

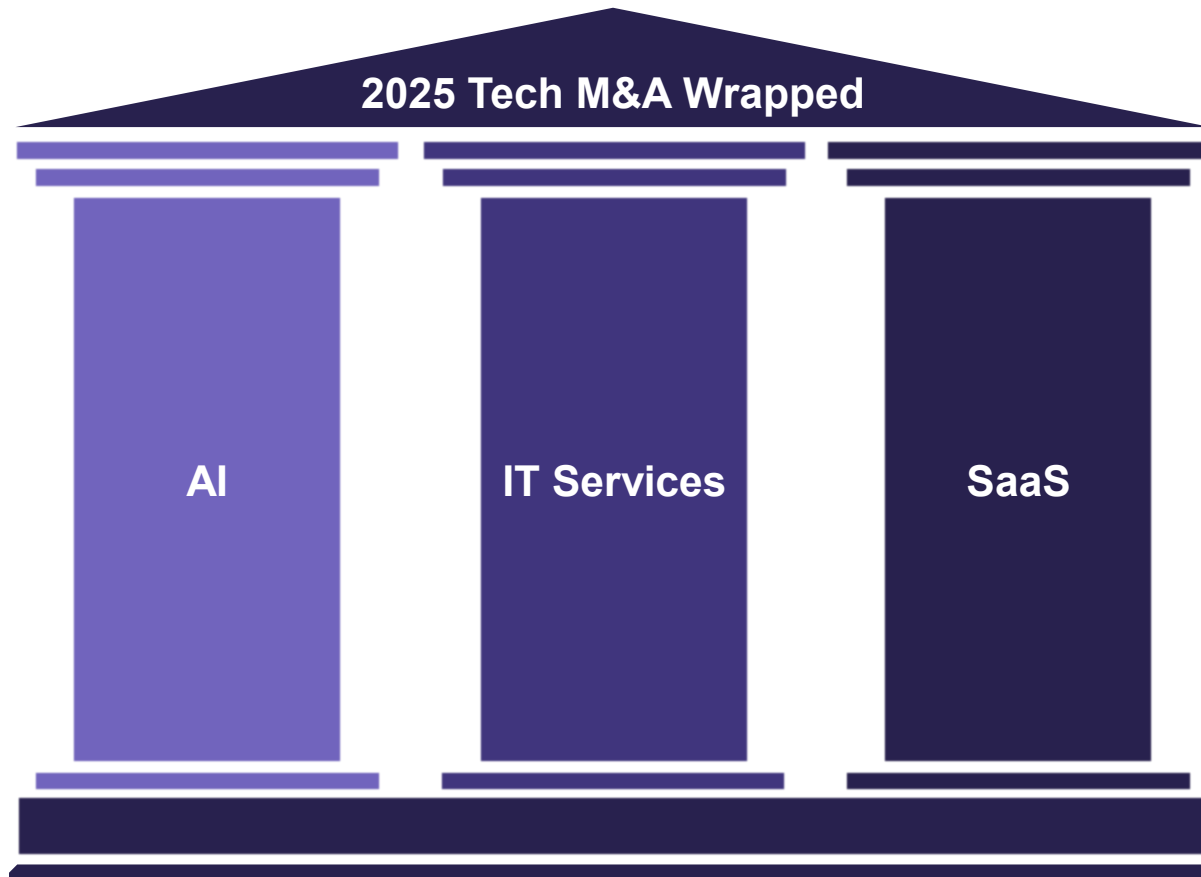
Aventis Advisors

2025 Tech M&A Wrapped: The Year in Charts

10 December 2025

Our 2025 Tech M&A wrapped focuses on AI, IT Services, and SaaS companies

Modern technology companies' landscape



Main types of technology companies we will cover in this recap

Artificial Intelligence: Companies that develop, enable, or supply AI technologies spanning model developers, LLMs, data infrastructure providers, semiconductor providers, and the broader ecosystem powering AI adoption across industries

SaaS: Firms that build and sell applications delivered through cloud models, typically generating recurring revenue via subscriptions

IT Services: Companies that design, implement, integrate, operate, and consult technology for clients

Agenda

1. The big picture: performance of AI, IT Services, and SaaS indices
2. The AI fundraising boom - are we in a bubble?
3. The IT Services valuation reshuffle and its impact on dealmaking
4. The SaaS valuations decline in 2025 and whether a rebound is coming
5. The key trends that will shape Tech M&A in 2026



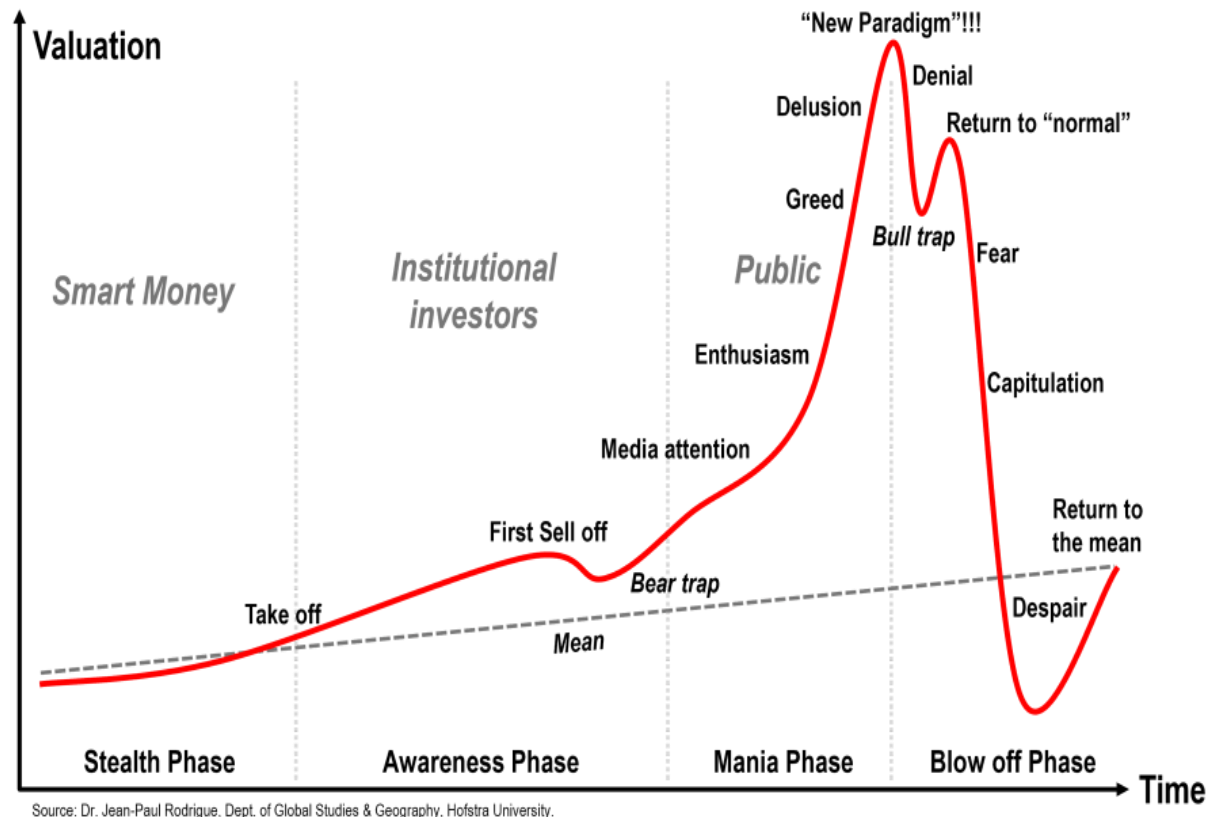
AI index's explosive growth shows striking parallels to historical bubble manias

AI companies accelerated dramatically in 2025 but so did the signs of a potential bubble in AI

Aventis AI Index, 30th Nov 2022 – 5th Dec 2025 (30.11.2025 = 100)

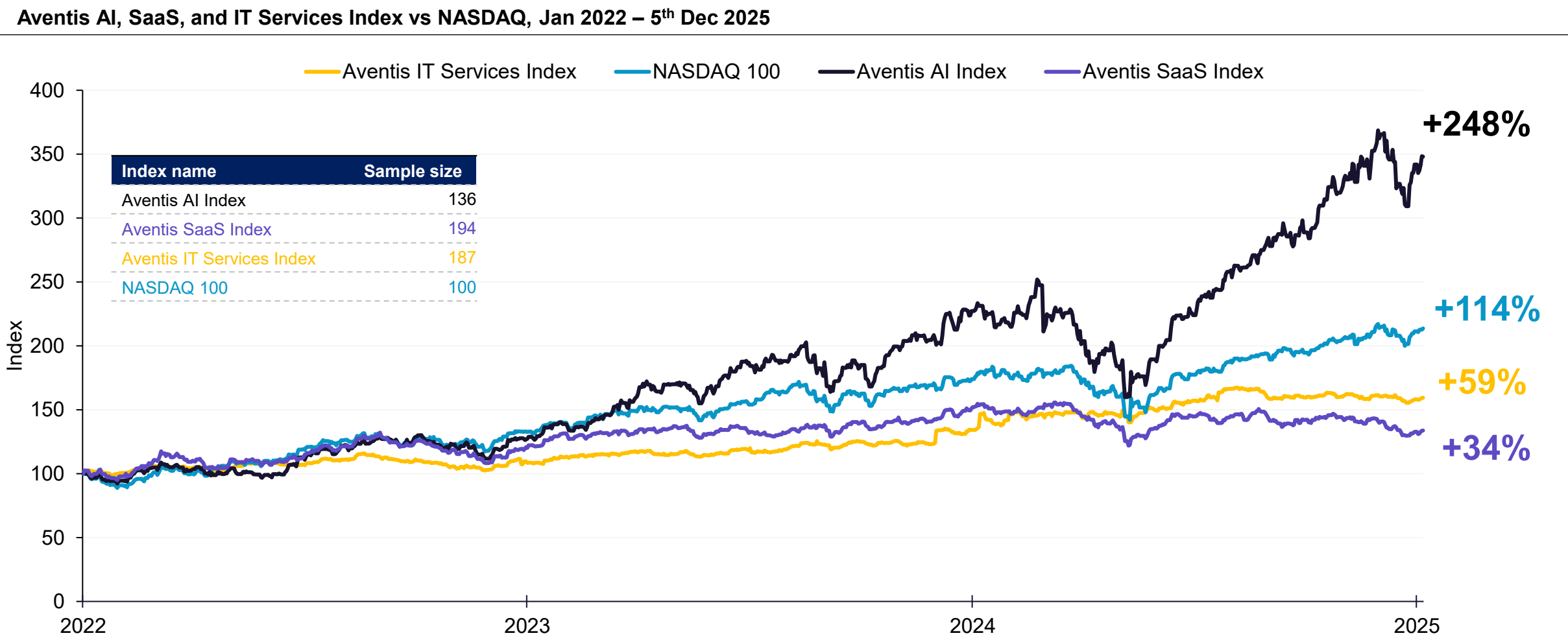


Different stages in a bubble



The performance of our AI, IT Services, and SaaS indices since the launch of ChatGPT

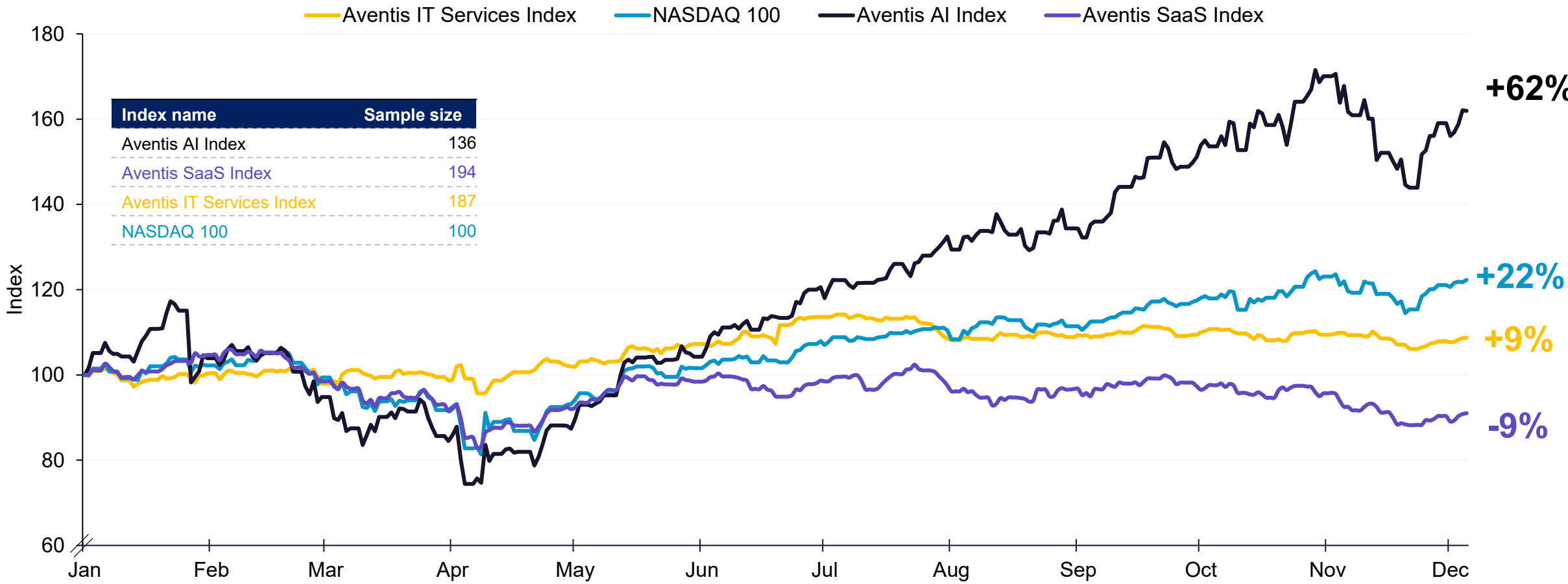
AI companies have sharply outperformed SaaS, IT services, and the NASDAQ since ChatGPT's launch, making AI the clear growth engine



The performance of our AI, IT Services, and SaaS indices in 2025

In 2025, AI pulled ahead while SaaS lagged and IT services stayed steady, highlighting a clear divergence in the performance of tech companies

Aventis AI, SaaS, and IT Services Index vs NASDAQ, Jan 2025 – 5th Dec 2025



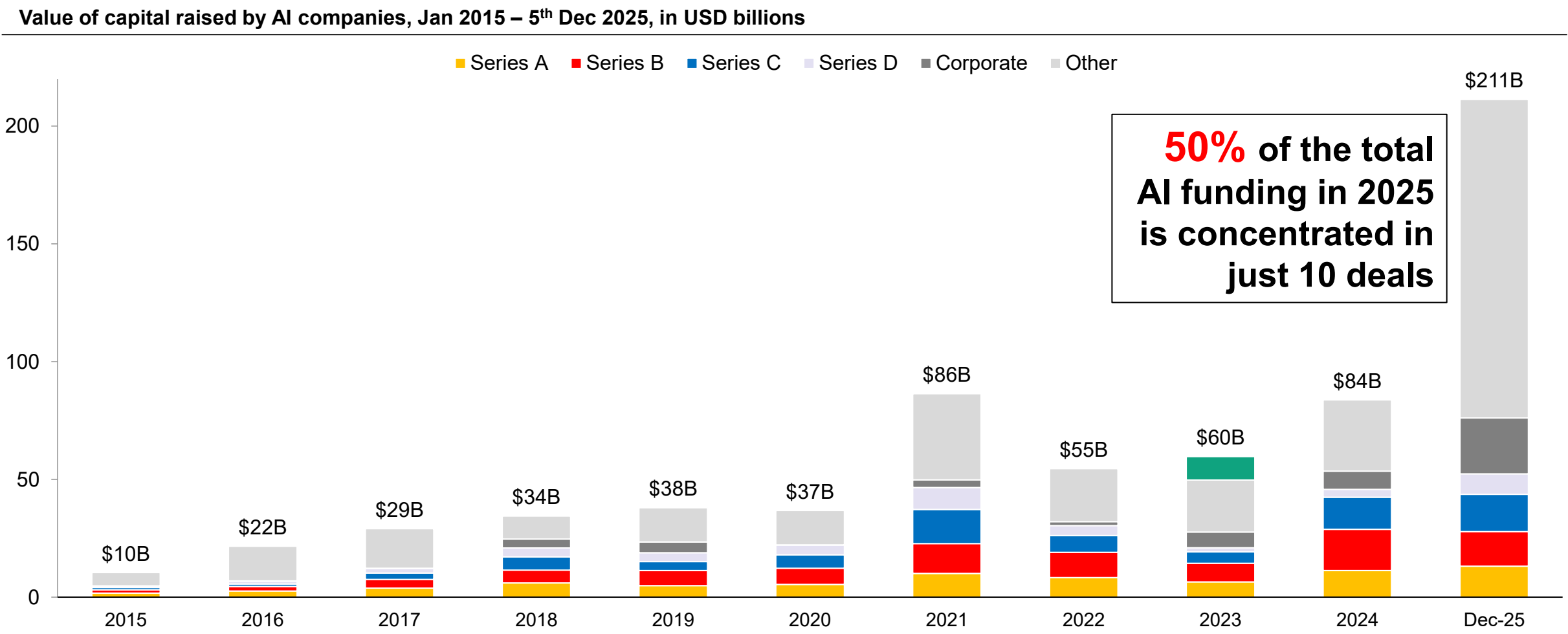
Agenda

1. AI
2. IT Services
3. SaaS



AI fundraising crossed \$200B this year but most of the value accrued to a few firms

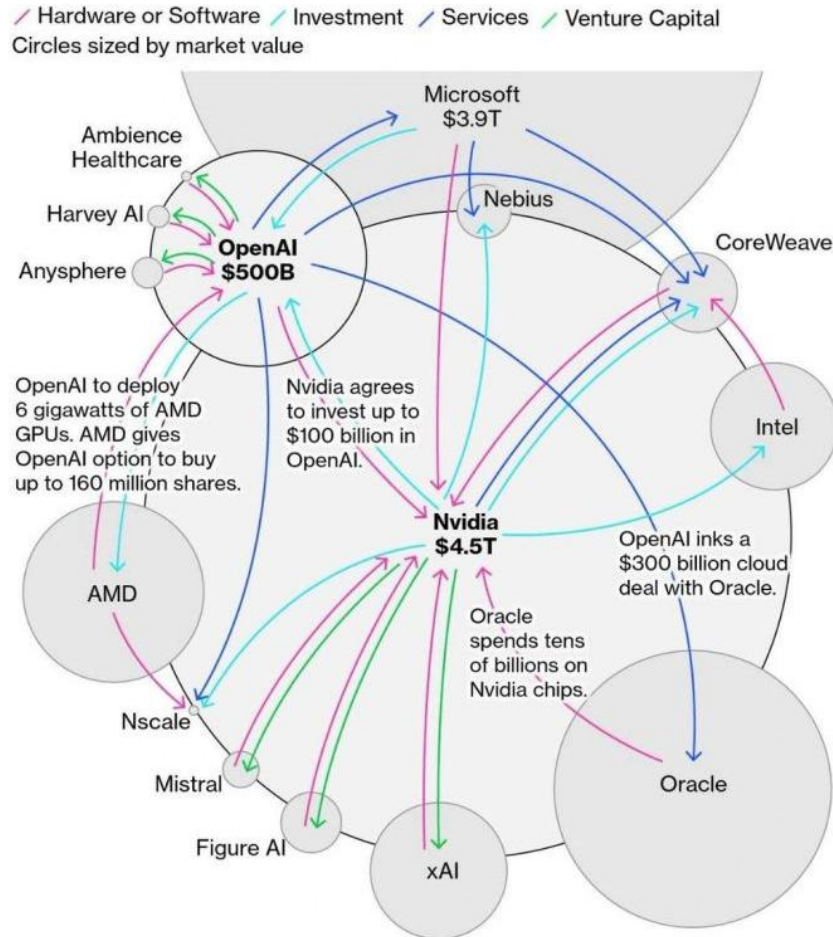
AI funding has surged to record levels, but the market has become top-heavy with a handful of giants absorbing most of the capital...



In 2025, circular AI investments became prominent with NVIDIA leading the pack

...with a tight network of mega-players whose partnerships and capital flows further concentrate power in just a few hands

The interdependent web of partnerships & investments in AI



Comments

- The AI landscape is collapsing into a few powerful “orbits” around compute, cloud, and foundation-model giants
- Capital, GPU capacity, and flagship partnerships loop mostly between these mega-players, amplifying their advantage and leaving smaller AI companies with fewer paths to scale alone

- Power is pooling around GPU and cloud gatekeepers



- Foundation-model players are locked into deep strategic “super-alliances”



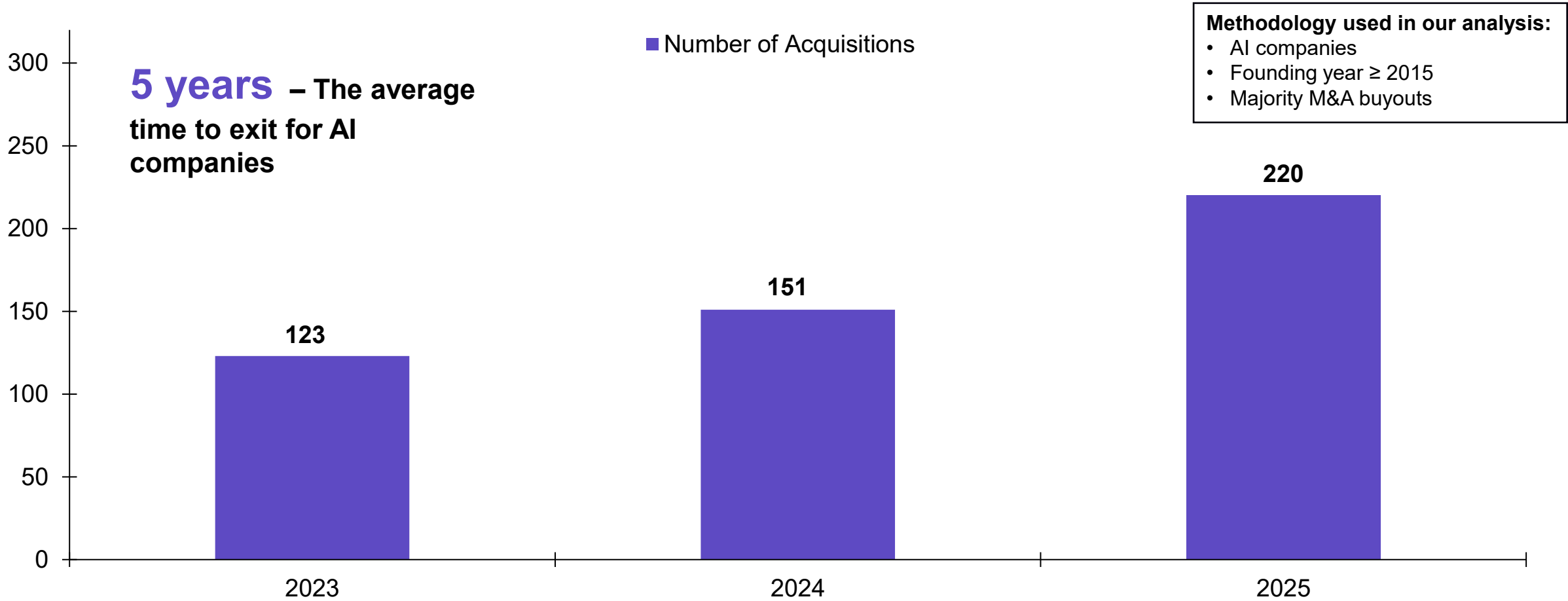
- The biggest checks now come from corporates, not traditional VCs



AI exits will pick up in the next two years, following the record capital raising activity

The number of AI acquisitions has grown steadily as the industry matures

Number of AI acquisitions globally, Jan 2023 – 5th Dec 2025



Agenda

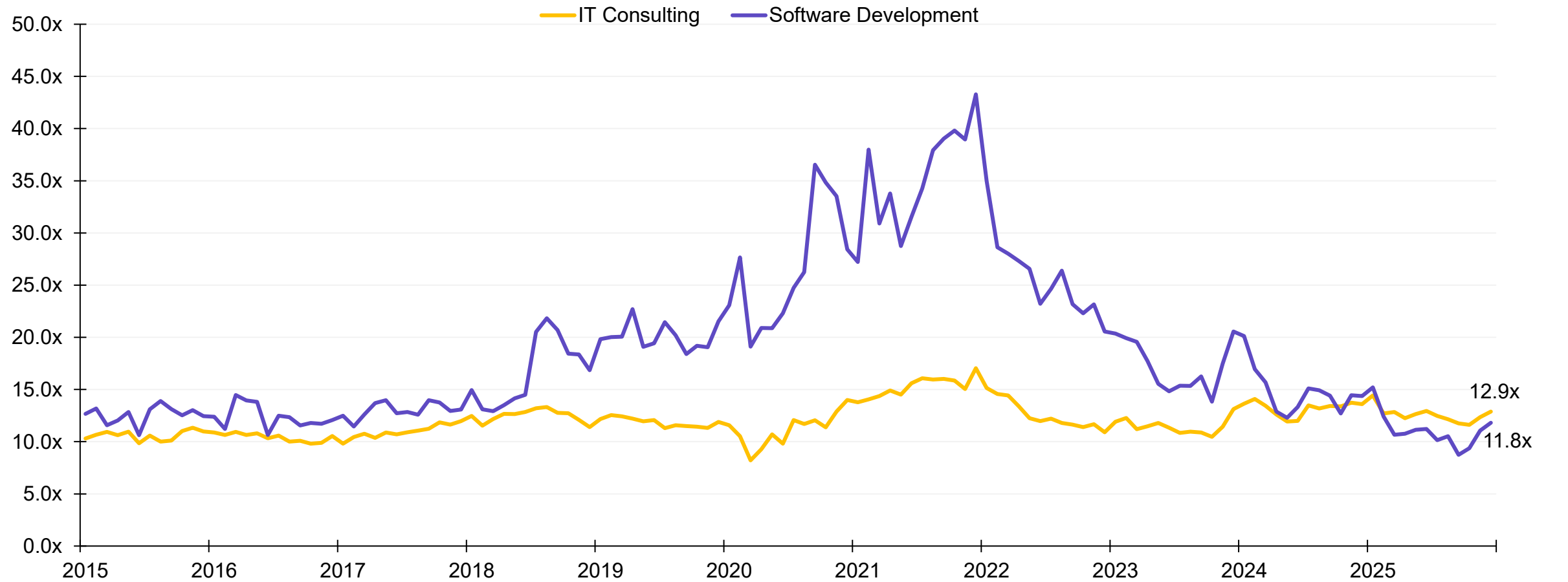
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Software development multiples remained below IT Consulting in 2025

The EBITDA multiple skyrocketed for Software Development companies in 2021, but has now been trading below IT Consulting for over an year

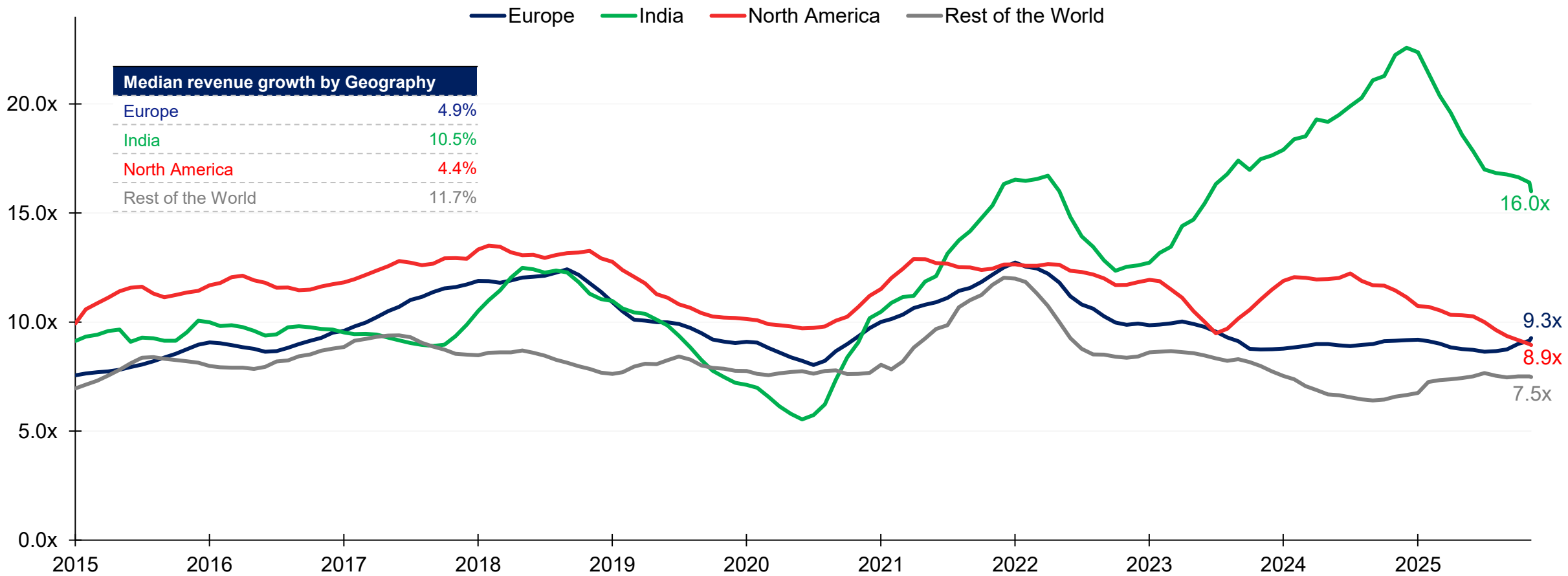
Median EV/EBITDA Multiple, Jan 2015 – 5th Dec 2025, (IT Consulting n=25 and Software Development n=10)



IT Services valuation multiples reshuffled globally

Global IT Services valuations are recalibrating, with Europe rising and India cooling





















Median EV/EBITDA multiples by region, on a 6 months rolling average basis, Jan 2015- 5th Dec 2025 (n=187)



Note: Aventis IT Services index includes companies from 31 different countries.

Winners and losers defined IT Services this year

Behind the stable headline performance lies a reshuffling of winners: defense, healthcare, and cybersecurity surge while generalists decline







HQ	Company	YTD performance	Catalyst	HQ	Company	YTD performance	Catalyst
		+386%	Space & Defense			-79%	No core vertical. Generalist software development and consulting companies.
		+292%	Strong financial performance			-67%	
		+189%	Healthcare			-57%	
		+172%	Space & Defense			-57%	
		+90%	Cybersecurity			-45%	

Note: companies with market cap above USD 100 million

Vertical specialization is outperforming generalists - specialized players benefiting from defense and cyber themes are up by triple digits, while broad software development outsourcing players are considered most at risk of AI disruption and commoditization.

What drives IT Services valuations?

Factors such as scale, growth, profitability, and recurring revenues are the key levers separating average IT services firms from best-in-class performers

Valuation driver	Needs improvement	OK	Good	Best in class
 Revenue size	< \$3M	\$3-5M	\$5-10M	\$10M+
 Revenue growth	< -10%	5%	10%	20%+
 EBITDA margin	< 5%	10%	15%	20%+
 Recurring revenue	<50%	60%+	70%+	80%+
 Customer concentration	>40%	<30%	<20%	<10%
 Tech stack	"Legacy and AI-disruptible" (e.g. IBM, UI/UX, frontend)	"Bread and butter" (e.g. back-end, SAP, Salesforce)		"New and shiny" (e.g. Databricks, Snowflake)
Valuation	Tough sell	4-6x EBITDA	6-8x EBITDA	8x+ EBITDA

Agenda

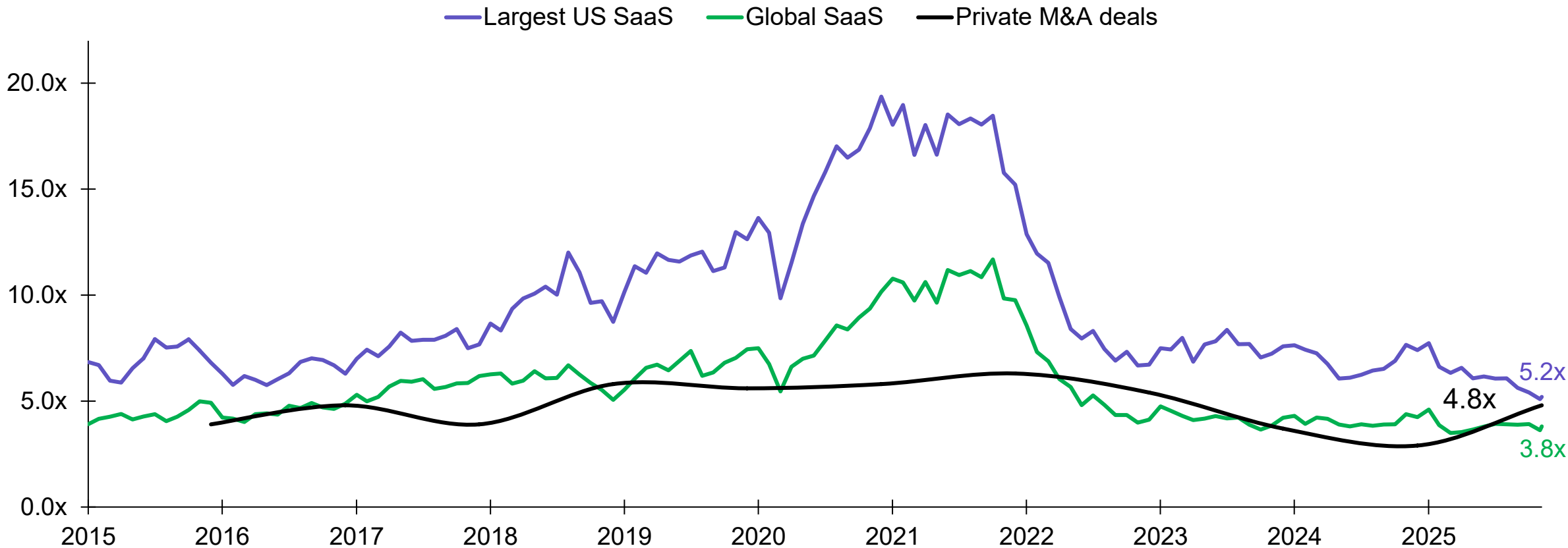
1. AI
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A decade of SaaS valuations showed signs of convergence in 2025

With valuations back near long-term averages, SaaS could slowly re-rate on better fundamentals or stay stuck in a lower-multiple world

EV/Revenue multiple, monthly Jan 2015 - 5th Dec 2025

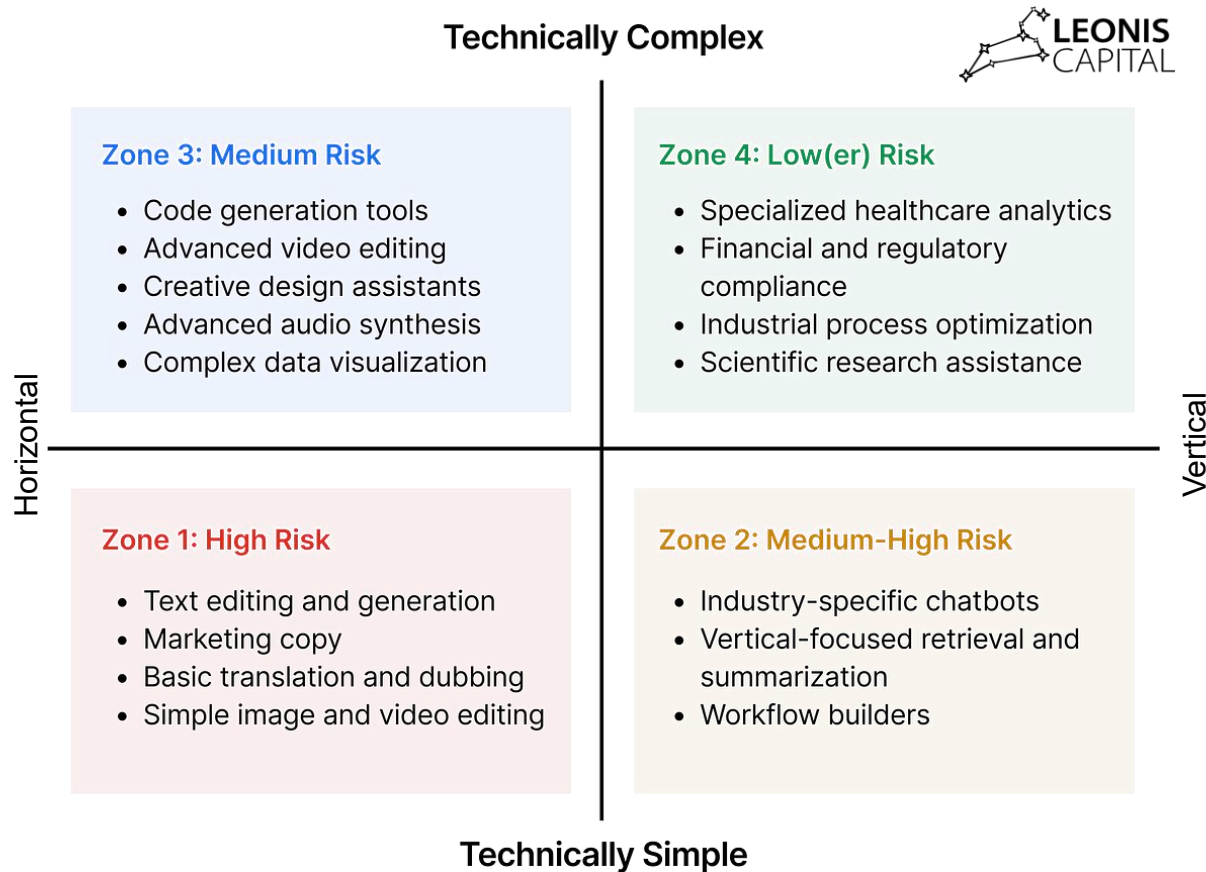


Note: Aventis IT Services index includes companies from 31 different countries.

Many SaaS segments are exposed to AI-disruption

Because of switching costs, long-term subscriptions, embedded in the processes - the change is not as abrupt as for AI-native startups

A 2x2 map of the absorption risk of different AI applications



How we think this applies to SaaS

The main question:
Does a process need to be 100% correct?

High risk SaaS segments







- Marketing
- Sales
- Customer service

Low risk SaaS segments

- Financial reporting
- Payroll
- Safety
- Critical infrastructure software (energy, transportation, etc.)
- Healthcare

What drives SaaS valuations?

Factors such as scale, growth, churn, and recurring revenues are the key levers separating average SaaS from best-in-class performers

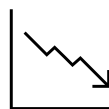
Valuation driver	Needs improvement	OK	Good	Best in class
 ARR	< \$1M	\$1-3M	\$5-10M	\$10M+
 Revenue growth	< 10%	10-20%	20-50%	50%+
 Gross margin	< 60%	60-70%	70-90%	90%+
 Rule of 40	<30%	30-50%	50-70%+	70%+
 LTV/CAC	<3x	3-5x	5-10x	>10x
 Churn rate (annual)	>30%	<20-30%	10-20%	<10%
Valuation	Tough sell	1-3x revenue	3-5x revenue	5x+ revenue

Summary



AI emerged as the strongest tech performer in 2025

- AI indexes outpaced all other tech segments on the back of surging compute demand and record fundraising in 2025
- The Aventis AI Index grew +248% in 2025, far ahead of Aventis SaaS, Aventis IT Services, and the NASDAQ 100.



The AI ecosystem is showing clear signs of a bubble

- Valuation patterns resemble historical bubble manias, with sharp acceleration in 2025.
- Fundraising became increasingly concentrated, with 50% of 2025 capital going into just 10 deals and circular mega-alliances forming among AI giants.



AI's disruption is reshaping SaaS and IT Services

- AI disruption is widening the gap between winners and losers, especially in IT Services where vertical specialists outperform generalists.
- Many SaaS categories face elevated AI-replacement risk, particularly horizontal functions like marketing, sales, and customer support.

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