AURAS Technology (3324 TT)

Target price: **TWD2,180.00** (from TWD1,600.00)

Share price (28 Oct): **TWD1,435.00** | Up/downside: **+51.9%**

5 4 3 2 **1**

Buy (unchanged)

Stronger-than-expected 2027 outlook

- 3Q26 gross margin likely impacted by weaker-than-expected revenue
- However, we expect intact 4Q26/2027 revenue and earnings
- Reiterating our Buy (1) rating; raising 12-month TP to TWD2,180

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

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



What's new: We preview Auras' 3Q26 results. We reaffirm our Buy (1) rating, as we believe Auras' liquid-cooling capability will continue to help it gain order share in GPU and ASIC AI servers in the coming years.

What's the impact: **3Q26 preview.** Auras' 3Q26 revenue of TWD9,791m (+12.5% QoQ, +64.3% YoY), announced earlier, accounts for 94.5% and 95.5% of our previous forecast (TWD10,365m, +19.1% QoQ and +74.0% YoY) and the consensus forecast, respectively. We attribute the revenue miss to delayed shipments in September (to 4Q26) and the flood impact in Thailand. Thus, we now forecast Auras' 3Q26 gross margin to be 28.5%, down from 30.0% (vs. 28.4% in 2Q26, 29.8% in 3Q25 and consensus forecast of 30.0%), mainly as we expect a reduced sales scale and lower-than-expected gross margin on Auras' VGA and PC segments.

We forecast 3Q26 operating profit of TWD1.63bn (+17.3% QoQ, +64.3% YoY), 14% lower than the consensus forecast of TWD1.89bn, and operating margin of 16.7% (vs. 16.0% in 2Q26 and 16.7% in 3Q25). Overall, we forecast 3Q26 net profit of TWD1.24bn (+27.7% QoQ, +27.1% YoY), 16% lower than the consensus of TWD1.47bn. 3Q26 product mix by revenue: server 81% (+122% YoY), PC 14% (-15% YoY), VGA 4% (-40% YoY) and others 1% (-18% YoY). Liquid cooling accounted for 62% of Auras' 3Q26 revenue (vs. 55% in 2Q26 and 1Q26).

Much stronger 4Q26 and 2027 outlook, with rising liquid-cooling revenue exposure. We now forecast Auras' 4Q26 revenue to grow by 17.1% QoQ, raising from +5.1% QoQ, driven by a US ASIC project kicking off with liquid cooling component adoption; we expect stronger monthly revenue momentum in the coming months. We also see a chance for Auras to obtain a new US ASIC project in 2H27, with its liquid cooling revenue % rising further YoY, which should bode well for its gross margin expansion. We raise our 2027-28E EPS by 30-33% on more aggressive revenue and gross- and operating-margins forecasts.

What we recommend: We reiterate our Buy (1) call and raise our 12M TP to TWD2,180 (from TWD1,600), still based on a target PER of 22x (0.4x PEG over 2026-28E), close to the mid-point of its past-3-year range of 10-38x (average PER: 19x), on our 1-year forward EPS (2027E). Key downside risks: softer-than-expected end-market demand, penetration rate of new specs and liquid-cooling development.

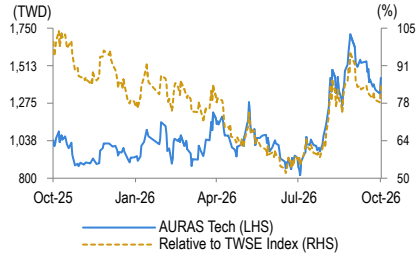
How we differ: Our 2027-28E EPS are 25-29% above the Bloomberg consensus, likely as we are more aggressive on our revenue and gross and operating margin assumptions.

Forecast revisions (%)

Year to 31 Dec	26E	27E	28E
Revenue change	-	23.7	24.6
Net profit change	(2.8)	28.4	25.7
Core EPS (FD) change	-	33.1	30.3

Source: Daiwa forecasts

Share price performance



12-month range	820.00-1,710.00
Market cap (USDbn)	4.11
3m avg daily turnover (USDm)	148.07
Shares outstanding (m)	93
Major shareholder	Management (20.1%)

Financial summary (TWD)

Year to 31 Dec	26E	27E	28E
Revenue (m)	38,511	58,722	71,240
Operating profit (m)	6,777	11,744	15,174
Net profit (m)	5,158	9,279	11,857
Core EPS (fully-diluted)	55.089	99.110	126.648
EPS change (%)	99.6	79.9	27.8
Daiwa vs Cons. EPS (%)	(2.4)	24.8	28.5
PER (x)	26.0	14.5	11.3
Dividend yield (%)	1.5	2.8	3.6
DPS	22.2	39.9	51.0
PBR (x)	9.1	6.3	4.7
EV/EBITDA (x)	18.4	11.2	8.6
ROE (%)	40.0	51.8	47.9

Source: FactSet, Daiwa forecasts

See important disclosures, including any required research certifications, beginning on page 6

Flash

Auras: revenue and earnings forecasts revisions

	2026E			2027E			2028E		
(TWDm)	New	Previous	Change	New	Previous	Change	New	Previous	Change
Sales	**38,511**	**38,511**	0.0%	**58,722**	**47,487**	23.7%	**71,240**	**57,197**	24.6%
Gross profit	**11,361**	**11,476**	-1.0%	**18,263**	**14,484**	26.1%	**22,441**	**18,017**	24.6%
Gross margin	*29.5%*	*29.8%*	-0.3pp	*31.1%*	*30.5%*	0.6pp	*31.5%*	*31.5%*	0pp
Operating profit	**6,777**	**6,892**	-1.7%	**11,744**	**9,213**	27.5%	**15,174**	**12,183**	24.6%
Operating margin	*17.6%*	*17.9%*	-0.3pp	*20.0%*	*19.4%*	0.6pp	*21.3%*	*21.3%*	0pp
Net profit	**5,158**	**5,308**	-2.8%	**9,279**	**7,228**	28.4%	**11,857**	**9,434**	25.7%
Net margin	*13.4%*	*13.8%*	-0.4pp	*15.8%*	*15.2%*	0.6pp	*16.6%*	*16.5%*	0.1pp
Fully-diluted EPS (TWD)	**55.09**	**55.12**	0.0%	**99.11**	**74.45**	33.1%	**126.65**	**97.17**	30.3%

Source: Daiwa forecasts

Auras: 3Q26 results preview

(TWDm)	Daiwa's 3Q26 forecasts	Our previous forecasts	Differ	Bloomberg consensus	Differ
Revenue	9,791	10,365	-5.5%	10,183	-3.8%
Gross profit	2,790	3,110	-10.3%	3,051	-8.5%
Operating profit	1,630	1,950	-16.4%	1,892	-13.8%
Profit before tax	1,607	1,996	-19.5%	1,913	-16.0%
Net profit	1,237	1,557	-20.5%	1,470	-15.8%
EPS	13.30	16.72	-20.5%	15.68	-15.2%
Margin					
Gross margin	28.5%	30.0%	-1.5pp	30.0%	-1.5pp
Operating margin	16.7%	18.8%	-2.2pp	18.6%	-1.9pp
Pre-tax margin	16.4%	19.3%	-2.8pp	18.8%	-2.4pp
Net margin	12.6%	15.0%	-2.4pp	14.4%	-1.8pp

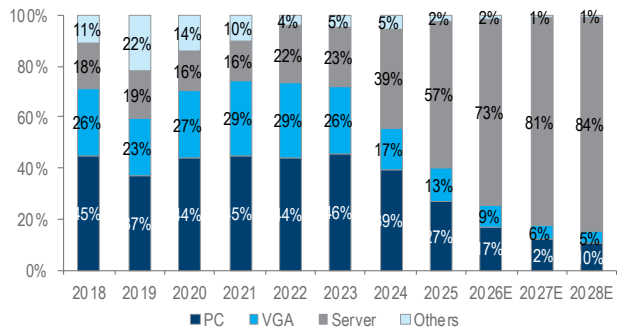
Source: Company, Bloomberg, Daiwa forecasts

Auras: quarterly and annual P&L

	2026E				2027E				2026E	2027E	2028E
(TWDm)	1Q26	2Q26	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E			
Revenue	8,552	8,700	9,791	11,468	12,000	13,500	15,000	18,222	38,511	58,722	71,240
Gross profit	2,537	2,472	2,790	3,561	3,696	4,185	4,680	5,702	11,361	18,263	22,441
Operating profit	1,520	1,390	1,630	2,236	2,396	2,735	3,080	3,533	6,777	11,744	15,174
Pre-tax profit	1,570	1,317	1,607	2,283	2,447	2,786	3,131	3,585	6,776	11,949	15,379
Net profit	1,164	969	1,237	1,787	1,882	2,157	2,436	2,804	5,158	9,279	11,857
Basic EPS (TWD)	12.61	10.41	13.30	19.20	20.22	23.17	26.17	30.12	55.51	99.69	127.39
Margin											
Gross margin	29.7%	28.4%	28.5%	31.1%	30.8%	31.0%	31.2%	31.3%	29.5%	31.1%	31.5%
Operating margin	17.8%	16.0%	16.7%	19.5%	20.0%	20.3%	20.5%	19.4%	17.6%	20.0%	21.3%
Pre-tax margin	18.4%	15.1%	16.4%	19.9%	20.4%	20.6%	20.9%	19.7%	17.6%	20.3%	21.6%
Net margin	13.6%	11.1%	12.6%	15.6%	15.7%	16.0%	16.2%	15.4%	13.4%	15.8%	16.6%
YoY											
Revenue	93.7%	64.0%	64.3%	50.9%	40.3%	55.2%	53.2%	58.9%	65.4%	52.5%	21.3%
Gross profit	109.9%	78.3%	57.4%	77.7%	45.7%	69.3%	67.7%	60.1%	78.3%	60.8%	22.9%
Operating profit	169.7%	119.4%	64.3%	109.1%	57.7%	96.7%	88.9%	58.0%	107.9%	73.3%	29.2%
Pre-tax profit	135.6%	524.9%	33.4%	90.9%	55.9%	111.5%	94.9%	57.1%	106.8%	76.3%	28.7%
Net profit	127.7%	512.8%	27.1%	92.4%	61.7%	122.6%	96.9%	56.9%	100.5%	79.9%	27.8%
QoQ									38,511	58,722	71,240
Revenue	12.6%	1.7%	12.5%	17.1%	4.6%	12.5%	11.1%	21.5%			
Gross profit	26.6%	-2.5%	12.9%	27.6%	3.8%	13.2%	11.8%	21.8%			
Operating profit	42.1%	-8.5%	17.3%	37.2%	7.1%	14.1%	12.6%	14.7%			
Pre-tax profit	31.3%	-16.1%	22.0%	42.1%	7.2%	13.9%	12.4%	14.5%			
Net profit	25.3%	-16.8%	27.7%	44.4%	5.3%	14.6%	13.0%	15.1%			

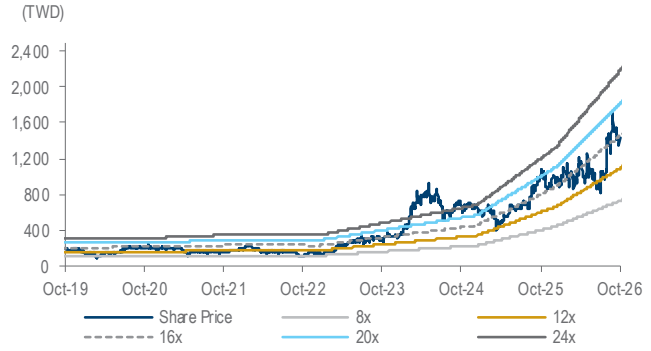
Source: Company, Daiwa forecasts

Auras: product mix



Source: Company, Daiwa forecasts

Auras: 1-year forward PER



Source: Bloomberg, Daiwa forecasts

Financial summary

Key assumptions

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server revenue YoY growth (%)	17.7	37.7	(5.8)	109.7	117.9	110.0	70.0	25.0
PC revenue YoY growth (%)	20.5	(4.9)	(4.6)	5.4	1.7	5.0	5.0	5.0
VGA revenue YoY growth (%)	26.6	(2.3)	(17.6)	(20.5)	18.1	5.0	5.0	5.0
Others revenue YoY growth (%)	(15.2)	(58.5)	5.2	35.7	(37.7)	10.0	10.0	10.0

Profit and loss (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Server	2,257	3,107	2,927	6,139	13,375	28,088	47,749	59,687
PC	6,422	6,106	5,824	6,138	6,242	6,554	6,882	7,226
Other Revenue	5,579	4,643	3,962	3,502	3,659	3,868	4,091	4,328
Total Revenue	**14,258**	**13,857**	**12,713**	**15,779**	**23,276**	**38,511**	**58,722**	**71,240**
Other income	0	0	0	0	0	0	0	0
COGS	(11,595)	(11,135)	(9,708)	(11,753)	(16,904)	(27,150)	(40,460)	(48,800)
SG&A	(771)	(914)	(951)	(1,201)	(1,702)	(2,657)	(3,876)	(4,417)
Other op.expenses	(513)	(635)	(678)	(914)	(1,411)	(1,927)	(2,643)	(2,850)
Operating profit	**1,379**	**1,173**	**1,376**	**1,911**	**3,259**	**6,777**	**11,744**	**15,174**
Net-interest inc./(exp.)	(22)	(29)	(5)	9	(34)	(95)	(95)	(95)
Assoc/forex/extraord./others	64	483	197	446	53	95	300	300
Pre-tax profit	**1,421**	**1,628**	**1,568**	**2,366**	**3,277**	**6,776**	**11,949**	**15,379**
Tax	(268)	(341)	(329)	(434)	(580)	(1,288)	(2,270)	(2,922)
Min. int./pref. div./others	(21)	(23)	(7)	(39)	(126)	(331)	(400)	(600)
Net profit (reported)	**1,133**	**1,264**	**1,232**	**1,893**	**2,572**	**5,158**	**9,279**	**11,857**
Net profit (adjusted)	**1,133**	**1,264**	**1,232**	**1,893**	**2,572**	**5,158**	**9,279**	**11,857**
EPS (reported)(TWD)	**13.117**	**14.676**	**14.281**	**21.227**	**28.256**	**55.512**	**99.691**	**127.390**
EPS (adjusted)(TWD)	**13.117**	**14.676**	**14.281**	**21.227**	**28.256**	**55.512**	**99.691**	**127.390**
EPS (adjusted fully-diluted)(TWD)	**12.596**	**14.044**	**13.678**	**20.688**	**27.598**	**55.089**	**99.110**	**126.648**
DPS (TWD)	**6.000**	**6.500**	**6.350**	**10.000**	**12.000**	**22.205**	**39.949**	**51.048**
EBIT	**1,379**	**1,173**	**1,376**	**1,911**	**3,259**	**6,777**	**11,744**	**15,174**
EBITDA	**1,899**	**1,709**	**1,847**	**2,420**	**3,931**	**7,448**	**12,416**	**15,846**

Cash flow (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit before tax	1,421	1,628	1,568	2,366	3,277	6,776	11,949	15,379
Depreciation and amortisation	520	536	470	509	672	672	672	672
Tax paid	(149)	(271)	(368)	(468)	(417)	(1,288)	(2,270)	(2,922)
Change in working capital	(233)	(769)	296	(667)	(3,812)	(4,040)	(7,934)	(3,690)
Other operational CF items	(115)	116	6	(97)	(315)	95	95	95
Cash flow from operations	**1,444**	**1,240**	**1,971**	**1,643**	**(594)**	**2,216**	**2,512**	**9,535**
Capex	(1,030)	(615)	(835)	(1,436)	(2,234)	(1,800)	(1,800)	(1,800)
Net (acquisitions)/disposals	96	11	(85)	(41)	(370)	(376)	(376)	(376)
Other investing CF items	(105)	(28)	(134)	(90)	(90)	0	0	0
Cash flow from investing	**(1,038)**	**(633)**	**(1,053)**	**(1,567)**	**(2,695)**	**(2,176)**	**(2,176)**	**(2,176)**
Change in debt	677	(61)	(386)	1,608	2,762	200	1,300	200
Net share issues/(repurchases)	(447)	0	0	167	155	0	0	0
Dividends paid	(482)	(517)	(577)	(571)	(903)	(1,108)	(2,063)	(3,712)
Other financing CF items	(51)	(52)	(43)	160	(64)	0	0	0
Cash flow from financing	**(303)**	**(629)**	**(1,007)**	**1,364**	**1,950**	**(908)**	**(763)**	**(3,512)**
Forex effect/others	0	0	0	0	0	0	0	0
Change in cash	**102**	**(22)**	**(89)**	**1,441**	**(1,338)**	**(868)**	**(427)**	**3,847**
Free cash flow	414	625	1,136	208	(2,828)	416	712	7,735

Source: FactSet, Daiwa forecasts

Financial summary continued …

Balance sheet (TWDm)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash & short-term investment	1,494	1,484	1,366	2,809	1,439	571	144	3,991
Inventory	2,301	2,081	2,391	2,934	6,179	8,231	13,413	15,425
Accounts receivable	4,849	4,570	4,613	5,462	10,128	14,954	24,102	28,451
Other current assets	334	286	284	475	842	842	842	842
Total current assets	**8,978**	**8,420**	**8,653**	**11,680**	**18,587**	**24,597**	**38,500**	**48,709**
Fixed assets	2,442	2,715	3,126	4,083	6,150	6,750	7,350	7,950
Goodwill & intangibles	125	173	187	212	197	197	197	197
Other non-current assets	350	435	646	951	1,190	1,190	1,190	1,190
Total assets	**11,895**	**11,743**	**12,612**	**16,926**	**26,125**	**32,734**	**47,237**	**58,046**
Short-term debt	416	1,498	232	475	2,678	2,678	2,678	2,678
Accounts payable	4,938	3,668	4,136	5,019	9,311	12,175	18,598	21,296
Other current liabilities	315	454	419	407	534	122	122	122
Total current liabilities	**5,670**	**5,620**	**4,787**	**5,902**	**12,523**	**14,975**	**21,397**	**24,096**
Long-term debt	350	255	172	313	630	830	2,130	2,330
Other non-current liabilities	967	58	786	1,423	1,477	1,477	1,477	1,477
Total liabilities	**6,986**	**5,933**	**5,745**	**7,638**	**14,630**	**17,282**	**25,004**	**27,903**
Share capital	884	884	895	918	931	929	929	929
Reserves/R.E./others	3,859	4,682	5,741	8,043	10,154	13,782	20,163	27,473
Shareholders' equity	**4,743**	**5,566**	**6,635**	**8,961**	**11,085**	**14,711**	**21,092**	**28,402**
Minority interests	166	244	231	327	410	741	1,141	1,741
Total equity & liabilities	**11,895**	**11,743**	**12,612**	**16,926**	**26,125**	**32,734**	**47,237**	**58,046**
EV	133,001	134,075	132,832	131,870	135,841	137,241	139,368	136,321
Net debt/(cash)	**(728)**	**269**	**(961)**	**(2,020)**	**1,869**	**2,937**	**4,664**	**1,017**
BVPS (TWD)	**53.654**	**62.968**	**74.140**	**97.655**	**119.093**	**158.341**	**227.017**	**305.698**

Key ratios (%)

Year to 31 Dec	2021	2022	2023	2024	2025	2026E	2027E	2028E
Sales (YoY)	16.7	(2.8)	(8.3)	24.1	47.5	65.4	52.5	21.3
EBITDA (YoY)	(3.9)	(10.0)	8.0	31.1	62.4	89.5	66.7	27.6
Operating profit (YoY)	(11.7)	(14.9)	17.3	38.8	70.6	107.9	73.3	29.2
Net profit (YoY)	1.9	11.6	(2.5)	53.6	35.9	100.5	79.9	27.8
Core EPS (fully-diluted) (YoY)	(0.2)	11.5	(2.6)	51.3	33.4	99.6	79.9	27.8
Gross-profit margin	18.7	19.6	23.6	25.5	27.4	29.5	31.1	31.5
EBITDA margin	13.3	12.3	14.5	15.3	16.9	19.3	21.1	22.2
Operating-profit margin	9.7	8.5	10.8	12.1	14.0	17.6	20.0	21.3
Net profit margin	7.9	9.1	9.7	12.0	11.1	13.4	15.8	16.6
ROAE	24.3	24.5	20.2	24.3	25.7	40.0	51.8	47.9
ROAA	10.3	10.7	10.1	12.8	11.9	17.5	23.2	22.5
ROCE	26.5	17.7	18.6	22.0	26.2	40.1	51.1	48.8
ROIC	29.9	18.1	18.2	23.7	26.0	34.6	42.0	42.3
Net debt to equity	n.a.	4.8	n.a.	n.a.	16.9	20.0	22.1	3.6
Effective tax rate	18.8	21.0	21.0	18.4	17.7	19.0	19.0	19.0
Accounts receivable (days)	122.0	124.1	131.8	116.5	122.2	118.9	121.4	134.6
Current ratio (x)	1.6	1.5	1.8	2.0	1.5	1.6	1.8	2.0
Net interest cover (x)	63.6	40.9	255.1	n.a.	95.8	71.2	123.4	159.5
Net dividend payout	45.7	44.3	44.5	47.1	42.5	40.0	40.1	40.1
Free cash flow yield	0.3	0.5	0.9	0.2	n.a.	0.3	0.5	5.8

Source: FactSet, Daiwa forecasts

Company profile

Founded in 1998 and listed on Taiwan's OTC stock board in May 2005, AURAS Technology (Auras) is a leading global thermal solutions provider that offers a one-stop shopping model. Its major clients include Quanta, Compal, HP, Lenovo, Dell, Amazon and Meta. Major applications for the company's products are notebooks (consumer, commercial and gaming), desktops, VGA, servers and others.

ESG analysis

ESG risks

Risks		Management	Analyst comments
G	Executive/board quality	2	The CEO and Chairperson of Auras are the same individual, and we see the Chairperson has served as Auras' vice president for 14 years, which is a positive sign from an executive perspective. We see no issue with its board quality.
	Capital management	2	Auras' dividend payout ratio was 42-47% over 2019-25, which we consider reasonable as the company is at a fast-growing stage.
	Related party & transaction	2	Cost of goods generated from related-party transactions was less than 1% of total COGS during 2022-25, and we found no suspicious activity.
E	Supply chain management	1	Auras has a complete process to select and review its supply chain to make sure its supply-chain management meets ESG requirements. For example, those who submit ICP testing report and have ISO9001, QC080000 and ESG-related certifications would be the preferred choice as suppliers.
E	Data security	2	To protect business information, Auras introduced the ISO 27001 management system in 2022, improving its information security system. Thus, when the company's business activities are affected by major disasters or equipment failure, Auras can effectively reduce the damage to an acceptable level, and ensure that the information operation process can be rebuilt.

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: 28 Oct 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.

Licensed and proprietary artificial intelligence (AI) tools may be utilized, where appropriate, as part of the research production process. Such tools may assist with activities including information gathering, data compilation and drafting support. Any AI-assisted output is subject to appropriate review and professional judgment. Research reports are prepared and published in accordance with applicable laws, regulations, and professional standards.

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: WeRide Inc (800 HK/ WRD US), SEYOND (2665 HK), SENASIC Electronics Technology Co Ltd (6675 HK) and Mech-Mind Robotics Technologies Co Ltd (9615 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 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: WeRide Inc (800 HK/ WRD US), SEYOND (2665 HK), SENASIC Electronics Technology Co Ltd (6675 HK) and Mech-Mind Robotics Technologies Co Ltd (9615 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*	73.96%
Hold**	19.58%
Sell***	6.46%

Source: Daiwa

Notes: data is for single-branded Daiwa research in Asia (ex Japan) and correct as of 30 September 2026.
** comprised of Daiwa's Buy and Outperform ratings.*
*** comprised of Daiwa's Hold ratings.*
**** comprised of Daiwa's Underperform and Sell ratings.*

Additional information may be available upon request.

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

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

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

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

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

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

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

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