



Investment  
Banking

Canaccord Genuity



# Cyber Security: Quarterly Update

Q4 2023



# 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 the best outcomes and highest 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
- Unrivalled 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 December 2023

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

Rank	Firm Name	# deals
1	Investment Banking	52
2	Lincoln International	30
2	Houlihan Lokey	30

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

Rank	Firm Name	Total Deals	Bookrun Deals
1	Investment Banking	652	517
2	JPMorgan	568	553
3	Goldman Sachs	530	514

# CG: a leading advisor to cybersecurity businesses and investors globally

Data Erasure	Application Security	Industrial IoT	MDR	MSSP	Bug Bounty Platform	Security Awareness Training
<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>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>IPKEYS</b> POWER PARTNERS</p> <p>Financial advisor on sale to</p> <p><b>PARSONS</b></p> <p>Mar-23</p>	<p><b>CISIS</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>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>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>TERRANOVA</b> SECURITY</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>
Anti-Ransomware	MDR	Zero Trust	SecOps	Security Awareness Training	Cloud Security	Security Awareness Training
<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>LIVINGBRIDGE</b></p> <p>Financial advisor on investment into</p> <p><b>Quorum Cyber</b></p> <p>Jan-22</p>	<p><b>NEWTOWN LANE</b> MARKETING</p> <p>Financial advisor on acquisition of</p> <p><b>appgate</b></p> <p>Oct-21</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>KnowBe4</b> Human error. Conquered.</p> <p>\$175,000,000 Equity Offering Co-Manager</p> <p>Apr-21</p>	<p><b>kloudless</b></p> <p>Financial advisor on sale to</p> <p><b>netskope</b></p> <p>Mar-21</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>
DLP Software	SecOps	IAM Services	Endpoint PAM	Offensive Security	Offensive Security	Endpoint PAM
<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>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>inragen</b></p> <p>Financial advisor on investment from</p> <p><b>FPE</b> CAPITAL</p> <p>Sep-19</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>MWR</b> INFOSSECURITY AN ETF-BACKED COMPANY</p> <p>Financial advisor on sale to</p> <p><b>F-Secure</b></p> <p>Jun-18</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>Avecto</b></p> <p>Financial advisor on investment from</p> <p><b>JMI</b> 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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**Kai Korschelt**

Managing Director

London



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## We have attended...

RSAConference™

Inf@security Europe

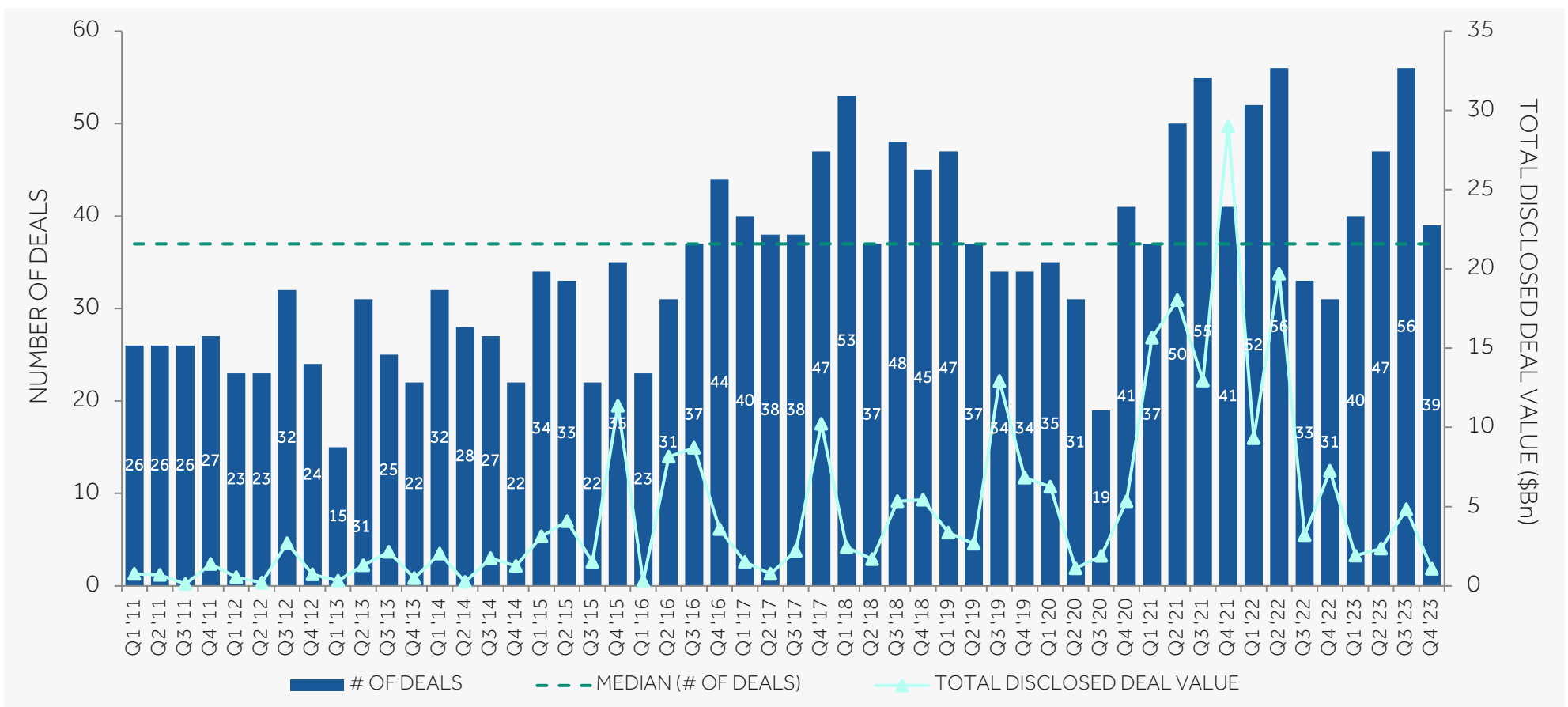
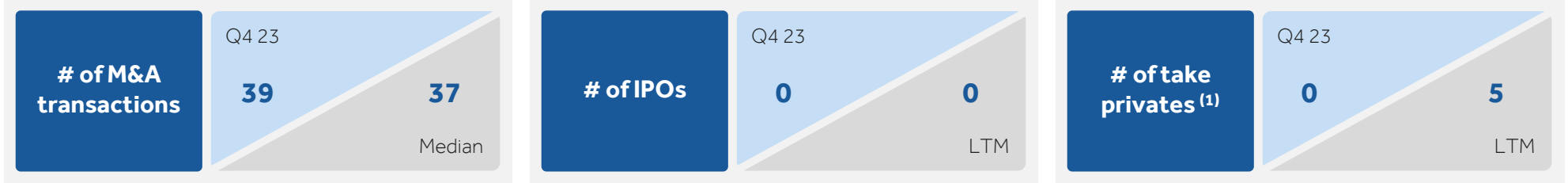
**GC2023**  
Growth Conference



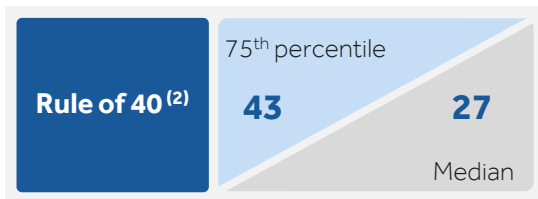
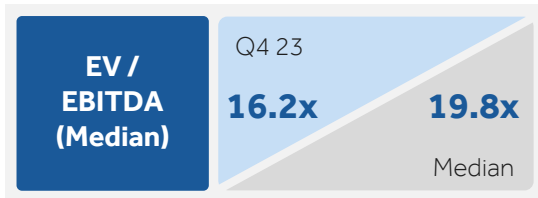
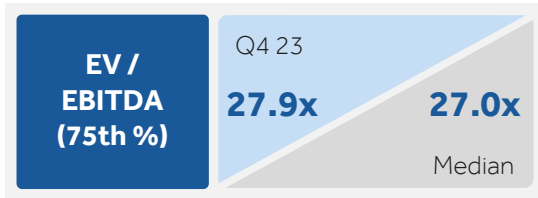
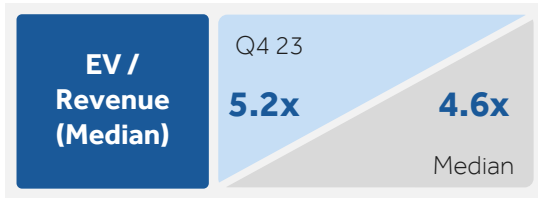
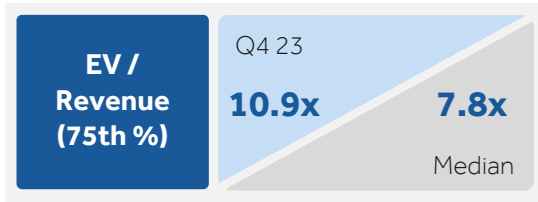
(1)

**itsa EXPO**  
CONGRESS  
HOME OF IT SECURITY

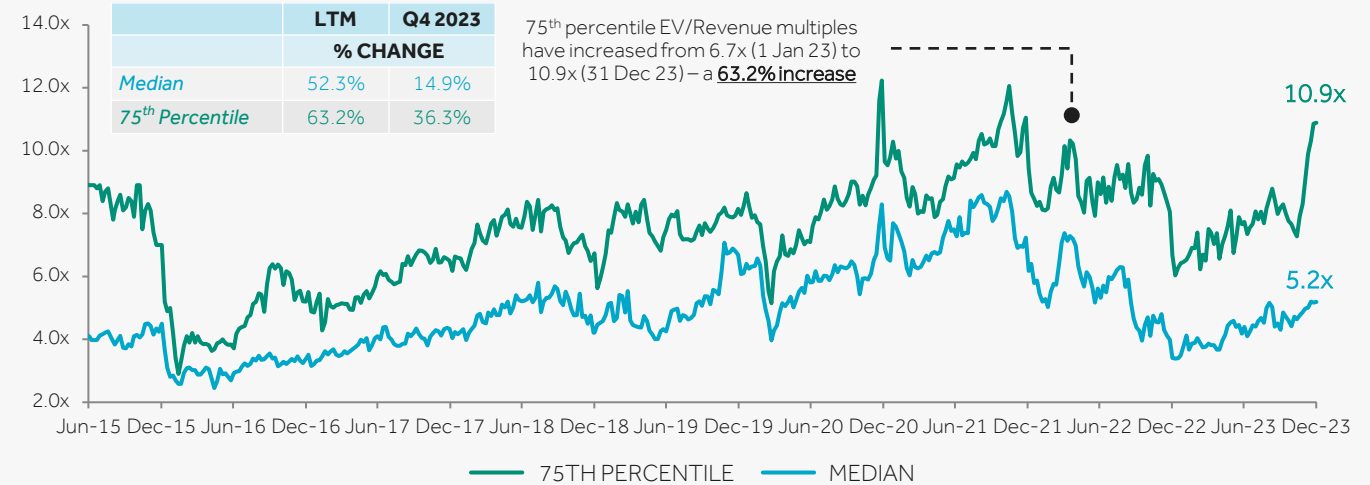
# Transaction in cyber security remain robust with strong deal activity



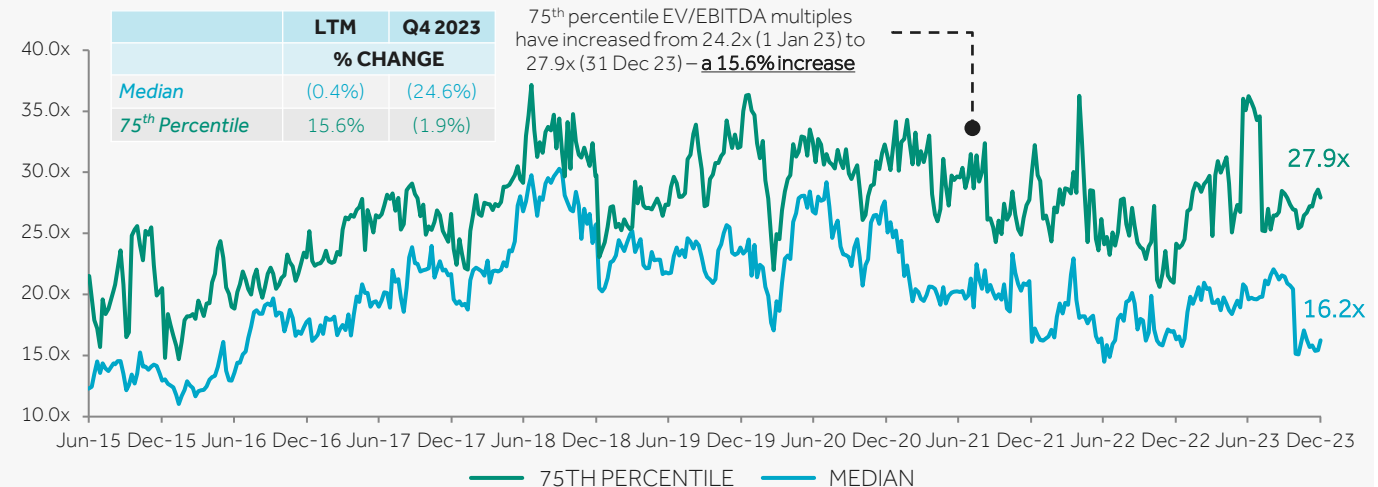
# Public market multiples continue to display a resurgence from the end of 2022



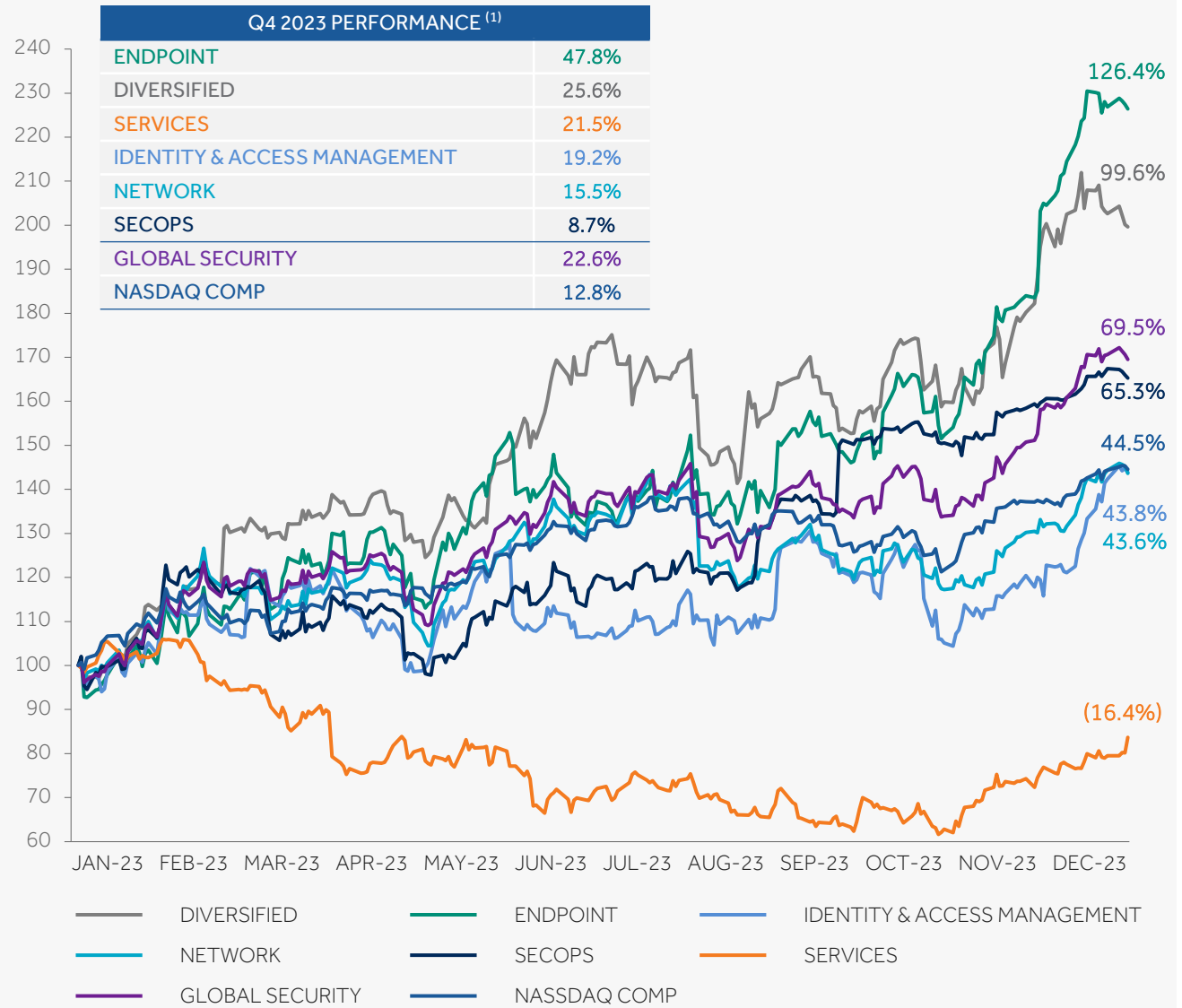
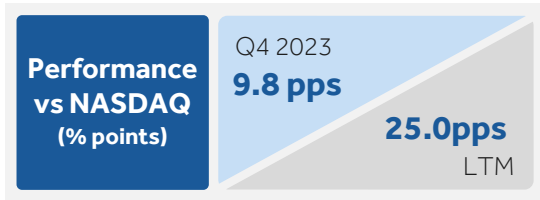
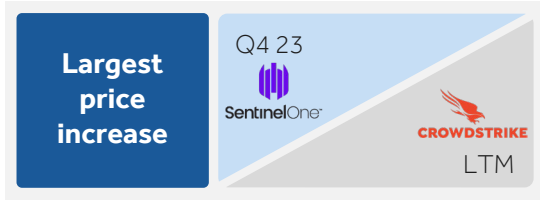
## EV / CY REVENUE <sup>(1)</sup>



## EV / CY EBITDA <sup>(1)</sup>



# During 2023, share price performance for global security significantly outperformed the NASDAQ by 25 pps



# Selected cyber security sector publicly traded companies

COMPANY	PRICE (31-DEC-23)	% 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	
							CY2023	CY23-24	HISTORICAL	CY2023	CY2024		CY2023	CY2024	CY2023	CY2024
<b>DIVERSIFIED</b>																
Palo Alto Networks	294.88	92.7%	92,976	3,894	(1,671)	91,304	7,429	18.6%	72.3%	18.1%	29.3%	37	12.3 x	10.4 x	n.m.	35.4 x
Trend Micro	53.52	89.4%	7,284	1,968	(1,968)	5,316	1,769	8.9%	75.7%	23.7%	24.8%	33	3.0 x	2.8 x	12.7 x	11.2 x
<b>ENDPOINT</b>																
BlackBerry	3.56	60.1%	2,083	210	14	2,097	801	(11.7%)	63.9%	0.7%	4.6%	(11)	2.6 x	3.0 x	n.m.	n.m.
CrowdStrike	255.32	97.5%	62,046	3,166	(2,340)	59,707	2,982	29.5%	73.2%	23.4%	25.7%	53	20.0 x	15.5 x	n.m.	n.m.
F-Secure	2.25	59.2%	393	17	212	605	143	13.1%	91.6%	32.6%	37.3%	46	4.2 x	3.7 x	13.0 x	10.0 x
WithSecure	1.15	59.7%	201	40	(23)	178	157	6.2%	65.1%	(15.0%)	(0.2%)	(9)	1.3 x	1.2 x	n.m.	n.m.
SentinelOne	27.44	98.1%	9,086	798	(775)	8,311	600	33.1%	65.8%	(24.3%)	(2.1%)	9	13.8 x	10.4 x	n.m.	n.m.
<b>IDENTITY &amp; ACCESS MANAGEMENT</b>																
CyberArk	219.05	98.4%	9,052	906	(335)	8,717	739	23.9%	78.7%	5.6%	10.3%	29	11.8 x	9.5 x	n.m.	n.m.
Okta	90.53	98.0%	15,544	2,130	(709)	14,835	2,212	11.2%	70.7%	9.5%	17.0%	21	6.7 x	6.0 x	n.m.	35.4 x
<b>NETWORK</b>																
Check Point Software	152.79	99.1%	18,169	1,457	(1,457)	16,713	2,414	4.9%	87.4%	45.3%	44.5%	50	6.9 x	6.6 x	15.3 x	14.8 x
Cloudflare	83.26	95.8%	29,279	1,574	(155)	29,124	1,288	28.1%	76.1%	19.0%	17.8%	47	22.6 x	17.7 x	n.m.	n.m.
Darktrace	4.67	85.7%	2,981	359	(301)	2,679	549	22.9%	89.8%	11.7%	18.4%	35	4.9 x	4.0 x	32.7 x	22.4 x
Exclusive Networks	21.47	91.8%	1,939	306	271	2,210	n.a.	10.7%	18.0%	5.0%	5.0%	16	0.5 x	0.5 x	10.3 x	9.2 x
Fortinet	58.53	72.0%	45,397	3,169	(2,112)	43,284	5,301	12.8%	75.4%	29.4%	28.8%	42	8.2 x	7.2 x	27.8 x	25.2 x
F5 Networks	178.98	99.0%	10,702	803	(522)	10,179	2,803	(0.0%)	78.9%	26.8%	38.1%	27	3.6 x	3.6 x	13.6 x	9.5 x
Radware	16.68	71.4%	701	322	(263)	439	260	2.2%	81.6%	6.3%	9.8%	8	1.7 x	1.6 x	26.9 x	16.8 x
Secunet	161.38	57.0%	1,044	4	26	1,070	416	9.9%	26.0%	15.8%	14.6%	26	2.6 x	2.3 x	16.2 x	16.0 x
Zscaler	221.56	97.5%	33,122	2,324	(1,100)	32,022	1,823	27.9%	77.6%	3.5%	21.3%	31	17.6 x	13.7 x	n.m.	n.m.
<b>SECOPS</b>																
Qualys	196.28	95.1%	7,417	427	(395)	7,021	555	11.4%	79.0%	45.6%	43.2%	57	12.7 x	11.4 x	27.8 x	26.3 x
Rapid7	57.10	94.9%	3,550	322	700	4,250	774	12.6%	68.7%	15.7%	19.5%	28	5.5 x	4.9 x	35.0 x	25.1 x
Splunk	152.35	99.7%	25,692	1,690	1,572	27,264	3,979	10.7%	77.7%	24.4%	27.6%	35	6.9 x	6.2 x	28.1 x	22.4 x
Tenable	46.06	92.5%	5,590	693	(275)	5,314	792	14.2%	77.3%	15.2%	15.3%	29	6.7 x	5.9 x	44.0 x	38.3 x
<b>SERVICES</b>																
NCC Group	1.64	58.7%	517	43	101	619	425	2.3%	39.4%	11.5%	14.1%	14	1.5 x	1.4 x	12.6 x	10.1 x
SecureWorks	7.38	73.4%	638	58	(49)	589	380	(6.6%)	58.7%	(11.5%)	2.5%	(18)	1.5 x	1.7 x	n.m.	n.m.
Smartech247 Group	0.27	55.3%	33	4	(2)	31	10	19.3%	54.0%	24.8%	n.a.	44	3.1 x	n.a.	12.4 x	n.a.
Telos	3.65	68.1%	254	100	(88)	166	136	4.2%	36.4%	(5.5%)	(4.2%)	(1)	1.2 x	1.2 x	n.m.	n.m.
25th percentile		<b>68.9%</b>					<b>416</b>	<b>5.3%</b>	<b>64.2%</b>	<b>5.1%</b>	<b>9.8%</b>	<b>10</b>	<b>2.6x</b>	<b>2.3x</b>	<b>12.8x</b>	<b>10.9x</b>
Median		<b>92.2%</b>					<b>774</b>	<b>11.3%</b>	<b>74.3%</b>	<b>15.5%</b>	<b>17.8%</b>	<b>27</b>	<b>5.2x</b>	<b>4.9x</b>	<b>16.2x</b>	<b>19.6x</b>
75th percentile		<b>97.5%</b>					<b>2,212</b>	<b>19.1%</b>	<b>78.4%</b>	<b>24.2%</b>	<b>27.6%</b>	<b>43</b>	<b>10.9x</b>	<b>9.5x</b>	<b>27.9x</b>	<b>25.4x</b>



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