



Investment
Banking

Canaccord Genuity



Cyber Security: Quarterly Update

Q1 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⁽¹⁾

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

Leading Global Underwriter Since 2022⁽²⁾

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

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>FP FRANCISCO PARTNERS</p> <p>Financial advisor on investment into</p> <p>blancco</p> <p> Nov-23</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>IPKEYS POWER PARTNERS</p> <p>Financial advisor on sale to</p> <p>PARSONS</p> <p> Mar-23</p>	<p>CISIS</p> <p>Financial advisor on sale to</p> <p>Allurity A TRILL IMPACT-BACKED COMPANY</p> <p> Oct-22</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>INTIGRITI</p> <p>Financial advisor on investment from</p> <p>octopus ventures AND ER&W NEW VENTURES, WITH FOLLOW-ON INVESTMENT FROM ETF PARTNERS</p> <p> Apr-22</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>
Anti-Ransomware	MDR	Zero Trust	SecOps	Security Awareness Training	Cloud Security	Security Awareness Training
<p>redstor A BEECH TREE-BACKED COMPANY</p> <p>Financial advisor on investment from</p> <p>BregalMilestone</p> <p> Jan-22</p>	<p>LIVINGBRIDGE</p> <p>Financial advisor on investment into</p> <p>Quorum Cyber</p> <p> Jan-22</p>	<p>NEWTOWN LANE MARKETING</p> <p>Financial advisor on acquisition of</p> <p>appgate</p> <p> Oct-21</p>	<p>Outpost24 A MONTERRO-BACKED COMPANY</p> <p>Financial advisor on acquisition of</p> <p>Blueliv.</p> <p> Jul-21</p>	<p>KnowBe4 Human error. Conquered.</p> <p>\$175,000,000 Equity Offering Co-Manager</p> <p> Apr-21</p>	<p>kloudless</p> <p>Financial advisor on sale to</p> <p>netskope</p> <p> Mar-21</p>	<p>TENZING GROW WITH US</p> <p>Financial advisor on investment into</p> <p>MetaCompliance</p> <p> Jan-21</p>
DLP Software	SecOps	IAM Services	Endpoint PAM	Offensive Security	Offensive Security	Endpoint PAM
<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>Outpost24 A MONTERRO-BACKED COMPANY</p> <p>Financial advisor on acquisition of</p> <p>PWNIE EXPRESS</p> <p> Oct-19</p>	<p>intragen</p> <p>Financial advisor on investment from</p> <p>FPE CAPITAL</p> <p> Sep-19</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>MWR INFOSSECURITY AN ETF-BACKED COMPANY</p> <p>Financial advisor on sale to</p> <p>F-Secure</p> <p> Jun-18</p>	<p>F-Secure</p> <p>Financial advisor on acquisition of</p> <p>DigitalAssurance Information Security Services</p> <p> May-17</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

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We will be attending...

RSA
Conference
2024

Inf0security
Europe

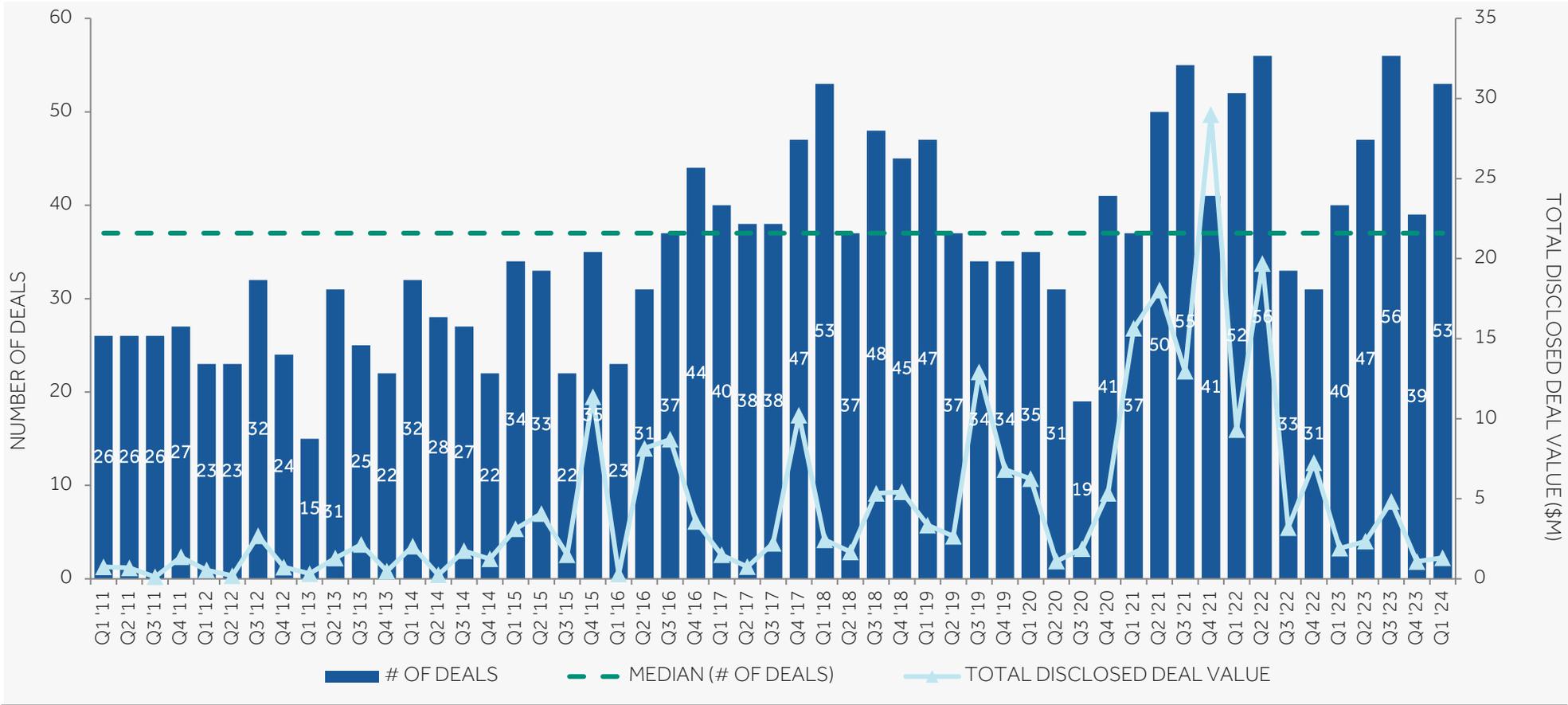
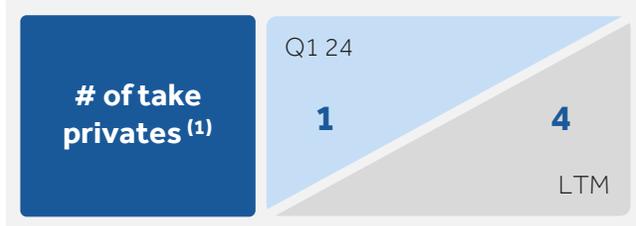
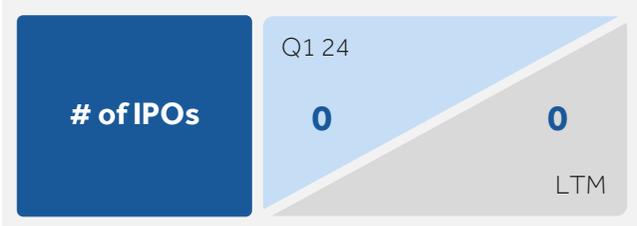
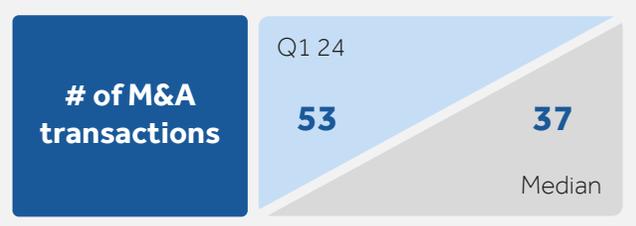
GC2024
Growth Conference



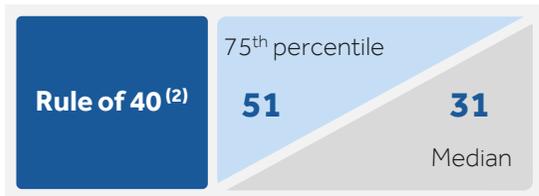
black hat
USA 2024

itsa EXPO
CONGRESS
HOME OF IT SECURITY

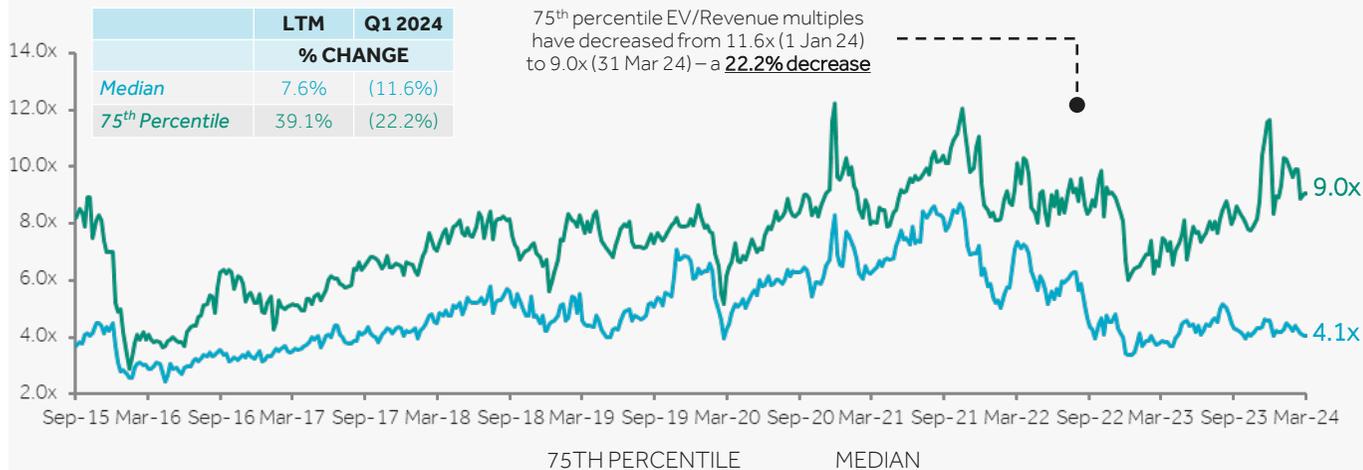
Significant increase in deal activity this quarter, as deal volumes return to near-record highs



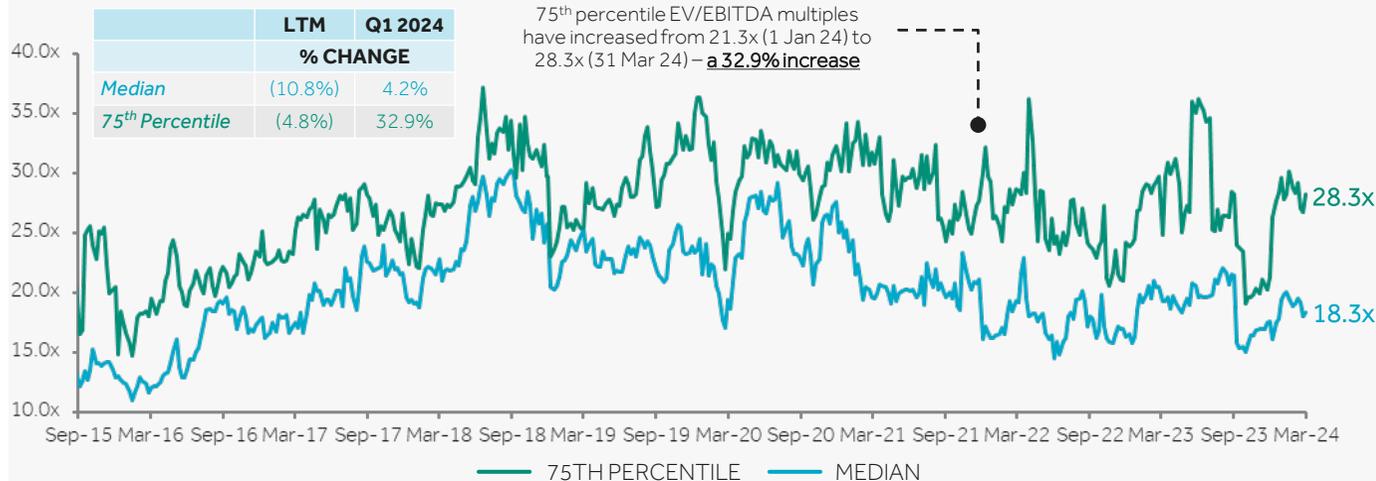
A growing divergence between median and upper quartile multiples, reflective of an increasing flight to quality and next-gen offerings



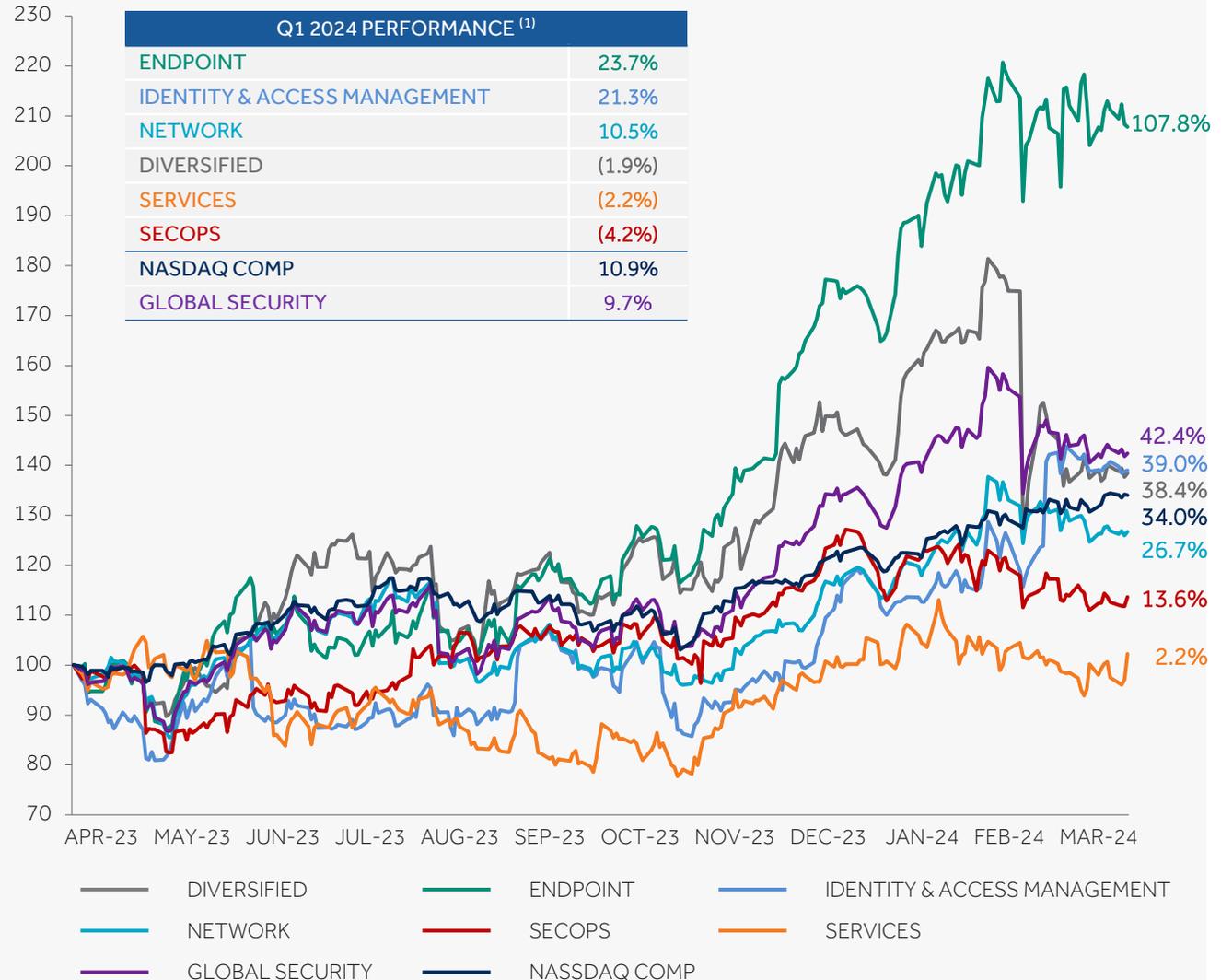
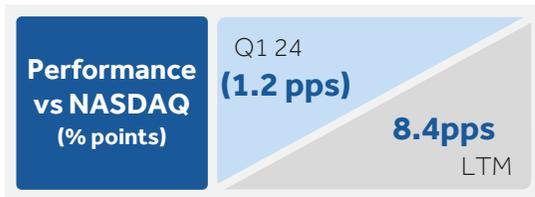
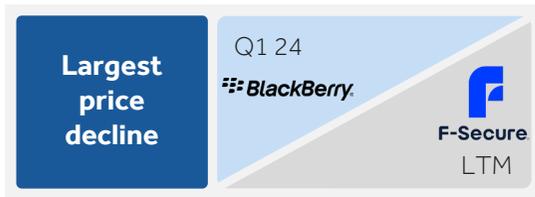
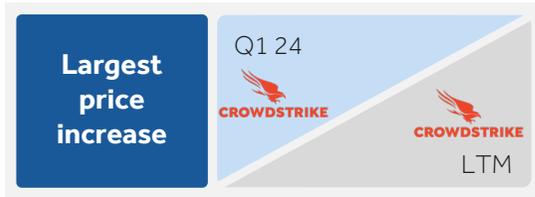
EV / CY REVENUE ⁽¹⁾



EV / CY EBITDA ⁽¹⁾



In the last twelve months, the global security market has continued to perform well relative to the NASDAQ, driven by a strong performance in Endpoint & IAM



Selected cyber security sector publicly traded companies

COMPANY	PRICE (31-MAR-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	224.97	74.6%	72,597	2,669	(939)	71,658	6,718	15.7%	72.3%	30.0%	32.4%	46	10.7 x	9.2 x	35.6 x	28.5 x
Trend Micro	40.96	87.1%	5,540	1,564	(1,564)	3,977	1,400	6.6%	74.4%	27.2%	28.8%	34	2.8 x	2.7 x	10.5 x	9.2 x
ENDPOINT																
BlackBerry	2.17	47.4%	1,278	166	11	1,289	539	8.3%	63.9%	4.3%	12.1%	13	2.4 x	2.2 x	n.m.	18.2 x
CrowdStrike	253.84	87.8%	61,840	2,751	(2,097)	59,743	3,087	26.6%	75.3%	24.3%	27.5%	51	19.4 x	15.3 x	n.m.	n.m.
F-Secure	1.60	55.4%	280	14	155	435	126	3.6%	87.7%	35.6%	37.1%	39	3.4 x	3.3 x	9.7 x	9.0 x
WithSecure	0.91	63.7%	160	31	(20)	140	130	7.1%	70.2%	4.2%	7.7%	11	1.2 x	1.1 x	27.6 x	14.2 x
SentinelOne	18.46	75.8%	6,112	733	(715)	5,397	634	28.7%	71.1%	(4.7%)	7.0%	24	8.5 x	6.6 x	n.m.	n.m.
IDENTITY & ACCESS MANAGEMENT																
CyberArk	210.32	93.9%	8,935	787	(309)	8,626	734	22.3%	79.5%	10.7%	16.6%	33	11.7 x	9.6 x	n.m.	n.m.
Okta	82.84	91.4%	14,284	1,743	(717)	13,567	1,969	12.9%	74.3%	16.6%	19.6%	29	6.9 x	6.1 x	41.6 x	31.2 x
NETWORK																
Check Point Software	129.86	97.2%	15,193	1,211	(1,189)	14,004	2,024	5.4%	88.9%	44.7%	44.9%	50	6.9 x	6.6 x	15.5 x	14.6 x
Cloudflare	76.67	83.5%	26,848	1,325	(189)	26,659	1,311	27.9%	76.3%	18.4%	19.3%	46	20.3 x	15.9 x	n.m.	n.m.
Darktrace	4.37	87.1%	2,813	305	(257)	2,556	595	20.2%	89.8%	21.9%	22.5%	42	3.4 x	2.8 x	15.5 x	12.6 x
Exclusive Networks	18.79	99.1%	1,698	315	137	1,834	n.a.	44.8%	20.5%	12.7%	9.8%	58	1.2 x	0.9 x	9.8 x	8.8 x
Fortinet	54.09	84.1%	41,599	1,932	(1,084)	40,515	4,582	13.9%	76.7%	29.1%	29.8%	43	8.8 x	7.8 x	30.4 x	26.1 x
F5 Networks	150.11	95.0%	8,841	654	(435)	8,405	2,231	3.8%	78.9%	37.9%	29.1%	42	3.8 x	3.6 x	9.9 x	12.5 x
Radware	14.82	80.2%	619	262	(214)	405	212	6.6%	80.2%	7.8%	10.1%	14	1.9 x	1.8 x	24.5 x	17.8 x
Secunet	137.02	62.7%	886	35	(19)	868	344	8.2%	22.2%	15.8%	16.3%	24	2.5 x	2.3 x	15.9 x	14.3 x
Zscaler	152.52	74.2%	23,031	1,948	(967)	22,064	1,859	24.9%	77.6%	22.3%	23.6%	47	11.9 x	9.5 x	n.m.	40.2 x
SECOPS																
Qualys	132.12	80.9%	4,965	337	(314)	4,650	481	10.3%	80.6%	41.9%	42.0%	52	9.7 x	8.8 x	23.1 x	20.9 x
Rapid7	38.83	79.3%	2,428	303	508	2,936	675	11.8%	70.2%	21.0%	21.3%	33	4.3 x	3.9 x	20.7 x	18.3 x
Tenable	39.14	92.4%	4,786	375	(46)	4,740	714	13.9%	77.0%	18.7%	20.3%	33	6.6 x	5.8 x	35.5 x	28.7 x
SERVICES																
NCC Group	1.24	93.3%	392	18	83	475	340	5.2%	39.4%	14.1%	15.6%	19	1.4 x	1.3 x	10.0 x	8.5 x
SecureWorks	5.32	66.8%	464	54	(48)	416	266	1.4%	59.5%	(0.3%)	4.6%	1	1.6 x	1.5 x	n.m.	33.5 x
Smartech247 Group ⁽¹⁾	0.21	53.9%	25	5	(5)	21	n.a.	n.a.	55.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Telos	3.29	83.2%	232	79	(70)	163	101	33.8%	38.9%	(10.1%)	2.8%	24	1.6 x	1.2 x	n.m.	43.0 x
25th percentile		74.2%					342	6.6%	63.9%	10.0%	11.6%	17	2.3x	2.1x	10.3x	12.6x
Median		83.2%					675	12.3%	74.4%	18.6%	19.9%	31	4.1x	3.8x	18.3x	18.0x
75th percentile		91.4%					1,914	23.0%	78.9%	27.6%	28.9%	51	9.0x	8.0x	28.3x	28.5x

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