

# ARTIFICIAL INTELLIGENCE SOLUTIONS LEAD CYBERSECURITY MARKET DEAL ACTIVITY

CYBERSECURITY SECTOR UPDATE | SEPTEMBER 2025



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# Cybersecurity

## Artificial Intelligence Solutions Lead Cybersecurity Market Deal Activity

### KEY SECTOR TAKEAWAYS

Capstone Partners' Aerospace, Defense, Government & Security (ADGS) Group is pleased to share its Cybersecurity report. Sector merger and acquisition (M&A) activity has shown stability with elevated deal levels through year to date (YTD), supported by an acquisitive pool of private strategic and sponsor-backed buyers. Private equity (PE) groups have continued to increase their presence in cybersecurity dealmaking, attracted to the sector's continued expansion and strong recurring revenues. Several key report takeaways are outlined below.

1. The proportion of YTD 2025 PE transactions in the sector has approached 50% after accounting for just 25.2% of deals in 2019.
2. Businesses touting quantum cryptography and artificial intelligence (AI)-powered security services have attracted outweighed attention in both M&A and Equity Financing markets.
3. Public strategics in the Amplify Cybersecurity ETF (ARCA:HACK) have significantly outperformed the S&P 500 in the last 12-month (LTM) period, offering a financially healthy buyer pool for future Cybersecurity sector M&A activity.
4. Despite an overall contraction in Government Information Technology (IT) market spending, public sector cybersecurity revenues have remained sound amid government-led cybersecurity initiatives and new project opportunities within state and local entities.
5. Sector equity financing deal volume and total capital invested have rebounded year-over-year (YOY) in YTD 2025, driven by demand for AI security solutions and post-quantum cryptography services.
6. Cybersecurity operations are in the midst of transformation through automation and the use of AI. The processing of large amounts of data to identify, track, and remediate real and potential threats is a perfect application for new technologies. From an investor perspective, this represents the opportunity for rapid growth, tremendous operating leverage, and recurring revenue streams.

Capstone Partners has developed a full suite of corporate finance solutions to help privately-owned businesses and private equity firms navigate through each stage of a company's lifecycle. These solutions include financial advisory services, merger and acquisition advisory, debt advisory, equity capital financing and employee stock ownership plan (ESOP) advisory.

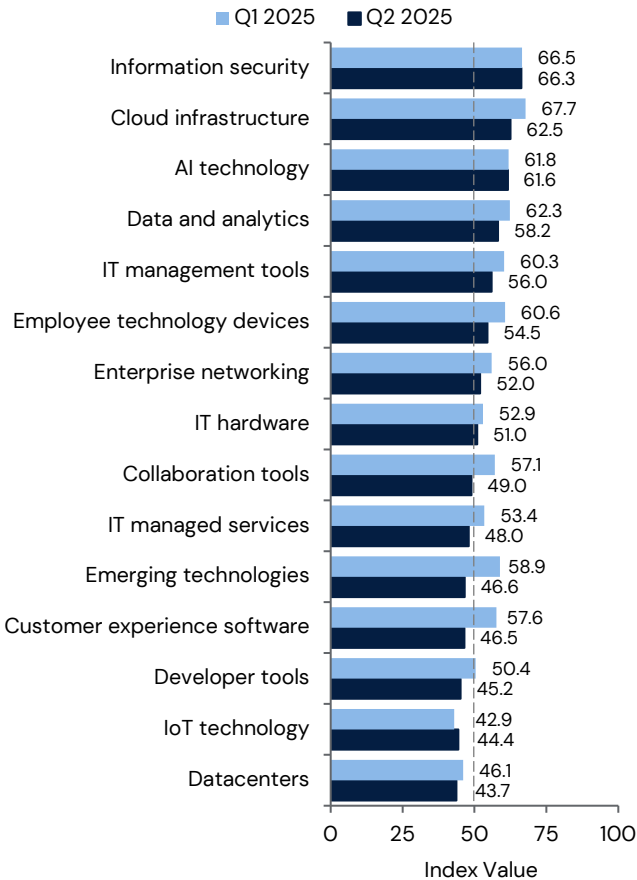
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# SECURITY DEMAND REMAINS HIGH DESPITE IT SPEND DOWNTURN

While many organizations have chosen to cut discretionary spending across their IT operations, the Cybersecurity market has benefitted from the mission-critical role it plays in securing and protecting key processes and profit centers within the private sector. Of note, the U.S. Technology Demand Indicator (TDI) dropped 3.2 points quarter-over-quarter (QoQ) to 51.9 in Q2 2025, according to S&P Global.<sup>1</sup> This marks the largest QoQ decline in index value since Q1 2022. Specific tooling domains saw even steeper decreases, with emerging technologies and customer experience software plunging 12.3 points and 11.1 points QoQ in Q2 2025, respectively. Just one category—Internet of Things (IoT) technology—expanded in Q2 2025. Despite falling IT spending, information security only dropped 0.2 points QoQ, rising to the top position and overcoming cloud infrastructure as the leading priority for U.S. organizational IT budgets in Q2 2025.

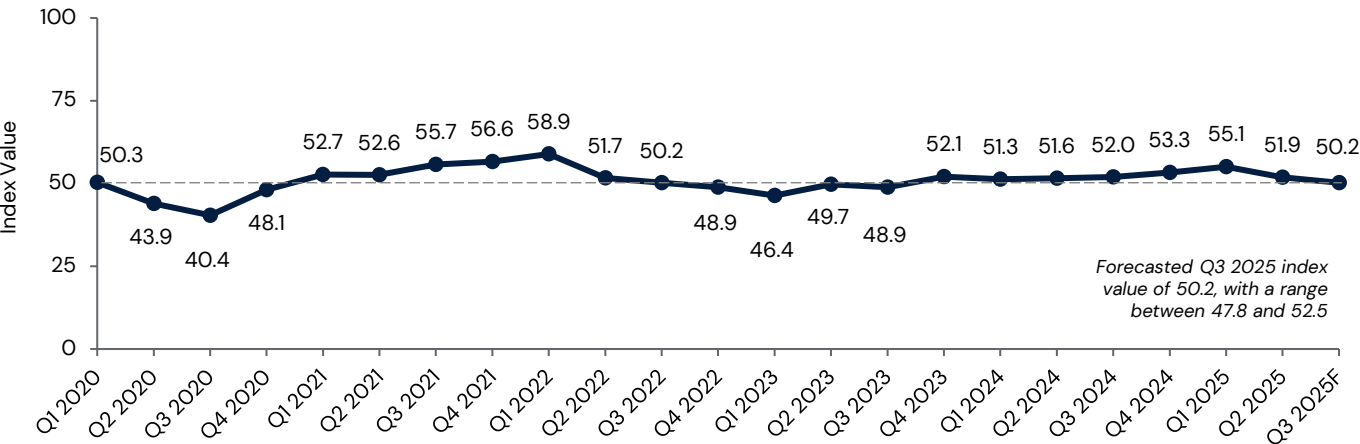
Strong spending levels and private sector demand in the Cybersecurity space have largely mitigated the compounded effects of recent tariff policy volatility and government budgetary cuts which have been felt more heavily elsewhere in Technology markets. This has provided sector participants with a healthy operating environment and robust M&A opportunities. However, should the outlook of U.S. organizations continue to sour—and key international trade negotiations fail—even critical services such as cybersecurity may begin to realize more substantial spending draw backs.

**Information Security Tops IT Market Spending Priority in U.S. Technology Demand Indicator**  
(Index values greater than 50 indicate spending expansion; below 50 indicate spending contraction)



Source: S&P Global and Capstone Partners

**U.S. Technology Demand Indicator Declines in Q2 2025 with Further Downside Expected**  
(Index values greater than 50 indicate spending expansion; below 50 indicate spending contraction)



Forecasted Q3 2025 index value of 50.2, with a range between 47.8 and 52.5

Note: 'F' indicates the forecast period  
Source: S&P Global and Capstone Partners

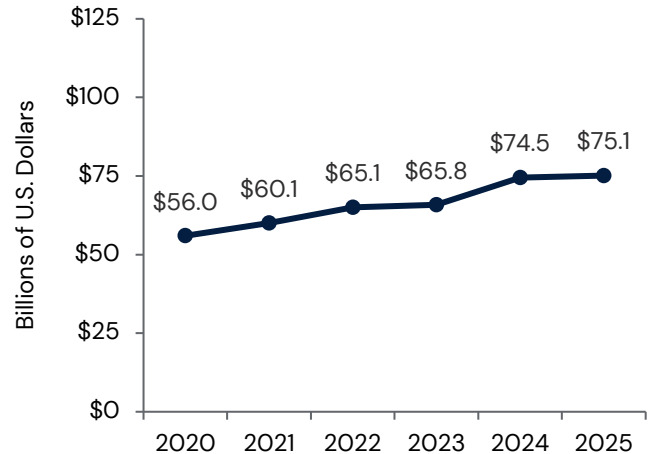
## CYBERSECURITY PRIORITIZED AMID GOVERNMENT IT CHANGES

Cybersecurity has remained a central IT priority among federal civilian agencies in 2025, with allocated budget growing 15% since 2023 to \$13 billion (~17.3% of total federal civilian IT budgets), according to Washington Technology.<sup>2</sup> Implementation of the Federal Zero Trust Strategy, Executive Orders 14028 and 14144, and Office of Management and Budget (OMB) Memorandums M-22-18 and M-23-02 will likely drive continued demand for cybersecurity services within federal agencies. Despite strong commitment by the federal government to spend on cybersecurity, recent actions by the current administration have introduced both tangible reductions in opportunities as well as intangible feelings of uncertainty in the market.

Initiatives to cut back on government spending have complicated opportunities for cybersecurity contracts within key federal agencies. The Cybersecurity and Infrastructure Agency (CISA) accounted for \$1.5 billion of cybersecurity spending in fiscal year (FY) 2024, according to a USAFacts analysis of OMB data.<sup>3</sup> CISA, which leads the protection of government networks and critical infrastructure, has faced significant reductions in its workforce, budget, and scope of work. Headcount at the agency has shrunk nearly one third to 2,200 since June 2025 while simultaneously facing \$495 million in proposed budget cuts; this includes an 18% reduction to the CISA's Cybersecurity Division, according to Cybersecurity Dive.<sup>4,5</sup> Key cyber threat hunting contracts for firms such as Alphabet (Nasdaq:GOOG) and Censys have been shuttered, according to an April 2025 report by NextGov.<sup>6</sup> Moreover, a \$2.4 billion CISA contract intended to develop the National Cybersecurity Protection System—initially awarded to government IT firm Leidos (NYSE:LDOS)—was withdrawn in May 2025, according to a report from Bloomberg Law.<sup>7</sup> Other sources of contracted business for cybersecurity vendors within the U.S. federal government have also been pulled back following the January dissolution of the Cyber Safety Review Board (CSRB), according to Security Infowatch.<sup>8</sup> These cuts not only have the potential to increase attack surfaces within the federal government, but have also injected uncertainty into the traditionally stable and assured cash flows from public sector cybersecurity contracts.

While volatility is expected to persist for federal contracting, lower levels of government have emerged as opportunities for cybersecurity vendors. A key priority of the FY 2026 Discretionary Budget Request is to transition IT systems ownership from large federal agencies to smaller state and local governments. This guideline offers policy-backed fuel for service providers to adapt business models to focus on higher-volume, lower-price contracts from smaller agencies.

**Government IT Budget Continues Annual Expansion**



Source: U.S. Government Publishing Office and Capstone Partners



**Tom McConnell,**  
Managing Director

*"While both the public and private sectors continue to advance new technologies, threat actors also continue to progress as they innovate to find ways around defenses. This ongoing arms race shows no signs of abating anytime soon."*



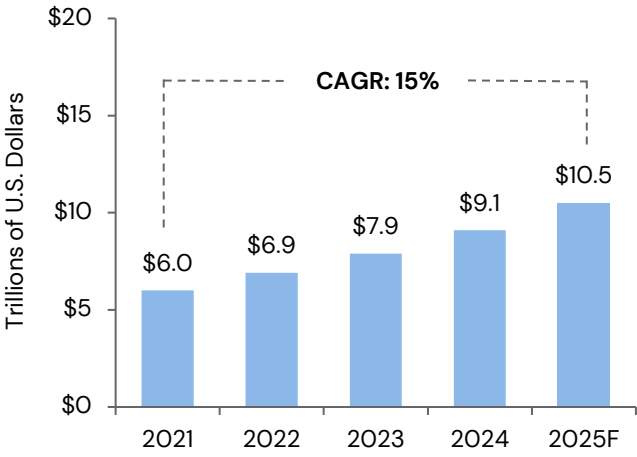
# QUANTUM COMPUTING DRIVES CYBERSECURITY SERVICES ARMS RACE

Cybercrime has reached new heights in 2025, with the cumulative global cost of cyberattacks expected to cross the \$10 trillion mark for the first time, according to Cybercrime Magazine.<sup>9</sup> Cybercrime could soon worsen if threat actors gain access to new quantum computing tools, potentially exacerbating costs that are already projected to increase at a 15% compound annual growth rate (CAGR) from 2021 through 2025.

Quantum computing, a technology that leverages physics-based algorithms to deliver powerful computations beyond traditional methods, has seen exponential growth in capabilities since its first proof-of-concept in 1994, according to the Massachusetts Institute of Technology (MIT).<sup>10</sup> While standard encryption formats have proved effective against current threats, the potential for a cryptographically-relevant quantum computer (CRQC) capable of running algorithms that rapidly solve classical encryption methods has become a serious risk to public and private sector organizations. Quantum resistance has emerged as a key IT and homeland security priority of government bodies, with the OMB ordering government entities to identify any cryptographically-vulnerable assets, according to a November 2022 directive from the agency.<sup>11</sup>

A fault-tolerant quantum computer will likely not be available until at least 2035, according to a survey of both industry and academic sources conducted by McKinsey.<sup>12</sup> Despite this decade-long horizon, quantum computing could provide both near-term opportunities and challenges for cybersecurity vendors. The global market for Quantum Cryptography is expected to grow at a 36.8% CAGR from 2024 through 2030, reaching \$7.6 billion, according to Marketsandmarkets.<sup>13</sup> An exponentially rising threat landscape will likely drive significant demand for cybersecurity solutions, including quantum-resistant infrastructure implementation services from IT consultants. While quantum computing can be leveraged by threat actors to exploit vulnerabilities, the technology can also be used to bolster data security in a manner similar to how AI has been used in this sector, offering additional opportunities for cybersecurity development. However, failure to keep pace with the rapidly-evolving Quantum Computing environment may significantly disrupt the current competitive landscape within the Cybersecurity sector, introducing both opportunities for new entrants with groundbreaking solutions as well as threats to currently dominant providers.

Estimated Global Cost of Cybercrime to Surpass \$10 Trillion in 2025



Note: 'F' indicates the forecast period  
Source: Cybercrime Magazine and Capstone Partners

## Cybersecurity Vendors Introduce Quantum-Safe Solutions

Company	Post-Quantum Cryptography Solution Name	Date of Release	Solution Description
SEALSQ (Nasdaq:LAES)	QS7001	Expected Q4 2025	Quantum-resistant secure hardware platform for cryptocurrency wallets.
Thales (ENXTPA:HO)	Luna Network Hardware Security Module (HSM)	July 2024	Secure storage solution for quantum-safe encryption keys.
IBM (NYSE:IBM)	Quantum Safe	May 2023	Quantum-safe IT transformation consulting services.
QuSecure	QuProtect	May 2022	Post-quantum cryptography (PQC) communications encryption platform.
ISARA	Radiate/Catalyst	October 2018	Network migration services for shifting to quantum resistant frameworks.

Source: Company Press Releases and Capstone Partners

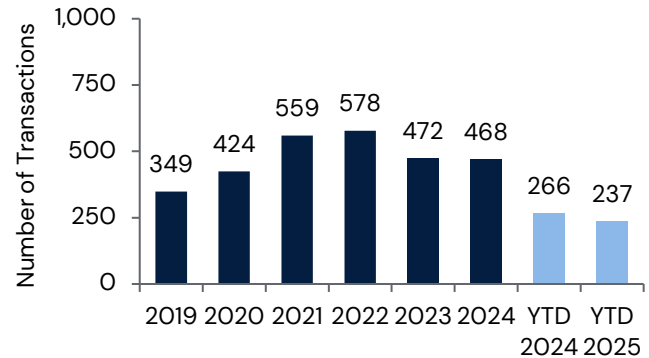
## CYBERSECURITY SECTOR SEES SLIGHT DOWNTICK IN M&A ACTIVITY YOY

Global cybersecurity M&A volume has continued a downward trend that began in 2023, falling 10.9% YOY to 237 transactions announced or completed YTD. Despite this consistent drop in deal flow, sector M&A activity has continued to outpace pre-pandemic levels. Of note, YTD 2019 registered just 173 transactions. Dealmaking within the Cybersecurity sector is expected to improve if headwinds, both foreign (trade wars) and domestic (government budget cuts), dissipate.

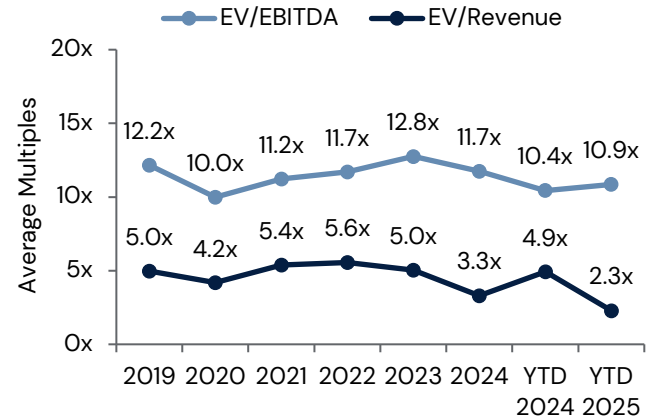
M&A multiples in the Cybersecurity sector have held strong, averaging 10.9x EV/EBITDA in YTD 2025 compared to 10.4x EV/EBITDA in the prior year period. The average sector revenue multiple has declined by more than two turns YOY to 2.3x EV/Revenue YTD. However, this average includes both software and services targets, with services businesses typically drawing lower revenue multiples. When isolated, revenue purchase multiples for software providers have averaged a robust 6.3x in YTD 2025.

Strategic buyers have maintained a majority hold on sector M&A to date, albeit with continual YOY decreases in market share. The percentage of strategic deals has dipped below 60% for the first time since 2018, dropping to 58.6% in YTD 2025. Large strategic buyers have continued to pursue M&A to expand the capabilities of their portfolios.

### Sector M&A Outpaces Pre-COVID Era

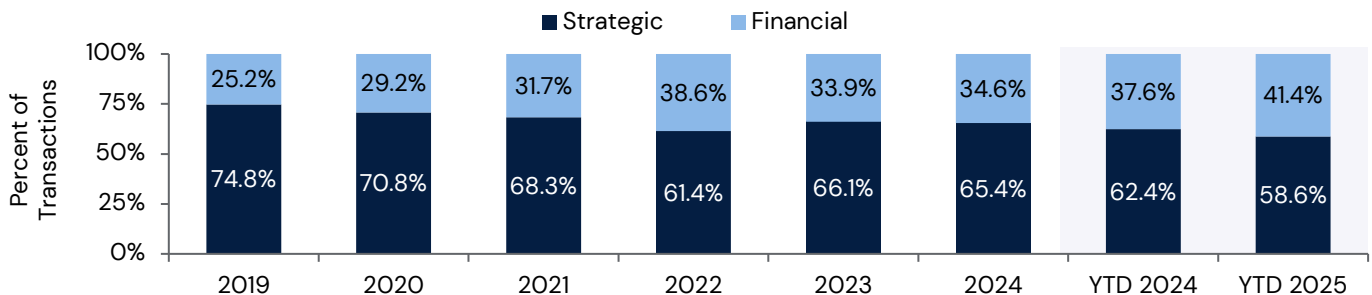


### Cybersecurity M&A Multiples Hold Steady



Year to date (YTD) ended July 10  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

### Sponsors Accelerate Sector Activity



Year to date (YTD) ended July 10; Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Strategic acquirers have faced increased competition from sponsors attracted to strong recurring revenue streams within the mission-critical Cybersecurity sector. While the percentage of platform deals has remained relatively constant (~9% annually), add-on transaction composition has nearly doubled from 16.9% in 2019 to 32.1% in YTD 2025. Operational synergies are easily obtainable across portfolio companies, driving demand for these add-on deals. PE buyers will likely comprise an increasing share of the Cybersecurity M&A market as platforms continue rolling-up accretive and synergistic businesses, particularly if interest rate cuts materialize and acquisition financing costs ease.



## NOTABLE M&A TRANSACTIONS



In July 2025, Qt Group (HLSE:QTCOM) subsidiary The Qt Company announced its acquisition of IAR Systems (OM:IAR B) for \$230.6 million or 4.1x EV/Revenue and 16.1x EV/EBITDA. IAR develops embedded technology software and security solutions, which offer natural synergies with Qt's suite of software development lifecycle solutions. The deal reflects a 66.4% premium to IAR's closing price of ~\$11.32, according to a company press release.<sup>14</sup> IAR had previously restructured in February 2023 into three divisions and adopted a new subscription-based model.



Hewlett Packard Enterprise (NYSE:HPE) acquired network security provider Juniper Networks (formerly NYSE:JNPR) in July 2025 for \$14.2 billion (2.5x EV/Revenue, 17.5x EV/EBITDA). In addition to doubling the size of its existing networking business, HPE cited Juniper's experience in security-focused, AI-native networks and cloud-native solutions as key deal rationale. The transaction reflected a premium of ~32% to the unaffected closing price of Juniper's common stock at the time of announcement, according to a deal press release.<sup>16</sup>



Leidos acquired Kudu Dynamics, a provider of offensive cybersecurity solutions to the Department of Defense (DOD), for \$300 million (May 2025). The transaction is a core component of Leidos' "NorthStar 2030" strategy to aggressively expand its cybersecurity offerings while realigning the rest of its portfolio with government cost and efficiency initiatives. Kudu's strategic geographic positioning—headquartered in the U.S. Intelligence Community center of Virginia—brings with it opportunities to expand Leidos' business with key organizations within the U.S. federal government.



Cloud security provider Zscaler (Nasdaq:ZS) acquired Red Canary in May 2025 for an enterprise value of \$675 million. Red Canary offers managed detection and response (MDR) services for security operations. Zscaler plans to integrate Red Canary's agentic AI capabilities into its Data Fabric for Security solution to bring intelligence and automation into the cybersecurity operations of its customers and leverage data gleaned from the 500 billion daily transactions overseen by Zscaler, according to a deal press release.<sup>17</sup> Red Canary will initially continue its operations as a separate business unit within Zscaler.



In May 2025, cybersecurity service provider Proofpoint announced its acquisition of cloud-based security developer Hornetsecurity for an enterprise value of \$1 billion. Proofpoint was attracted to the deal by Hornetsecurity's ability to scale to \$160 million in annual recurring revenue (ARR) while expanding its network of international channel partners and customers, according to a deal press release.<sup>15</sup> Proofpoint also pursued the acquisition as part of its goal to expand within key European markets and small-and-medium-sized enterprise (SME) customers.



Alphabet's Google announced its acquisition of cloud-based security platform Wiz in March 2025 for an enterprise value of \$32 billion. Google's security and multi-cloud ambitions set the company's sights on Wiz, a leader in securing all major cloud environments. This area of focus for Google has been invigorated by the rise of AI. The deal closing is contingent upon antitrust approval from the Department of Justice (DOJ). This latest bid comes after Wiz rejected a \$23 billion offer from Alphabet in July 2024 and planned to go public, according to a report by CNBC.<sup>18</sup>

## SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
07/08/25	Abacode	Thrive Operations	Provides managed cybersecurity services including detection and breach response.	-	-	-
07/04/25	IAR Systems (OM:IAR)	The Qt Company	Offers security-focused software development solutions.	\$230.6	4.1x	16.1x
07/03/25	BOXX	Zurich Insurance Group (SWX:ZURN)	Develops a platform offering cyber threat prediction, prevention tools, and insurance coverage.	-	-	-
07/02/25	Juniper Networks (NYSE:JNPR)	HPE (NYSE:HPE)	Provides network security solutions.	\$14,189.2	2.5x	17.5x
06/05/25	Nok Nok Labs	OneSpan (Nasdaq:OSPN)	Develops products and services for online security and authentication.	-	-	-
06/05/25	Exium	NETGEAR (Nasdaq:NTGR)	Offers cloud-based cybersecurity and networking solutions.	\$15.0	-	-
06/02/25	Fletch	F5 (Nasdaq:FFIV)	Develops a cybersecurity investigation platform.	-	-	-
05/28/25	INITECH (KOSDAQ:A053350)	SJ Cheil Private Equity Partnership	Provides cybersecurity solutions to the Banking sector.	\$115.5	-	-
06/27/25	Red Canary	Zscaler (Nasdaq:ZS)	Offers managed detection and response security solutions.	\$675.0	-	-
05/23/25	Kudu Dynamics	Leidos (NYSE:LDOS)	Develops offensive and defensive cybersecurity solutions.	\$300.0	-	-
05/15/25	Hornetsecurity	Proofpoint	Provides cloud-based security solutions.	\$1,000.0	-	-
04/28/25	Protect AI	Palo Alto (Nasdaq:PANW)	Develops cybersecurity solutions for AI and machine learning (ML) models.	\$700.0	-	-
04/17/25	DBA Group (BIT:DBA)	Mare Engineering Group (BIT:MARE)	Offers cybersecurity and information security services.	\$60.7	0.5x	4.9x
04/17/25	The Missing Link Network Integration	Infosys (NYSE:INFY)	Provides IT outsourcing support and maintenance services, including cybersecurity.	\$62.5	2.3x	-
04/15/25	DATAGROUP (XTRA:D6H)	KKR (NYSE:KKR)	Offers managed IT solutions including network security and access control.	\$674.6	1.1x	7.5x
03/18/25	Wiz	Alphabet (Nasdaq:GOOG)	Develops a cloud-based security platform.	\$32,000.0	-	-
03/05/25	IT Values	TXT e-solutions (BIT:TXT)	Offers a cybersecurity platform.	\$18.9	-	7.0x
02/14/25	AIT (SET:AIT)	TKC (SET:TKC)	Provides multiple managed IT services including cybersecurity and network security.	\$184.7	0.9x	7.1x
02/07/25	CTS (formerly TSX:CTS)	Mainline Information Systems	Offers cybersecurity IT services.	\$911.1	0.5x	9.7x
01/27/25	Dropsuite (formerly ASX:DSE)	NinjaOne	Provides email data protection services and solutions.	\$249.3	9.6x	-
01/04/25	Intelliswift	L&T Technology (NYSE: LTTS)	Offers cybersecurity and data governance services.	\$110.0	1.1x	-
Mean				\$3,029.2	2.5x	10.0x
Median				\$249.3	1.1x	7.5x

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

## BUYER UNIVERSE

Capstone has built relationships with and tracked buyers that have been highly acquisitive in the [ADGS](#) industry, particularly those that have completed notable cybersecurity transactions. Our industry knowledge and network provides us with unique insights into this buyer universe and industry and growth drivers for the companies within it.

### Leading Strategic Buyers



### Leading Financial Buyers



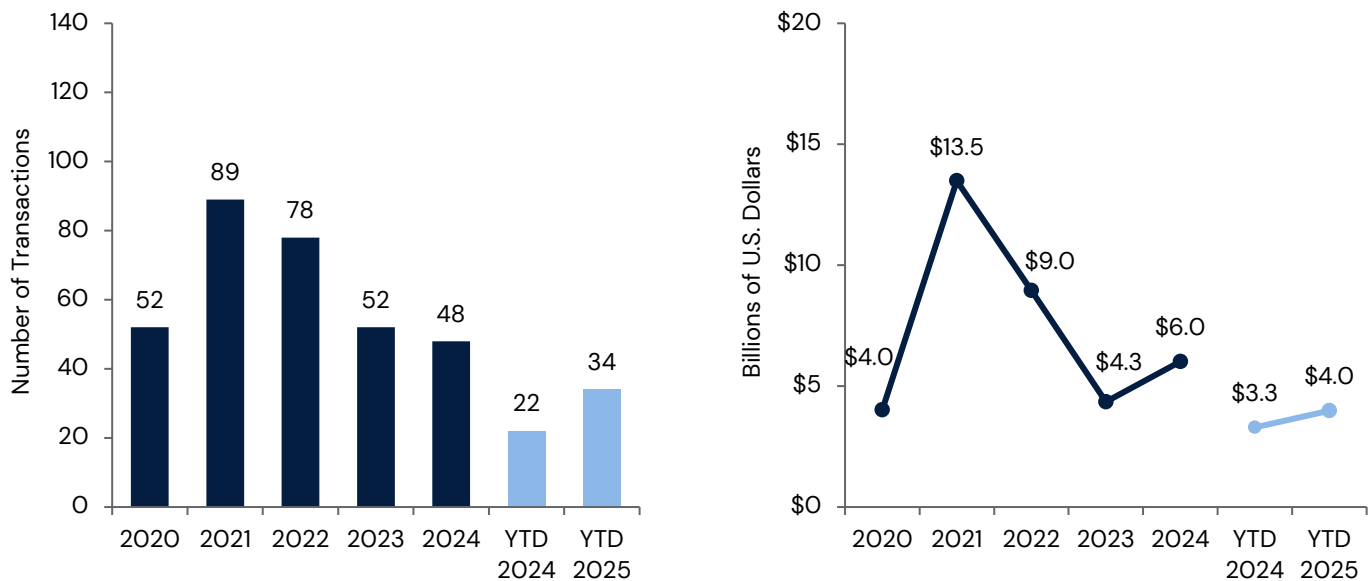
Source: Capstone Partners



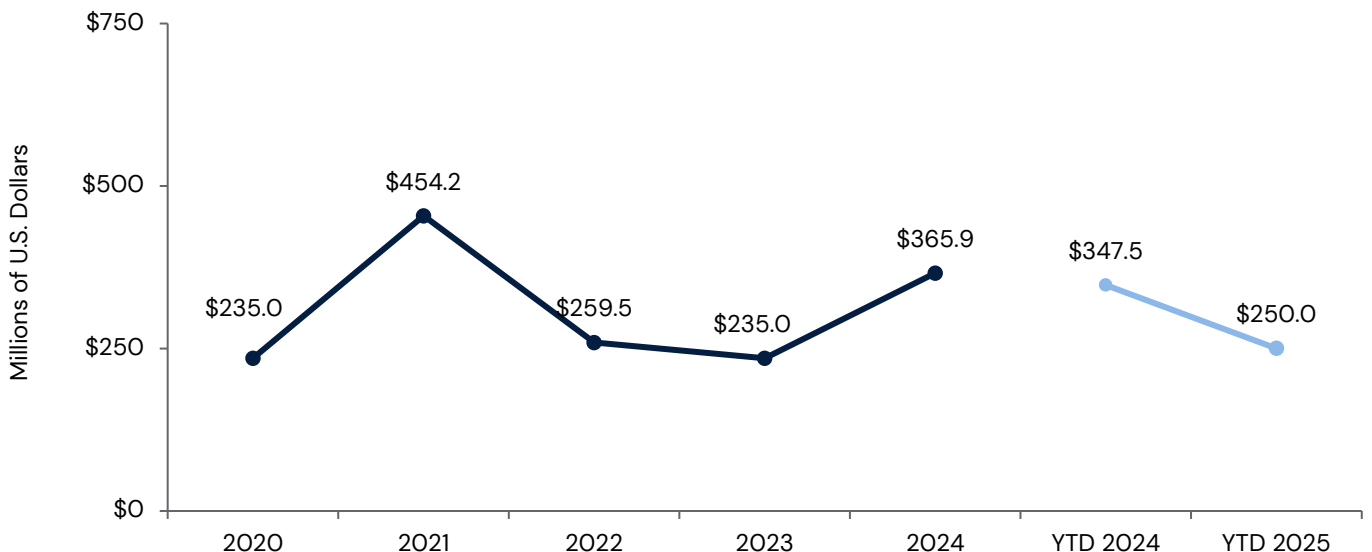
## SECTOR EQUITY FINANCING SHOWS IMPROVEMENT AMID AI BOOM

Following a decline in equity financing deal activity since 2021, Cybersecurity sector funding in YTD 2025 has registered a significant 54.5% increase YOY to 34 deals. Likewise, total funding received from growth equity firms has increased 20.9% YOY to \$4 billion. Venture capital (VC) and growth equity firms have targeted service providers that can address the two most looming cybersecurity issues—AI security and QRC—with both services demanding premiums over traditional network security offerings. Equity financing valuations in the sector have displayed relative stability over the past six years, with the pandemic and AI hype leading to spikes in 2021 and 2024, respectively. Median pre-money valuations registered a 28.1% decrease in YTD 2025, likely driven by an increase in investor attention paid towards smaller AI-centric startups.

### AI Appetite Drives Elevated Cybersecurity Equity Financing Volume and Value



### Cybersecurity Median Pre-Money Valuation Returns to Pre-COVID Level



Year to date (YTD) ended July 10; Data excludes deals less than \$25 million  
Source: PitchBook and Capstone Partners

## NOTABLE EQUITY FINANCING ROUNDS



**\$50 Million**  
Series B  
June 2025

SAFE Security, an AI-based cyber risk management software-as-a-service (SaaS) provider, secured \$50 million in Series B funding for a post-money valuation of \$365 million. The round was led by Sorenson Capital with participation from existing investors British Telecom (LSE:BT.A) and Cisco (Nasdaq:CSCO). SAFE plans to use the funds to capitalize on recent regulatory tailwinds.



**\$60 Million**  
Series E  
April 2025

In April 2025, ThreatLocker raised \$60 million in Series E financing for a post-money valuation of \$1.2 billion. The round was led by General Atlantic and existing investors D.E. Shaw and StepStone. The additional capital enables ThreatLocker to continue the expansion of its enterprise cybersecurity offerings initiated by its Series D funding round (April 2024, \$115 million).



**\$450 Million**  
Series E  
April 2025

In April 2025, SandboxAQ raised \$450 million in a Series E funding round led by BNP Paribas (ENXTPA:BNP), Google, and NVIDIA (Nasdaq:NVDA). This financing round brings SandboxAQ's post-money valuation to \$5.8 billion. The company's AI- and quantum computing-powered cybersecurity services attracted the financing, with plans to use funds to expand across verticals.



**\$500 Million**  
PE Growth  
March 2025

In March 2025, Nerdio secured \$500 million in PE growth financing for a post-money valuation of \$1 billion. The investment was led by General Atlantic, with participation from Lead Edge Capital and StepStone. Nerdio provides cloud-based IT services, including network security, and plans to use the funds to expand its global footprint to service growing international demand.



**\$500 Million**  
PE Growth  
March 2025

ReliaQuest, a developer of an AI-powered security automation platform, secured a \$500 million PE growth investment from firms EQT (OM:EQT), KKR (NYSE:KKR), and FTV Capital in March 2025, valuing the company at \$3.4 billion. ReliaQuest secured the funds amid heightened demand for intelligent security services due to rising cybercrime. The funds will be used to expand internationally.



**\$28 Million**  
Series A  
February 2025

QuSecure raised \$28 million in Series A funding in February 2025 for a post-money valuation of \$233 million. The round was led by Accenture (NYSE:ACN) Ventures Funds and will be used to support quantum-proof security technology development. Technological developments in quantum computing and its implications for cybersecurity attracted the investment.

### EQUITY CAPITAL MARKETS GROUP

The [Equity Capital Markets Group](#) focuses on raising equity capital financing for growth-oriented companies and is active in the Cybersecurity sector. Our team works closely with our ADGS Group to help our clients secure equity capital to fund growth initiatives, recapitalize the balance sheet (often including shareholder liquidity), and to finance M&A transactions.

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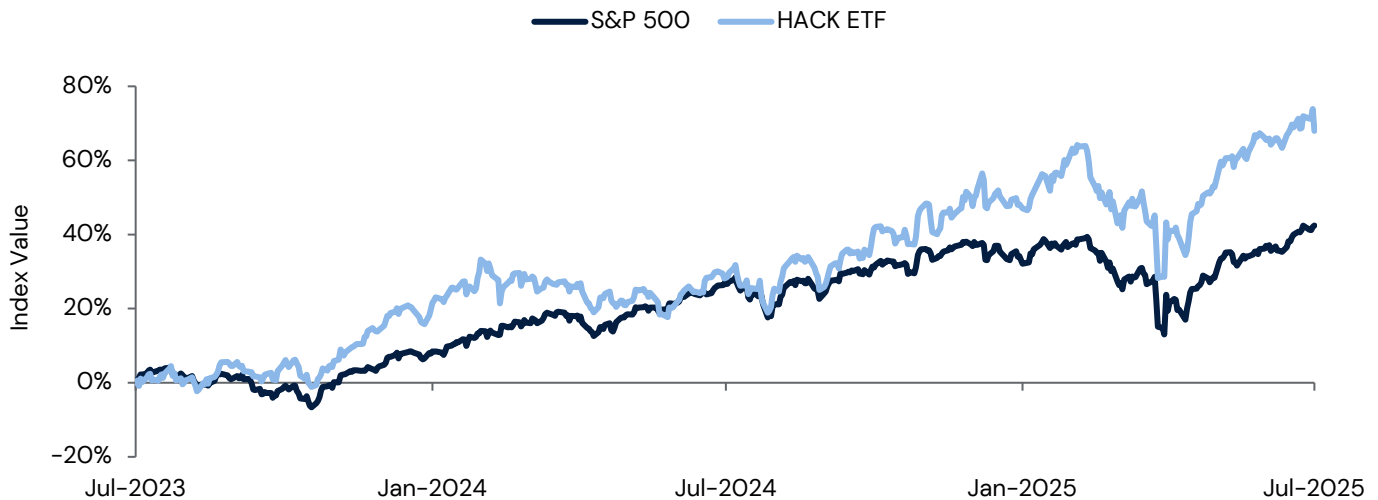
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## PUBLIC EQUITY MARKET REFLECTS DEMAND FOR INTELLIGENT SECURITY

The rapid advancement in AI over recent years has served as a two-fold source of growth for cybersecurity vendors. AI integrations within product portfolios have significantly enhanced the capabilities of cybersecurity solutions, while the proliferation of AI and depth of data contained within large language models (LLMs) has exponentially increased the potential attack surface for threat actors seeking to do harm. The arms race among public strategics to address both of these factors has introduced a substantial opportunity for AI-focused technology startups to attract the attention—and expansive coffers—of massive technology conglomerates seeking to compete through either partnerships, investments, or acquisitions.

Each of the 23 companies held in the HACK ETF have introduced either AI-powered threat detection and remote monitoring solutions (e.g., Cisco AI Defense, General Dynamics (NYSE:GD) Information Technology AI, Palo Alto Precision AI) or generative AI companions to enhance the capabilities of existing products (e.g., CrowdStrike Charlotte AI, Rubrik Ruby, Trend Micro Trend Companion).

### HACK ETF Touts Two-Year Outperformance of Wider Market



Source: Capital IQ and Capstone Partners as of July 10, 2025

### Public Cybersecurity Companies Strategize Around Defending AI

“ AI agents and applications are transforming the way we work and live. In parallel, the attack surface isn’t just expanding, it’s fundamentally changing. The last thing organizations need is more point products to secure their use of AI. Organizations need best-in-class security delivered via the right architecture—platformization is that architecture. ”

– **Lee Klarich**, Palo Alto Networks Chief Product Officer, Company Press Release, April 2025<sup>19</sup>

“ This latest collaboration with NVIDIA brings our leadership to the front lines of cloud-based AI...As AI becomes fundamental to enterprises, security must evolve to match its scale and speed. NVIDIA and CrowdStrike are working together to help enterprises protect AI workloads across the entire lifecycle—from the intelligence forged in AI factories to deployment with NIM [NVIDIA Inference Microservices] microservices. ”

– **Daniel Bernard**, CrowdStrike Chief Business Officer, Company Press Release, June 2025<sup>20</sup>





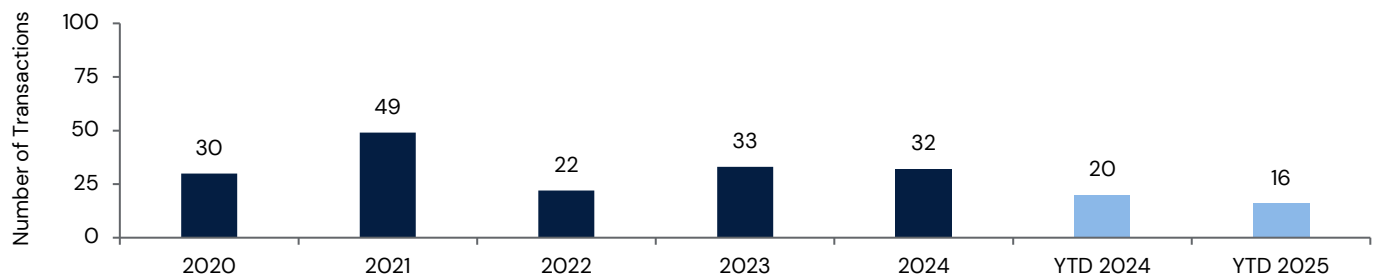
## PUBLIC COMPANY PERFORMANCE FUELS M&A OPPORTUNITIES

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	07/10/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
AIO Networks, Inc.	\$18.93	86.5%	\$1,364.5	\$1,237.1	\$276.4	\$65.5	23.7%	4.5x	18.9x
Akamai Technologies, Inc.	\$79.44	74.4%	\$11,614.6	\$14,889.2	\$4,083.3	\$1,532.1	37.5%	3.6x	9.7x
BlackBerry Limited	\$4.10	63.3%	\$2,437.2	\$2,365.9	\$533.2	\$80.1	15.0%	4.4x	29.5x
Check Point Software Tech. Ltd.	\$221.26	94.4%	\$23,977.6	\$21,045.6	\$2,641.8	\$936.9	35.5%	NM	22.5x
Cisco Systems, Inc.	\$68.76	98.5%	\$272,289.5	\$286,642.5	\$55,623.0	\$15,493.0	27.9%	NM	18.5x
Cloudflare, Inc.	\$181.92	91.9%	\$63,055.4	\$62,616.4	\$1,881.4	NM	NM	NM	NM
CrowdStrike Holdings, Inc.	\$487.11	94.0%	\$121,411.3	\$117,622.7	\$4,136.0	\$20.8	0.5%	NM	NM
CyberArk Software Ltd.	\$376.39	89.4%	\$18,930.1	\$18,153.9	\$1,200.1	\$19.1	1.6%	NM	NM
F-Secure Oyj	\$2.01	78.0%	\$351.1	\$539.1	\$173.1	\$48.6	28.1%	3.1x	11.1x
F5, Inc.	\$299.89	95.8%	\$17,223.2	\$16,230.7	\$3,024.7	\$853.2	28.2%	NM	19.0x
Fortinet, Inc.	\$100.20	87.3%	\$76,694.7	\$72,990.7	\$6,337.9	\$2,086.0	32.9%	NM	NM
Mitek Systems, Inc.	\$9.89	72.1%	\$450.6	\$467.7	\$178.1	\$35.9	20.2%	2.6x	13.0x
NCC Group plc	\$1.94	77.9%	\$595.9	\$630.0	\$403.3	\$26.7	6.6%	1.6x	23.6x
Gen Digital Inc.	\$29.68	93.6%	\$18,408.4	\$25,717.4	\$4,227.0	\$1,917.0	45.4%	NM	13.4x
Okta, Inc.	\$94.41	74.0%	\$16,528.7	\$14,750.7	\$2,681.0	\$103.0	3.8%	NM	NM
Palo Alto Networks, Inc	\$192.07	92.2%	\$128,072.3	\$125,578.1	\$8,874.7	\$1,250.2	14.1%	NM	NM
Qualys, Inc.	\$141.39	83.2%	\$5,136.2	\$4,544.9	\$637.0	\$214.2	33.6%	NM	21.2x
Radware Ltd.	\$29.31	92.8%	\$1,251.1	\$986.4	\$288.8	\$16.4	5.7%	3.4x	NM
Rapid7, Inc.	\$24.11	54.2%	\$1,548.8	\$2,069.7	\$855.4	\$70.3	8.2%	2.4x	29.4x
Tenable Holdings, Inc.	\$34.35	69.8%	\$4,196.6	\$4,155.8	\$949.3	\$46.1	4.9%	4.4x	NM
VeriSign, Inc.	\$285.29	97.9%	\$26,788.7	\$27,931.9	\$1,598.2	\$1,120.0	70.1%	NM	24.9x
Zscaler, Inc.	\$296.18	93.0%	\$46,113.9	\$44,337.5	\$2,546.8	NM	NM	NM	NM
<b>Mean</b>							<b>21.9%</b>	<b>3.3x</b>	<b>17.9x</b>
<b>Median</b>							<b>25.8%</b>	<b>3.4x</b>	<b>18.7x</b>
<b>Harmonic Mean</b>							<b>4.1%</b>	<b>2.9x</b>	<b>16.0x</b>

EV = enterprise value; LTM = last twelve-month  
\$ in millions, except per share data  
NM = Not Meaningful

Source: Capital IQ and Capstone Partners as of July 10, 2025

### Public Strategies in Capstone's Cybersecurity Watch List Show Sustained M&A Appetite



Year to date (YTD) ended July 10; Cybersecurity Watch List includes: ATEN, AKAM, BB, CHKP, CRWD, CSCO, CYBR, FFIV, FSECURE, FTNT, GEN, MITK, NCC, NET, OKTA, PNAW, QLYS, RDWR, RPD, TENB, VRSN, ZS  
Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

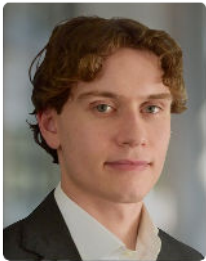
## CYBERSECURITY REPORT CONTRIBUTORS

**Tom McConnell**

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Tom joined Capstone Partners in 2011 and brings over 25 years of investment banking experience for clients' benefit. He has an impressive track record of completed transactions with cyber security, physical security, compliance and risk management related companies. Mergers, acquisitions, and capital raise engagements with founder-owned, private equity-backed and public corporations across the United States and internationally, demonstrate the depth of his sector knowledge and transaction acumen. Throughout his career, Tom has also believed in the importance of giving back to the community and has been recognized for his professional accomplishments and leadership. He co-founded Colorado Cyber with the mission of connecting private and public sector leaders in the cybersecurity ecosystem, stimulating discussion on critical issues, and supporting economic growth. Tom has also served on numerous nonprofit boards including the Breckenridge Outdoor Education Center, Griffith Centers for Children, and the Denver Advisory Board.

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Brendan serves as a Market Intelligence Associate at Capstone Partners covering the Aerospace, Defense, Government & Security and Healthcare industries. Prior to joining Capstone, Brendan was an analyst at VDC Research, a Boston-based market research and consulting firm, where he provided M&A commercial due diligence, growth opportunity analysis, product strategy support, and consumer insights research to technology vendors and investment firms. Brendan graduated with a Bachelor of Arts degree in Economics with a Concentration in Financial Markets from Colby College.

## FIRM AWARDS & ACCOLADES

Capstone Partners is consistently recognized as an elite middle market firm by multiple leading industry organizations. This has afforded our clients with immediate market credibility in the acquirer and investor communities. From 2016 to 2024, Capstone has received 22 "investment banking firm of the year" awards from organizations such as The M&A Atlas Awards, The M&A Advisor, M&A Today, and ACQ5. A sampling of Capstone's recent awards is shown below.



## FIRM TRACK RECORD

Capstone has a proven track record of providing advisory services to highly innovative and disruptive technology companies across the [ADGS industry](#), including companies within the Cybersecurity sector. Several of these transactions are highlighted below.



*“Capstone’s cybersecurity market knowledge and board-level relationships enabled us to effectively and efficiently find a great fit with SilverSky. We are excited about the synergies between the two companies and look forward to collaboration with the SilverSky team to build a global leader in managed security services.”*

**Rob Scott**  
CEO, Cygilant



## CAPSTONE'S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone's 2024 Middle Market Business Owners Survey indicated growth strategies are a priority for 2025, the lion's share (40.7%) of owners anticipate a need for growth strategy support services. Similarly, 38.1% of CEOs require equity capital advisory services to support operational initiatives and business expansion. Nearly one-third of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, 30.2% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, employee stock ownership plan (ESOP), and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

### Top Financial Services Required by Business Owners in 2025



40.7%

Instituting a growth strategy



38.1%

Raising equity capital



32.4%

Accounting & audit support



30.2%

Accessing relevant industry research



20.2%

Raising debt capital



19.8%

Corporate restructuring

Question: Have you ever had, or do you anticipate having, a need for any of the following services?  
Source: Capstone Partners' Middle Market Business Owner Survey, Rebased Sample Size (N): 278

## ENDNOTES

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PARTNERS**

Common Goals. Uncommon Results.

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## Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 51 countries.

