



Asia Access Quarterly: 2023 Outlook

Explore M&A highlights from Asia, and deal trends for 2023

Over 200 Asia cross-border deals completed...



**DC Advisory provided advisory services for transactions involving the companies listed above. Figures from inception of Asia Access team, October, 2010. All data included in this publication was sourced from Mergermarket unless otherwise indicated. For more information, please see here. For important information regarding this publication, please see our Insights and Publications disclaimer >*

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Key Asian outbound & inbound M&A trends

This edition, our Asia team explores M&A highlights across Q4 2022 – providing an overview of deal trends in the region and an outlook for 2023 and beyond.

In 2022, we saw polarising M&A trends across Asia:

- **Record levels of M&A** were seen in Japan, China and Southeast Asia, driven predominantly by a strong post-Covid bounce-back (much later than the West)
- **Japan** saw large corporate carve-outs, fuelled by private equity funds, catalysing a record number of Japan-related M&A transactions in 2022, with 4,304 deals¹
- In **China**, despite heated rhetoric, 2022 posted a record high trade surplus with the US (USD 878BN), with an expectation that annual GDP growth will return to 5-6%, backed by the highest consumer confidence index.² Additionally, a strong return of capital markets to fund Chinese corporate balances sheets saw a new record of 391 IPOs raising USD 92BN³ were conducted in 2022
- In **South Korea and India**, M&A had been notably muted, because of geopolitical turmoil and investor nervousness amidst inflation rises and cost-of-living crisis



Buyer/seller sentiment in Europe and the US could likely increase the relevance and role of Asian outbound acquirers in 2023, with softening valuations and nervous local investors in the regions. Conversely, Japanese corporates and Chinese private equity are fine-tuning their acquisition strategies toward sectors of growth and importance and have benefited from a strong Covid-19 rebound.

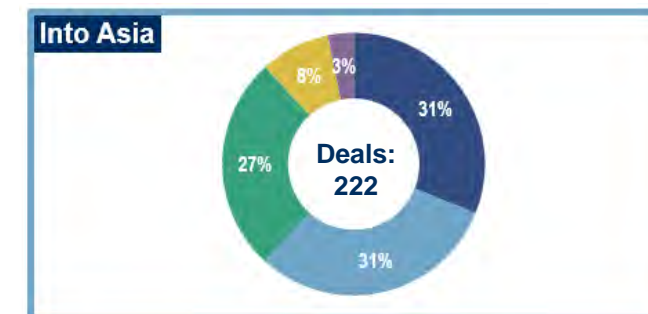
DC Advisory's Asia experts review Q4 activity in depth and what the emerging trends mean for 2023 deal flow >

[Access regional breakdown here >](#)

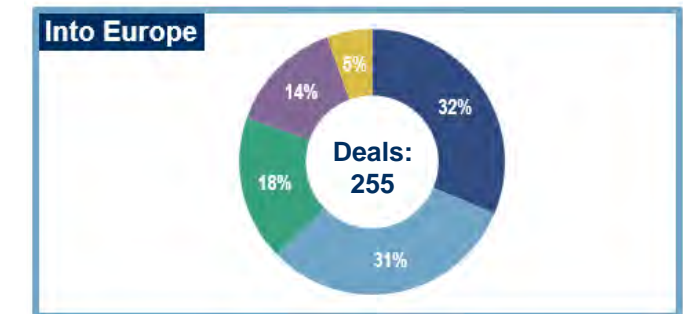
[Read our InFocus: Japan M&A 2023 outlook article here >](#)

2022 Asia activity

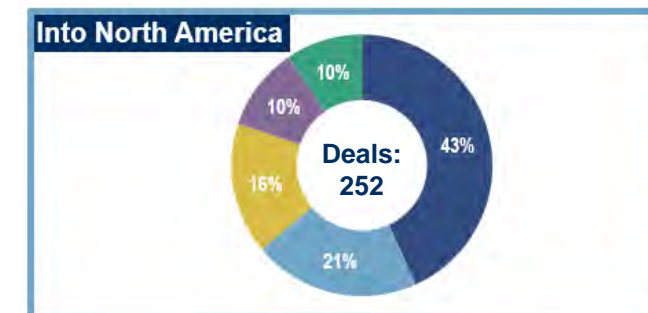
Asian outbound M&A activity by region (2022)



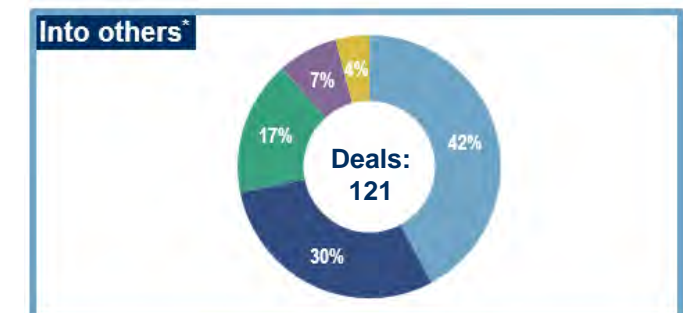
Source: Mergermarket



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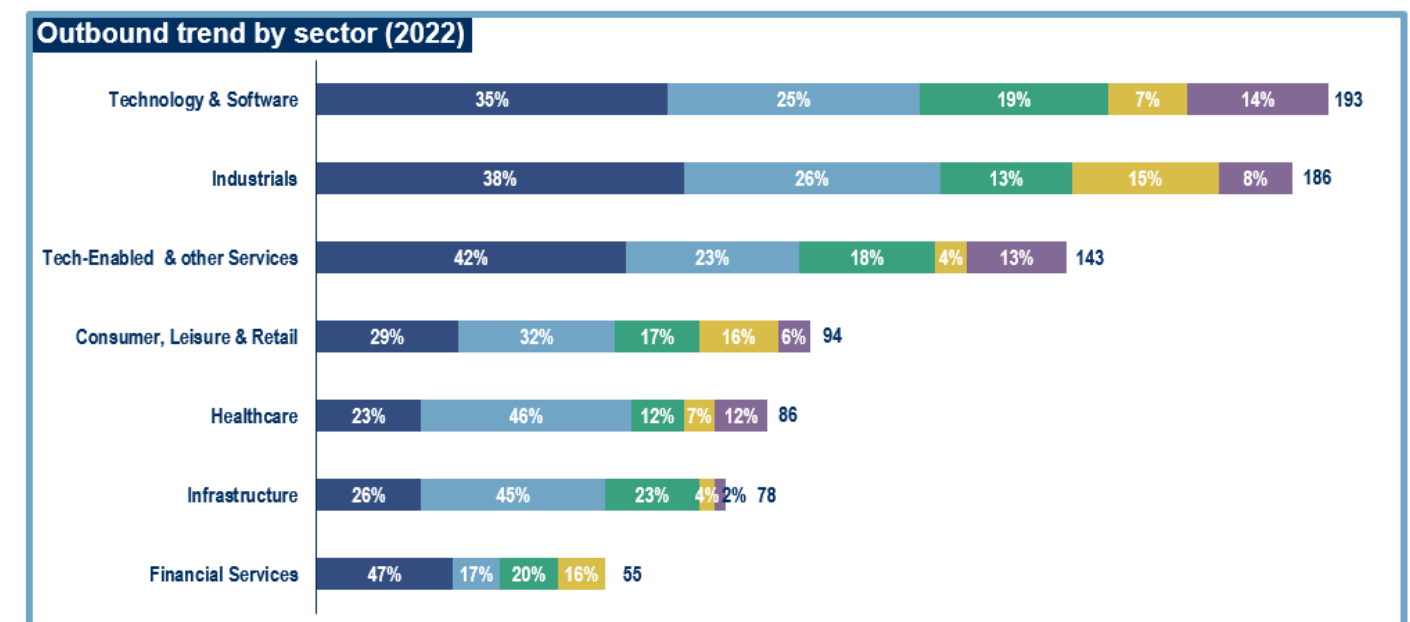
Source: Mergermarket



Source: Mergermarket

* Others include LATAM, Africa, Middle East and Oceania

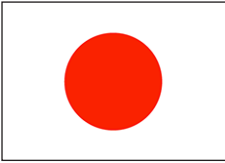




Asian outbound M&A activity by sector (2022)



Source: Mergermarket

Japan China SEA South Korea India

Q4 Pan-Asian M&A trends

<div><div></div><div></div><div></div></div> <div>High</div> <div>Medium</div> <div>Low</div>			Digital transformation	M&A booming	Rising interest rates	Sustainability & green transition	M&A slowdown
		Japan	Tech-Enabled Services became the most active outbound M&A sector	Record level of M&A in 2022, with 4,304 deals; private equity activity at historic high	Move from decades long 0% policy – cap on 10 year bond yields lifted to 0.5% in December	DX and GX becoming a universal corporate theme	
		China	Record level of 391 IPOs raising USD 92BN in 2022, mainly driven by tech companies ⁴	Significant post-Covid rebound, China as top outbound acquirer in four out of six key sectors in Asia	Not perceived as a major issue	USD 3.2BN worth of electric vehicles, highest-ever monthly total, exported on Nov 2022 ⁶	
		India	Ed-tech companies acquiring skills through M&A, especially in the US		Government progressively raised the rate since September 2022, now set at 6.25%		No high-ticket transactions, and out-bound M&A in each of the key industry sectors notably subdued in Q4
		Southeast Asia	Introduction of 'Buy now, pay later' (BNPL) driving traffic to online retail	Strong outbound M&A in Q4 (USD13.5BN); SE Asia leads intra-Asia M&A		Focus on sustainable and secure energy supplies / ESG as key M&A driver	
		South Korea	M&A in tech start-ups tripled in volume throughout 2022 ⁵		The Bank of Korea raised rates from record-low 0.5% in August 2021 to 3.25% in November 2022	Large corporates continue with Lithium-ion battery M&A activities on back of bullish long-term outlook	47% drop in domestic M&A, compared to last quarter

Japan

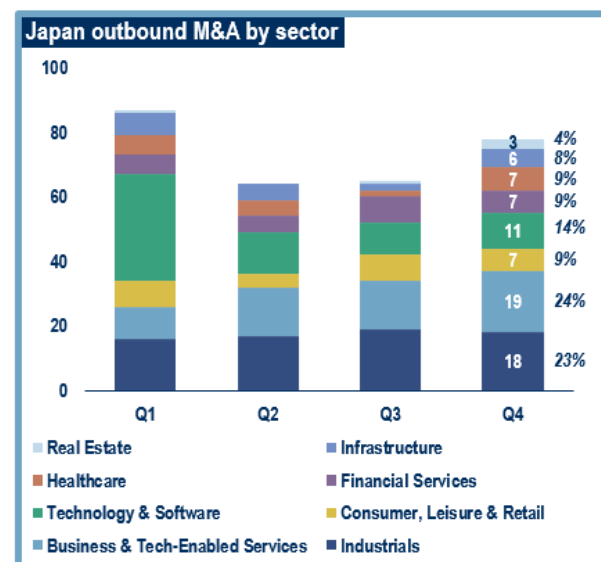


“ For 2023 and beyond, we anticipate that the softening of Western valuations will drive interest in outbound activity, while the rise of private equity activity in Japan will mean a steadier stream of domestic deal flow ”

Tosh Kojima, Managing Director
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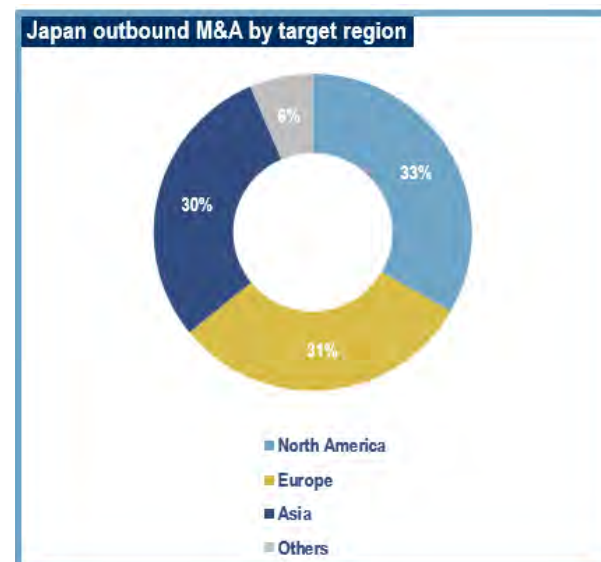
- Japan-related M&A activity was at a record high over 2022⁷ – driven by domestic and inbound activity fuelled largely by private equity deals and large buyouts
- However, Japanese outbound M&A activity declined by c. 8% in 2022 vs 21 – marginally better than the comparable c.10% decline in Western territories – but a 17% decline against Japan’s record outbound M&A year of 2019⁸
- High performing sectors for outbound M&A remained the traditionally popular Industrials and Technology & Software (61% of deals collectively), now joined by Business & Tech-Enabled Services (driven by digital transformation activity)⁹
- Target locations for Japanese outbound activity notably shifted in Q4 2022, with Europe growing from 23% to 31% of total deals QoQ¹⁰, with the US narrowly maintaining its lead throughout the year
- Q4 2022 saw a strong finish for Japanese outbound M&A, with volumes increasing by 20% over the previous quarter¹¹, predominantly driven by a strong but late post-Covid rebound for the Industrials space, and a weak Yen providing tail winds on export
- Deal making sentiment did start to taper off at the end of Q4, in anticipation of cost-of-living issues and price rises to come

Japanese outbound M&A by sector (2022)



Source: Mergermarket

Japan outbound M&A by target region (2022 Q4)



Source: Mergermarket

China

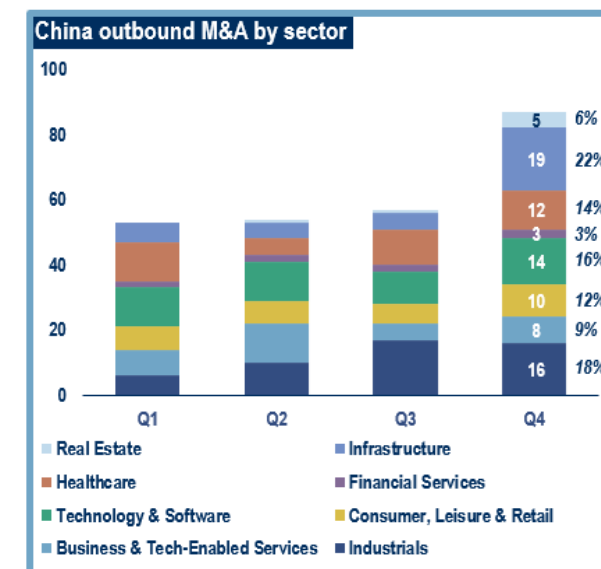


“ For 2023 and beyond, Chinese buyers are adopting a pragmatic approach - fine-tuning their acquisition strategies toward sectors favored by Chinese government to ensure streamlined approval processes back home, as well as deal deliverability in the target regions ”

Endong Zhai, Managing Director
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- With the reopening of borders after nearly three years, economists now predict that the nation's economy will expand by 5.1% in 2023, and 5% in the following year¹²
- Thanks to this Covid-19 rebound, in Q4 2022, China experienced a significant rebound in outbound M&A in its key sectors, including Industrials (18% of deals), Infrastructure (22%), and Tech & Software (16%), resuming the country's focus on upgrading its domestic capabilities
- Q4 2022 saw a 65% increase in deals announced vs Q3, with disclosed deal value totalling nearly EUR 10BN¹³
- Europe continued to be the most sought-after destination for outbound investment accounting for 37% of all deals, with Asia as the second most popular (24% of deals)¹⁴. This is largely driven by the geopolitical conflict between China and the US, and the strength of Asian currency against the weakened Euro and sterling
- China-based private equity investors will continue to be under pressure to deploy capital in 2023, and may also capture buying opportunities within these sectors, hoping to benefit from favourable government policies, as well as softening valuations across the globe¹⁵

China outbound M&A by sector (2022)



Source: Mergermarket

China outbound M&A by target region (2022 Q4)



Source: Mergermarket

India

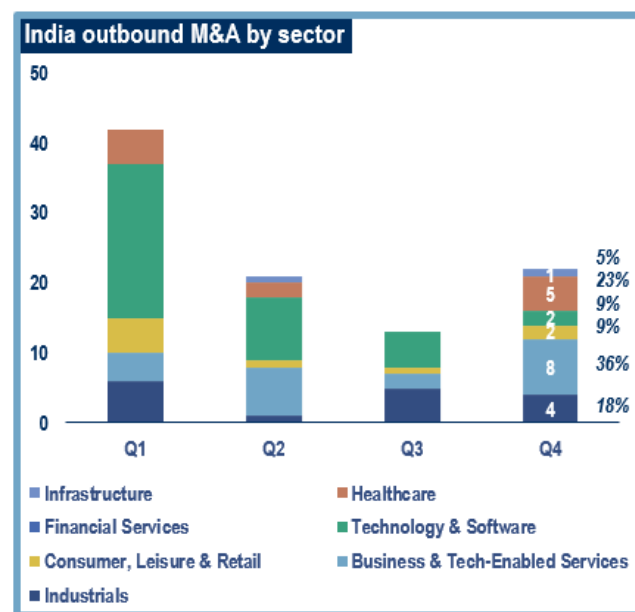


“We expect that many Indian companies will continue to look outside for inorganic growth, **customer acquisition and market expansion**, as a result of a challenging domestic economic environment – so outbound M&A activity will **likely pick up in the next few quarters**”

Klaas Oskam, Managing Director
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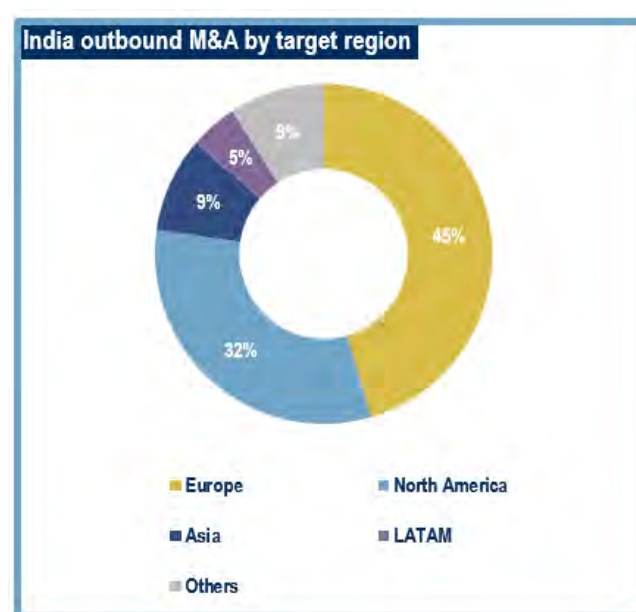
- Over the course of 2022, Indian capital markets have shown resilience – despite geopolitical uncertainty and high inflation – however Indian companies still remain cautious in acquisitions¹⁶
- This caution is demonstrated in Q4 2022, as deal volumes and value reduced slightly¹⁷ with fewer high-ticket transactions, with average deal value reducing (highest deal value USD 125M vs USD 1.1BN in the previous quarter)¹⁸
- Companies in emerging sectors however, such as Ed-Tech, are actively looking to expand their geographical presence and continue to demonstrate an appetite to grow inorganically
- Indian buyers continue to favor Europe as the outbound destination, with 45%¹⁹ of total outbound deals in Q4, and the UK seeing maximum deal activity from India
- In 2023, India's GDP is likely to grow at 7%²⁰ in 2023, against the expansion of 8.7% in the previous fiscal year, which could mean that Indian companies will have capital to acquire globally, continuing deal momentum across 2023

India outbound M&A by sector (2022)



Source: Mergermarket:

India outbound M&A by target region (2022 Q4)



Source: Mergermarket

Southeast Asia

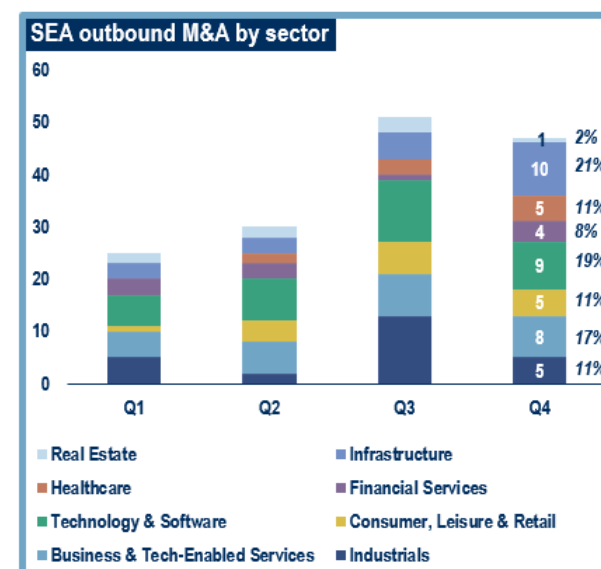


“Looking ahead, investors are likely more wary of potential macro-economic situations and how it affects their strategies. Energy & infrastructure M&A activity is expected to strengthen as the international focus on sustainable, secure energy supplies and renewables continues”

Yong Sin Lin, Managing Director
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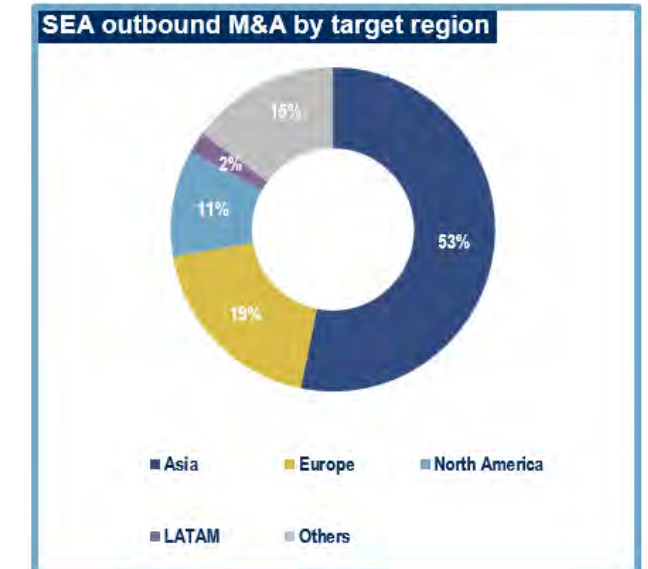
- Over the course of 2022, the Southeast Asian region (including Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam) the post-Covid 19 recovery was impacted by the geopolitical turbulence in Europe driving energy and food prices upwards
- Despite this, Southeast Asian outbound M&A was strong in Q4 2022, reaching USD 13.5BN – indicating resilience that could be sustained into 2023²¹
- Southeast Asian deal activity in the Industrials sector was prominent – with 39% of all deals for the territory driven by the Covid rebound. In line with the country's rapid digitalisation and ESG focus energy & Infrastructure (26% of total deals) and Technology & Software (11%) - trends that look set to continue²²
- Despite the recent market volatility, Technology M&A activity is still expected to remain sought-after as the strategics remain well capitalised to conduct active acquisitions
- These top three sectors accounted for 76% of M&A deal flow collectively, indicating a strong and positive outlook in these sectors²³
- Asia dominated the Southeast Asia outbound M&A space at 81%, and marking the region to be the most active outbound acquirer amongst all Asian countries²⁴

SEA outbound M&A by sector (2022)



Source: Mergermarket:

SEA outbound M&A by target region (2022 Q4)



Source: Mergermarket:

South Korea



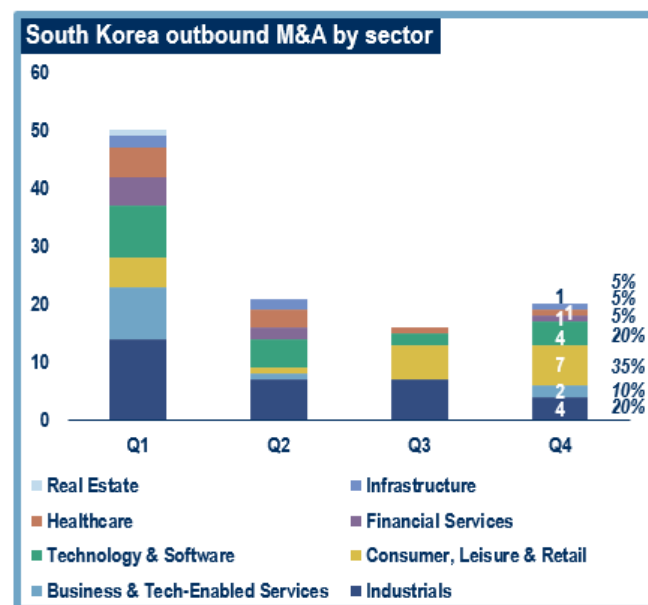
“Looking ahead, the headwinds from a delayed Covid-19 rebound in Asia means there is a degree of momentum around investment. However, investors remain cautious – and Q4 2022 indicated a shift in appetite from US outbound investment to Europe and Asia, to capitalise on softening valuations as geopolitical turmoil, inflation rises, and cost-of-living crises continue into 2023

”

Youngjin Lee, Managing Director
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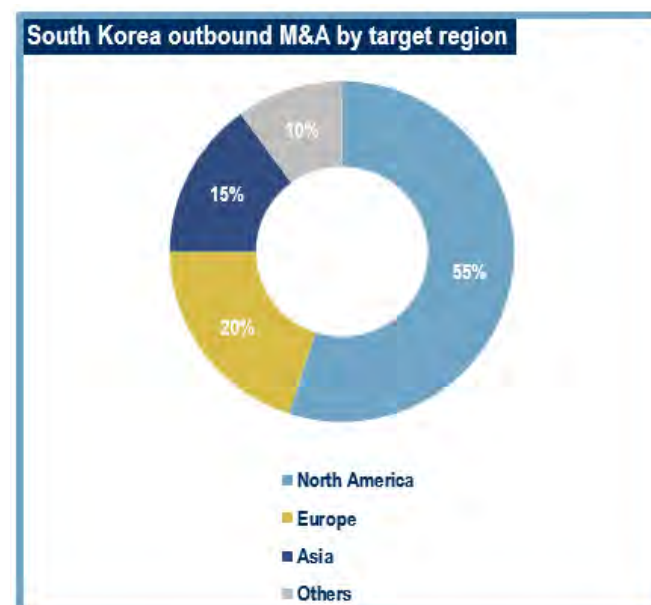
- In South Korea, overall M&A volume in Q4 2022 increased by 25% vs Q3²⁵, a symptom of the delayed Covid-19 rebound in Asia, however activity levels by sector varied
 - The Consumer, Leisure & Retail sector had the highest deal volume, which accounted for 30% in Q4²⁶, driven by the loosening of Covid-19 restrictions
 - Industrials activity, however, saw a drastic slowdown with its share of outbound deals went down from 44% in Q3 to 13% in Q4²⁷– demonstrating nervousness from investors, driven by the ongoing economic recession, industrial businesses are choosing to focus on their core business
- There was a 21% decline in North America's share of outbound deals from South Korea, indicating investors have shifted their focus towards Asia and Europe, accounting for 26% and 22% of outbound activity in Q4²⁸, respectively – largely driven by the restored confidence of investors in Asia and Europe as the regions recover from the pandemic

South Korea outbound M&A by sector (2022)



Source: Mergermarket

South Korea outbound M&A by target region (2022 Q4)



Source: Mergermarket

Asia M&A: 2023 Japanese M&A outlook

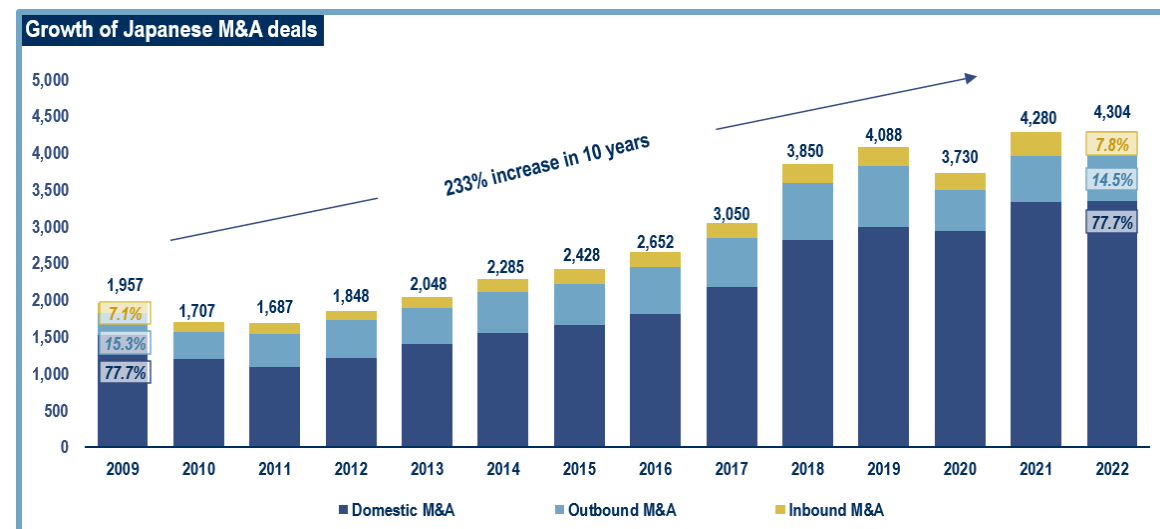
2022 Japanese M&A hits record high – with 2023 set to follow...

2022 M&A activity related to Japanese companies reached the highest volumes recorded by RECOF²⁹ since 1985, surpassing previous records in 2021 and 2019. Interestingly, as activity increases, the outbound/inbound dynamics are changing, as well as how comfortable M&A processes feel for Japanese operators. In 2022, for example, acquisitions by financial investors, largely foreign and domestic private equity firms, made up nearly a quarter of total activity (1,071 deals)³⁰, which sets a new Japanese record, and indicates a level of ease with foreign operators and transactions overall.

The past 10 years have seen Japanese M&A volumes grow by a staggering 233% - a trend that looks set to continue apace this year, in both inbound and outbound terms:

1. **Inbound activity** will likely continue to be led by large corporate carve-outs, private equity firms increasingly setting up bases in Tokyo and succession-based issues for privately owned Japanese firms
2. We believe that **Outbound activity** will continue to be driven by Japan's domestic growth challenges – an ageing population and shrinking economy – as businesses look to streamline their portfolios, look for competitive differentiation, and market growth

But how will this activity continue to take shape? DC Advisory's Asia Access experts explore >



Source: Recof Database, all deal size, either buyer or seller or both from Japan, counterparty any region, all sectors

Private equity increases its 'flex' appeal

Private equity has been slow to grow in Japan compared to the Western world. This has largely been due to cultural resistance to corporate disposals and a focus on maintaining domestic employment, rather than enhancing shareholder value. However, in recent years, there have been slow but significant changes in the Japanese market to create the environment we see entering 2023.

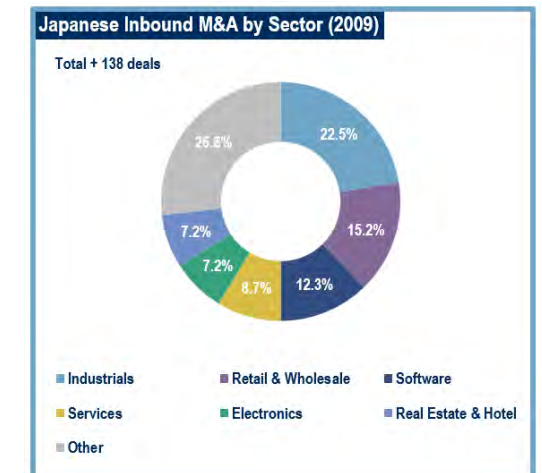
Over time, we've seen an increase in shareholder activism, stronger corporate governance and a drive to streamline and increase efficiency for Japanese businesses. This has led to:

- The breakdown of traditional conglomerates;
- An unwinding of legacy cross-shareholdings;
- And, the latest pandemic-driven assessment of Japanese corporates, re-evaluating and streamlining their non-performing assets in a difficult climate

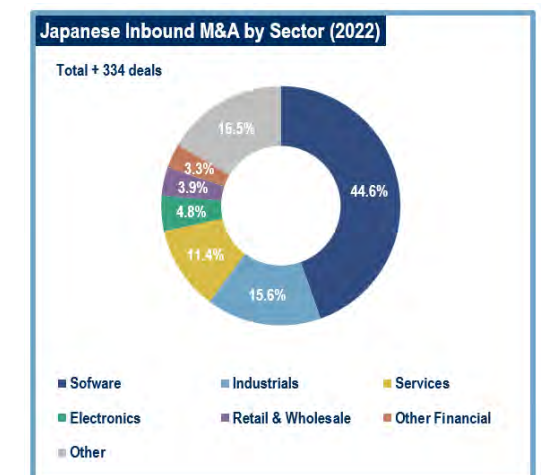
Simultaneously, Western private equity firms that have remained in Japan have been able to win over Japanese shareholders and public opinion by successfully delivering large buyouts (see Table 1). In some cases this activity being driven by a 'cheaper Yen'.

In light of these changes, US and European private equity firms have moved quickly to re-establish a presence in the local market. In 2022 alone, six of the ten largest M&A deals in Japan involved financial sponsors indicating an increased openness to domestic buyout activity as Japan continues to rationalise its corporate portfolios (see Table 1).

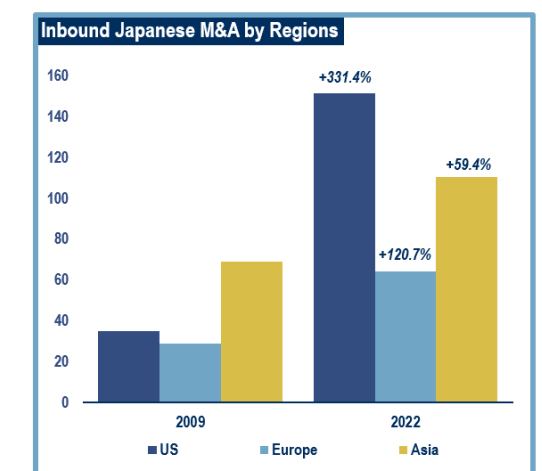
Additionally, the dissolution of cross-shareholdings³¹ and the April 2022 introduction of a new top-tier 'Prime' section of the Tokyo Stock Exchange for globally competitive companies, resulting in a two-tier corporate landscape in Japan, will likely continue to generate opportunities for Western private equity firms. Over time, the Japanese market is expected to mature³², bridging the gap in private equity investment volumes between itself and Europe or the US.



Source: Recof Database, all deal size, all sectors, target or seller in Japan, buyer non-Japanese



Source: Recof Database, all deal size, all sectors, target outside Japan, buyer Japanese



Source: Recof Database, all deal size, all sectors, target or seller in Japan, buyer non-Japanese

Top 10 Japanese M&A deals in 2022 (Table 1)

Rank	Deal Value (USD m)*	Deal Description	Date	Deal Type
1	5,110	Take-private of Hitachi Transport (Logistics / Japan) by KKR (PE / US)	01/05/2022	PE / Inbound
2	4,161	Takeda Pharmaceutical (Pharmaceutical / Japan) acquired Nimbus Lakshmi from Nimbus Therapeutics (Services / US)	14/12/2022	Outbound
3	3,912	Sony Interactive Entertainment (Electronics / Japan) acquired Bungie (Software / US)	01/02/2022	Outbound
4	3,255	Corporate carve-out of scientific instrument business of Olympus (Industrials / Japan) by Bain Capital (PE / US)	30/08/2022	PE / Inbound
5	3,125	Saudi Arabia's Public Investment Fund (Saudi Arabia) took a minority stake in Nintendo (Hardware / Japan)	19/05/2022	Inbound
6	2,365	Tokyo Gas (Energy Utilities / Japan) sold its LNG portfolio in Australia to EIG Global Energy Partners (PE / US)	08/10/2022	PE / Inbound
7	2,033	Yokohama Rubber (Automotive / Japan) acquired Trelleborg Wheel Systems (Automotive / Sweden)	26/03/2022	Outbound
8	1,903	Seven & i Holdings (Retail / Japan) sold Sogo & Seibu (Retail / Japan) to Fortress Investment Group (PE / Japan)	12/11/2022	PE / Domestic
9	1,750	Mitsubishi Corporation (Trading house / Japan) sold its stake in the JV with UBS Realty to KKR (PE / US)	18/03/2022	PE / Inbound
10	1,522	Mash Holdings (Chemicals / Japan) sold controlling stake to Bain Capital (PE / US)	16/11/2022	PE / Inbound

*1 USD = 131.4 JPY; source: Mergermarket, all sizes, all sectors, buyer or seller Japanese, Jan - Dec 2022

And finally, we expect that the succession issues facing Japan will continue to drive M&A activity - in 2022, success-based M&A activity accounted for nearly 20% of all disposals. As of 2020, the average age of company presidents in Japan was 60.1 years (survey by Teikoku Data Bank)- the first time since 1990 this was above 60 years, and a clear indicator of the ageing population issue. In the same survey, 48.7% of all privately owned SME business owners³³ are facing succession issues, suggesting that M&A solutions will be necessary to stabilise this domestic challenge.

Find out more on this topic: [Corporate disposals fuel the rise of Japanese private equity](#)

Japan now knows what it wants

A key positive trend making M&A a more acceptable corporate tool is the increase in labour market liquidity in Japan, especially at the senior and upper-middle management layers, and the recognition of strategic planning and M&A as tangible and transferable skillsets. Ten years ago, Japanese corporate planning officers, including those overseeing M&A execution, were subject to notorious corporate rotation (or "re-shuffle," as it is known in Japan) every several years, making it difficult to retain know-how and skills in the department.

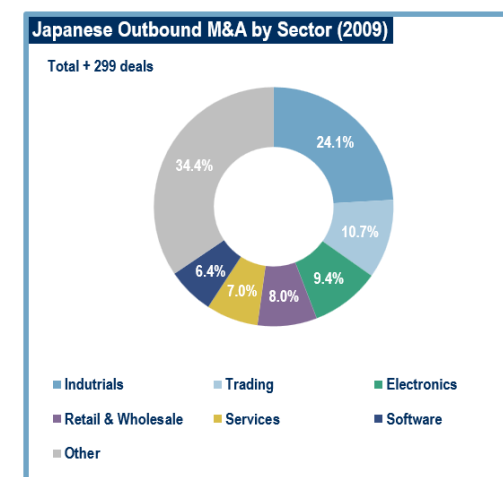
Experience and best practices for M&A were also hard to obtain, as few people moved from the professional services sector to corporates (especially to senior decision-making positions), and corporate planning officers were not seen as holders of transferable skills who could move between companies. Rather, they saw these roles as stepping stones to senior management positions.

Today, many Japanese companies have developed highly capable and experienced in-house M&A teams and have actively hired talent from other companies (often across different industries) who are recognized as being successful in M&A, as well as hiring experienced advisors from investment banks to join their in-house M&A teams. What has been a normal career path in the Western world of M&A has finally become an accepted norm in today's Japan.

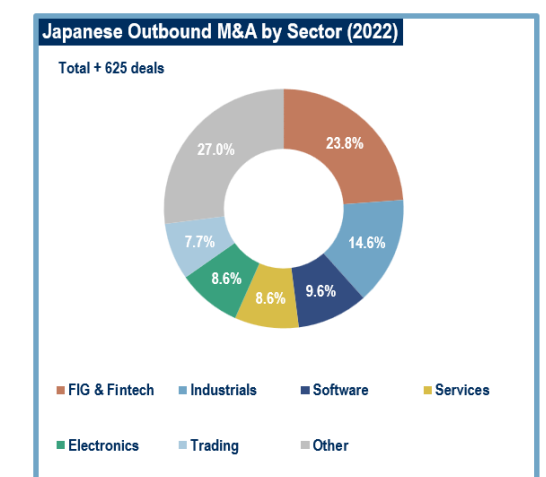
In 2022, Japanese outbound acquisition cases related to digital transformation (DX) were particularly noticeable. One in three target companies for acquisition were IT or software-related firms, including tech-enabled service businesses and Fintech. While Japanese companies have traditionally been known for their focus on manufacturing and engineering, many are now recognizing the importance of DX and turning to M&A as a means of achieving it. In many cases, these acquisitions cross industry boundaries, as companies seek to bring in expertise from outside their core business areas.

This trend in Japan is partly fuelled by the government's push for DX in various industries. Paradoxically, and contrary to a commonly held perception outside Japan, old-fashioned approaches and conservative thinking often persist in Japanese workplace practices and organizational setups, even in cutting-edge manufacturing sectors. With the steady decline of Japan's labour productivity and industrial competitiveness in global rankings³⁴, the Japanese government has identified DX as a top priority in its growth strategy and is encouraging companies to invest in digital technologies and capabilities³⁵. The government has also established a Digital Agency³⁶ to oversee the country's digital transformation efforts, including e-government, which lags far behind its Western peers.

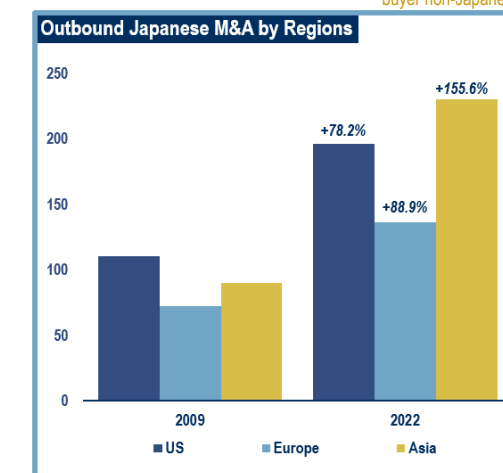
However, even for companies highly experienced in M&A in the same or adjacent industries, acquiring fast-growing IT and software companies can often present new challenges. For example, determining an appropriate acquisition price for a venture whose technology is impressive but not yet generating significant profits can be a headache. Furthermore, in the case of acquisitions by "outsiders" (i.e., non-IT companies), corporate cultures can be vastly different, making it much more difficult to approach post-merger integration, not only in terms of valuation and deal-making but also in terms of PMI, much more so than in closer adjacent industries.



Source: Recof Database, all deal size, all sectors, target outside Japan, buyer Japanese



Source: Recof Database, all deal size, all sectors, target or seller in Japan, buyer non-Japanese



Source: Recof Database, all deal size, all sectors, target outside Japan, buyer Japanese

Outlook for Japanese M&A – 2023 and beyond

While the outlook for private equity in Japan is bright, there are some reasons to be cautious:

1. Japanese LBO lenders are still maturing their policies. Take KKR Japan's troubled ownership of auto parts supplier Marelli Holding, which was supposed to be an ambitious yet highly synergistic bolt-on acquisition following their buyout of a Japanese tier-1 supplier Calsonic in 2017³⁷. This has entered a court-led restructuring process after failing to get creditors to back an alternative workout plan through ADR. This single deal, previously a symbol of success, has become a symbolic lesson.
2. A recent interest rate rise where the long-term interest rate exceeded the 0.5% upper limit of the fluctuation range set by the Bank of Japan in December 2022, a level never been seen for decades under the BOJ's zero interest rate policy set in the 1990s, has added to the Japanese lending community's woes.³⁸
3. The slowdown of the global economy, high energy costs, and the continued global shortage of semiconductor devices may also pull down Japanese GDP growth in 2023 to well below the previous year's level. This may dampen export activities and also result in mild stagflation (the concurrence of inflation and recession) back home.

Top outbound Japanese acquirer by sector (Table 2)

Industrials			Consumer & Retail			Infrastructure		
Japanese Buyer Name	Total #	€m	Japanese Buyer Name	Total #	€m	Japanese Buyer Name	Total #	€m
1 Hitachi, Ltd.	19	21,742	1 Japan Tobacco Inc.	12	5,043	1 JERA Co., Inc.	13	4,894
2 Nidec Corporation	16	2,408	2 H.I.S. Co., Ltd.	8	133	2 Osaka Gas Co., Ltd.	8	559
3 Panasonic Corporation	14	8,492	3 Ajinomoto Co., Inc.	7	817	3 Inpex Corporation	7	2,906
4 Konica Minolta, Inc.	13	1,593	4 Asahi Group Holdings, Ltd.	7	20,201	4 Eurus Energy Holdings Corporation	5	7
5 KYOCERA Corporation	16	2,305	5 Kirin Holdings Company, Ltd.	7	556	5 The Kansai Electric Power Co., Inc.	5	970
6 Sony Corporation	12	6,931	6 TORIDOLL Holdings Corporation	7	154			
7 Yokogawa Electric Corporation	11	228	7 JTB Corp.	6	236			
8 NEC Corporation	10	3,684	Services			Trading house & Investment funds		
9 Asahi Kasei Corporation	9	4,555	Japanese Buyer Name	Total #	€m	Japanese Buyer Name	Total #	€m
10 Nippon Paint Holdings Co., Ltd.	9	15,990	1 Outsourcing Inc.	19	665	1 SoftBank Group Corp.	209	123,171
11 Toyota Motor Corporation	9	3,975	2 Recruit Holdings Co., Ltd.	14	3,412	2 Mitsui & Co., Ltd.	71	9,654
12 Air Water Inc.	8	164	3 Daiwa House Industry Co., Ltd.	8	1,004	3 Sumitomo Corporation	35	4,172
13 Komatsu Ltd.	8	3,395	4 M3, Inc.	5	116	4 Marubeni Corporation	28	8,069
14 Ricoh Company, Ltd.	8	-	5 VT Holdings Co., Ltd.	5	42	5 Mitsubishi Corporation	28	8,235
15 Terumo Corporation	8	1,625	Software, IT Services & Media			6 Itochu Corporation	26	2,479
16 AGC Inc.	7	1,088	Japanese Buyer Name	Total #	€m	7 Sojitz Corporation	24	642
17 Aica Kogyo Co., Ltd.	7	230	1 Dentsu Group Inc.	58	589	8 ORIX Corporation	16	4,664
18 Daikin Industries, Ltd.	7	949	2 Rakuten Group, Inc.	21	857	9 Toyota Tsusho Corporation	10	541
19 JSR Corporation	7	757	3 NTT DATA Corporation	16	2,953			
20 Kurita Water Industries Ltd.	7	631	4 Hukuhodo DY Holdings Inc.	7	72	Healthcare		
			5 Transcosmos Inc.	5	19	Japanese Buyer Name	Total #	€m
						1 Astellas Pharma Inc.	11	4,210
						2 Takeda Pharmaceutical Company Limited	9	73,688
						3 Otsuka Holdings Co., Ltd.	4	752

Source: Mergermarket: announced basis, deal size where disclosed, Jan 2018 - Dec 2022

On the other hand, there are several reasons to be positive about corporate activities in Japan, as well as for the M&A pipeline in 2023. Inflation remains much lower compared to Europe and the US, and the overall corporate confidence index is still very positive. Such positivity, in our view, stems from the general anticipation of wage increases driving individual consumption, while labour shortages continue to encourage capital investment. Inbound demand is also showing signs of recovery post-COVID, with tourism as well as investment capital rediscovering Japan in 2023.

The industry to watch in 2023, where Japanese companies will likely increase their activities, including in M&A both at home and abroad, will be in the area of GX: green transformation. GX includes not only renewable and transitional energy economies, such as hydrogen and electrification industries but also recycling, efficient transport and infrastructure, low-carbon food production, as well as the digital knowledge economy and lifestyle industries.

Japanese companies already possess many key building blocks that are world-leading in many of these verticals, which are typically manufacturing or engineering-based. We believe that complementary elements, such as software and IT skills, regional presence and customer access, as well as fresher emerging business models that are fresher than those found in Japan, are what Japanese corporates will be seeking to acquire through M&A to remain globally competitive. Conversely, smart Western Private Equity money and Western industry leaders will likely continue to target Japan's traditional industry segment through inbound M&A, where they can profit from the continuing structural changes of Japanese corporate landscape.

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All data and charts contained in this Quarterly are sourced from Mergermarket, under the search criteria described below (unless otherwise indicated):

Japan:

Target Sector is (blank); Target Geography is (non Japan); Target Company name is (blank); Buyer Geography is Japan; Target or Buyer or Seller sector is (blank); Free text search - (blank); Value in EUR (m); Transaction type is Acquisition or Demerger or Divestment or Reverse take over or Merger; Undisclosed value deals are included; Announced date between 01/10/2022 - 31/12/2022

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Target Sector is (blank); Target Geography is (non China, non Hong Kong (China) and non Taiwan (China)); Target Company name is (blank); Buyer Geography is China or Hong Kong China or Taiwan China; Target or Buyer or Seller sector is (blank); Free text search - (blank); Value in EUR (m); Transaction type is Acquisition or Demerger or Divestment or Reverse take over or Merger; Undisclosed value deals are included; Announced date between 01/10/2022 - 31/12/2022

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Target Sector is (blank); Target Geography is (Non India); Target Company name is (blank); Buyer Geography is India; Target or Buyer or Seller sector is (blank); Free text search - (blank); Value in EUR (m); Transaction type is Acquisition or Demerger or Divestment or Reverse take over or Merger; Undisclosed value deals are included; Announced date between 01/10/2022 - 31/12/2022

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Target Sector is (blank); Target Geography is (non South Korea); Buyer Sector is (blank); Buyer Geography is South Korea; Target or Buyer or Seller or Advisor company is (blank); Free text search - (blank); Value in EUR (m); Transaction type is Acquisition or Demerger or Divestment or Reverse take over or Merger; Undisclosed value deals are included; Announced date between 01/10/2022 - 31/12/2022