

Korea Strategy

EQUITY: EQUITY STRATEGY

KOSPI target raised to 7,500-8,000

Reality check of: (1) Commercial Act revision (2) Korea Value Up progress – lessons from Japan

New KOSPI target based on expansion of memory sector earnings

We raise our 1H26F KOSPI target to 7,500-8,000 based on a 2026F PER of 12.0-13.0x, P/BV of 2.1-2.2x, and ROE of 18.6% (currently at a 2026/27 PER of 9.2x/7.4x, P/BV 1.6x/1.3x). Our thesis is supported by a commodity memory/HBM super cycle, earnings strength of AI capex chain and defense sector, as well as thematic re-rating from physical AI chain. We expect 2026F/27F EPS growth of 129%/25% y-y (Nomura estimates; these figures were 47%/20% in Dec 2025; 96%/23% in Jan 2026) – largely driven by memory companies (64%/71% of Korea's 2026/27 net profit [Fig. 8]) – emerging as the key catalyst. Sector-wise, we stay positive on AI themes (HBM, power equipment, physical AI, nuclear, ESS), defense, biotech (biosimilars/CDMO), and K-brand contents.

Beyond KOSPI 8,000 – multiple re-rating possible if corporate reform materializes

Concurrently, the path to KOSPI 8,000 hinges on whether Korea can deliver Commercial Act (CA) reforms, enhance the structural improvement of KOSPI/KOSDAQ, and avoid back-tracking on shareholder rights. If such reforms progress as planned, the KOSPI may rise to above 8,000, in our view, driven by an expansion of the multiple (not just earnings growth), potentially reversing the longstanding valuation discount versus global peers. Risks to our view are associated with the sustainability of: (1) HBM supply constraints and AI server/infrastructure capex, and (2) the government's Value Up campaign/policy rollouts being front loaded ahead of the 3 June local election.

Reality check: (1) Will Commercial Act revision really change Korea's governance?

The 2025/26 CA amendments aim to strengthen minority shareholder rights and curb value-destructive actions of the controlling shareholders, but early signs suggest that listed companies may be exploring pre-emptive strategies to dilute/counter such a legislative change. As evident in Japan's 2005–2022 transition—where initial resistance and legal defenses against activists prevailed – corporate behavior can shape reform outcomes significantly. In Korea, we think companies may consider (among various measures) expanding audit committees to maintain insider-friendly majorities despite separate elections, staggering (spread out terms) director terms to limit cumulative voting effectiveness, or restructuring ownership to work around the 3% voting cap. We believe that the outcome of a successful CA-driven, Value Up program depends on the coordinated work of consistent enforcement, top-down monitoring, and effective execution by corporates.

Reality check (2) Korea Value Up progress – lessons from Japan. Korea should now focus on addressing capital efficiency, dual listing issue, in our view (page 10)

Japan's value-up reforms have evolved through the coordinated efforts of the TSE (Tokyo Stock Exchange), FSA (Financial Services Agency), combining market restructuring, governance codes and continuous monitoring to drive listed companies towards higher capital efficiency. The TSE requires firms to articulate how ROE/ROIC exceed cost of capital, disclose capital allocation plans covering cash, dividends and buybacks, and publicly track compliance under a "name-and-shame" discipline. The forthcoming 2026 Governance Code revision and the 2025 FSA Action Program will likely ask boards to explain their own effectiveness, board skills matrix and succession planning, and also link governance quality to cost of capital, and demonstrate real stewardship outcomes via investor engagement. Over the years, Japan has come to address issues related to cross-shareholdings and excessively conservative managerial strategy, but for Korea, the country's challenge lies more in the family-controlled chaebol structures, in our view.

Research Analysts

Korea Strategy

Cindy Park - NFIK

cindy.park@nomura.com
+822 3783 2324

Dongmin Lee - NFIK

dongmin.lee@nomura.com
+822 3783 2338

KOSPI target raised to 7,500-8,000

We raise our 1H26F KOSPI target to 7,500-8,000 (based on a 2026F PER of 12.0-13.0x, P/BV of 2.1-2.2x, and ROE of 18.6%; currently trading at a 2026/27 PER of 9.2x/7.4x, P/BV 1.6x/1.3x). Our thesis is supported by a commodity memory/HBM supercycle, earnings strength of AI capex chain and defense sector, as well as thematic re-rating from physical AI chain. We expect 2026F/27F EPS growth of 129%/25% y-y (Nomura estimates; these figures were 47%/20% in Dec 2025; 96%/23% in Jan 2026) – largely led by memory companies (64%/71% of Korea's 2026/27 net profit (*Fig. 8*) – emerging as the key catalyst. Concurrently, the path to KOSPI 8,000 hinges on whether Korea can deliver Commercial Act reforms and avoid back-tracking on shareholder rights. If Korea can accelerate its corporate value reform and structural improvement of the KOSDAQ, we expect a further re-rating beyond 8,000, narrowing and potentially reversing the longstanding valuation discount versus global peers. Sector-wise, we stay positive on AI themes (HBM, power equipment, physical AI, nuclear, ESS), defense, bio (biosimilars/CDMO), and K-brand contents. Event-wise, we highlight the 3 June Nationwide local elections to be important as it indicates electorates' take on President Lee's administration; and, we believe, the outcome may influence policies around real estate, infrastructure investment, and fiscal spending priorities.

The semiconductors value chain has been the primary engine driving a rebound of the market as HBM demand, memory pricing, and AI server builds surged. Defense and shipbuilding have benefited from multi-year export backlogs and increased demand driven by geopolitical dynamics, while power-equipment and nuclear supply chains have re-rated on emerging concerns about electricity-capacity shortage. Autos have regained strength post the Korea-US tariff settlement in recent months, and the momentum will likely continue on SDV/ADAS monetization and market expectations of a margin recovery driven by KRW weakness, as well as physical AI expectations (i.e., industrial and humanoid robots).

Downside risks to our positive view may stem from: (1) end of HBM supply constraints; (2) AI server/infrastructure (AI Data Center) build-outs being front-loaded rather than multi-year; (3) commodity DRAM/NAND price deterioration; (4) failure by listed companies to deliver Value Up/shareholder returns, and (5) slowdown of current government's campaign pushing for Korea equity market reforms.

Fig. 1: Stocks for action

Company	Code	Rating	Mkt cap (USDm)	Avg. TO (USDm)	Target Price	Price 20-Feb	Upside (%)
Samsung Electronics	005930 KS	Buy	778,286	1,956	290,000	190,100	52.6%
SK Hynix	000660 KS	Buy	477,816	1,669	1,560,000	949,000	64.4%
Samsung Biologics	207940 KS	Buy	55,579	65	2,600,000	1,736,000	49.8%
Kia Corp	000270 KS	Buy	46,388	112	220,000	171,800	28.1%
KEPCO	015760 KS	Buy	27,971	135	68,000	63,000	7.9%
Hyundai Rotem	064350 KS	Buy	16,606	112	320,000	220,000	45.5%
Hyosung Heavy Industries	298040 KS	Buy	16,981	88	3,100,000	2,633,000	17.7%
HYBE	352820 KS	Buy	11,862	71	460,000	398,500	15.4%
APR	278470 KS	Buy	7,469	97	330,000	288,500	14.4%
Hanwha Systems	272210 KS	Reduce	15,222	116	48,000	116,500	-58.8%
SK Innovation	096770 KS	Reduce	14,919	30	90,000	127,600	-29.5%

Note: Pricing as of 20 Feb 2026.

Source: Company data, Bloomberg Finance L.P., Nomura estimates

Fig. 2: Stocks for action-valuation

Company	Code	Rating	Mkt cap (USDm)	Target Price	Price 20-Feb	Upside (%)	P/E		P/B		EV/EBITDA		ROE (%)	
							26F	27F	26F	27F	26F	27F	26F	27F
Samsung Electronics	005930 KS	Buy	778,286	290,000	190,100	52.6%	5.9x	4.2x	2.2x	1.6x	3.3x	2.2x	42.1	42.3
SK Hynix	000660 KS	Buy	477,816	1,560,000	949,000	64.4%	4.5x	3.1x	2.4x	1.6x	2.9x	1.7x	77.6	65.3
Samsung Biologics	207940 KS	Buy	55,579	2,600,000	1,736,000	49.8%	42.1x	37.1x	6.3x	5.4x	27.3x	23.9x	16.1	15.6
Kia Corp	000270 KS	Buy	46,388	220,000	171,800	28.1%	7.8x	6.8x	1.0x	0.9x	3.7x	3.5x	9.9	12.9
KEPCO	015760 KS	Buy	27,971	68,000	63,000	7.9%	3.6x	3.3x	0.7x	0.6x	4.7x	4.3x	21.3	19.4
Hyundai Rotem	064350 KS	Buy	16,606	320,000	220,000	45.5%	26.1x	17.3x	6.2x	4.7x	18.8x	11.6x	26.3	31.1
Hyosung Heavy Industries	298040 KS	Buy	16,981	3,100,000	2,633,000	17.7%	34.4x	25.8x	7.8x	6.1x	22.8x	18.3x	25.3	26.4
HYBE	352820 KS	Buy	11,862	460,000	398,500	15.4%	40.0x	31.2x	4.6x	4.0x	25.0x	21.4x	12.0	13.8
APR	278470 KS	Buy	7,469	330,000	288,500	14.4%	24.4x	18.8x	12.8x	8.0x	17.9x	13.8x	68.1	52.4
Hanwha Systems	272210 KS	Reduce	15,222	48,000	116,500	-58.8%	92.3x	62.1x	4.4x	4.2x	39.1x	33.6x	4.9	7.0
SK Innovation	096770 KS	Reduce	14,919	90,000	127,600	-29.5%	na	34.6x	0.9x	0.8x	23.3x	18.1x	(2.0)	2.6

Source: Nomura estimates

Fig. 3: Nomura EPS and KOSPI targets

(KRW)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
EPS	137	196	218	146	98	237	207	140	201	275	632	788
y-y growth		43.1%	11.7%	-33.2%	-32.8%	142.2%	-12.9%	-32.3%	43.8%	36.9%	129.4%	24.7%
KOSPI (PER 9x)	1,230	1,760	1,966	1,313	882	2,136	1,860	1,259	1,810	2,479	5,687	7,089
KOSPI (PER 10x)	1,367	1,956	2,184	1,458	980	2,373	2,066	1,399	2,012	2,754	6,318	7,876
KOSPI (PER 11x)	1,504	2,151	2,402	1,604	1,078	2,611	2,273	1,539	2,213	3,029	6,950	8,664
KOSPI (PER 12x)	1,640	2,347	2,621	1,750	1,176	2,848	2,479	1,679	2,414	3,305	7,582	9,452
KOSPI (PER 13x)	1,777	2,542	2,839	1,896	1,274	3,086	2,686	1,819	2,615	3,580	8,214	10,239
KOSPI (PER 14x)	1,914	2,738	3,057	2,042	1,372	3,323	2,893	1,959	2,816	3,856	8,846	11,027
KOSPI (PER 15x)	2,050	2,934	3,276	2,188	1,470	3,560	3,099	2,099	3,017	4,131	9,478	11,815
KOSPI (PER 16x)	2,187	3,129	3,494	2,334	1,568	3,798	3,306	2,239	3,219	4,406	10,110	12,602
KOSPI (PER 17x)	2,324	3,325	3,713	2,479	1,666	4,035	3,513	2,378	3,420	4,682	10,741	13,390
KOSPI (PER 18x)	2,460	3,520	3,931	2,625	1,764	4,272	3,719	2,518	3,621	4,957	11,373	14,178
KOSPI (PER 19x)	2,597	3,716	4,149	2,771	1,862	4,510	3,926	2,658	3,822	5,233	12,005	14,965
KOSPI (PER 20x)	2,734	3,911	4,368	2,917	1,960	4,747	4,132	2,798	4,023	5,508	12,637	15,753
KOSPI (PER 21x)	2,870	4,107	4,586	3,063	2,058	4,984	4,339	2,938	4,224	5,783	13,269	16,541

Note: Grey box shows the KOSPI trading range, and yellow shade is the Nomura target range

Source: Bloomberg Finance L.P., Nomura estimates

Fig. 4: Nomura BPS and KOSPI index range forecasts

(KRW)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
BPS	2,204	2,213	2,451	2,496	2,632	2,656	2,656	2,804	2,877	3,108	3,677	4,393
ROE	6%	9%	9%	6%	4%	9%	8%	5%	7%	9%	19%	20%
KOSPI (P/B 0.8x)	1,764	1,771	1,961	1,997	2,106	2,125	2,125	2,244	2,301	2,486	2,941	3,515
KOSPI (P/B 0.9x)	1,984	1,992	2,206	2,246	2,369	2,390	2,390	2,524	2,589	2,797	3,309	3,954
KOSPI (P/B 1.0x)	2,204	2,213	2,451	2,496	2,632	2,656	2,656	2,804	2,877	3,108	3,677	4,393
KOSPI (P/B 1.1x)	2,425	2,435	2,696	2,746	2,895	2,921	2,921	3,085	3,164	3,419	4,044	4,833
KOSPI (P/B 1.2x)	2,645	2,656	2,942	2,995	3,158	3,187	3,187	3,365	3,452	3,729	4,412	5,272
KOSPI (P/B 1.3x)	2,866	2,877	3,187	3,245	3,422	3,452	3,452	3,646	3,740	4,040	4,780	5,711
KOSPI (P/B 1.4x)	3,086	3,099	3,432	3,494	3,685	3,718	3,718	3,926	4,027	4,351	5,147	6,151
KOSPI (P/B 1.5x)	3,307	3,320	3,677	3,744	3,948	3,984	3,984	4,207	4,315	4,662	5,515	6,590
KOSPI (P/B 1.6x)	3,527	3,541	3,922	3,994	4,211	4,249	4,249	4,487	4,602	4,973	5,882	7,029
KOSPI (P/B 1.7x)	3,748	3,763	4,167	4,243	4,474	4,515	4,515	4,767	4,890	5,283	6,250	7,469
KOSPI (P/B 1.8x)	3,968	3,984	4,412	4,493	4,737	4,780	4,780	5,048	5,178	5,594	6,618	7,908
KOSPI (P/B 1.9x)	4,188	4,205	4,658	4,742	5,001	5,046	5,046	5,328	5,465	5,905	6,985	8,347
KOSPI (P/B 2.0x)	4,409	4,427	4,903	4,992	5,264	5,311	5,311	5,609	5,753	6,216	7,353	8,787
KOSPI (P/B 2.1x)	4,629	4,648	5,148	5,241	5,527	5,577	5,577	5,889	6,041	6,527	7,721	9,226
KOSPI (P/B 2.2x)	4,850	4,869	5,393	5,491	5,790	5,842	5,842	6,170	6,328	6,837	8,088	9,665

Note: Grey box shows the KOSPI trading range, and yellow shade is the Nomura target range.

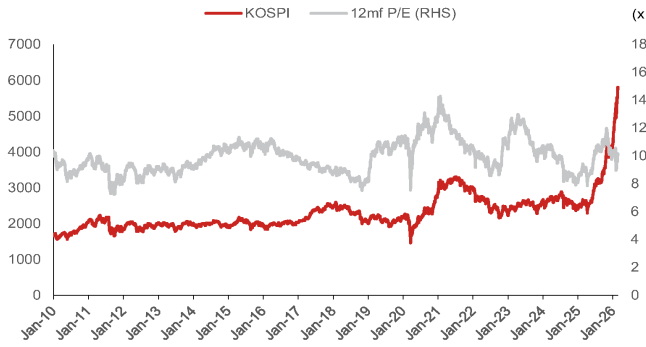
Source: Bloomberg, Nomura estimates

Fig. 5: KOSPI - earnings summary

(KRW)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
ROE	6.2%	8.9%	9.4%	5.9%	3.8%	9.0%	7.8%	5.1%	7.1%	9.2%	18.6%	19.5%
KOSPI high	2,073	2,562	2,598	2,249	2,873	3,305	2,989	2,667	2,891	4,222	8,088	7,029
KOSPI low	1,817	2,015	1,996	1,910	1,458	2,839	2,155	2,219	2,417	2,294	4,309	4,393
KOSPI average	1,986	2,311	2,327	2,107	2,219	3,109	2,545	2,499	2,652	3,258	6,199	5,711
EPS	137	196	218	146	98	237	207	140	201	275	632	788
BPS	2,204	2,213	2,451	2,496	2,632	2,656	2,656	2,804	2,877	3,108	3,677	4,393
ROE	6.2%	8.9%	9.4%	5.9%	3.8%	9.0%	7.8%	5.1%	7.1%	9.2%	19%	20%
Pay out ratio	21.4%	17.1%	22.1%	39.1%	46.6%	19.2%	22.5%	35.1%	25.0%	16.0%	10.0%	9.0%
DPS	29.2	33.5	48.3	57.1	45.7	45.5	46.5	49.2	50.3	44.1	63.2	70.9
Dividend yield												
KOSPI high	1.4%	1.3%	1.9%	2.5%	1.6%	1.4%	1.6%	1.8%	1.7%	1.0%	0.8%	1.0%
KOSPI low	1.6%	1.7%	2.4%	3.0%	3.1%	1.6%	2.2%	2.2%	2.1%	1.9%	1.5%	1.6%
KOSPI average	1.5%	1.5%	2.1%	2.7%	2.1%	1.5%	1.8%	2.0%	1.9%	1.4%	1.0%	1.2%
PER												
KOSPI high	15.17	13.10	11.90	15.42	29.32	13.93	14.47	19.06	14.37	15.33	12.80	8.92
KOSPI low	13.29	10.30	9.14	13.09	14.87	11.96	10.43	15.86	12.01	8.33	6.82	5.58
KOSPI average	14.53	11.82	10.65	14.45	22.64	13.10	12.32	17.86	13.18	11.83	9.81	7.25
PBR												
KOSPI high	0.94	1.16	1.06	0.90	1.09	1.24	1.13	0.95	1.01	1.36	2.20	1.60
KOSPI low	0.82	0.91	0.81	0.77	0.55	1.07	0.81	0.79	0.84	0.74	1.17	1.00
KOSPI average	0.90	1.04	0.95	0.84	0.84	1.17	0.96	0.89	0.92	1.05	1.69	1.30

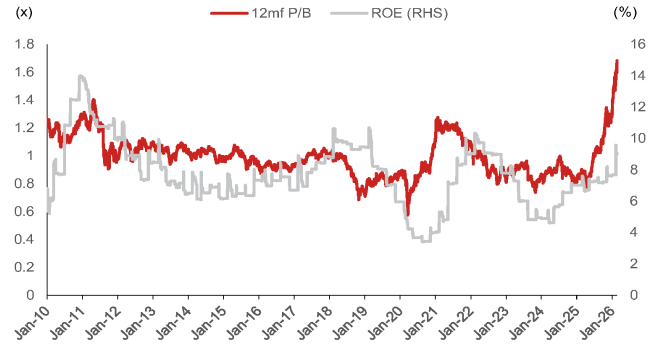
Source: Bloomberg, Nomura estimates

Fig. 6: KOSPI and 12mf P/E trend



Source: Bloomberg Finance L.P., Nomura research

Fig. 7: KOSPI - 12mf P/B and ROE trend



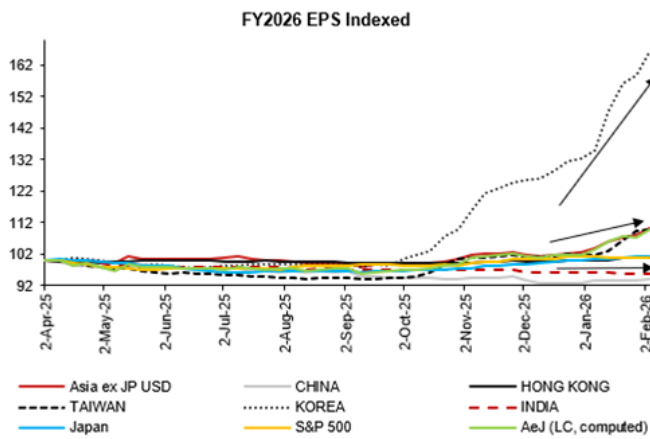
Source: Bloomberg Finance L.P., Nomura research

Fig. 8: Nomura vs consensus - 2025-27F net profit

(KRWbn) Sector	2025F net profit				2026F net profit				2027F net profit				P/E		Weighting (NP)	
	Nomura est.	y-y	Consensus	Diff	Nomura est.	y-y	Consensus	Diff	Nomura est.	y-y	Consensus	Diff	2026F	2027F	2026F	2027F
Semi	87,354	64%	87,180	0%	361,990	314%	259,089	40%	498,400	38%	317,590	57%	4.9x	3.6x	73%	77%
Non-semi tech	2,240	na	2,240	0%	4,048	81%	4,099	-1%	5,807	43%	4,989	16%	14.5x	10.1x	1%	1%
Auto/parts	22,302	-16%	20,803	7%	26,158	17%	24,536	7%	27,076	4%	26,526	2%	8.2x	7.9x	5%	4%
Shipbuilding	7,672	18%	7,804	-2%	10,359	35%	10,468	-1%	11,301	9%	12,467	-9%	19.0x	17.4x	2%	2%
Battery	(1,349)	na	(1,523)	na	902	na	668	35%	1,792	99%	3,276	-45%	169.6x	85.3x	0%	0%
Steel/metal	1,135	4%	1,086	5%	1,892	67%	1,917	-1%	2,133	13%	2,368	-10%	16.6x	14.8x	0%	0%
Defense	2,841	-20%	2,841	0%	4,360	53%	4,343	0%	5,683	30%	5,695	0%	29.7x	22.8x	1%	1%
Telecom	2,740	31%	2,704	1%	3,359	23%	3,420	-2%	3,383	1%	3,688	-8%	12.4x	12.3x	1%	1%
Nuclear	9,552	165%	9,064	5%	11,946	25%	11,126	7%	13,062	9%	12,242	7%	8.6x	7.9x	2%	2%
Power equipment	1,518	58%	1,472	3%	2,111	39%	2,175	-3%	2,892	37%	2,831	2%	36.9x	27.0x	0%	0%
Healthcare	2,908	55%	3,036	-4%	3,378	16%	3,732	-9%	3,755	11%	4,264	-12%	44.9x	40.4x	1%	1%
Internet/Media	3,374	0%	3,324	1%	4,273	27%	4,563	-6%	4,713	10%	5,159	-9%	23.4x	21.2x	1%	1%
Financials	41,346	7%	41,346	0%	44,898	9%	44,898	0%	46,716	4%	46,716	0%	10.7x	10.3x	9%	7%
Consumer	7,718	-7%	7,718	0%	9,088	18%	9,088	0%	10,306	13%	10,306	0%	14.3x	12.6x	2%	2%
Chem	(146)	na	(146)	na	1,153	na	1,153	0%	4,590	298%	4,590	0%	80.8x	20.3x	0%	1%
Construction	3,943	55%	3,943	0%	4,339	10%	4,339	0%	5,199	20%	5,199	0%	11.9x	9.9x	1%	1%
Subtotal	195,147	29%	192,891	1%	494,255	153%	389,615	27%	646,809	31%	467,904	38%	7.7x	5.9x	100%	100%
Others	49,725	83%	49,725	0%	67,563	36%	67,563	0%	53,540	-21%	53,540	0%				
Total	244,872	37%	242,616	1%	561,817	129%	457,177	23%	700,349	25%	521,445	34%	9.2x	7.4x		
EPS	275	37%			632	129%			788	25%						
BPS	3,109	8%			3,677	18%			4,394	20%						
ROE	9.3%				18.6%				19.5%							

Note: 1) For financials, consumer, chemicals and construction, earnings are based on Bloomberg consensus; 2) Weighting is calculated based on net profit of Nomura covered stocks which differs from numbers presented on the cover page.
Source: Company data, Nomura estimates, Bloomberg Finance L.P.

Fig. 9: FY2026 EPS Indexed



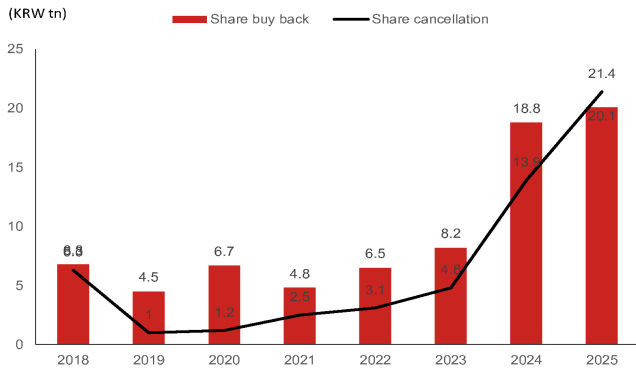
Source: IBES, LSEG, Nomura research

Fig. 10: Consensus earnings growth expectations and valuations

Index	EPS Growth						Cons. Valuations		
	2024	2025E	2026E	2027E	CAGR 19-24E	CAGR 25-27E	26F PE	Current 12mth Fwd PER	2026E DY (%)
USA	11.6	14.1	15.4	16.2	10.4	15.8	22.4	21.9	1.2
S&P500	11.7	13.3	15.2	15.9	9.8	15.5	22.3	21.8	1.2
Japan	12.5	8.1	9.4	10.4	15.1	9.9	16.9	17.1	2.2
Australia	(4.1)	9.3	3.4	5.8	4.3	4.6	18.8	19.1	3.5
China	16.1	2.5	12.3	14.9	8.6	13.6	12.5	12.4	2.3
HongKong	13.7	8.1	8.5	7.7	(1.8)	8.1	15.7	15.5	3.4
India	5.9	10.9	17.8	14.9	18.0	16.3	21.5	22.1	1.4
Indonesia	2.5	(3.0)	7.2	7.6	11.3	7.4	11.6	11.5	5.6
Korea	102.1	41.5	72.4	14.9	19.6	40.7	10.4	10.3	1.2
Malaysia	9.6	0.3	8.2	7.1	8.8	7.6	14.9	14.7	4.1
Philippines	16.5	8.6	8.9	9.6	9.6	9.2	10.5	10.5	3.3
Singapore	12.2	(1.1)	10.6	9.8	29.1	10.2	16.2	16.1	3.9
Taiwan	38.0	21.7	27.1	21.2	17.2	24.1	18.9	18.6	2.2
Thailand	8.1	9.7	4.7	8.6	4.8	6.6	16.8	16.7	3.5
SouthEastAsia	22.5	1.4	8.8	8.9	24.5	8.9	14.8	14.7	4.1
Asia-ex-Japan	26.5	12.6	26.1	15.3	12.4	20.6	14.4	14.3	2.1
EmergingMarkets	20.6	14.1	23.2	14.9	14.6	19.0	13.6	13.5	2.4
DevMarkets	9.0	9.9	13.8	14.4	10.0	14.1	20.1	19.8	1.7
HangSeng	13.2	(0.3)	8.5	10.9	5.9	9.7	11.9	11.9	3.1
CSI300	9.9	12.2	11.4	10.3	8.3	10.9	13.4	13.3	3.0

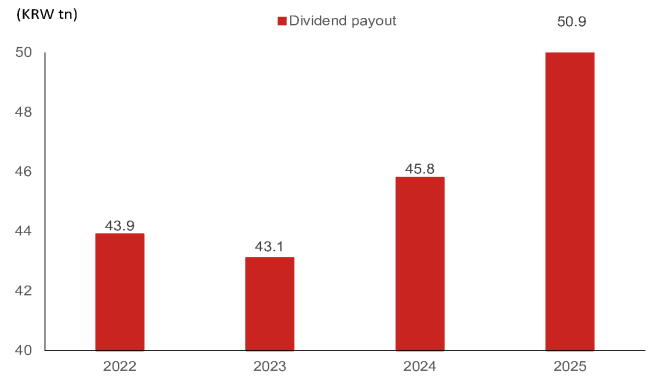
Source: IBES consensus forecasts, Thomson Reuters, LSEG, Nomura research

Fig. 11: Korea: Share buy back and cancellation (2018-25)



Source: KRX, Nomura research

Fig. 12: Korea: Dividend payout trend (2022-25)



Source: KRX, Nomura research

Korea households shifting to financial assets

There may be a broad reallocation of capital taking place in Korea, as policy initiatives explicitly aim to direct household wealth from property into financial investments. Such a reallocation may be seen through households shifting assets: (1) out of real estate (Fig. 13) and (2) overseas equities into the domestic stock market.

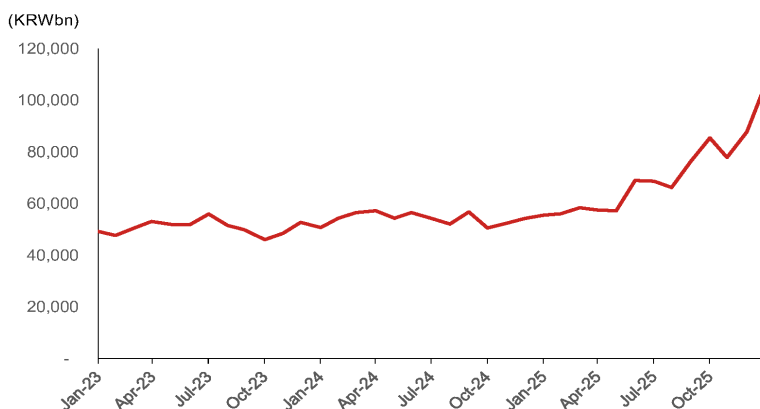
Fig. 13: Korea: household assets composition (%)

Category	2020	2021	2022	2023	2024
A. Non-financial Assets	65.3	66.8	66.3	65.2	64.5
B. Financial Assets	34.7	33.2	33.7	34.8	35.5
Cash & Deposits	43.4	43.4	46.0	46.3	46.3
Financial Investment Products	25.1	25.6	22.2	25.0	24.0
Insurance & Pensions	30.9	30.4	31.1	28.0	28.9
Others	0.6	0.6	0.7	0.7	0.8

Source: The Federation of Korean Industries, Nomura research

As shown in Fig. 14, in early 2024, investor deposits stood at ~KRW50tn but rose to KRW80tn by Oct 2025, then to KRW86tn in Nov 2025. In Jan 2026, the figure reached KRW106tn, as low-yield bank deposits declined and funds were reallocated to brokerage accounts. This trend may support our view that Korean retail liquidity is increasingly moving into equities rather than in traditional savings products. Since the start of 2026, demand deposits at the five major banks fell by KRW22tn m-m in Jan 2026 (source: Seoul Economic Daily, 3 Feb 2026). The simultaneous drop in low-yield bank deposits and a rise in investor deposits may support our interpretation that Korean household liquidity may be rotating into equities.

Fig. 14: Korea: trend in investor deposits

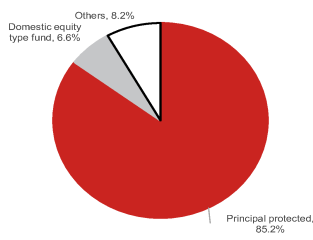


Source: KOFIA, Nomura research

US stock holdings by Korean investors declined sharply in Feb 2026. According to Korea Securities Depository (SEIBro) data (7 Feb), total US stock holdings stood at USD161.37bn (KRW 237tn) as of 4 Feb, a decline from USD174.38bn (KRW 256tn) as of 28 Jan.

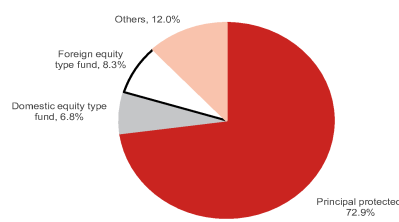
Fig. 15 - 16 show Samsung Life’s DC retirement plans where participants have become more aggressive in their asset allocation between January 2021 and February 2026. In January 2021, about 85.2% of assets were in principal-protected products, with only 6.6% allocated to equity-type funds. By February 2026, the share of principal-protected products had fallen to 72.9%, while allocations to domestic equity and foreign equity products rose to 6.8% and 8.3%, respectively, indicating that DC plan members are taking on more risk in pursuit of higher returns.

Fig. 15: Samsung Life – Portfolio allocation (DC) as of Jan 2021



Note: DC stands for defined contribution.
Source: Samsung Life, Nomura research

Fig. 16: Samsung Life – Portfolio allocation (DC) as of Feb 2026



Note: DC stands for defined contribution.
Source: Samsung Life, Nomura research

Reality check (1): Will Commercial Act revision really change Korea's governance?

Corporates seek ways to “neutralize” Commercial Act revision

We have been coming across information through media sources that listed companies may be looking for ways to circumvent the 2025/26 Commercial Act (CA) amendments (*Fig. 17*; CA amendments focus on strengthening minority shareholders' rights and returns). Some corporates are seeking legal consultations to adopt preemptive measures to counter such legislative changes, which may hinder corporate and capital market reforms.

Japan had experienced a similar transitional period, with corporates/government/legal systems being protective of external corporate activist attacks (2005-07, the cases of Livedoor, Bull-Dog; *link*), leading to a poison pill boom period (2007-11). But when Japanese corporate balance sheets' capital efficiency and management hit the worst point during the Global Financial Crisis of 2008-09, the country came to realize the need for change. The “Abenomics” in 2012 was a catalyst, but from 2005 onwards, Japan's capital market mindset was steadily and subtly changing, including: (1) 2005 new guidelines from the Ministry of Economy, Trade, and Industry and the Ministry of Justice stating that defense from activists must protect corporate value, and not management; (2) Government Pension Investment Fund (GPIF) exercising the Stewardship code (2012) and criticising low ROEs. In retrospect, from 2005 to 2022, the country had more or less passed through a 17-year period of experimental phase, until in 2022, when the Tokyo Stock Exchange made an inaugural “bold request” for listed companies to improve capital efficiency.

Government monitoring, regulatory pressure is required

We regard 2016 as the first year of South Korea's awareness of minority shareholder value and the need for structural governance reforms. However, back then, with the government's power weakening and a change in the ruling party, this initiative had stalled, but 2024 marked a new beginning with the launch of the Value Up program (Feb 2024). Considering corporate's pursuit of pre-emptive measures to counter the new legislative environment, we recommend the following to regulatory bodies:

- Top-down enforcement, involving major pension funds (national pension, teachers' military pensions) and stewardship codes. Government/ administrations to sustainably scrutinize whether the listed corporates are implementing Commercial Act amendments properly.
- Tax and structural incentives, including: (1) tax incentives for de-consolidation; (2) stricter rules on circular shareholding; (3) higher disclosure requirement for intra group transactions, and; (4) mandatory independent board ratios for large corporates.
- Treasury share cancellations to become mandatory (Bill likely up for voting during the National Assembly in 1Q26).
- Improving listing/delisting criteria. We believe Korea regulators need to strengthen listing maintenance quality.

Examples of how companies may circumvent CA revision

The 2026 Annual General Meeting (AGM) will be the final regular shareholders' meeting before key amendments to the Commercial Act are implemented in July/September 2026 (*Fig. 17*). In anticipation of these reforms, companies may look to adopt preemptive measures, in our view. Collectively, these strategies may dilute the intended impact of reforms aimed at strengthening minority shareholder representation on boards.

- **Expansion of audit committee size (relevant to #6 of Fig 17):** Companies may increase the total number of audit committee members (e.g., from 3 to 5). By doing so, even if a shareholder-recommended candidate is elected through separate election, the board/family owner-friendly members still maintain a majority. Note: the separate election system was first introduced in 2020 to strengthen oversight and limit the influence of controlling shareholders in audit committee appointments; previously only one audit member had to be elected separately from the board, but the 2025/26

CA revision now requires two separate members. A typical board/audit mix for large listed companies in Korea comprises BOD 7-9 directors (outside directors over 60-70%); audit members 3.

- **Staggered board terms (#5 of Fig 17):** By staggering (spreading director terms over multiple years) the expiration dates of audit committee members' terms, companies ensure that only one seat is up for election at a time. This prevents shareholders from using cumulative voting to concentrate their votes on multiple candidates simultaneously.
- **Pre-emptive board size reduction (#5):** Companies may amend their Articles of Incorporation to reduce the maximum number of directors. A smaller board reduces the number of seats available for election, making it mathematically challenging for minority shareholders to secure a seat through concentrated voting.
- **Circumventing the 3% voting cap (#4):** To bypass the 3% voting limit (which aggregates the votes of the largest shareholder and their affiliates), companies may move shares to friendly third-parties, use Total Return Swaps (TRS), or transfer shares to corporate welfare foundations or employee stock ownership plans.
- **Classification of directors (#5):** By categorising directors (e.g., separating candidates into specific roles like 'Inside Director' vs. 'Outside Director' or different industry expertise categories for voting purposes), companies can dilute the concentration of cumulative votes, making it difficult for a single minority candidate to win. Instead of minority shareholders voting for all directors together, they have to vote within each category separately.

Fig. 17: Agendas passed/pending in National Assembly

Commercial Act		
Announced	Effective Date	Details
3-Jul-25	Implemented Jan-27 Jul-26 Jul-26	1) Expand fiduciary duty of board members to protect interests of minority shareholders 2) Introduction of electronic shareholders' meetings for listed companies 3) Change outside directors to independent directors, should consist 1/3 of board members (from 1/4) 4) Limits the voting rights of the largest shareholder and related parties to 3% when electing audit committee members
25-Aug-25	Sep-26 Sep-26	5) Cumulative voting for the appointment of directors in major listed companies 6) Expand the number of audit committee members to at least two from being separately elected
Feb (est)	TBC	7) Mandatory cancellation of treasury shares - Newly acquired treasury shares should be cancelled within 1-year, while existing treasury shares has grace period of 18 months
Tax Act		
Date	Effective Date	Details
2-Dec-25	Implemented	1) Separate taxation of dividend income to: (1) companies with dividend payout ratio >40% (2) dividend payout ratio above 25% with dividend increasing 10% y-y (tax rate of 14% for dividends under KRW20mn, 20% for KRW20mn-300mn, 25% for KRW300mn-5bn, and 30% for amounts above KRW5bn)
15-Sep-25	Implemented	2) Increase of securities transaction tax (0% -> 0.05%) and corporate tax (max 24% -> 25%) 3) Threshold for capital gain tax is kept at KRW5bn
Capital Markets Act		
Date	Effective Date	Details
1H26 (est)	TBC	1) Mandatory tender offer when major shareholders sell shares in M&A

Source: Nomura research

Fig. 18: Case study: Companies' preemptive measures to brace for Commercial Act revision

	Company	Market cap (KRWbn)	Foreign ownership (%)	Major shareholder (%)	Details
Tender offer below fair value	E-mart (139480 KS)	3,055	23.7	28.9	In December 2025, E-mart has announced tender offer on its subsidiary Shinsegae Food (031440 KS, not rated) to delist the company. Tender offer price was set at 20% premium of the current price but the stock was valued at PBR of 0.6x. This has caused opposition from minority shareholders of Shinsegae Food
Limiting number of directors to be elected	JB Financials (175330 KS)	7,121	34.5	15.0	During the 2024 general shareholder meeting, JB Financial faced a challenge from activist fund (Align Partners). The company has increased the number of Audit Committee members to five (from four) and limited the number of directors to be elected.
Cumulative voting by director type	KT&G (033780 KS)	20,894	43.4	8.3	In March 2025, KT&G amended their articles of incorporation to classify directors in a way that would force cumulative voting to happen within sub-categories rather than across the whole board - In the event that directors are elected through cumulative voting, the President and the other directors shall be classified into separate groups
	Coway (021240 KS)	6,278	57.2	25.8	In March 2025, Coway has proposed to differentiate internal directors and outside directors, and execute cumulative voting respectively. However, the proposal was discarded as the motion to adopt cumulative voting failed to pass.

Note: Market cap, foreign ownership data as of 20 Feb; major shareholders' stake as of 3Q25.

Source: Korea Corporate Governance Forum, Company data, Nomura research

Reality check (2): Korea Value Up – lessons from Japan

Korea's Value-Up is law driven; chaebol risks remain

Japan's "value-up" efforts stem from a few decades of efforts to reform corporate governance and the capital market, driven by the TSE (Tokyo Stock Exchange) and the FSA (Financial Services Agency). In April 2022, the TSE introduced market restructuring measures so that listed companies maintain their responsibilities, especially through capital efficiency management. Benchmarking Japan's value-up initiatives, the KRX and FSC, too, launched corporate value-up plans in Feb 2024.

However, the key difference between Korea and Japan roots in the ownership structure, in our view. While Korea needs to address issues related to family-controlled conglomerates (chaebol), Japan has needed to overcome issues associated with cross-shareholdings and management prioritizing employment stability over long-term business plans. Overall, however, Japanese corporates' professionally managed culture (by large, although not all) provided a foundation to be more responsive to TSE/FSA initiatives, in our view.

Japanese regulatory bodies remain vigilant and continue to roll out new plans

Japan's TSE and FSA continue to launch new initiatives, while monitoring existing reform plans. The essence of TSE's strategy is to have listed companies publish plans linking ROE/ROIC and cost of capital to business portfolios, cash, dividends and buybacks, and then identify and track who has disclosed and updated. In the forthcoming revisions to the Corporate Governance Code in 2026, key focus will likely be on the review of proper resource allocation, including cash and deposits, human resource strategies linked to corporate strategies, and systemic changes related to wages and compensation policies (source: Nomura Japan Equity Strategy Team; [report](#)). The 2025 FSA Action Programme ([link](#)) and the upcoming 2026 Code revision emphasise the boards' responsibility towards efficient deployment of cash and deposits into capex, R&D, human capital and IP — rather than leaving funds unused.

Fig. 19: Examples of initiatives by growth market-listed companies that were well-received by investors



Source: JPX

Fig. 20: List of examples of initiatives

#	Issue	Code	Sector	Page Num.	Actions highlighted in this collection of examples (Investor's expectations)							
					#1	#2	#3	#4	#5	#6	#7	
1	TRIAL Holdings, Inc.	141A	Retail Trade	Page13	●	●						
2	Astroscale Holdings Inc.	186A	Services	Page16	●	●		●		●	●	
3	TKP Corporation	1479	Real Estate	Page20	●				●			
4	GA technologies Co., Ltd.	1491	Real Estate	Page23	●				●			●
5	ROBOT PAYMENT INC.	4374	Information & Communication	Page26	●		●				●	
6	CanBas Co., Ltd.	4575	Pharmaceutical	Page29	●	●		●			●	
7	eWell Co., Ltd.	5038	Information & Communication	Page33	●						●	●
8	AR advanced technology, Inc.	5578	Information & Communication	Page36	●				●		●	
9	BuySell Technologies Co., Ltd.	7885	Wholesale Trade	Page39	●		●		●			●
10	GENDA Inc.	9166	Services	Page44	●	●	●				●	
11	INFORICH INC.	9338	Services	Page48	●						●	●
(Ref.) Number of companies for which each expectation is applicable:					11	4	3	2	4	7	7	

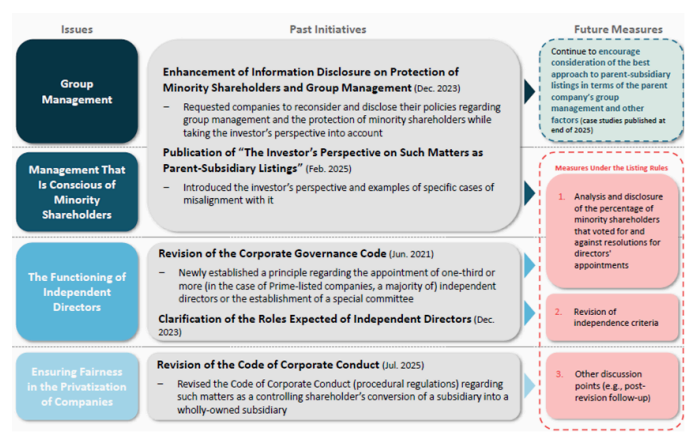
Source: JPX

Fig. 21: Status of initiatives on matters like parent-subsidary listings



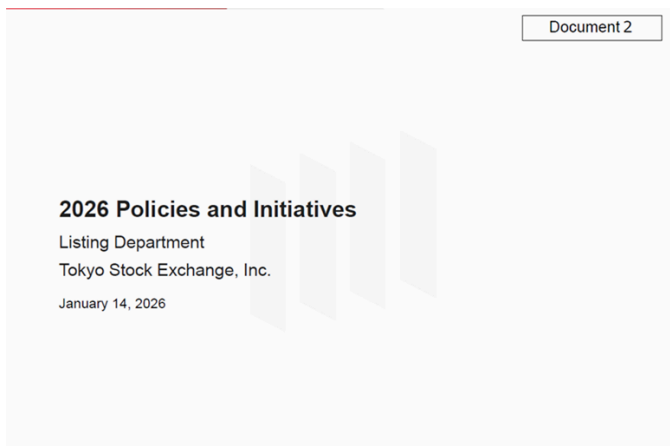
Source: JPX

Fig. 22: Overview of initiatives



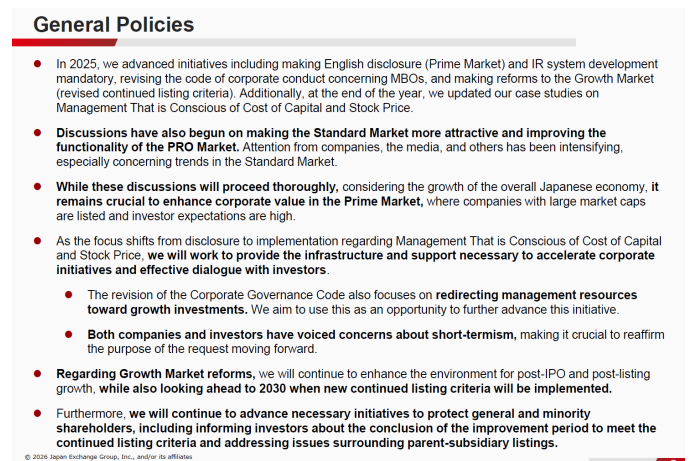
Source: JPX

Fig. 23: 2026 policies and initiatives



Source: JPX

Fig. 24: General policies



Source: JPX

In the FSA's 2025 Action Programme, the initiative requires boards to: (1) explain concretely how they evaluate their own effectiveness, board quality matrix and succession plans for independent directors; (2) link governance to cost of capital and listing status, and; (3) ensure that stewardship reports show real engagement outcomes (e.g., cases where investors pushed for higher ROE targets or opposed poor capital allocation) and use the same to assess managers and pension funds.

Fig. 25: Japan vs Korea : value-up policy comparison

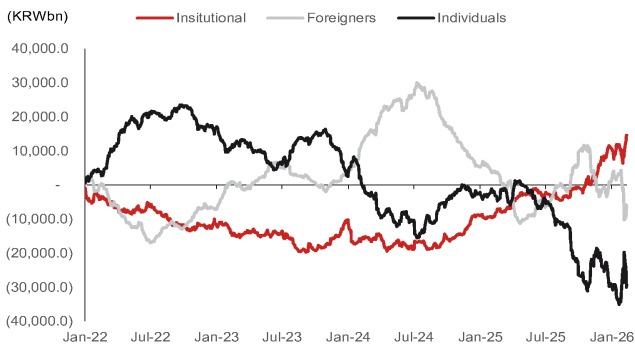
	Japan value-up reforms	Korea Corporate Value-Up Program
Timeline	Built over a decade of structural corporate and capital-market reforms	Launched in 2024 as a relatively new, concentrated initiative
Core objective	Raise ROE, improve P/B ratio below 1, unwind cross-shareholdings, and embed cost-of-capital-conscious management	Reduce the "Korea discount" by improving governance, transparency, and shareholder returns for listed firms
Main actors	TSE, FSA	KRX, FSC
Enforcement style	Strong "name-and-shame" and potential delisting pressure on low-PBR companies, plus code revisions	Series of law revision to enhance corporate governance, voluntary disclosure of plans
Current impact signals	Rising buybacks, governance improvements	Increasing shareholder return, early-stage re-rating expectations, need to monitor how companies' response to commercial act amendment
Future initiatives	Promote effective utilization of management resources for investments and other purposes; revision of the Corporate Governance Code	Mandatory treasury share cancellation (passed Legislation and Judiciary Committee on 20 Feb); further reform of Capital Markets Act

Source: Nomura research

Korea Value-Up – next focus should be on capital efficiency and dual listing unwinding

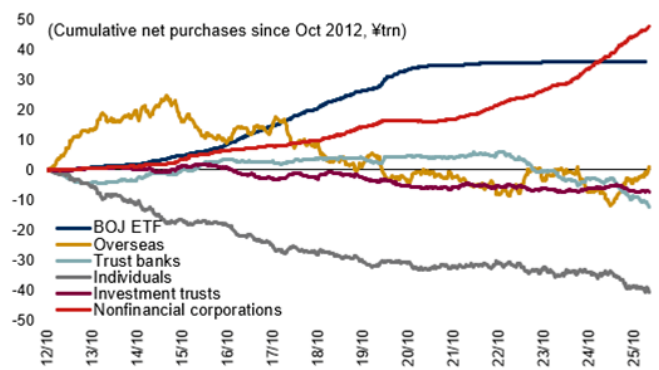
We believe that post CA amendment, the Korea government should step-up efforts to improve the capital efficiency of listed companies. These companies should provide plans on how to address low ROE, excess cash and non-core asset holdings (optimize balance sheets) while improving shareholder returns. Also, regarding Korea’s dual listing issue – where 18% of Korea’s market cap is considered part of “dual listing” vs Japan/Taiwan at 4%/3% each (source: Chosun Daily) – when both the opco and the holdco are listed separately, the same underlying business is effectively valued twice by the market. In such cases, we believe that investors impose a holding company discount as capital allocation and governance becomes complicated and opaque. This explains why Korean holding companies’ discount to NAV remains high at >50% vs peer markets’ 30% (but note: Korea’s dual listing does not imply a mechanical flaw in the KOSPI construction as the KOSPI and KOSPI 200 reflect only free-float-adjusted market cap in the indices). If Korea is to continue its Value Up efforts, unwinding these structures should be one of the key considerations, in our view, in order to restore clean valuation logic and gain investor confidence in the market.

Fig. 26: Cumulative net purchases of KOSPI



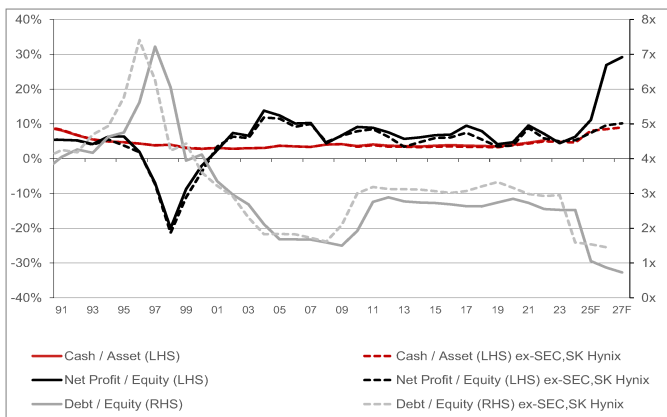
Source: KRX, Nomura research

Fig. 27: Cumulative net purchases of Japanese equities



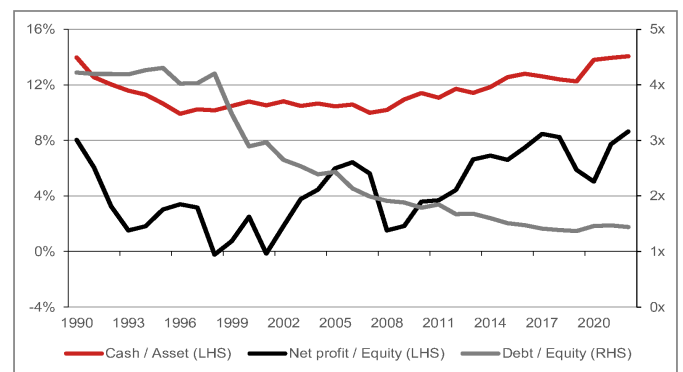
Source: Nomura, based on TSE, OSE, and BOJ data

Fig. 28: KOSPI & KOSDAQ - Financial analysis



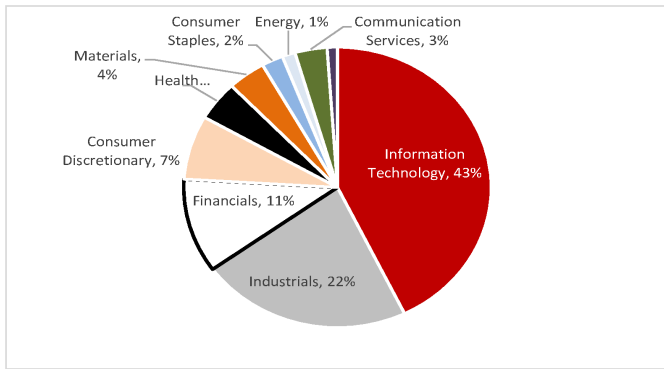
Note: Historical data (1991-2024) is includes data of KOSPI and KOSDAQ companies, while forecasts include financial data of Nomura covered stocks.
Source: Bloomberg Finance L.P., Nomura estimates

Fig. 29: Japanese companies – Financial analysis



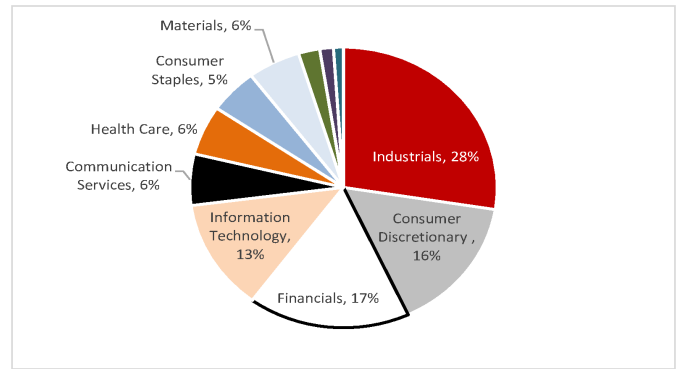
Note: Data as of 1990-2023.
Source: Bloomberg Finance L.P., Nomura research

Fig. 30: KOSPI - market cap breakdown



Note: Data as of 20 Feb 2026 close.
Source: Bloomberg Finance L.P., Nomura research

Fig. 31: TOPIX - market cap breakdown



Note: Data as of 20 Feb 2026 close.
Source: Bloomberg Finance L.P., Nomura research

Appendix A-1

This report has been produced by Nomura Financial Investment (Korea) Co., Ltd. (NFIK), Korea.
See [Disclaimers](#) for Nomura Group entity details.

Analyst Certification

We, Cindy Park and Dongmin Lee, hereby certify (1) that the views expressed in this Research report accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Research report, (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Research report and (3) no part of our compensation is tied to any specific investment banking transactions performed by Nomura Securities International, Inc., Nomura International plc or any other Nomura Group company.

Important Disclosures

Online availability of research and conflict-of-interest disclosures

Nomura Group research is available on www.nomuranow.com/research, Bloomberg, Capital IQ, Factset, LSEG. Important disclosures may be read at <http://go.nomuranow.com/research/m/Disclosures> or requested from Nomura Securities International, Inc. If you have any difficulties with the website, please email grpsupport@nomura.com for help.

The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by Investment Banking activities. Unless otherwise noted, the non-US analysts listed at the front of this report are not registered/qualified as research analysts under FINRA rules, may not be associated persons of NSI, and may not be subject to FINRA Rule 2241 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Nomura Global Financial Products Inc. (NGFP) Nomura Derivative Products Inc. (NDP) and Nomura International plc. (Nlplc) are registered with the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and Nlplc are generally engaged in the trading of swaps and other derivative products, any of which may be the subject of this report.

Distribution of ratings (Nomura Group)

The distribution of all ratings published by Nomura Group Global Equity Research is as follows:

56% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 36% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services** by the Nomura Group.

42% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 56% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group

2% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 0% of companies with this rating are investment banking clients of the Nomura Group*. 0% of companies (which are admitted to trading on a regulated market in the EEA) with this rating were supplied material services by the Nomura Group.

As at 31 December 2025.

*The Nomura Group as defined in the Disclaimer section at the end of this report.

** As defined by the EU Market Abuse Regulation

Definition of Nomura Group's equity research rating system and sectors

The rating system is a relative system, indicating expected performance against a specific benchmark identified for each individual stock, subject to limited management discretion. An analyst's target price is an assessment of the current intrinsic fair value of the stock based on an appropriate valuation methodology determined by the analyst. Valuation methodologies include, but are not limited to, discounted cash flow analysis, expected return on equity and multiple analysis. Analysts may also indicate expected absolute upside/downside relative to the stated target price, defined as (target price - current price)/current price.

STOCKS

A rating of **'Buy'**, indicates that the analyst expects the stock to outperform the Benchmark over the next 12 months. A rating of **'Neutral'**, indicates that the analyst expects the stock to perform in line with the Benchmark over the next 12 months. A rating of **'Reduce'**, indicates that the analyst expects the stock to underperform the Benchmark over the next 12 months. A rating of **'Suspended'**, indicates that the rating, target price and estimates have been suspended temporarily to comply with applicable regulations and/or firm policies. Securities and/or companies that are labelled as **'Not rated'** or shown as **'No rating'** are not in regular research coverage. Investors should not expect continuing or additional information from Nomura relating to such securities and/or companies. Benchmarks are as follows: **United States/Europe/Asia ex-Japan**: please see valuation methodologies for explanations of relevant benchmarks for stocks, which can be accessed at: <http://go.nomuranow.com/research/m/Disclosures>; **Global Emerging Markets (ex-Asia)**: MSCI Emerging Markets ex-Asia, unless otherwise

stated in the valuation methodology; **Japan:** Russell/Nomura Large Cap.

SECTORS

A **'Bullish'** stance, indicates that the analyst expects the sector to outperform the Benchmark during the next 12 months. A **'Neutral'** stance, indicates that the analyst expects the sector to perform in line with the Benchmark during the next 12 months. A **'Bearish'** stance, indicates that the analyst expects the sector to underperform the Benchmark during the next 12 months. Sectors that are labelled as **'Not rated'** or shown as **'N/A'** are not assigned ratings. Benchmarks are as follows: **United States:** S&P 500; **Europe:** Dow Jones STOXX 600; **Global Emerging Markets (ex-Asia):** MSCI Emerging Markets ex-Asia. **Japan/Asia ex-Japan:** Sector ratings are not assigned.

Target Price

A Target Price, if discussed, indicates the analyst's forecast for the share price with a 12-month time horizon, reflecting in part the analyst's estimates for the company's earnings. The achievement of any target price may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings differ from estimates.

Disclaimers

This publication contains material that has been prepared by the Nomura Group entity identified on page 1 and, if applicable, with the contributions of one or more Nomura Group entities whose employees and their respective affiliations are specified on page 1 or identified elsewhere in this publication. The term "Nomura Group" used herein refers to Nomura Holdings, Inc. and its affiliates and subsidiaries including: (a) Nomura Securities Co., Ltd. ('NSC') Tokyo, Japan, (b) Nomura Financial Products Europe GmbH ('NFPE'), Germany, (c) Nomura International plc ('Niplc'), UK, (d) Nomura Securities International, Inc. ('NSI'), New York, US, (e) Nomura International (Hong Kong) Ltd. ('NIHK'), Hong Kong, (f) Nomura Financial Investment (Korea) Co., Ltd. ('NFIK'), Korea (Information on Nomura analysts registered with the Korea Financial Investment Association ('KOFIA') can be found on the KOFIA Intranet at <http://dis.kofia.or.kr>), (g) Nomura Singapore Ltd. ('NSL'), Singapore (Registration number 197201440E, regulated by the Monetary Authority of Singapore) (h) Nomura Australia Ltd. ('NAL'), Australia (ABN 48 003 032 513), regulated by the Australian Securities and Investment Commission ('ASIC') and holder of an Australian financial services licence number 246412, (i) Nomura Securities Malaysia Sdn. Bhd. ('NSM'), Malaysia, (j) NIHK, Taipei Branch ('NITB'), Taiwan, (k) Nomura Financial Advisory and Securities (India) Private Limited ('NFASL'), Mumbai, India (Registered Address: Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai- 400 018, India; Tel: 91 22 4037 4037, Fax: 91 22 4037 4111; CIN No: U74140MH2007PTC169116, SEBI Registration No. for Stock Broking activities : INZ000255633; SEBI Registration No. for Merchant Banking : INM000011419; SEBI Registration No. for Research: INH000001014 - Compliance Officer: Ms. Pratiksha Tondwalkar, 91 22 40374904, grievance email: investorgrievancesra@nomura.com Webpage: [LINK](#)

For reports with respect to Indian public companies or authored by India-based NFASL research analysts: (i) Investment in securities markets is subject to market risks. Read all the related documents carefully before investing. (ii) Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. (iii) NFASL terms and conditions for availing research services is disclosed on NFASL webpage.

(l) Nomura Fiduciary Research & Consulting Co., Ltd. ('NFR') Tokyo, Japan. (m) Nomura Orient International Securities Co., Ltd ("NOI"), is a majority owned joint venture amongst Nomura Group, Orient International (Holding) Co., Ltd, and Shanghai Huangpu Investment Holding (Group) Co., Ltd. In accordance with the laws of the People's Republic of China ("PRC", excluding Hong Kong, Macau and Taiwan, for the purpose of this document), NOI is licensed in the PRC to provide securities research and investment recommendations and it operates independently from the other members of the Nomura Group; in particular, NOI's interests in PRC securities are not disclosed to, or aggregated with the holdings of, any other Nomura Group entities and the interests in PRC securities of other Nomura Group entities are not disclosed to, or aggregated with the holdings of, NOI. An individual name printed next to NOI on the front page of a research report indicates that individual is employed by NOI to provide research assistance to NIHK under a research partnership agreement. 'NSFSPL' next to an employee's name on the front page of a research report indicates that the individual is employed by Nomura Structured Finance Services Private Limited to provide assistance to certain Nomura entities under inter-company agreements. 'Verdhana' next to an individual's name on the front page of a research report indicates that the individual is employed by PT Verdhana Sekuritas Indonesia ("Verdhana") to provide research assistance to NIHK under a research partnership agreement and neither Verdhana nor such individual is licensed outside of Indonesia.

THIS MATERIAL IS: (I) FOR YOUR PRIVATE INFORMATION, AND WE ARE NOT SOLICITING ANY ACTION BASED UPON IT; (II) NOT TO BE CONSTRUED AS AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION WOULD BE ILLEGAL; AND (III) OTHER THAN DISCLOSURES RELATING TO THE NOMURA GROUP, BASED UPON INFORMATION FROM SOURCES THAT WE CONSIDER RELIABLE, BUT HAS NOT BEEN INDEPENDENTLY VERIFIED BY NOMURA GROUP.

Other than disclosures relating to the Nomura Group, the Nomura Group does not warrant, represent or undertake, express or implied, that the document is fair, accurate, complete, correct, reliable or fit for any particular purpose or merchantable, and to the maximum extent permissible by law and/or regulation, does not accept liability (in negligence or otherwise, and in whole or in part) for any act (or decision not to act) resulting from use of this document and related data. To the maximum extent permissible by law and/or regulation, all warranties and other assurances by the Nomura Group are hereby excluded and the Nomura Group shall have no liability (in negligence or otherwise, and in whole or in part) for any loss howsoever arising from the use, misuse, or distribution of this material or the information contained in this material or otherwise arising in connection therewith.

Opinions or estimates expressed are current opinions as of the original publication date appearing on this material and the information, including the opinions and estimates contained herein, are subject to change without notice. The Nomura Group, however, expressly disclaims any

obligation, and therefore is under no duty, to update or revise this document. Any comments or statements made herein are those of the author(s) and may differ from views held by other parties within Nomura Group. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The Nomura Group does not provide tax advice.

The Nomura Group, and/or its officers, directors, employees and affiliates, may, to the extent permitted by applicable law and/or regulation, deal as principal, agent, or otherwise, or have long or short positions in, or buy or sell, the securities, commodities or instruments, or options or other derivative instruments based thereon, of issuers or securities mentioned herein. The Nomura Group companies may also act as market maker or liquidity provider (within the meaning of applicable regulations in the UK) in the financial instruments of the issuer. Where the activity of market maker is carried out in accordance with the definition given to it by specific laws and regulations of the US or other jurisdictions, this will be separately disclosed within the specific issuer disclosures.

This document may contain information obtained from third parties, including, but not limited to, ratings from credit ratings agencies such as Standard & Poor's. The Nomura Group hereby expressly disclaims all representations, warranties or undertakings of originality, fairness, accuracy, completeness, correctness, merchantability or fitness for a particular purpose with respect to any of the information obtained from third parties contained in this material or otherwise arising in connection therewith, and shall not be liable (in negligence or otherwise, and in whole or in part) for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use or misuse of any of the information obtained from third parties contained in this material or otherwise arising in connection therewith. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not, express or implied, guarantee the fairness, accuracy, completeness, correctness, timeliness or availability of any information, including ratings, and are not in any way responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use or misuse of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable (in negligence or otherwise, and in whole or in part) for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use or misuse of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. Any MSCI sourced information in this document is the exclusive property of MSCI Inc. ('MSCI'). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be duplicated, reproduced, re-disseminated, redistributed or used, in whole or in part, for any purpose whatsoever, including creating any financial products and any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all representations, warranties or undertakings of originality, fairness, accuracy, completeness, correctness, merchantability or fitness for a particular purpose with respect to any of this material or the information contained in this material or otherwise arising in connection therewith. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability (in negligence or otherwise, and in whole or in part) for any damages of any kind. MSCI and the MSCI indexes are services marks of MSCI and its affiliates.

The intellectual property rights and any other rights, in Russell/Nomura Japan Equity Index belong to Nomura Fiduciary Research & Consulting Co., Ltd. ("NFR") and FTSE Russell ("Russell"). NFR and Russell do not guarantee fairness, accuracy, completeness, correctness, reliability, usefulness, marketability, merchantability or fitness of the Index, and do not account for business activities or services that any index user and/or its affiliates undertakes with the use of the Index.

Investors should consider this document as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Nomura Group produces a number of different types of research product including, among others, fundamental analysis and quantitative analysis; recommendations contained in one type of research product may differ from recommendations contained in other types of research product, whether as a result of differing time horizons, methodologies or otherwise. The Nomura Group publishes research product in a number of different ways including the posting of product on the Nomura Group portals and/or distribution directly to clients. Different groups of clients may receive different products and services from the research department depending on their individual requirements.

Figures presented herein may refer to past performance or simulations based on past performance which are not reliable indicators of future or likely performance. Where the information contains an expectation, projection or indication of future performance and business prospects, such forecasts may not be a reliable indicator of future or likely performance. Moreover, simulations are based on models and simplifying assumptions which may oversimplify and not reflect the future distribution of returns. Any figure, strategy or index created and published for illustrative purposes within this document is not intended for "use" as a "benchmark" as defined by the European Benchmark Regulation. Certain securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment.

With respect to Fixed Income Research: Recommendations fall into two categories: tactical, which typically last up to three months; or strategic, which typically last from 6-12 months. However, trade recommendations may be reviewed at any time as circumstances change. 'Stop loss' levels for trades are also provided; which, if hit, closes the trade recommendation automatically. Prices and yields shown in recommendations are taken at the time of submission for publication and are based on either indicative Bloomberg, LSEG or Nomura prices and yields at that time. The prices and yields shown are not necessarily those at which the trade recommendation can be implemented.

The securities described herein may not have been registered under the US Securities Act of 1933 (the '1933 Act'), and, in such case, may not be offered or sold in the US or to US persons unless they have been registered under the 1933 Act, or except in compliance with an exemption from the registration requirements of the 1933 Act. Unless governing law permits otherwise, any transaction should be executed via a Nomura entity in your home jurisdiction.

This document has been approved for distribution in the UK as investment research by Nlplc. Nlplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Nlplc is a member of the London Stock

Exchange. This document does not constitute a personal recommendation within the meaning of applicable regulations in the UK, or take into account the particular investment objectives, financial situations, or needs of individual investors. This document is intended only for investors who are 'eligible counterparties' or 'professional clients' for the purposes of applicable regulations in the UK, and may not, therefore, be redistributed to persons who are 'retail clients' for such purposes.

This document has been approved for distribution in the European Economic Area as investment research by Nomura Financial Products Europe GmbH ("NFPE"). NFPE is a company organized as a limited liability company under German law registered in the Commercial Register of the Court of Frankfurt/Main under HRB 110223. NFPE is authorized and regulated by the German Federal Financial Supervisory Authority (BaFin).

This document has been approved by NIIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIIHK. This document is intended only for investors who are 'professional investors' for the purposes of applicable regulations in Hong Kong and may not, therefore, be redistributed to persons who are not 'professional investors' for such purposes.

This document has been approved for distribution in Australia by NAL, which is authorized and regulated in Australia by the ASIC.

This document has also been approved for distribution in Malaysia by NSM.

In Singapore, this document has been distributed by NSL, an exempt financial adviser as defined under the Financial Advisers Act (Chapter 110), among other things, and regulated by the Monetary Authority of Singapore. NSL may distribute this document produced by its foreign affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. This document is intended for accredited, expert or institutional investors as defined by the Securities and Futures Act (Chapter 289). Where the recipient of this document is not an accredited, expert or institutional investor, NSL accepts legal responsibility for the contents of this document in respect of such recipient only to the extent required by law. Recipients of this document in Singapore should contact NSL in respect of matters arising from, or in connection with, this document. THIS DOCUMENT IS INTENDED FOR GENERAL CIRCULATION. IT DOES NOT TAKE INTO ACCOUNT THE SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS OF ANY PARTICULAR PERSON. RECIPIENTS SHOULD TAKE INTO ACCOUNT THEIR SPECIFIC INVESTMENT OBJECTIVES, FINANCIAL SITUATION OR PARTICULAR NEEDS BEFORE MAKING A COMMITMENT TO PURCHASE ANY SECURITIES, INCLUDING SEEKING ADVICE FROM AN INDEPENDENT FINANCIAL ADVISER REGARDING THE SUITABILITY OF THE INVESTMENT, UNDER A SEPARATE ENGAGEMENT, AS THE RECIPIENT DEEMS FIT. Unless prohibited by the provisions of Regulation S of the 1933 Act, this material is distributed in the US, by NSI, a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. The entity that prepared this document permits its separately operated affiliates within the Nomura Group to make copies of such documents available to their clients.

This document has not been approved for distribution to persons other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' (as defined by the Capital Markets Authority) in the Kingdom of Saudi Arabia ('Saudi Arabia') or a 'Market Counterparty' or a 'Professional Client' (as defined by the Dubai Financial Services Authority) in the United Arab Emirates ('UAE') or a 'Market Counterparty' or a 'Business Customer' (as defined by the Qatar Financial Centre Regulatory Authority) in the State of Qatar ('Qatar') by Nomura Saudi Arabia, Nlplc or any other member of the Nomura Group, as the case may be. Neither this document nor any copy thereof may be taken or transmitted or distributed, directly or indirectly, by any person other than those authorised to do so into Saudi Arabia or in the UAE or in Qatar or to any person other than 'Authorised Persons', 'Exempt Persons' or 'Institutions' located in Saudi Arabia or a 'Market Counterparty' or a 'Professional Client' in the UAE or a 'Market Counterparty' or a 'Business Customer' in Qatar. Any failure to comply with these restrictions may constitute a violation of the laws of the UAE or Saudi Arabia or Qatar.

For report with reference of TAIWAN public companies or authored by Taiwan based research analyst:

THIS DOCUMENT IS SOLELY FOR REFERENCE ONLY. You should independently evaluate the investment risks and are solely responsible for your investment decisions. NO PORTION OF THE REPORT MAY BE REPRODUCED OR QUOTED BY THE PRESS OR ANY OTHER PERSON WITHOUT WRITTEN AUTHORIZATION FROM NOMURA GROUP. Pursuant to Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers and/or other applicable laws or regulations in Taiwan, you are prohibited to provide the reports to others (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities in connection with the reports which may involve conflicts of interests. INFORMATION ON SECURITIES / INSTRUMENTS NOT EXECUTABLE BY NOMURA INTERNATIONAL (HONG KONG) LTD., TAIPEI BRANCH IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT BE CONSTRUED AS A RECOMMENDATION OR A SOLICITATION TO TRADE IN SUCH SECURITIES / INSTRUMENTS.

This material may not be distributed in Indonesia or passed on within the territory of the Republic of Indonesia or to persons who are Indonesian citizens (wherever they are domiciled or located) or entities of or residents in Indonesia in a manner which constitutes a public offering under the laws of the Republic of Indonesia. The securities mentioned in this document may not be offered or sold in Indonesia or to persons who are citizens of Indonesia (wherever they are domiciled or located) or entities of or residents in Indonesia in a manner which constitutes a public offering under the laws of the Republic of Indonesia.

An individual name printed next to NOI on the front page of a research report indicates that this document is a translation of a research report issued by NOI in the PRC. In all other cases, this document is prepared by Nomura Group or its subsidiary or affiliate (collectively, "Offshore Issuers") that is not licensed in the PRC to provide securities research. This research report is not approved or intended to be circulated in the PRC. The A-share related analysis (if any) is not produced for any persons located or incorporated in the PRC. The recipients should not rely on any information contained in this research report in making investment decisions and Offshore Issuers take no responsibility in this regard. NO PART OF THIS MATERIAL MAY BE (I) COPIED, PHOTOCOPIED, REPRODUCED OR DUPLICATED IN ANY FORM, BY ANY MEANS; OR (II) REDISSEMINATED, REPUBLISHED OR REDISTRIBUTED WITHOUT THE PRIOR WRITTEN CONSENT OF A MEMBER OF THE NOMURA GROUP. If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability (in negligence or otherwise, and in whole or in part) for any errors or omissions in the contents of this document, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

The Nomura Group manages conflicts with respect to the production of research through its compliance policies and procedures (including, but

not limited to, Conflicts of Interest, Chinese Wall and Confidentiality policies) as well as through the maintenance of Chinese Walls and employee training.

Additional information regarding the methodologies or models used in the production of any investment recommendations contained within this document is available upon request by contacting the Research Analysts of Nomura listed on the front page. Disclosures information is available upon request and disclosure information is available at the Nomura Disclosure web page:

<http://go.nomuranow.com/research/m/Disclosures>

Copyright © 2026 Nomura Financial Investment (Korea) Co., Ltd., Korea. All rights reserved.