- **YoY FCF growth for tech companies is up 60%.** That level of financial strength is enabling bold moves in innovation and strategic acquisitions across the software landscape.
- **Private equity drives over 30% of global deal volume** – up 9% in the last 2 years, backed by $2.5 trillion in dry powder. Software firms with scalable models and recurring revenue remain top targets as PE looks to deploy capital before year-end.
- **Global data center capacity is projected to nearly triple by 2030, with 70% of that demand driven by AI.** This massive infrastructure expansion, and the energy costs it entails, create a significant opportunity for software companies to develop solutions that optimize compute efficiency and reduce operational expenses.
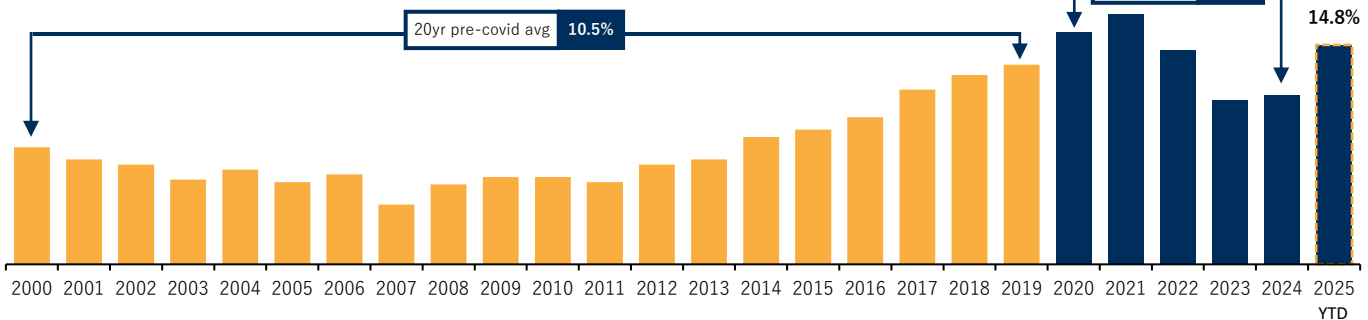
S&S M&A Weather Report

Parting Clouds

Global M&A volume is up 31% YoY to $3.4 trillion, fueled by strong equity market performance, $2.5 trillion in private capital, and AI's strategic importance. AI infrastructure buildout and strategic alignment are reshaping corporate priorities across the technology sector.
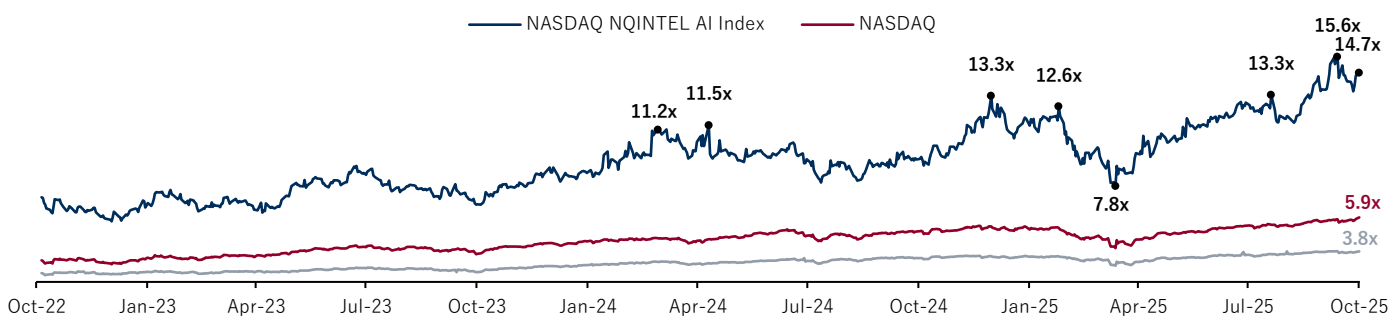
Software Trends We Are Tracking / Market Snapshots

Software as a % of Global M&A

Software is increasingly central to M&A activity …

| 2020 – 2024 | **14.3%** |

| 20yr pre-covid avg | **10.5%** |

14.8%

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 YTD

AI Multiples Continue Outpacing Other Indices (TEV / Total Revenue)[1]

— NASDAQ NQINTEL AI Index   — NASDAQ

11.2x 11.5x 13.3x 12.6x 7.8x 13.3x 15.6x 14.7x 5.9x 3.8x

Oct-22   Jan-23   Apr-23   Jul-23   Oct-23   Jan-24   Apr-24   Jul-24   Oct-24   Jan-25   Apr-25   Jul-25   Oct-25

Noteworthy AI Deals – September 2025

Acquirer	ZETA	MITSUBISHI ELECTRIC	VARONIS	NICE
Target	MARIGOLD ENGAGE	NOZOMI NETWORKS	SLASHNEXT	COGNIGY
Sector	Vertical SaaS	Cybersecurity	Cybersecurity	Vertical SaaS
Enterprise Value	$325M	$949M	$150M	$955M
EV / TTM Rev	Undisclosed	12.7x	10.0x	~11.2x

Note: 1.) NQINTEL is an index of 64 companies engaged in artificial intelligence tracked by NASDAQ.
Sources: PitchBook, Capital IQ, CB Insights, FRED, NASDAQ. csimarket.com

From Generative Artificial Intelligence (GenAI) to Agentic

✓ **From Ideas to Execution:** Generative AI dominated early deal language post-ChatGPT, appearing in nearly 400 transactions between 2023 and 2024. Initially, acquirers used GenAI as a buzzword rather than a core capability, signaling intent more than execution.

✓ **Why Agentic is Favored Now:** Agentic AI systems use iterative reasoning frameworks to break down complex objectives into executable subtasks, self-correcting and maintaining context as they work - eliminating the need to manually prompt each step. This architectural evolution transforms AI from a question-answering tool into an autonomous workflow executor that can handle multi-stage business processes from initiation to completion.

✓ **Deal Volume Acceleration**: Mentions of "agentic AI" in tech M&A records are projected to surge 20x in 2025, overtaking generative AI references for the first time. This reflects a strategic pivot toward automation and scalability.

✓ **Strategic Use Cases:** Agentic AI is being deployed for continuous pipeline monitoring, automated diligence checks, and post-merger integration workflows - areas where GenAI struggled due to its prompt-dependent nature.

✓ **Financial Signal:** Workday's $2B+ acquisition strategy targeting agentic AI platforms, including FlowiseAI, demonstrates the substantial value enterprise buyers assign to agent orchestration capabilities.

Number of Agentic and GenAI mentions in Tech M&A

■ GenAI ■ Agentic

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
GenAI	9	31	42	37	56	69	79	68	77	90	92
Agentic					2	2	2	13	31	68	129
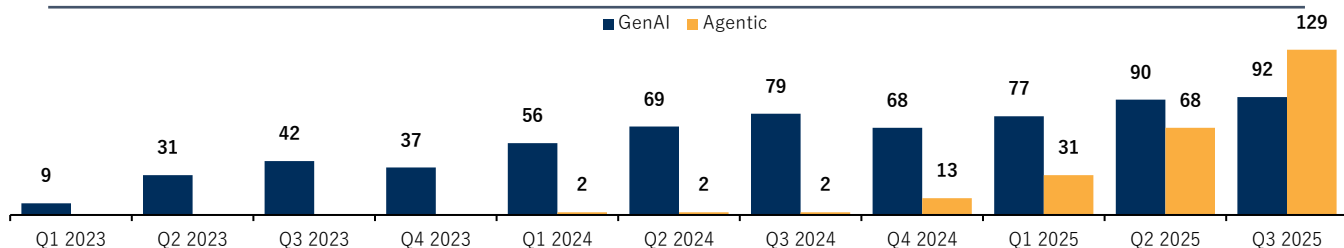
Sources: Capital IQ.

Intrepid's Software & Services Coverage

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- Energy & Industrials Tech
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- Human Capital Management
- PropTech
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