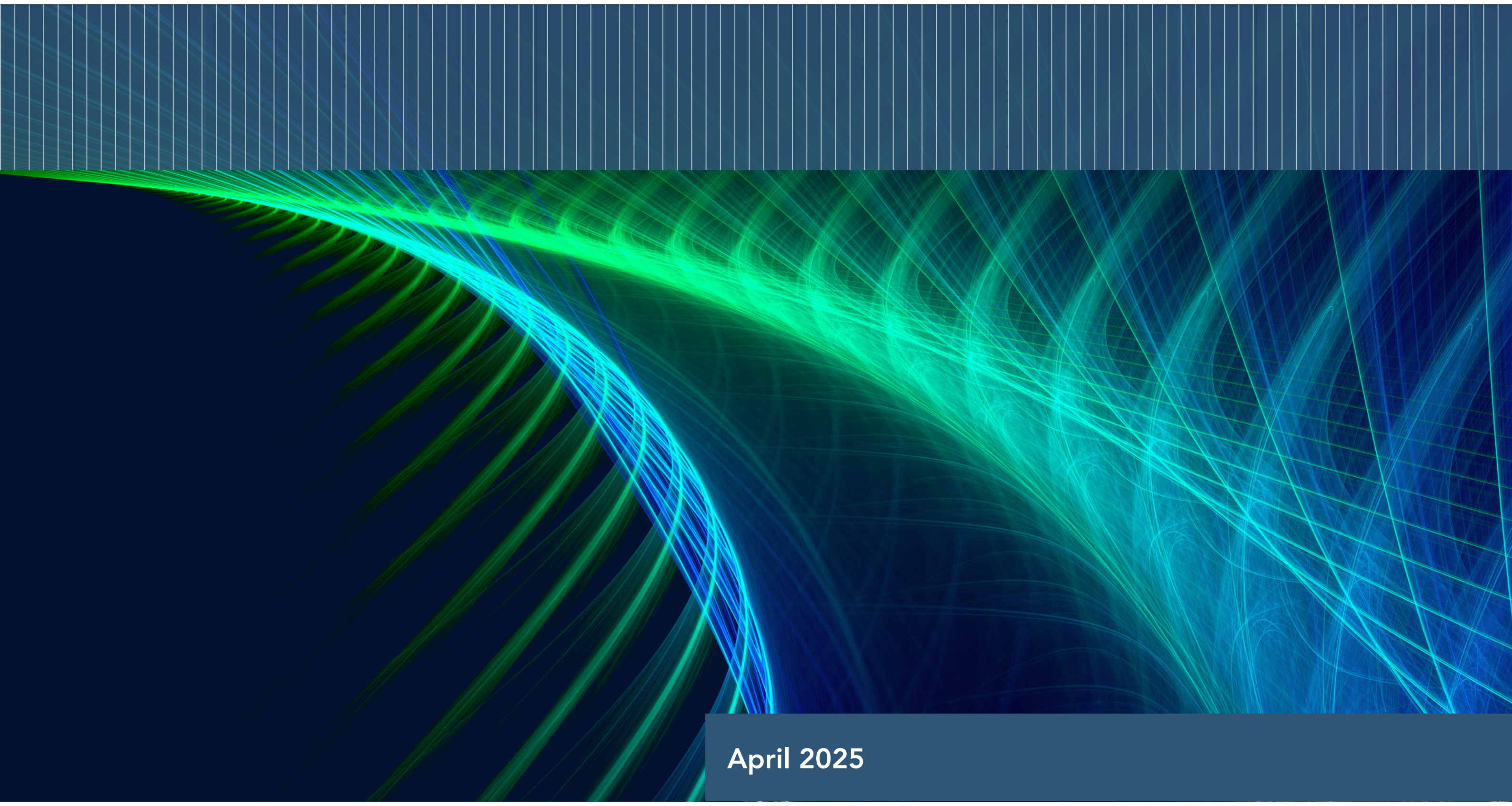
Goodbody Technology Sector Insights



April 2025

Big technology aggressively accelerates AI capex spend

Data usage on the rise as online adoption scales

Growing consolidation in the cyber security market

Technology

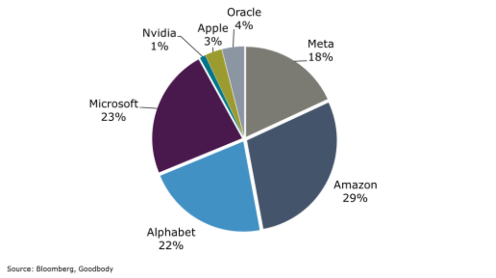
April 2025

Goodbody Technology Sector Insights – April 2025

Big Technology accelerates AI Capex spend as demand proliferates

One of the most striking technology themes of 2025 is the significant pick-up in AI capex spend from the leading big technology players including Microsoft, Amazon, Alphabet and Apple. Amazon has taken a leadership positioning and has pencilled in to spend over $100 billion in 2025 amid "significant signals of demand". Most of this capex is being applied to AI data centre build out amid a significant growth in model breadth and computational needs. The major players are citing capacity constraints including Microsoft noting revenue growth could be higher with increased AI data centre scale. The proposed spend for 2025 eclipses $320 billion, up roughly 40% on 2024. To boot, the US has announced project Stargate; a proposed $500 billion AI data centre roll out to build a leadership position in this segment. France has recently announced a $110 billion AI package to position itself as the leading European AI hub.

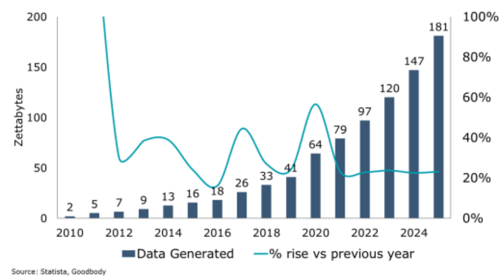
Big Tech will spend c.$345bn in 2025 on Capital Expenditures



Data Usage is growing at a significant cadence as online adoption grows

With the rapid deployment of AI generated content and systems that are generating and processing vast amounts of data; the global data generated continues to rise significantly. Other drivers include social media platform; IoT device growth and smart technology; cloud computing; ecommerce; streaming and digital transactions. At present, and adding all these factors in, the projection for growth is from 147 Zettabytes in 2024 to 181 Zettabytes in 2025. Put simply, the data demands on the world are high and require infrastructure solutions.

Global data generated annually



Software Services market looks in a tough spot, but exceptions arise

Software services businesses have underperformed across our coverage recently with a UK/European bias. Those with public sector exposure particularly to the UK (with budget restrictions) such as Kainos Group have seen a drop-off in consulting services revenue whilst SME exposure has been a headwind. The wider segment has suffered from a price conscious customer base both from public and private markets as the macroeconomic uncertainty has deteriorated. The cautious spending mentality is also driving longer sales cycles with NCC group downgrading.

Cyber security market trends: consolidation a feature as risks grow

With a low-lying valuation landscape, the rotation of assets out of public markets into strongly funded growth buyout PE funds has accelerated. Whilst the stronger dollar has exacerbated this trend, the acquisition of Darktrace by Thoma Bravo is a standout for $5.3 billion in an-all cash deal completed in October. Leading Cyber defence platform Palo Alto Networks has completed 18 deals from 2017-2023 with an average ticket size of $300m. Sophos also added scale with the acquisition of Secureworks and CyberArk acquired Venafi. The acquisition momentum is driven by existing players looking to tools such as MDR/SOC's. In an Irish context, we have seen Forcepoint recently acquire Getvisibility to boost its AI Cyber risk detection.

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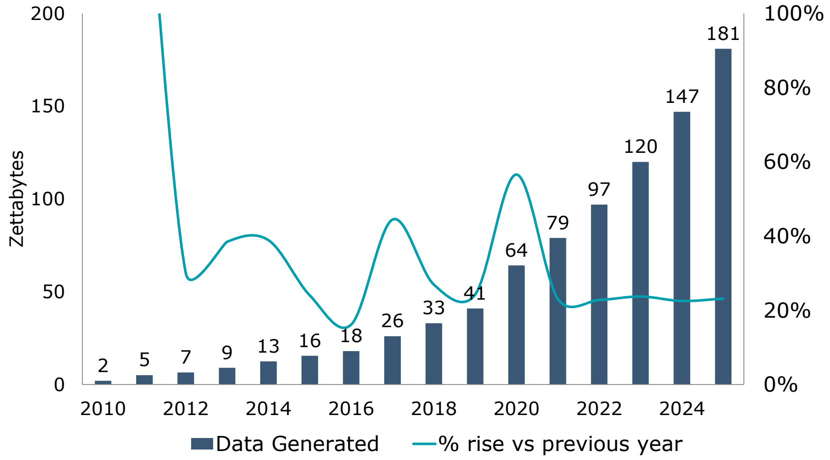
World Data consumption is increasing at an explosive rate which requires infrastructure solutions

- Internet Data traffic is exploding in size. Video, social, and gaming together accounting for more than 75% of traffic. There are several factors driving this including (i) the rapid growth of people online (now over 7 billion); the rise of social media platforms; the rise of AI tools which use significant amounts of data; the rise of ecommerce. The compound growth over the last 4 years is over 20% in the quantum of data generated.
- The demand for data centre capacity is projected to surge due to increased cloud adoption and the processing needs of AI technologies and the growing online user base eclipsing 7 billion people by the end of 2024. By 2025, global data generation is expected to reach 181 zettabytes, a rise of over 150% from the levels in 2023. In terms of data centre capacity, The US leads, followed by Germany and the UK. According to JLL, the market has doubled in size since 2020, with a compound annual growth rate of +21%. Data centre vacancy rates are at an all-time low of 3% and are rapidly approaching zero. This is driving a construction boom, with 5.3 gigawatts (GW) of new capacity under construction as of mid-2024, and 22 GW planned to meet the increasing need for digital infrastructure to store ever rising data usage.

Global data generated annually is materially on the rise



Source: Statista, Goodbody

(*) 1 zettabyte=1*10^12 gigabytes

AI is reshaping industries, and technology is at the forefront of change

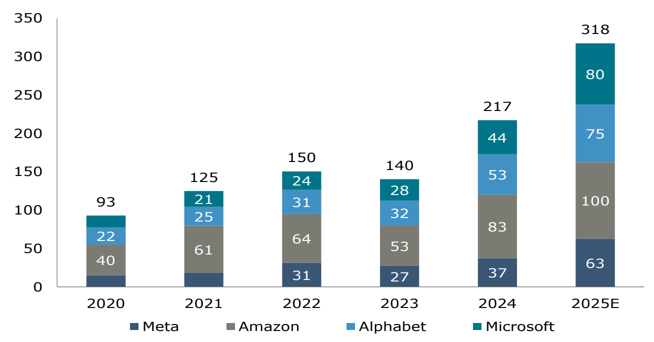
Rising AI adoption and investments in AI

- The adoption of artificial intelligence (AI) is accelerating at unprecedented pace, fundamentally transforming industries and reshaping the technological landscape. Businesses across all sectors are increasingly integrating AI to enhance operations, improve decision-making, and optimise customer experiences. To support this rapid growth, companies are heavily investing in AI infrastructure. Cloud computing services are at the forefront of these investments, allowing businesses to scale their AI workloads based on demand.
- Major providers like Amazon Web Services (AWS), Google Cloud, and Microsoft Azure are expanding their offerings to accommodate the unique requirements of AI applications while Big7 technology firms announced a +45% y/y increase in AI Capital Expenditures. **We are already seeing secondary signals of demand from the likes of Bytes; who acted as a core reseller for Azure in the UK. New product sales include Copilot; Azure AI which is also selling well.**
- Furthermore, the surge in AI adoption has sparked significant funding initiatives aimed at research and development. Both governments and private investors are allocating substantial resources to foster innovation and address ethical considerations in AI technologies. The US has announced a $500 billion pledge for AI data centre investment whilst France has announced a €110 billion package in recent weeks.

Capital Expenditures in Big Technology is soaring given strong underlying demand

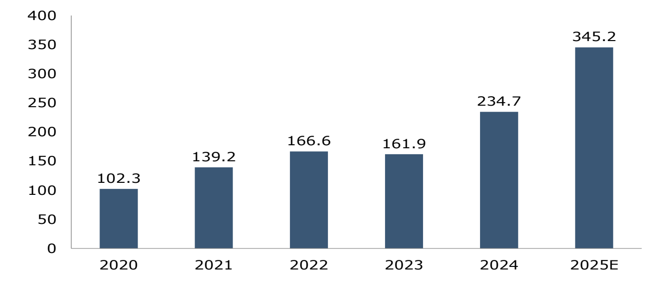
- In 2025, the four major technology firms are planning to invest significantly in artificial intelligence (AI capex), driven by surging demand. Meta, Amazon, Alphabet, and Microsoft plan to allocate c.$320 billion combined for AI technologies and data centre expansions, representing a c.+40% year-over-year increase.

Big4 AI spending ($bn)



Source: Bloomberg, Goodbody

Big7 technology companies' capital expenditures ($bn)

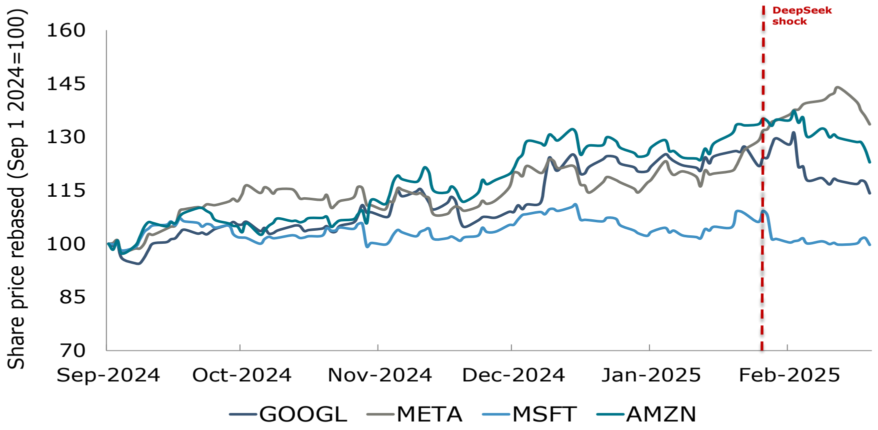


Source: Bloomberg, Goodbody

Chip investment rush looks here to stay with NVIDIA at the forefront of the revolution

- Since the launch of ChatGPT in 2022, the big technology companies have heavily invested in AI projects, expanding data centers, web services and acquiring mostly Nvidia's GPUs to enhance their capabilities. More recently, the emergence of China's DeepSeek, an open-source tool developed at a reported fraction of the cost of US competitors, which was released in late January 2025, has raised concerns in the sector, leading to a substantial selloff in AI chipmaker stocks, notably Nvidia and Broadcom, which lost $800 billion in value in a single day. See chart page 4. That said, it has not scared big technology away from committing to material spending rises in 2025 and beyond.

Big technology stocks are riding the AI wave despite DeepSeek concerns



Source: Bloomberg

Consistent spending increases in infrastructure are needed to fund the strong demand curve

- Despite market pressures, technology giants remain committed to their spending plans. Amazon is leading the charge with a projected $100 billion investment, up from $83 billion in 2024, primarily focused on enhancing its Amazon Web Services (AWS) division. Microsoft plans to allocate $80 billion for AI data centres in its fiscal year 2025, with a significant portion dedicated to US operations and a strong increase from the $45 billion in 2024. Alphabet is also projecting $75 billion in capital expenditures, with a focus on technical infrastructure and networking. Meta has budgeted $60 billion to $65 billion for AI in 2025, marking the year as pivotal for innovation and maintaining technological leadership. The full table is below.

Big Technology Capital Expenditures – The rise in spend to meet underlying demand with 2025 another strong growth year

in $ billion	2020	2021	2022	2023	2024	2025E
Meta	15.12	18.57	31.43	27.27	37.26	62.50
Amazon	40.14	61.05	63.64	52.73	83.00	100.00
Alphabet	22.28	24.64	31.48	32.25	52.54	75.00
Microsoft	15.44	20.62	23.89	28.11	44.48	80.00
Total Big 4	**92.98**	**124.88**	**150.44**	**140.36**	**217.28**	**317.50**
y/y growth %		34%	20%	-7%	55%	46%
(+) Nvidia	0.49	1.13	0.98	1.83	1.07	1.0
(+) Apple	7.31	11.08	10.71	10.96	9.45	10.50
(+) Oracle	1.56	2.14	4.51	8.70	6.87	13.74
Total Big 7	**102.34**	**139.23**	**166.64**	**161.85**	**234.67**	**342.74**
y/y growth %		36%	20%	-3%	45%	46%

Source: Goodbody

The role of small and medium companies in AI investing wave

The trend of massive investment is not confined to publicly listed companies. Start-ups are also attracting significant capital. For instance, OpenAI has partnered with SoftBank and Oracle for a $100 billion investment in AI-related infrastructure in the US, potentially rising to $500 billion over time. TSMC plans to have $165 billion of advanced chip production facilities based in the US after 2030 which is expected to give the US a c.22% share of the advanced chip production market, taking some of the pressures off Taiwan given the geopolitical tensions.

European AI investments

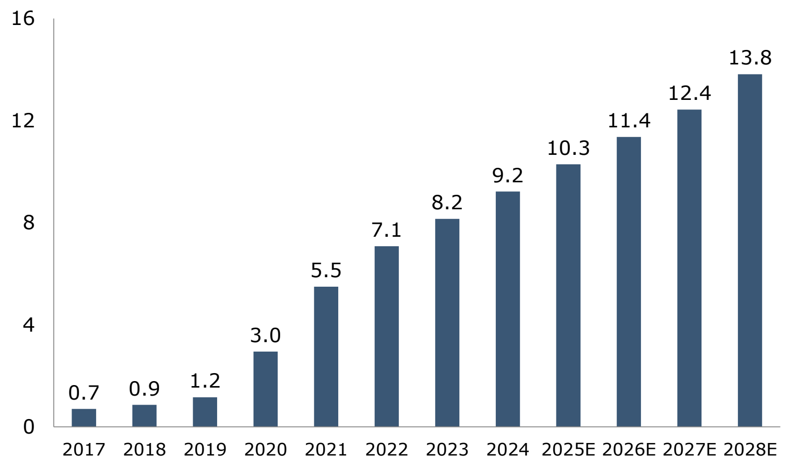
- European Commission President Ursula von der Leyen recently announced that the EU will mobilise €200 billion for AI investments, aiming to position Europe as a leader in the global AI landscape. This funding initiative counters perceptions that the US and China have already taken the lead in AI technology.
- The investment includes €150 billion previously pledged by various investors and industry stakeholders, supplemented by an additional €50 billion from the EU. This initiative aims to create the largest public-private partnership globally focused on developing trustworthy AI, particularly in industrial and mission-critical applications. It will support European gigafactories for processing large AI models and ensure that innovative companies across Europe have access to essential AI resources, including supercomputers.
- The EU approach to AI development will include leveraging scientific expertise, utilising industrial manufacturing data, and fostering international collaboration. Complementing these efforts, French President Emmanuel Macron announced that France will receive €109 billion ($112.6 billion) in private investments for its AI sector.

Cybersecurity – Regulatory and AI are tailwinds to sector investment as attack path widens

With the increasing sophistication of cyber threats, businesses are looking to adapt with a growing suite of tools.

- **Regulatory frameworks like the EU's NIS2 and DORA as well as the UK's Critical Third-Party regime** will drive companies to enhance their security protocols and ensure compliance with new regulations. This is driving a mix of M&A and increased cyber budgets for regulatory related workflow. The main area of focus is on the third-party risk framework and ensuring secure supply chains which requires additional testing and compliance measures.
- **The impact of generative AI on the cybersecurity industry has been significant**. This is driving the level of sophistication in attacks, arming bad actors with easier routes into organisations. This requires new solutions with zero-risk approach for organisations.
- With flexible working environments, the risk framework and net has widened, and organisations must invest significantly in endpoint and cloud security.
- **The rising digitalisation of organisational structures both of public/private entities creates an inherent need for increased cloud security requirements** with a mix of vendors being used from AWS to Azure in the cloud transformation of a company database.
- The financial cost associated with cyber-attacks is materially on the rise with a global expectation of $13.8 trillion by 2028 growing materially from an estimated $9.2 trillion in 2024. This underpins the opportunity for new solutions and defences in the sector. The industry remains fragmented with the current TAM estimated around $250 billion and growing at c.10% per annum. The key growth drivers are 1) impending regulation 2) growing prevalence of new forms of attacks (Day-Zero); rising geopolitical tension and associated cyber-attacks and 4) the expansion of the net given the flexible working environment with new modes of fraud prevention such as endpoint detection; mobile detection and 5) the significance of a secure cloud environment has grown with the increasing digitalisation of the workforce, as corporate data is now housed on major cloud platforms like Azure and AWS, but also an array of other vendors.

Annual Global cost of cybercrime to hit c.$13.8 trillion in the next 3 years



Source: Statista, Goodbody

Software Services has experienced a tough market backdrop particularly on the SME client side

One of the more pronounced negative impacts in the technology sector in recent times has been a sharp pull-back in performance in the software services segment. There are several trends at play here including:

- **Customers increasingly focus on cost base**; both public and private companies are really focused on their own cost-base with their own revenue lines under pressure. This means the use of services businesses and consultants has been more negatively hit as companies have sought to drive efficiencies in their operational cost base.
- **Public services spend and visibility has become uncertain in the UK under new government cost cuts**; IT services businesses with exposure to the UK particularly in areas such as Digital Transformation had seen initial challenges from the initial uncertainty of the UK general election late last year which paused decision making. This turned into more material delays or project cancellations amid budget restrictions in the UK government. For projects that go ahead; the intense competition between international IT services providers is a problem for premium IT services providers leading to lower utilisation driving margins lower. Kainos experienced declines in its public services consulting revenues having previously anticipated growth due to this.
- **IT Services for US technology businesses under more pressure**: The Workday relationship for Kainos has seen solid growth in terms of the number of new partners that it is working with on the Workday Platform. However, the platform has seen an increase in the number of suppliers which has driven pricing competition more aggressively. So, despite the higher new business wins, revenue in the segment is declining and under pressure. This is another example of the implications of companies with lower utilisation positioning with lower pricing packages and impacting the premium offerings more materially.
- **The impact of uncertainty is driving longer sales cycles for businesses**. NCC Group have experienced longer sales cycles and lower utilisation amid an increased uncertainty on business spend on cyber defence particularly amongst SME companies. FD Tech had also seen malaise in performance in its consulting business prior to its sale to EPAM given the more conservative approach to spend amongst financial institutions.
- **However, resellers including Bytes appear more insulated**: We see a more differentiated and positive performance from Bytes. The clear differentiation lies within the depth of its relationship with technology providers and the necessity of the cloud transformation, which is still widely ongoing in a multi-year project at the UK government level. Its core relationship with Microsoft who own Azure business has been growing extremely strongly over the last few years has been a key factor in driving large multi-year government wins such as with the NHS and HMRC; contracts which are insulated from UK budget cuts. The ability to drive multi-vendor relationship while retaining a significant quality bar in terms of its reseller positioning (it is award winning with Microsoft as a partner) and with many others is also a decisive factor in its ability to continue to meet market expectations and maintain a premium valuation relative to its consulting peers. The recent trading update for Bytes was in direct contrast to the IT Services businesses delivering client wallet additions and margin progression and the areas of focus and demand include AI and software from private and public companies.

Tariffs add significant volatility to the tech industry and global stock markets

- **Tariff Announcement:** On April 2nd, the initial decision to impose tariffs on goods imported into the US by more than 20% in most cases led to a significant sell off in stocks with the tech-heavy Nasdaq down 12% YTD as of April 15th; and the S&P declining by 8% YTD.
- **China/US trade war has negative implications for Tech hardware:** This led to a trade war with China with like-for-like tariffs reaching over 145%.
- **Easing of Tariffs creates some rebound:** However, a decision on April 14th by the Trump administration to remove Smart Phones and other electronics from its tariffs on China has led to a rebound in share performance for companies with significant hardware exposure such as Apple, Dell and ASML.
- **Supply Chain Disruption:** We have seen some early impacts of trade war related inflation in the games hardware sector. Sony has raised its price for PS5 in European countries by 10% due to the tariff uncertainty. Nintendo has delayed orders of the Switch 2 in both the US and Canada citing changing market conditions though the June 5th release date remains unchanged. There are possible price increases as tariff quantum was not built into the pricing range for the new Nintendo console. The key issue is that these companies source parts and manufacture in tariff targeted territories which will increase the costs of production.
- **Potential for EU Digital Services Taxes:** An advancing trade war could see Europe seek to place a digital tax on US services firms selling into the European Union; whilst also reducing IP protection for US software businesses.
- **European Tech companies may see new opportunities:** European defence is an area that is seeing significant traction following a surge in spending commitments attributed to the Ukraine-Russia war. This provides opportunities for European technology firms in the tech area of defence including surveillance and analytics.

Rise of PE activity in the technology Space

In the past 12 months we have seen a significant increase in private equity activity and take privates in the UK and US including two stocks within our coverage base (Keywords Studios; acquired by EQT in October 2024, and Darktrace acquired by technology growth buyout fund Thoma Bravo in October 2024) both at comparatively cheap valuations versus international peers or historical trading patterns.

Game Services – EQT take Keywords Studios Private with clear consolidation play (UK)

- The acquisition of Keywords Studios by EQT, completed in October 2024, marks the take-private of the leading global services provider in the interactive entertainment industry. The deal was at a significant premium to the share price but still a relatively cheap multiple versus the prevailing 5-year average P/E multiple. The impact of generative AI had seen a particular sell-off in Keyword Studios prior to the acquisition announcement. The fear was that generative AI would start to erode parts of the people-led business across areas including art and testing. Our thesis was different, that Keyword Studios as the leading service provider to major publishers is in an unrivalled position to explore the latest generative AI technologies to drive efficiencies in terms of project times/resources and would be in a position to match the excess demand from publishers more efficiently. Whilst the pricing economics are still in flux; it is more obvious that Keyword Studios already has leading technology positions across player support; and localisation relative to its more cash-constrained and smaller services peers.

- EQT together with Temasek and CPPIP as the bidding consortium clearly see significant opportunities to drive long term market share gains. We note that Keyword Studios, despite acquiring more than 50 businesses between 2013 and 2024, still only had 6.5% share of the services market. Bringing a player like EQT into play; with a clear plan to extend operations particularly in engineering which will drive higher margin; the group could conceivably double market share over the next 5 years providing a very lucrative exit plan for the PE group including listing the group in the US or a secondary PE sale.

Cyber Security – Thoma Bravo Acquire Darktrace (UK)

- The Cybersecurity industry is seeing a significant pick up in M&A activity. Part of the rationale is increased regulation but also CISOs are looking for consolidation with respect to the tools provider that they use. In essence, the underlying market is quite fragmented, and we are seeing increased evidence of the more significant cash-rich and leading market-players such as Palo Alto being highly active. We also see the presence of PE and its increasingly apparent activity within cyber with respect to Thoma Bravo. They have been a prolific acquirer of enterprise platforms for cyber. They now own over $50 billion in enterprise value within the global cybersecurity business world, addressing many key aspects of cyber defence. The group acquired Darktrace for c $5.3 billion (a 20% premium to the prevailing weighted average stock price over the prior 3 months) for its core positioning as an AI-led cyber defence platform that had been expanding its positioning in the US. Thoma Bravo saw the opportunity to accelerate enterprise growth. The acquisition, completed in October 2024, marked another significant takeout by private equity in the UK.

- Similarly, in the cyber industry Haveli acquired Zerofox, a Nasdaq listed external cybersecurity provider, for c $350 million or a 45% premium.

Digital Transformation (UK)

- BC Partners portfolio company Valtech acquired Kin + Carta, a digital transformation company for £239m in 2024, a premium of c.41%.

Educational Technology (UK)

- Learning Technologies Group was taken private in December 2024 by General Atlantic for c. £800m a c. 34% share premium

Website Building and Hosting (US)

- Permira acquired NYSE Listed Square Space for $7.2 billion in October 2024; a premium of c. 36% for a transaction value of $7.2 billion or c. 20x EV/FCF for FY25; at the time representing a significant premium to peers.

Goodbody Technology – Other Trends in Technology to Watch Out For in 2025

- **Growing Hardware Requirements globally;** with the combination of an explosion of AI models; existing hardware infrastructure needs a refresh to cope with the power and compute demands of the generative AI age. This is expected to lead to a substantial rise in global hardware spending in the coming years, an area that has experienced weakness over the past few years following the acceleration during COVID-19. The spend on devices is set to accelerate to 10.5% in 2025 from just over 6% growth in 2024, according to latest Gartner data, to c. $810.2 billion. Despite the requirements for significant capex growth, the technology industry also needs the energy industry to supply these data centres with the right mix of power to operate which poses global challenges on electricity infrastructure and pressure to use more nuclear in the fuel mix to power this growth.

- **Gartner Data reinforces AI Capex Theme:** According to Gartner, the total IT Services spend in 2025 should reach c. $5.61 trillion; a growth rate of 9.8% y/y; and slightly better than the prior estimate in Q4 of c 9.3%. In the data centre segment, it is expected that over $405 billion will be spent in 2025; roughly 23.2% growth annualised. Notably, spend on AI servers is expected to be twice that of traditional servers. Hyperscalers and IT Services companies should account for c. 70% of the relevant spend in 2025, with Hyperscalers pivoting to be part of the Oligopoly AI Model market and expected to have $1 trillion of AI optimised servers by 2028**.**

- **Software spend continues to outstrip hardware**: Despite the pick-up in hardware; the key area of spend is in software with 14.2% growth expected y/y to $1.24 trillion**. Recent updates from vendors such as Bytes accentuate the growth opportunity with gross invoiced income exceeding £2 billion for their business.**

- **IT services spend is expected to grow** at a projected rate of 9% in 2025 for a total estimate of $1.73 trillion.

- **The role of regulation of AI will be crucial but will differ internationally:** The European AI Act (coming into fruition last month) places an onus on companies to ensure their employees are AI literate which includes penalties for non-compliance. It will require transparency and accountability for corporates in terms of the AI tools used in their organisations with LLMs evaluated in terms of the training data used and the copyright protection adherence.

Technology Sector – Valuation Backdrop

Technology Peers Valuation Comparison

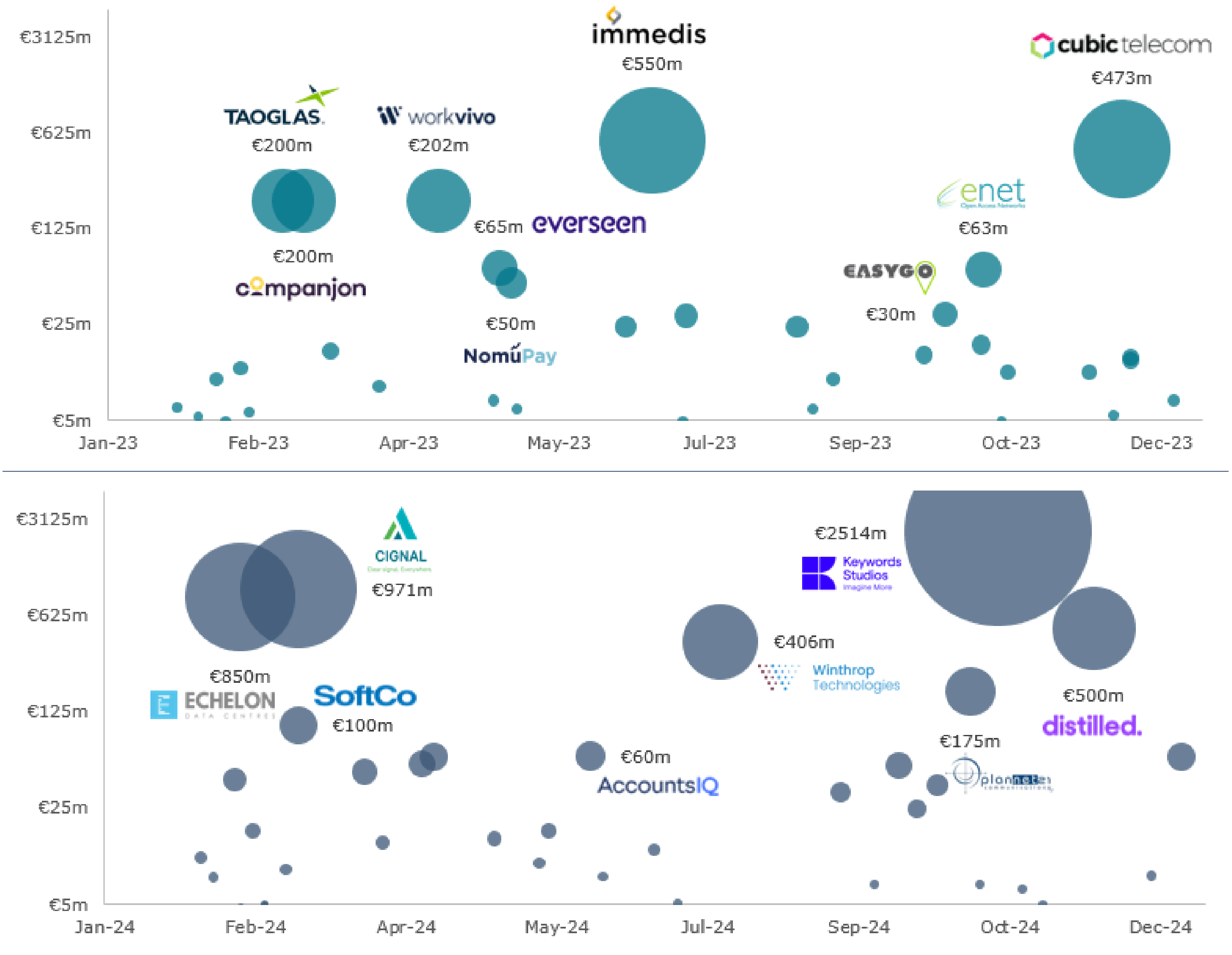
Company	Share Price (€)	Market Cap (€'m)	EV / Sales 2025E	EV / Sales 2026E	EV / EBITDA 2025E	EV / EBITDA 2026E	P / E 2025E	P / E 2026E
Software Services & Cyber Security								
Kainos Group Plc	**8.79**	**1,111**	**2.0x**	**1.9x**	**11.6x**	**10.3x**	**18.5x**	**16.5x**
Bytes Technology Group	**5.85**	**1,425**	**4.8x**	**4.4x**	**14.6x**	**13.2x**	**20.4x**	**18.7x**
NCC Group Plc	**1.64**	**533**	**1.5x**	**1.4x**	**10.3x**	**9.3x**	**22.4x**	**17.9x**
GB Group Plc	3.66	964	2.9x	2.7x	12.0x	11.1x	16.4x	14.6x
FDM Group	3.05	340	1.2x	1.1x	8.2x	7.1x	15.7x	13.3x
Midwich Group Plc	2.68	288	0.2x	0.2x	5.4x	5.0x	8.4x	7.7x
Travel Technology								
Datalex Plc	**0.35**	**66**	**2.6x**	**2.1x**	**-**	**22.5x**	**-**	**-**
Hostelworld Group Plc	**1.49**	**194**	**1.9x**	**1.7x**	**7.6x**	**6.8x**	**9.3x**	**8.3x**
eDreams ODIGO	8.10	1,325	2.2x	2.0x	9.7x	8.5x	13.8x	10.8x
Lastminute.com	15.32	179	0.1x	0.1x	0.9x	0.8x	9.1x	8.2x
Video Gaming								
Frontier Developments Plc	**2.48**	**101**	**0.6x**	**0.6x**	**34.1x**	**18.9x**	**23.8x**	**25.9x**
Everplay Group plc	**2.69**	**393**	**1.6x**	**1.6x**	**5.8x**	**5.3x**	**9.8x**	**9.3x**
Devolver Digital	**0.25**	**131**	**0.8x**	**0.8x**	**10.6x**	**7.4x**	**20.7x**	**14.2x**
Software								
FD Technologies plc	**19.86**	**447**	**3.7x**	**3.5x**	**22.3x**	**15.2x**	**-**	**102.6x**
Snowflake	143.39	53,959	12.7x	10.4x	121.6x	84.8x	137.0x	100.4x
Datadog	96.01	35,542	11.0x	9.2x	45.2x	35.4x	60.9x	49.3x
Listed VC / Platforms								
Molten Ventures	**3.42**	**668**	**5.1x**	**4.5x**	**6.8x**	**5.9x**	**6.9x**	**5.3x**
Trustpilot Group Plc	**2.87**	**1,290**	**5.5x**	**4.7x**	**44.7x**	**33.2x**	**82.5x**	**59.9x**

Source: FactSet, Goodbody

Note: Data as at 20/03/2025

Irish Technology Transaction Landscape

Selection of 2023 and 2024 top technology M&A transactions and fundraisings in Ireland

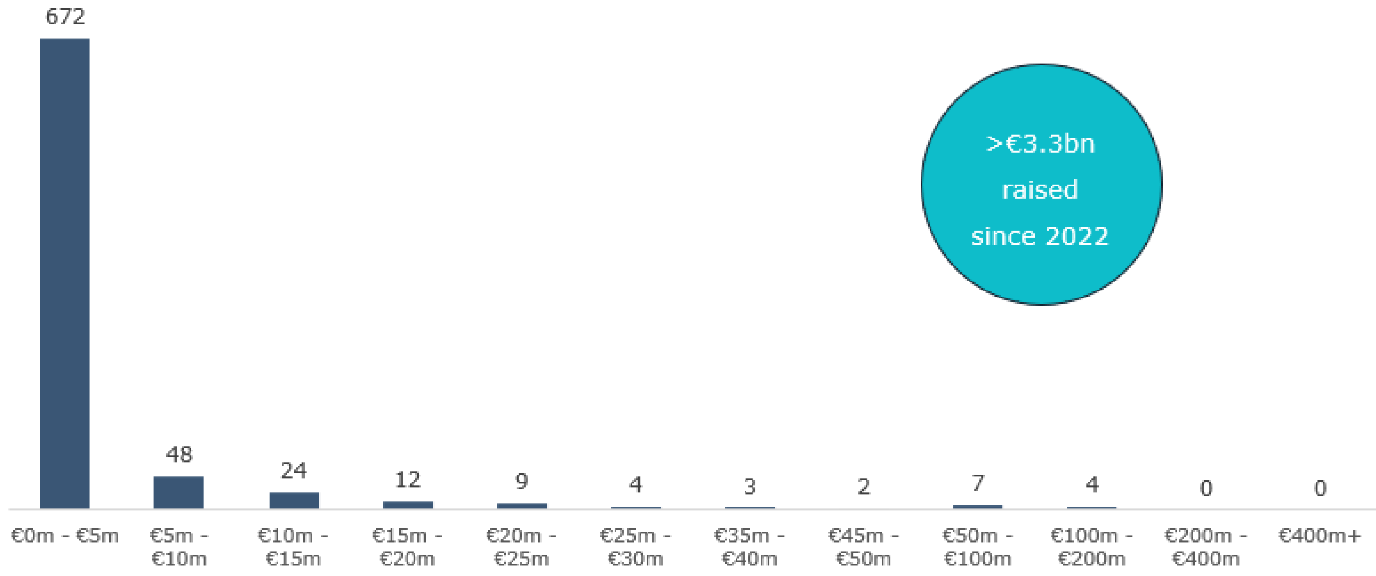


Source: Company Data, PitchBook, Mergermarket

Note: Charts are in log scale. Values based on Mergermarket and PitchBook transaction values. Transactions include mergers, acquisitions and material fundraisings. Includes selected announced technology M&A transactions in the Republic of Ireland.

- **Deal Volumes and Values Remain Robust:** Transaction activity in the technology sector remained strong across 2023 and 2024, underscoring sustained investor interest and strategic focus on innovation-driven growth.
- **Resilience Amid Challenging Macro Conditions:** Despite an elevated interest rate environment in 2023, which began to taper off in 2024, coupled with global economic uncertainties, the technology sector demonstrated resilience with consistent deal flow.
- **Outlook for 2025**: Deal pipelines remain healthy, with significant dry powder from private equity and venture capital funds expected to fuel further activity, particularly in AI, climate and health-tech.

Significant capital raised through Irish VC Equity Investments in the last three years

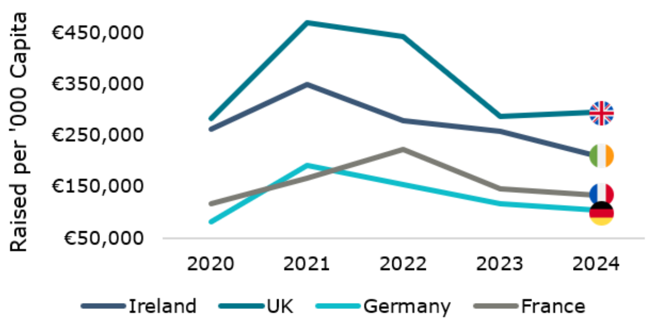


Source: PitchBook

Note: Includes fundraising in all VC stages, round numbers and series along with private equity growth and expansion investments. Fundraisings with no disclosed value have been excluded. Data includes companies which are deemed Irish by the PitchBook classification system.

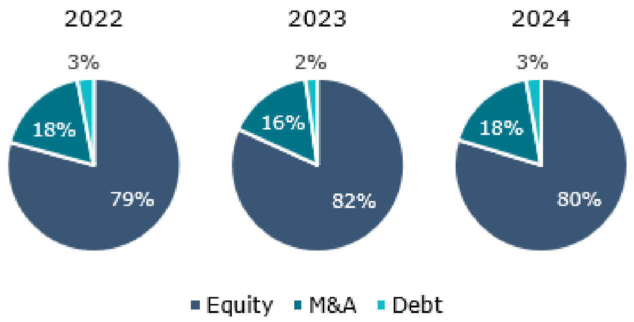
- **Strong Investment Activity:** Between 2022 and 2024, Irish VC equity investments totalled over €3.3 billion, underscoring the country's vibrant startup ecosystem and its attractiveness to investors.
- **Focus on Early-Stage Funding:** A significant majority of investments were concentrated in the €0–5 million category, highlighting strong support for early-stage startups and seed-stage funding rounds.
- **Outlook for 2025:** With the Irish technology ecosystem maturing and continued support from both domestic and international investors, VC activity is expected to remain strong, particularly in high-growth sectors.

VC Capital Raised per '000 Capita



Source: PitchBook, CSO, ONS, United Nations

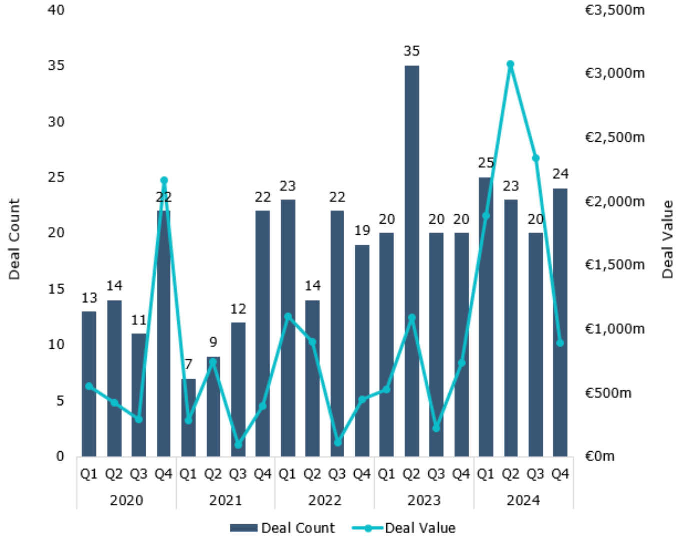
Breakdown of Irish technology transactions by product



Source: PitchBook

- **Ireland Outperforms Key European Peers:** Over the last five years, Ireland has outperformed larger economies such as France and Germany in terms of Venture Capital raised per 1,000 capita, highlighting the strength of its innovation ecosystem relative to its population size.
- **Favourable Business Environment**: Ireland's track record of innovation, access to the European market, and strong ties to the US have made it a natural hub for both domestic and international startups seeking capital to scale.
- **Punching Above Its Weight**: Despite the smaller population, Ireland's capital raised per capita from VC investors reflects an efficient and concentrated entrepreneurial ecosystem, with strong support for high-potential startups.

Technology driving Irish M&A with the highest deal count over the past 5 Years



Sector	2020	2021	2022	2023	2024
Tech, IT and Telecoms	60	50	78	95	92
Services	28	36	54	57	69
Property and Construction	7	18	32	35	56
Financial Services	19	24	61	39	53
Industrials	11	18	33	32	42
Leisure and Media	6	11	22	35	42
Consumer	25	14	26	38	38
Healthcare	29	37	39	37	38
Energy and Infra	18	25	40	36	23
Transport	1	3	10	19	13
Manufacturing	2	9	10	20	12
Agriculture	1	2	4	5	3

Source: Mergermarket, PitchBook

Note: Based on all announced M&A transactions in Ireland where an acquiror or target are deemed Irish by the Mergermarket classification system. Includes majority and JV transactions across all industries. Excludes minority transactions including Apollo's EUR10.1 billion investment into a JV with Intel's Irish operations. Based on disclosed transaction values.

- **Technology Leads M&A Activity:** Over the past five years, the technology sector has consistently been the most active sector for mergers and acquisitions in Ireland, driven by rapid innovation, digital transformation, and strong investor appetite for high-growth opportunities.
- **2024 Marks Another Strong Year:** In 2024, the technology sector continued its momentum, with deal volumes only narrowly trailing 2023 levels. This sustained activity highlights the sector's role as a cornerstone of Irish M&A.

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