



Investment  
Banking

Canaccord Genuity



# Cyber Security: Quarterly Update

Q2 2024



# Canaccord Genuity: a leading advisor to mid-market tech globally

Bulge bracket execution capabilities with boutique accountability and focus

## A team of expert advisers...



**120+** TMT bankers across our global franchise, including 80+ bankers in the US and 20+ in the UK

- Senior-level attention throughout projects
- Delivering exceptional outcomes and high quality service

- Thought leaders across the technology industry
- Deep insight into trends, positioning and opportunities



- Completely committed to growth companies and the mid-market
- Working with companies from first institutional capital raise right up to IPO and beyond

- An integrated global team
- Extensive relationships with trade buyers and investors globally
- Track record of international deal making

## ...within a global growth-focused investment bank...



...ranked #1 by Pitchbook in LTM 31 March 2024

### Global Middle-Market TMT Advisory<sup>(1)</sup>

Rank	Firm Name	# deals
1	Canaccord Genuity Investment Banking	60
2	Houlihan Lokey	25
2	Raymond James	23

### Leading Global Underwriter Since 2022<sup>(2)</sup>

Rank	Firm Name	Total Deals	Bookrun Deals
1	Canaccord Genuity Investment Banking	721	573
2	JPMorgan	662	646
3	Goldman Sachs	623	604

# The CG Cyber Security Summit, London June 2024

Thanks to the 100+ people who joined for our day-long summit on cyber security

## PANEL TOPICS & PARTICIPATING COMPANIES:

### CYBERSECURITY SERVICES – PANACEA FOR A RAPIDLY EVOLVING THREAT LANDSCAPE?

Exploring the attractions of services and platforms as a diversified investment to play the macro cyber growth theme

*Corero, NCC and SmartTech247, moderated by Kai Korschelt*

### IDENTITY AS THE NEXT FRONTIER IN CYBER:

We explore how identity has become a critical part of cybersecurity posture, secular demand trends and how investors can play the space

*Intercede, Performanta and Xalient, moderated by Richard Latner*

### AI IN CYBER: WHO BENEFITS MOST – ATTACKER OR DEFENDER?

Exploring the use of AI in cybersecurity, the importance of privacy and security and how vendors are leveraging the technology to drive better outcomes and economics

*Narf, Netacea, Performanta and Quorum Cyber, moderated by Chris Lewis*

### PLAYING OFFENCE – A NEW GROWTH WAVE FOR RED-TEAM CYBERSECURITY:

Digging into growth opportunities and debunking the myth of commoditisation in pen-testing, vulnerability management & red teaming

*CovertSwarm, Intruder, NCC, and Pen Test Partners, moderated by Kai Korschelt*

### DRIVING VALUE AND SECURITY IN THE GOVERNMENT SECTOR:

Exploring government as a core consumer and driver of innovation and value in cybersecurity

*Aker Systems, Cyberfort, Glasswall and Interrupt Labs moderated by Simon Bridges*



## PARTICIPANTS FROM ACROSS THE PUBLIC AND PRIVATE MARKETS





A portfolio company of



Financial advisor on investment from



Jun-24



We are incredibly grateful for the expert guidance and strategic insight provided by Canaccord Genuity throughout this process. Their **sector expertise** and **outstanding positioning** have been crucial in navigating the complexities of the global cybersecurity market. Canaccord Genuity's **global reach** was instrumental in helping us secure the right partner, fostering growth and reinforcing our global presence

The team at Canaccord Genuity not only acted as advisors but also as coaches, providing invaluable guidance that significantly strengthened our team and proposition

This partnership is a testament to the power of collaboration and shared vision, and we look forward to working together again in the future

*Fede Charosky, CEO, Quorum Cyber*



The Canaccord Genuity team have played an **instrumental role** in achieving an **outstanding outcome** for the shareholders of Quorum Cyber. We benefitted from their **deep domain knowledge** and **insightful advice**, with their team working tirelessly throughout. Above all, we thoroughly enjoyed working with them

*Matt Jacobs, Partner, Livingbridge*

# CG: ten years delivering for cybersecurity businesses

<p><b>MDR</b></p> <p><b>Quorum Cyber</b> A LIVINGBRIDGE-BACKED COMPANY</p> <p>Financial advisor on investment from</p> <p><b>Charlesbank</b></p> <p> Jun-24</p>	<p><b>Data Erasure</b></p> <p><b>FP</b> FRANCISCO PARTNERS</p> <p>Financial advisor on investment into</p> <p><b>blancco</b></p> <p> Nov-23</p>	<p><b>Application Security</b></p> <p><b>GRAMMATECH</b> A REYNOLDA EQUITY PARTNERS-BACKED COMPANY</p> <p>Financial advisor on sale of its software business to</p> <p><b>Battery</b></p> <p> Sep-23</p>	<p><b>MDR</b></p> <p><b>C SIS</b></p> <p>Financial advisor on sale to</p> <p><b>Allurity</b> A TRILL IMPACT-BACKED COMPANY</p> <p> Oct-22</p>	<p><b>MSSP</b></p> <p><b>EDGE</b> TECHNOLOGY GROUP Clients First</p> <p>Financial advisor on sale to</p> <p><b>THRIVE</b> A COURT SQUARE-BACKED COMPANY</p> <p> Jun-22</p>	<p><b>Bug Bounty Platform</b></p> <p><b>INTIGRITI</b></p> <p>Financial advisor on investment from</p> <p><b>octopus ventures</b> AND ER&amp;W NEW VENTURES, WITH FOLLOW-ON INVESTMENT FROM ETF PARTNERS</p> <p> Apr-22</p>	<p><b>Security Awareness Training</b></p> <p><b>TERRANOVA SECURITY</b></p> <p>Financial advisor on sale to</p> <p><b>helpsystems</b> A COMPANY BACKED BY TA ASSOCIATES, HGGC, CHARLESBANK, HARVEST PARTNERS SCF</p> <p> Apr-22</p>
<p><b>Anti-Ransomware</b></p> <p><b>redstor</b> A BEECH TREE-BACKED COMPANY</p> <p>Financial advisor on investment from</p> <p><b>BregalMilestone</b></p> <p> Jan-22</p>	<p><b>MDR</b></p> <p><b>LIVINGBRIDGE</b></p> <p>Financial advisor on investment into</p> <p><b>Quorum Cyber</b></p> <p> Jan-22</p>	<p><b>Zero Trust</b></p> <p><b>NEWTOWN LANE MARKETING</b></p> <p>Financial advisor on acquisition of</p> <p><b>appgate</b></p> <p> Oct-21</p>	<p><b>SecOps</b></p> <p><b>Outpost24</b> A MONTERRO-BACKED COMPANY</p> <p>Financial advisor on acquisition of</p> <p><b>Blueliv.</b></p> <p> Jul-21</p>	<p><b>Security Awareness Training</b></p> <p><b>KnowBe4</b> Human error. Conquered.</p> <p>\$175,000,000 Equity Offering Co-Manager</p> <p> Apr-21</p>	<p><b>Cloud Security</b></p> <p><b>kloudless</b></p> <p>Financial advisor on sale to</p> <p><b>netskope</b></p> <p> Mar-21</p>	<p><b>Security Awareness Training</b></p> <p><b>TENZING   GROW WITH US</b></p> <p>Financial advisor on investment into</p> <p><b>MetaCompliance</b></p> <p> Jan-21</p>
<p><b>DLP Software</b></p> <p><b>Boldon James</b> A QNETIQ company</p> <p>Financial advisor on sale to</p> <p><b>helpsystems</b> A COMPANY BACKED BY TA ASSOCIATES, HGGC, CHARLESBANK.</p> <p> Jun-20</p>	<p><b>SecOps</b></p> <p><b>Outpost24</b> A MONTERRO-BACKED COMPANY</p> <p>Financial advisor on acquisition of</p> <p><b>PWNIE EXPRESS</b></p> <p> Oct-19</p>	<p><b>IAM Services</b></p> <p><b>intragen</b></p> <p>Financial advisor on investment from</p> <p><b>FPE CAPITAL</b></p> <p> Sep-19</p>	<p><b>Endpoint PAM</b></p> <p><b>Avecto</b> A JMI EQUITY-BACKED COMPANY</p> <p>Financial advisor on sale to</p> <p><b>BOMGAR</b> A FRANCISCO PARTNERS-BACKED COMPANY</p> <p> Jul-18</p>	<p><b>Offensive Security</b></p> <p><b>MWR</b> INFOSECURITY AN ETF-BACKED COMPANY</p> <p>Financial advisor on sale to</p> <p><b>F-Secure</b></p> <p> Jun-18</p>	<p><b>Offensive Security</b></p> <p><b>F-Secure</b></p> <p>Financial advisor on acquisition of</p> <p><b>DigitalAssurance</b> Information Security Services</p> <p> May-17</p>	<p><b>Endpoint PAM</b></p> <p><b>Avecto</b></p> <p>Financial advisor on investment from</p> <p><b>JMI EQUITY</b></p> <p> Dec-15</p>

Deep transaction expertise across cyber services and software

# A global team serving the cyber security industry

## Investment Banking



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## We attend...

RSA  
Conference  
2024

Inf0security  
Europe

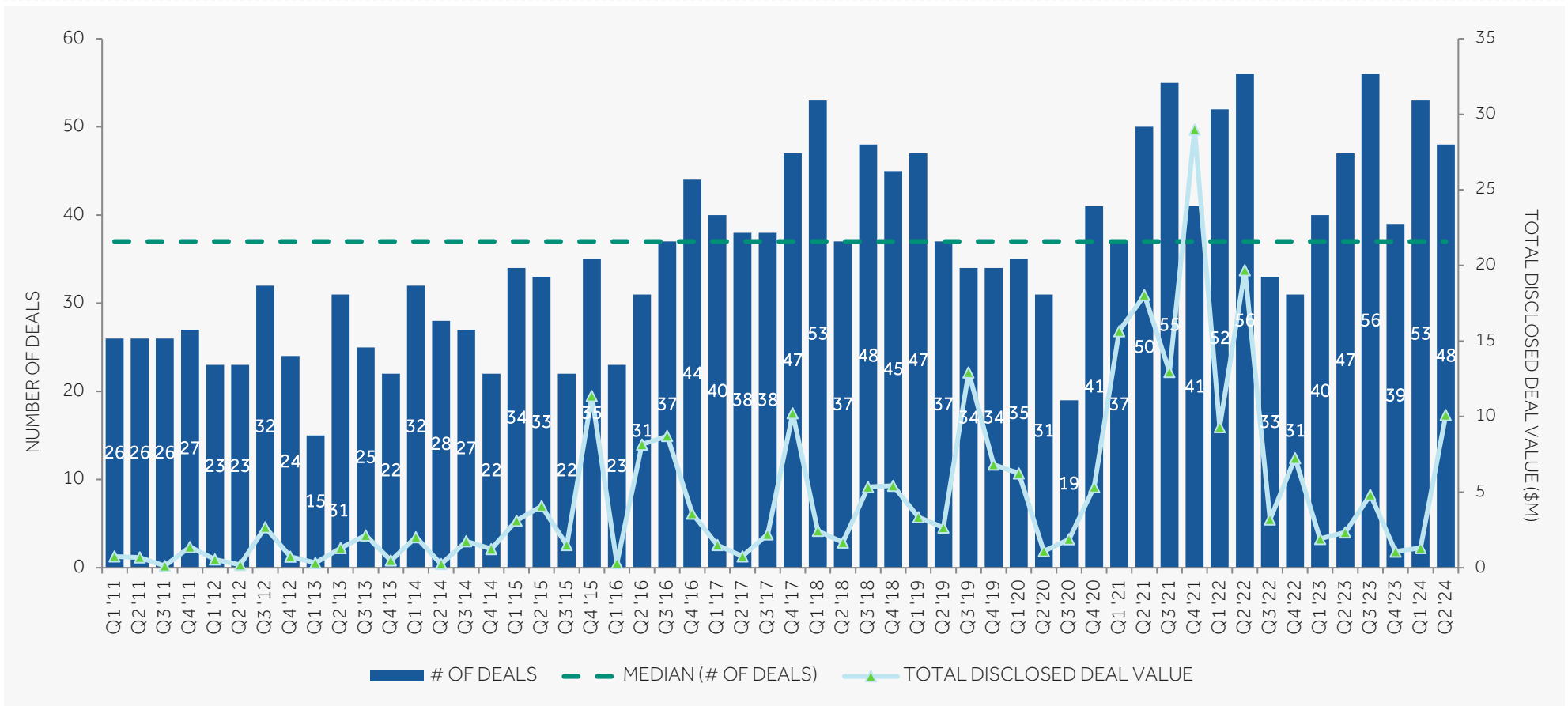
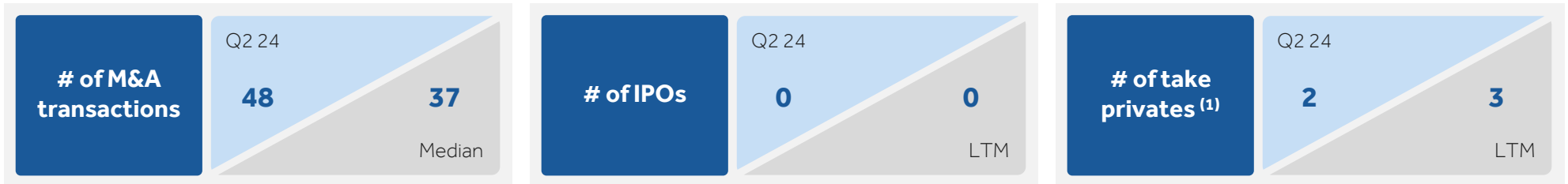
GC2024  
Growth Conference



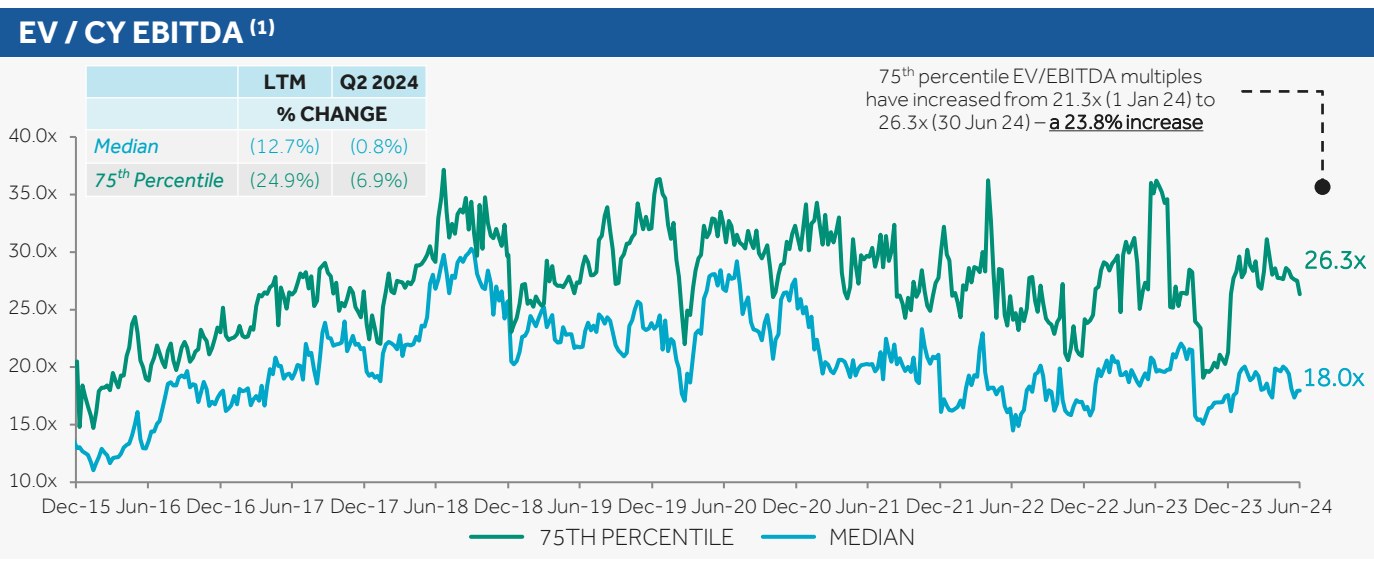
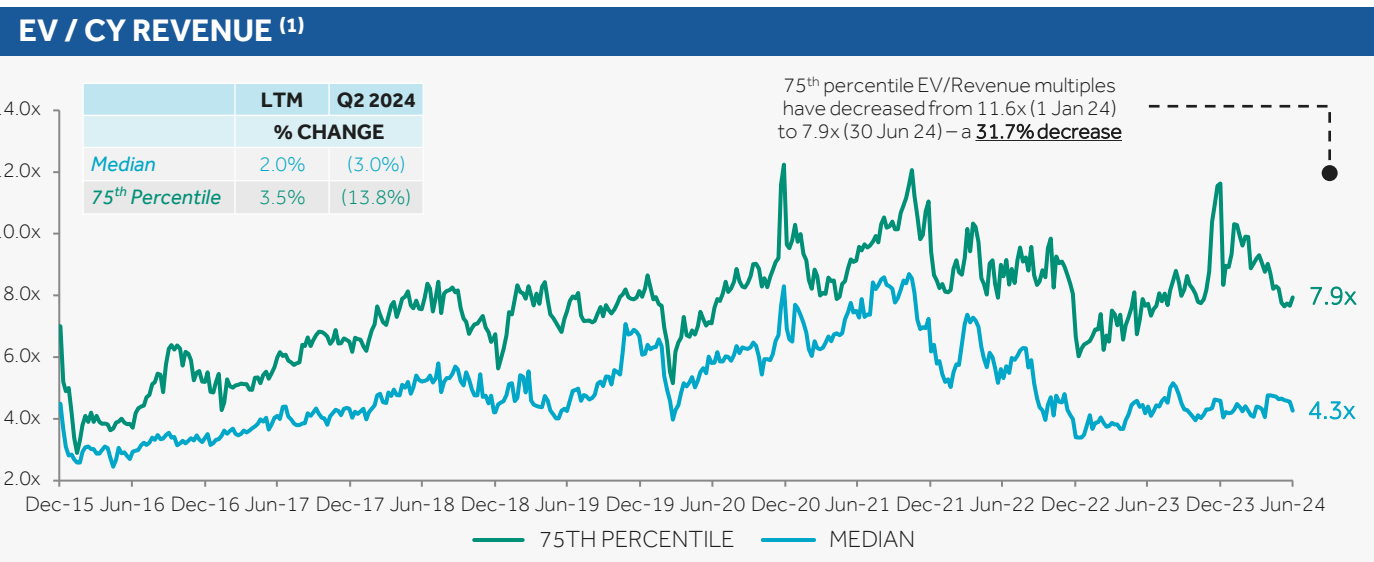
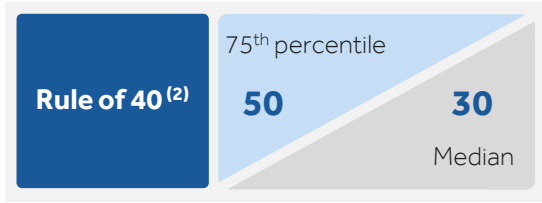
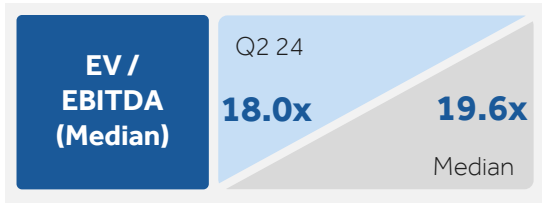
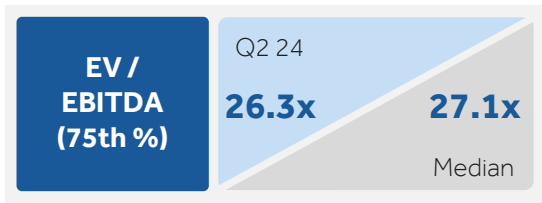
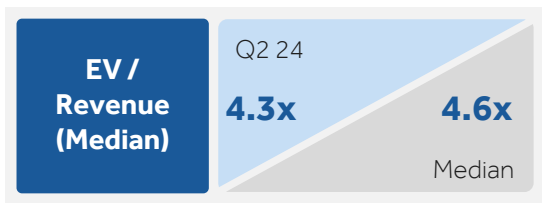
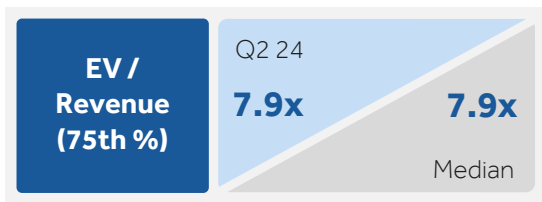
blackhat  
USA 2024

itsa EXPO  
CONGRESS  
HOME OF IT SECURITY

# Significant increase in deal activity this quarter, as private market transaction volumes remain strong

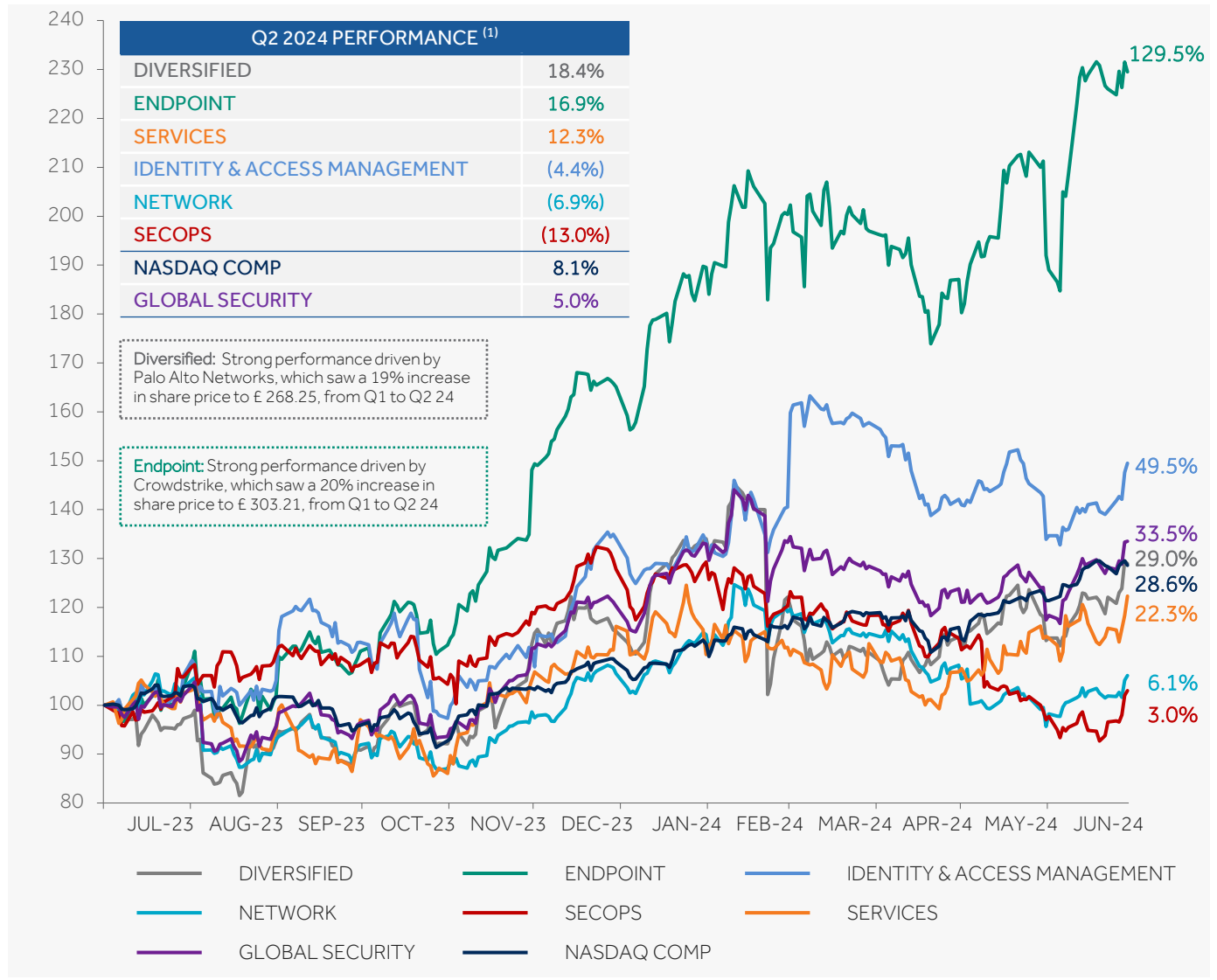
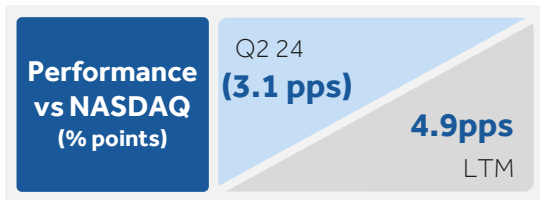
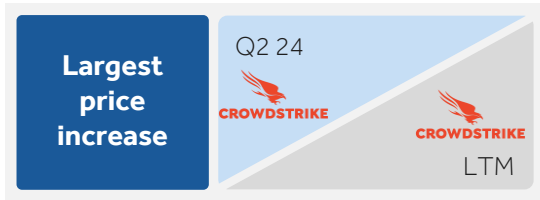


# A continuing divergence between median and upper quartile multiples, reflective of flight to quality and next-gen platform offerings





# Whilst the global security market has continued to outperform the NASDAQ, Nvidia's recent share price upsurge in the YTD (150%), has closed the gap



# Selected cyber security sector publicly traded companies

COMPANY	PRICE (30-JUN-24)	% OF 52 WEEK HIGH	MARKET CAP	TOTAL CASH	NET DEBT	ENTERPRISE VALUE	OPERATING METRICS					RULE OF 40	VALUATION METRICS			
							REVENUE	REV. GROWTH	GROSS MARGIN	EBITDA MARGIN			REVENUE		EBITDA	
							CY2024	CY24-25	HISTORICAL	CY2024	CY2025		CY2024	CY2025	CY2024	CY2025
<b>DIVERSIFIED</b>																
Palo Alto Networks	268.25	89.0%	86,859	2,287	(1,075)	85,784	6,701	15.2%	72.3%	30.2%	31.3%	45	12.8x	11.1x	42.3x	35.4x
Trend Micro	32.13	72.6%	4,190	1,013	(1,013)	3,177	1,326	6.5%	74.4%	27.2%	28.7%	34	2.4x	2.3x	8.8x	7.8x
<b>ENDPOINT</b>																
BlackBerry	1.98	43.7%	1,167	181	14	1,181	510	1.1%	61.0%	1.2%	5.2%	2	2.3x	2.3x	n.m.	43.9x
CrowdStrike	303.21	97.1%	74,320	2,930	(2,276)	72,045	3,103	26.8%	75.3%	25.0%	27.5%	52	23.2x	18.3x	n.m.	n.m.
F-Secure	1.64	80.3%	287	12	155	443	126	3.9%	87.7%	36.0%	37.6%	40	3.5x	3.4x	9.8x	9.0x
WithSecure	0.87	82.2%	153	27	(16)	137	128	7.2%	70.2%	4.1%	7.3%	11	1.1x	1.1x	28.0x	14.6x
SentinelOne	16.66	68.4%	5,564	612	(595)	4,969	631	26.9%	71.1%	(6.0%)	5.2%	21	7.9x	6.2x	n.m.	n.m.
<b>IDENTITY &amp; ACCESS MANAGEMENT</b>																
CyberArk	216.35	96.6%	9,372	853	(400)	8,973	740	22.1%	79.5%	12.1%	16.8%	34	12.1x	9.9x	n.m.	n.m.
Okta	74.07	81.8%	12,834	1,836	(836)	11,997	1,993	12.0%	74.3%	17.7%	21.0%	30	6.0x	5.4x	34.0x	25.6x
<b>NETWORK</b>																
Check Point Software	130.56	97.7%	15,013	1,268	(1,241)	13,772	2,026	5.4%	88.9%	44.8%	45.1%	50	6.8x	6.4x	15.2x	14.3x
Cloudflare	65.54	71.4%	23,091	1,358	(221)	22,870	1,309	27.2%	76.3%	18.2%	19.2%	45	17.5x	13.7x	n.m.	n.m.
Darktrace	5.77	92.1%	3,713	304	(257)	3,456	600	20.2%	89.8%	23.5%	24.0%	44	4.6x	3.8x	19.4x	15.8x
Exclusive Networks	15.99	81.6%	1,444	315	157	1,601	n.a.	44.6%	20.5%	12.8%	9.9%	57	1.1x	0.8x	8.5x	7.6x
Fortinet	47.69	74.2%	36,690	2,392	(1,535)	35,155	4,590	13.1%	76.7%	29.7%	30.0%	43	7.7x	6.8x	25.8x	22.6x
F5 Networks	136.28	86.3%	7,999	715	(504)	7,495	2,222	4.0%	78.9%	37.9%	39.4%	42	3.4x	3.2x	8.9x	8.2x
Radware	14.43	87.1%	603	288	(241)	362	209	5.7%	80.2%	10.0%	11.0%	16	1.7x	1.6x	17.3x	14.9x
Secunet	106.32	54.4%	688	35	(19)	669	341	7.8%	22.2%	15.8%	16.7%	24	2.0x	1.8x	12.4x	10.9x
Zscaler	152.07	74.0%	23,160	1,772	(789)	22,371	1,855	22.7%	77.6%	23.4%	24.6%	46	12.1x	9.8x	n.m.	40.0x
<b>SECOPS</b>																
Qualys	112.84	69.1%	4,219	359	(329)	3,890	479	9.9%	80.6%	42.0%	41.3%	52	8.1x	7.4x	19.3x	17.9x
Rapid7	34.21	69.9%	2,149	326	483	2,633	661	9.5%	70.2%	21.4%	22.2%	31	4.0x	3.6x	18.6x	16.4x
Tenable	34.48	81.5%	4,239	404	(77)	4,162	716	13.8%	77.0%	19.5%	21.3%	33	5.8x	5.1x	29.7x	23.9x
<b>SERVICES</b>																
NCC Group	1.53	97.1%	483	18	83	566	338	6.2%	39.4%	14.5%	16.2%	21	1.7x	1.6x	11.6x	9.8x
SecureWorks	5.54	85.4%	490	37	(32)	458	266	1.5%	59.5%	0.4%	4.8%	2	1.7x	1.7x	n.m.	35.4x
Smarteck247 Group <sup>(1)</sup>	0.17	44.7%	21	4	(4)	18	n.a.	n.a.	55.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Telos	3.18	79.9%	229	74	(65)	164	98	34.1%	38.9%	(11.7%)	1.9%	22	1.7x	1.2x	n.m.	n.m.
<b>25th percentile</b>		<b>71.4%</b>					<b>339</b>	<b>6.1%</b>	<b>61.0%</b>	<b>11.6%</b>	<b>10.7%</b>	<b>18</b>	<b>1.9x</b>	<b>1.8x</b>	<b>11.1x</b>	<b>10.3x</b>
<b>Median</b>		<b>81.5%</b>					<b>661</b>	<b>10.9%</b>	<b>74.4%</b>	<b>18.8%</b>	<b>21.2%</b>	<b>30</b>	<b>4.3x</b>	<b>3.7x</b>	<b>18.0x</b>	<b>15.8x</b>
<b>75th percentile</b>		<b>87.1%</b>					<b>1,924</b>	<b>22.2%</b>	<b>78.9%</b>	<b>27.8%</b>	<b>29.0%</b>	<b>50</b>	<b>7.9x</b>	<b>6.9x</b>	<b>26.3x</b>	<b>24.8x</b>

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