NOMURA

Global Markets Research
12 October 2026

Asia Insights

Economics - Asia ex-Japan

EU-China trade tensions: A reprieve

Research Analysts

Asia Economics

Harrington Zhang - NIHK
harrington.zhang@nomura.com
+852 2252 2057

Ting Lu - NIHK
ting.lu@nomura.com
+852 2252 1306

China and the EU concluded the second ministerial meeting under the Trade and Investment Consultations (TIC) mechanism on 9 October, issuing a joint statement and a 16-point list of deliverables and understandings. Most notably, an understanding on hybrid-vehicle trade within the WTO framework was reached. EU Trade Commissioner Maroš Šefčovič said this could more than halve China's hybrid-vehicle exports to the EU over four years relative to the scenario of no policy change. Mr Šefčovič also reported understandings on lowering Chinese tariffs for selected EU goods and a relaxation of Chinese export restrictions on rare earths and permanent magnets.

Consistent with our view *since July,* autos *remained the principal point of contention,* while rare-earth licensing provided Beijing with a key source of negotiating leverage. We view the outcome as moderately positive, reducing the near-term risk of escalating tensions. However, the hybrid vehicle arrangement's legal mechanism and detailed product coverage remain undisclosed, including whether implementation would involve quotas or out-of-quota tariffs. The structural drivers of bilateral trade imbalances and tensions remain largely unaddressed. Subject to EU leaders' assessment at the European Council on 15-16 October and progress on implementation, we expect a period of relative stability through the January ministerial video conference and ahead of the third TIC meeting in March 2027. This would give both sides time to operationalise the understandings, although further sector-specific restrictions remain possible.

Hybrid vehicles are the central battleground

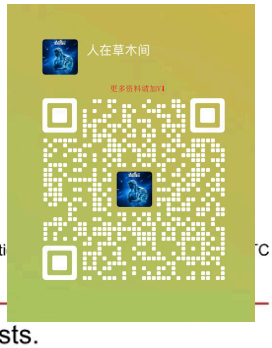
The hybrid understanding is arguably the most visible breakthrough. Point 3 of the joint statement (see *Appendix* for details) confirms a WTO-compliant understanding, but the two sides describe its purpose differently. Šefčovič emphasises moderating Chinese shipments and protecting European industry. The Ministry of Commerce (MOFCOM)'s interpretation, by contrast, cites non-discrimination and WTO consistency as guiding principles, and says the talks "avoided an escalation" while safeguarding Chinese firms' "actual export interests" and stable hybrid trade. These claims can coexist if the arrangement restrains rapid import growth for Brussels while preserving substantial market access for Beijing. However, the joint text offers no volume ceiling, reference period or enforcement instrument.

Details of the mechanism also matter

Two distinctions matter for assessing the result. First, the Commissioner's reduction of more than half is relative to projected exports over four years under unchanged policy, so it does not establish a halving of current shipments and the baseline has not been published. Second, the understanding covers plug-in and non-plug-in hybrids, whereas point 4 separately continues corporate price-undertaking and review procedures for the existing BEV anti-subsidy case, and the joint text announces no general removal of BEV duties. We would therefore not assume the BEV mechanism also governs hybrids, or infer quota levels and out-of-quota duties before the legal instrument is disclosed.

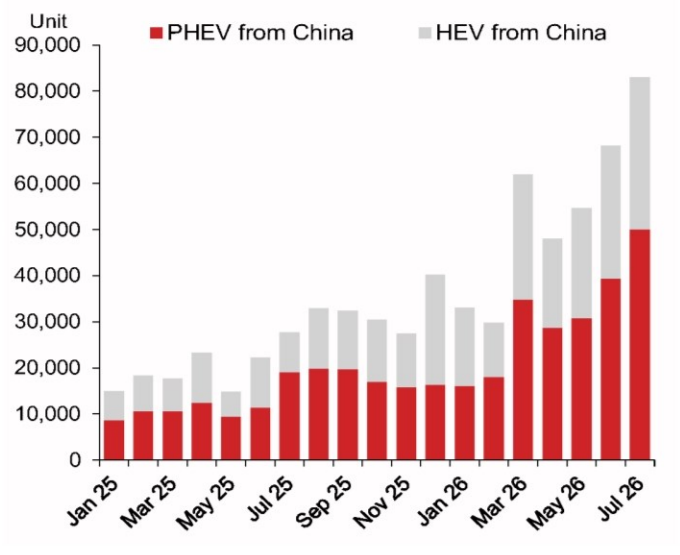
Non-plug-in hybrids meaningfully widen the scope

Eurostat data show that EU imports of China-origin hybrid vehicles reached 378,426 units in January-July 2026, up 172% y-o-y and already 25% above the whole of 2025. China's share of extra-EU hybrid imports rose from 21.3% to 41.3% over the same period, reaching 51.7% in July. Imports of Chinese PHEVs accounted for 217,764 units, up 164% y-o-y, but HEVs increased even faster, by 184% to 160,662. Previous market focus had been on PHEVs, and HEVs now represent 42.5% of China-origin hybrid imports, so a PHEV-only arrangement would have left a substantial and rapidly growing source of competitive pressure outside of its scope (Figure 1).



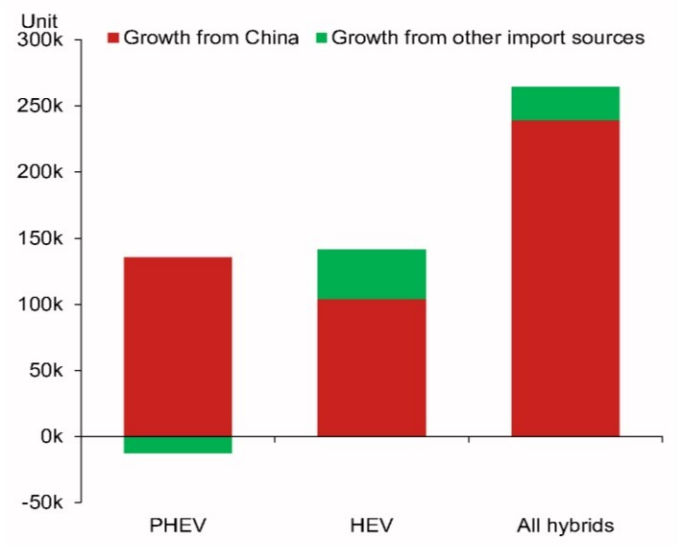
Producti TC

Fig. 1: EU monthly imports of plug-in hybrid EV (PHEV) and non-plug-in hybrid EV (HEV) from China



Source: Eurostat, Nomura Global Economics

Fig. 2: Growth of imports of hybrids to the EU in January-July 2026

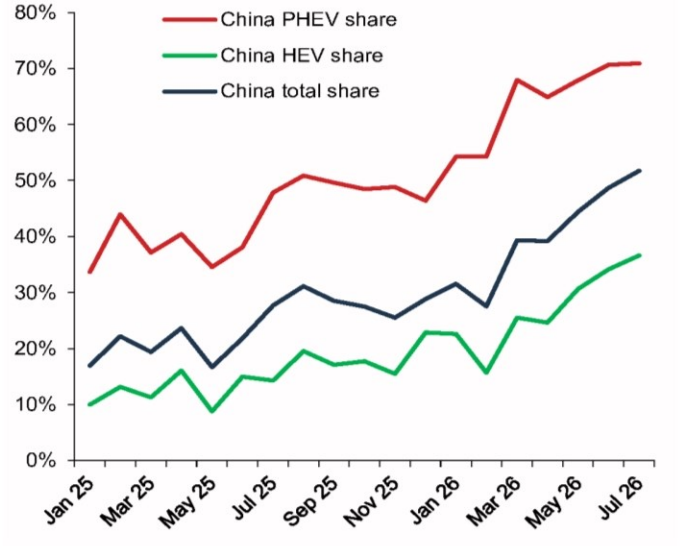


Source: Eurostat, Nomura Global Economics

China accounts for almost all of the increase

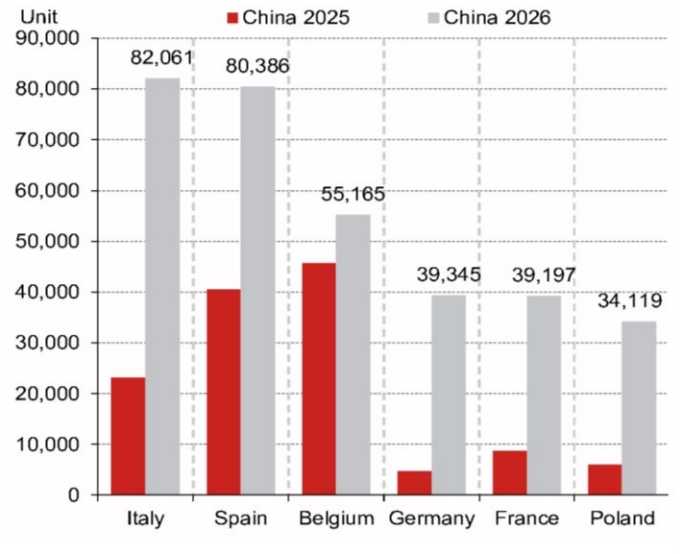
China alone supplied 90.6% of the 264,391-unit growth in total extra-EU hybrid imports in January-July 2026, or 239,423 units (Figure 2). In PHEVs, its share of extra-EU imports reached 66.0% in January-July 2026, and it contributed 110% of the segment's increase as shipments from other external suppliers declined during the period. Its HEV share was lower, at 27.4%, but China still contributed 73.6% of the net growth in January-July 2026. The pressure has also spread geographically: Germany, France, Italy and Spain together absorbed 64% of China-origin hybrid imports and 68% of their net increase in January-July 2026 (Figure 3). This supports the political case for a broader settlement, although import-source shares do not directly measure displacement of EU production.

Fig. 3: China's share of monthly extra-EU imports of hybrid vehicle categories



Source: Eurostat, Nomura Global Economics

Fig. 4: Total hybrid vehicle imports from China by major EU member state in January-July 2026



Source: Eurostat, Nomura Global Economics

Southern Europe has become the main entry point

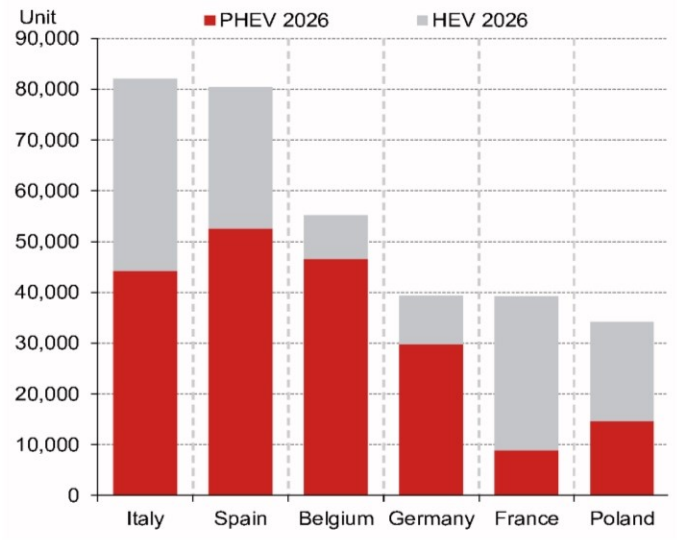
Italy and Spain were the largest entry points, taking 82,061 and 80,386 units, respectively, of Chinese hybrids in January-July, up 254% y-o-y and 98% in January-July 2026 (Figures 4 and 5). Germany's imports rose from 4,715 to 39,345, lifting China's extra-EU source

share from 6.7% to 36.0% during the period, while France and Poland imported 39,197 and 34,119 units, respectively, with HEVs accounting for 77% and 57% of their totals. Belgium took 55,165 units, but many of these vehicles are subsequently sold outside of Belgium, as the country serves as an entry point for many imports. The spread to Germany, France and Poland reinforces our September view that the pressure is becoming too strong for major member states to ignore.

The EU matters more for China's HEV exports

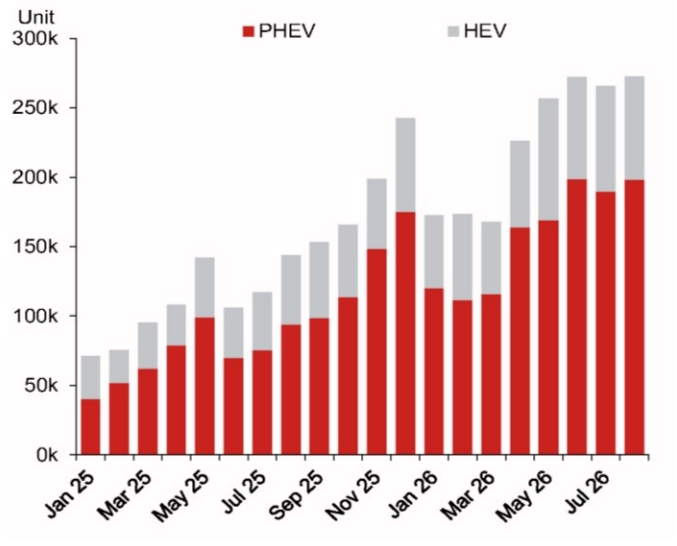
The EU's importance to Beijing is also increasing. According to China's General Administration of Customs (GAC), China exported a total of 1.81mn units hybrid vehicles in January-August 2026, up 111% y-o-y, including 1.27mn PHEVs and 541,186 HEVs (Figure 6). Over the comparable January-July 2026 period, EU-reported arrivals were equivalent to roughly 25% of China's total hybrid exports and 29% of their increment, demonstrating the importance of the EU in China's hybrid export markets. The exposure was higher for HEVs, at around 34% of exports and 45% of incremental shipments, versus 20% and 23% for PHEVs. These mirror-data ratios are mostly indicative and describe a pre-agreement baseline rather than the latest arrangement's direct effects, but we think they can help explain Beijing's incentive to negotiate.

Fig. 5: China-origin hybrid mix by EU destination in January-July 2026



Source: Eurostat, Nomura Global Economics

Fig. 6: China's total hybrid vehicle exports continue to rise through August 2026



Source: General Administration of Customs, Wind, Nomura Global Economics

Box 1. Japan's precedent is instructive, but the laws have changed

In 1981, Japan announced a voluntary restraint on passenger-car exports to the US, with a first-year ceiling of 1.68mn units, amid pressure for US import restrictions. The economic effects went beyond fewer cars. A 1984 FTC staff study estimated that Japanese producers captured quota revenue, while US producers also benefited and US consumers lost. Separate research documented quality upgrading in Japanese car exports. The lesson is that restricting units can alter prices, product mix and the distribution of income; export values need not fall proportionately with volumes.

This helps interpret today's different emphases: Brussels stresses lower projected imports, while Beijing highlights protection of exporters' interests. We see these objectives as potentially compatible. If a restraint makes market access scarce, firms retaining that access may offset lower volumes with higher unit revenues. However, the outcome depends on how access is allocated and whether any price premium accrues to manufacturers, distributors or the importing government through duties. Without the published mechanism, we think neither higher Chinese profits nor proportionate relief for European competitors can be assumed or assessed.

The legal difference is equally important. WTO safeguard rules now prohibit classic voluntary export restraints (VER), including those embedded in bilateral understandings; mutual consent alone does not establish compliance. The EU-China arrangement therefore needs an identifiable WTO-consistent legal basis. Overall, we would assess implementation through both volumes and unit values, distinguishing price changes from shifts in hybrid model mix.

Market-access gains are real but still narrow

On tariffs, point 1 commits both sides to continue exploring reductions within WTO rules. The Commission's own readout goes further, describing an understanding on lower Chinese MFN tariffs across multiple tariff lines, from car parts to olive oil and footwear, covering almost EUR4bn of existing EU exports and at least EUR225mn in duty savings. Beijing instead stresses reciprocal market opening and the "upward balancing" of trade through expansion. Neither the joint text nor the public readouts provide the complete tariff-line schedule, new rates or implementation dates.

The economic gain would mainly come through lower costs and improved access. The EUR4bn figure measures existing trade covered, not additional Chinese demand, and MFN cuts would benefit other eligible suppliers as well. The Commission's figures imply duty savings of around 5-6% of the trade covered, but that trade represents only around 2% of EU exports to China. Points 5-7 add medical-device procurement matchmaking, faster risk-based recognition of eligible EU members' disease regionalisation. We think these concessions may offer commercially useful openings without yet addressing the weak Chinese demand and industrial incentives behind the wider imbalance.

Export controls shift towards reciprocal facilitation

Points 11-14 retain the export-control dialogue and provide for China's continuing fast-track facilitation of rare-earth and permanent-magnet licences, matched by EU work on specific priority dual-use licences to China. They also envisage advance warning and more transparent listing and delisting procedures, support steps towards delisting within each side's legislation, and explore structural facilitation for compliant dual-use trade.

The two readouts diverge in emphasis, as Brussels foregrounds smoother critical-material supplies whereas MOFCOM's European Affairs Department mentions neither rare earths nor advance warning, stressing instead reciprocity and the substantive launch of mutual delisting procedures for sanctions-related listings "within respective legal frameworks". This appears to link the dialogue to the EU's Russia-related listings of Chinese entities, which prompted China to add 14 EU entities to its export control list in July.

We regard this as a moderate negotiated reduction in supply-chain uncertainty. Faster licensing matters for European manufacturers, while movement on EU licences and entity listings give Beijing something beyond preserving its car exports. However, the public commitments do not establish automatic approvals or permanent protection against renewed restrictions. Their durability depends on administrative implementation. This is consistent with our July thesis that rare-earth licensing provides Beijing with effective negotiating leverage: the latest outcome uses that instrument to secure concessions while retaining the control framework.

Structural frictions remain largely unaddressed

The rest of the list largely creates channels for continued work, from technical dialogue on the Foreign Subsidies Regulation and the EU's clarification that its inverter-financing guidance is country neutral (points 8-9) to investment cooperation, intellectual-property milestones and WTO reform (points 10, 15 and 16). The MOFCOM presents these issues as concerns for Chinese firms and says it expects the EU to provide a "fair, transparent and predictable" business environment, but none of these clauses withdraw the underlying EU measures or provide new guarantees of market access. Together with trade monitoring under point 2, these provisions preserve engagement while leaving both sides' enforcement tools available.

The near term looks calmer, but adjustment continues

In light of the latest TIC negotiations, we adjust our outlook along three phases. First, over the next one or two quarters, the negotiated route lowers the likelihood of the immediate PHEV-duty escalation and retaliation, concerns we have been highlighting since July. The European Council assessment, January ministerial video-conference and March TIC meeting are successive implementation tests, and the relevant evidence will be the hybrid instrument and its baseline, enacted tariff schedules, licensing performance and delivery of market-access commitments. Relative stability remains our base case, conditional on that progress, but the consultation timetable does not amount to a pause in all trade-defence or economic-security activity.

Second, over 6-12 months, we still expect sector-specific restrictions to accumulate, potentially through negotiated arrangements as well as unilateral action. EU leaders are also due to discuss a Franco-German proposal for a new instrument, allowing tariffs or

limits on access to the single market that could be activated unless a qualified majority of member states objects (Source: *Euronews*), while Beijing's anti-dumping investigation into EU p-nitrotoluene, launched days before the talks, suggests that its calibrated signalling continues. A successful hybrid vehicle settlement could also provide a model for managing other disputes, with access becoming more conditional.

Third, we leave our broader export and manufacturing-investment outlook unchanged for now, as the undisclosed counterfactuals cannot support a reliable macroeconomic adjustment. Greater European localisation remains the most credible longer-term route to easing tensions where it delivers substantive production and local benefits. October has delivered the sector-level progress we envisaged in September, buying time for adjustment while leaving the structural sources of friction largely intact. In our view, the slow burn has been temporarily tempered rather than extinguished.

Related reports

- *EU-China trade tensions: The slow burn continues* , 10 September 2026
- *EU-China trade tensions: The slow burn accelerates* , 13 July 2026
- *China: The much-overlooked risk of EU-China trade tensions* , 24 December 2025

Appendix – Annex of the Joint Statement at the second meeting of the EU-China Trade and Investment Consultations

Trade and investment balancing

1. Both sides will continue, within the framework of WTO rules, to explore the possibility of tariff reductions or elimination for certain goods.
2. The two sides will continue to strengthen communication and cooperation under the trade monitoring mechanism, and actively utilise the function of the dialogue mechanism in enhancing mutual understanding.
3. Following intensive consultations, both sides have reached an understanding on trade in hybrid vehicles in a WTO compliant manner.
4. The two sides recalled the guidance document on the price undertakings of the BEVs anti-subsidy case, and will continue the procedures relating to corporate price undertakings and reviews.
5. The two sides will continue to engage in dialogue on the market access of medical devices. The EU welcomes China's effort to increase import of medical devices from the EU, including through a match-making event during the 9th China International Import Expo (CIIE).
6. China will accelerate recognition of the regionalisation principle for eligible EU Member States on the basis of risk assessment. The two sides agreed to carry out exchanges on the methodologies and technologies for disease control, with a view to jointly exploring ways to lift the restrictions on relevant animal products affected by the bluetongue disease from relevant Member States.
7. The two sides also agreed to continue technical-level exchanges on computer reservation systems and to follow-up on consultations on their respective cosmetics and pharmaceutical related regulatory frameworks, with the view to further addressing the existing and emerging market access barriers.
8. The two sides agreed to engage on a technical dialogue on FSR.
9. On the EU guidance on the use of EU funds for clean energy projects involving certain inverters, the EU clarified that its official guidance is country neutral and the two sides will engage in further discussions on this issue.

10. The two sides agreed to explore how investment can bring more benefits to their economies and to discuss future-oriented cooperation.

Export controls

11. The two sides reaffirmed the need to further strengthen the EU-China Export Control Dialogue, and welcomed increased exchanges and communication on respective export control policies, including through guidance, outreach and trainings.
12. The two sides agreed on the importance of improving predictability and stability for global industrial supply chains. China is willing to continue facilitating export licenses for the supply of rare earths and permanent magnets to the EU through the fast-track mechanism. The EU side will continue to work with Member State authorities to facilitate specific priority licences to China among dual-use sectors.
13. The two sides reaffirmed their objective to work toward addressing issues of concern in the field of export controls and discussed the possibility to investigate structural facilitation measures for compliant dual-use exports between the EU and China.
14. The two sides reached an understanding in the context of the Export Control Dialogue to provide advance warning and to improve the transparency of listing and delisting procedures, and supported steps to delist entities, consistently with their applicable legislation.

IPR

15. The EU and China have engaged in resolving systemic intellectual property related concerns with some progress. The two sides agreed on the need to continue the collaboration to address the concerns with some milestones, focusing on efficient and fair intellectual property protection and enforcement, as well as greater transparency and predictability. The two sides agreed to monitor progress through the EU-China Intellectual Property Working Group.

WTO

16. The two sides agree to further strengthen bilateral communication and cooperation on WTO reform in an open and constructive manner. The two sides commit to engaging in WTO reform and agree to discuss all related issues, with a view to advancing substantive progress.

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, Harrington Zhang and Ting Lu, 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. (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.

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.

Nomura Securities Co., Ltd.

Financial instruments firm registered with the Kanto Local Finance Bureau (registration No. 142)
Member associations: Japan Securities Dealers Association; Investment Management Association of Japan; The Financial Futures Association of Japan; Type II Financial Instruments Firms Association; and Japan Security Token Offering Association.

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.