



Share Buyback Trends in CY2025

Share Buybacks to Remain High in CY2025, Expected to Accelerate Again, in CY2026

Share Buyback Limit for 2025 Down Slightly from Last Year, Remains Elevated

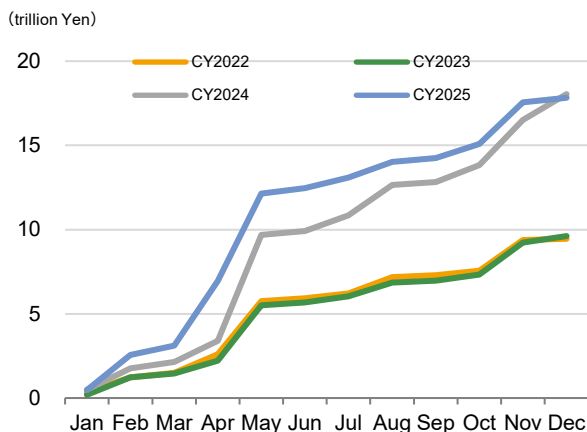
In CY2025, Japanese companies set share buyback limits at ¥17.8 trillion, slightly below CY2024's ¥18.0 trillion, yet maintaining a high level. The most notable acceleration in buyback announcements occurred in April–May 2025, coinciding with the full-year earnings releases of March fiscal year-end companies, totaling ¥9.0 trillion—¥1.5 trillion more than the same period a year earlier.

From July onward, momentum slowed, with more months falling short of the previous year, and the second half of CY2025 came in ¥2.8 trillion below the same period in CY2024. Given the progress in corporate governance reforms, the fact that buyback limits did not increase significantly may seem somewhat surprising. However, amid heightened uncertainty surrounding US tariff policies under the Trump administration and strong headwinds to earnings, maintaining nearly the same level as the prior year reflects Japanese companies' strong commitment to enhancing shareholder returns and improving capital efficiency—a positive sign overall. By sector, the decline was concentrated in transportation equipment, which faced the greatest tariff impact, underscoring the influence of tariffs on buyback decisions.

The sharp rallies in TOPIX (+19%) and the Nikkei 225 (+24%) during the second half may have led companies to perceive valuations as stretched, dampening buyback appetite. That said, an increasing number of companies have continued repurchases even amid rising share prices, a trend likely to strengthen as firms pursue further improvements in capital efficiency.

Looking at actual repurchase amounts rather than limits, CY2025 had already exceeded CY2024 by 18% as of November—a reassuring development. According to trading data by investor category published by Japan Exchange Group, corporations recorded net purchases of ¥10.5 trillion in CY2025 (as of December 26), marking a 35% increase from the previous year.

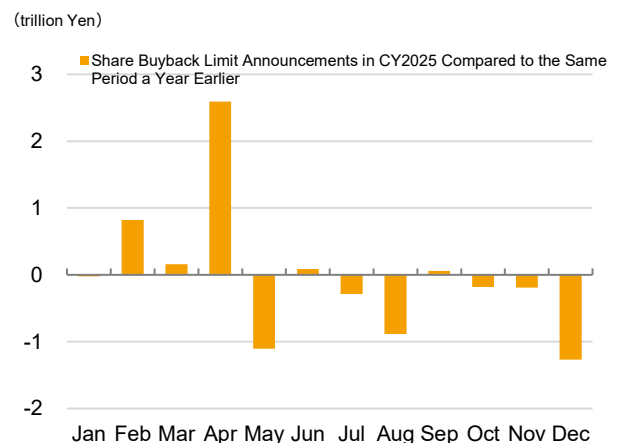
Share Buyback Limits Set by Japanese Companies in 2025 Total ¥17.8 Trillion, Maintaining a High Level



※ Cumulative announced amount since the beginning of the year

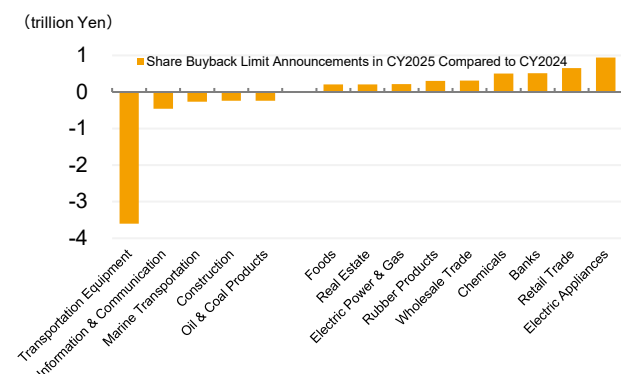
Source: QUICK; Compiled by Daiwa Asset Management

Second Half Fell ¥2.8 Trillion Short of the Year-Ago Period



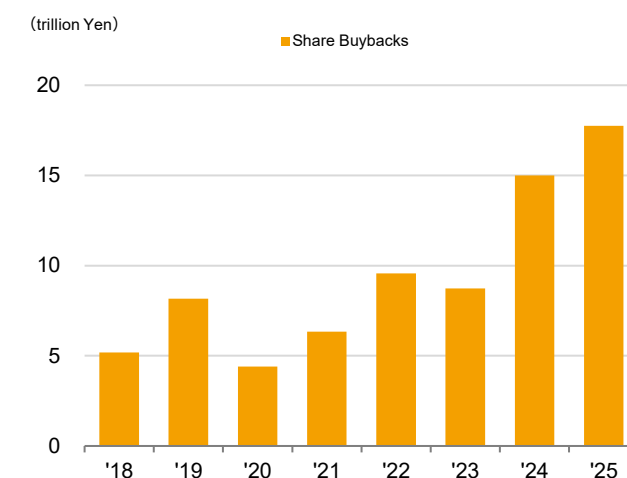
Source: QUICK; Compiled by Daiwa Asset Management

YoY Decline Concentrated in Transportation Equipment, Most Affected by Tariffs



Source: QUICK; Compiled by Daiwa Asset Management

Based on Actual Purchase Amounts, CY2025 Was Already 18% Higher Than CY2024 as of November



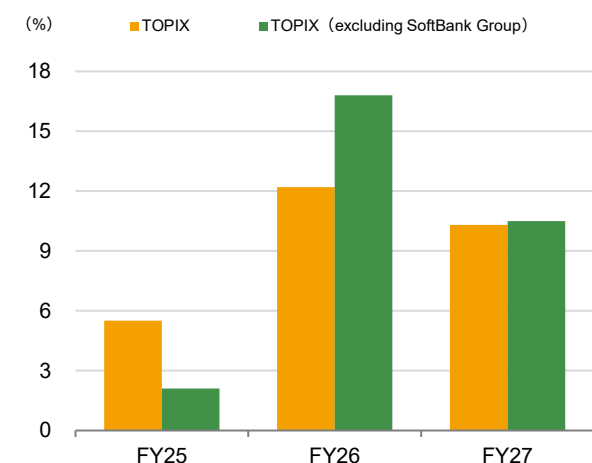
※ As of the end of November 2025

Source: QUICK; Compiled by Daiwa Asset Management

Share Buybacks Expected to Reaccelerate in 2026 on Earnings Recovery and CG Code Revision

Although Japanese companies' share buybacks slowed somewhat in CY2025, they are expected to reaccelerate in CY2026. Corporate earnings, which faced downward pressure from tariffs, are projected to recover strongly in FY2026, particularly in external demand sectors. The decline in buyback limits was most pronounced in automobiles and parts, which are estimated to have reduced TOPIX's forecast net profit growth rate by 2.0 % points in FY2025, but are expected to boost it by 2.7 % points in FY2026. A revision of the Corporate Governance (CG) Code is scheduled for mid-year, and with ongoing discussions around the Cash Hoarding issue (excessive accumulation of cash and deposits), pressure to encourage more effective use of cash is likely to intensify. (Please also refer to the October 27, 2025 report, "Expanding Shareholder Returns and Remaining Challenges.")

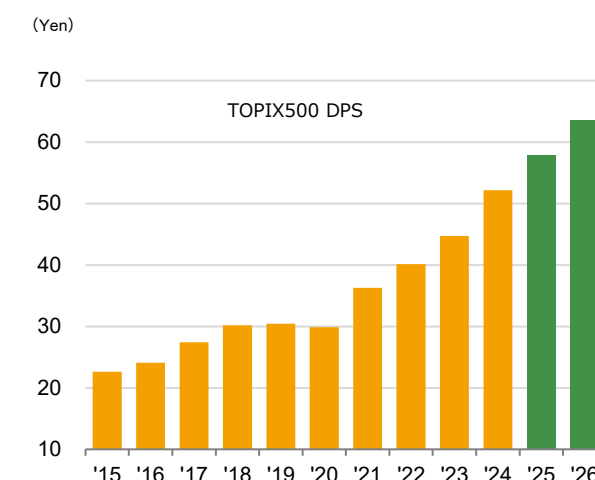
TOPIX EPS for FY2026 is projected to increase significantly



※ YoY change in estimated EPS, consensus forecast as of January 6

Source: FactSet; Compiled by Daiwa Asset Management

Dividends Continue to Show Steady Growth



※ FY2025-26: consensus forecast as of January 6

Source: FactSet; Compiled by Daiwa Asset Management

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