	7,446	10,506	14,808	19,479
Inventory	1,111	943	999	2,902	3,606	5,584	6,641	8,258
Accounts receivable	1,375	452	1,462	2,166	2,300	4,189	5,388	6,873
Other current assets	49	36	105	260	143	143	143	143
Total current assets	**4,390**	**5,272**	**8,464**	**11,664**	**13,494**	**20,422**	**26,979**	**34,753**
Fixed assets	324	312	359	758	817	992	1,073	1,060
Goodwill & intangibles	13	12	15	18	17	17	17	17
Other non-current assets	113	107	92	318	351	351	351	351
Total assets	**4,840**	**5,704**	**8,930**	**12,758**	**14,678**	**21,781**	**28,420**	**36,181**
Short-term debt	369	703	440	430	420	420	420	420
Accounts payable	1,502	1,865	3,224	5,811	5,911	9,215	11,454	14,297
Other current liabilities	129	133	166	291	503	228	228	228
Total current liabilities	**1,999**	**2,701**	**3,830**	**6,533**	**6,833**	**9,863**	**12,102**	**14,946**
Long-term debt	515	258	22	22	22	22	22	22
Other non-current liabilities	256	359	483	657	629	629	629	629
Total liabilities	**2,770**	**3,318**	**4,335**	**7,212**	**7,485**	**10,515**	**12,754**	**15,597**
Share capital	605	605	686	686	686	686	686	686
Reserves/R.E./others	1,466	1,781	3,910	4,861	6,507	10,581	14,980	19,898
Shareholders' equity	**2,070**	**2,386**	**4,595**	**5,546**	**7,193**	**11,266**	**15,666**	**20,583**
Minority interests	0	0	0	0	0	0	0	0
Total equity & liabilities	**4,840**	**5,704**	**8,930**	**12,758**	**14,678**	**21,781**	**28,420**	**36,181**
EV	144,364	142,454	139,898	139,451	138,331	135,271	130,969	126,298
Net debt/(cash)	**(971)**	**(2,880)**	**(5,437)**	**(5,884)**	**(7,003)**	**(10,064)**	**(14,365)**	**(19,037)**
BVPS (TWD)	**36.079**	**39.467**	**74.534**	**80.906**	**104.919**	**164.339**	**228.520**	**300.250**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	125.8	(0.1)	12.6	45.1	51.6	50.2	41.0	21.7
EBITDA (YoY)	158.0	6.1	8.0	57.1	71.0	106.2	46.7	23.8
Operating profit (YoY)	179.5	(4.2)	13.7	36.0	110.8	110.5	48.9	24.3
Net profit (YoY)	153.3	5.8	11.3	95.5	73.2	114.6	47.4	23.8
Core EPS (fully-diluted) (YoY)	48.7	0.4	9.3	75.8	73.2	114.6	47.4	23.8
Gross-profit margin	23.8	23.3	23.3	22.3	26.3	33.7	34.5	35.0
EBITDA margin	18.1	19.3	18.5	20.0	22.6	31.0	32.2	32.8
Operating-profit margin	16.1	15.5	15.6	14.6	20.3	28.5	30.1	30.8
Net profit margin	10.6	11.3	11.1	15.0	17.1	24.5	25.6	26.0
ROAE	36.1	25.3	18.0	24.2	33.4	49.4	49.9	45.9
ROAA	13.9	10.7	8.6	11.3	15.5	25.0	26.8	25.8
ROCE	39.6	24.6	21.0	21.7	37.0	54.9	56.9	53.0
ROIC	56.2	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	31.3	32.4	31.1	17.9	16.5	17.0	17.0	17.0
Accounts receivable (days)	65.8	66.5	61.9	80.9	65.7	63.5	66.5	69.9
Current ratio (x)	2.2	2.0	2.2	1.8	2.0	2.1	2.2	2.3
Net interest cover (x)	91.5	50.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net dividend payout	39.7	42.9	60.0	44.7	33.9	50.0	50.0	50.0
Free cash flow yield	0.2	1.5	0.7	0.5	1.3	2.6	4.5	5.5

Source: FactSet, Daiwa forecasts

Company profile

Fositek is a provider of foldable phone hinges, foldable laptop/tablet hinges, AR/VR glasses hinges, ultra-thin laptop hinges and keyboard hinges, as well as hinges for medical instruments and automobile applications. Its major clients include Huawei and Motorola.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	1	The CEO and chairperson of Fositek are not the same individual, and we see no issue with its board quality. Besides, we note that the chairperson has 24 years of experience in this industry and took over the role of chairman at Fositek in 2014, which is a positive sign from a governance perspective.
	Capital management	2	Fositek's dividend payout ratio was 40-60% over 2022-25, due likely to its capacity expansion plans.
	Related party & transaction	2	Revenue generated from related-party transactions (mainly for AVC and SZFSD) was 0-16% of total revenue during 2022-25, and we found no suspicious activity.
E	Supply chain management	1	Fositek maintains smooth communication channels with its suppliers and executes its business operations effectively. In response to ESG issues, Fositek actively implements supply chain management, striving to optimise the overall environment through product design, raw-material procurement, manufacturing, transportation, packaging and recycling processes. It integrates upstream and downstream suppliers to establish a green supply chain. For example, Fositek has required its suppliers to sign environmental protection agreements since 2021, committing to comply with hazardous substance control regulations.
G	Data security	2	To protect company information and customer data, Fositek has passed the IEC/ISO 27001 information security management system certification and will continue to enhance execution in various management areas.

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: 7 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