

Amer Sports (AS US)

Growth to normalize in FY25E

- Expect slower revenue growth in FY25E due to high-base effect from FY24, uncertainties in some geographical markets, and the expected foreign exchange drag
- The Group's leading position among peers is expected to remain intact due to solid brand portfolio and strong execution capability
- Maintain **BUY**; TP implies 54.2x/41.9x 25E/26E adj. P/E, or 3.6x/3.3x 25E/26E P/B

Growth to normalize in FY25E. In FY24, revenue grew by 17.8% YoY, mainly supported by technical apparel's revenue growth of 35.9% YoY; Greater China/APAC regions led all other regions with YoY revenue growth of 53.7%/45.5%. Total store count was 505 by end-FY24, up by 55% YoY. The growth performance indicates elevated brand perception among consumers, effective sales channel strategies, and potential room for future growth. The Group was gaining ground in new product categories in FY24. According to the Group, women's wear and footwear were the two rising categories within Arc'teryx. In addition, the expansion of store network would help increase penetration rate in the long run. We project revenue to grow by 13.9% YoY in FY25E, which would be supported by technical apparel segment (+20.8% YoY); revenue from Greater China/APAC is expected to grow by 20.6% YoY/26.4% YoY. The lower FY25E revenue growth is mainly due to the high-base effect from FY24, uncertainties in certain geographical markets, and the expected foreign exchange drag stated by the Group. FY24-27E revenue CAGR is projected to be 13.3%.

Margin improvement to be expected. Overall margin profile improved in FY24. More notably, the Group recorded a net profit of US\$ 72.6mn in FY24 vs. a net loss of US\$ 208.6mn FY23. Higher operating efficiency and accelerating revenue growth have helped the turnaround; in addition, reduced borrowing and finance costs contributed to the higher net margin. We expect margins to further improve, albeit at a lower pace due to the lower revenue growth. On an adjusted basis, GPM, OPM, and NPM are projected to reach 56.8%, 11.7%, and 6.1%, respectively in FY25E. Our adjusted fully-diluted EPS projection for FY25E is US\$ 0.65, which is slightly higher than the lower end of the guidance range.

Relative performance remained strong. Based on the disclosed peer results for 4Q24, the Group's revenue growth, GPM, OPM, and NPM were above peer average and its revenue growth was ranked second. Backed by a strong brand portfolio and excellent execution, the Group is well-positioned to sustain strong performance.

Maintain BUY; TP at US\$ 35.0. Maintain **BUY** on the growth potential and breakthroughs in product categories. Our higher DCF-derived TP can be mainly attributed to the higher adj. net profit projection and rollover of our projection horizon. Current TP represents 54.2x/41.9x 25E/26E adj. P/E, or 3.6x/3.3x 25E/26E P/B.

Risk factors: 1) High concentration in certain brands and geographical regions; 2) Seasonality of business; 3) Changing consumer preferences; 4) Earnings volatility; 5) Macroeconomic risk; 6) Non-GAAP financial metrics; 7) Foreign currency risk; 8) EPS dilution effect after ordinary share issuance.

Results and Valuation

As of Dec 31	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (US\$ mn)	4,400	5,183	5,905	6,677	7,533
Chg (% YoY)	24.0	17.8	13.9	13.1	12.8
Adj. net profit (US\$ mn)	(103)	236	361	467	625
Chg (% YoY)	N/A	N/A	52.9	29.4	33.9
Adj. EPS (US\$)	(0.3)	0.5	0.6	0.8	1.1
Chg (% YoY)	N/A	N/A	37.1	29.4	33.9
BVPS (US\$)	(0.4)	10.3	9.8	10.6	11.7
Chg (% YoY)	N/A	N/A	(4.7)	8.0	10.1
P/E (x)	N/A	63.5	46.3	35.8	26.7
P/B (x)	N/A	2.9	3.0	2.8	2.6
ROAA (%)	(2.6)	0.8	3.5	4.2	5.2
ROAE (%)	N/A	2.9	6.1	7.7	9.6
DPS (US\$)	0.0	0.0	0.0	0.0	0.0
Yield (%)	0.0	0.0	0.0	0.0	0.0

Source(s): The Group, ABCI Securities estimates

Company Report

Mar 3, 2025

Rating (US): BUY
TP (HK): US\$ 35.0

Analyst: Paul Pan
Tel: (852) 2147 8829
paulpan@abci.com.hk

Price (US\$)	29.89
52Wk H/L	34/10.11
Est. price return	17.1%
Est. dividend yield	0.0%
Est. total return	17.1%
Last Rating & TP	BUY; US\$ 33.5
Previous Report Date	Dec 19, 2024

Source(s): Bloomberg, ABCI Securities estimates

Key Data

Total issued shares (mn)	546.4
Market cap (US\$ bn)	16.33
3-mth avg daily turnover (US\$ mn)	93.9

Source(s): Bloomberg, ABCI Securities

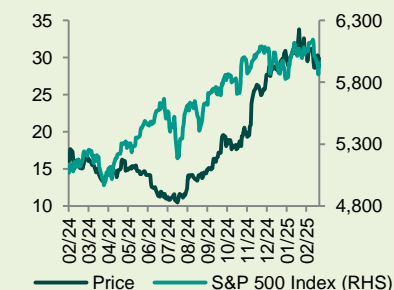
Price performance

	Absolute	Relative*
1-mth	(1.8)	(0.8)
3-mth	15.5	16.3
6-mth	110.8	104.9

*Relative to S&P 500 Index

Source(s): Bloomberg, ABCI Securities

1 yr price performance (US\$)



Source(s): Bloomberg, ABCI Securities

Note:

- Net profit and related measures refer to net profit attributable to shareholders of the Company;
- Market data as of Feb 28, 2025.

Exhibit 1: Changes in assumptions, projections, and valuations

As of Dec 31	Current report		Previous report		Rationale
	FY25E	FY26E	FY25E	FY26E	
Assumptions					
D/A (%)	15.3	14.2	17.6	15.6	Adjusted based on FY24 performance
D/E(%)	27.4	26.0	31.9	30.2	
Tax rate (%)	33.4	32.4	35.1	36.2	
Valuations					
TP (US\$)		35.0		33.5	Higher TP is due to higher adj. net profit projection and projection horizon rollover
P/E (x)	54.2	41.9	52.1	43.2	
P/B (x)	3.6	3.3	3.3	3.0	

Note: Please refer to the first page of this company report for previous report publication date; P/E calculation is based on adjusted net profit and adjusted EPS, which are non-IFRS measures

Source(s): ABCI Securities estimates

Exhibit 2: Changes in major forecasts

As of Dec 31	Current report			Previous report			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue (US\$ mn)	5,905	6,677	7,533	5,998	7,019	N/A	(1.5)	(4.9)	N/A
Adjusted net profit (to shareholders of the Company) (US\$ mn)	361	467	625	351	424	N/A	2.8	10.2	N/A
Adjusted EPS (US\$)	0.65	0.84	1.12	0.64	0.78	N/A	0.4	7.7	N/A

Note: adjusted net profit and adjusted EPS non-IFRS measures

Source(s): ABCI Securities estimates

Exhibit 3: Quarterly revenue and profit

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25E	FY25E
Revenue (US\$ mn)	1,050.3	856.8	1,153.1	1,327.5	1,182.9	993.8	1,353.8	1,635.5	1,367.8	5,904.8
Technical Apparel	355.2	303.0	388.7	559.4	510.3	407.3	520.0	745.0	621.1	2,651.8
Outdoor Performance	377.5	273.6	494.6	525.6	400.0	304.0	533.6	594.3	462.8	2,058.3
Ball & Racquet Sports	317.6	280.2	269.8	242.5	272.6	282.5	300.2	296.2	284.0	1,194.7
Operating profit (US\$ mn)	141.0	21.0	133.5	136.8	130.0	29.0	195.0	222.9	154.1	690.1
Technical Apparel	83.1	39.6	63.3	128.4	117.3	57.8	104.0	181.3	148.0	555.5
Outdoor Performance	31.1	(16.2)	88.3	48.1	19.4	(6.5)	93.4	66.0	26.6	194.7
Ball & Racquet Sports	45.8	7.5	2.4	(25.0)	10.8	3.2	20.7	(10.9)	14.0	38.8
EBITDA (US\$ mn)	182.6	62.6	176.9	188.7	181.6	81.4	255.4	289.6	241.0	920.5
Net profit (US\$ mn)	27.2	(86.2)	(12.9)	(31.3)	38.8	24.7	71.1	90.2	79.8	361.2
EPS (US\$)	0.07	(0.22)	(0.03)	(0.08)	0.08	0.07	0.14	0.16	0.14	0.65
Change (YoY %)										
Revenue	29.8	23.5	36.1	10.7	12.6	16.0	17.4	23.2	15.6	13.9
Technical Apparel	35.9	78.4	70.7	28.1	43.7	34.4	33.8	33.2	21.7	20.8
Outdoor Performance	43.3	11.0	25.9	2.3	6.0	11.1	7.9	13.1	15.7	12.1
Ball & Racquet Sports	11.6	1.1	19.0	(2.3)	(14.2)	0.8	11.3	22.1	4.2	3.6
Profitability										
OPM (%)	13.4	2.5	11.6	10.3	11.0	2.9	14.4	13.6	11.3	11.7
Technical Apparel	23.4	13.1	16.3	23.0	23.0	14.2	20.0	24.3	23.8	21.0
Outdoor Performance	8.2	(5.9)	17.9	9.2	4.8	(2.1)	17.5	17.5	5.7	9.5
Ball & Racquet Sports	14.4	2.7	0.9	(10.3)	4.0	1.1	6.9	6.9	4.9	3.3
EBITDA margin (%)	17.4	7.3	15.3	14.2	15.3	8.2	18.9	17.7	17.6	15.6
NPM (%)	2.6	(10.1)	(1.1)	(2.4)	3.3	2.5	5.3	5.5	5.8	6.1

Note: All measures excluding revenue are on adjusted basis, which is non-IFRS; net profit and related measures refer to net profit attributable to shareholders of the Company

Source(s): The Group, ABCI Securities estimates

Exhibit 4: FY25E guidance put forward by the Group

Reported revenue growth	13 – 15%
Gross margin	56.5 – 57.0%
Operating margin	11.5 – 12.0%
Fully diluted share count	~560 million
Fully diluted EPS	US\$ 0.64 – 0.69

Segment revenue growth

Technical Apparel	~20%
Outdoor Performance	Low-double digits
Ball & Racquet Sports	Low-to-mid single digit

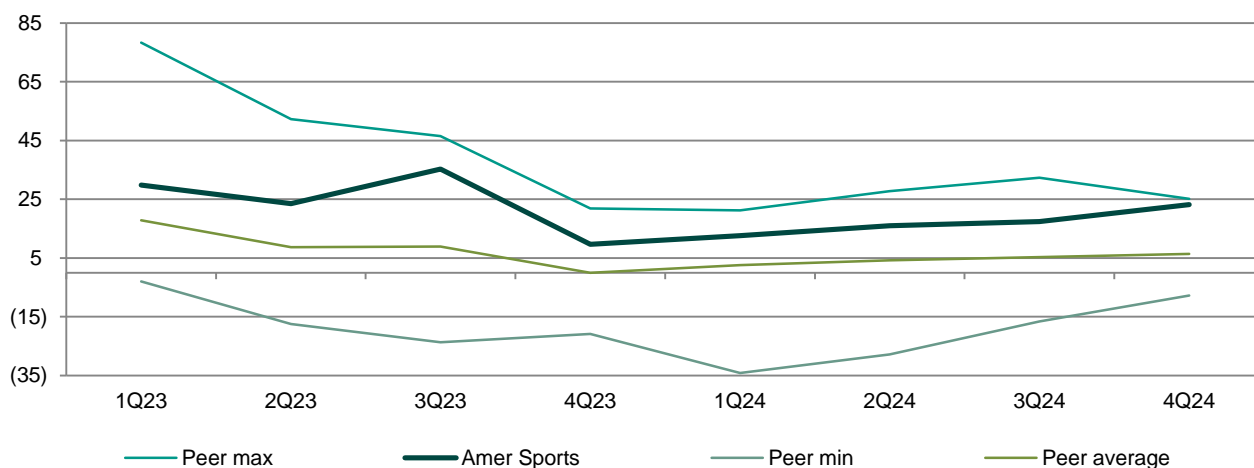
Segment OPM

Technical Apparel	~ 21%
Outdoor Performance	~9.5%
Ball & Racquet Sports	3-4%

Note: Other than metrics with respect to revenue, the Group only provides guidance on a non-IFRS basis

Source(s): The Group, ABCI Securities

Exhibit 5: Relative performance – revenue growth (YoY %)



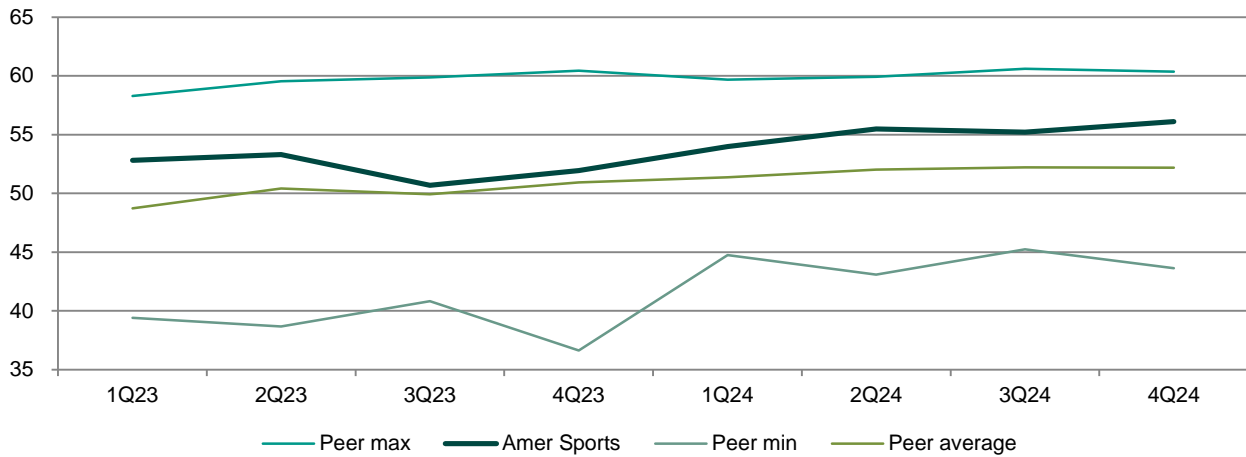
Note:

- 1) Peers in the calculation include Nike (NKE US), Adidas (ADS GR), Under Armour (UA US), Deckers (DECK US), Lululemon (LULU US), V.F. Corporation (VFC US), Columbia (COLM US), On (ONON US), ASICS (7936 JP), Skechers (SKX US), Wolverine World Wide (WWW US), and Puma (PUM GR)
- 2) In cases where a peer company's fiscal year end does not align with the standard calendar year, the nearest quarterly period is utilized for calculations
- 3) As of report publication date, Adiddas, Lululemon, On, and Puma have not announced latest quarterly result

Source(s): companies, ABCI Securities



Exhibit 6: Relative performance – GPM (%)

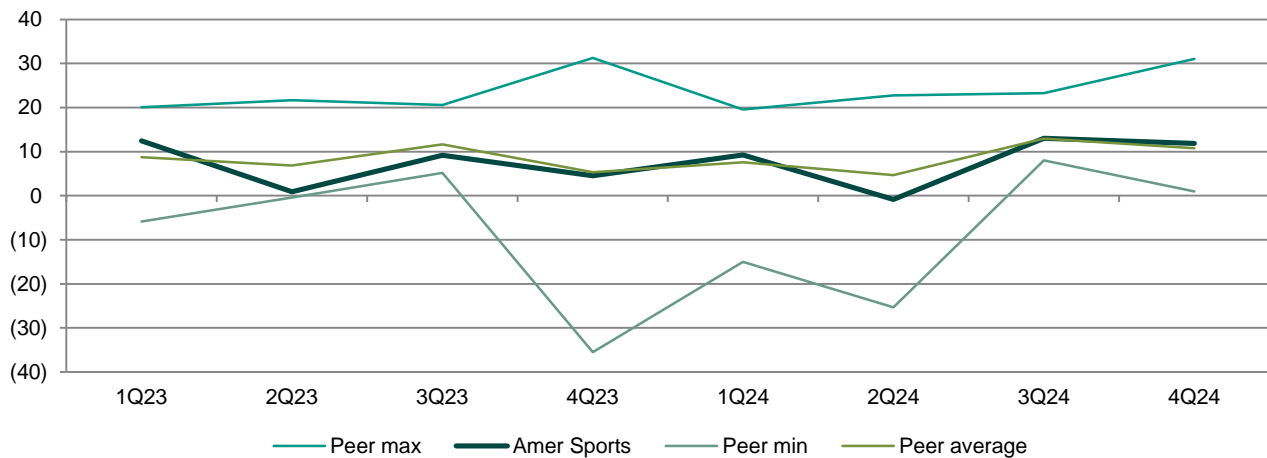


Note:

- 1) Peers in the calculation include Nike (NKE US), Adidas (ADS GR), Under Armour (UA US), Deckers (DECK US), Lululemon (LULU US), V.F. Corporation (VFC US), Columbia (COLM US), On (ONON US), ASICS (7936 JP), Skechers (SKX US), Wolverine World Wide (WWW US), and Puma (PUM GR)
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- 3) As of report publication date, Adiddas, Lululemon, On, and Puma have not announced latest quarterly results

Source(s): companies, ABCI Securities

Exhibit 7: Relative performance – OPM (%)



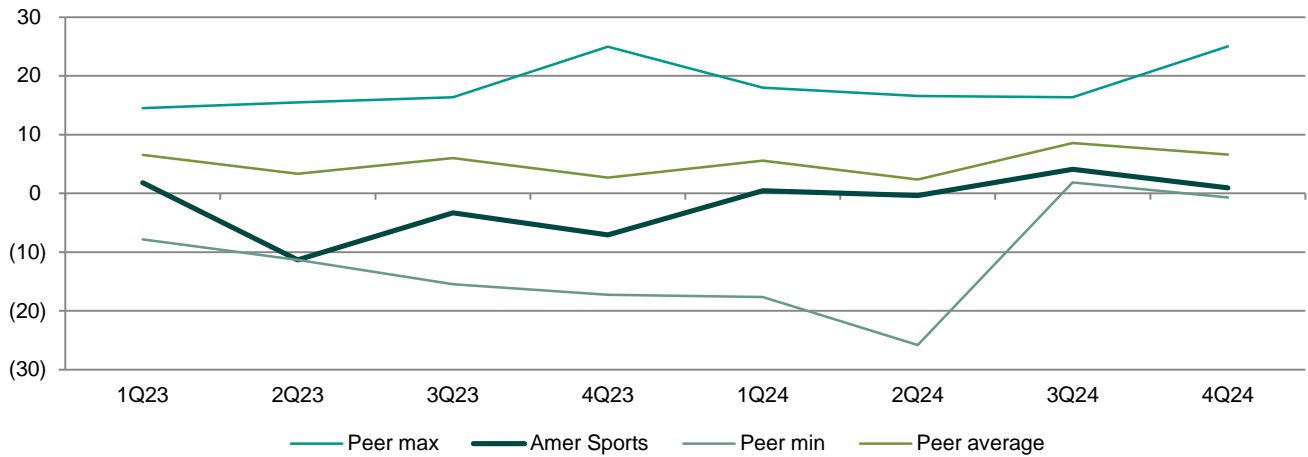
Note:

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Source(s): companies, ABCI Securities



Exhibit 8: Relative performance – NPM (to shareholders of the Company) (%)

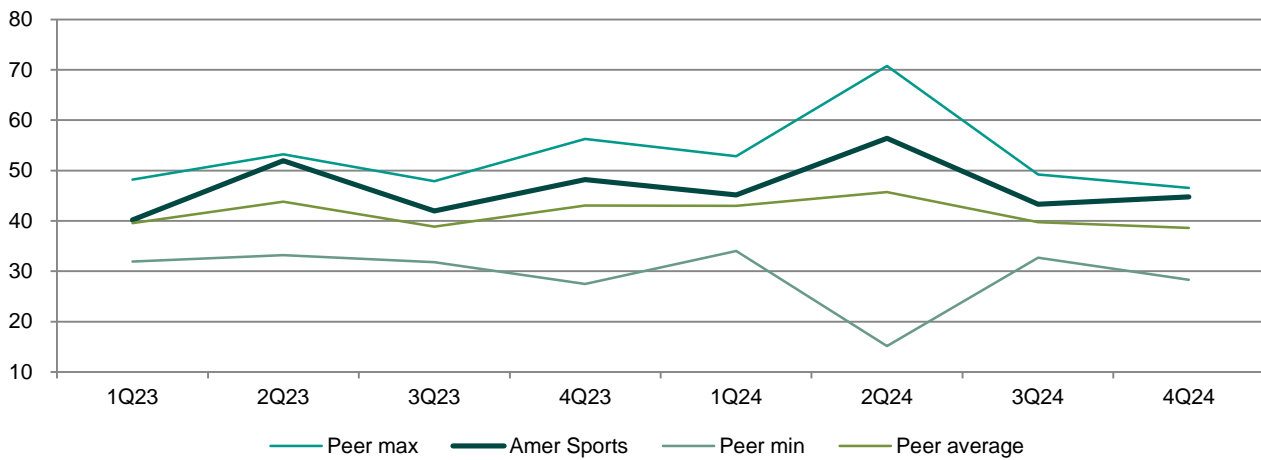


Note:

- 1) Peers in the calculation include Nike (NKE US), Adidas (ADS GR), Under Armour (UA US), Deckers (DECK US), Lululemon (LULU US), V.F. Corporation (VFC US), Columbia (COLM US), On (ONON US), ASICS (7936 JP), Skechers (SKX US), Wolverine World Wide (WWW US), and Puma (PUM GR)
- 2) In cases where a peer company's fiscal year end does not align with the standard calendar year, the nearest quarterly period is utilized for calculations
- 3) As of report publication date, Adidas, Lululemon, On, and Puma have not announced latest quarterly results

Source(s): companies, ABCI Securities

Exhibit 9: Relative performance - SG&A expense/revenue ratio (%)



Note:

- 1) Peers in the calculation include Nike (NKE US), Adidas (ADS GR), Under Armour (UA US), Deckers (DECK US), Lululemon (LULU US), V.F. Corporation (VFC US), Columbia (COLM US), On (ONON US), ASICS (7936 JP), Skechers (SKX US), Wolverine World Wide (WWW US), and Puma (PUM GR)
- 2) In cases where a peer company's fiscal year end does not align with the standard calendar year, the nearest quarterly period is utilized for calculations
- 3) As of report publication date, Adidas, Lululemon, On, and Puma have not announced latest quarterly results

Source(s): companies, ABCI Securities

Financial statements

Consolidated income statement

As of Dec 31 (US\$ mn, except per share data)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	4,400	5,183	5,905	6,677	7,533
COGS	(2,092)	(2,312)	(2,565)	(2,850)	(3,164)
Gross profit	2,308	2,872	3,339	3,827	4,369
SG&A	(2,015)	(2,430)	(2,721)	(3,065)	(3,453)
Impairment losses	(2)	(2)	(5)	(5)	(4)
Other operating income	11	31	44	59	36
Operating profit/(loss)	303	471	657	815	949
Net finance cost	(407)	(310)	(134)	(113)	(35)
Profit/(loss) before tax	(105)	161	523	702	914
Income tax expense	(104)	(83)	(175)	(227)	(266)
Profit/(loss) from continuing operations	(209)	78	349	475	648
Loss from discontinued operations, net of tax	0	0	0	0	0
Net profit/(loss)	(209)	78	349	475	648
- Equity holders of the company	(209)	73	323	440	600
- Non-controlling interests	(0)	6	26	35	48
EPS					
- BASIC	(0.54)	0.15	0.58	0.79	1.07
- Diluted	(0.54)	0.14	0.57	0.77	1.05

Note: Items may not sum up due to rounding

Source(s): The Group, ABCI Securities estimates

Revenue of major segments

As of Dec 31 (USD mn)	FY23A	FY24A	FY25E	FY26E	FY27E
<u>By product category</u>					
Technical Apparel	1,614	2,194	2,652	3,116	3,624
Outdoor Performance	1,674	1,836	2,058	2,321	2,619
Ball & Racquet Sports	1,112	1,154	1,195	1,240	1,290
<u>By sales channel</u>					
Wholesale	2,811	2,916	3,302	3,468	3,587
DTC	1,589	2,267	2,603	3,208	3,946
<u>By geographical segment</u>					
EMEA	1,458	1,513	1,645	1,753	1,842
Americas	1,746	1,859	2,047	2,241	2,446
Greater China	845	1,298	1,565	1,856	2,207
Asia Pacific	352	513	648	826	1,038

Note: 1) Greater China consists of mainland China, Hong Kong, Macau, and Taiwan; 2) Asia Pacific excludes Greater China

Source(s): The Group, ABCI Securities estimates

Consolidated balance sheet

As of Dec 31 (US\$ mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	483	345	951	1,363	2,725
Accounts receivable, net	600	607	740	768	883
Inventories	1,100	1,223	1,329	1,492	1,483
Others	169	224	268	285	337
Total current assets	2,352	2,399	3,288	3,908	5,429
PP&E	442	550	715	861	976
Right-of-use assets	317	524	591	683	713
Intangible assets	2,749	2,683	2,843	2,968	2,343
Goodwill	2,270	2,225	2,225	2,225	2,225
Others	244	333	189	379	244
Total non-current assets	6,022	6,316	6,564	7,116	6,501
Total assets	8,374	8,715	9,852	11,024	11,930
ST Interest-bearing liabilities	381	137	82	49	29
ST Lease liabilities	89	117	169	224	277
Accounts payable	427	549	489	635	495
Others	677	735	1,254	1,163	1,702
Total current liabilities	1,574	1,538	1,993	2,072	2,504
LT Lease liabilities	250	439	549	647	734
LT Loans from financial institutions	1,863	791	712	641	576
Loans from related parties	4,077	0	0	0	0
Others	766	774	1,077	1,668	1,471
Total non-current liabilities	6,957	2,004	2,337	2,956	2,782
Shareholders' equity	(160)	5,164	5,487	5,927	6,526
Non-controlling interest	3	9	35	70	118
Total equity	(157)	5,174	5,522	5,997	6,644
Total liabilities and equity	8,374	8,715	9,852	11,024	11,930

Note: Items may not sum up due to rounding

Source(s): The Group, ABCI Securities estimates

Consolidated cash flow statement

As of Dec 31 (US\$ mn)	FY23A	FY24E	FY25E	FY26E	FY27E
Net profit/(loss)	(209)	78	349	475	648
Depreciation and amortization	221	274	336	386	407
Changes in working capital	(92)	(11)	(270)	55	(195)
Others	279	253	184	201	147
Cash flow from operations	199	594	599	1,116	1,007
Change in PP&E	(123)	(146)	(230)	(204)	(179)
Change in Intangible assets	(13)	(206)	(114)	(137)	(118)
Change in Right-of-use assets	(16)	(17)	(20)	(24)	(26)
Others	(4)	0	0	0	0
Cash flow from investing	(155)	(369)	(364)	(365)	(323)
Change in borrowing	178	(5,394)	(134)	(104)	(84)
Proceeds from share issuance	0	2,559	0	0	0
Others	(143)	2,491	522	(224)	778
Cash flow from financing	35	(344)	389	(328)	694
Change in cash and cash equivalent	79	(119)	623	424	1,379
Translation difference	2	(19)	(18)	(12)	(16)
Cash and cash equivalent - end of period	483	345	951	1,363	2,725

Note: Items may not sum up due to rounding

Source(s): The Group, ABCI Securities estimates

Key operating and financial ratios

As of Dec 31	FY23A	FY24A	FY25E	FY26E	FY27E
Growth (YoY %)					
Revenue	24.0	17.8	13.9	13.1	12.8
<u>By product category</u>					
Technical Apparel	47.3	35.9	20.8	17.5	16.3
Outdoor Performance	18.2	9.6	12.1	12.7	12.9
Ball & Racquet Sports	7.3	3.7	3.6	3.8	4.0
<u>By channels</u>					
Wholesale	12.3	3.7	13.2	5.1	3.4
DTC	51.9	42.7	14.8	23.3	23.0
<u>By region</u>					
EMEA	14.7	3.8	8.7	6.6	5.1
Americas	16.0	6.5	10.1	9.5	9.1
Greater China	61.3	53.7	20.6	18.6	18.9
Asia Pacific	41.0	45.5	26.4	27.5	25.6
GP	30.9	24.4	16.3	14.6	14.2
OP	497.8	55.6	39.6	24.1	16.4
NP (to shareholders of the Company)	N/A	N/A	344.6	36.2	36.4
Profitability ratios (%)					
GPM	52.5	55.4	56.6	57.3	58.0
OPM	6.9	9.1	11.1	12.2	12.6
EBITDA Margin	11.9	14.4	15.2	16.4	17.4
NPM (to shareholders of the Company)	(4.7)	1.4	5.5	6.6	8.0
Adj OPM	9.8	11.1	11.7	11.9	10.7
Adj NPM	(2.3)	4.6	6.1	7.0	8.3
Revenue contribution					
<u>By product category</u>					
Technical Apparel	36.7	42.3	44.9	46.7	48.1
Outdoor Performance	38.0	35.4	34.9	34.8	34.8
Ball & Racquet Sports	25.3	22.3	20.2	18.6	17.1
<u>By channels</u>					
Wholesale	63.9	59.6	55.9	51.9	47.6
DTC	36.1	40.4	44.1	48.1	52.4
<u>By region</u>					
EMEA	33.1	29.2	27.9	26.3	24.5
Americas	39.7	35.9	34.7	33.6	32.5
Greater China	19.2	25.0	26.5	27.8	29.3
Asia Pacific	8.0	9.9	11.0	12.4	13.8
Return ratios (%)					
ROAA	(2.6)	0.8	3.5	4.2	5.2
ROAE	N/A	2.9	6.1	7.7	9.6
Liquidity ratio (x)					
Current ratio	1.5	1.6	1.6	1.9	2.2
Quick ratio	0.8	0.8	1.0	1.2	1.6
Cash ratio	0.3	0.2	0.5	0.7	1.1
Working capital (days)					
Receivable turnover	53	42	42	41	40
Inventory turnover	176	183	182	181	172
Payable turnover	69	73	71	68	65
CCC	159	153	152	154	146
Leverage ratios (%)					
Total debt to total assets	79.5	17.0	15.3	14.2	13.6
Total debt to total equity	N/A	28.7	27.4	26.0	24.3
Net debt/(cash) to total assets	73.8	13.1	5.7	1.8	(9.3)
Net debt/(cash) to total equity	N/A	22.0	10.1	3.3	(16.7)

Note: Items may not sum up due to rounding; adj. OPM and adj. NPM are non-IFRS measures; net profit and related measures refer to net profit attributable to shareholders of the Company

Source(s): The Group, ABCI Securities estimates

Disclosures

Analyst Certification

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Definition of equity rating

Rating	Definition
Buy	Stock return rate \geq Market return rate ($\sim 8\%$)
Hold	- Market return rate ($\sim 8\%$) \leq Stock return rate < Market return rate ($\sim +8\%$)
Sell	Stock return < - Market return ($\sim 8\%$)

Stock return rate: expected percentage change of share price plus gross dividend yield over the next 12 months

Market return rate: average market return rate since 2005 (HSI total return index 2005-24 averaged at 8.2%)

Time horizon of share price target: 12-month

Stock rating, however, may vary from the stated framework due to factors including but not limited to: corporate governance, market capitalization, historical price volatility relative to corresponding benchmark index, average daily turnover of the stock relative to market capitalization of the stock, competitive advantages in corresponding industry, etc.

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Office address: ABCI Securities Company Limited, 13/F Fairmont House, 8 Cotton Tree Drive, Central, Hong Kong.

Tel: (852) 2868 2183