NOMURA

Alibaba Group Holding BABA.N BABA US

Global Markets Research
24 August 2026

EQUITY: INTERNET & NEW MEDIA

Raising new capital for AI investment

Quick Note

Rating Remains	Buy
Target price Remains	USD 178.00
Closing price 21 August 2026	USD 119.34

Research Analysts

China Internet & New Media

Jialong Shi - NIHK
Jialong.shi@nomura.com
+852 2252 1409

Rachel Guo - NIHK
rachel.guo@nomura.com
+852 2252 1400

What happened?

On 23 August, Alibaba announced a proposed HKD80bn (approximately USD10.2bn) equity placement, with 100% of the net proceeds to be invested in its full-stack AI capabilities, including the expansion and enhancement of AI infrastructure. The transaction is subject to market and other conditions.

According to a report on *Reuters*, BABA plans to place ~710mn new ordinary shares at HKD112.70 per share, representing an 8.4% discount to Friday's Hong Kong closing price. The same article reported that the offering attracted significant demand, including from sovereign wealth funds, and that Alibaba increased the offering size after the deal became oversubscribed.

New equity placement likely leads to less than 4% dilution

Based on our calculation, the offering of ~710mn new shares will likely lead to 3.7% dilution for existing shareholders. We view the equity placement as manageable for existing shareholders and supportive of Alibaba's longer-term AI competitiveness, although the choice of equity financing came as a surprise to us. The transaction does not change our positive investment thesis or Buy rating.

The market had widely believed BABA would need to raise new capital, after seeing a flurry of fund-raising activities by US hyerscalers year to date. This likely caused BABA's US ADR to decline a sharp 8.6% on 21 August despite the bullish outlook on its AI Cloud business shared by BABA management just a day earlier. Therefore, we think BABA's latest announcement will help remove the overhang for BABA stock, returning market attention to its fundamentals. Post the transaction, BABA's gross cash and cash equivalents will increase to USD80bn from the reported USD70bn at June quarter end, according to our calculation.

Equity financing was a surprise, but understandable

The principal surprise for us is the financing method rather than the fund-raising itself. We had previously expected BABA to rely more on debt financing given its current share valuation. However, we understand that recent credit-market dynamics have made the relative economics for debt financing less compelling. The global AI capex boom has driven a sharp increase in hyperscaler bond issuance, accompanied by widened credit spreads, higher new-issue concessions and declined investor cover ratios. Against this backdrop, BABA’s decision to choose equity over debt financing is understandable.

Additional capital reinforces BABA's AI positioning

BABA stated that 100% of the net proceeds will be invested in full-stack AI capabilities, including expanding and enhancing AI infrastructure. We continue to view Alibaba as one of the best-positioned companies in China's AI ecosystem because of its full-stack capabilities spanning foundation models, MaaS, cloud infrastructure and proprietary AI chips. During its recent June quarter print call, BABA management portrayed a constructive returns outlook for its heavy AI investment: incremental AI infrastructure can typically achieve payback in less than three years, while improving AI product margins, greater use of proprietary T-Head chips, customer prepayments and alternative compute arrangements could further improve capital efficiency. We maintain our Buy rating and USD178 target price.

Key takeaways from BABA's June quarter earnings call

AI Cloud: Top-line acceleration alongside margin expansion

Production Complete: 2026-08-24 00:48 UTC

See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

External Cloud revenue growth accelerated to 45% y-y in the June quarter, marking the ninth consecutive quarter of acceleration. Management expects growth to exceed 50% y-y in the September quarter, followed by further acceleration in both the December and March quarters. MaaS ARR had already exceeded CNY16bn as of August and remains on track to exceed CNY30bn by fiscal year-end, according to management.

Importantly, management expects this accelerating growth to be accompanied by continued margin expansion rather than at the expense of profitability. AI Cloud's adjusted EBITA margin reached 11.6%, versus approximately 7% a year ago. Management expects margins to continue improving over the coming quarters toward its long-term target of around 20%.

The key drivers include robust revenue growth, improving utilization and pricing, a greater contribution from higher-margin MaaS revenue and increasing adoption of proprietary T-Head chips.

T-Head chips: A potentially meaningful competitive advantage for AI Cloud

For the first time, BABA provided greater visibility into its proprietary T-Head chip business. T-Head's portfolio spans GPU, CPU, storage and networking chips, allowing BABA to optimize compute, storage and networking at the system level rather than relying entirely on third-party hardware.

Management stated that previous generations of T-Head AI chips had already shipped more than 500,000 units cumulatively, while its latest domestically-produced generation has began deployment on BABA's Cloud platform in August in supernode form and is entering large-scale commercialization.

Furthermore, management expects its next-generation domestic AI chips to begin tape-out in 2H26E, targeting both large-scale model training and inference. BABA believes T-Head is one of the few domestic AI-chip designers capable of commercially supporting both large-scale training and inference workloads.

If advanced-GPU supply remains constrained, we believe BABA's proprietary chip capabilities could become an increasingly important competitive advantage. In particular, if T-Head is proven capable of supporting large-scale training of large-parameter foundation models at commercial scale, it could materially strengthen the competitiveness of both AliCloud and BABA's foundation-model business, in our view.

AI Labs and Applications: Losses likely to moderate; monetization remains in early stage

BABA introduced AI Labs and Applications (ALA) as a new reporting segment this quarter, combining its Qwen foundation-model business with traditional and new AI applications. The segment recorded a CNY13.9bn adjusted EBITA loss in the June quarter as BABA continued to invest heavily in foundation models and the Qwen App.

Management indicated that the June quarter should represent the peak loss for the current fiscal year, with September-quarter losses likely to narrow to the low-teens in billion renminbi range and remaining broadly stable or improving thereafter.

Less than half of the segment loss relates to model training, with the remainder mainly associated with Qwen App inference, marketing and operating costs according to the management. Continued improvements in training efficiency should therefore allow BABA to continue enhancing model capabilities without losses necessarily increasing proportionately with model scale, in our view.

Monetization of BABA's Qwen foundation models remains at an early stage. We believe most current external monetization is through MaaS services provided by AliCloud. Over the longer term, management believes the business could develop more diversified monetization models beyond MaaS, potentially broadening the revenue opportunity for BABA's foundation models and AI applications.

AEG likely positioned as a cash-flow generator

Alibaba Ecommerce Group (AEG), which includes China e-commerce, China Quick Commerce (QC) and international e-commerce, reported broadly stable adjusted EBITA of CNY39.7bn. China e-commerce CMR declined 7% y-y, or increased 1% y-y on a like-for-like basis, broadly in line with market expectations.

On the outlook, management indicated that China e-commerce had improved slightly quarter-to-date in the September quarter versus the June quarter. QC also continues to improve unit economics, with management expecting September-quarter losses to be stable or lower q-q and full-year losses to narrow by approximately 50% y-y. Management continues to target profitability for QC in FY29E, unchanged from its previous guidance.

Taken together, we believe BABA is increasingly emphasizing profit stability and cash generation across its more mature e-commerce businesses rather than pursuing growth at the expense of profitability. In our view, this provides a more stable earnings and cash-flow base to support the group's continued investment in AI.

High AI capex supported by sub-three-year payback

The biggest financial concern remains AI capex and free cash flow. June-quarter capex reached CNY67.7bn, versus CNY26.9bn in the preceding quarter, or approximately USD10bn, alongside a CNY44.7bn FCF outflow.

Management explicitly cautioned against annualizing the June-quarter capex level, noting that quarterly spending can fluctuate depending on hardware procurement and delivery schedules.

At the same time, management presented a constructive return profile for its heavy AI investment. Incremental AI infrastructure investments can typically achieve a payback period of less than three years, while improving AI product margins, greater use of proprietary T-Head chips, customer prepayments and alternative compute arrangements could further enhance capital efficiency.

We believe BABA therefore appears willing to tolerate negative near-term FCF to capture the AI growth opportunity, supported by what management views as attractive returns on incremental AI infrastructure investment.

Fig. 1: Alibaba – SOTP valuation

	Valuation (USDbn)	Stake	Attributable valuation (USDbn)	Value per share (USD)	As % of target price	Note
Core Assets						
China Ecommerce Group (CEG)	**87**	**100%**	**87**	**36**	**20%**	**5x FY27F (CY26) P/E**
AliCloud	**278**	**100%**	**278**	**116**	**65%**	**7x FY28F (CY27) external cloud revenue**
Non-core Assets						
AIDG	11	100%	11			0.5x FY27F (CY26) P/S
Ant Group	79	33%	26			In line with the valuation in last share repurchase by Ant group in July 2023
All other non-core assets	30	100%	30			Nomura assumption
Discount for investee and non-core assets (non-core assets)			40%			
Net valuation of non-core assets			**40**	**17**	**9%**	
Total EV			**405**	**169**	**95%**	
Net cash			**21**	**9**	**5%**	30% discount applied to net cash balance as of most recent reporting period
Target market cap			**427**		**100%**	
Target price				**USD 178**		

Source: Company data, Nomura estimates

人在草木间

Appendix A-1

This report has been produced by Nomura International (Hong Kong) Ltd. (NIHK), Hong Kong.
See Disclaimers for Nomura Group entity details.

Analyst Certification

We, Rachel Guo and Jialong Shi, 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.

Issuer Specific Regulatory Disclosures

The terms "Nomura" and "Nomura Group" used herein refer to Nomura Holdings, Inc. and its affiliates and subsidiaries, including Nomura Securities International, Inc. ('NSI') and Instinet, LLC ('ILLC'), U. S. registered broker dealers and members of SIPC.

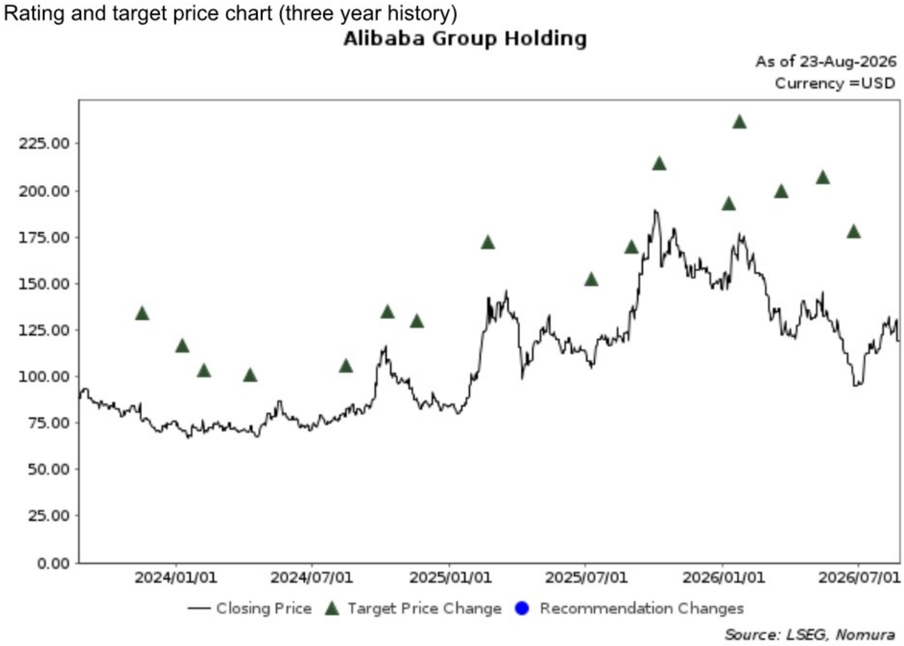
Materially mentioned issuers

Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Alibaba Group Holding	BABA US	USD 119.34	21-Aug-2026	Buy	N/A	A10

A10 The Nomura Group is a registered market maker in the securities / related derivatives of the issuer.

Alibaba Group Holding (BABA US) **USD 119.34 (21-Aug-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
24-Jun-26		178.00	99.80
14-May-26		207.00	141.12
20-Mar-26		200.00	122.41
23-Jan-26		237.00	173.23
09-Jan-26		193.00	150.96
08-Oct-25		215.00	181.12
01-Sep-25		170.00	135.00
09-Jul-25		152.00	103.83
21-Feb-25		172.00	142.62
18-Nov-24		130.00	88.65
10-Oct-24		135.00	108.42
16-Aug-24		106.00	82.52
09-Apr-24		101.00	71.80
08-Feb-24		103.00	69.63
10-Jan-24		117.00	70.25
17-Nov-23		134.00	76.34

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We value Alibaba's China Ecommerce Group at USD87bn, based on 5x FY27F P/E; its AliCloud business at USD278bn, based on 7x FY28F P/S; and its net valuation of non-core assets (including international ecommerce business) at USD40bn. The resulting TP is USD178. The benchmark index for this stock is Nasdaq Composite.
Risks that may impede the achievement of the target price Downside risks include: margin downside due to ramp-up in investments; regulatory risks related to the payment and internet finance industry, which could hurt Alibaba's main business and its value in Ant Group.

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. (NIplc) are registered with the Commodities Futures Trading Commission and the National Futures Association (NFA) as swap dealers. NGFP, NDPI, and NIplc 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:
58% have been assigned a Buy rating which, for purposes of mandatory disclosures, are classified as a Buy rating; 33% 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.
39% have been assigned a Neutral rating which, for purposes of mandatory disclosures, is classified as a Hold rating; 57% 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
3% have been assigned a Reduce rating which, for purposes of mandatory disclosures, are classified as a Sell rating; 15% 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 30 June 2026.
**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. ('NFRC') 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. ("NFRC") and FTSE Russell ("Russell"). NFRC 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 NIplc. NIplc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. NIplc 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 NIHK, which is regulated by the Hong Kong Securities and Futures Commission, for distribution in Hong Kong by NIHK. 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, NIplc 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 International (Hong Kong) Ltd., Hong Kong. All rights reserved.