

Japan Private Equity Pulse: Mid year review 2026

H1 2026

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Japan's private equity (PE) market in H1 2026 was characterized by strong deal volume growth but weaker capital deployment, broadly mirroring global PE dealmaking trends. Transaction volume increased 2.5x year-on-year (yoy), while aggregate deal value declined 37% over the same period, primarily due to fewer megadeals relative to H1 2025. Continued mid-market activity helped sustain deal flow, while heightened geopolitical uncertainty contributed to greater selectivity and prolonged decision-making for larger deals.

In H1 2026, there were a total of 160 deals deploying over US\$11b in capital. Q1 2026 contributed approximately 89% of total H1 deal value, supported by three megadeals (above US\$1b). In contrast, no comparable transactions were recorded in Q2 2026, resulting in a sharp moderation in deal value during the latter part of the period. Against a backdrop of ongoing conflict in the Middle East, which had already weighed on investor sentiment, a widening pricing gap between buyers and sellers further constrained larger transactions, as elevated public market valuations continued to support seller expectations while investors remained disciplined on pricing. As such, the moderation in deal value appears to reflect a short-term fluctuation rather than a structural decline, with fundamental market drivers including sustained carve-out activity, ongoing corporate governance reforms and a weaker yen remaining intact.

The industrial sector accounted for 41.6% of total deal value, followed by technology (23.9%) and consumer (15.9%) sectors. In the largest transaction of H1 2026, Apollo Global Management acquired Nippon Sheet Glass, an architectural, automotive and solar glass manufacturer, for US\$3.7b.

Succession-driven ownership transitions continue to support Japan's mid-market.

Roughly one-third of Japan's small and medium-sized enterprises are owned by founders over the age of 70, many of whom lack clear succession plans. This demographic shift is creating a steady pipeline of middle-market investment opportunities, with PE firms increasingly stepping in as transition partners by providing capital, managerial

H1 2026: numbers in focus

US\$11b

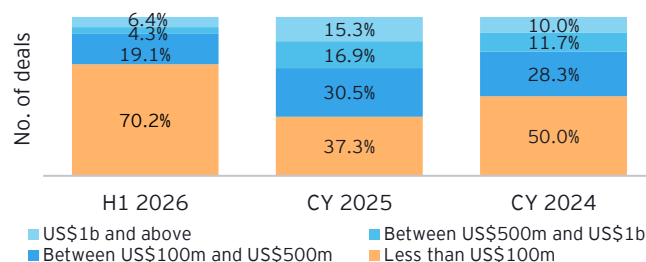
Capital deployed
across 160 deals

US\$13.4b

in PE-backed exits
across 97 deals

continuity and modernization support. As business owners seek solutions that preserve employment, operational stability and brand heritage, succession-driven ownership transitions are contributing to a growing share of small- and mid-sized transactions across Japan's PE market.

PE investment volume by deal size bucket



Exits have been consistent in delivering strong liquidity to investors.

Japan's exit value increased by 34% yoy, highlighting the resilience of the country's exit environment despite subdued IPO activity. While secondary exits accounted for the majority of exit value in H1 2026, the figure was heavily influenced by two megadeals—CVC's divestment of FineToday and Bain Capital's exit from Kioxia Holdings. Strategic exits continued to dominate Japan's PE landscape by volume, accounting for 78 of 97 exits and US\$4.3b in aggregate value. Despite Japan's equity market trading near multidecade highs, governance reforms, market volatility and valuation uncertainty continue to favour strategic sales and secondary buyouts over IPOs, owing to their greater pricing certainty and faster execution.

Note:

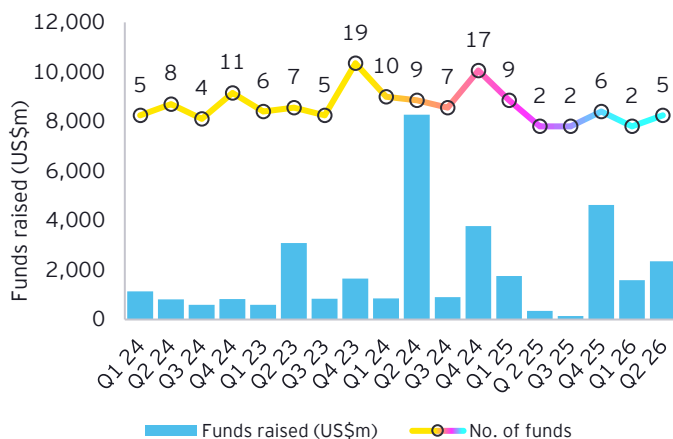
Data used in this report is sourced from Dealogic, Pitchbook and AVCJ.

Deals include both announced and closed PE deals; analysis does not include venture capital activity.

Fundraising rebounded in H1 2026 despite fewer fund closes.

Fundraising by Japan-based PE funds increased despite a decline in the number of fund closes. Total capital raised rose 86% yoy, from US\$2.1b across 11 funds in H1 2025 to US\$3.9b across 7 funds in H1 2026. The increase in capital raised despite fewer fund closes suggests investor commitments were concentrated in larger fundraises, reflecting continued appetite for established managers and Japan-focused strategies. Looking ahead, fundraising is expected to remain supported by strong international and domestic investor interest in Japan, underpinned by the market's strong track record of realized returns, a robust pipeline of investment opportunities, and strong LP demand reflected in faster fund closures.

Japan fundraising activity



Top five Japan PE funds closed in H1 2026 (US\$m)

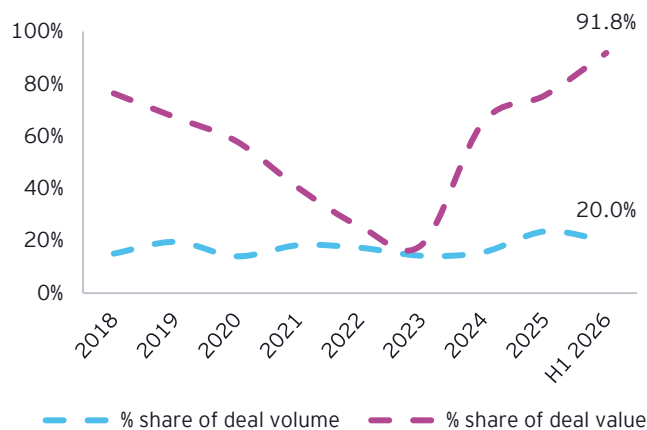
Fund name	Fund manager	Fund size
Advantage Partners VIII	Advantage Partners	1,897.2
NSSK IV	Nippon Sangyo Suishin Kiko	1,574.5
Advantage Partners Asia Fund II	Advantage Partners	424.0
Awagin Business Succession No. 2 Fund	Awagin Capital	18.9
Shinshu Mirai Support Fund No. 3 Investment	Hachijuni Capital	12.6

Cross-border investors continued to dominate larger transactions in H1 2026.

International investors continued to play an outsized role in Japan's PE market in H1 2026, accounting for 91.8% of total deal value despite contributing only 20% of deal volume. The disparity highlights the continued focus of overseas sponsors on larger take-private, carve-out and platform investments, while domestic general partners (GPs) remain the primary drivers of activity in the relationship-driven mid-market.

Beyond deploying capital, global firms are increasingly establishing on-the-ground capabilities to access Japan's expanding opportunity set, with firms such as Warburg Pincus, Advent International and Apollo Global Management expanding their presence in the country. As competition for high-quality assets intensifies, local relationships, sourcing networks and execution capabilities are becoming increasingly important differentiators for investors seeking to scale their presence in Japan.

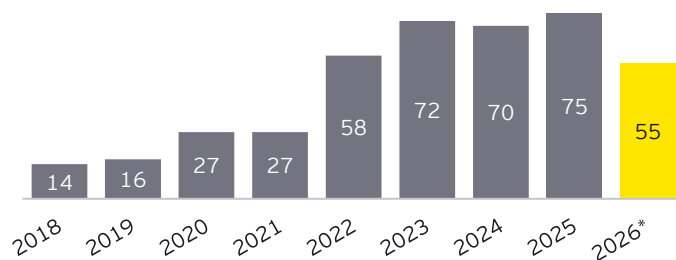
Japan PE deal activity with nondomestic investor participation as a share of total Japan PE deal activity



Rising shareholder activism is expected to sustain take-private and carve-out activity.

The steady rise of shareholder proposals is reshaping corporate behavior in Japan. As of May 2026, 55 companies had already received shareholder proposals from activists, equivalent to more than 73% of the full-year 2025 total, putting 2026 on pace to be another historically active year for shareholder engagement. Continued pressure from activists, together with ongoing corporate governance reforms, is encouraging boards to improve capital efficiency, optimize portfolios and reassess ownership structures. As a result, take-private transactions and corporate carve-outs are expected to remain an important source of opportunities for PE investors in Japan.

Number of companies receiving shareholder proposals from activists

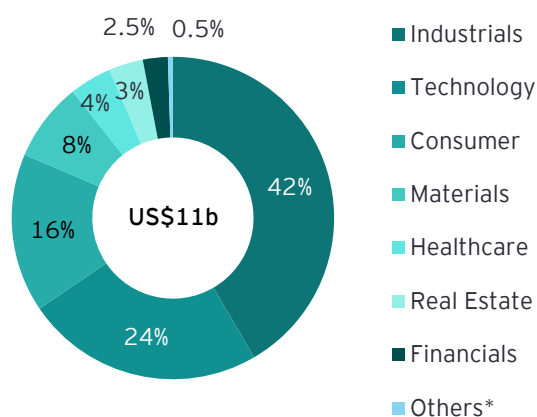
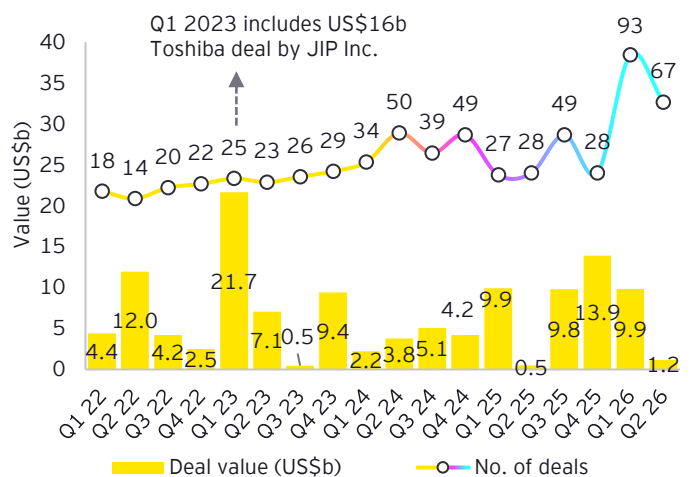


*Data as of 14th May 2026.

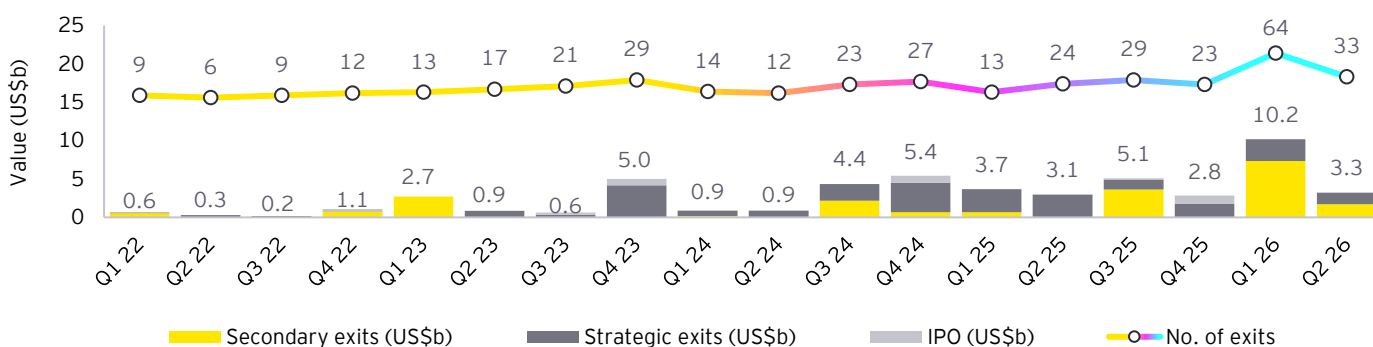
Looking ahead to the second half of 2026, Japan's PE market is expected to benefit from an expanding opportunity set across business succession, take-private and carve-out transactions. Proposed reforms to Japan's business tax regime, scheduled to take effect in 2027, could also encourage some founders to accelerate ownership transition decisions, creating additional opportunities across the middle market.

PE investments in Japan

Breakdown of PE investment value by sectors in H1 2026



PE-backed exits in Japan



As Japan's PE market evolves amid a more uncertain environment, operational value creation is becoming an increasingly important differentiator for investors. Sponsors that combine transformation capabilities with trusted local relationships and differentiated sourcing networks will be best positioned to capture value from an expanding opportunity set.

Top PE investments in H1 2026 (US\$m)

Target	Sector	Investor	Type of deal	Deal value
Nippon Sheet Glass	Industrials	Apollo Global Management	Take-private	3,700 (JPY 590b)
MCJ Co Ltd	Technology	Bain Capital	Take-private	1,325 (JPY 207b)
FineToday Holdings	Consumer	Bain Capital	Buyout	1,289 (JPY 200b)

Top PE-backed exits in H1 2026 (US\$m)

Target	Sector	Exit type	PE seller	Exit value
Kioxia Holdings Corp	Technology	Secondary	Bain Capital	5,247 (JPY 820b)
FineToday Holdings	Consumer	Secondary	CVC Advisers Ltd	1,289 (JPY 200b)
Kokusai Electric Corp	Technology	Secondary	KKR	950 (JPY 151b)

Note:

*Others include Utilities and Telecom.

Data used in this report is sourced from Dealogic, Pitchbook and AVCJ.

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Contact us to explore these trends and discuss the implications for you.



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