

Outlook for FY25–26 corporate earnings

Quarterly Update

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Contents

Summary and major assumptions.....	3
Contributions to recurring profit growth by sector.....	5
Revisions to recurring profit estimates (versus old estimates)	7
Revision index for the Russell/Nomura Large Cap Index.....	9
Reference	
Russell/Nomura Large Cap Index: earnings indicators	10
Recurring profits by sector	12
Percentage change in quarterly sales and profits	13
Valuation indicators	14
What are the Russell/Nomura Japan Equity Indexes?	15

Summary and major assumptions

Our analysts forecast FY25 sales growth of 0.5%, recurring profit decline of 3.6%, recurring profit decline for first time in six years

We have aggregated FY25–26 earnings forecasts by Nomura analysts for constituents of the Russell/Nomura Large Cap Index (forecast for sales and operating profits exclude financials, same basis hereafter). For FY25, our analysts forecast a 0.5% y-y rise in sales, a 0.5% fall in operating profits, a 3.6% fall in recurring profits, and a 3.8% fall in after-tax profits. Versus the previous such exercise conducted on 2 June, they have raised their sales growth forecast by 1.4ppt, their operating profit growth forecast by 1.5ppt, their recurring profit growth forecast by 1.0ppt, and their after-tax profit growth forecast by 1.1ppt, partly to reflect changes to their forex assumptions in the direction of a weaker yen. While sales are expected to turn upward, profits are still expected to fall from the operating profit line downwards. If profits for the Russell/Nomura Large Cap Index as a whole were to fall in FY25, this would mark the first decline in operating profits in five years and the first decline in recurring profits and after-tax profits in six years.

In the auto sector, additional US tariffs have been lowered, but as in the previous such exercise, we still expect profits to fall sharply. Meanwhile, our analysts expect US tariffs to depress FY25 recurring profit growth for the Russell/Nomura Large Cap Index as a whole by around 4ppt.

Our analysts forecast a return to sales growth of 2.7% and recurring profit growth of 10.4% in FY26

For FY26, our analysts forecast sales growth of 2.7% y-y, operating profit growth of 12.3%, recurring profit growth of 10.4%, and after-tax profit growth of 10.4%. Versus the previous such exercise, they have lowered their sales growth forecast by 0.6ppt, but this reflects upward revisions to their sales growth forecasts for FY25, and represents an upward revision in value terms. Our analysts have also raised their operating profit growth forecast by 1.7ppt, their recurring profit growth forecast by 1.6ppt, and their after-tax profit growth forecast by 1.1ppt. One change from FY25 forecasts is that the impact of US tariffs is expected to fade in FY26. Our analysts expect profits to rise in many sectors, particularly financials, electric appliances & precision instruments, and automobiles, and expect overall profits at major companies to turn upwards versus forecasts for FY25.

Revision index shows upward revisions outnumber downward revisions

The revision index (RI) for the Russell/Nomura Large Cap Index (which shows the difference between the percentage of companies making upward revisions and the percentage of companies making downward revisions) is +16.0% for September 2025 (recurring profit basis, 3 Jun–1 Sep). The revision index for the manufacturing sector turned positive for the first time in four quarters, partly because we revised our USD/JPY assumption in the direction of a weaker yen.

Dividend payout ratio of 43.2% in FY25, 70.1% of companies plan to raise their dividends

Our analysts forecast a decline in after-tax profits in FY25, but a rise in dividends. The projected dividend payout ratio is 43.2%, up from 36.2% in FY24 and higher than 42.2% in the previous such exercise. The proportion of companies for which analysts forecast a dividend hike was 70.1%, up from 65.7% in the previous survey. We expect major companies to continue to bolster their shareholder returns.

Fig. 1: Overview of consolidated earnings forecasts for the Russell/Nomura Large Cap Index

		No. of cos	New					(%)	
			FY22	FY23	FY24	FY25E	FY26E	Old FY25E	FY26E
Sales (% y-y)	Russell/Nomura Large Cap (ex financials)	220	17.2	3.9	4.3	0.5	2.7	-0.9	3.3
	Manufacturing	124	17.4	6.9	4.0	-0.5	2.8	-2.5	3.4
	Basic materials	29	24.2	-2.7	1.2	-2.9	0.8	-8.8	1.7
	Processing	63	16.4	10.6	4.2	-0.3	3.4	-1.1	3.9
	Nonmanufacturing (ex financials)	96	16.9	0.1	4.7	1.8	2.7	1.3	3.2
	Russell/Nomura Small Cap (ex financials)	938	11.0	4.0	5.4	3.0	4.5	3.4	3.9
Operating profits (% y-y)	Russell/Nomura Large Cap (ex financials)	220	6.9	13.1	3.9	-0.5	12.3	-2.0	10.6
	Manufacturing	124	3.9	7.6	3.9	-3.6	15.0	-5.1	12.0
	Basic materials	29	-6.4	-18.9	4.8	-3.9	17.5	-0.4	12.9
	Processing	63	6.9	22.0	2.0	-10.6	16.8	-12.4	12.5
	Nonmanufacturing (ex financials)	96	13.3	23.7	4.1	4.8	7.9	3.5	8.5
	Russell/Nomura Small Cap (ex financials)	938	3.5	17.1	16.1	6.8	10.6	7.4	9.8
Recurring profits (% y-y)	Russell/Nomura Large Cap	243	4.2	15.0	9.0	-3.6	10.4	-4.6	9.8
	Russell/Nomura Large Cap (ex financials)	220	7.7	10.9	4.3	-5.6	9.9	-7.4	10.2
	Manufacturing	124	2.7	12.3	0.1	-7.2	15.2	-6.6	12.0
	Basic materials	29	-7.2	-14.6	-3.4	0.0	18.2	5.1	13.3
	Processing	63	4.4	26.8	-0.7	-16.0	16.7	-15.1	12.1
	Nonmanufacturing	119	5.8	18.0	18.4	-0.3	6.5	-2.8	7.9
	Nonmanufacturing (ex financials)	96	15.8	8.9	10.5	-3.4	3.2	-8.3	7.8
	Russell/Nomura Small Cap	1,021	0.7	18.5	11.6	5.9	10.8	6.6	9.6
	Russell/Nomura Small Cap (ex financials)	938	0.4	18.4	11.4	4.9	10.8	6.0	9.9
After-tax profits (% y-y)	Russell/Nomura Large Cap	243	3.1	14.8	7.5	-3.8	10.4	-4.9	9.3
	Russell/Nomura Large Cap (ex financials)	220	6.5	10.8	2.8	-6.2	10.1	-7.5	9.6
	Manufacturing	124	-3.1	15.8	-4.6	-5.9	15.7	-3.9	10.9
	Basic materials	29	-18.8	-17.7	-1.5	-2.4	24.9	11.3	13.2
	Processing	63	-1.4	29.3	-5.9	-13.6	16.0	-12.1	10.5
	Nonmanufacturing	119	10.5	13.7	20.5	-2.0	6.2	-5.8	7.8
	Nonmanufacturing (ex financials)	96	23.0	4.1	14.2	-6.6	2.9	-12.2	7.7
	Russell/Nomura Small Cap	1,021	1.5	23.7	16.9	6.8	8.9	6.6	8.6
	Russell/Nomura Small Cap (ex financials)	938	0.3	25.5	17.7	5.6	8.7	6.0	8.7

Note: Latest estimates as of 1 September 2025, previous estimates as of 2 June 2025.

Source: Nomura

Fig. 2: Key earnings estimate assumptions

As of 17 Jul. 2025							As of 17 Apr. 2025							
		Industrial production 2015 base year % y-y	Policy rate (FY-end) %	WTI \$/bbl	Exchange rate (avg) USD/JPY EUR/JPY				Industrial production 2015 base year % y-y	Policy rate (FY-end) %	WTI \$/bbl	Exchange rate (avg) USD/JPY EUR/JPY		
FY	FY24	-1.4	0.50	74.3	152.40	163.57			-1.5	0.50	74.3	152.40	163.57	
	FY25	0.8	0.75	64.7	144.87	168.49			0.8	0.75	60.0	140.00	155.00	
	FY26	1.4	0.75	60.0	145.00	170.00			1.4	0.75	60.0	140.00	155.00	
Half-yearly	FY24	H1	-2.6	0.25	77.8	152.39	165.70			-2.6	0.25	77.8	152.39	165.70
	FY24	H2	-0.1	0.50	70.8	152.42	161.45			-0.3	0.50	70.8	152.42	161.45
	FY25	H1	0.7	0.50	64.4	144.75	166.97			0.5	0.50	60.0	140.00	155.00
	FY25	H2	0.9	0.75	65.0	145.00	170.00			1.2	0.75	60.0	140.00	155.00
	FY26	H1	1.5	0.75	60.0	145.00	170.00			1.6	0.75	60.0	140.00	155.00
	FY26	H2	1.4	0.75	60.0	145.00	170.00			1.2	0.75	60.0	140.00	155.00

Note: WTI is the term-average WTI crude oil futures price. The above assumptions are not Nomura forecasts but the assumptions on which Nomura analysts base their earnings forecasts.

Source: Nomura

Contributions to recurring profit growth by sector

Overview of corporate earnings outlook for FY25

Despite lingering uncertainty about the impact of US tariffs, we expect the global economy to continue to expand in FY25. Our analysts expect recurring profits to increase in 12 of 19 sectors and fall in seven. They expect recurring profits to increase in many sectors, but fall on an all-sector basis owing to the impact of the auto sector.

Sectors expected to make major positive contributions to overall profits include financials, pharmaceuticals & healthcare, foods, and electrical machinery & precision equipment. In the financials sector, our analysts expect further earnings growth at banks, particularly major banks, on the back of rising interest rates in Japan. In pharmaceuticals & healthcare, our analysts forecast increased sales of pharmaceuticals and medical equipment, and the disappearance of impairment losses booked in FY24. In the food, beverages & tobacco sector, our analysts expect Japan Tobacco to see the disappearance of provisions for litigation losses related to overseas subsidiaries booked a year earlier. In electrical machinery & precision equipment, our analysts expect profits to rise on consistently solid demand for IT services and the disappearance of one-time losses, including impairments, posted by some companies in FY24.

Sectors that our analysts expect to make major negative contributions to profits include automobiles, transportation, and telecommunications. In automobiles, our analysts expect profits to be weighed down by a stronger yen in FY25 than in FY24, as well as by additional US tariffs. In the transportation sector, they expect container rates, which rose in FY24, to normalize in FY25. We also expect a fallback from the sale of a major multipurpose building by Seibu Holdings in FY24. In telecommunications, our analysts expect profits from investment operations and investment funds at SoftBank Group to fall y-y.

Overview of corporate earnings outlook for FY26

We expect the global economy to continue to expand in FY26, and the impact of US tariffs on a y-y basis to also fade. Our analysts expect recurring profits to increase in 16 of 19 sectors, with profit growth forecast for the majority of sectors. Our analysts expect recurring profits to decline in the three sectors of telecommunications, utilities, and trading companies, with declines in all three sectors expected to be limited.

Sectors expected to make major positive contributions to overall profits include financials, electrical machinery & precision equipment, automobiles, steel & nonferrous metals, and chemicals. In the financials sector, our analysts forecast further earnings growth at banks, particularly major banks, as in FY25. In the electrical machinery & precision equipment sector, our analysts expect profits to be supported by a wide range of factors, including increased demand for semiconductors and electronic parts, particularly from automotive and data center applications, fixed cost savings, including personnel costs, and consistently solid demand for IT services. In automobiles, our analysts expect a boost from higher auto sales volumes and cost reductions. In the steel & nonferrous metals sector, our analysts expect underlying spreads to improve on increased sales of products with high added value, and one-time acquisition-related costs to drop from the picture. In the chemicals sector, our analysts expect profits to increase across a wide range of subsectors, including a recovery in demand for semiconductor materials and an improvement in basic chemicals and specialty products.

Fig. 3: Contributions to recurring profit growth by sector for the Russell/Nomura Large Cap Index

FY25E				FY26E			
Increase in profits		(%)		Increase in profits		(%)	
12 sectors	Growth	Contribution	Contribution (ex financials)	16 sectors	Growth	Contribution	Contribution (ex financials)
Financials	5.6	28.4	-	Financials	12.4	23.4	-
Pharmaceuticals, healthcare	27.0	25.0	19.4	Electrical machinery, precision equipment	18.2	22.6	29.5
Food	46.1	24.4	19.0	Automobiles	17.6	18.4	24.0
Electrical machinery, precision equipment	3.6	12.3	9.6	Steel, nonferrous metals	49.1	8.1	10.6
Services	11.8	10.7	8.3	Chemicals	10.1	6.3	8.2
Chemicals	6.5	10.6	8.3	Machinery	10.4	4.8	6.3
Software	19.9	9.2	7.1	Software	18.3	3.6	4.7
Retailing	8.1	6.2	4.8	Housing, real estate	8.9	3.3	4.3
Media	SP	5.8	4.5	Transportation	6.8	3.0	3.9
Household goods	10.9	3.1	2.4	Services	8.1	2.9	3.8
Construction	9.7	2.0	1.6	Pharmaceuticals, healthcare	6.4	2.7	3.5
Housing, real estate	0.3	0.3	0.2	Media	106.9	1.9	2.5
				Retailing	6.3	1.9	2.4
				Household goods	14.3	1.6	2.1
				Food	5.6	1.5	2.0
				Construction	15.3	1.3	1.6
Decrease in profits		(%)		Decrease in profits		(%)	
7 sectors	Growth	Contribution	Contribution (ex financials)	3 sectors	Growth	Contribution	Contribution (ex financials)
Machinery	-3.3	-4.5	-3.5	Trading companies	-1.1	-0.9	-1.1
Utilities	-6.7	-4.9	-3.8	Utilities	-6.8	-1.6	-2.1
Steel, nonferrous metals	-18.6	-10.6	-8.3	Telecommunications	-8.0	-4.7	-6.1
Trading companies	-6.0	-13.8	-10.8				
Telecommunications	-11.6	-21.6	-16.9				
Transportation	-17.6	-26.7	-20.8				
Automobiles	-34.6	-155.8	-121.4				

Note: SP = switch to profits; SL = switch to losses; LS = losses shrinking; LI = losses increasing.

Source: Nomura

Revisions to recurring profit estimates (versus 2 June)

Overview of corporate earnings outlook for FY25

Our analysts have raised their FY25 recurring profit forecasts for 14 of 19 sectors and lowered them for five.

Their upward revisions (in value terms) are particularly large for sectors such as telecommunications, chemicals, and pharmaceuticals & healthcare. For the telecommunications sector, they have raised their forecasts for gains/losses at SoftBank Group's investment businesses. In the chemicals sector, our analysts have revised their assumptions for the price of crude oil and forex rates in the oil subsector, and also assume wider petroleum product margins. For pharmaceuticals & healthcare, they factored in stronger-than-expected sales of mainstay pharmaceuticals.

Sectors for which our analysts have made large downward revisions include steel & nonferrous metals, financials, and automobiles. In the steel & nonferrous metals sector, our analysts have factored in a deterioration in business conditions and inventory valuation gains/losses at steelmakers, and the booking of one-time acquisition-related costs. For automobiles, our analysts have factored in a slowdown in earnings in Apr–Jun 2025 because of additional US tariffs on automobiles, even though the tariffs have been lowered.

Overview of corporate earnings outlook for FY26

Our analysts have raised their FY26 recurring profit forecasts for 14 of 19 sectors and lowered them for five.

Their upward revisions (in value terms) are particularly large for sectors such as automobiles, financials, electrical machinery & precision equipment, and chemicals. For automobiles, our analysts have raised their forecasts mainly to reflect new forex assumptions that posit a weaker yen and lower additional US tariffs on auto imports. In the financials sector, our analysts have factored in improved earnings from bank transactions with major corporate customers and cost savings. For the electrical machinery & precision equipment sector, while upward revisions per company are not that large, our analysts have raised their forecasts to reflect a wide range of factors, including growth in game operations, increased sales of products for GPUs and ASICs, improved margins on IT services, and revisions to their forex assumptions in the direction of a weaker yen. In the chemicals sector, our analysts have raised their outlook for crude oil output and also factored in substantial benefits from the acquisition of overseas companies.

The largest downward revision (in value terms) is to our forecasts for the steel & nonferrous metals sector, where we factor in a decline in earnings from raw material interests due to a drop in steel input prices.

Fig. 4: Revisions to recurring profit estimates for the Russell/Nomura Large Cap Index

FY25E					FY26E				
[Upward revisions] 14 sectors					[Upward revisions] 14 sectors				
	New ¥bn	Old ¥bn	Revision ¥bn	Change %		New ¥bn	Old ¥bn	Revision ¥bn	Change %
Telecommunications	4,092	3,255	836.5	25.7	Automobiles	8,564	8,065	498.7	6.2
Chemicals	4,340	4,024	315.8	7.8	Financials	14,814	14,556	257.8	1.8
Pharmaceuticals, healthcare	2,908	2,683	225.2	8.4	Electrical machinery, precision equipment	10,248	10,133	115.2	1.1
Transportation	3,102	3,011	91.2	3.0	Chemicals	4,777	4,683	94.1	2.0
Trading companies	5,370	5,280	89.7	1.7	Utilities	1,580	1,497	83.6	5.6
Utilities	1,695	1,611	83.7	5.2	Pharmaceuticals, healthcare	3,093	3,010	83.0	2.8
Software	1,366	1,286	80.2	6.2	Food	2,025	1,950	75.0	3.8
Food	1,918	1,870	48.0	2.6	Software	1,616	1,546	69.8	4.5
Construction	571	531	39.5	7.4	Services	2,724	2,680	43.9	1.6
Services	2,520	2,485	35.5	1.4	Trading companies	5,311	5,279	31.1	0.6
Retailing	2,059	2,032	27.6	1.4	Media	254	224	30.5	13.6
Electrical machinery, precision equipment	8,670	8,650	20.0	0.2	Construction	658	629	29.5	4.7
Household goods	778	761	16.4	2.2	Machinery	3,570	3,549	20.5	0.6
Machinery	3,232	3,216	16.1	0.5	Household goods	889	882	6.7	0.8

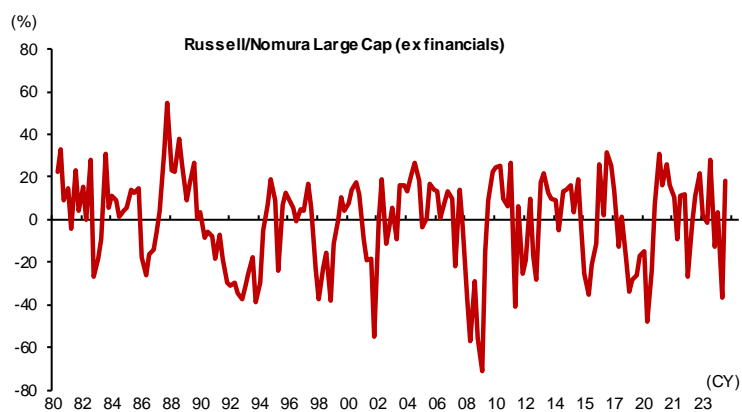
[Downward revisions] 5 sectors					[Downward revisions] 5 sectors				
	New ¥bn	Old ¥bn	Revision ¥bn	Change %		New ¥bn	Old ¥bn	Revision ¥bn	Change %
Media	123	158	-35.3	-22.3	Retailing	2,188	2,192	-3.7	-0.2
Housing, real estate	2,594	2,642	-47.8	-1.8	Telecommunications	3,765	3,779	-14.1	-0.4
Automobiles	7,283	7,526	-243.5	-3.2	Transportation	3,313	3,339	-26.4	-0.8
Financials	13,185	13,472	-287.0	-2.1	Housing, real estate	2,825	2,856	-31.7	-1.1
Steel, nonferrous metals	1,149	1,746	-596.8	-34.2	Steel, nonferrous metals	1,713	1,855	-142.1	-7.7

Note: Latest estimates as of 1 September 2025, previous estimates as of 2 June 2025. No change versus prior forecasts for FY24 for software.

Source: Nomura

Fig. 5: Revision index for the Russell/Nomura Large Cap Index

	(yy/m)	23/12	24/3	24/6	24/9	24/12	25/3	25/6	25/9
Russell/Nomura Large Cap		20.2	2.4	2.1	28.1	-10.8	7.0	-32.6	16.0
Russell/Nomura Large Cap (ex financials)		21.5	1.9	-1.5	28.1	-12.9	3.2	-36.5	18.2
Manufacturing		18.2	-7.5	6.1	25.3	-34.2	-2.4	-51.2	9.7
Basic materials		16.7	-18.2	-6.1	12.5	-37.5	-28.6	-35.7	0.0
Processing		23.6	-4.0	5.3	24.0	-44.0	7.9	-66.7	19.0
Nonmanufacturing (ex financials)		25.4	13.7	-11.1	31.6	13.7	10.4	-17.7	29.2



Note: (1) Calculated by Nomura based on revisions to recurring profit forecasts. Excludes consolidated subsidiaries. (2) Revision index = (number of upward revisions - number of downward revisions) ÷ number of constituent companies.

Source: Nomura

Russell/Nomura Large Cap Index: earnings indicators

Fig. 6: Percentage change in sales by sector (% y-y)

		(% y-y)						
	No. of cos	FY22	FY23	FY24	FY25E Old	FY25E New	FY26E Old	FY26E New
					E	E	E	E
Industrial groups								
Russell/Nomura Large Cap (ex financials)	220	17.2	3.9	4.3	-0.9	0.5	3.3	2.7
Manufacturing	124	17.4	6.9	4.0	-2.5	-0.5	3.4	2.8
Basic materials	29	24.2	-2.7	1.2	-8.8	-2.9	1.7	0.8
Processing	63	16.4	10.6	4.2	-1.1	-0.3	3.9	3.4
Nonmanufacturing (ex financials)	96	16.9	0.1	4.7	1.3	1.8	3.2	2.7
Broad sectors								
Materials	29	24.2	-2.7	1.2	-8.8	-2.9	1.7	0.8
Machinery, autos	31	19.7	15.5	4.7	-0.3	0.0	3.1	2.6
Electronics	32	11.4	1.7	3.3	-2.9	-1.0	5.4	5.1
Consumer, distribution	64	14.6	0.6	4.6	0.5	1.0	2.8	2.4
Information	20	7.2	3.6	3.4	6.9	7.7	4.8	4.6
Utilities, infrastructure	44	23.6	0.7	6.8	0.8	1.5	3.3	2.5
Sectors								
Chemicals	22	26.3	-5.5	1.1	-11.4	-6.4	1.8	-0.7
Steel, nonferrous metals	7	18.2	5.9	1.5	-3.1	4.9	1.6	3.6
Machinery	18	18.0	7.4	6.7	1.1	1.8	4.7	4.6
Autos	13	20.2	18.0	4.1	-0.6	-0.4	2.7	2.0
Electrical machinery, precision equipment	32	11.4	1.7	3.3	-2.9	-1.0	5.4	5.1
Pharmaceuticals, healthcare	14	10.9	7.2	8.3	2.4	3.3	4.0	3.1
Food products	10	12.3	7.4	6.5	2.2	3.2	2.5	2.1
Household goods	8	10.2	2.2	7.7	1.2	2.2	2.9	3.5
Trading companies	8	19.4	-5.6	3.0	-1.2	-0.9	2.5	2.7
Retailing	11	15.0	3.3	6.6	-0.6	-0.1	3.6	0.9
Services	13	5.5	7.2	1.4	4.7	5.0	2.1	2.6
Software	11	3.3	9.0	-4.1	25.2	28.3	8.2	8.2
Media	3	12.2	3.1	10.7	2.9	4.8	1.8	1.4
Telecommunications	6	7.5	2.6	4.5	3.8	4.1	4.3	4.0
Construction, engineering	4	11.8	9.6	9.8	-1.4	-0.2	4.8	3.6
Housing, real estate	14	8.7	5.0	9.8	7.7	6.3	4.5	4.2
Transportation	19	25.5	5.0	8.0	1.7	2.6	3.2	2.5
Utilities	7	44.1	-9.9	1.1	-6.3	-4.1	1.2	0.4

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 1 September 2025, previous estimates as of 2 June 2025.

Source: Nomura

Fig. 7: Percentage change in recurring profits by sector (% y-y)

	No. of cos	(% y-y)						
		FY22	FY23	FY24	FY25E Old	FY25E New	FY26E Old	FY26E New
					E	E	E	E
Industrial groups								
Russell/Nomura Large Cap	243	4.2	15.0	9.0	-4.6	-3.6	9.8	10.4
Russell/Nomura Large Cap (ex financials)	220	7.7	10.9	4.3	-7.4	-5.6	10.2	9.9
Manufacturing	124	2.7	12.3	0.1	-6.6	-7.2	12.0	15.2
Basic materials	29	-7.2	-14.6	-3.4	5.1	0.0	13.3	18.2
Processing	63	4.4	26.8	-0.7	-15.1	-16.0	12.1	16.7
Nonmanufacturing	119	5.8	18.0	18.4	-2.8	-0.3	7.9	6.5
Nonmanufacturing (ex financials)	96	15.8	8.9	10.5	-8.3	-3.4	7.8	3.2
Broad sectors								
Materials	29	-7.2	-14.6	-3.4	5.1	0.0	13.3	18.2
Machinery, autos	31	3.9	45.9	-6.5	-25.9	-27.4	8.1	15.4
Electronics	32	5.3	-0.8	12.0	3.4	3.6	17.1	18.2
Consumer, distribution	64	11.5	-4.2	7.4	6.5	9.7	5.8	4.4
Information	20	0.3	22.2	28.6	-18.2	-2.9	18.1	1.0
Utilities, infrastructure	44	33.9	17.1	5.5	-10.3	-8.4	6.7	5.2
Financials	23	-18.3	49.9	38.2	7.9	5.6	8.0	12.4
Sectors								
Chemicals	22	-5.2	-16.2	3.1	-1.3	6.5	16.4	10.1
Steel, nonferrous metals	7	-13.0	-9.6	-21.3	23.7	-18.6	6.3	49.1
Machinery	18	6.6	3.8	15.3	-3.8	-3.3	10.4	10.4
Autos	13	2.9	61.2	-11.6	-32.5	-34.6	7.2	17.6
Electrical machinery, precision equipment	32	5.3	-0.8	12.0	3.4	3.6	17.1	18.2
Pharmaceuticals, healthcare	14	18.2	-21.8	34.8	17.2	27.0	12.2	6.4
Food products	10	17.7	11.0	-22.5	42.5	46.1	4.3	5.6
Household goods	8	-14.6	-13.0	33.7	8.6	10.9	15.9	14.3
Trading companies	8	18.6	-11.2	3.6	-7.6	-6.0	-0.0	-1.1
Retailing	11	20.5	12.2	3.7	6.1	8.1	7.9	6.3
Services	13	-12.8	13.6	18.2	10.2	11.8	7.9	8.1
Software	11	-5.8	12.9	-16.5	12.9	19.9	20.2	18.3
Media	3	-36.1	-36.8	SL	SP	SP	41.4	106.9
Telecommunications	6	9.9	32.6	55.4	-29.7	-11.6	16.1	-8.0
Construction, engineering	4	2.1	-26.2	88.3	2.1	9.7	18.4	15.3
Housing, real estate	14	10.2	-4.5	12.3	2.1	0.3	8.1	8.9
Transportation	19	92.2	-28.1	25.5	-20.0	-17.6	10.9	6.8
Utilities	7	SL	1,868.3	-30.2	-11.3	-6.7	-7.1	-6.8
Financials	23	-18.3	49.9	38.2	7.9	5.6	8.0	12.4

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 1 September 2025, previous estimates as of 2 June 2025. (3) SP = switch to profits, SL = switch to losses. LS = losses shrinking. LI = losses increasing.

Source: Nomura

Fig. 8: Recurring profits by sector (absolute amount, ¥1bn)

	No. of	FY21	FY22	FY23	FY24	FY25E Old	FY25E New	FY26E Old	FY26E New
						E	E	E	E
Industrial groups									
Russell/Nomura Large Cap	243	40,173	53,958	55,567	71,223	66,239	66,954	72,703	73,925
Russell/Nomura Large Cap (ex financials)	220	34,590	46,630	49,619	58,660	52,767	53,769	58,147	59,111
Manufacturing	124	18,613	29,038	29,102	33,488	30,476	30,277	34,127	34,878
Basic materials	29	2,721	7,020	6,195	5,570	5,769	5,488	6,537	6,489
Processing	63	12,114	17,723	18,300	23,368	19,393	19,186	21,747	22,382
Nonmanufacturing	119	21,560	24,920	26,464	37,735	35,763	36,677	38,577	39,047
Nonmanufacturing (ex financials)	96	15,977	17,592	20,516	25,172	22,291	23,492	24,021	24,233
Broad sectors									
Materials	29	2,721	7,020	6,195	5,570	5,769	5,488	6,537	6,489
Machinery, autos	31	6,492	10,244	10,594	15,017	10,743	10,515	11,614	12,134
Electronics	32	5,622	7,479	7,706	8,351	8,650	8,670	10,133	10,248
Consumer, distribution	64	8,260	13,236	14,424	14,822	15,110	15,553	15,994	16,230
Information	20	9,589	3,820	3,709	5,792	4,699	5,581	5,549	5,635
Utilities, infrastructure	44	1,906	4,831	6,990	9,108	7,795	7,962	8,321	8,376
Financials	23	5,583	7,328	5,948	12,564	13,472	13,185	14,556	14,814
Sectors									
Chemicals	22	2,425	5,218	4,715	4,343	4,024	4,340	4,683	4,777
Steel, nonferrous metals	7	296	1,802	1,480	1,227	1,746	1,149	1,855	1,713
Machinery	18	1,670	2,637	2,853	3,500	3,216	3,232	3,549	3,570
Autos	13	4,822	7,608	7,741	11,517	7,526	7,283	8,065	8,564
Electrical machinery, precision equipment	32	5,622	7,479	7,706	8,351	8,650	8,670	10,133	10,248
Pharmaceuticals, healthcare	14	1,810	1,983	2,253	2,330	2,683	2,908	3,010	3,093
Food products	10	1,373	1,533	1,660	1,438	1,870	1,918	1,950	2,025
Household goods	8	596	778	694	782	761	778	882	889
Trading companies	8	1,663	5,203	6,172	5,811	5,280	5,370	5,279	5,311
Retailing	11	1,310	1,651	1,824	2,121	2,032	2,059	2,192	2,188
Services	13	1,509	2,086	1,821	2,340	2,485	2,520	2,680	2,724
Software	11	1,172	1,381	1,214	1,150	1,286	1,366	1,546	1,616
Media	3	-2	327	209	-22	158	123	224	254
Telecommunications	6	8,419	2,112	2,286	4,663	3,255	4,092	3,779	3,765
Construction, engineering	4	636	501	408	567	531	571	629	658
Housing, real estate	14	1,878	2,509	2,706	3,022	2,642	2,594	2,856	2,825
Transportation	19	-1,573	1,446	4,011	3,561	3,011	3,102	3,339	3,313
Utilities	7	965	375	-135	1,957	1,611	1,695	1,497	1,580
Financials	23	5,583	7,328	5,948	12,564	13,472	13,185	14,556	14,814

Note: Figures exclude listed consolidated subsidiaries. Index composition for period through FY24 differs from index composition from FY25 onwards. Accordingly, prior-year comparison base for y-y changes has been altered, thereby resulting in different y-y figures than before. Latest estimates as of 1 September 2025, previous estimates as of 2 June 2025.

Source: Nomura

Fig. 9: Percentage change in quarterly sales and profits (FY24 Q2–FY25 Q1)

	% y-y															
	Sales				Operating profits				Recurring profits				Net profits			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Industrial groups																
Russell/Nomura Large Cap	-	-	-	-	-	-	-	-	15.9	8.7	-5.3	-10.1	23.8	8.9	-13.2	-14.5
Russell/Nomura Large Cap (ex financ	3.5	3.6	3.0	-0.3	3.9	-3.3	4.2	-7.7	2.9	6.0	-5.0	-14.3	10.0	6.1	-12.0	-21.3
Manufacturing	2.4	3.7	1.5	-1.4	5.9	-10.4	0.1	-13.5	-15.8	13.3	-15.3	-23.4	-17.2	17.0	-26.2	-25.4
Basic materials	1.9	-0.4	-3.6	-6.1	-6.4	-1.4	-17.1	-40.6	-25.7	8.1	-22.2	-42.4	-32.7	27.1	-0.0	-58.4
Processing	1.7	4.3	2.7	-0.0	1.8	-8.9	-0.2	-10.3	-22.1	22.0	-18.6	-24.5	-23.3	23.4	-34.5	-26.1
Nonmanufacturing	-	-	-	-	-	-	-	-	53.7	4.5	6.8	2.7	76.7	1.7	1.1	-3.9
Nonmanufacturing (ex financials)	4.9	3.5	5.0	1.1	0.6	9.4	11.9	3.0	34.0	-3.4	12.3	-1.0	60.1	-7.8	9.4	-15.0
Broad sectors																
Basic materials	1.9	-0.4	-3.6	-6.1	-6.4	-1.4	-17.1	-40.6	-25.7	8.1	-22.2	-42.4	-32.7	27.1	-0.0	-58.4
Machinery, autos	1.9	2.4	4.7	-0.1	-8.2	-17.3	-10.3	-23.1	-35.5	27.9	-31.6	-33.3	-40.1	35.2	-54.1	-38.3
Electronics	1.4	8.4	-1.4	0.0	21.6	7.3	17.8	16.3	6.9	11.1	8.5	-4.5	11.5	3.1	-2.4	0.2
Consumption, distribution	5.3	3.1	3.6	-0.9	25.2	-8.6	12.4	6.5	13.2	-1.0	2.2	-4.4	9.0	-3.4	4.0	-1.0
Information	3.8	2.5	3.6	7.5	3.5	-7.7	2.0	-5.8	456.2	-55.2	69.9	21.8	SP	-83.2	21.7	83.6
Utilities, infrastructure	5.7	7.2	8.0	1.9	-7.3	21.2	24.1	6.1	-6.5	38.0	8.4	-5.2	-4.7	60.6	7.7	-55.7
Financials	-	-	-	-	-	-	-	-	104.1	23.7	-7.4	9.9	115.4	23.6	-21.3	15.0
Sectors																
Chemicals	1.9	-1.1	-4.5	-7.0	-3.3	1.8	4.4	-25.8	-26.9	14.1	-2.6	-27.1	-35.4	51.0	55.1	-34.1
Steel, nonferrous metals	2.0	1.5	-1.4	-3.9	-15.7	-9.9	-64.0	-82.7	-21.8	-7.2	-68.3	-85.6	-25.7	-12.8	-77.7	SL
Machinery	8.1	4.2	4.0	-0.2	54.8	-4.4	8.0	-6.0	36.2	13.4	-1.8	-8.2	49.8	9.7	8.1	-7.9
Automobiles	0.2	2.0	4.9	-0.1	-19.6	-20.7	-16.4	-28.4	-46.7	31.6	-39.5	-39.9	-53.4	41.8	-72.1	-46.4
Electrical machinery, precision equip	1.4	8.4	-1.4	0.0	21.6	7.3	17.8	16.3	6.9	11.1	8.5	-4.5	11.5	3.1	-2.4	0.2
Pharmaceuticals, healthcare	9.6	8.2	6.4	-0.5	126.5	-12.3	68.9	18.0	117.9	-1.2	50.4	12.9	114.2	7.7	20.7	20.2
Food products	4.4	6.2	3.8	0.4	-6.7	SL	-4.6	-4.4	-10.5	SL	-7.7	-6.7	-11.7	SL	-11.6	-3.2
Household goods	5.3	10.4	2.4	0.8	18.7	91.2	25.9	4.4	-2.6	99.8	13.2	-1.5	-5.5	79.3	-4.4	-0.2
Trading companies	2.6	-0.8	4.7	-4.6	-2.1	-1.6	0.3	-4.7	5.5	6.8	-4.5	-13.7	2.4	9.9	-6.2	-8.5
Retailing	10.5	4.9	5.3	4.3	9.6	-1.1	5.5	6.5	-14.6	11.8	-5.4	-9.6	-7.9	-7.1	11.8	-2.4
Services	3.4	3.7	-3.3	3.0	25.7	23.5	5.8	11.6	24.9	22.6	5.8	6.9	-9.5	16.9	40.8	-2.0
Software	0.2	-4.8	1.6	30.7	-6.6	-10.1	10.7	5.2	-33.6	9.8	-11.6	-7.7	-27.5	8.0	-1.8	0.4
Media	8.6	7.7	5.3	0.8	-30.7	SL	27.4	SL	-40.6	SL	5.1	SL	-30.7	LI	-1.9	SL
Telecommunications	4.2	3.7	3.9	3.7	9.1	10.6	-2.8	-0.5	4,303.0	-60.8	131.5	38.3	SP	-88.8	29.6	186.3
Construction, engineering	3.8	8.3	15.3	0.6	7.4	811.1	72.6	79.7	-3.0	560.8	58.3	45.4	10.9	682.8	32.4	23.5
Housing, real estate	8.3	11.4	9.0	6.1	5.8	21.1	16.1	6.6	-3.2	25.8	10.5	1.4	-8.2	24.2	8.7	3.8
Transportation	8.8	7.6	5.5	2.9	6.6	12.1	5.8	3.5	30.7	45.2	-10.5	-13.8	47.6	56.8	-8.1	-15.8
Utilities	0.8	1.7	6.7	-3.2	-32.6	5.0	61.2	0.4	-41.3	9.6	9.6	-5.4	-45.4	95.4	24.4	SL
Financials	-	-	-	-	-	-	-	-	104.1	23.7	-7.4	9.9	115.4	23.6	-21.3	15.0

Note: (1) Q1 = Feb–Apr, Mar–May, or Apr–Jun; Q2 = May–Jul, Jun–Aug, or Jul–Sep; Q3 = Aug–Oct, Sep–Nov, or Oct–Dec; Q4 = Nov–Jan, Dec–Feb, or Jan–Mar. (2) Figures are for companies that had announced results (either full-year, Q1, Q2, or Q3) by 1 September 2025. (3) Excludes listed consolidated subsidiaries. (4) SP = switch to profits; SL = switch to losses; LS = losses shrinking; LI = losses increasing.

Source: Nomura

Fig. 10: Valuation indicators

	P/E (x)			P/CF (x)			P/B (x)		Dividend yield (%)			ROE (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY24	FY25E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Russell/Nomura Large Cap	17.9	16.2	15.1	-	-	-	1.63	1.64	2.41	2.58	2.76	9.2	9.9	10.0
Russell/Nomura Large Cap (ex loss-making cos)	17.4	15.9	14.9	-	-	-	1.64	1.67	2.35	2.62	2.80	9.7	10.0	10.0
Russell/Nomura Large Cap (ex financials)	19.4	17.6	16.4	10.7	10.0	9.5	1.70	1.70	2.26	2.37	2.53	8.9	9.4	9.6
Manufacturing	20.1	17.4	16.0	11.0	10.0	9.4	1.65	1.65	2.43	2.52	2.70	8.3	9.3	9.6
Basic materials	15.9	12.7	11.6	6.8	6.0	5.6	0.98	1.06	3.87	4.10	4.37	6.7	8.2	8.7
Processing	20.9	18.0	16.7	11.7	10.7	10.1	1.72	1.71	2.04	2.17	2.32	8.3	9.2	9.5
Nonmanufacturing	16.0	15.1	14.2	-	-	-	1.60	1.62	2.40	2.64	2.83	10.1	10.5	10.5
Nonmanufacturing (ex financials)	18.4	17.9	16.9	10.3	10.0	9.6	1.78	1.76	2.02	2.16	2.28	9.7	9.6	9.7
Broad sectors														
Basic materials	15.9	12.7	11.6	6.8	6.0	5.6	0.98	1.06	3.87	4.10	4.37	6.7	8.2	8.7
Machinery, autos	18.4	15.9	15.2	9.7	8.8	8.5	1.27	1.26	2.77	2.86	2.97	6.9	7.8	7.8
Electronics	23.8	20.4	18.2	14.4	13.0	12.0	2.53	2.45	1.41	1.57	1.77	10.5	11.6	12.2
Consumption, distribution	19.7	18.9	17.7	12.4	12.0	11.5	2.07	2.02	2.35	2.37	2.49	10.4	10.4	10.5
Information	29.1	28.6	25.2	13.0	12.7	11.9	2.59	2.66	1.56	1.67	1.81	9.0	9.1	10.0
Utilities, infrastructure	11.9	11.5	11.1	6.6	6.4	6.2	1.10	1.09	2.62	2.92	3.09	9.3	9.2	9.0
Financials	11.9	10.7	10.1	-	-	-	1.26	1.34	3.40	3.90	4.25	10.9	12.1	12.0
Sectors														
Chemicals	14.2	13.0	11.8	6.6	6.1	5.7	1.09	1.08	2.84	3.07	3.24	7.7	8.2	8.7
Steel, nonferrous metals	22.1	12.1	11.0	7.5	5.7	5.3	0.72	1.02	6.31	6.52	7.03	4.6	8.2	8.6
Machinery	21.7	19.9	18.5	13.1	12.2	11.6	1.89	1.91	1.91	2.10	2.29	9.0	9.4	9.5
Automobiles	16.7	14.1	13.7	8.3	7.5	7.3	1.05	1.04	3.31	3.34	3.40	6.3	7.2	7.2
Electrical machinery, precision equipment	23.8	20.4	18.2	14.4	13.0	12.0	2.53	2.45	1.41	1.57	1.77	10.5	11.6	12.2
Pharmaceuticals, healthcare	21.1	19.7	17.9	12.5	12.1	11.5	2.11	2.07	3.03	2.64	2.82	10.0	10.3	10.8
Food products	18.2	17.2	16.1	11.9	11.4	10.8	1.92	1.95	3.16	3.47	3.78	10.8	11.1	11.5
Household goods	25.7	22.5	20.8	15.5	14.1	13.4	2.66	2.76	1.85	1.94	2.05	10.9	12.0	12.5
Trading companies	13.3	13.5	12.9	9.2	9.2	8.9	1.53	1.50	2.99	3.09	3.18	11.4	10.7	10.5
Retailing	30.4	28.6	26.8	15.4	14.8	14.2	3.23	3.21	1.50	1.60	1.69	10.9	10.9	10.9
Services	25.0	23.1	21.9	16.4	15.4	14.8	2.22	2.04	1.13	1.20	1.23	8.4	8.7	8.9
Software	35.4	31.7	28.1	30.2	27.3	24.6	5.93	5.54	1.37	1.54	1.76	16.1	16.7	17.1
Media	183.3	27.1	24.4	38.3	18.0	16.8	3.49	3.56	1.27	1.42	1.56	1.9	12.6	13.0
Telecommunications	24.4	27.0	23.6	9.0	9.2	8.7	1.85	1.94	1.71	1.77	1.86	7.7	7.1	8.0
Construction	15.7	13.5	13.4	12.5	10.9	10.7	1.73	1.76	2.76	3.13	3.22	11.2	12.8	12.5
Housing, real estate	13.9	12.6	11.8	9.5	8.8	8.4	1.35	1.32	2.70	2.96	3.18	9.7	10.2	10.3
Transportation	12.0	11.3	10.9	6.2	6.0	5.9	1.07	1.07	2.60	2.93	3.08	9.1	9.2	9.0
Utilities	7.8	8.9	9.1	3.4	3.5	3.5	0.66	0.65	2.40	2.66	2.83	8.6	7.1	6.6
Financials	11.9	10.7	10.1	-	-	-	1.26	1.34	3.40	3.90	4.25	10.9	12.1	12.0
Russell/Nomura Small Cap	15.5	14.2	13.7	-	-	-	1.29	1.21	2.57	2.68	2.77	8.0	8.3	8.2
Russell/Nomura Small Cap (ex financials)	16.0	14.7	14.1	8.9	8.4	8.2	1.39	1.28	2.52	2.62	2.70	8.2	8.5	8.4

Note: As of 1 September 2025.

Source: Nomura

What are the Russell/Nomura Japan Equity Indexes?

The Russell/Nomura Japan Equity Indexes are Japanese equity indexes developed jointly by Nomura Fiduciary Research & Consulting Co., Ltd. and FTSE Russell.

Russell/Nomura Japan Equity Indexes should be useful in:

- Determining investment strategies (strategic asset allocation)
- Determining manager structures
- Devising asset management benchmarks
- Supporting portfolio management activities
- Evaluating the performance of various investment styles
- Managing risk

Russell/Nomura Japan Equity Indexes have the following characteristics:

- They are share price indexes that are weighted by free-float-adjusted market capitalization and cover the top 98% of all listed stocks in terms of float-adjusted market capitalization, thereby offering broad market coverage
- Stocks are chosen from the whole Japanese stock market
- Because the indexes take into consideration the stable shareholding ratio, they reflect the stocks that are actually available for investment
- There are style indexes for large and small companies and for value and growth stocks
- The Prime Index consists of the top 1,000 stocks in the Total Market Index by market cap excluding stable shareholdings
- Stocks are selected quantitatively based on clearly defined criteria
- The composition of each index is reviewed once a year

Complete details of rules for the Russell/Nomura Japan Equity Index can be found in the Russell/Nomura Japan Equity Index Rulebook.

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As at 30 June 2025.

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