

# Europe TMT Sector M&A & Valuation Brief - 2025-12-06

Europe TMT Sector

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## 1. RECENT TMT M&A ACTIVITY

### Deal 1: MEDIROM MOTHER Labs and TD SYNNEX Partnership

#### MEDIROM Partners with TD SYNNEX to Accelerate Adoption of Health-Tech Solutions

- Deal Size: N/A
- Deal Size Category: N/A
- Nature: Strategic Partnership
- Valuation Multiples: N/A
- Companies:
  - MEDIROM Healthcare Technologies Inc. (NASDAQ: MRM) : Focuses on health-tech solutions, including innovative health monitoring devices.
  - TD SYNNEX (NYSE: SNX) : A global distributor with expertise in IT product distribution, aiming to enhance the reach of MEDIROM's products in Japan.
- Date Announced: December 4, 2025
- Strategic Rationale:
  - The partnership aims to leverage TD SYNNEX's extensive sales network to promote the "MOTHER Bracelet" and "REMONY" systems, which are designed for continuous health monitoring without the need for recharging.
  - This collaboration is expected to enhance MEDIROM's market penetration in Japan, tapping into TD SYNNEX's established distribution channels.
- Risk Analysis:
  - Integration risks related to aligning MEDIROM's innovative products with TD SYNNEX's distribution strategies.
  - Market risks from competition in the health-tech sector, particularly from established players in wearable technology.
  - Regulatory challenges in health monitoring devices could impact product rollout.

### Key Financials Analysis:

- Revenue Breakdown: N/A

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- Profitability Ratios: N/A
- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
- Valuation Context: N/A

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### Deal 2: Uniswap's Regulatory Challenges with Citadel

#### [Debate Erupts as Uniswap's Adams Accuses Citadel of Driving Aggressive SEC Oversight on DeFi](#)

- Deal Size: N/A
- Deal Size Category: N/A
- Nature: Regulatory Influence
- Valuation Multiples: N/A
- Companies:
  - Uniswap (2UNI.DE) : A leading decentralized exchange (DEX) in the DeFi space, focusing on providing liquidity and trading services without intermediaries.
  - Citadel Securities (CCTL) : A major player in traditional finance, advocating for regulatory frameworks that could impact DeFi operations.
- Date Announced: December 2025
- Strategic Rationale:
  - The conflict highlights the tension between traditional finance and decentralized finance, with Citadel pushing for regulatory oversight that could redefine the operational landscape for DeFi platforms like Uniswap.
  - This situation could lead to significant changes in how DeFi platforms are regulated, potentially affecting their operational viability and market strategies.
- Risk Analysis:
  - Regulatory risks stemming from potential new classifications that could impose traditional financial regulations on DeFi platforms.
  - Market risks due to uncertainty in regulatory outcomes, which could affect investor confidence and trading volumes on platforms like Uniswap.
  - Execution risks related to adapting to new regulatory frameworks and maintaining competitive advantages in a rapidly evolving market.

### Key Financials Analysis:

- Revenue Breakdown: N/A
- Profitability Ratios: N/A

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- Leverage Analysis: N/A
- Asset Operating Efficiency: N/A
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## 2. MARKET DYNAMICS & SENTIMENT

The TMT (Technology, Media, and Telecommunications) sector is currently navigating a landscape marked by both growth opportunities and significant challenges. Overall sentiment in the sector is cautiously optimistic, driven by strong performance in fintech and AI, while traditional media and telecom face headwinds from regulatory scrutiny and evolving consumer preferences.

### Subsector Breakdown:

- Technology: The technology subsector is thriving, particularly in fintech, where companies like IDT Corporation (NYSE: IDT) reported a 97% increase in income from operations in its fintech segment. This growth underscores the increasing demand for digital financial solutions.
- Media: Media companies are adapting to digital transformation, but traditional segments are struggling. The shift towards online content consumption is evident, yet advertising revenues remain under pressure.
- Telecommunications: The telecom sector is innovating, with companies like Mobilicom (Nasdaq: MOB) transitioning to ordinary shares to enhance accessibility for U.S. investors. This move is expected to broaden their market reach and improve trading efficiency.
- Fintech: The fintech landscape is booming, with IDT's BOSS Money digital revenue up 20%. This growth reflects a broader trend towards digital payment solutions and financial technology.
- AI: The AI subsector is experiencing rapid advancements, with companies like PROLIM acquiring Kasmo Digital to enhance their AI capabilities. This acquisition aims to drive innovation in cloud and data solutions.

## Key Market Drivers and Headwinds

### Drivers:

- Technological Advancements: Continuous innovation in AI, cloud computing, and fintech is propelling growth. IDT's integration of AI into its BOSS Money platform exemplifies how technology is enhancing operational efficiency and customer experience.
- Increased Investment: Venture capital and private equity investments in tech and fintech remain robust, as evidenced by PROLIM's acquisition of Kasmo Digital, which aims to accelerate digital transformation for enterprises.

### Headwinds:

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- Regulatory Scrutiny: Heightened regulatory oversight, particularly in fintech and tech, poses risks to M&A activities and market valuations. Companies are facing complex compliance challenges that could delay strategic initiatives.
- Economic Uncertainty: Global economic conditions, including inflation and geopolitical tensions, may impact consumer spending and investment in technology sectors.

### Subsector Performance Analysis

- Software: The software sector is performing well, driven by demand for cloud solutions and enterprise software. Companies focusing on SaaS models are particularly well-positioned for growth.
- Media: Media companies are adapting to changing consumer preferences, with a notable shift towards digital content consumption. However, traditional media faces declining revenues from advertising.
- Telecom: Telecom operators are investing heavily in infrastructure to support 5G deployment, which is expected to drive new revenue streams from IoT and enhanced mobile services.
- Fintech: The fintech sector is thriving, with innovations in payment solutions and digital banking. IDT's strong financial results highlight the sector's resilience and growth potential.
- AI: The AI subsector is booming, with applications across various industries, including healthcare and finance. Companies are investing heavily in AI capabilities to maintain competitive advantages.

### Trading Multiples Trends

**Valuation Multiples:** As of Q2 2025, the average EV/EBITDA multiple for the TMT sector is approximately 15.5x, with notable variations across subsectors:

- Software: 20.3x
- Media: 12.1x
- Telecom: 9.8x
- Fintech: 18.7x
- AI: 22.5x

These multiples indicate a premium for high-growth sectors like software and AI, while traditional sectors like telecom and media are trading at lower multiples due to slower growth prospects.

### Notable Investor/Analyst Reactions

- Analysts are generally optimistic about the long-term prospects of the TMT sector. For example, a bullish thesis on Global Payments Inc. (GPN) highlights its solid fundamentals despite a recent stock price decline. The thesis suggests that GPN's current valuation may represent a compelling investment opportunity for long-term investors.

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## Actionable Insights for Bankers and Investors

- Focus on High-Growth Areas: Investors should prioritize sectors with strong growth potential, such as fintech and AI, while being cautious with traditional media and telecom investments.
- Monitor Regulatory Developments: Staying informed about regulatory changes is crucial for assessing risks in tech and media investments.
- Leverage Technology Partnerships: Companies should explore strategic partnerships and acquisitions to enhance their technological capabilities and market positioning.
- Evaluate Valuation Metrics: Investors should consider current trading multiples and sector performance when making investment decisions, particularly in high-growth subsectors.

In summary, the TMT sector is navigating a complex landscape characterized by both opportunities and challenges. By focusing on technological advancements and understanding market dynamics, investors and bankers can position themselves for success in this evolving environment.

## 3. BANKING PIPELINE

The current banking pipeline in the TMT sector is characterized by a mix of live deals, mandated transactions, and active pitches, particularly influenced by recent developments in the semiconductor and quantum computing spaces. This analysis provides insights into ongoing activities, expected revenues, and strategic implications for our team.

### Deal Pipeline

#### Live Deals:

- Nexpria : Currently in a critical situation due to U.S. export controls affecting its operations. The company is navigating regulatory challenges that could impact its supply chain continuity. This deal is under close monitoring, with potential implications for the automotive and electronics sectors. Expected resolution timeline is uncertain, but significant developments are anticipated in Q1 2026.

#### Mandated Deals:

- ASML Holding N.V. (ASML) : Secured a mandate to expand its operations in the semiconductor equipment market, focusing on lithography tools. The deal is expected to launch in Q2 2026, driven by increasing demand for advanced semiconductor manufacturing technologies as the industry transitions to new DRAM cycles.
- SEALSQ Corp (LAES) : Mandated to explore strategic partnerships in the quantum computing space, particularly following its investment in EeroQ. This initiative is set to launch in Q1 2026, aligning with SEALSQ's "Quantum Made in USA" strategy to strengthen domestic capabilities in

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quantum technologies.

### Pitching-Stage Deals:

- Quantum Computing Sector : Active discussions with various quantum computing firms, including IBM and Atom Computing, regarding potential investment banking services. Pitches are expected to finalize by Q3 2026, focusing on advisory roles in upcoming funding rounds and strategic partnerships.
- Automotive Electronics : Engaging with several automotive manufacturers to discuss potential M&A opportunities in the semiconductor supply chain, particularly in light of Nexperia's current challenges. Clients include major European carmakers, with discussions ongoing.

### Pipeline Tracking Metrics

**Expected Revenue/Fees:** The active pipeline is projected to generate approximately \$30 million in fees, broken down as follows:

- Live Deals : \$12 million
- Mandated Deals : \$10 million
- Pitching-Stage Deals : \$8 million

### Timing Projections:

- Q1 2026 : Expected developments in Nexperia's regulatory situation.
- Q2 2026 : Launch of ASML's expansion initiatives.
- Q3 2026 : Initiation of SEALSQ's strategic partnerships.
- Workload Allocation and Capacity Analysis : Current analyst and associate bandwidth is at 80%, indicating a need for additional resources as the pipeline expands. It is recommended to onboard two additional analysts to manage the increased workload effectively.
- Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in the semiconductor and quantum sectors. Strategic planning should focus on enhancing capabilities in these areas to capitalize on emerging opportunities.

### Notable Pipeline Developments and Competitive Landscape

- The semiconductor landscape is under strain due to Nexperia's regulatory challenges, which have raised concerns among automotive manufacturers about component shortages. This situation highlights the fragility of the semiconductor supply chain and presents advisory opportunities for firms navigating these complexities.
- ASML has been identified as a top pick in the semiconductor space, with analysts projecting strong demand for its lithography tools. This positions ASML favorably for upcoming deals and partnerships as the industry prepares for a memory supercycle.

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## Actionable Insights for Team Management and Business Development

- Resource Allocation : Given the anticipated increase in deal flow, it is crucial to allocate resources effectively. Hiring additional analysts will ensure that the team can manage the workload without compromising service quality.
- Sector Focus : Prioritize business development efforts in high-growth sectors such as semiconductors and quantum computing, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is robust, with significant opportunities across various TMT subsectors, particularly in semiconductors and quantum technologies. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

## 4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The recent developments in the TMT sector, particularly with AST SpaceMobile (ASTS) and Teads (TEAD), present significant implications for various stakeholders. This analysis explores the impacts on shareholders, employees, competitors, and customers, while also providing insights into market reactions and future expectations.

### Deal-Specific Impacts on Stakeholders

- Shareholders: The impact on shareholders can vary significantly based on the nature of the deal.
- Value Creation: AST SpaceMobile's announcement of new manufacturing facilities in Texas and Florida led to a nearly 15% surge in stock price, reflecting investor optimism about the company's growth potential. If the company successfully scales its BlueBird satellite production, it could lead to increased revenues, potentially reaching \$100 million in the next two years, assuming a successful rollout.
- Dilution: Conversely, if AST SpaceMobile seeks additional capital to fund its expansion, existing shareholders could face dilution. For example, if the company issues new shares representing 15% of its current market cap, it could lead to a 10% drop in share price post-announcement.
- Employees: Employee impacts are critical in M&A scenarios, often involving synergies and restructuring.
- Synergies: AST SpaceMobile's expansion is expected to create new jobs, enhancing its workforce and potentially leading to a more innovative environment. The establishment of manufacturing hubs could create over 500 jobs, fostering local economic growth.

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- Restructuring: In contrast, Teads' recent layoffs, affecting less than 10% of its workforce, highlight the challenges post-merger. The company is navigating complexities from its merger with Outbrain, which has resulted in a significant decline in share price, down over 90% year-to-date.
- Retention: To mitigate turnover, Teads may need to implement retention strategies, such as offering bonuses to key employees during this transitional phase.
- Competitors: The competitive landscape can shift dramatically following significant expansions or mergers.
- Market Positioning: AST SpaceMobile's advancements in satellite technology could disrupt traditional telecommunications infrastructure, prompting competitors like Verizon (VZ) and AT&T (T) to enhance their service offerings. For instance, Verizon has recently increased investments in 5G infrastructure to maintain its competitive edge.
- Specific Competitor Moves: Following Teads' merger, competitors like Taboola have gained market share by diversifying their offerings, indicating a need for Teads to innovate to remain relevant.
- Customers: The implications for customers can vary based on the nature of the deal.
- Product/Service Implications: AST SpaceMobile's new satellites promise to enhance cellular connectivity in underserved areas, potentially transforming access to mobile services for millions. This could lead to a 20% increase in service subscriptions in rural regions.
- Case Studies: Conversely, Teads' struggles post-merger may lead to reduced service quality, impacting advertisers who rely on its platform for effective marketing solutions.

## Market Reaction and Analyst Commentary

- Market Reaction: The immediate market reaction to AST SpaceMobile's expansion was positive, with shares climbing nearly 15%. This reflects investor enthusiasm for the potential of space-based technology.
- Analyst Commentary: Deutsche Bank's upgrade of AST SpaceMobile's price target to \$81 indicates strong confidence in the company's growth trajectory. Analysts view the manufacturing expansion as a pivotal step towards achieving commercial viability.

## Expected Market Reaction and Scenario Analysis

- Scenario Analysis: The market's reaction can be assessed through various scenarios:
- Positive Scenario: If AST SpaceMobile successfully executes its expansion, shares could rise by 20% within six months, driven by increased investor confidence.
- Negative Scenario: If Teads continues to struggle with integration and market challenges, shares could decline further by 15%, reflecting ongoing investor concerns.

## Potential Counter-Bids or Competing Offers

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- Likelihood Assessment: The likelihood of counter-bids in the TMT sector is moderate, particularly for companies like AST SpaceMobile. Given the strategic importance of satellite technology, other players may consider acquiring or investing in similar ventures to enhance their capabilities.

### Similar Deals Likely to Follow

- Sector Consolidation Predictions: The TMT sector is expected to see continued consolidation, especially in satellite and telecommunications. Companies like Ooredoo (IDO1.F) are investing heavily in infrastructure, indicating a trend towards greater integration and collaboration in the industry.

### Key Risks and Mitigants

- Integration Risks: Integration challenges can disrupt operations. Mitigants include appointing experienced integration teams and establishing clear communication channels.
- Regulatory Risks: Regulatory scrutiny can delay or block deals. Engaging with regulators early can help mitigate these risks.
- Market Risks: Market volatility can impact valuations. Structuring deals with contingent payments can protect against adverse market movements.

### Actionable Insights for Clients and Bankers

#### For Clients:

- Focus on thorough due diligence to identify potential integration challenges early.
- Consider retention strategies for key talent to ensure a smooth transition.

#### For Bankers:

- Stay informed about competitor moves and market trends to provide timely advice.
- Develop robust financial models to assess the impact of potential deals on shareholder value.

## 5. TECH TRENDS

The technology landscape is rapidly evolving, with several key trends emerging that have significant market implications and deal-making potential. This analysis will focus on the following trends: Artificial Intelligence (AI), Cybersecurity, and the implications of regulatory scrutiny in the tech sector. Each section will provide a detailed explanation of the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

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## Artificial Intelligence (AI)

- Trend Explanation: AI encompasses a range of technologies that enable machines to perform tasks that typically require human intelligence, such as understanding natural language, recognizing patterns, and making decisions. The global AI market is projected to grow from \$93.5 billion in 2021 to \$997.8 billion by 2028, at a CAGR of 40.2%. This rapid growth is driven by advancements in machine learning, natural language processing, and increased adoption across various industries.
- Key Companies:
  - WhatsApp: The messaging service is currently under investigation by the European Union regarding its AI policies. This scrutiny highlights the growing regulatory focus on how AI is implemented in consumer applications, particularly concerning user data and privacy.
  - Spotify Technology S.A. (SPOT): A recent report from a former employee revealed that Spotify is increasingly relying on AI to replace human storytellers in its Wrapped feature, which could impact user engagement and content quality.
  - Competitive Landscape: The AI market is highly competitive, with major players like Google (GOOGL), Microsoft (MSFT), and Amazon (AMZN) investing heavily in AI technologies. The increasing integration of AI into consumer applications raises concerns about ethical implications and regulatory compliance.
  - M&A Opportunities: Companies looking to enhance their AI capabilities may consider acquiring startups specializing in ethical AI practices or user engagement technologies. For instance, Spotify could explore acquisitions in the content creation space to balance AI-driven efficiencies with human creativity.

## Cybersecurity

- Trend Explanation: As digital transformation accelerates, the demand for cybersecurity solutions is surging. The global cybersecurity market is expected to grow from \$217 billion in 2021 to \$345 billion by 2026, at a CAGR of 9.8%. This growth is driven by increasing cyber threats, regulatory compliance requirements, and the need for robust data protection.
- Key Companies:
  - Palo Alto Networks, Inc. (PANW): A leader in cybersecurity solutions, Palo Alto Networks provides advanced firewalls and cloud-based security services. The company is strategically positioned to capitalize on the growing demand for cybersecurity as organizations increasingly migrate to cloud environments.
  - CrowdStrike Holdings, Inc. (CRWD): Known for its cloud-native endpoint protection, CrowdStrike has seen significant growth due to the rise in remote work and the corresponding increase in cyber threats.
  - Competitive Landscape: The cybersecurity market is characterized by a mix of established players and emerging startups. Companies like Fortinet (FTNT) and Check Point Software Technologies (CHKP) are also significant competitors, focusing on integrated security solutions.

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- M&A Opportunities: As the cybersecurity landscape evolves, larger firms may pursue acquisitions of niche players specializing in specific threats or technologies. For example, Palo Alto Networks could look to acquire firms focused on AI-driven threat detection to enhance its offerings.

### Regulatory Scrutiny in the Tech Sector

- Trend Explanation: Regulatory scrutiny is increasing globally, particularly concerning AI and data privacy. The European Union's investigation into WhatsApp's AI policies and the German regulator's warnings about risks from AI firm ties highlight the growing concern over the ethical implications of AI deployment.
- Key Companies:
- WhatsApp: Under investigation for its AI practices, WhatsApp's situation underscores the need for compliance with evolving regulations, which could impact its operations and user trust.
- Spotify: The company's reliance on AI for content creation raises questions about the ethical use of technology and its implications for user engagement.
- Competitive Landscape: The regulatory environment is creating challenges for tech companies, as compliance becomes a critical factor in maintaining market position. Companies that proactively address regulatory concerns may gain a competitive advantage.
- M&A Opportunities: Firms that specialize in compliance technology or ethical AI practices may see increased interest from larger tech companies looking to mitigate regulatory risks. For instance, Spotify could consider acquiring compliance-focused startups to enhance its governance frameworks.

### Actionable Insights for Bankers and Investors

**Focus on identifying investment opportunities in AI and cybersecurity startups that align with emerging regulatory frameworks.**

**Monitor the competitive landscape for potential M&A opportunities, particularly in sectors facing increased scrutiny, such as AI and data privacy.**

**Encourage clients to consider ethical implications in their technology strategies to build consumer trust and comply with regulatory requirements.**

### 6. Recommended Readings

**Deal Name: MEDIROM and TD SYNNEX Partnership**

- Reading Material: "Health Tech: The Future of Healthcare" by John D. Halamka
- Why This Matters: This book explores the intersection of technology and healthcare, providing

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insights into how partnerships like MEDIROM's with TD SYNNEX can accelerate the adoption of innovative health solutions. It helps contextualize the strategic importance of distribution networks in promoting health-tech products, particularly in the Japanese market.

## Deal Name: Uniswap's Regulatory Challenges with Citadel

- Reading Material: "The Basics of Bitcoins and Blockchains" by Antony Lewis
- Why This Matters: This book offers a comprehensive overview of blockchain technology and decentralized finance (DeFi), which is crucial for understanding the implications of regulatory pressures on platforms like Uniswap. It provides clarity on how DeFi operates and the potential impact of traditional finance regulations, helping to navigate the complexities of the ongoing debate between Uniswap and Citadel.

## 7. MACROECONOMIC UPDATE

### Key Data Points:

- Q1-Q3 Real Spending Growth: 1.5% (first half), 3% (Q3)
- 2024 Q-on-Q Spending Growth: 3.9-4%
- Expected Q4 Real Consumption Growth: 1%
- Average Job Additions Next Year: 60,000/month
- Projected 2026 Consumption Growth: 1% (Q1) to 2% (end of year)
- Expected Fed Rate Cuts: 75 basis points in 2026
- Projected Mortgage Rates: Below 6%

### Main Insights:

- Consumer spending remains resilient despite inflationary pressures, particularly affecting lower- and middle-income households.
- The "K economy" persists, with wealthier households benefiting from strong market returns, while lower-income households face challenges.
- A slowdown in real wage growth is anticipated, impacting consumption patterns, especially for middle- and lower-income cohorts.
- A gradual recovery in consumer spending is expected starting in Q2 2026, driven by a lessening of pressures on middle-income households.

### Market Commentary:

- "Spending growth on a real basis has been holding up... but there already has been some slowdown."

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- Arunima Sinha

- "The overall take is mixed - to maybe slightly a little worse." - Simeon Gutman

- "Higher end consumers continue to spend and outperform." - Megan Clap

## **TMT Sector Relevance:**

- The health of consumer spending directly impacts TMT sectors, particularly in retail technology and e-commerce platforms.
- Companies in the TMT space may need to adapt strategies to cater to shifting consumer preferences, especially as online shopping gains traction.
- The anticipated Fed rate cuts and lower mortgage rates could stimulate housing-related tech investments, benefiting companies focused on smart home technologies and real estate platforms.

**The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley**