



Investment
Banking

Canaccord Genuity



Cyber Security: Quarterly Update

Q3 2024



CG: the 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
100+ bankers in the US and 20+ in the UK

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

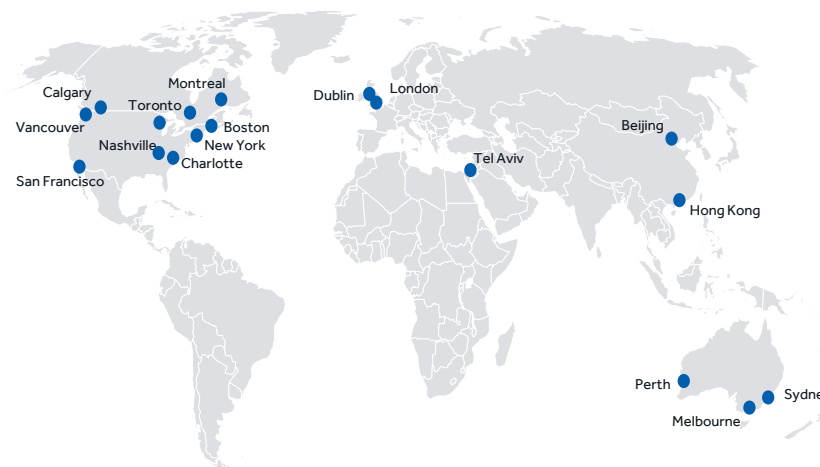
- **Thought leaders** across the technology industry
- Deep insight into **trends, positioning and opportunities**



- **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 LTM 30 September 2024

Global Middle-Market TMT Advisory¹

Rank	Firm Name	# deals
1	Investment Banking	60
2	Houlihan Lokey	33
3	Raymond James	21

Leading Global Underwriter Since 2022²

Rank	Firm Name	Total Deals	Bookrun Deals
1	Investment Banking	864	678
2	JPMorgan	795	777
3	Goldman Sachs	756	735

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

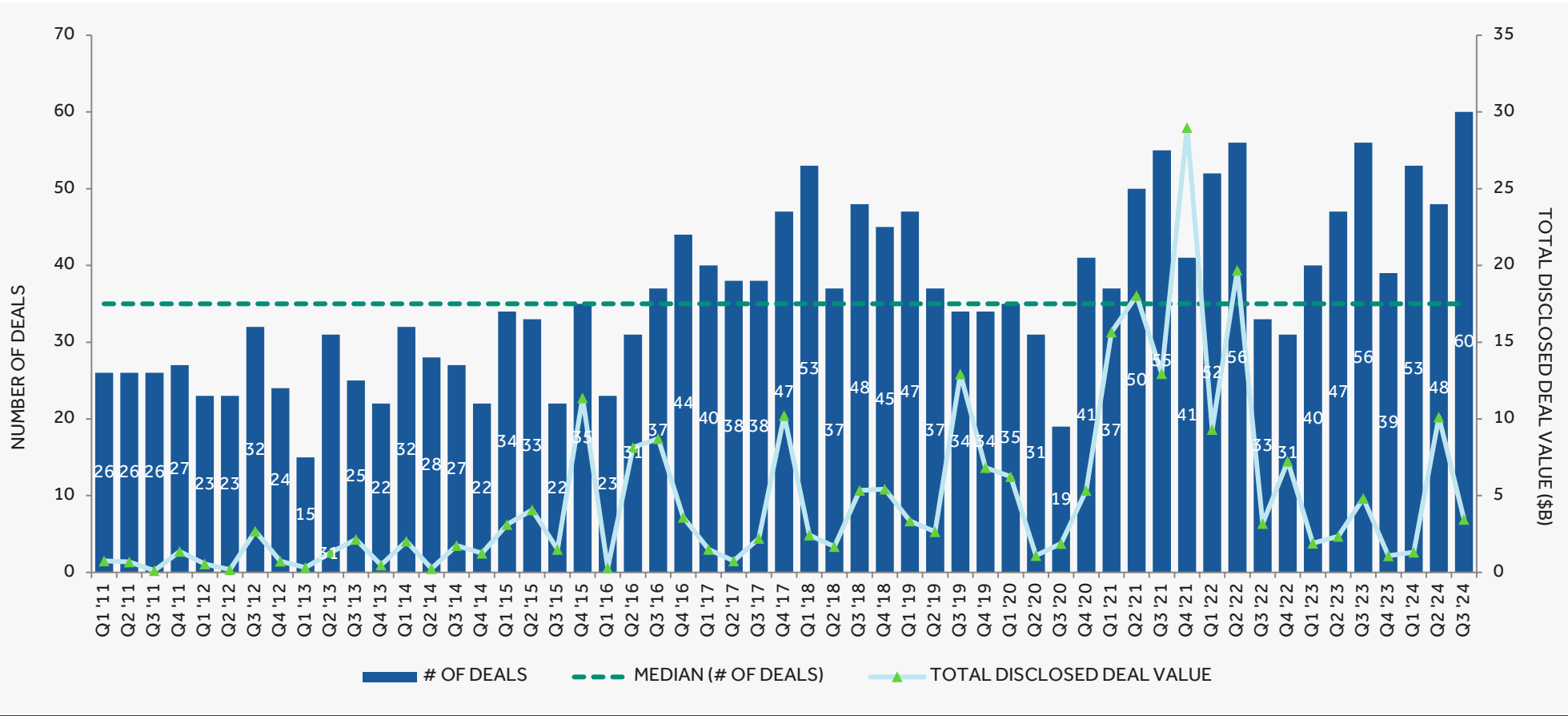
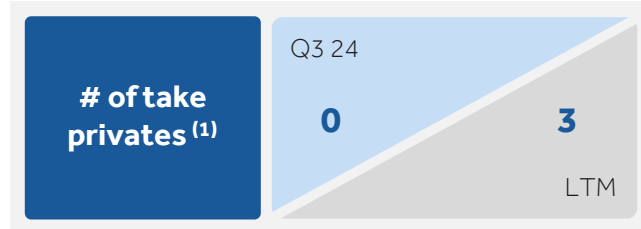
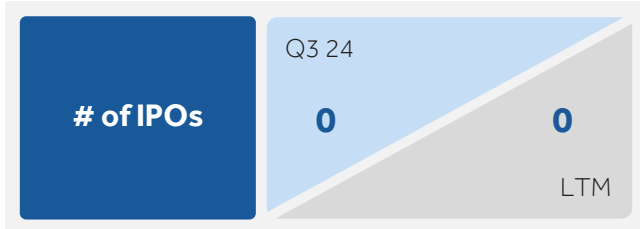
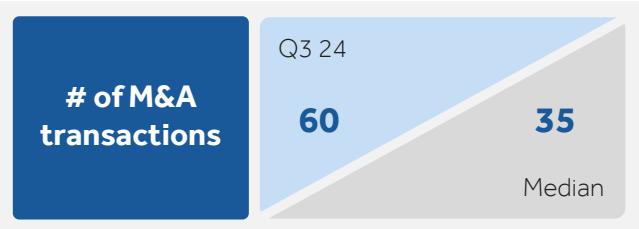
GC2024
Growth Conference

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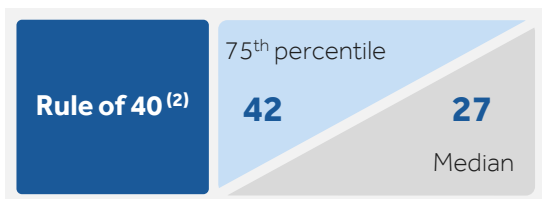
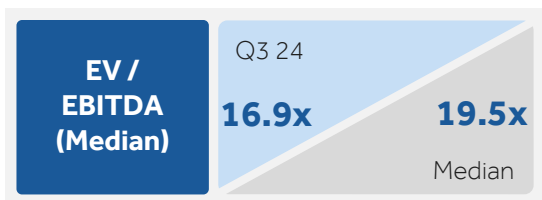
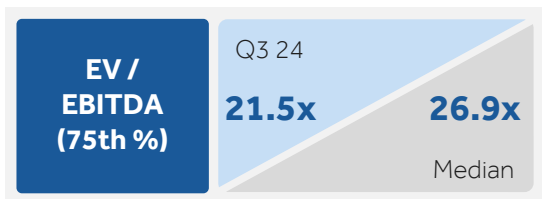
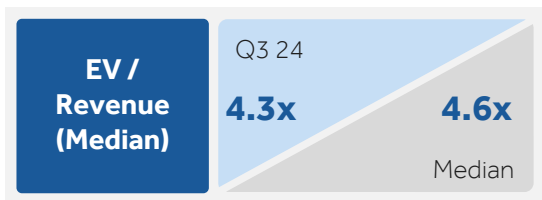
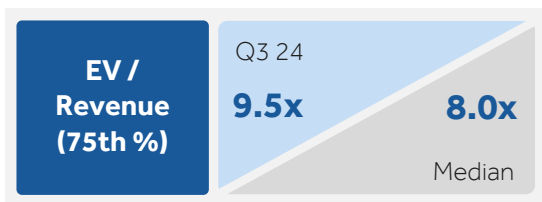
blackhat
USA 2024

itsa EXPO
CONGRESS
HOME OF IT SECURITY

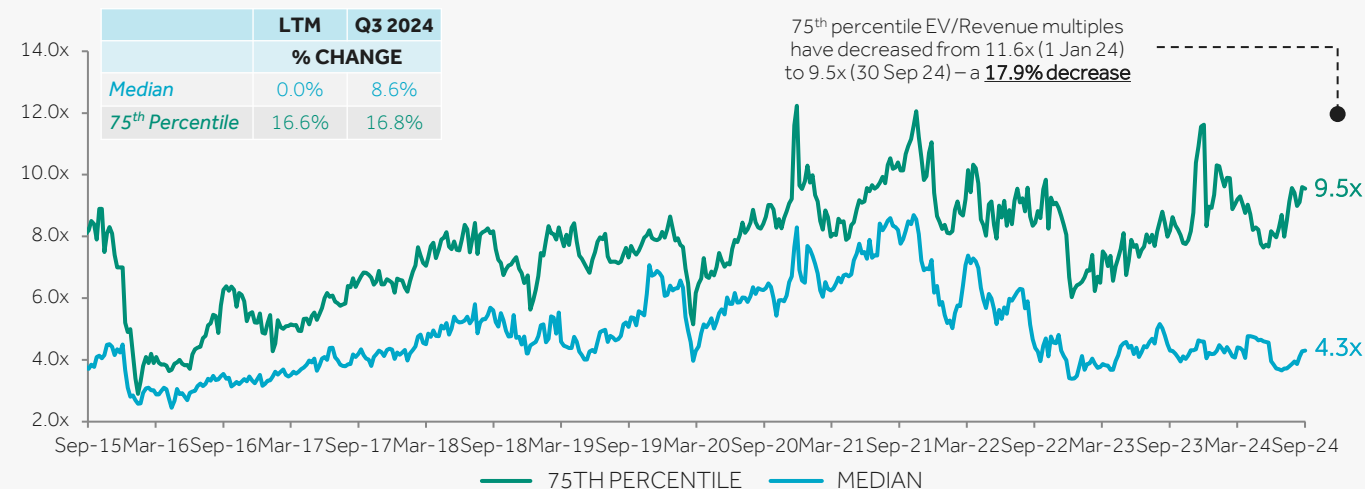
Significant increase in deal activity this quarter, as private market transaction volumes remain strong



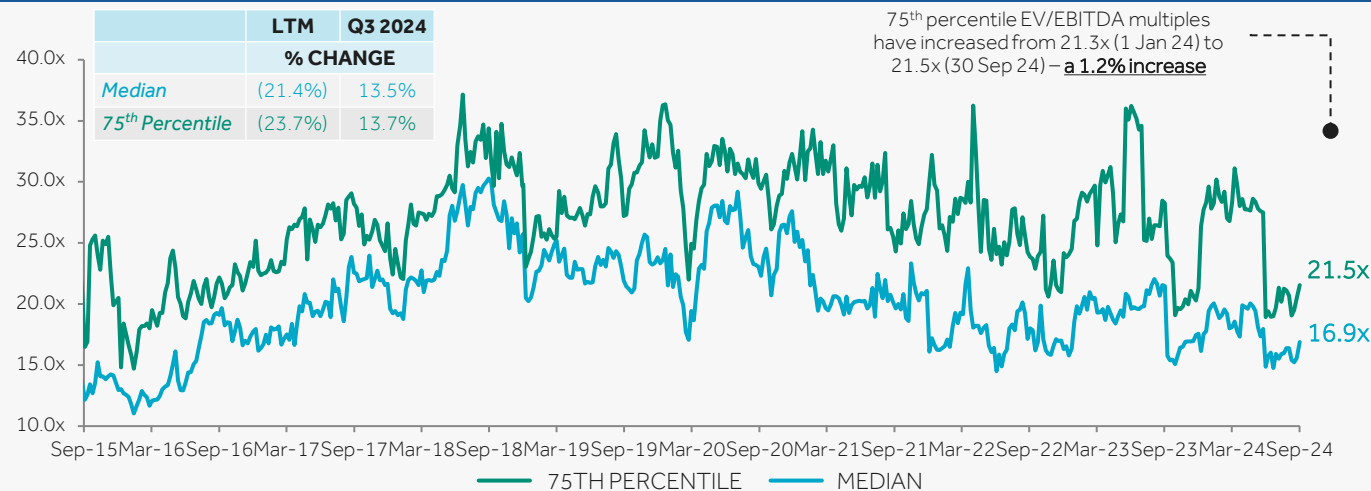
A continuing divergence between median and upper quartile multiples, reflective of flight to quality and next-gen platform offerings



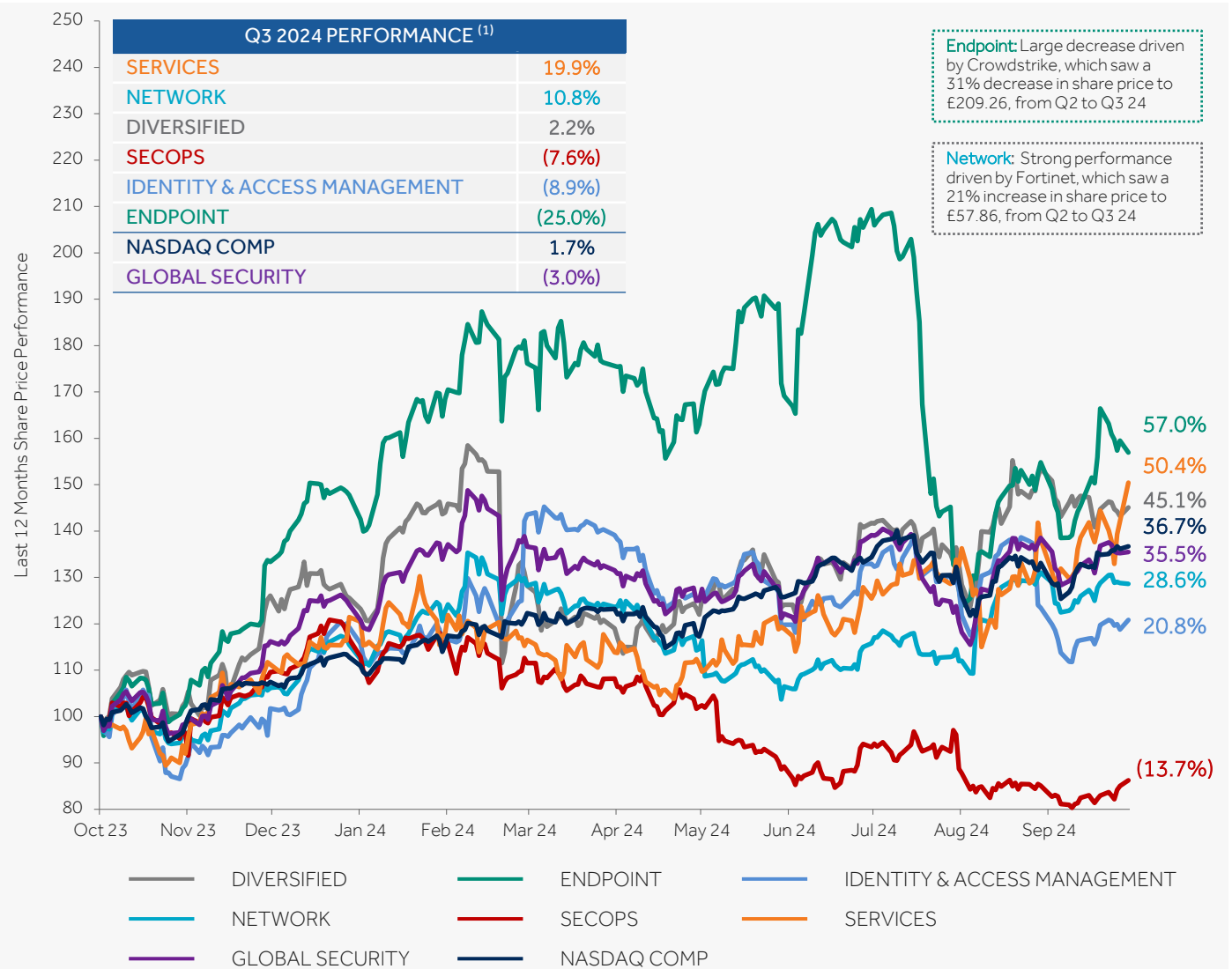
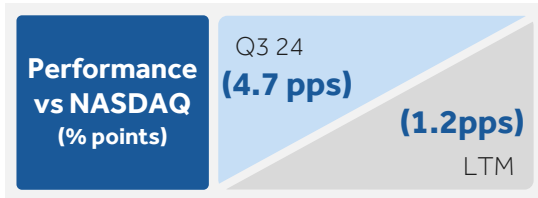
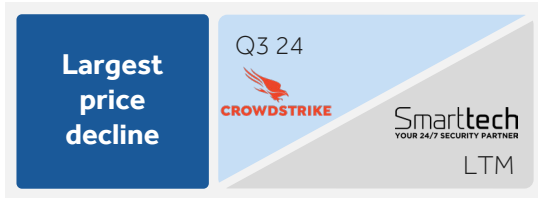
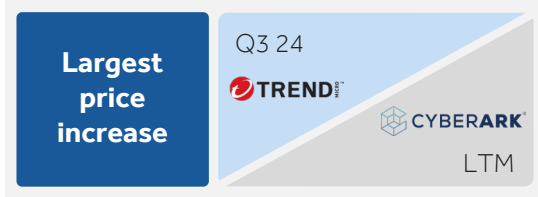
EV / CY REVENUE ⁽¹⁾



EV / CY EBITDA ⁽¹⁾



CrowdStrike's 31% share price drop in Q3 2024 has brought our Global Security index performance closer in-line with that of the Nasdaq Composite



Selected cyber security sector publicly traded companies

COMPANY	PRICE (30-SEP-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
DIVERSIFIED																
Palo Alto Networks	255.02	89.7%	83,034	1,924	(872)	82,162	6,332	14.7%	74.3%	21.2%	30.6%	36	13.0x	11.3x	n.m.	37.0x
Trend Micro	44.21	92.0%	5,799	1,048	(1,048)	4,751	1,411	6.2%	74.4%	26.0%	27.8%	32	3.4x	3.2x	12.9x	11.4x
ENDPOINT																
BlackBerry	1.97	55.7%	1,161	157	29	1,191	481	0.2%	61.0%	1.4%	5.0%	2	2.5x	2.5x	n.m.	49.3x
CrowdStrike	209.26	70.4%	51,662	3,013	(2,394)	49,268	2,857	23.0%	75.3%	23.2%	25.0%	46	17.2x	14.0x	n.m.	n.m.
F-Secure	1.80	92.7%	314	14	142	456	123	3.8%	87.7%	36.6%	38.1%	40	3.7x	3.6x	10.2x	9.4x
WithSecure	0.88	84.3%	154	21	(10)	144	125	7.1%	70.2%	2.4%	6.3%	9	1.3x	1.2x	n.m.	19.0x
SentinelOne	17.85	77.8%	6,039	528	(513)	5,526	597	26.5%	71.1%	(5.2%)	4.8%	21	9.3x	7.3x	n.m.	n.m.
IDENTITY & ACCESS MANAGEMENT																
CyberArk	217.57	99.4%	9,426	1,045	(617)	8,810	701	21.9%	79.5%	13.8%	17.3%	36	12.6x	10.3x	n.m.	n.m.
Okta	55.47	64.9%	9,701	1,759	(849)	8,852	1,894	10.9%	74.3%	18.7%	22.1%	30	4.7x	4.2x	24.9x	19.1x
NETWORK																
Check Point Software	143.86	98.1%	16,228	1,239	(1,212)	15,016	1,913	5.5%	88.9%	44.2%	44.3%	50	7.8x	7.4x	17.7x	16.8x
Cloudflare	60.35	69.7%	21,378	1,311	(238)	21,140	1,238	27.1%	76.3%	19.6%	19.9%	47	17.1x	13.4x	n.m.	n.m.
Exclusive Networks	19.68	99.8%	1,784	278	196	1,980	n.a.	12.1%	20.5%	13.0%	13.0%	25	1.4x	1.2x	10.7x	9.5x
Fortinet	57.86	99.2%	44,645	2,491	(1,688)	42,957	4,370	12.2%	76.7%	32.7%	32.4%	45	9.8x	8.8x	30.1x	27.0x
F5 Networks	164.29	98.4%	9,590	698	(504)	9,087	2,111	4.1%	78.9%	37.8%	38.8%	42	4.3x	4.1x	11.4x	10.7x
Radware	16.62	96.7%	698	282	(239)	460	202	6.7%	80.2%	10.6%	10.8%	17	2.3x	2.1x	21.5x	19.7x
Secunet	76.56	45.0%	495	18	(3)	492	332	6.9%	22.2%	15.5%	16.6%	22	1.5x	1.4x	9.6x	8.3x
Zscaler	127.54	65.8%	19,490	1,798	(871)	18,619	1,757	20.8%	78.1%	8.9%	24.6%	30	10.6x	8.8x	n.m.	35.6x
SECOPS																
Qualys	95.84	62.3%	3,561	293	(256)	3,305	447	8.0%	80.6%	43.8%	42.5%	52	7.4x	6.8x	16.9x	16.1x
Rapid7	29.76	64.5%	1,882	330	432	2,313	623	8.3%	70.2%	21.5%	21.6%	30	3.7x	3.4x	17.2x	15.9x
Tenable	30.23	75.7%	3,721	363	(56)	3,665	666	11.3%	77.0%	20.5%	22.7%	32	5.5x	4.9x	26.8x	21.8x
SERVICES																
NCC Group	1.78	96.7%	558	18	69	627	333	5.5%	41.4%	13.7%	15.9%	19	1.9x	1.8x	13.8x	11.2x
SecureWorks	6.60	90.7%	587	36	(31)	556	251	1.6%	59.5%	(0.8%)	0.4%	21	2.2x	2.2x	n.m.	n.m.
Smarteck247 Group ⁽¹⁾	0.12	36.6%	15	4	(3)	11	n.a.	n.a.	55.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Telos	2.68	71.4%	194	60	(51)	143	79	43.6%	38.9%	(17.6%)	(0.2%)	26	1.8x	1.3x	n.m.	n.m.
Summary Statistics																
25th percentile		65.8%					332	5.9%	60.6%	9.7%	12.0%	16	2.2x	2.2x	11.4x	11.2x
Median		77.8%					645	8.3%	74.4%	18.7%	21.6%	27	4.3x	4.1x	16.9x	16.8x
75th percentile		96.9%					1,860	17.7%	78.3%	24.6%	29.2%	42	9.5x	8.1x	21.5x	21.8x

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