

【NEWS RELEASE】

May 22, 2026
SMBC Nikko Securities Inc.

Quarterly Economic Outlook for FY2026-2027

May 22, 2026(JST), “SMBC NIKKO Japan Economic Outlook for FY2026-2027” has been released, responding to the first preliminary of GDP (January-March 2026 period)

Middle East Turmoil Can't Derail Japan's Economy

- ◆ Real GDP: +0.7% in FY26, +0.9% in FY27
- ◆ Nominal GDP: +3.0% in FY26, +3.7% in FY27

Summary• **GDP growth outlook**

We revise our outlook to reflect the first preliminary Jan-Mar 2026 GDP data. We now forecast real GDP growth of +0.7% YoY in FY26 and +0.9% in FY27. We cut our FY26 forecast by 0.5ppt from our previous outlook (10 March) to reflect a temporary slowdown in capex and spending given the conflict in the Middle East. However, we expect the Japanese economy to gradually recover as long as the crisis does not spiral out of control.

- **Current state of economy and outlook**

Japan's real GDP growth for Jan-Mar 2026 (preliminary) was +2.1% QoQ annualized, beating Bloomberg consensus (+1.7%).

Exports, consumption, and public investment fed into GDP growth, with exports contributing +1.5ppt to the real figure thanks to a recovery from the downturn caused by US tariffs.

Japan's economy is solid, though it could take a hit if the Middle East crisis worsens in 1H FY26 in the form of lower production owing to supply bottlenecks for petroleum products and lower exports as the global economy slows.

That said, inflation is being kept in check, and the release of strategic reserves has kept crude oil volumes sufficient, so we see no signals of widespread, prolonged economic stagnation caused by escalation in Middle East tensions. Assuming the situation there gradually subsides, we expect Japan's economy to keep growing.

- **Estimated size of supplementary budget**

During the party leadership debate in the Diet on 20 May, Prime Minister Sanae Takaichi said she wants to compile a supplementary budget fast to address higher prices.

We would estimate a supplementary budget of around Y3tn if the government were to find enough funds to reinstate gas/electricity subsidies for Jul-Sep 2026 and keep gasoline subsidies going throughout the year.

However, we doubt the supplementary budget would add much to the economy given that 1) it will only be aimed at countering inflation, and 2) household sentiment is pessimistic.

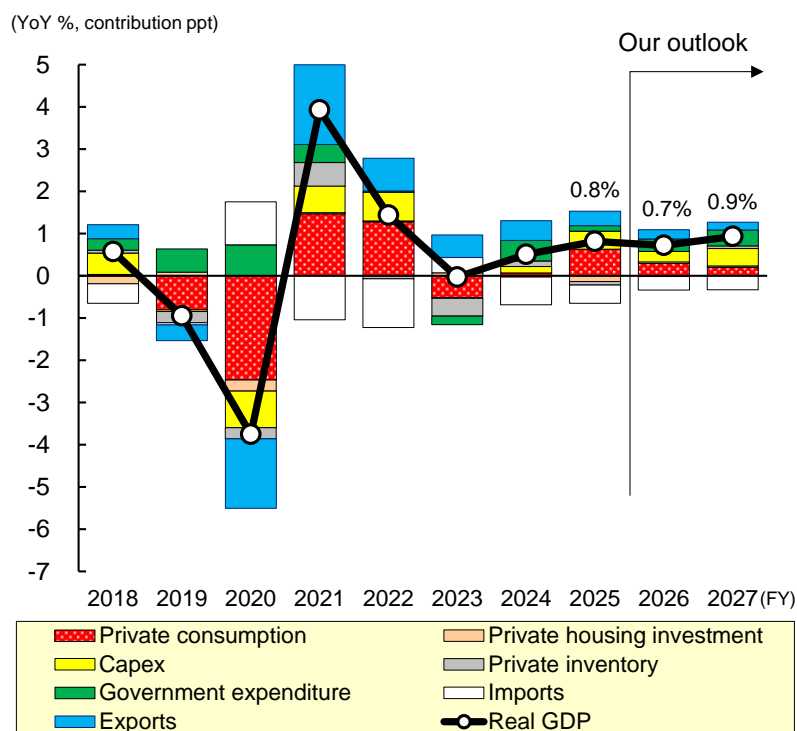
Takaichi also raised the topic of a consumption tax cut at the party leadership debate, but did not give any specifics on the timing or scale. That said, it appears that Japan's leading vendors said at a working group meeting in April that they would only need around 5-6 months to update their POS systems if the tax rate were cut to 1% (rather than zero), so there is still potential for tax cuts to start from FY27.

Quarterly forecasts for Japan's economy

	《Actual》→《Forecasts》													《A》→《F》 (Unit%)			Comparison with previous forecasts (as at 19 Feb 2026)	
	2025				2026				2027				2028	FY25	FY26	FY27	FY25	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q					
Real GDP growth (QoQ)	0.4	0.3	-0.6	0.2	0.5	0.1	0.1	0.3	0.2	0.2	0.2	0.3	0.3	0.8	0.7	0.9	-0.5	-
(annual rate)	1.8	1.4	-2.5	0.8	2.1	0.5	0.6	1.0	0.9	0.8	0.9	1.1	1.3	1.1	0.7	0.7	-0.4	-
(Calendar year base)																		
Domestic demand, contribution (QoQ)	1.1	0.2	-0.3	0.2	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.9	0.8	1.1	-0.4	-
Private consumption (QoQ)	0.7	0.2	0.5	0.0	0.3	0.0	0.1	0.2	0.1	0.0	0.0	0.1	0.2	1.2	0.6	0.4	-0.6	-
Capex (QoQ)	-0.5	0.0	-8.1	5.0	0.5	0.0	0.0	0.3	0.2	0.2	0.2	0.2	0.2	-3.5	1.0	0.9	0.1	-
Residential investment (QoQ)	0.7	1.2	-0.1	1.4	0.3	0.1	0.1	0.4	0.6	0.6	0.6	0.7	0.7	2.4	1.4	2.3	-0.6	-
Public investment (QoQ)	-0.8	0.4	-1.1	-0.2	1.4	-0.1	-0.1	-0.1	0.0	0.1	0.1	0.2	0.2	-0.6	1.1	0.8	1.3	-
Foreign demand, contribution (QoQ)	-0.6	0.1	-0.3	0.0	0.3	-0.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.8	-0.1	-
Exports (QoQ)	-0.6	1.6	-1.6	0.2	1.7	0.0	0.1	0.1	0.3	0.3	0.3	0.3	0.4	1.9	1.2	1.0	-0.1	-
Imports (QoQ)	2.2	1.1	-0.2	0.0	0.5	0.5	0.8	0.6	0.5	0.4	0.4	0.4	0.4	2.6	1.9	1.9	0.4	-
Nominal GDP growth (QoQ)	0.8	2.0	0.1	0.9	0.8	1.7	-0.5	0.8	0.6	1.6	1.2	0.2	1.2	4.2	3.0	3.7	-0.5	-
Industrial production (YoY)	2.8	0.1	-1.2	-1.3	-0.9	-0.3	0.9	1.0	0.9	1.3	1.5	1.5	1.5	-0.8	0.6	1.3	-1.0	-
Trade balance (Y tn, SAAR)	-3.3	-3.9	-3.4	-0.2	-1.0	-1.8	-3.1	-2.4	-1.1	-1.3	-1.5	-1.6	-1.7	-2.1	-2.2	-1.5	0.4	-
Unemployment rate (%)	2.5	2.5	2.5	2.6	2.7	2.6	2.6	2.6	2.5	2.5	2.5	2.5	2.5	2.6	2.6	2.5	0.0	-
Core CPI (YoY)	3.1	3.5	2.9	2.8	1.8	1.7	1.7	1.6	2.7	2.3	2.6	2.2	2.2	2.8	2.0	2.3	0.0	-
IOER (Eop)	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.50	0.75	1.25	1.50	0.0	-
Yen/Dollar rate (JPY/USD)	153	145	147	154	157	159	153	151	149	147	145	143	141	151	153	145	-1.0	-
US real GDP growth (QoQ annualized)	-0.6	3.8	4.4	0.5	2.0	2.1	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.1	2.2	2.2	-0.2	-
US unemployment rate (%)	4.1	4.2	4.3	4.5	4.3	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.2	4.3	4.3	4.3	-0.2	-
US core CPI (YoY)	3.1	2.8	3.1	2.6	2.5	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.9	2.5	2.5	-0.1	-
Fed rate (Eop)	4.375	4.375	4.125	3.625	3.625	3.625	3.375	3.375	3.375	3.375	3.375	3.125	3.125	3.625	3.375	3.125	0.25	-

Notes: 1) US GDP on a calendar year basis, US unemployment rate is the average for the period, FF rate is at the end of the period.
 2) Actual figures from Cabinet Office (CAO), Ministry of Internal Affairs and Communications (MIC), Ministry of Economy, Trade and Industry (METI), and Bank of Japan (BOJ). Estimates from SMBC NIKKO.
 Sources: CAO, MIC, METI, BOJ, SMBC NIKKO estimates

Outlook for real GDP growth



Sources: CAO, SMBC NIKKO estimates

APPENDIX

This research was prepared by non-U.S. analysts employed by SMBC Nikko Securities Inc., an unregistered broker-dealer located in Japan that is not a member of FINRA or SIPC. "SMBC NIKKO" refers to SMBC Nikko Securities Inc., its affiliate SMBC Nikko Securities America, Inc. ("SI"), a registered U.S. broker-dealer and member firm of FINRA and SIPC, and their other affiliates, as applicable by law. To the extent a non-U.S. analyst(s) was involved in the preparation of this research report, whether in whole or in part, he or she is not registered/qualified as a research analyst with FINRA. Any such non-U.S. analyst may not be an associated person of SI and therefore may not be subject to FINRA Rule 2241 and 2242 restrictions on communications with a subject company, public appearances and trading securities held in a research analyst account.

By acceptance of this report, each investor agrees that it will not distribute or provide this report to any other person. Any person in the US receiving this report, or any other US person, who would like to trade any of the securities discussed in this report should contact SI and should not contact SI's non-US affiliates. SI accepts responsibility for the content of this report when distributed in the US or to US persons.

ANALYST'S CERTIFICATION

Each analyst shown on the first page of this research report prepared and issued by SMBC NIKKO is primarily responsible for the preparation and content of this research report. Each analyst certifies that the opinions contained herein accurately reflect the analyst's individual views for the subject securities and issuers. Each analyst also certifies that no part of the analyst's compensation was in the past, at present, or in the future, directly or indirectly related to the specific recommendations or views expressed in this research report.

DISTRIBUTION OF INVESTMENT RATINGS

The following table shows (1) the distribution of investment ratings for all SMBC NIKKO coverage universe stocks and (2) the proportions of stocks of each rating to which SMBC NIKKO has provided investment banking (IB) services within the past 12 months (updated as of 21 May, 2026)

	1-Outperform	2-Neutral	3-Underperform	Others
(1) Companies under coverage	42%	55%	2%	1%
(2) Proportion of stocks of each rating in (1) with IB relationships	35%	35%	18%	80%

Note: For the purposes of mandatory regulatory disclosures, 1-Outperform corresponds to a "buy" rating, 2-Neutral to a "hold" rating, and 3-Underperform to a "sell" rating. However, SMBC NIKKO investment ratings are assigned relative to an analyst or analyst team's sector coverage as defined below and are thus different from "buy", "hold", and "sell" ratings as defined by FINRA. "Others" refers to Not Rated, Rating Suspended, and Restricted stocks.

EXPLANATION OF TARGET PRICES AND STOCK RATINGS

Target prices assigned by research analysts reflect the estimated share price level the analyst forecasts the stock to reach within the next six to 12 months. For valuation methodology and risks, please refer to the report or web disclosure: <https://researchdirect.smbcnikko.co.jp/disclosure/disclosure.php>

Each coverage stock is assigned an investment rating relative to the analyst or analyst team's coverage sector universe which encompasses said stock. Investment ratings are defined as below; the effective rating period is six to 12 months.

- 1-Outperform: An individual stock's investment return, as forecast by the research analyst, is expected to exceed the median investment return of all stocks within the coverage universe.
 - 2-Neutral: An individual stock's investment return, as forecast by the research analyst, is expected to be in line with the median investment return of all stocks within the coverage universe.
 - 3-Underperform: An individual stock's investment return, as forecast by the research analyst, is expected to be below the median investment return of all stocks within the coverage universe.
 - NR: Not Rated
 - RS: Rating Suspended
- Sector ratings are defined as below; the effective rating period is six to 12 months. The market as it pertains to Japan is TOPIX.
- Overweight: The investment return of the sector coverage universe, as forecast by the research analyst, is expected to exceed the market average.
 - Equal weight: The investment return of the sector coverage universe, as forecast by the research analyst, is expected to be in line with the market average.
 - Underweight: The investment return of the sector coverage universe, as forecast by the research analyst, is expected to be below the market average.

Individual stock/sector recommendations and share price forecasts contained in SMBC NIKKO's technical analysis reports are based on a variety of technical analysis techniques that take historical share price performance, position analysis, and other technical factors into consideration, but are not based on a fundamental analysis of those stocks/sectors in question. Accordingly, stock/sector recommendations and share price forecasts based on the technical analysis of individual stocks/sectors that are also within the SMBC NIKKO fundamental equity research coverage universe do not necessarily correspond to, nor are intended to match, respectively, the fundamental investment/sector ratings and target prices determined by SMBC NIKKO's fundamental equity research analysts responsible for covering those same stocks/sectors.

OTHER IMPORTANT US DISCLOSURES

Analyst compensation, including the compensation of the analyst(s) directly involved in the preparation of this report, is based upon (among other factors) the overall profitability of SMBC NIKKO, which includes the overall profitability of investment banking services.

SMBC NIKKO is not aware of any other material conflict of interest of the research analyst or SMBC NIKKO that the research analyst or an associated person of SMBC NIKKO with the ability to influence the content of this research report knows or has reason to know at the time of the publication or distribution of this report.

The information contained herein is derived from sources that SMBC NIKKO believes to be reliable, but SMBC NIKKO does not guarantee the accuracy or completeness of said information. In some cases, such information may be incomplete or summarized. Prices, numbers, and similar data contained herein include past results, estimates, and forecasts, all of which may differ from actual data. These prices, numbers, and similar data may also change without prior notification. This research report does not guarantee future performance, and the information contained herein should, for whatever purpose, be used solely at the discretion and responsibility of the client.

This research report has been produced by SMBC NIKKO for informational purposes only. It does not constitute solicitation of the sale or purchase of securities or other investments. SMBC NIKKO does not accept any liability or responsibility for any results in connection with the use of such information. This research report does not take into account specific financial situations, needs, or investment objectives of any client, and it is not intended to provide tax, legal, or investment advice. Clients are responsible for making final investment decisions and should do so at their own discretion after careful examination of all documentation delivered prior to execution, explanatory documents pertaining to listed securities, etc., prospectuses, and other relevant documents. In the US the report is intended for distribution solely to institutional investors.

Non-research departments of SMBC NIKKO may provide commentary to clients and their proprietary trading departments that are inconsistent with or incompatible with investments or opinions recommended in this research report. SMBC NIKKO may make investment decisions on the basis of such commentary. In addition, SMBC NIKKO and its employees may trade in the securities mentioned in this research report, their derivatives, or other securities issued by the same issuing companies in this research report.

OTHER IMPORTANT NON-US DISCLOSURES

This research report has been produced by SMBC NIKKO for informational purposes only. It does not constitute solicitation of the sale or purchase of securities or other investments. SMBC NIKKO does not accept any liability or responsibility for any results in connection with the use of such information. This research report does not take into account specific financial situations, needs, or investment objectives of any client, and it is not intended to provide tax, legal, or investment advice. Clients are responsible for making final investment decisions and should do so at their own discretion after careful examination of all documentation delivered prior to execution, explanatory documents pertaining to listed securities, etc., prospectuses, and other relevant documents. Non-research departments of SMBC NIKKO may provide commentary to clients and their proprietary trading departments that are inconsistent with or incompatible with investments or opinions recommended in this research report. SMBC NIKKO may make investment decisions on the basis of such commentary. In addition, SMBC NIKKO, as well as its employees, may trade in the securities mentioned in this research report, their derivatives, or other securities issued by the same issuing companies in this research report. SMBC NIKKO is not a party to an agreement with the issuer(s) relating to production of a recommendation.

This research report is distributed by SMBC NIKKO. The information contained herein is for client use only. SMBC Nikko Securities Inc. holds the copyright on this research report. Any unauthorized use or transmission of any part of this research report for any reason, whether by digital, mechanical, or any other means, is prohibited. If you have any questions, please contact your sales representative. Additional information is available upon request.

Certain company names, product and/or service names that appear in this research report are trademarks or registered trademarks of SMBC NIKKO or other companies mentioned in the report.

Important notes concerning Article 37 of the Financial Instruments and Exchange Act (Advertising Regulations, etc.)

Commissions (below figures do not apply to certain customers, such as non-residents in Japan and professional investors under FIEA, for whom commissions are set on an individual basis)

When a trade is executed based on information contained in this research report, a predetermined brokerage commission may be charged. For example, when an order is placed at a branch to buy or sell a stock or other security on a securities exchange in Japan (with the exception of odd-lot remainders), a commission of up to a maximum of 1.265% of the contract settlement amount (Note: The minimum commission is 5,500 yen) is charged to the client for each product trade executed. Clients will only be charged for the purchase price of a bond, stock or other security in trades executed as part of a primary offering, secondary distribution, or with a counterparty (Note: In the case of bonds, the trade may require that the client pay accrued interest if separate from the purchase price). For trades involving products denominated in foreign currencies, an exchange of products denominated in yen and another currency, or an exchange of products denominated in different currencies, the applicable exchange rate will be determined by SMBC Nikko Securities Inc. For fees mentioned above that are subject to consumption tax, the rates and amounts include the consumption tax portion.

Risks

Each product entails the risk of a partial loss of the amount of invested capital (the risk of a partial loss of principal) or a loss equal to or greater than the amount of invested capital (the risk of a loss equal to or exceeding principal) due to a variety of factors, which may include price variance and fluctuations in stock markets, interest rates, exchange rates, real estate markets, and commodity markets, and deterioration in the creditworthiness (including the financial and management condition) of issuers of securities. When executing margin or derivative transactions ("derivatives"), there is a risk the amount of derivatives transaction exposure could exceed the client's margin collateral or margin deposit ("margin collateral amount"), and there is also a risk of loss exceeding the client's margin collateral should prices of securities or values of indexes underlying such transactions fluctuate (the risk of a loss equal to or exceeding principal). When executing over-the-counter derivative transactions, there may be a spread between the ask and bid prices on financial instruments quoted by SMBC Nikko Securities Inc. For asset-backed securities, interest, dividends, repayment of principal and other elements may be affected by changes in conditions in certain assets. Such changes may result in losses relating to early sale or redemption of such assets.

Aforementioned commissions and risks differ by financial instrument and clients should carefully examine all relevant documentation, including documentation delivered prior to execution, prospectuses, and other material provided. Clients may contact any SMBC Nikko Securities Inc. branch for questions regarding such documentation.

Company Name

SMBC Nikko Securities Inc. is a financial instruments dealer governed by the Financial Instruments and Exchange Act, registered with the Kanto Local Finance Bureau, Registration No. 2251.

Member Associations

SMBC Nikko Securities Inc. is a member of the Japan Securities Dealers Association, the Japan Investment Advisers Association, the Financial Futures Association of Japan, the Type II Financial Instruments Firms Association, and the Japan Security Token Offering Association.

Regional Specific Disclosures

Reports sent to clients outside Japan are intended only for institutional investors. The definition of 'institutional investor' varies from country to country. Neither this research report nor the information contained in it is intended to be an offer, an inducement or an attempt to induce any person to enter into any agreement to acquire, dispose of, subscribe for or underwrite securities.

Canada Under no circumstances should this material be construed as an offer or sale of securities. This material is a general discussion of the merits and risks of a security or securities only, and is not in any way meant to be tailored to the needs and circumstances of any recipient. This material is not a recommendation to purchase a specific security, service, or product and should not be construed as such.

Mexico This material does not constitute an offer, or an invitation or solicitation for an offer, to subscribe or purchase any securities, commodity or instrument or related derivative, or an offer to exchange any security, nor shall be relied in connection with any investment decision. This material has been prepared solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. The information is presented in summary form and does not purport to be complete. Likewise, this material does not give and should not be treated as giving investment advice. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein.

Hong Kong his document is intended to be and must be, issued, circulated and distributed by SMBC Nikko Securities (Hong Kong) Limited ("Nikko HK") in Hong Kong only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (the "SFO") and any rules made under the SFO ("Professional Investors"). This document has not and will not be registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or reviewed or authorized by the Hong Kong Securities and Futures Commission ("SFC"), nor has it been reviewed or approved by any regulatory authority in Hong Kong. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, this document or any advertisement, invitation or document relating to the securities, collective investment schemes and/or structured products concerned, which are directed at or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the securities, collective investment schemes and/or structured products which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors. By accepting, accessing and/or receiving this document, you represent and warrant that you are a Professional Investor. Nikko HK is licensed to engage in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities with the SFC and is a subsidiary of SMBC Nikko Securities Inc. Nikko HK does not hold an Australian Financial Services License and, in providing the services to the clients, it relies on an exemption contained in ASIC Class Order [03/1103] Hong Kong SFC regulated financial service providers (Class Order) (as preserved by ASIC Corporations (Repeal and Transitional) Instrument 2016/396 and extended by ASIC Corporations (Amendment) Instrument 2024/497).

This document does not constitute "investment research" as defined under the Code of Conduct for Persons licensed by or Registered with the SFC and it should not be construed as such.

China The distribution of this document has not been approved by the People's Republic of China ("PRC") regulators and this document is not intended to be distributed or communicated directly or indirectly to investors in the PRC, and any recipient of this document shall not be regarded as a client of SMBC Nikko solely by virtue of such receipt. However, subject to applicable laws and regulations, this document will be sent to certain investors in the PRC on an invitation basis from offshore. This document shall only be perused by or addressed to the designated Qualified Domestic Institutional Investors in the PRC and shall not be reproduced or redistributed in the PRC or offshore. This document does not constitute and should not be construed as "securities investment consulting", "asset appraisal", "credit rating", "financial consulting", "securities transaction services" or any other related or similar services or activities, as each such term is referred to in the Securities Law of the PRC issued by the Standing Committee of the National People's Congress of the PRC.

Prices, numbers, and similar data contained herein include past records, estimates, and forecasts, all of which may differ from actual data. These prices, numbers, and similar data may also be changed or modified without notification.

Neither SMBC Nikko, any of its representatives, directors, employees, nor any other entities involved with SMBC Nikko make any representations or warranties, expressed or implied, with respect to the completeness or accuracy of any of the information contained in this document or any other information, regardless of whether communicated in written form, oral form or otherwise made available to the recipients.

Taiwan We have taken all reasonable care in producing the information and trust that the information is reliable and suitable for your situation at the date of publication or delivery, but no representation or warranty of accuracy or completeness is given. We accept no responsibility for any errors, omissions, or misstatements in the information. We do not guarantee any investment results and do not guarantee that the strategies employed will improve investment performance or achieve your investment objectives. The distribution of this research report from the jurisdiction outside of Taiwan has not been licensed or approved by the regulators of Taiwan. This research report will not be distributed in Taiwan. This research report does not constitute "investment advice" nor "securities investment consulting", as such term is referred to in the Securities and Exchange Act and the Securities Investment Trust and Consulting Act, respectively issued by the Financial Supervisory Commission and should not be construed as such.

Korea These material do not constitute and should not be construed to constitute an offering or sale of securities and is in no way tailored to the needs and circumstances of any particular recipient. This material is not a recommendation to purchase any specific security, service or product and should not be construed as such.

U.K., Europe, Middle East and Africa ("EMEA") This material and any attached presentations from third parties is distributed within the EMEA region by SMBC Bank International plc ("SMBC BI") or SMBC Bank EU AG ("SMBC EU"). For the avoidance of doubt, unless otherwise specifically agreed with the relevant client, distribution to any UK incorporated client is made by SMBC BI only. The materials contain the current opinions of the writer but not necessarily of SMBC BI and/or SMBC EU (as applicable). SMBC BI and SMBC EU may or may not own the securities referenced and, if such securities are owned, no representation is being made that such securities will continue to be held. SMBC Bank International plc, 100 Liverpool Street, London EC2M 2AT, Tel +44 (0)20 4507 1000. Registered in England No.04684034. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

<https://www.smbcgroup.com/emea/notices-reporting/mifid-ii>

SMBC Bank EU AG is a company incorporated under the laws of Germany (HRB 110214 AG Frankfurt) and has its registered office at Neue Mainzer Straße 52-58, 60311 Frankfurt, Germany. The company is authorised and regulated by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin")), Graurheindorfer Str. 108, 53117 Bonn, Germany.

<https://www.smbcgroup.com/emea/group-companies/smbc-bank-eu-ag/>

<https://www.smbcgroup.com/emea/notices-reporting/mifid-ii>

Kingdom of Saudi Arabia (KSA) This information contained in this research report is not intended to constitute an offer of securities and accordingly should not be construed as marketing or offering materials. The products referenced may not be approved for distribution in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this document or the merits of the products and services referenced herein. This research report is provided on a confidential basis for informational purposes only. Before acting on any information in this research report, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. This research report has been sent at the specific request of and is for the use of the named addressee only and should not be reproduced or shared with any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

"Onshore" United Arab Emirates (UAE) / Abu Dhabi Global Market (ADGM) / Dubai International Finance Centre (DIFC) This document, and the information contained herein, does not constitute or form part of (and is not intended to constitute or form part of) any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase, any securities or investment products in the UAE (including the DIFC and the ADGM) and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that it is provided within the context of an exempt financial communication or promotion and the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the UAE Central Bank, the UAE Securities and Commodities Authority ("SCA"), the Dubai Financial Services Authority ("DFSA"), the Financial Services Regulatory Authority ("FSRA") or any other relevant licensing authority or governmental agency in the UAE. The content of this report has not been approved by or filed with the UAE Central Bank, SCA, DFSA or FSRA. The report has been provided solely at the recipient's request for informational purposes only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). It is not intended that, as a result of the information contained herein, any related transaction will be completed in the UAE (including the DIFC and ADGM) and any enquiries regarding such information herein should be made to the address at the end of this document.

Qatar / Qatar Finance Centre (QFC) This document, and the information contained herein, does not constitute or form part of (and is not intended to constitute or form part of), any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any securities or investment products in the State of Qatar, and accordingly should not be construed as such. Furthermore, this information is being made available on the basis that the recipient acknowledges and understands that the entities and securities to which it may relate have not been approved, licensed by or registered with the Qatar Central Bank, Qatar Financial Centre Regulatory Authority ("QFCRA"), Qatar Financial Centre Authority ("QFCA") or any other relevant licensing authorities or governmental agencies in the State of Qatar. The content of this report has not been approved by or filed with the Qatar Central Bank, QFCRA, QFCA or any other relevant licensing authorities or governmental agencies in the State of Qatar. This report has been provided for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). It is not intended that, as a result of the information contained herein, any related transaction will be completed in the State of Qatar and any enquiries regarding such information herein should be made to the address at the end of this document.

Hong Kong (in respect of recipients who are Private Wealth Clients of SMBC Nikko Securities (Singapore) Pte Ltd.) This research report is distributed by SMBC Nikko Securities (Singapore) Pte Ltd., which is an entity licensed with the Monetary Authority of Singapore, from Singapore. It is intended to be distributed to Accredited Investors (as defined in the Securities and Futures Act 2001 and its subsidiary legislation) only. The report has been provided solely at the recipient's request for informational purposes only and shall not be copied or redistributed to any other person without the prior written consent of SMBC Nikko Securities Inc. or its affiliates.

Singapore This research report is distributed by SMBC Nikko Securities (Singapore) Pte Ltd. ("NKSG"), an exempt financial adviser as defined under the Financial Advisers Act 2001 ("FAA") of Singapore, among other things, and regulated by the Monetary Authority of Singapore. NKSG may distribute this research report produced by its foreign affiliates pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations ("FAR"). By accepting this research report, the recipient confirms they are an "institutional investor", "accredited investor" and/or "expert investor" (each as defined under the FAR) and agree to be bound by the foregoing limitations. The recipient acknowledges that NKSG is exempted from complying with certain compliance requirements under the FAA, the FAR and the relevant Notices and Guidelines issued thereunder, in respect of any financial advisory service which NKSG may provide. These include exemptions from complying with: (i) Section 34 of the FAA (pursuant to Regulation 33(1) of the FAR); (ii) Section 36 of the FAA (pursuant to Regulation 34(1) of the FAR); and (iii) Section 45 of the FAA (pursuant to Regulation 35(1) of the FAR). Neither this research report nor the information contained in it is intended to be an offer to make with any person, or to induce or attempt to induce any person to enter into or to offer to enter into any agreement for or with a view to acquiring, disposing of, subscribing for or underwriting securities in Singapore. Recipients of this research report in Singapore should contact NKSG in respect of any matters arising from, or in connections with, this research report.

Thailand This research report is intended for the recipient only and no other person may act upon it. It has been provided solely at the request of the recipient for informational purposes only and shall not be copied or redistributed to any other person without the prior consent of SMBC Nikko Securities Inc. or its affiliates. No information has been approved or registered with the Securities and Exchange Commission of Thailand or any other regulatory authorities of Thailand. It is not intended to be and in no way constitutes an offer, solicitation, advertisement, invitation for subscription, sale, or advice of, or in relation to, the relevant securities or products specified herein, or a solicitation to use any services, by SMBC Nikko Securities Inc. or its affiliates in Thailand. Neither SMBC Nikko Securities Inc., any of its representatives, directors, employees, nor any other entities involved with SMBC Nikko Securities Inc. make any representations or warranties, expressed or implied, with respect to the completeness or accuracy of any of the information contained in this research report or any other information, whether communicated in written oral form, transferred or made available to the recipients.

Malaysia This research report is distributed in Malaysia on a cross-border basis. Any services provided to residents of Malaysia are provided solely on an offshore basis from outside Malaysia, as a result of "reverse enquiry" on the part of the Malaysian residents arising from a specific request to provide such services and thus this research report is not to be further distributed. As an integral part of the provision of such services from outside Malaysia, SMBC Nikko Singapore may from time to time make available to such residents documents and information making reference to capital markets products in such documents and information and nothing in this report

constitutes the making available, or offer for subscription or purchase, or invitation to subscribe for or purchase, or sale of the products described therein in Malaysia. The distribution of this report and the material therein has not been reviewed or approved by the Securities Commission of Malaysia.

Indonesia The information in this research report contains general information only and shall not be in any way construed as an offer or sale or recommendation to purchase or subscribe for any specific securities (as defined in the Indonesian capital markets laws and regulations), or any financial services or products within Indonesian territories. It is not in any way meant to be tailored to the needs and circumstances of any recipient. The content of this research report is neither licensed, approved, nor confirmed (on its validity or adequacy), by the relevant authorities in Indonesia. This research report is not to be further distributed without the prior written consent of SMBC Nikko Securities Inc. or its affiliates.

Clients may request all relevant and current disclosures by contacting a SMBC NIKKO or branch representative, or by sending a request to the following postal address: Equity Research Division, SMBC Nikko Securities Inc., 1-5-1 Marunouchi, Chiyoda-ku, Tokyo, 100-6519