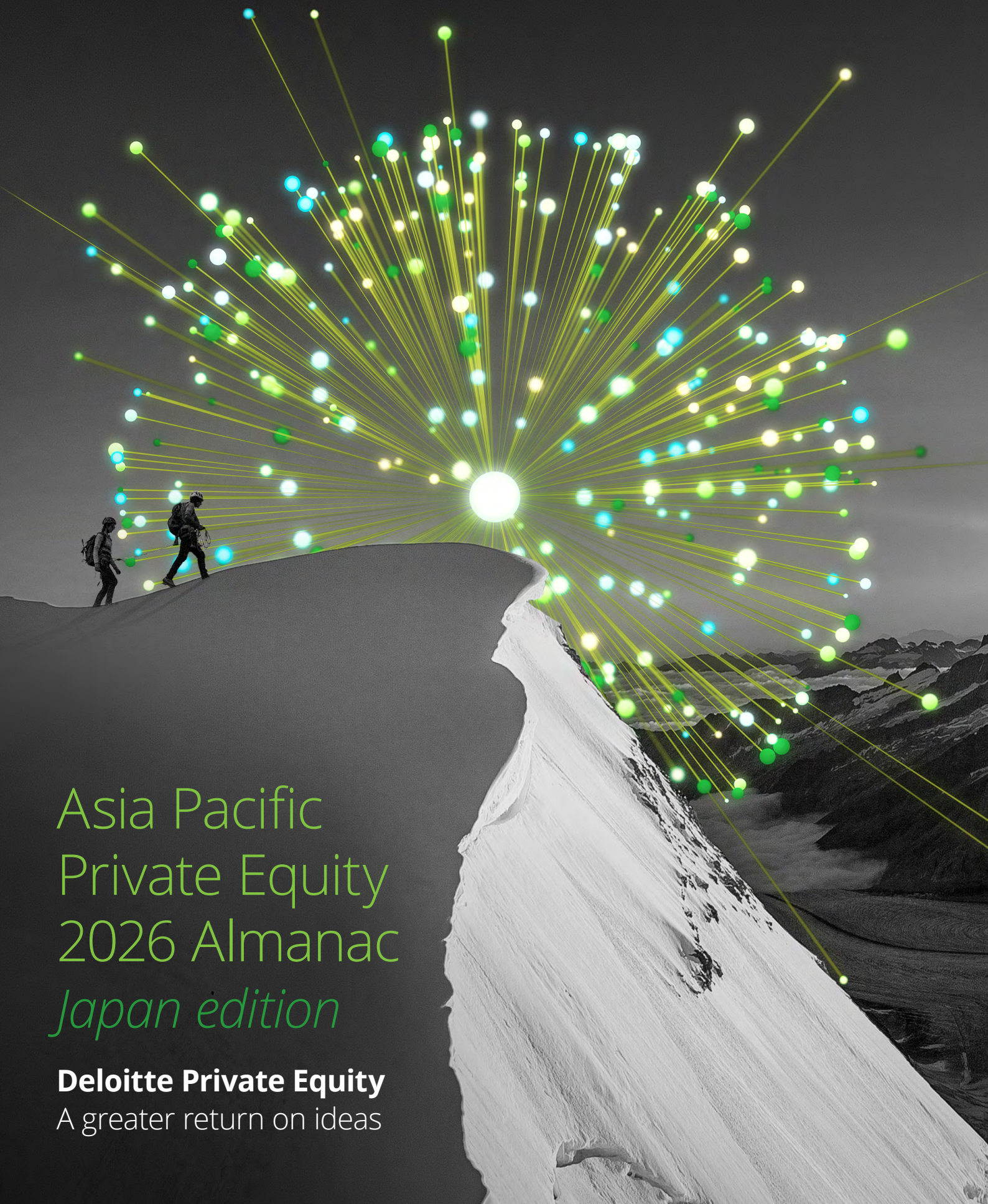


Deloitte.

Together makes progress



Asia Pacific
Private Equity
2026 Almanac
Japan edition

Deloitte Private Equity
A greater return on ideas

Contents

Executive summary	03
PE investments	04
PE exits	06
Sector trends	08
Fundraising	09
Looking forward to 2026	10
Deloitte Japan Private Equity team	11
Appendix	12
Endnotes	14

Executive summary

Over the past few years, and for a variety of reasons, the dominance of China as a private equity investment destination has slowly waned and attention has increasingly turned to Japan and India. While both were in the spotlight going into 2025, their years turned out quite differently and it is Japan that has marched on – and which shows no signs of slowing. In fact, Japan contributed over 26% of Asia Pacific private equity investment value in 2025, including seven of the top 10 deals, compared with 20% from China and 13% from India. In fact, Japan’s total deal value in 2025 rose by 91% from 2024.

This strong performance is attributable to a number of factors and their confluence in 2025. All indications are that Japan will remain an attractive investment destination for some time to come.

Japan that has marched on – and which shows no signs of slowing.

Listed company opportunities

Japan has a large number of public companies that are trading below book value: 39.3% of TOPIX 500 companies were trading below book value as at end-December 2025 compared with just 3.8% of S&P 500 companies. Recognising this, Japanese regulators are becoming more and more accommodative to shareholder activism and M&A. In March 2023, the Tokyo Stock Exchange (TSE) implemented reforms including new listing rules that encourage companies to raise their Price-to-Book ratio above 1x.¹ Meanwhile, the Ministry of Economy, Trade, and Industry (METI) has issued guidelines such as the “Fair M&A Guidelines” and “Guidelines for Corporate Takeovers” that encourage a more dynamic and active market for M&A.

Cheap, accessible financing

Cheap and readily available bank financing remained a structural tailwind for Japan’s private equity market in 2025, even as the Bank of Japan (BOJ) continued its reversion to more-conventional monetary policy. Following its exit from negative rates in March 2024, the BOJ raised its policy rate to ~0.75% on 19 December 2025, and although this is the highest rate since 1995, Japan remains one of the lowest base-rate environments among developed markets. Japan LBOs continue to be financed predominantly with senior bank debt at low single digit all in borrowing costs and moderate leverage levels (typically ~50–60% of enterprise value), with higher leverage achievable for high quality, cash generative assets.² This structurally low cost of debt enhanced equity returns and underpinned Japan’s outsized share of Asia Pacific private equity in 2025, despite lower underlying market growth.

PE investments

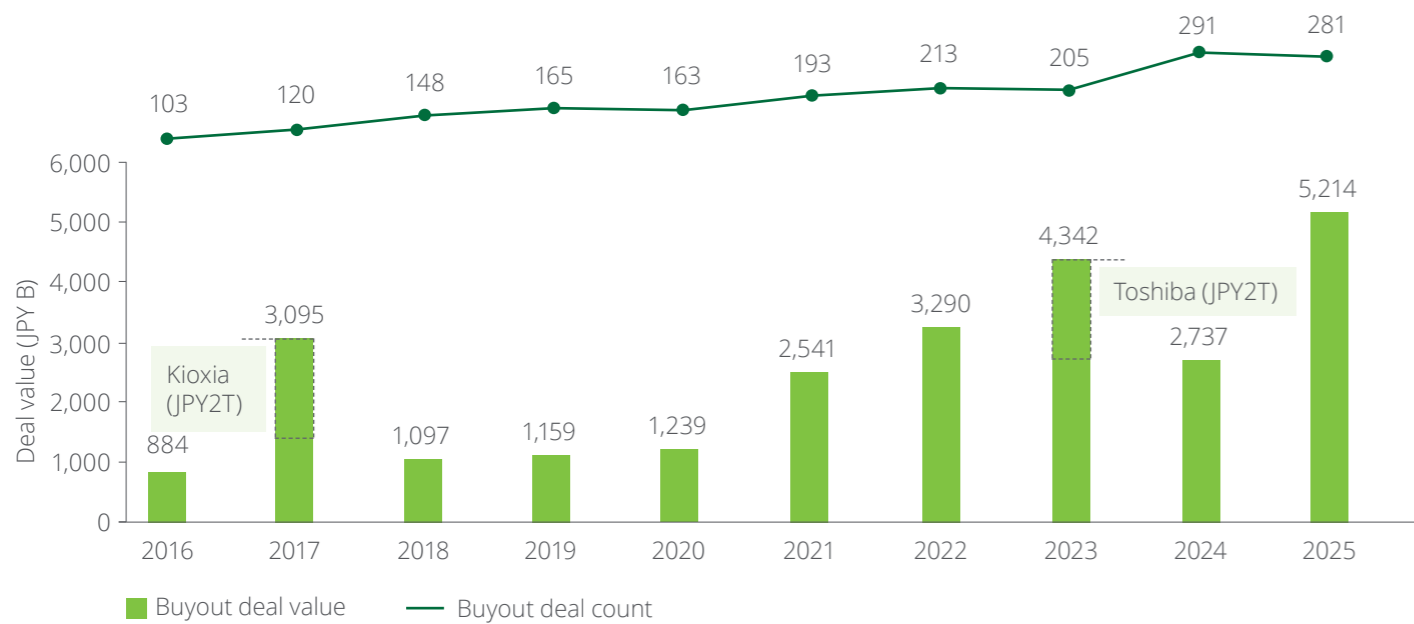
Japan experienced a significant increase in private equity activity in 2025, with total investment value reaching JPY5.2T – a 91% increase on the previous year – and marking a record year for the market. Notably, there were seven deals exceeding JPY300B, including York Holdings at JPY815B and Shinko Electric Industries at JPY685B and seven of the top ten private equity buyout investments across Asia Pacific in 2025 were deals in Japan.

This was driven in part by structural reforms aimed at improving corporate governance. The METI's the "Fair M&A Guidelines" and "Guidelines for Corporate Takeovers" promote fairness, transparency, and shareholder protection, fostering a more active and reliable M&A market. The TSE's capital efficiency guidelines, especially for companies listed on the Prime Market, have put pressure on listed companies to improve return on equity (ROE) and asset utilisation, pushing companies to consider mergers, acquisitions, or divestitures of non-core assets as part of portfolio-optimization strategies.

Shareholder activism in Japan has reached unprecedented levels. According to IR Japan, Japan is now the world's second-most active market for shareholder campaigns with 75 activist companies in operation as of 31 December 2025. Activist investors, both domestic and foreign, are increasingly demanding spin-offs, asset sales, and greater disclosure to unlock shareholder value and companies are responding with proactive M&A strategies, including divestitures and acquisitions, to pre-empt or address activist demands. In combination with Japan's persistently low interest rates and weak yen, this led to 2025 hitting a new record in terms of total private equity deal value. Public to private transactions accounted for 64% of total PE investment by value. These trends are expected to accelerate in 2026.

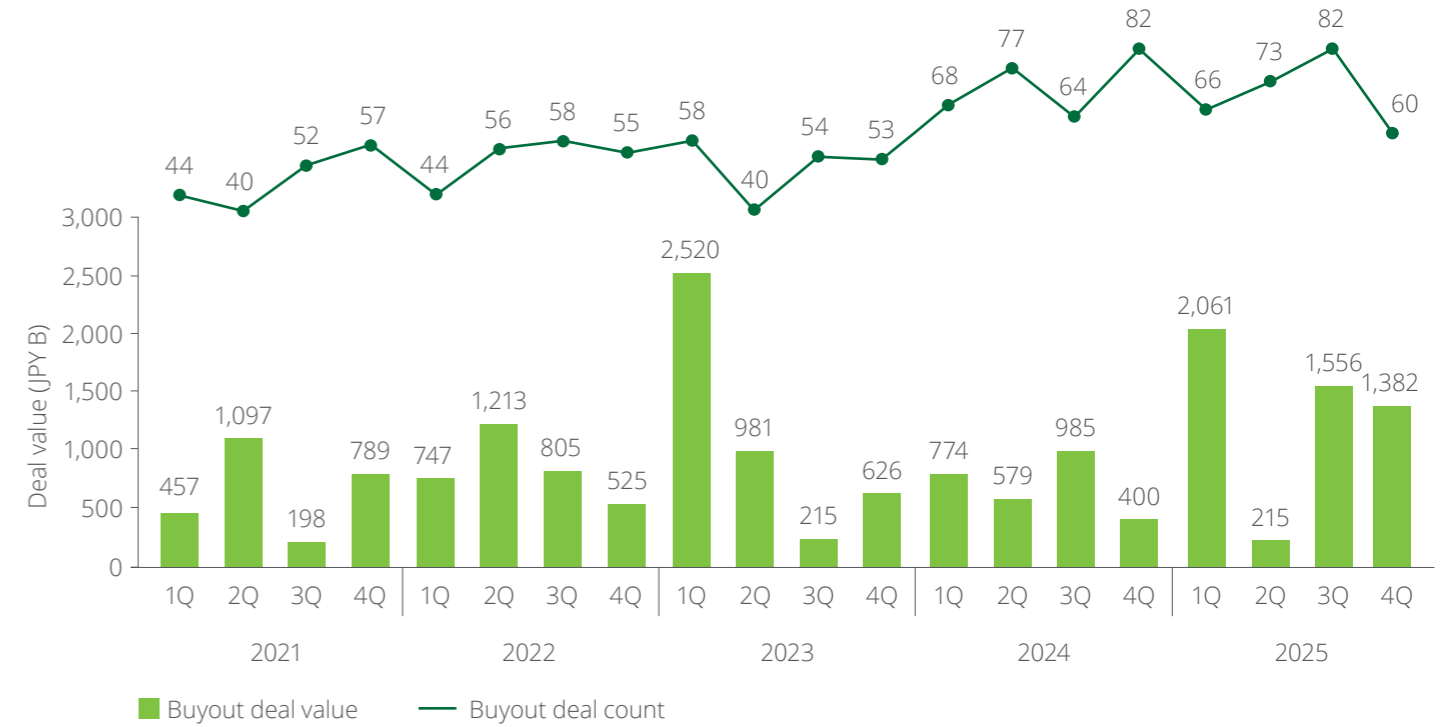
Japan experienced a record year, with total private equity investment value reaching JPY5.2T in 2025.

Japan PE buyout investments (2016-2025)



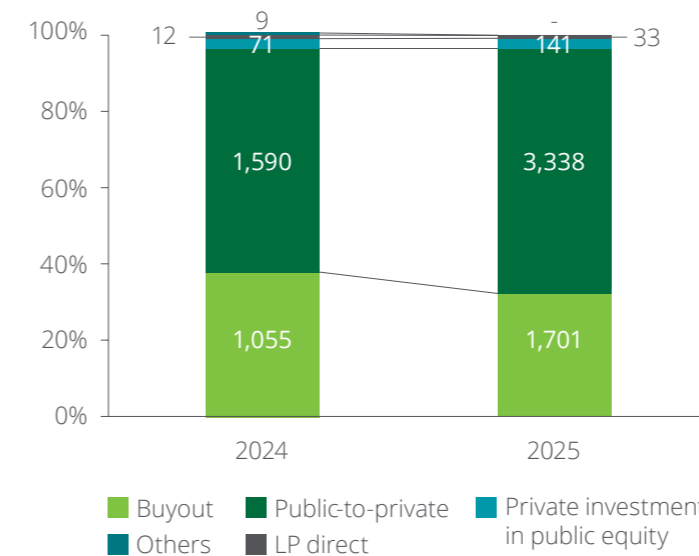
Source: Deloitte analysis

Japan buyout deal value and count by quarter



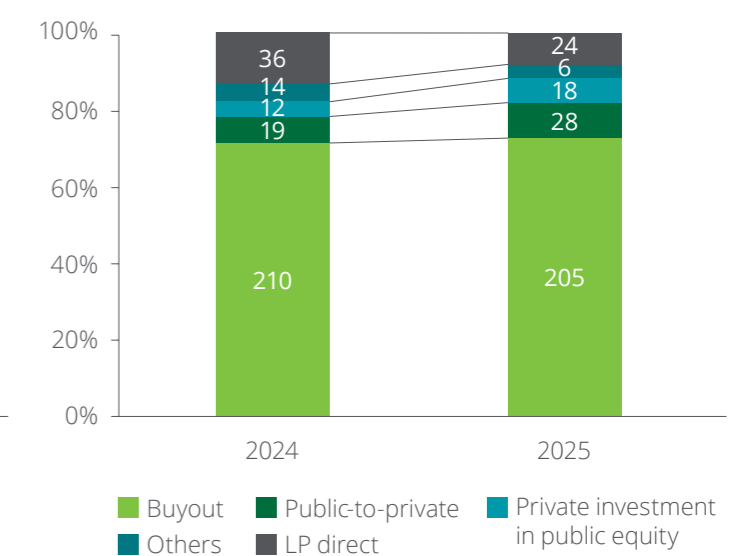
Source: Deloitte analysis

Japan buyout investments deal value (JPY B) by deal type



Source: Deloitte analysis

Japan buyout investments deal count by deal type



Source: Deloitte analysis

PE exits

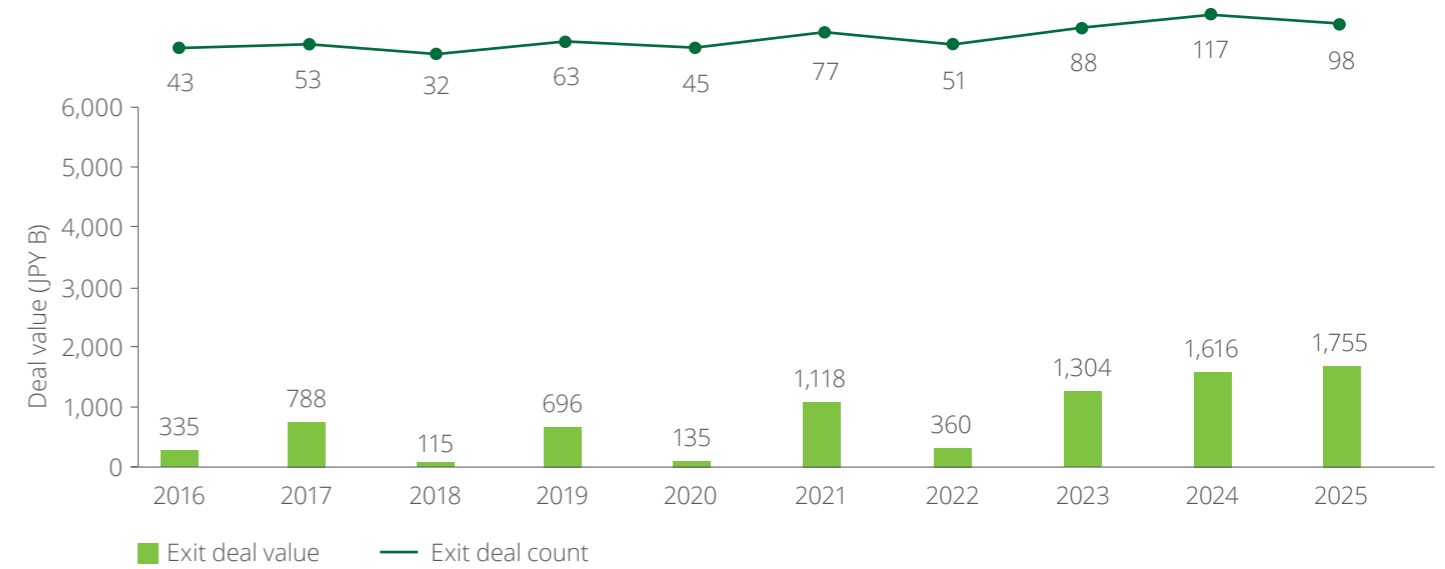
The exit count fell from 117 in 2024 to 98 in 2025, though the total exit value increased slightly to JPY1,755B from JPY1,616B. Despite this higher exit value, the exit-to-investment ratio decreased from 0.59x in 2024 to 0.34x, mainly as a result of a higher private equity investment in 2025.

There were, however, four exits that exceeded JPY100B, including KKR's sale of Seiyu to Trial Holdings (JPY380B). In terms of value, 76.8% of all PE exits in 2025 were trade sales (sales to corporate buyers), including seven out of the top ten PE exits.

With industries in Japan typically more fragmented and generally having lower profitability than their US and European counterparts, it is often difficult for industry consolidation to progress solely among existing players. It is therefore expected that PEs will play an increasingly important role in the market, acquiring companies and subsequently facilitating exits via IPOs and sales to financial buyers or corporates. As it stands, the proportion of secondary buyouts (sales to PE buyers) is low relative to the US and the value of secondary buyouts in 2025 was actually lower than the previous year. However, this is already beginning to change as the private equity market in Japan matures. Domestic PEs are acquiring small- and mid-cap companies, driving efficiency and margin expansion through roll-up and platform strategies, and building value and scale before selling them on to global PE firms. These larger players are, in turn, leveraging their international networks to further expand the companies and further increase enterprise value before exiting via trade sale, IPO or secondary buyout.

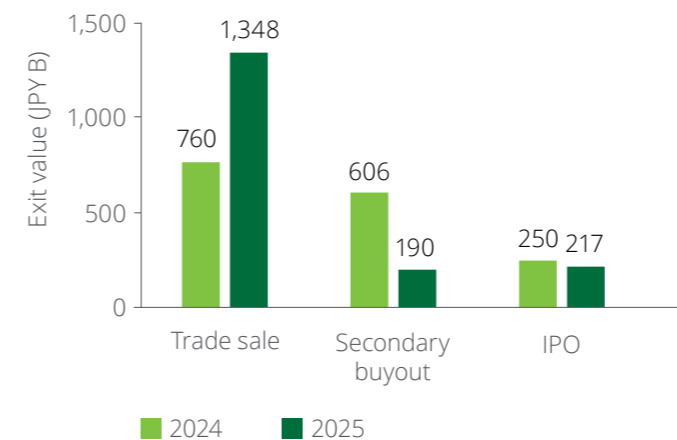
Domestic PEs are acquiring small- and mid-cap companies, driving efficiency and margin expansion through roll-up and platform strategies, and building value and scale before selling them on to global PE firms.

Japan PE buyout exits (2016-2025)



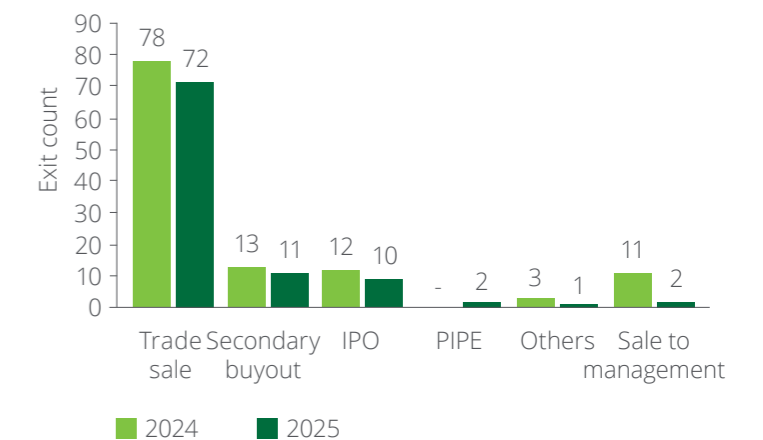
Source: Deloitte analysis

Japan exit deal value (JPY B) by deal type



Source: Deloitte analysis

Japan exit deal count by deal type



Source: Deloitte analysis

Sector trends

From a sector standpoint, many PEs in Japan aim to maintain effective diversification within their portfolios and to avoid excessive concentration in any single sector. In 2025, the consumer, TMT, and industrials sectors continued to be focus of activity, together making up 64% of total deal count in Japan.

The consumer sector ranked first in deal count for two consecutive years. This is largely due to Japanese companies' ability to differentiate themselves through quality and branding, the size of the domestic market, and the relative ease of expanding into overseas markets, especially in Asia where Japanese goods have strong appeal. In terms of deal value, the industrials sector ranked first in 2025, driven by major PE acquisitions such as Shinko Electric Industries at JPY685B, Fujitec at JPY408B, and Topcon Corporation at JPY417B. Although Japanese manufacturers are technologically advanced, they face multiple challenges in overseas markets, including marketing, local adaptation, governance, cost competitiveness, and risk management. If these issues are addressed, there is significant potential to enhance corporate value. In 2025, software continued to lead deal activity across the TMT landscape, reflecting the sector's relative resilience to macro and geopolitical headwinds and its attractive, recurring revenue profile. Looking ahead, the utilization of embedded AI is expected to become increasingly important in the software sector as PE funds seek to enhance value.

Looking ahead, the utilisation of embedded AI is expected to become increasingly important in the software sector as PE funds seek to enhance value.

Japan top buyout investment sectors by deal count

	2025 (rank)	2024 (rank)
Consumer	77 (#1 —)	76 (#1)
TMT	55 (#2 —)	53 (#2)
Industrials	49 (#3 —)	51 (#3)
Energy, Utilities, Infra & Real Estate	35 (#4 ▲)	35 (#5)
Business Services	26 (#5 ▼)	37 (#4)

Source: Deloitte analysis

Japan top buyout investment sector by deal value (JPY B)

	2025 (rank)	2024 (rank)
Industrials	1,843 (#1 ▲)	473 (#4)
Consumer	1,124 (#2 ▼)	611 (#1)
Business Services	656 (#3 ▲)	24 (#8)
Healthcare	651 (#4 ▼)	549 (#3)
TMT	606 (#5 ▼)	598 (#2)

Source: Deloitte analysis

Fundraising

In 2024, there were several large fundraisings exceeding JPY200B, such as Carlyle's JPY430B fund and Integral's JPY250B fund. In 2025, Japan Investment Corporation (JIC), a government-backed investment fund, raised JPY600B. With several funds currently in the process of raising capital for 2026 at scales comparable to those in 2024, it is expected that the fundraising levels observed over the past two years will continue.

On 1 November 2025, JIC and subsidiary JIC Capital, Ltd. (JICC) announced that they will establish the JIC PEF2 Limited Partnership ("PEF2," fund size: JPY600B) with JICC serving as the fund manager. To support Japan's transition to a growth-oriented economy, the JIC Group is committed to strengthening industrial competitiveness while making investments that can have an impact on society. This includes realising Society 5.0, creating new businesses and industries through GX and DX that resolve global social challenges, enhancing the international competitiveness of domestic industries, and industry restructuring.³

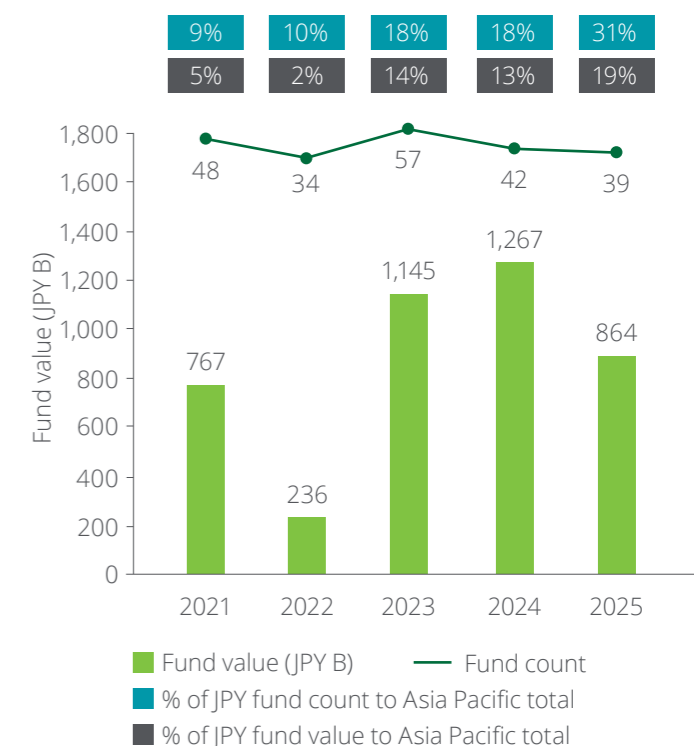
Fundraising levels observed over the past two years are expected to continue, supported by large-scale funds and ongoing capital raising activity.

Top 5 JPY-denominated PE buyout funds closed in 2025

#	Fund	Vintage	Final close date	Fund size
1	JIC PE Fund II	2025	Nov 2025	JPY600B (US\$3.9B)
2	D Capital No. 2	2025	Apr 2025	JPY67B (US\$446M)
3	Marathon No. 2	2025	Dec 2025	JPY35B (US\$224M)
4	CAS Capital Fund VIII	2025	Jul 2025	JPY20B (US\$136M)
5	Tokyo Electric Power Timeless Capital Fund III	2023	Sep 2025	JPY18.2B (US\$121M)

Source: Deloitte analysis, Preqin, a part of BlackRock

JPY-denominated PE buyout funds closed (2021–2025)



Source: Deloitte analysis, Preqin, a part of BlackRock

Looking forward to 2026

Interest and activity in Japan will continue. The ample supply of deals from a range of sources will continue to feed activity, fuelled by a range of market, policy and demographic factors including: an aging population and the need for succession planning – with the average CEO age at 60.8 years;⁴ the growing presence of activist investors; corporate strategic planning driving carve-outs; nearly 40% of publicly traded companies still trading below book value and thus being affected by the TSE listing rules; affordable leverage; and increasingly accommodating regulators. In terms of public-to-private transactions, acquisitions without consent, even by Japanese companies, will emerge as a new trend in Japan and this will increase the chance of private equity in Japan acting as a white knight or a facilitator for exits for activists. While global and regional geopolitics will continue to shape deal flow, the need to deploy capital in Asia Pacific, and Japan's status as a stable, mature market for investment will continue to support strong, market-leading activity.

Japan's status as a stable, mature market will continue to support strong, market-leading private equity activity.

Deloitte Japan Private Equity team

For more information, to discuss the findings in this document or to be connected with the relevant Private Equity team at Deloitte, please contact:



Satoshi Sekine

Deloitte Asia Pacific Private Equity Co-Leader and
Deloitte Tohmatsu Group Private Equity Leader
satoshi1.sekine@tohatsu.co.jp



Atsushi Numata

Audit & Assurance
Partner
atsushi.numata@tohatsu.co.jp



Masaya Ueda

Audit & Assurance
Partner
masaya.ueda@tohatsu.co.jp



Toshiko Koizumi

Deloitte Tohmatsu
Partner
tkoizumi@tohatsu.co.jp



Etsuro Kawashima

Deloitte Tohmatsu
Partner
etsuro.kawashima@tohatsu.co.jp



Teppei Okuno

Deloitte Tohmatsu
Partner
teppe1.okuno@tohatsu.co.jp



Masato Iwajima

Tax & Legal
Partner
masato.iwajima@tohatsu.co.jp

Appendix

Japan top 10 PE investments in 2025

#	Target company	Deal date	Deal type	Investors	Sellers	Industry	Deal size
1	York Holdings (Seven & i's Supermarket & Specialty Stores Businesses)	Mar 2025	Buyout	Bain Capital (~60%)	Seven & i Holdings	Retail/ Wholesale	JPY815B (US\$5.3B)
2	Shinko Electric Industries	Mar 2025	P2P	JIC Capital, Mitsui Chemicals, Dai Nippon Printing	Fujitsu (50%)	Chemicals, Plastics & Rubber	JPY685B (US\$4.4B)
3	Mitsubishi Tanabe Pharma Corporation	Jul 2025	Buyout	Bain Capital	Mitsubishi Chemical Group	Pharma	JPY510B (US\$3.3B)
4	TechnoPro Holdings	Oct 2025	P2P	Blackstone	-	Business Services	JPY507B (US\$3.3B)
5	Topcon Corporation	Sep 2025	P2P	KKR	Oasis Management, ValueAct Capital	Capital Goods	JPY417B (US\$2.7B)
6	Fujitec	Dec 2025	P2P	EQT	-	Capital Goods	JPY408B (US\$2.7B)
7	Fujisoft	Feb 2025	P2P	KKR (66%)	-	Software	JPY370B (US\$2.4B) ¹
8	Hogy Medical	Dec 2025	P2P	Carlyle	-	Medical Devices	JPY140B (US\$897M)
9	Mitsubishi Logisnext	Sep 2025	Buyout	Japan Industrial Partners	Mitsubishi Heavy Industries	Capital Goods	JPY130B (US\$833M)
10	NIHON CHOUZAI Co.	Sep 2025	P2P	Advantage Partners	-	Retail/ Wholesale	JPY118B (US\$754M)

Note: 1. Refers to the second tender offer within KKR's two-stage acquisition process. The total deal value for the complete transaction is ~JPY560B

Source: Deloitte analysis

Japan top 10 PE exits in 2025

#	Target company	Deal date	Deal type	Sellers	Investors	Industry	Deal size
1	Seiyu Co.	Jul 2025	Trade Sale	Walmart, KKR	TRIAL Holdings	Retail/ Wholesale	JPY380B (US\$2.5B)
2	Tanabe Pharma's ALS Treatment Drug Business	Dec 2025	Trade Sale	Tanabe Pharma Corporation (backed by Bain Capital)	Shionogi & Co.	Biotech	US\$2.5B
3	Pioneer Corporation	Jun 2025	Trade Sale	EQT	CarUX Technology	Software	JPY164B (US\$1.1B)
4	Tekscend Photomask Corp.	Oct 2025	IPO	Integral	-	Hardware	JPY138B (US\$928M)
5	FICT	Feb 2025	Secondary Buyout	Advantage Partners	MBK, FormFactor	Hardware	JPY100B (US\$657M)
6	ADK Holdings	Jun 2025	Trade Sale	Bain Capital	Krafton	Telecoms & Media	JPY75B (US\$501M)
7	Burger King Japan	Nov 2025	Secondary Buyout	Affinity	Goldman Sachs Alternatives	Hospitality & Leisure	JPY70B (US\$465M)
8	Kraft (d.b.a. Sakura Pharmacy)	May 2025	Trade Sale	NSSK	Ain Holdings	Pharma	JPY59B (US\$393M)
9	Infocom (IT Services & Healthcare Division)	Aug 2025	Trade Sale	Blackstone	NS Solutions	Software	JPY55B (US\$352M)
10	Via Mechanics	Jul 2025	Trade Sale	Advantage Partners	AMADA Co.	Capital Goods	JPY51B (US\$341M)

Source: Deloitte analysis

Endnotes

1. Deloitte, Asia Pacific Private Equity 2026 Almanac, 02 March 2026, <https://www.deloitte.com/ap/en/perspectives/2026-asia-pacific-private-equity-almanac.html>
2. Deloitte, Asia Pacific Private Equity 2026 Almanac, 02 March 2026, <https://www.deloitte.com/ap/en/perspectives/2026-asia-pacific-private-equity-almanac.html>
3. Japan Investment Corporation, & JIC Capital, Ltd. (31 October 2025). *JIC and JICC to establish new private equity fund (JIC PE2)*.
4. A 2025 Survey by 2025 Teikoku Databank

Deloitte.

Together makes progress

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.