

Chief Strategist
Kazunori Tatebe



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

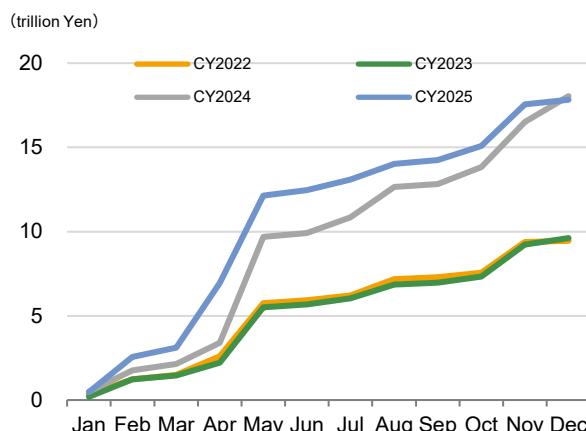
In CY2025, Japanese companies set share buyback limits at ¥17.8 trillion, slightly below CY2024's ¥18.0 trillion, yet maintaining a high level. The most notable acceleration in buyback announcements occurred in April–May 2025, coinciding with the full-year earnings releases of March fiscal year-end companies,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

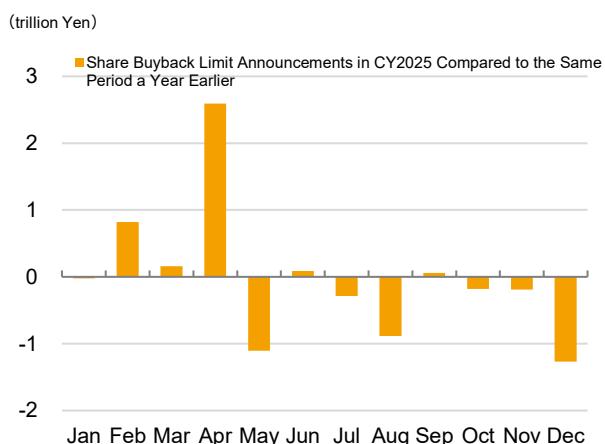
Share Buyback Limits Set by Japanese Companies in 2025 Total ¥17.8 Trillion, Maintaining a High Level



※ Cumulative announced amount since the beginning of the year

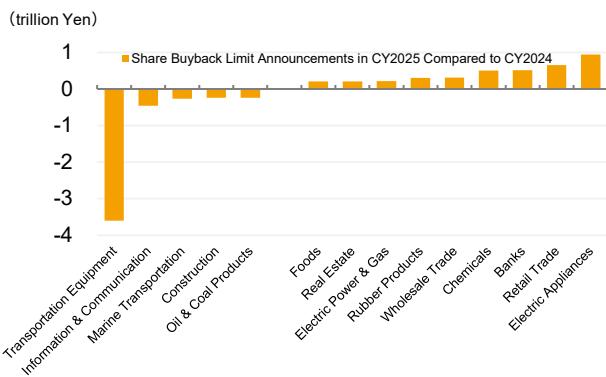
Source: QUICK; Complied by Daiwa Asset Management

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



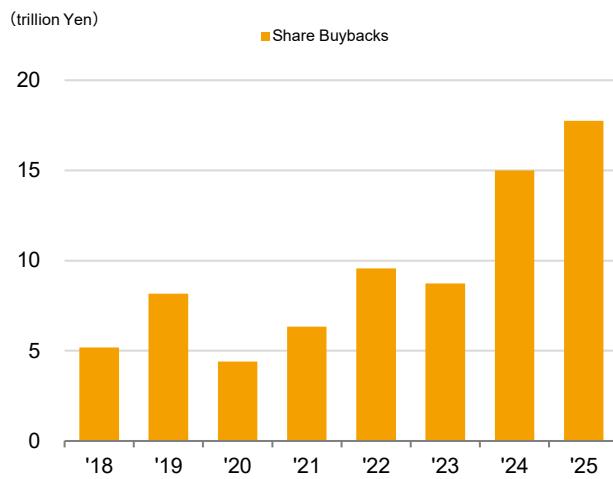
Source: QUICK; Complied by Daiwa Asset Management

YoY Decline Concentrated in Transportation Equipment, Most Affected by Tariffs



Source: QUICK; Complied by Daiwa Asset Management

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



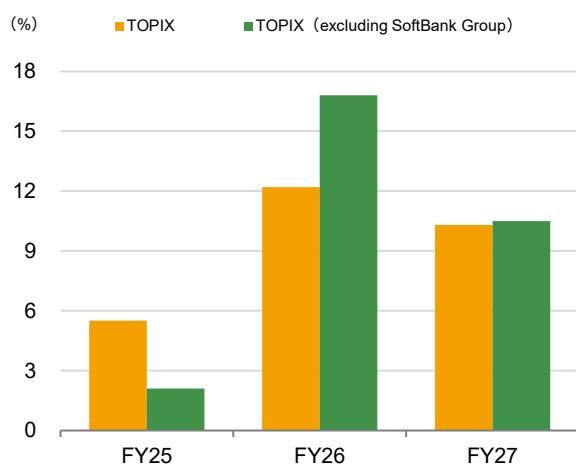
※ As of the end of November 2025

Source: QUICK; Complied by Daiwa Asset Management

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

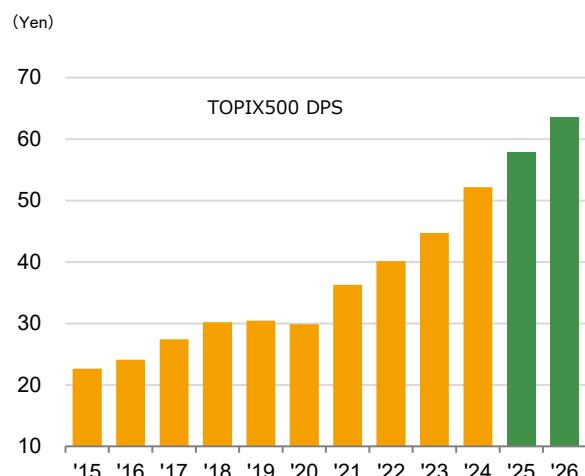
Although Japanese companies' share buybacks slowed somewhat in CY2025, they are expected to reaccelerate in CY2026. Corporate earnings, which faced downward pressure from tariffs, are projected to recover strongly in FY2026, particularly in external demand sectors. The decline in buyback limits was most 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; Complied by Daiwa Asset Management

Dividends Continue to Show Steady Growth



※ FY2025-26: consensus forecast as of January 6
Source: FactSet; Complied by Daiwa Asset Management

Important Information

This Presentation ("Presentation") is furnished to its intended recipient (the "Recipient") and is not for redistribution or public use. The data and information presented are for informational purposes only. The information contained herein should be treated in a confidential manner and may not be transmitted, reproduced or used in whole or in part for any other purpose, nor may it be disclosed without the prior written consent of Daiwa Asset Management. By accepting this material, the Recipient agrees not to distribute or provide this information to any other person.

This Presentation is intended for use by professional investors only. Investors should independently evaluate particular investments and strategies and seek their own investment advice. Daiwa Asset Management may not be held responsible for any consequences resulting from any investment in any strategy or products discussed in this Presentation. No investment strategy can guarantee performance results. Past performance is no guarantee of future results. All investments are subject to investment risk, including loss of principal invested. For more detailed information, in particular a description of the mentioned funds' risks and rewards, please refer to the prospectus of the UCITS, the key investor information document (KIID) and the most recent published annual and semi-annual report.

This Presentation was made to provide information about the investment capability of Daiwa Asset Management. It should not be construed as an offer or a solicitation to purchase or subscribe to the funds mentioned in this material. This is a marketing communication. Potential investors should refer to and read the prospectus of the UCITS and KIID for more detailed information prior to their investment decision.

The information, statements, forecasts and projections contained in this Presentation, including any expressions of opinion, are based upon sources believed to be reliable, but their accuracy, correctness or completeness are not guaranteed. The performance of investments, if referred to herein, is based on past data and is neither necessarily an indication nor a guarantee of future performance of such investments. The performance data in this material does not consider any tax or fees if there were any, and will not provide a final return for potential investors. Daiwa Asset Management made all reasonable efforts to ensure that the information contained herein is current, but it is subject to change without notice. Daiwa Asset Management, or any of its respective affiliates, accepts no liability whatsoever for any direct or consequential loss arising from any use of this material or its content.

The TOPIX Index Value and the TOPIX Marks are subject to the proprietary rights owned by JPX Market Innovation & Research, Inc. or affiliates of JPX Market Innovation & Research, Inc. (hereinafter collectively referred to as "JPX") and JPX owns all rights and know-how relating to TOPIX such as calculation, publication and use of the TOPIX Index Value and relating to the TOPIX Marks. JPX shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the TOPIX Index Value. No Licensed Product is in any way sponsored, endorsed or promoted by JPX, and JPX shall not be responsible for any damage resulting from the issue and sale of the Licensed Product.

Daiwa
Asset Management