News Release

NOMURA

Outlook for FY25–26 corporate earnings

Quarterly Update

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Contents

Summary and major assumptions

Our analysts forecast full-year sales up 1.7% and recurring profits up 5.6% in FY25

We have aggregated FY25–26 earnings forecasts by Nomura analysts for constituents of the Russell/Nomura Large Cap Index (forecasts for sales and operating profits exclude financials, same basis hereafter). Our analysts forecast FY25 sales growth of 1.7% y-y, operating profit growth of 1.7%, recurring profit growth of 5.6%, and after-tax profit growth of 3.8%. Versus the previous such exercise conducted on 1 December, they have raised their sales growth forecast by 0.9ppt, their operating profit growth forecast by 0.6ppt, their recurring profit growth forecast by 2.2ppt, and their after-tax profit growth forecast by 0.8ppt.

Initially, our analysts had expected recurring profits at major companies to fall y-y in FY25 owing to the new cost factor of additional US tariffs. However, subsequent yen depreciation prompted them to change their minds on 1 December and forecast recurring profit growth. They now expect overall recurring profits at major companies to rise even excluding SoftBank Group, whose investment fund business is likely to register a sharp rise in profits.

For FY26 our analysts now forecast sales growth of 4.3% and sustained recurring profit growth with a rise of 10.2%

Our analysts forecast FY26 sales growth of 4.3% y-y, operating profit growth of 19.2%, recurring profit growth of 10.2%, and after-tax profit growth of 12.5%. Versus the previous such exercise, they have raised their sales growth forecast by 1.2ppt, their operating profit growth forecast by 5.4ppt, their recurring profit growth forecast by 3.8ppt, and their after-tax profit growth forecast by 6.1ppt. These upward revisions are larger than they may seem at first glance, given the aforementioned upward revisions to FY25 forecasts that form the basis for y-y comparisons. Our analysts envision solid growth in the global economy in FY26. One change from FY25 forecasts is that they expect the impact of US tariffs to fade in FY26. Our analysts expect recurring profit growth in FY26 to be driven in large part by the semiconductor industry in the electrical machinery & precision equipment sector, but they also expect recurring profit growth in many other sectors, particularly automobiles and financials. Our analysts forecast double-digit recurring profit growth at major companies in general for the first time since FY23.

Revision index shows upward revisions outnumbering downward revisions, particularly in manufacturing sectors

The Revision Index (RI) for the Russell/Nomura Large Cap Index (which shows the difference between the percentage of companies subject to upward revisions and the percentage of companies subject to downward revisions) is +28.4% for March 2026 (based on changes to FY25 recurring profit forecasts over 2 December through 3 March). The upward revisions are mainly for manufacturers, partly because USD/JPY assumptions have been revised in the direction of a weaker yen.

Our analysts forecast dividend payout ratio of 39.7% in FY25, expect 75.1% of companies to raise or restore their dividends

Our analysts expect after-tax profits to be only slightly higher in FY25 than in FY24, but total dividends to be around 10% higher. The projected dividend payout ratio is 39.7%, broadly unchanged from 40.0% in the previous such exercise, and up from 36.2% in FY24. Our analysts expect 75.1% of companies to raise or resume their dividends, up from 73.2% last time around. They expect many major companies to remain committed to strengthening their shareholder returns.

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

(%)

Items	Category	No. of cos	New					Old	
			FY22 Actual	FY23 Actual	FY24 Actual	FY25E E	FY26E E	FY25E E	FY26E E
Sales (% y-y)	Russell/Nomura Large Cap (ex financials)	219	17.2	3.9	4.3	1.7	4.3	0.8	3.1
	Manufacturing	123	17.4	6.9	4.0	0.8	4.7	-0.1	3.3
	Basic materials	29	24.2	-2.7	1.2	-3.2	3.0	-3.1	2.0
	Processing	62	16.4	10.6	4.2	1.7	5.3	0.4	3.7
	Nonmanufacturing (ex financials)	96	16.9	0.1	4.7	2.8	3.7	2.0	2.9
	Russell/Nomura Small Cap (ex financials)	925	11.0	4.0	5.4	3.6	5.2	3.2	4.8
Operating profits (% y-y)	Russell/Nomura Large Cap (ex financials)	219	6.9	13.1	3.9	1.7	19.2	1.1	13.8
	Manufacturing	123	3.9	7.6	3.9	-0.2	24.1	-1.9	17.4
	Basic materials	29	-6.4	-18.9	4.8	-5.0	26.6	-4.5	25.1
	Processing	62	6.9	22.0	2.0	-6.0	27.5	-7.6	17.5
	Nonmanufacturing (ex financials)	96	13.3	23.7	4.1	5.1	10.8	6.3	7.9
	Russell/Nomura Small Cap (ex financials)	925	3.5	17.1	16.1	8.4	11.6	7.2	11.5
Recurring profits (% y-y)	Russell/Nomura Large Cap	243	4.2	15.0	9.0	5.6	10.2	3.4	6.4
	Russell/Nomura Large Cap (ex financials)	219	7.7	10.9	4.3	3.9	9.6	1.8	5.0
	Manufacturing	123	2.7	12.3	0.1	-1.3	23.0	-5.9	17.7
	Basic materials	29	-7.2	-14.6	-3.4	-0.5	24.4	-0.7	25.4
	Processing	62	4.4	26.8	-0.7	-8.1	25.4	-13.7	17.7
	Nonmanufacturing	120	5.8	18.0	18.4	11.7	0.0	11.5	-2.1
	Nonmanufacturing (ex financials)	96	15.8	8.9	10.5	10.8	-6.6	12.1	-9.3
	Russell/Nomura Small Cap	1,007	0.7	18.5	11.6	9.9	11.0	7.0	11.2
	Russell/Nomura Small Cap (ex financials)	925	0.4	18.4	11.4	8.4	10.7	5.7	11.0
After-tax profits (% y-y)	Russell/Nomura Large Cap	243	3.1	14.8	7.5	3.8	12.5	3.0	6.4
	Russell/Nomura Large Cap (ex financials)	219	6.5	10.8	2.8	1.4	12.5	1.2	5.1
	Manufacturing	123	-3.1	15.8	-4.6	-2.3	27.2	-3.9	17.3
	Basic materials	29	-18.8	-17.7	-1.5	-5.0	30.8	-2.2	31.1
	Processing	62	-1.4	29.3	-5.9	-8.3	29.9	-10.6	16.2
	Nonmanufacturing	120	10.5	13.7	20.5	8.9	1.1	8.9	-1.8
	Nonmanufacturing (ex financials)	96	23.0	4.1	14.2	6.1	-5.5	7.8	-8.9
	Russell/Nomura Small Cap	1,007	1.5	23.7	16.9	10.2	12.0	9.5	7.8
	Russell/Nomura Small Cap (ex financials)	925	0.3	25.5	17.7	8.3	12.1	8.1	7.5

Note: Latest estimates as of 3 March 2026, previous estimates as of 1 December 2025.

Source: Nomura

Fig. 2: Key earnings estimate assumptions

	[As of 20 January 2026]					[As of 16 October 2025]				
	Industrial production 2020 base year	Policy rate (FY-end)	WTI	Exchange rate (avg)		Industrial production 2020 base year	Policy rate (FY-end)	WTI	Exchange rate (avg)	
	% y-y	%	$/bbl	USD/JPY	EUR/JPY	% y-y	%	$/bbl	USD/JPY	EUR/JPY
FY24E	-1.4	0.50	74.3	152.40	163.57	-1.4	0.50	74.3	152.40	163.57
FY25E	0.8	0.75	62.0	150.28	173.92	-0.3	0.75	62.2	148.00	171.58
FY26E	1.8	1.00	60.0	155.00	180.00	1.5	1.00	60.0	150.00	175.00
FY24E H1	-2.6	0.25	77.8	152.39	165.70	-2.6	0.25	77.8	152.39	165.70
FY24E H2	-0.1	0.50	70.8	152.42	161.45	-0.1	0.50	70.8	152.42	161.45
FY25E H1	0.7	0.50	64.3	146.00	168.16	-0.2	0.50	64.3	146.00	168.16
FY25E H2	0.8	0.75	59.6	154.57	179.68	-0.4	0.75	60.0	150.00	175.00
FY26E H1	1.7	0.75	60.0	155.00	180.00	1.2	0.75	60.0	150.00	175.00
FY26E H2	1.9	1.00	60.0	155.00	180.00	1.8	1.00	60.0	150.00	175.00

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

Our analysts expect the global economy to continue to expand in FY25 despite lingering uncertainty about the impact of US tariffs. They expect recurring profits to increase in 12 of 19 sectors and fall in seven. However, they expect only modest recurring profit growth on an all-sector basis because of the size of the prospective decline in profits at the automobiles sector.

Sectors expected to make major positive contributions to overall profits include telecommunications, financials, electrical machinery & precision equipment, pharmaceuticals & healthcare, and food. In telecommunications, our analysts envision substantial profit growth at SoftBank Group's investment fund business. In financials, they expect further earnings growth at banks, especially major banks, on the back of rising interest rates in Japan. In electrical machinery & precision equipment, they expect profits to rise on continued solid demand for IT services and the disappearance of one-time losses, including impairments, posted by some companies in FY24. In pharmaceuticals & healthcare, they forecast increased sales of pharmaceuticals and medical devices, along with the disappearance of impairment losses booked in FY24. In food (including beverages & tobacco), they expect Japan Tobacco to benefit from the disappearance of provisions for litigation losses at an overseas subsidiary booked in FY24.

Sectors expected to make major negative contributions to profits include automobiles and transportation. In automobiles, our analysts expect companies to book one-time costs such as impairment losses on EVs as well as being hit by additional US tariffs. In transportation, they expect major shipping companies to be hit hard by containership rates, which rose in FY24 but have fallen again in FY25. They also expect a fallback from the sale of a major multipurpose building by Seibu Holdings in FY24.

Overview of corporate earnings outlook for FY26

Our analysts expect the global economy to continue to expand in FY26, and the impact of US tariffs to fade too on a y-y basis. They expect recurring profits to increase in 18 of 19 sectors. The only sector where our analysts expect recurring profits to fall is telecommunications, where they expect investment fund profits at SoftBank Group to be lower than in FY25.

Sectors expected to make major positive contributions to overall profits include electrical machinery & precision equipment, financials, automobiles, chemicals, machinery, and steel & nonferrous metals. In electrical machinery & precision equipment, our analysts expect profits to be supported by a wide range of factors, including increased demand for semiconductors and electronic parts, particularly for automotive and data center applications, fixed-cost savings, including personnel costs, and continued solid demand for IT services. In financials, they forecast further earnings growth at banks, particularly major banks, as in FY25. In automobiles, they expect boosts from higher auto sales volumes and cost savings. In chemicals, they expect profits to increase across a wide range of subsectors, including a recovery in demand for semiconductor materials, improvements for basic and specialty chemicals, and improved margins on petroleum products. In machinery, they forecast growth in defense and energy-related businesses. They also assume a boost from price revisions and a weaker yen than in FY25. In steel & nonferrous metals, they expect profit contributions from acquired companies and the disappearance of one-time acquisition-related costs. They also envision strong demand for high-density optical cable and optical connectors for data centers.

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

FY25E

Increase in profits (%)

12 sectors	Growth	Contribution	Contribution (ex financials)
Telecommunications	57.0	67.9	118.9
Financials	13.6	42.9	-
Electrical machinery, precision equipment	11.0	23.0	40.3
Pharmaceuticals, healthcare	32.6	19.2	33.6
Food	50.4	17.0	29.8
Services	13.4	7.8	13.6
Software	20.5	6.0	10.5
Retailing	11.6	5.7	10.0
Construction	40.1	5.4	9.4
Chemicals	4.2	4.4	7.7
Housing, real estate	2.8	1.9	3.2
Household goods	5.8	1.1	1.8

Decrease in profits (%)

7 sectors	Growth	Contribution	Contribution (ex financials)
Utilities	-1.1	-0.5	-0.9
Machinery	-2.8	-2.4	-4.2
Trading companies	-1.9	-2.8	-4.9
Media	LI	-3.4	-6.0
Steel, nonferrous metals	-14.1	-5.1	-9.0
Transportation	-20.8	-20.2	-35.3
Automobiles	-23.6	-67.8	-118.7

FY26E

Increase in profits (%)

18 sectors	Growth	Contribution	Contribution (ex financials)
Electrical machinery, precision equipment	33.7	43.5	57.1
Financials	12.6	23.9	-
Automobiles	19.2	22.2	29.1
Chemicals	18.3	9.8	12.9
Machinery	17.5	7.8	10.3
Steel, nonferrous metals	42.6	7.7	10.1
Media	SP	6.0	7.9
Services	12.0	4.1	5.4
Pharmaceuticals, healthcare	10.3	4.0	5.3
Trading companies	3.5	2.6	3.4
Housing, real estate	7.1	2.6	3.4
Transportation	7.4	2.6	3.4
Household goods	26.8	2.6	3.4
Retailing	8.7	2.5	3.3
Food	8.6	2.2	2.8
Software	13.1	2.2	2.8
Utilities	2.9	0.7	0.9
Construction	4.9	0.5	0.7

Decrease in profits (%)

1 sectors	Growth	Contribution	Contribution (ex financials)
Telecommunications	-49.2	-47.5	-62.4

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

Source: Nomura

Revisions to recurring profit estimates (versus 1 December)

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.

Sectors for which our analysts have made large upward revisions include automobiles, financials, electrical machinery & precision equipment, and trading companies. In automobiles, our analysts have revised their forex assumptions in the direction of a weaker yen. In financials, they have raised their earnings forecasts for banks, particularly megabanks. Lending yields have been rising in line with interest rates in Japan, and loans outstanding have been rising, especially to large Japanese companies, amid strong capex demand. In electrical machinery & precision equipment, our analysts have raised their forecasts for semiconductor-related companies and revised their forex assumptions in the direction of a weaker yen, as in automobiles. In trading companies, our analysts have factored in higher prices for copper and coking coal.

Sectors for which our analysts have made large downward revisions include telecommunications and media. In telecommunications, they have revised their outlook for SoftBank Group's AI computing business and holding company investment business. In media, our analysts have factored in overseas goodwill impairment losses.

Overview of corporate earnings outlook for FY26

Our analysts have raised their FY26 recurring profit forecasts for 15 of 19 sectors and lowered them for four.

Sectors for which our analysts have made large downward revisions include electrical machinery & precision equipment, automobiles, financials, and trading companies, the same as for FY25. In electrical machinery & precision equipment, our analysts have raised their forecasts mainly for semiconductor-related companies, to reflect strong demand related to generative AI. In automobiles and financials, they have raised their forecasts for the same reasons as for FY25. In trading companies, our analysts have factored in price rises, as in FY25, as well as a boost from acquisitions.

Conversely, our analysts have made substantial downward revisions for telecommunications, mainly to their forecasts for SoftBank Group's investment fund and AI computing businesses.

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

FY25E

[Upward revisions] 14 sectors

	New ¥bn	Old ¥bn	Revision ¥bn	Change %
Automobiles	8,509	7,634	874.4	11.5
Financials	13,972	13,582	390.4	2.9
Electrical machinery, precision equipment	9,024	8,694	329.4	3.8
Trading companies	5,604	5,408	196.2	3.6
Pharmaceuticals, healthcare	3,035	2,915	120.6	4.1
Food	1,973	1,891	82.1	4.3
Machinery	3,250	3,182	67.9	2.1
Construction	729	662	67.1	10.1
Housing, real estate	2,659	2,601	58.5	2.2
Retailing	2,127	2,077	49.7	2.4
Steel, nonferrous metals	1,213	1,169	44.2	3.8
Services	2,558	2,523	34.6	1.4
Household goods	742	737	5.0	0.7
Utilities	1,798	1,795	2.7	0.2

[Downward revisions] 5 sectors

	New ¥bn	Old ¥bn	Revision ¥bn	Change %
Transportation	2,980	2,986	-5.3	-0.2
Chemicals	4,246	4,281	-35.5	-0.8
Software	1,373	1,411	-37.9	-2.7
Media	-155	154	-308.6	-200.5
Telecommunications	7,265	7,628	-363.7	-4.8

FY26E

[Upward revisions] 15 sectors

	New ¥bn	Old ¥bn	Revision ¥bn	Change %
Electrical machinery, precision equipment	12,963	10,839	2124.8	19.6
Automobiles	10,332	8,926	1405.9	15.7
Financials	16,019	15,486	533.0	3.4
Trading companies	5,753	5,297	456.0	8.6
Machinery	3,941	3,772	169.3	4.5
Retailing	2,357	2,200	157.1	7.1
Pharmaceuticals, healthcare	3,219	3,070	149.4	4.9
Utilities	1,849	1,705	144.1	8.5
Food	2,068	1,934	133.4	6.9
Services	2,903	2,772	130.3	4.7
Steel, nonferrous metals	1,937	1,832	104.7	5.7
Construction	862	812	49.2	6.1
Household goods	925	879	45.8	5.2
Housing, real estate	2,969	2,954	15.5	0.5
Media	385	372	13.0	3.5

[Downward revisions] 4 sectors

	New ¥bn	Old ¥bn	Revision ¥bn	Change %
Software	1,405	1,499	-93.5	-6.2
Chemicals	4,766	4,867	-101.0	-2.1
Transportation	2,859	2,985	-126.6	-4.2
Telecommunications	3,692	3,983	-290.9	-7.3

Note: Latest estimates as of 3 March 2026, previous estimates as of 1 December 2025.

Source: Nomura

Fig. 5: Russell/Nomura Large Cap Index total dividends and share buybacks

	FY21	FY22	FY23	FY24	FY25E	FY26E
(Actual, ¥bn)						
Net profits	38,746	39,661	46,358	50,358	50,748	57,850
Total dividends	13,634	14,420	15,769	18,225	20,151	21,904
Share buybacks	4,810	7,339	6,821	12,115		
Return to shareholders	18,444	21,759	22,590	30,340		
Retained earnings	20,302	17,902	23,768	20,018		
As % of net profits						
Total dividends	35.2	36.4	34.0	36.2	39.7	37.9
Share buybacks	12.4	18.5	14.7	24.1		
Shareholders' return ratio	47.6	54.9	48.7	60.2		
Retained earnings	52.4	45.1	51.3	39.8		

Note: (1) Retained earnings are after-tax profits minus total dividends and share buybacks. (2) Total dividends for FY25 and thereafter are Nomura forecasts if available and Toyo Keizai estimates otherwise. Includes listed consolidated subsidiaries. (3) Estimates as of 3 March 2026.

Source: Nomura, based on company data

Fig. 6: Percentage of Russell/Nomura Large Cap companies raising, lowering, resuming, discontinuing, or making no change to dividends

	FY20	FY21	FY22	FY23	FY24	FY25E		FY26E	
						Old	New	Old	New
Dividend increase	42.0	73.4	68.2	71.7	81.5	72.8	74.7	72.8	75.1
Dividend resumption	0.0	2.0	0.3	1.7	0.0	0.4	0.4	0.0	0.0
No change	28.3	19.5	19.7	17.2	14.5	16.0	17.3	23.2	19.7
Dividend decrease	25.1	2.6	7.4	8.4	2.4	9.2	5.6	1.2	2.4
To no dividend	3.5	0.0	2.0	0.7	0.3	0.4	0.8	0.4	0.0
No dividend continued	1.2	2.6	2.3	0.3	1.3	1.2	1.2	2.4	2.8
Not comparable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

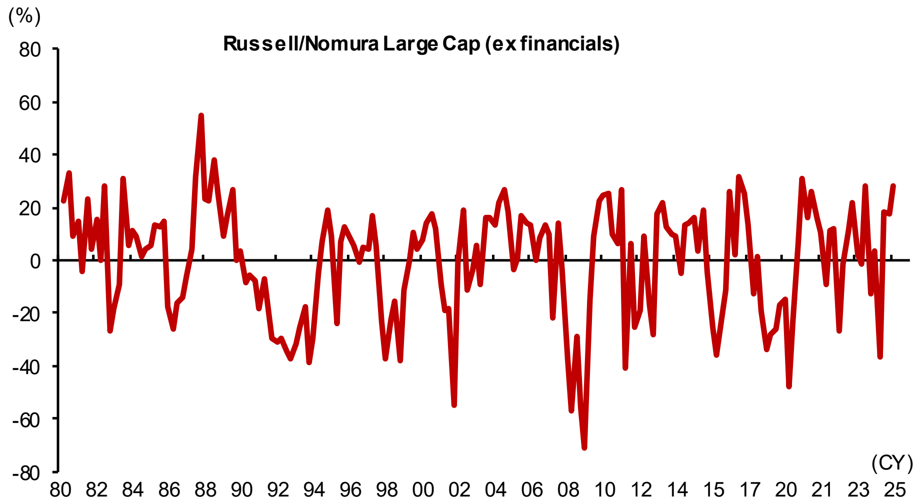
Note: (1) Calculated on the basis of analysts' estimates of regular and special dividends combined. (2) Total dividends for FY25 and thereafter are Nomura forecasts if available and Toyo Keizai estimates otherwise. (3) Latest estimates as of 3 March 2026, previous estimates as of 1 December 2025.

Source: Nomura, based on Toyo Keizai data

Fig. 7: Revision index for the Russell/Nomura Large Cap Index

(%)

(yy/m)	24/6	24/9	24/12	25/3	25/6	25/9	25/12	26/3
Russell/Nomura Large Cap	2.1	28.1	-10.8	7.0	-32.6	16.0	18.1	28.4
Russell/Nomura Large Cap (ex financials)	-1.5	28.1	-12.9	3.2	-36.5	18.2	17.8	28.2
Manufacturing	6.1	25.3	-34.2	-2.4	-51.2	9.7	13.0	39.3
Basic materials	-6.1	12.5	-37.5	-28.6	-35.7	0.0	13.8	27.6
Processing	5.3	24.0	-44.0	7.9	-66.7	19.0	24.2	50.8
Nonmanufacturing (ex financials)	-11.1	31.6	13.7	10.4	-17.7	29.2	24.0	13.8



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

	No. of cos	FY22	FY23	FY24	FY25E Old E	FY25E New E	FY26E Old E	FY26E New E
Industrial groups								
Russell/Nomura Large Cap (ex financials)	219	17.2	3.9	4.3	0.8	1.7	3.1	4.3
Manufacturing	123	17.4	6.9	4.0	-0.1	0.8	3.3	4.7
Basic materials	29	24.2	-2.7	1.2	-3.1	-3.2	2.0	3.0
Processing	62	16.4	10.6	4.2	0.4	1.7	3.7	5.3
Nonmanufacturing (ex financials)	96	16.9	0.1	4.7	2.0	2.8	2.9	3.7
Broad sectors								
Materials	29	24.2	-2.7	1.2	-3.1	-3.2	2.0	3.0
Machinery, autos	31	19.7	15.5	4.7	0.3	1.5	2.8	4.2
Electronics	31	11.4	1.7	3.3	0.6	2.0	5.5	7.5
Consumer, distribution	64	14.6	0.6	4.6	0.9	2.1	2.7	4.0
Information	20	7.2	3.6	3.4	8.7	8.7	4.5	5.3
Utilities, infrastructure	44	23.6	0.7	6.8	1.7	2.1	3.0	2.7
Sectors								
Chemicals	22	26.3	-5.5	1.1	-7.1	-7.5	1.5	1.5
Steel, nonferrous metals	7	18.2	5.9	1.5	5.9	6.5	2.9	5.7
Machinery	18	18.0	7.4	6.7	0.3	1.2	6.2	7.4
Autos	13	20.2	18.0	4.1	0.3	1.6	1.8	3.3
Electrical machinery, precision equipment	31	11.4	1.7	3.3	0.6	2.0	5.5	7.5
Pharmaceuticals, healthcare	14	10.9	7.2	8.3	3.6	4.3	4.7	4.7
Food products	10	12.3	7.4	6.5	2.7	3.5	2.4	3.0
Household goods	8	10.2	2.2	7.7	2.6	3.4	3.8	6.1
Trading companies	8	19.4	-5.6	3.0	-0.8	2.1	3.1	3.5
Retailing	11	15.0	3.3	6.6	-0.7	-0.7	0.3	4.5
Services	13	5.5	7.2	1.4	5.0	2.4	2.7	4.3
Software	11	3.3	9.0	-4.1	29.9	29.4	7.6	9.8
Media	3	12.2	3.1	10.7	4.2	6.3	2.8	3.3
Telecommunications	6	7.5	2.6	4.5	5.1	5.0	4.0	4.5
Construction, engineering	4	11.8	9.6	9.8	1.0	1.4	3.6	6.2
Housing, real estate	14	8.7	5.0	9.8	6.0	6.6	4.4	5.7
Transportation	19	25.5	5.0	8.0	2.2	2.4	3.2	1.0
Utilities	7	44.1	-9.9	1.1	-2.9	-2.5	0.9	-0.4

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 3 March 2026, previous estimates as of 1 December 2025.

Source: Nomura

Fig. 9: Percentage change in recurring profits by sector (% y-y)

(% y-y)

	No. of cos	FY22	FY23	FY24	FY25E Old E	FY25E New E	FY26E Old E	FY26E New E
Industrial groups								
Russell/Nomura Large Cap	243	4.2	15.0	9.0	3.4	5.6	6.4	10.2
Russell/Nomura Large Cap (ex financials)	219	7.7	10.9	4.3	1.8	3.9	5.0	9.6
Manufacturing	123	2.7	12.3	0.1	-5.9	-1.3	17.7	23.0
Basic materials	29	-7.2	-14.6	-3.4	-0.7	-0.5	25.4	24.4
Processing	62	4.4	26.8	-0.7	-13.7	-8.1	17.7	25.4
Nonmanufacturing	120	5.8	18.0	18.4	11.5	11.7	-2.1	0.0
Nonmanufacturing (ex financials)	96	15.8	8.9	10.5	12.1	10.8	-9.3	-6.6
Broad sectors								
Materials	29	-7.2	-14.6	-3.4	-0.7	-0.5	25.4	24.4
Machinery, autos	31	3.9	45.9	-6.5	-25.3	-18.8	14.9	18.7
Electronics	31	5.3	-0.8	12.0	6.9	11.0	21.1	33.7
Consumer, distribution	64	11.5	-4.2	7.4	9.7	13.1	4.9	8.6
Information	20	0.3	22.2	28.6	60.1	47.7	-35.9	-35.0
Utilities, infrastructure	44	33.9	17.1	5.5	-7.4	-6.0	6.6	6.0
Financials	24	-18.3	49.9	38.2	10.4	13.6	11.9	12.6
Sectors								
Chemicals	22	-5.2	-16.2	3.1	5.0	4.2	19.8	18.3
Steel, nonferrous metals	7	-13.0	-9.6	-21.3	-17.2	-14.1	43.5	42.6
Machinery	18	6.6	3.8	15.3	-4.8	-2.8	15.2	17.5
Autos	13	2.9	61.2	-11.6	-31.5	-23.6	14.8	19.2
Electrical machinery, precision equipment	31	5.3	-0.8	12.0	6.9	11.0	21.1	33.7
Pharmaceuticals, healthcare	14	18.2	-21.8	34.8	27.3	32.6	9.5	10.3
Food products	10	17.7	11.0	-22.5	44.1	50.4	6.0	8.6
Household goods	8	-14.6	-13.0	33.7	5.1	5.8	20.7	26.8
Trading companies	8	18.6	-11.2	3.6	-5.3	-1.9	-1.2	3.5
Retailing	11	20.5	12.2	3.7	9.0	11.6	3.8	8.7
Services	13	-12.8	13.6	18.2	11.9	13.4	8.4	12.0
Software	11	-5.8	12.9	-16.5	23.8	20.5	18.2	13.1
Media	3	-36.1	-36.8	SL	SP	LI	55.8	SP
Telecommunications	6	9.9	32.6	55.4	64.9	57.0	-47.8	-49.2
Construction, engineering	4	2.1	-26.2	88.3	27.2	40.1	7.8	4.9
Housing, real estate	14	10.2	-4.5	12.3	0.5	2.8	9.1	7.1
Transportation	19	92.2	-28.1	25.5	-20.7	-20.8	11.5	7.4
Utilities	7	SL	1,868.3	-30.2	-1.2	-1.1	-5.0	2.9
Financials	24	-18.3	49.9	38.2	10.4	13.6	11.9	12.6

Note: (1) Figures exclude listed consolidated subsidiaries. (2) Latest estimates as of 3 March 2026, previous estimates as of 1 December 2025. (3) SP = switch to profits, SL = switch to losses. LS = losses shrinking. LI = losses increasing.

Source: Nomura

Fig. 10: Recurring profits by sector (absolute amount, ¥1bn)

(¥bn)

	No. of cos	FY21	FY22	FY23	FY24	FY25E Old E	FY25E New E	FY26E Old E	FY26E New E
Industrial groups									
Russell/Nomura Large Cap	243	40,173	53,958	55,567	71,223	71,330	72,901	76,184	81,204
Russell/Nomura Large Cap (ex financials)	219	34,590	46,630	49,619	58,660	57,748	58,929	60,698	65,185
Manufacturing	123	18,613	29,038	29,102	33,488	30,503	31,991	36,119	40,151
Basic materials	29	2,721	7,020	6,195	5,570	5,450	5,459	6,699	6,703
Processing	62	12,114	17,723	18,300	23,368	19,510	20,782	23,536	27,236
Nonmanufacturing	120	21,560	24,920	26,464	37,735	40,826	40,910	40,065	41,052
Nonmanufacturing (ex financials)	96	15,977	17,592	20,516	25,172	27,244	26,938	24,579	25,033
Broad sectors									
Materials	29	2,721	7,020	6,195	5,570	5,450	5,459	6,699	6,703
Machinery, autos	31	6,492	10,244	10,594	15,017	10,816	11,759	12,698	14,273
Electronics	31	5,622	7,479	7,706	8,351	8,694	9,024	10,839	12,963
Consumer, distribution	64	8,260	13,236	14,424	14,822	15,551	16,039	16,153	17,225
Information	20	9,589	3,820	3,709	5,792	9,193	8,483	5,853	5,482
Utilities, infrastructure	44	1,906	4,831	6,990	9,108	8,043	8,166	8,456	8,539
Financials	24	5,583	7,328	5,948	12,564	13,582	13,972	15,486	16,019
Sectors									
Chemicals	22	2,425	5,218	4,715	4,343	4,281	4,246	4,867	4,766
Steel, nonferrous metals	7	296	1,802	1,480	1,227	1,169	1,213	1,832	1,937
Machinery	18	1,670	2,637	2,853	3,500	3,182	3,250	3,772	3,941
Autos	13	4,822	7,608	7,741	11,517	7,634	8,509	8,926	10,332
Electrical machinery, precision equipment	31	5,622	7,479	7,706	8,351	8,694	9,024	10,839	12,963
Pharmaceuticals, healthcare	14	1,810	1,983	2,253	2,330	2,915	3,035	3,070	3,219
Food products	10	1,373	1,533	1,660	1,438	1,891	1,973	1,934	2,068
Household goods	8	596	778	694	782	737	742	879	925
Trading companies	8	1,663	5,203	6,172	5,811	5,408	5,604	5,297	5,753
Retailing	11	1,310	1,651	1,824	2,121	2,077	2,127	2,200	2,357
Services	13	1,509	2,086	1,821	2,340	2,523	2,558	2,772	2,903
Software	11	1,172	1,381	1,214	1,150	1,411	1,373	1,499	1,405
Media	3	-2	327	209	-22	154	-155	372	385
Telecommunications	6	8,419	2,112	2,286	4,663	7,628	7,265	3,983	3,692
Construction, engineering	4	636	501	408	567	662	729	812	862
Housing, real estate	14	1,878	2,509	2,706	3,022	2,601	2,659	2,954	2,969
Transportation	19	-1,573	1,446	4,011	3,561	2,986	2,980	2,985	2,859
Utilities	7	965	375	-135	1,957	1,795	1,798	1,705	1,849
Financials	24	5,583	7,328	5,948	12,564	13,582	13,972	15,486	16,019

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 3 March 2026, previous estimates as of 1 December 2025.

Source: Nomura

Fig. 11: Percentage change in quarterly sales and profits (FY24 Q3–FY25 Q2)

	% y-y															
	Sales				Operating profits				Recurring profits				Net profits			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Industrial groups																
Russell/Nomura Large Cap	-	-	-	-	-	-	-	-	-5.7	-10.4	27.3	4.6	-13.7	-14.7	27.8	-7.5
Russell/Nomura Large Cap (ex financials)	3.0	-0.3	2.4	3.8	3.5	-7.8	2.6	8.2	-5.5	-14.3	30.3	0.4	-12.6	-21.3	30.1	-14.2
Manufacturing	1.4	-1.4	2.6	3.6	-0.9	-13.6	-2.9	10.9	-16.0	-23.4	23.0	-4.3	-27.0	-25.4	21.3	-28.8
Basic materials	-3.6	-6.1	-1.4	1.3	-17.1	-40.6	6.7	4.0	-22.2	-42.4	29.3	0.3	-0.0	-58.4	38.3	-4.8
Processing	2.6	-0.0	3.8	4.0	-1.6	-10.4	-6.1	-3.6	-19.5	-24.5	26.5	-18.2	-35.5	-26.2	24.8	-47.1
Nonmanufacturing	-	-	-	-	-	-	-	-	6.8	2.0	30.1	13.3	1.1	-4.4	31.8	14.6
Nonmanufacturing (ex financials)	5.0	1.1	2.2	4.0	11.9	3.0	12.4	4.1	12.3	-1.0	38.0	7.6	9.4	-15.0	38.4	10.2
Broad sectors																
Basic materials	-3.6	-6.1	-1.4	1.3	-17.1	-40.6	6.7	4.0	-22.2	-42.4	29.3	0.3	-0.0	-58.4	38.3	-4.8
Machinery, autos	4.7	-0.1	3.6	4.2	-10.2	-23.1	-20.7	-10.8	-31.6	-33.3	18.1	-28.6	-53.7	-38.3	16.6	-31.4
Electronics	-1.8	0.1	4.2	3.5	13.7	16.9	16.0	7.3	6.2	-3.6	37.7	5.2	-5.7	1.0	33.8	-83.4
Consumption, distribution	3.6	-0.9	1.7	3.5	12.4	6.5	3.4	51.9	2.2	-4.4	8.0	27.9	4.0	-1.0	8.2	22.8
Information	3.6	7.5	9.2	11.8	2.0	-5.8	15.7	-7.9	69.9	21.8	99.2	54.4	21.7	83.6	92.7	231.0
Utilities, infrastructure	8.0	1.9	1.1	2.2	24.1	6.1	12.7	4.5	8.4	-5.2	7.7	-4.1	7.7	-55.7	4.1	-5.9
Financials	-	-	-	-	-	-	-	-	-7.4	7.6	17.1	23.8	-21.3	13.8	20.2	21.9
Sectors																
Chemicals	-4.5	-7.0	-5.6	-2.5	4.4	-25.8	6.7	1.6	-2.6	-27.1	38.9	-2.0	55.1	-34.1	49.4	-12.8
Steel, nonferrous metals	-1.4	-3.9	8.0	9.9	-64.0	-82.7	6.7	9.5	-68.3	-85.6	7.7	6.0	-77.7	SL	18.0	14.0
Machinery	3.8	-0.2	3.7	7.8	7.3	-6.0	-5.7	6.8	-3.6	-8.2	8.0	1.6	7.3	-7.9	2.0	0.7
Automobiles	4.9	-0.1	3.5	3.3	-16.4	-28.4	-25.8	-16.5	-39.5	-39.9	22.1	-35.3	-72.1	-46.4	23.7	-38.2
Electrical machinery, precision equipment	-1.8	0.1	4.2	3.5	13.7	16.9	16.0	7.3	6.2	-3.6	37.7	5.2	-5.7	1.0	33.8	-83.4
Pharmaceuticals, healthcare	6.4	-0.5	3.2	7.4	68.9	18.0	-10.3	99.4	50.4	12.9	0.4	97.0	20.7	20.2	-7.2	61.3
Food products	3.8	0.4	4.5	3.8	-4.6	-4.4	19.4	SP	-7.7	-6.7	22.9	SP	-11.6	-3.2	21.0	SP
Household goods	2.4	0.8	5.6	3.9	25.9	4.4	-21.5	-6.5	13.2	-1.5	-8.6	-3.8	-4.4	-0.2	-20.1	-0.7
Trading companies	4.7	-4.6	1.4	5.6	0.3	-4.7	1.2	2.3	-4.5	-13.7	-1.1	-8.4	-6.2	-8.5	4.5	-13.0
Retailing	5.3	4.3	-3.2	-3.2	5.5	6.5	8.7	13.1	-5.4	-9.6	38.7	6.4	11.8	-2.4	74.2	28.1
Services	-3.4	3.0	5.2	2.2	5.7	11.6	14.7	17.2	5.7	6.9	11.3	17.3	41.1	-2.0	6.5	3.2
Software	1.6	30.7	28.2	29.0	10.7	5.2	25.8	16.9	-11.6	-7.7	85.5	14.6	-1.8	0.4	77.2	5.7
Media	5.3	0.8	5.5	13.8	27.4	SL	116.0	LI	5.1	SL	157.0	LI	-1.9	SL	214.2	LI
Telecommunications	3.9	3.7	6.0	8.2	-2.8	-0.5	8.9	-2.8	131.5	38.3	99.9	82.8	29.6	186.3	92.9	455.1
Construction, engineering	15.3	0.6	-0.3	2.0	72.6	79.7	120.8	29.3	58.3	45.4	128.8	23.6	32.4	23.5	135.9	15.3
Housing, real estate	9.0	6.1	4.4	6.3	16.1	6.6	1.8	12.1	10.5	1.4	5.2	9.1	8.7	3.8	6.9	14.4
Transportation	5.5	2.9	2.8	5.2	5.8	3.5	1.6	2.4	-10.5	-13.8	-16.2	-18.6	-8.1	-15.8	-28.0	-24.7
Utilities	6.7	-3.2	-3.2	-5.6	61.2	0.4	23.7	-13.7	9.6	-5.4	38.5	2.2	24.4	SL	51.1	6.2
Financials	-	-	-	-	-	-	-	-	-7.4	7.6	17.1	23.8	-21.3	13.8	20.2	21.9

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 3 March 2026. (3) Excludes listed consolidated subsidiaries. (4) SP = switch to profits; SL = switch to losses; LS = losses shrinking; LI = losses increasing.

Source: Nomura

Fig. 12: 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	20.3	18.1	16.6	-	-	-	1.97	1.97	1.94	2.07	2.25	9.8	10.7	10.9
Russell/Nomura Large Cap (ex loss-making cos)	19.1	17.7	16.4	-	-	-	1.97	2.01	1.95	2.10	2.29	10.7	11.1	10.9
Russell/Nomura Large Cap (ex financials)	21.9	19.5	17.9	12.5	11.5	10.9	2.06	2.03	1.79	1.88	2.03	9.5	10.3	10.6
Manufacturing	25.0	19.6	17.9	13.9	11.9	11.2	2.10	2.12	1.78	1.87	2.02	8.6	10.7	11.0
Basic materials	25.8	19.6	17.8	11.0	9.6	9.0	1.45	1.68	1.80	1.89	2.01	6.6	8.7	9.2
Processing	25.3	19.3	17.7	14.5	12.2	11.5	2.21	2.17	1.58	1.69	1.84	8.7	11.1	11.3
Nonmanufacturing	16.7	16.6	15.4	-	-	-	1.84	1.82	2.11	2.31	2.52	11.0	10.7	10.9
Nonmanufacturing (ex financials)	18.2	19.3	17.9	10.7	11.0	10.4	2.01	1.92	1.79	1.91	2.05	10.8	9.7	9.9
Broad sectors														
Basic materials	25.8	19.6	17.8	11.0	9.6	9.0	1.45	1.68	1.80	1.89	2.01	6.6	8.7	9.2
Machinery, autos	21.8	16.9	15.9	11.8	10.0	9.6	1.60	1.57	2.13	2.24	2.36	7.3	9.1	9.1
Electronics	29.2	21.9	19.4	18.2	14.9	13.6	3.34	3.20	1.13	1.25	1.42	11.2	14.5	14.9
Consumption, distribution	23.3	21.4	20.0	14.8	13.9	13.2	2.51	2.41	1.91	1.97	2.09	10.6	11.1	11.3
Information	14.1	25.9	21.8	8.3	11.2	10.2	2.25	2.02	1.84	1.92	2.16	15.0	7.5	8.7
Utilities, infrastructure	16.2	13.3	12.7	8.4	7.6	7.3	1.35	1.33	2.18	2.39	2.56	8.3	9.8	9.7
Financials	14.0	12.4	11.6	-	-	-	1.53	1.63	2.87	3.25	3.61	11.3	12.6	12.7
Sectors														
Chemicals	21.8	17.3	15.7	9.8	8.5	7.9	1.51	1.53	1.98	2.12	2.25	7.1	8.7	9.2
Steel, nonferrous metals	37.1	24.2	21.9	14.0	11.8	10.9	1.29	2.00	1.51	1.57	1.67	5.5	8.7	9.1
Machinery	30.3	25.8	23.5	18.3	16.1	15.1	2.63	2.67	1.18	1.34	1.50	9.0	9.9	10.3
Automobiles	18.0	13.3	12.8	9.3	7.7	7.5	1.22	1.20	2.84	2.93	3.01	6.7	8.8	8.7
Electrical machinery, precision equipment	29.2	21.9	19.4	18.2	14.9	13.6	3.34	3.20	1.13	1.25	1.42	11.2	14.5	14.9
Pharmaceuticals, healthcare	24.1	21.8	20.1	14.3	13.7	13.1	2.51	2.43	2.60	2.23	2.37	10.3	11.1	11.4
Food products	21.0	18.5	17.1	13.5	12.5	11.7	2.21	2.19	2.69	3.38	3.72	10.6	11.8	12.4
Household goods	27.8	20.6	18.9	16.2	13.6	12.7	2.67	2.73	1.69	1.94	2.05	10.0	13.4	13.9
Trading companies	20.0	18.7	18.1	13.9	13.0	12.6	2.37	2.21	1.96	2.04	2.12	11.5	11.3	10.9
Retailing	33.3	31.8	28.7	17.7	17.0	15.8	3.82	3.84	1.13	1.25	1.34	11.8	11.6	12.2
Services	23.1	21.6	19.9	15.1	14.2	13.4	2.04	1.97	1.18	1.25	1.30	8.6	9.3	9.8
Software	26.6	24.2	20.9	22.3	20.6	18.1	4.23	3.97	2.11	2.25	2.66	15.4	16.0	17.1
Media	-15.5	16.3	14.8	-26.9	12.1	11.2	2.65	3.18	1.06	1.17	2.21	-18.6	12.0	12.0
Telecommunications	10.5	28.2	23.1	6.0	9.2	8.5	1.83	1.60	1.75	1.84	1.94	16.2	5.7	6.8
Construction	19.3	18.5	18.9	16.3	15.6	15.7	2.87	2.78	1.91	2.24	2.26	14.8	14.7	13.9
Housing, real estate	16.9	15.4	14.5	11.6	10.7	10.2	1.69	1.66	2.17	2.40	2.58	10.0	10.4	10.4
Transportation	13.1	12.1	11.2	6.6	6.2	6.0	1.12	1.11	2.36	2.50	2.73	8.7	8.7	8.9
Utilities	22.5	9.1	9.1	5.6	4.0	4.0	0.83	0.86	2.05	2.29	2.47	3.8	9.2	8.6
Financials	14.0	12.4	11.6	-	-	-	1.53	1.63	2.87	3.25	3.61	11.3	12.6	12.7
Russell/Nomura Small Cap	17.8	15.9	15.4	-	-	-	1.56	1.42	2.28	2.40	2.50	8.2	8.7	8.6
Russell/Nomura Small Cap (ex financials)	18.4	16.4	15.9	10.4	9.6	9.4	1.67	1.49	2.24	2.34	2.43	8.3	8.9	8.7

Note: As of 3 March 2026.

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.

Appendix A-1

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As at 31 December 2025.

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In OTC transactions of credit default swaps (CDS), no sales commission will be charged. When entering into CDS transactions, the protection buyer will be required to pledge or entrust an agreed amount of margin collateral. In some of these cases, the transaction payments may exceed the amount of margin collateral. There shall be no advance notification of required collateral value or collateral ratios as they vary depending on the financial position of the protection buyer. CDS transactions carry the risk of losses owing to changes in the credit position of some or all of the referenced entities, and/or fluctuations of the interest rate market. The amount the protection buyer receives in the event that the CDS is triggered by a credit event may undercut the total amount of premiums that he/she has paid in the course of the transaction. Similarly, the amount the protection seller pays in the event of a credit event may exceed the total amount of premiums that he/she has received in the transaction. All other conditions being equal, the amount of premiums that the protection buyer pays and that received by the protection seller shall differ. In principle, CDS transactions will be limited to financial instruments business operators and qualified institutional investors.

Transfers of equities to another securities company via the Japan Securities Depository Center are subject to a transfer fee of up to ¥11,000 (tax included) per issue transferred depending on volume. No account fee will be charged for marketable securities or monies deposited.

Nomura Securities Co., Ltd.

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