Advantech

Upgrade to Buy: industrial AI applications & capex upcycle drive earnings & valuation

Rating Change: BUY | PO: 800.00 TWD | Price: 622.00 TWD

07 August 2026

Equity

Upgrade to Buy and raise PO to NT$800

We upgrade Advantech to Buy from Neutral in view of solid order backlog into 2027-28 due to industrial AI applications, strong semi capex, and rising edge AI applications in end markets. We lift 2026-28E EPS by 14-29% to reflect the 2Q26 beat and higher sales/OPM under strong order/sales momentum. We raise our PO to NT$800 (35x 2027E EPS) from NT$515 (28x); our higher multiple reflects better sales/OPM amid multi-year AI/semi upcycle. 35x marks the historical P/E peak with high sales growth/margins in 2022-23 (see Exhibit 12).

2Q beat: GM miss on high component costs, but better OPM

2Q26 GM of 37.7% missed guidance of 38.0-40.0% and BofAe/consensus of 39.4%/ 39.4%, mainly due to high memory costs, which could be partially passed through given significant price hikes. OPM of 19.6% came in above guidance of 16.0-18.0% and BofAe/consensus of 18.0%/18.4%, with larger sales scale (+28% QoQ, +46% YoY).

Sales upside from AI/semi upcycle and solid design-wins

We see sales upside from high B/B ratios (1.44x/1.64x in 2Q/July), higher UTR (105-110% in 3Q vs. 90-100% in 2Q in Kunshan/TW), solid design-win in 1H. Mgmt. cited 123 design-win cases in 1H, which implies US$444mn estimated annual sales (9-10% of our new 2027-28E sales). Advantech should benefit from strong industrial AI demand (with long product cycle) from AIDC, semi equipment, medical, and automation across regions. This echoes semi supply chain's high capex plan (Exhibit 7). With agentic AI installed in more devices, mgmt. expects rising edge AI sales to 30% by 2026-end, vs. 22.5% in 1H26.

Component risk offset by demand & high customization

Mgmt. sees key component supply (e.g. PCB, SSD/DDR4, CPU, PMIC) as key challenge in fulfilling orders in hand. Yet, we believe strong market demand and better pricing power (customized products for fragmented but strong client portfolio) could offset the issue.

Estimates (Dec) (NT$)	2024A	2025A	2026E	2027E	2028E
Net Income (Adjusted - mn)	9,005	10,593	17,874	21,736	24,797
EPS	9.50	11.14	18.79	22.85	26.07
EPS Change (YoY)	-17.4%	17.2%	68.7%	21.6%	14.1%
Consensus EPS (Visible Alpha)			19.90	23.65	27.59
Dividend / Share	8.40	11.20	15.97	18.28	20.86
Free Cash Flow / Share	9.50	7.43	10.44	16.04	21.67
Valuation (Dec)					
P/E	65.4x	55.8x	33.1x	27.2x	23.9x
Dividend Yield	1.4%	1.8%	2.6%	2.9%	3.4%
EV / EBITDA*	52.6x	41.7x	24.8x	19.9x	17.3x
Free Cash Flow Yield*	1.7%	1.3%	1.8%	2.8%	3.8%

* For full definitions of *iQmethod*SM measures, see page 10.

This research report provides general information only. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or other persons without the express written consent of BofA Securities.
>> Employed by a non-US affiliate of BofAS and is not registered/qualified as a research analyst under the FINRA rules.
Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.
BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.
Refer to important disclosures on page 11 to 13. Analyst Certification on page 8. Price

Key Changes

(NT$)	Previous	Current
Inv. Opinion	B-2-7	B-1-7
Inv. Rating	NEUTRAL	BUY
Price Obj.	515.00	800.00
2026E EPS	16.46	18.79
2027E EPS	18.39	22.85
2028E EPS	20.22	26.07
2026E EBITDA (m)	18,885	21,535
2027E EBITDA (m)	21,483	26,769
2028E EBITDA (m)	23,881	30,897

Robert Cheng >>
Research Analyst
Merrill Lynch (Taiwan)
+886 2 2376 3731
robert.cheng@bofa.com

Doris Kao >>
Research Analyst
Merrill Lynch (Taiwan)
+886 2 2376 3722
doris.kao@bofa.com

Katherine Zhu >>
Research Analyst
Merrill Lynch (Hong Kong)
+852 3508 3374
kexin.zhu@bofa.com

Stock Data

Price	622.00 TWD
Price Objective	800.00 TWD
Date Established	7-Aug-2026
Investment Opinion	B-1-7
52-Week Range	269.96 TWD-672.00 TWD
Mrkt Val / Shares Out (mn)	16,754 USD / 868.3
Market Value (mn)	540,054 TWD
Average Daily Value (mn)	74.35 USD
Free Float	61.6%
BofA Ticker / Exchange	ADTEF / TAI
Bloomberg / Reuters	2395 TT / 2395.TW
ROE (2026E)	30.3%
Net Dbt to Eqty (Dec-2025A)	-20.1%

Acronyms, see Exhibit 15

iQprofile℠ Advantech

Key Income Statement Data (Dec)	2024A	2025A	2026E	2027E	2028E
(NT$ Millions)					
Sales	59,786	70,882	106,120	132,338	148,734
Gross Profit	24,376	28,198	40,827	51,985	59,100
Sell General & Admin Expense	(9,910)	(10,815)	(13,469)	(17,832)	(20,035)
Operating Profit	9,050	11,567	20,493	25,514	29,287
Net Interest & Other Income	1,925	1,123	1,425	1,245	1,246
Associates	NA	NA	NA	NA	NA
Pretax Income	10,975	12,690	21,918	26,759	30,533
Tax (expense) / Benefit	(2,086)	(2,189)	(4,105)	(5,084)	(5,797)
Net Income (Adjusted)	9,005	10,593	17,874	21,736	24,797
Average Fully Diluted Shares Outstanding	948	951	951	951	951
Key Cash Flow Statement Data					
Net Income	8,771	10,409	17,752	21,615	24,675
Depreciation & Amortization	1,094	1,210	1,042	1,255	1,610
Change in Working Capital	3,292	(1,432)	(6,458)	(5,136)	(3,201)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(2,647)	(284)	588	521	521
Cash Flow from Operations	10,511	9,903	12,925	18,254	23,606
Capital Expenditure	(1,505)	(2,837)	(3,000)	(3,000)	(3,000)
(Acquisition) / Disposal of Investments	122	362	0	0	0
Other Cash Inflow / (Outflow)	914	(1,746)	0	0	0
Cash Flow from Investing	(470)	(4,221)	(3,000)	(3,000)	(3,000)
Shares Issue / (Repurchase)	0	0	0	0	0
Cost of Dividends Paid	(8,155)	(7,254)	(10,033)	(11,483)	(13,100)
Cash Flow from Financing	(7,792)	(7,846)	(10,033)	(11,483)	(13,100)
Free Cash Flow	9,005	7,066	9,925	15,254	20,606
Net Debt	(13,345)	(11,090)	(10,982)	(14,753)	(22,260)
Change in Net Debt	(2,689)	2,255	108	(3,771)	(7,506)
Key Balance Sheet Data					
Property, Plant & Equipment	12,244	14,452	16,460	18,205	19,596
Other Non-Current Assets	17,298	18,770	18,253	17,853	17,453
Trade Receivables	10,124	10,535	15,773	19,670	22,107
Cash & Equivalents	13,617	11,317	11,209	14,981	22,487
Other Current Assets	18,459	20,643	25,932	29,881	32,315
Total Assets	71,742	75,718	87,627	100,590	113,957
Long-Term Debt	156	150	150	150	150
Other Non-Current Liabilities	4,219	4,001	4,001	4,001	4,001
Short-Term Debt	116	77	77	77	77
Other Current Liabilities	15,453	16,440	20,509	23,219	24,888
Total Liabilities	19,945	20,668	24,737	27,446	29,116
Total Equity	51,797	55,049	62,891	73,144	84,841
Total Equity & Liabilities	71,742	75,718	87,627	100,590	113,957
iQ*method℠ - Bus Performance					
Return On Capital Employed	13.9%	17.1%	26.8%	29.0%	28.8%
Return On Equity	17.9%	19.8%	30.3%	32.0%	31.4%
Operating Margin	15.1%	16.3%	19.3%	19.3%	19.7%
EBITDA Margin	17.0%	18.0%	20.3%	20.2%	20.8%
iQ*method℠ - Quality of Earnings					
Cash Realization Ratio	1.2x	0.9x	0.7x	0.8x	1.0x
Asset Replacement Ratio	1.6x	2.9x	3.0x	2.4x	1.9x
Tax Rate (Reported)	19.0%	17.3%	18.7%	19.0%	19.0%
Net Debt-to-Equity Ratio	-25.8%	-20.1%	-17.5%	-20.2%	-26.2%
Interest Cover	NM	NM	NM	NM	NM

Key Metrics

* For full definitions of *iQmethod*℠ measures, see page 10.

Company Sector

Electronics

Company Description

Established in 1983 and listed in 1999, Advantech is major global Industrial PC vendor providing embedded boards/personal computers, network computing boards, industrial automation products and panel PCs to over 25 vertical channels in the global market. Advantech is a pioneer in promoting smart city and smart manufacturing globally. North America, China, and Europe are Advantech's top 3 markets.

Investment Rationale

We assign a Buy rating to Advantech as we believe the company will benefit from the global AI /semi capex upcycle, leading to strong industrial AI applications, high edge AI growth, and multi-year demand from various vertical/channel markets across key regions (US, China, Europe, Taiwan, Japan, Korea, etc.). Advantech's efforts in hardware + software solutions should also help provide a better competitive advantage vs. Asian peers.

Stock Data

Price to Book Value	8.6x

Upgrade to Buy; lift PO to NT$800

Advantech is globally the largest IPC firm for various vertical channels/markets. We upgrade to Buy from Neutral in view of solid order backlog into 2027-28 thanks to industrial AI applications, strong semi capex, and rising edge AI applications in various end markets.

We lift 2026-28E EPS by 14-29% (Exhibit 1) to reflect 2Q26 beat and higher sales/OPM under strong order/sales momentum. We raise our PO to NT$800 (based on 35x 2027E EPS) from NT$515 (28x) with a higher multiple driven by better sales/OPM amid multi-year AI/semi upcycle. 35x marks its historical P/E peak (Exhibit 12), with high sales growth/margins in 2022-23 (Exhibit 9 and Exhibit 10).

Exhibit 1: We lift our 2026-28E EPS by 14-29%

Advantech: our estimate revisions summary, 2026-28E

	2026E			2027E			2028E		
NT$mn	**New**	**Old**	**Diff.**	**New**	**Old**	**Diff.**	**New**	**Old**	**Diff.**
Sales	106,120	99,696	6%	132,338	110,006	20%	148,734	120,538	23%
Gross profit	40,827	39,226	4%	51,985	43,540	19%	59,100	48,066	23%
Operating profit	20,493	17,843	15%	25,514	20,281	26%	29,287	22,428	31%
Pretax profit	21,918	19,112	15%	26,759	21,515	24%	30,533	23,663	29%
Net income	17,874	15,654	14%	21,736	17,491	24%	24,797	19,234	29%
EPS (NT$)	18.79	16.46	14%	22.85	18.39	24%	26.07	20.22	29%
Margin									
Gross margin	38.5%	39.3%		39.3%	39.6%		39.7%	39.9%	
Operating margin	19.3%	17.9%		19.3%	18.4%		19.7%	18.6%	
Pretax margin	20.7%	19.2%		20.2%	19.6%		20.5%	19.6%	
Net margin	16.8%	15.7%		16.4%	15.9%		16.7%	16.0%	

Source: BofA Global Research estimates

BofA GLOBAL RESEARCH

Exhibit 2: Our 2026-28E earnings is 28-33% above consensus

Advantech: BofAe vs consensus, 2026-28E

	2026E			2027E			2028E		
NT$mn	**BofAe**	**Consensus**	**Diff.**	**BofAe**	**Consensus**	**Diff.**	**BofAe**	**Consensus**	**Diff.**
Sales	106,120	87,973	21%	132,338	98,903	34%	148,734	112,774	32%
Gross profit	40,827	34,729	18%	51,985	39,285	32%	59,100	44,910	32%
Operating profit	20,493	15,963	28%	25,514	18,931	35%	29,287	22,218	32%
Pretax profit	21,918	17,093	28%	26,759	19,981	34%	30,533	23,166	32%
Net income	17,874	13,958	28%	21,736	16,284	33%	24,797	18,818	32%
EPS (NT$)	18.79	14.68	28%	22.85	17.12	33%	26.07	19.79	32%
Margin									
Gross margin	38.5%	39.5%		39.3%	39.7%		39.7%	39.8%	
Operating margin	19.3%	18.1%		19.3%	19.1%		19.7%	19.7%	
Pretax margin	20.7%	19.4%		20.2%	20.2%		20.5%	20.5%	
Net margin	16.8%	15.9%		16.4%	16.5%		16.7%	16.7%	

Source: BofA Global Research estimates, Bloomberg consensus. Consensus based on data before 2Q26 results announcement. Diff: difference

BofA GLOBAL RESEARCH

2Q26 results beat: GM miss on high component costs, but better OPM

2Q26 GM of 37.7% missed guidance of 38.0-40.0% and BofAe/consensus of 39.4%/ 39.4%, mainly due to high memory costs, which could be partially passed through given significant price hikes. OPM of 19.6% came in above guidance of 16.0-18.0% and BofAe/consensus of 18.0%/18.4%, with larger sales scale (+28% QoQ, +46% YoY). Operating profit thus was 9%/28% above BofAe/consensus. With non-operating gain of NT$463mn (including net interest income of NT$68mn, investment income of

NT$146mn, and FX gain of NT$35mn), Net profit was 11%/32% above BofAe/consensus.

Exhibit 3: Advantech's 2Q26 operating profit was 9%/28% above BofAe/consensus and net profit was 11%/32% above BofAe/consensus
Advantech's 2Q26 results summary

NT$mn	2Q26	QoQ %	YoY %	BofAe	Diff. (%)	Consensus	Diff. (%)	1Q26	2Q25
Sales	26,126	28%	46%	26,126	0%	21,849	20%	20,385	17,836
Gross profit	9,845	23%	38%	10,296	-4%	8,617	14%	7,980	7,133
Operating profit	5,127	38%	64%	4,705	9%	4,019	28%	3,728	3,123
Pre-tax profit	5,590	37%	124%	5,016	11%	4,204	33%	4,068	2,493
Net profit	4,518	36%	127%	4,082	11%	3,430	32%	3,334	1,989
EPS (NT$)	4.75	36%	127%	4.29	11%	3.61	32%	3.51	2.09
Margin									
Gross margin	37.7%	-1.5 ppt	-2.3 ppt	39.4%	-1.7 ppt	39.4%	-1.8 ppt	39.1%	40.0%
Operating margin	19.6%	1.3 ppt	2.1 ppt	18.0%	1.6 ppt	18.4%	1.2 ppt	18.3%	17.5%
Pre-tax margin	21.4%	1.4 ppt	7.4 ppt	19.2%	2.2 ppt	19.2%	2.2 ppt	20.0%	14.0%
Net margin	17.3%	0.9 ppt	6.1 ppt	15.6%	1.7 ppt	15.7%	1.6 ppt	16.4%	11.2%

Source: BofA Global Research estimates, company data, Bloomberg consensus. Consensus based on data before 2Q26 results announcement. Diff: difference. ppt: percentage point

BofA GLOBAL RESEARCH

Exhibit 4: Top-2 segments iSystems/Embedded sales grew 40%/28% YoY in 1H26, vs. overall sales +33% YoY
Advantech's sales by segment, 1H26

	1H26 sales (US$mn)	YoY %	Sales %
IoT Automation (iAutomation)	100	19%	7%
Intelligent System (iSystems)	546	40%	37%
Embedded	510	28%	35%
Intelligent Service (iService)	86	2%	6%
Advantech Service+ / Others (AS+)	228	75%	16%
Total	**1,470**	**33%**	**100%**

Source: BofA Global Research, company data. Mn: Million. US$: US Dollar

BofA GLOBAL RESEARCH

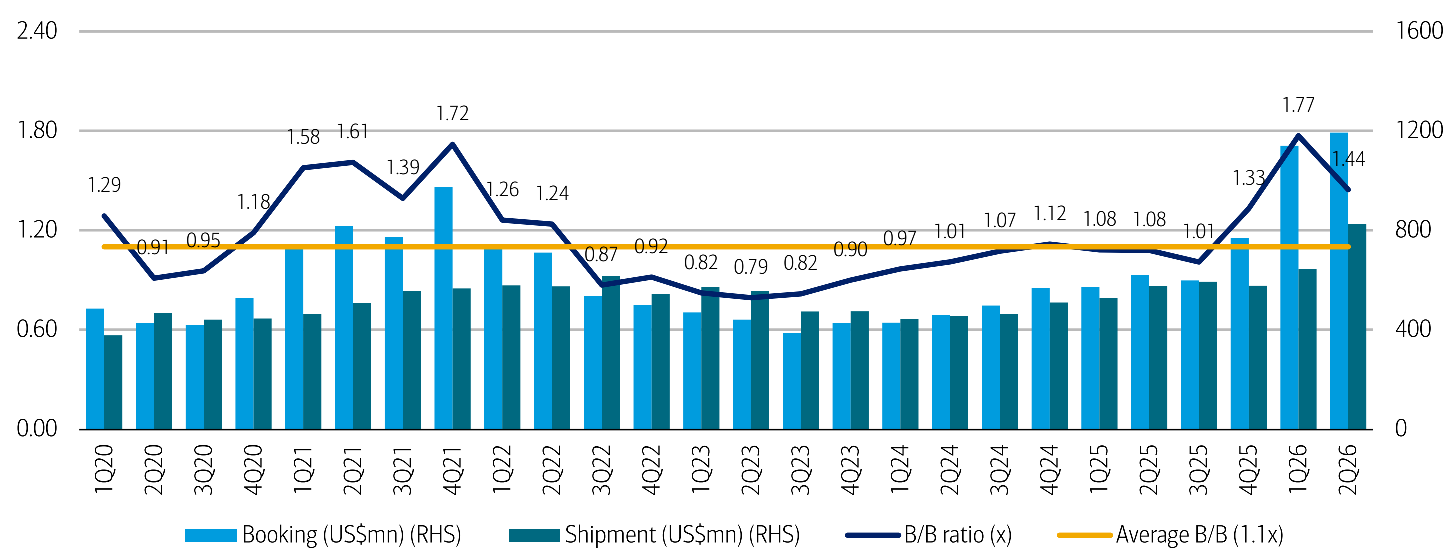
Exhibit 5: Top 3 regions showed double-digit YoY sales growth in 1H26
Advantech's sales by region, 1H26

	1H26 sales (US$mn)	YoY	Sales %
North America	432	30%	29%
Europe	233	29%	16%
China	353	51%	24%
North Asia	127	24%	9%
Taiwan	124	67%	8%
Asia & InterCon	141	32%	10%
Others	60	-19%	4%
Total	**1,470**	**33%**	**100%**

Source: BofA Global Research, company data. Mn: Million. US$: US Dollar

BofA GLOBAL RESEARCH

Exhibit 6: Advantech's B/B ratio was 1.44x in 2Q26, vs. 1.77x (historical high) in 1Q26 and average of 1.10x
Advantech's book/bill (B/B) ratio trend, 1Q20-2Q26



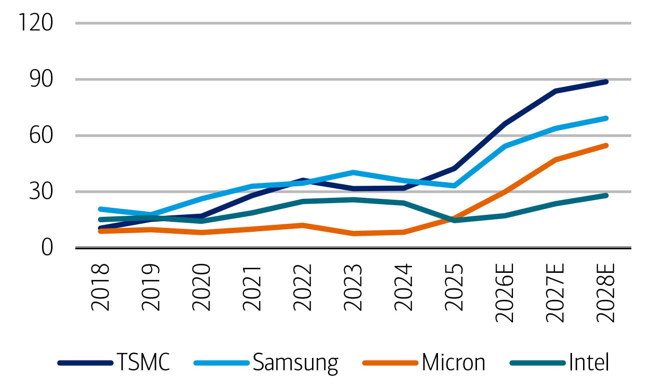
Source: BofA Global Research, company data. B/B: Book-to-bill (Booking-to-shipment)

BofA GLOBAL RESEARCH

Sales upside from AI/semi upcycle and solid design-wins

We see sales upside from high B/B ratios (1.44x/1.64x in 2Q26/July), higher UTR (105-110% in 3Q26 vs. 90-100% in 2Q26 in Kunshan/Taiwan sites), solid design-win in 1H26. Mgmt. cited 123 design-win cases in 1H, which implies US$444mn estimated annual sales (around 9-10% of our new 2027-28E sales). Advantech will benefit from strong industrial AI demand (with long product cycle) from AIDC, semi equipment, medical, and automation across regions. This echoes semi supply chain's high capex plan (Exhibit 7 and Exhibit 8). With agentic AI installed in more devices, mgmt. expects rising edge AI sales to 30% by 2026-end, vs. 22.5%/15% in 1H26/2025.

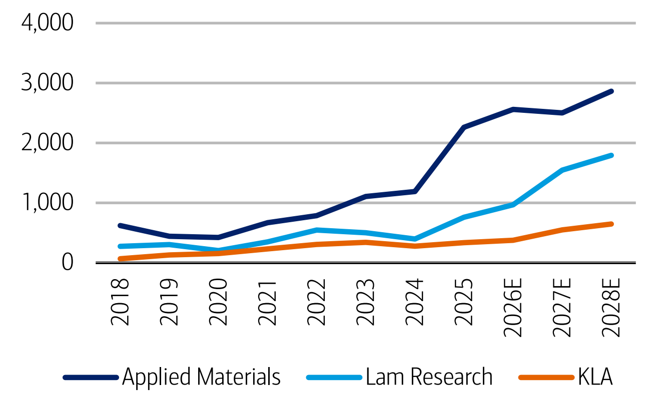
Exhibit 7: Our global team expects key semi foundry names' rising capex to US$28-89bn in 2028, vs. US$17-66bn in 2026
Global key semi foundry names' annual capex (US$bn) trend, 2018-28E



Source: BofA Global Research estimates, company data. NTD/USD at 30 and KRW/USD at 1,430 for all years (2018-28E)

BofA GLOBAL RESEARCH

Exhibit 8: Our global team expects semi equipment makers' high capex of US$647mn-2.9bn in 2028, vs. US$376mn-2.6bn in 2026
Global key semi equipment makers' annual capex (US$mn) trend, 2018-28E



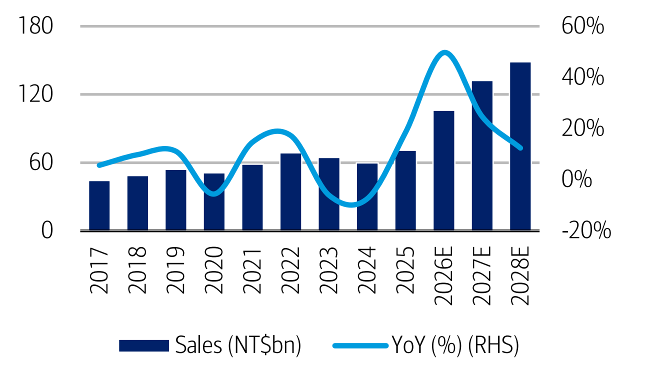
Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Component risk offset by demand & high customization

Mgmt. sees key component supply (e.g. PCB, SSD/DDR4, CPU, PMIC) as key challenge in fulfilling orders in hand. Yet, we believe strong market demand and better pricing power (customized products for fragmented but strong client portfolio) could offset the issue.

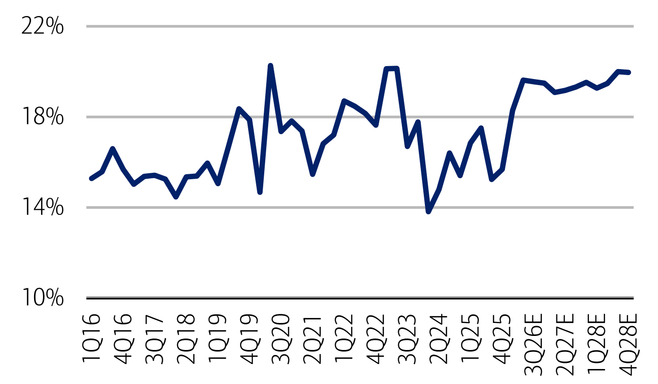
Exhibit 9: We model 2026-28E sales CAGR at 18%
Advantech's sales and sales YoY trend, 2017-28E



Source: BofA Global Research estimates, company data. RHS: right hand side

BofA GLOBAL RESEARCH

Exhibit 10: We expect quarterly OPM at 19.1-19.6% in 3Q26-4Q27E
Advantech's quarterly OPM trend, 1Q16-4Q28E



Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

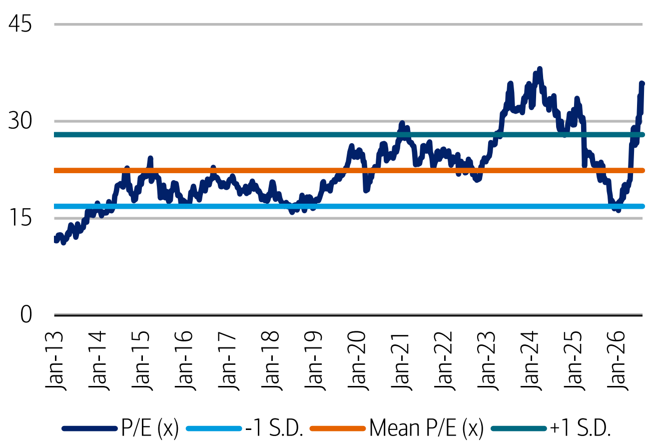
Exhibit 11: Advantech trades at higher valuation of 28x 2027E P/E, with above-average ROE and EV/EBITDA
Valuation comparison: Advantech vs. global IPC/automation peers

Ticker	Company	Share price (LC)	Market cap (US$mn)	P/E (x)		P/B (x)		Dividend yield (%)		ROE (%)		EV/EBITDA (x)		Net cash (debt) to market cap	
				26E	27E	26E	27E	26E	27E	26E	27E	26E	27E	26E	27E
2395 TT	**Advantech**	**622.00**	**16,747**	**33.1**	**27.2**	**9.4**	**8.1**	**2.5**	**2.9**	**30.3**	**32.0**	**25.2**	**20.3**	**2%**	**3%**
Greater China IPC/automation peers															
6414 TT	Ennoconn	468.00	2,117	18.2	16.3	2.2	2.0	3.4	3.8	13.4	12.0	7.6	7.4	-19%	-18%
3022 TT	IEI Integration	100.50	550	17.7	14.8	n.a	n.a	n.a	n.a	8.5	9.7	n.a	n.a	n.a.	n.a.
6206 TT	Flytech	144.50	641	16.6	12.6	3.4	3.1	4.8	6.3	26.8	25.9	9.2	7.9	13%	16%
8114 TT	Posiflex	225.50	535	13.4	10.5	2.1	1.9	5.8	6.7	23.1	22.3	3.6	3.1	34%	35%
3088 TT	Axiomtek	134.00	451	17.4	17.8	2.5	n.a	n.a	n.a	14.3	13.9	n.a	n.a	n.a.	n.a.
2308 TT	Delta	1,680.00	135,322	41.3	27.5	10.9	8.6	1.2	1.8	29.1	34.9	26.5	17.6	3%	3%
300124 CH	Inovance*	63.39	25,432	28.6	23.5	4.3	3.7	0.9	1.1	15.3	16.6	22.7	18.3	3%	6%
002008 CH	Han's Laser*	95.20	14,524	36.1	24.3	4.9	4.1	0.5	0.9	13.7	18.0	25.9	18.0	-2%	0%
Greater China peers average				**23.7**	**18.6**	**4.3**	**3.9**	**2.8**	**3.4**	**18.1**	**19.2**	**15.9**	**12.1**	**5%**	**7%**
Global IPC/automation peers															
KTN GY	Kontron	20.76	1,611	12.9	10.7	1.6	1.5	2.8	3.6	10.9	13.3	7.0	5.9	-6%	-4%
SU FP	Schneider	300.40	199,794	31.6	24.9	6.4	5.6	1.5	1.6	23.5	26.2	20.3	17.3	-6%	-5%
ABBN SW	ABB	82.34	185,400	19.1	22.5	7.6	7.4	1.3	1.3	43.8	33.0	23.8	21.0	3%	2%
GE US	General Electric	381.22	395,540	47.7	41.0	21.4	21.3	0.5	0.6	45.1	52.2	39.9	35.6	-11%	-11%
EMR US	Emerson	162.47	90,626	24.8	22.2	4.4	4.2	1.4	1.4	17.9	19.3	21.1	19.3	-10%	-9%
Global peers average				**27.2**	**24.3**	**8.3**	**8.0**	**1.5**	**1.7**	**28.2**	**28.8**	**22.4**	**19.8**	**-6%**	**-5%**
Overall average				**25.0**	**20.6**	**6.0**	**5.8**	**2.2**	**2.6**	**21.8**	**22.6**	**18.9**	**15.6**	**0%**	**1%**
Overall median				**21.7**	**21.3**	**4.3**	**4.1**	**1.4**	**1.6**	**18.5**	**19.6**	**21.1**	**17.6**	**-2%**	**0%**

Source: BofA Global Research estimates, Bloomberg. Note: share price and market cap as of 2026/08/06 (Asia) or 08/05 (rest). ROE refers to average ROE. *A-share and non-covered companies' forecasts based on Bloomberg consensus.

BofA GLOBAL RESEARCH

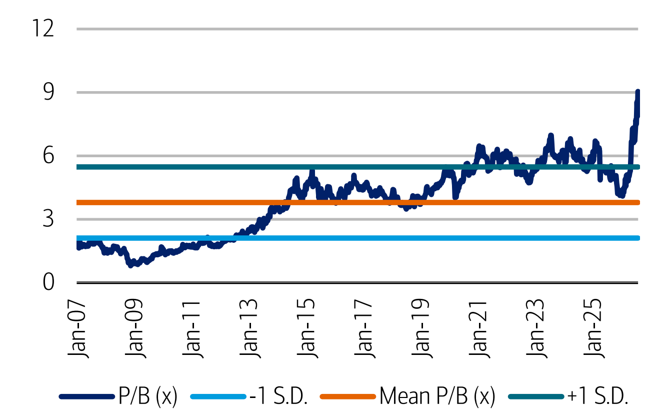
Exhibit 12: Advantech's historical P/E average since 2013 is 22x
Advantech's P/E with -1/+1 standard deviation since 2013



Source: BofA Global Research, TEJ, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 13: Advantech's historical P/B average since 2007 is 3.8x
Advantech's P/B with -1/+1 standard deviation since 2007



Source: BofA Global Research, TEJ, Bloomberg

BofA GLOBAL RESEARCH

Exhibit 14: We model Advantech's 2026-28E sales/earnings CAGR of 18%/18%
Advantech's quarterly earnings summary, 2025-28E

NT$mn	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	2025	2026E	2027E	2028E
Sales	20,385	26,126	28,553	31,055	31,687	32,713	33,770	34,168	34,830	36,540	38,353	39,011	70,882	106,120	132,338	148,734
Gross profit	7,980	9,845	10,923	12,078	12,352	12,814	13,279	13,539	13,747	14,498	15,263	15,592	28,198	40,827	51,985	59,100
Operating profit	3,728	5,127	5,584	6,054	6,047	6,272	6,525	6,671	6,712	7,117	7,669	7,789	11,567	20,493	25,514	29,287
Pretax profit	4,068	5,590	5,894	6,365	6,357	6,584	6,836	6,983	7,023	7,429	7,980	8,101	12,690	21,918	26,759	30,533
Net income	3,334	4,518	4,824	5,198	5,127	5,282	5,592	5,736	5,662	5,958	6,524	6,652	10,593	17,874	21,736	24,797
EPS (NT$)	3.51	4.75	5.07	5.47	5.39	5.55	5.88	6.03	5.95	6.26	6.86	6.99	11.14	18.79	22.85	26.07
Margin %																
Gross margin	39.1%	37.7%	38.3%	38.9%	39.0%	39.2%	39.3%	39.6%	39.5%	39.7%	39.8%	40.0%	39.8%	38.5%	39.3%	39.7%
Operating margin	18.3%	19.6%	19.6%	19.5%	19.1%	19.2%	19.3%	19.5%	19.3%	19.5%	20.0%	20.0%	16.3%	19.3%	19.3%	19.7%

Exhibit 14: We model Advantech's 2026-28E sales/earnings CAGR of 18%/18%

Advantech's quarterly earnings summary, 2025-28E

NT$mn	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E	1Q28E	2Q28E	3Q28E	4Q28E	2025	2026E	2027E	2028E
Pretax margin	20.0%	21.4%	20.6%	20.5%	20.1%	20.1%	20.2%	20.4%	20.2%	20.3%	20.8%	20.8%	17.9%	20.7%	20.2%	20.5%
Net margin	16.4%	17.3%	16.9%	16.7%	16.2%	16.1%	16.6%	16.8%	16.3%	16.3%	17.0%	17.1%	14.9%	16.8%	16.4%	16.7%
QoQ %																
Sales	14%	28%	9%	9%	2%	3%	3%	1%	2%	5%	5%	2%				
Gross profit	12%	23%	11%	11%	2%	4%	4%	2%	2%	5%	5%	2%				
Operating profit	33%	38%	9%	8%	0%	4%	4%	2%	1%	6%	8%	2%				
Pretax profit	11%	37%	5%	8%	0%	4%	4%	2%	1%	6%	7%	2%				
Net income	7%	36%	7%	8%	-1%	3%	6%	3%	-1%	5%	10%	2%				
YoY %																
Sales	17%	46%	61%	73%	55%	25%	18%	10%	10%	12%	14%	14%	19%	50%	25%	12%
Gross profit	14%	38%	58%	69%	55%	30%	22%	12%	11%	13%	15%	15%	16%	45%	27%	14%
Operating profit	28%	64%	106%	115%	62%	22%	17%	10%	11%	13%	18%	17%	28%	77%	25%	15%
Pretax profit	26%	124%	80%	73%	56%	18%	16%	10%	10%	13%	17%	16%	16%	73%	22%	14%
Net income	22%	127%	74%	67%	54%	17%	16%	10%	10%	13%	17%	16%	18%	69%	22%	14%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Exhibit 15: Acronyms

Acronyms used in the report

Acronym		Acronym		Acronym	
AI	Artificial Intelligence	IPC	Industrial Personal Computer	PO	Price Objective
AIDC	Artificial Intelligence Datacenter	KRW	Korean Won	ppt	Percentage Point
B/B ratio	Book-to-Bill ratio	LC	Local Currency	RHS	Right Hand Side
CAGR	Compound Annual Growth Rate	Mgmt.	Management	ROE	Return On Equity
Capex	Capital Expenditure	NTD/NT$	New Taiwan Dollar	S.D.	Standard Deviation
CPU	Central Processing Unit	OPM	Operating Profit Margin	Semis	Semiconductors
DDR	Double Data Rate	P/B	Price to Book Value Ratio	SSD	Solid-State Drive
Diff	Difference	P/E	Price to Earnings Ratio	TW	Taiwan
EPS	Earnings Per Share	PC	Personal Computer	US	United States
FX	Foreign Exchange	PCB	Printed Circuit Board	USD/US$	US Dollar
GM	Gross Margin	PMIC	Power Management Integrated Circuit	UTR	Utilization Rate

Source: BofA Global Research

BofA GLOBAL RESEARCH

Price objective basis & risk

Advantech (ADTEF)

Our PO of NT$800 is based on 35x 2027E EPS. Our 35x P/E multiple is roughly 2SD above the company's historical trading average since 2013 to capture Advantech's double-digit% YoY sales/earnings CAGR expected in 2026-28E, supported by the AI/semi capex upcycle (to drive strong demand from datacenter infrastructure and semi equipment) and rising edge AI contribution. 35x also marks the historical P/E level when Advantech showed significant quarterly OPM improvement in 1H23.

Upside risks to our PO are: (1) stronger demand recovery in the US and Europe, (2) faster- and higher-than-expected China recovery, and (3) stronger-than-expected edge AI sales growth.

Downside risks are: (1) slower-than-expected global market demand due to macro uncertainties, (2) slower-than-expected China recovery, (3) slower progress in service IoT and software business, and (4) weaker-than-expected edge AI sales growth.

Analyst Certification

I, Robert Cheng, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

Special Disclosures

Information on securities which are listed on the exchanges where ML Securities (Taiwan) Limited is not permitted to trade or solicit trades for clients is for informational purposes only and is not a recommendation or a solicitation to trade such securities. ML Securities (Taiwan) Limited will not execute transactions for nor accept orders from clients to trade such securities. Foreign investment in Taiwan securities is regulated and restricted. Currently, foreign investment in Taiwan securities is permitted by investment through: (1) global depository receipts, (2) convertible bonds, (3) mutual funds issued offshore of Taiwan, and (4) a special foreign institutional investors (FINIs) and foreign individual investors (FIDIs) program supervised by the Taiwan SFB whereunder FINIs/FIDIs may apply for investment ID to invest in Taiwan securities by registration with Taiwan Stock Exchange. FINIs will additionally need consent from the foreign exchange authority, ie, the Central Bank of China. In addition to the limitations above, various industry-specific percentage-based limitations on foreign ownership of Taiwan companies (and in some cases prohibitions) may apply. Investments are subject to exchange rate and currency conversion restrictions and risks. Dividends and interest earned by foreign investors' Taiwan securities/instruments are generally subject to a 20% withholding tax. Ordinary shares are not available to ML private client accounts in the U.S.

This report is distributed in Taiwan by Merrill Lynch Securities (Taiwan) Limited, which is regulated by the Taiwan SFB.

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	AAC Technologies	AACAF	2018 HK	Katherine Zhu
	Advantech	ADTEF	2395 TT	Robert Cheng
	Asia Vital Components	AVMPF	3017 TT	Doris Kao
	BizLink	BIZLF	3665 TT	Doris Kao
	Chenbro	CEOMF	8210 TT	Doris Kao

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Cowell	CWLLF	1415 HK	Katherine Zhu
	Crystal-Optech	XMKAF	002273 CH	Katherine Zhu
	Delta Electronics (Thailand)	XLETF	DELTA TB	Suppapong Iemkongaek, CFA, CMT
	Delta Electronics Inc.	DLTEF	2308 TT	Robert Cheng
	Duksan Neolux	XDSXF	213420 KS	Simon Woo, CFA
	Dynamic Holding	XLHCF	3715 TT	Mike Yang
	E Ink Holdings	PVWIF	8069 TT	Doris Kao
	Elite Material	ETMCF	2383 TT	Mike Yang
	Foxconn Industrial Internet	XDAZF	601138 CH	Robert Cheng
	Goertek	XGKCF	002241 CH	Katherine Zhu
	Gold Circuit	GOCCF	2368 TT	Doris Kao
	Hana Microelectronics	XHNNF	HANA TB	Suppapong Iemkongaek, CFA, CMT
	Hon Hai Precision Industry	HNHAF	2317 TT	Robert Cheng
	Huaqin	XHUAF	603296 CH	Katherine Zhu
	Huaqin	XPEZF	3296 HK	Katherine Zhu
	ISU Petasys	IPTYF	007660 KS	Matt Shin
	Jentech	XVFSF	3653 TT	Doris Kao
	King Slide	KGSLF	2059 TT	Doris Kao
	Kinsus	KNSUF	3189 TT	Mike Yang
	Largan Precision	LGANF	3008 TT	Robert Cheng
	Lens Tech	XLTVF	6613 HK	Katherine Zhu
	LG CNS	XLGLF	064400 KS	Simon Woo, CFA
	LG Electronics	LGEAF	066570 KS	Simon Woo, CFA
	LG Innotek	XLGQF	011070 KS	Simon Woo, CFA
	Lotes	ZYZTF	3533 TT	Doris Kao
	Luxshare	XNJQF	002475 CH	Robert Cheng
	Netweb Technologies	XNTZF	NETWEB IN	Jatin Kalra, CFA
	NYPCB	NANYF	8046 TT	Mike Yang
	Quanta Computer	QUCPF	2382 TT	Robert Cheng
	Samsung Electro-Mechanics	SMSGF	009150 KS	Simon Woo, CFA
	Samsung SDI	SSDIF	006400 KS	Simon Woo, CFA
	Samsung SDS	XWPBF	018260 KS	Simon Woo, CFA
	Shennan Circuits	XAMKF	002916 CH	Katherine Zhu
	Taiwan Union Technology Corporation	TWUNF	6274 TT	Mike Yang
	Unimicron	UMCRF	3037 TT	Mike Yang
	Universal Display	OLED	OLED US	Simon Woo, CFA
	Victory Giant	XENEF	300476 CH	Katherine Zhu
	Wistron	WICOF	3231 TT	Doris Kao
	Wiwynn	XWIQF	6669 TT	Robert Cheng
	Xiaomi Corporation	XIACF	1810 HK	Robert Cheng
	Yageo	YGEQF	2327 TT	Robert Cheng
	Zhen Ding Tech	XFAGF	4958 TT	Doris Kao
	Zhongji Innolight	XZICF	300308 CH	Katherine Zhu
	ZTE Corporation	SHZZF	000063 CH	Katherine Zhu
	ZTE Corporation	ZTCOF	763 HK	Katherine Zhu
NEUTRAL				
	Asustek	AKCPF	2357 TT	Robert Cheng
	Auras Technology	AUTCF	3324 TT	Doris Kao
	BYD Electronic	BYDIF	285 HK	Katherine Zhu
	DS Precision	XBASF	002384 CH	Katherine Zhu
	Lenovo Group	LNVGF	992 HK	Robert Cheng
	Lenovo Group	LNVGY	LNVGY US	Robert Cheng
	Lite-On Tech	LOTZF	2301 TT	Doris Kao
	Sunny Optical	SNPTF	2382 HK	Katherine Zhu
UNDERPERFORM				
	Acer	ASIYF	2353 TT	Robert Cheng
	Catcher Tech	CHERF	2474 TT	Robert Cheng
	Compal Electron	XLCPF	2324 TT	Doris Kao
	Everwin Precision	XSHZF	300115 CH	Katherine Zhu
	Genius Electronic Optical	GNSEF	3406 TT	Robert Cheng
	Lens Tech	XLTGF	300433 CH	Katherine Zhu
	LG Display	LPHLF	034220 KS	Simon Woo, CFA
	LG Display-ADR	LPL	LPL US	Simon Woo, CFA
	Lianchuang Electronic	XWOFF	002036 CH	Katherine Zhu

APR - Technology Hardware Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Pegatron	PGTRF	4938 TT	Robert Cheng
	Sanan Opto	XEQYF	600703 CH	Katherine Zhu
	Seoul Semiconductor	SLSOF	046890 KS	Simon Woo, CFA
	Shengyi	DGUNF	600183 CH	Mike Yang
	Sunway Communications	XWSVF	300136 CH	Katherine Zhu
	Transsion	XCINF	688036 CH	Robert Cheng

*iQ*method[SM] Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A

Quality of Earnings	Numerator	Denominator
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt – Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense

Valuation Toolkit	Numerator	Denominator
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

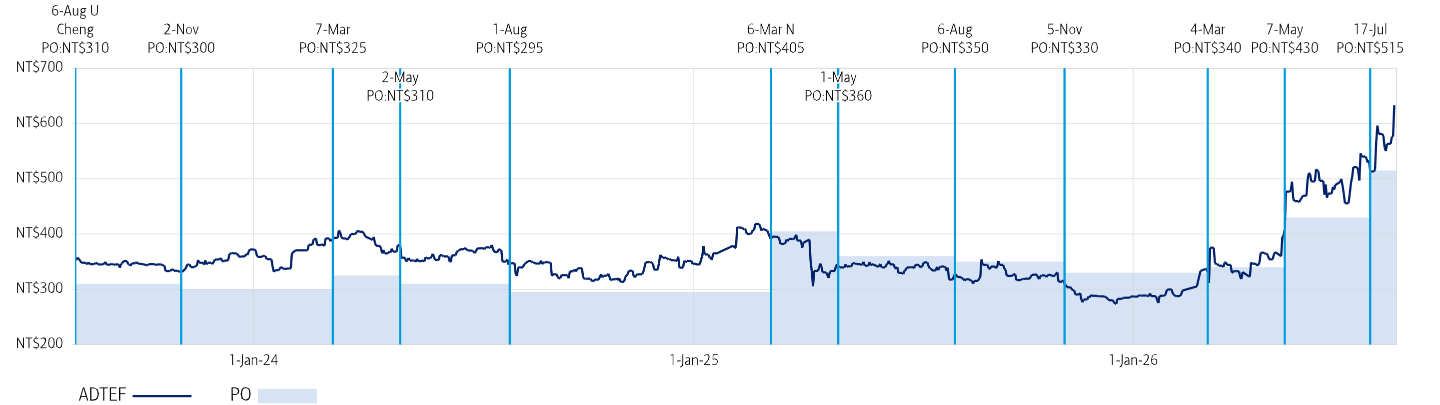
iQmethod[SM] is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase® is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

Disclosures

Important Disclosures

Advantech (ADTEF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Electronics Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships R1	Count	Percent
Buy	34	55.74%	Buy	16	47.06%
Hold	10	16.39%	Hold	3	30.00%
Sell	17	27.87%	Sell	6	35.29%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships R1	Count	Percent
Buy	1987	56.11%	Buy	1190	59.89%
Hold	797	22.51%	Hold	496	62.23%
Sell	757	21.38%	Sell	391	51.65%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. VOLATILITY RISK RATINGS, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. INVESTMENT RATINGS reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the Price Charts website, or call 1-800-MERRILL to have them mailed.
In the US, retail sales and/or distribution of this report may be made only in states where these securities are exempt from registration or have been qualified for sale: Advantech.
The country in which this issuer is organized has certain laws or regulations that limit or restrict ownership of the issuer's shares by nationals of other countries: Advantech.
BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel

expenses from the issuer for such visits.
Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.
The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.
Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.
Refer to BofA Global Research policies relating to conflicts of interest.

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by the Financial Sector Conduct Authority; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofaml.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Zurich): Bank of America Europe Designated Activity Company, Zurich Branch, regulated by the Swiss Financial Market Supervisory Authority FINMA, the ECB and CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSFC); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.
This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSFC; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the Electronic Communications Disclaimers for further information.
This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.
This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.
Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.
This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may

be more or less positive than a stock's fundamental equity rating.
BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.
Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.
BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.
BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.
In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

Copyright and General Information:

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.
This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.
Any information relating to sustainability in this material is limited as discussed herein and is not intended to provide a comprehensive view on any sustainability claim with respect to any issuer or security.
Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.
The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.
All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.
Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.
Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.
In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.
Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.