



Cybersecurity Quarterly Update

TECHNOLOGY

Q2 2022



HOULIHAN LOKEY

HOULIHAN LOKEY

Houlihan Lokey is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Key Facts and Figures



35

LOCATIONS
WORLDWIDE

2,200

TOTAL FINANCIAL
PROFESSIONALS

300+

MANAGING
DIRECTORS⁽¹⁾

2,000+

CLIENTS SERVED ANNUALLY

~\$5.5B

MARKET
CAPITALIZATION⁽²⁾

\$2.3B

REVENUES

Our Services



Corporate Finance

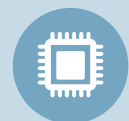


Financial
Restructuring



Financial and
Valuation Advisory

Our Coverage Areas



Technology



Business Services



Consumer, Food,
and Retail



Energy



Financial Services



Healthcare



Industrials



Real Estate, Lodging,
and Leisure



Financial Sponsors
Coverage



Equity Capital
Markets



Debt Advisory

⁽¹⁾ As of March 31, 2022; excludes Corporate MDs.

⁽²⁾ As of June 2022.

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.



Corporate Finance

- No. 1 Global M&A Advisor
- Leading Capital Markets Advisor Raising More Than \$100 Billion in Past Five Years

2021 Investment Banking Rankings All Global Transactions

Rank	Advisor	Deals
1	Houlihan Lokey	549
2	Goldman Sachs	511
3	JP Morgan	508

Source: Refinitiv.
Excludes accounting firms and brokers.



Financial Restructuring

- No. 1 Global Restructuring Advisor
- \$3.0 Trillion of Aggregate Transaction Value Completed

2021 Global Distressed Debt & Bankruptcy Restructuring Rankings

Rank	Advisor	Deals
1	Houlihan Lokey	63
2	Rothschild	38
3	Moelis	34

Source: Refinitiv.



Financial and Valuation Advisory

- No. 1 Global M&A Fairness Opinion Advisor
- 1,000+ Annual Valuation Engagements

2002 to 2021 Global M&A Fairness Opinion Advisory Rankings

Rank	Advisor	Deals
1	Houlihan Lokey	952
2	JP Morgan	890
3	Duff & Phelps, A Kroll Business	882

Source: Refinitiv.
Announced or completed transactions.



Financial Sponsors Coverage

- No. 1 Global Advisor to Private Equity Firms
- 1,000+ Sponsors Covered Globally

2021 Most Active Global Investment Banks to Private Equity Firms

Rank	Advisor	Deals
1	Houlihan Lokey	323
2	Deloitte	218
3	William Blair	183

Source: PitchBook.

Our Tech M&A Team Is No. 1 Globally With Unparalleled Reach

North America

- Atlanta
- Boston**
- Chicago
- Dallas
- Houston
- Los Angeles**
- Miami**
- Minneapolis
- New York**
- San Francisco**
- Washington, D.C.

Europe and Middle East

- Amsterdam
- Dubai
- Frankfurt**
- London**
- Madrid
- Manchester**
- Milan**
- Munich
- Paris
- Stockholm**
- Tel Aviv**
- Zurich

Asia-Pacific

- Beijing
- Fukuoka
- Ho Chi Minh City
- Hong Kong SAR
- Mumbai**
- Nagoya
- New Delhi
- Osaka
- Shanghai
- Singapore
- Sydney
- Tokyo**

2021 Investment Banking Rankings – All Global Technology Transactions

Rank	Advisor	Deals
1	Houlihan Lokey	124
2	Goldman Sachs	114
3	JP Morgan	91
4	Morgan Stanley	87
5	William Blair	67

Source: Refinitiv. Excludes accounting firms and brokers.



Local Technology team

How Houlihan Lokey Can Help

Our firm is extremely well equipped to help our clients navigate uncertain times. We respond quickly to challenging situations and are constantly helping clients analyze, structure, negotiate, and execute the best possible solutions from both a strategic and a financial perspective.

What We Offer

1  **Corporate Finance**

- Mergers and Acquisitions
- Capital Markets
- Private Funds Advisory
- Board Advisory Services

We are widely recognized as a leading M&A advisor to the mid-cap and have long-standing relationships with capital providers, including commercial banks and other senior credit providers, insurance funds, asset managers, and mezzanine fund investors. Few other investment banks maintain the breadth of relationships and capital markets intelligence that we do.

2  **Financial Restructuring**

- Company Advisory
- Special Situations
- Distressed M&A
- Liability Management
- Creditor Advisory

We have the largest restructuring practice of any global investment bank. Since 1988, we have advised on more than 1,500 restructuring transactions (with aggregate debt claims in excess of \$3.0 trillion). We served as an advisor in 12 of the 15 largest bankruptcies from 2000 to 2021.

3  **Financial and Valuation Advisory**

- Portfolio Valuation and Fund Advisory
- Transaction Opinions
- Corporate Valuation Advisory Services
- Transaction Advisory Services
- Real Estate Valuation and Advisory
- Dispute Resolution Consulting

Over nearly four decades, we have established ourselves as one of the largest financial and valuation advisory firms. Our transaction expertise and leadership in the field of valuation help inspire confidence in the financial executives, boards of directors, special committees, investors, and business owners we serve.

Why We're Different



No. 1 for U.S. and Tech M&A



Significant Experience With Financing Markets



Senior-Level Commitment and Dedication



Deep, Industry-Specific Expertise



Superior Work Product/Technical Abilities



Creativity, Imagination, Tenacity, and Positivity

Houlihan Lokey Global Tech Group Positioning

LARGE-CAP TRANSACTION EXPERTISE

- CEO-level relationships with leading tech companies
- Large senior team with unparalleled transaction experience
- Broad network including Fortune 500 relationships
- Highest quality client service
- M&A advisory and capital-raising expertise



MIDDLE MARKET / GROWTH SECTOR FOCUS

- Unique global access to venture capital, private equity, and strategic investors
- Growth company focus
- Deep sector expertise and domain knowledge
- Extensive capital markets access
- Late-stage private through public company orientation

Global Team Focused on All Aspects of Cybersecurity

100+ Years and \$350+ Billion of Combined Technology Industry Knowledge and Transaction Experience



Bobby Wolfe
Director
Miami



Cooper Byrne
Vice President
New York



Mark Smith
Director
Manchester



Malte Abrams
Managing Director
Frankfurt



Raiko Stelten
Managing Director
Frankfurt



Walid Khiari
Managing Director
San Francisco



Josh Wepman
Managing Director
New York



Rob Louv
Co-Head of U.S.
Technology
San Francisco

U.S. Leadership

European Leadership

Expanded Team

Core Domain Leadership

Additional Domain Experience

Broad Cybersecurity Sector Coverage

Cloud Security

Endpoint Security

Governance, Risk, and Compliance

Incident Response

Managed Detection Response

Messaging Security

Penetration Testing

Cyber Consulting, Services, and Training

Encryption Security

Identity and Privileged Access Management

IoT Security

Managed Security Service Providers

Mobile Security

Threat Intelligence

Data Protection, Integrity, and Security

Fraud and Risk Protection

Identity Security and Management



























































Log Management

Managed SOC

Network Operations and Security

Web Security

With Highly Relevant Experience

 <p>a portfolio company of</p>  <p>HoldCo PIK Notes Acquisition Financing</p> <p>Exclusive Placement Agent</p>	 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has received a growth equity investment of \$70,000,000 from</p>  <p>Financial Advisor</p>	 <p>has made a strategic investment in</p>  <p>Buyside Advisor</p>	 <p>has received a strategic growth investment from</p>  <p>Sellside Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>has invested in</p>  <p>Financing Advisor*</p>
 <p>has received an investment from</p>  <p>Sellside Advisor*</p>	 <p>has been recapitalized in partnership with</p>  <p>Sellside Advisor</p>	 <p>has sold a majority stake to</p>  <p>Sellside Advisor*</p>	<p>Acquisition Financing</p>  <p>has acquired</p>  <p>Financial Advisor*</p>	 <p>has sold a minority stake to</p>  <p>Sellside Advisor*</p>	 <p>has sold a majority stake in</p>  <p>to</p>  <p>Sellside Advisor*</p>	 <p>has entered into a partnership with</p>  <p>Sellside Advisor*</p>
 <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>structured equity investment led by</p>  <p>Financing Advisor*</p>	 <p>has acquired</p>  <p>Buyside Advisor</p>	<p>Acquisition Financing</p>  <p>has acquired</p>  <p>Financing Advisor*</p>	 <p>has sold substantially all its assets, pursuant to Section 363 of the U.S. Bankruptcy Code, to</p>  <p>Company Advisor</p>
 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>has been acquired by</p>  <p>Sellside Advisor*</p>	 <p>has received an equity investment from</p>  <p>Financial Advisor</p>	 <p>a portfolio company of</p>  <p>Financial Advisor</p>	<p>The Cyber Business of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p>	 <p>a wholly owned subsidiary of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p>

*Denotes transactions executed by a firm acquired by Houlihan Lokey.
Tombstones included herein represent transactions closed from 2010 forward.

Recent Case Study: Thrive Operations



a portfolio company of



HoldCo PIK Notes

Acquisition Financing

Exclusive Placement Agent

Client Profile

Thrive Operations, LLC, is a leading provider of outsourced cybersecurity and managed IT services to middle-market clients. The company offers a comprehensive suite of next-generation solutions with a strong focus on cybersecurity, managed cloud, managed infrastructure, help desk, network services, and disaster recovery. The company has a strong presence in the financial services, insurance, healthcare life sciences, and education end markets.

Thrive has executed on a focused M&A strategy predicated upon adding complementary capabilities and expanding geographic scale to grow its customer base. The company had successfully acquired and integrated seven businesses in 14 months and had two additional targets under LOI. Given that the prior acquisitions were funded through a combination of incremental senior debt and cash equity, the sponsor was interested in pursuing alternative debt financing solutions to help fund the near-term M&A targets.

Our Role

Houlihan Lokey's Capital Markets Group served as exclusive placement agent for the financing, assisting the company in marketing, arranging, structuring, and negotiating the financing to support the acquisition.

Transaction Snapshot

This financing highlights Houlihan Lokey's ability to deliver favorable outcomes for clients to support acquisition financing transactions. Houlihan Lokey fulfilled the client's key objectives, including (i) placing a fixed-rate, all-PIK piece of paper despite rising interest rates and unfavorable market conditions, (ii) maximizing the quantum of capital raised to support the company's aggressive acquisition strategy and reduce the required sponsor equity contribution, and (iii) running a limited and efficient diligence process to minimize management's involvement while they executed on the M&A strategy.

Recent Case Study: Rohde & Schwarz Cybersecurity



Client Profile

Founded in 1933 and based in Munich, Germany, Rohde & Schwarz is a leading provider of testing and measurement solutions for various industries; communications, reconnaissance, and security systems for armed forces, security bodies, and operators of infrastructure; and network and cybersecurity solutions. The group generated revenues of €2.3 billion in 2021.

Established in 2001, with headquarters in Meudon, France, and a research facility in Montpellier, Rohde & Schwarz Cybersecurity SAS provides web application and API protection (WAAP) solutions to more than 600 enterprise-level and public customers in 35 countries. Its R&S@Web Application Firewall (a leader in France with approximately 25% market share) and further WAAP solutions secure applications and APIs against application-layer attacks. The company's portfolio of solutions can be deployed on premises, in the cloud, or both, and is also offered as a managed service.

Our Role

Houlihan Lokey served as the exclusive financial advisor to Rohde & Schwarz and assisted in initiating, structuring, and negotiating all aspects of the carve-out of Rohde & Schwarz Cybersecurity SAS. This deal highlights Houlihan Lokey's deep expertise in the cybersecurity software space.

Transaction Snapshot

The transaction was signed on February 17, 2022, and closed on April 1, 2022.

TSS is a Netherlands-based vertical market software group with more than 110 independently managed software business units and 3,900 employees in Europe. TSS is part of the ecosystem of Constellation Software Inc. (CSI), a Toronto, Canada-headquartered global provider of vertical market software solutions.

Houlihan Lokey Global Tech Conference 2022



Technology Connecting the World
 Houlihan Lokey Global Tech Conference 2022

October 12-13, 2022
 New York, New York

Conference Overview

Houlihan Lokey is pleased to host its inaugural Global Tech Conference on October 12-13, 2022, at the Lotte New York Palace. The event will feature company presentations, panels, and targeted one-on-one meetings.

The conference is an excellent stage to showcase your company to an audience of prospective strategic, financial, and institutional investors as well as other capital providers. Participants and attendees will gain insights into the market dynamics and strategics employed within a variety of technology sectors and participate in insightful discussion on the state of the market, growth opportunities, and current challenges.

Technology Sectors Represented



Conference Format

- Evening VIP reception before the conference
- Presentations from attractive, highly successful companies
- Panel discussions from tech industry leaders
- High-profile featured speakers from the tech community
- Intimate industry dinners with peers and capital providers
- Targeted one-on-one meetings

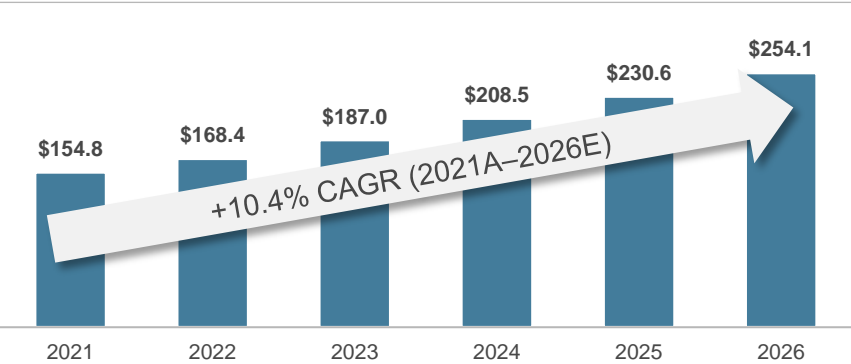
Agenda and Locations

October 11	Evening	Pre-Conference VIP Reception	Location TBD
October 12	Daytime	Conference Day 1 Company Presentations and 1x1s	Lotte New York Palace
	Evening	Exclusive Sector-Focused Dinners	Locations TBD
October 13	Daytime	Conference Day 2 Company Presentations and 1x1s	Lotte New York Palace

Momentum Continues in the Cybersecurity Sector

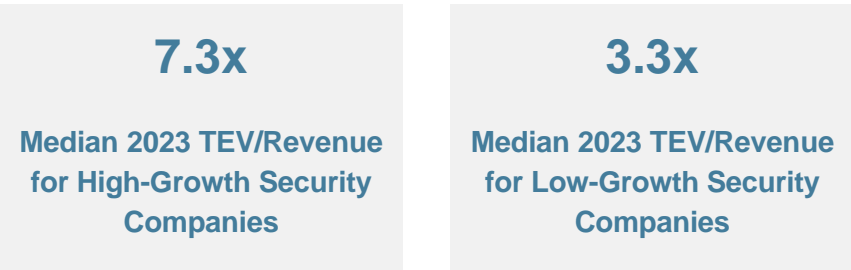
Momentum in the security market is expected to continue, driven by the persistent threat environment.

General Market Environment (\$B)



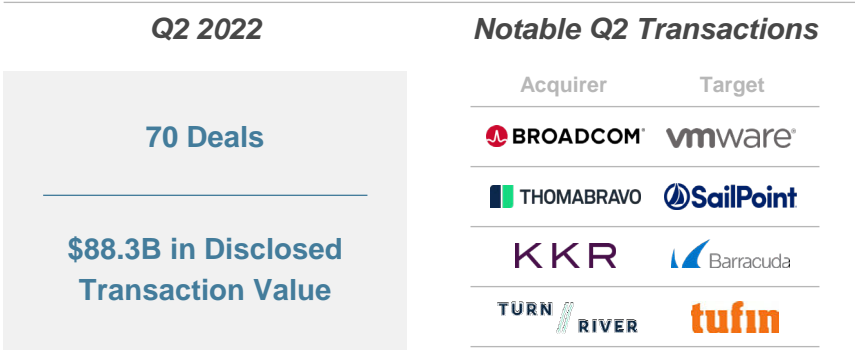
- Despite macro conditions and the overall public market pullback, security spend is expected to continue.

Public Market Environment



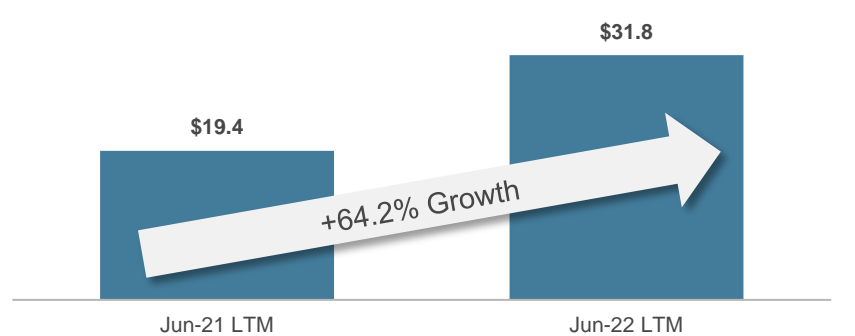
- Investors are increasingly valuing profitability vs. growth in 2022 amid a broader pullback in public multiples.

M&A Environment



- Leading players continue to pay scarcity premiums for best-of-breed solutions to fill out product suite and portfolio gaps.

Private Company Funding (\$B)



- Appetite for high-quality, later-stage, and mature cybersecurity companies remains stable as the threat environment continues to expand.

Macro Factors Impacting the Cybersecurity Market

Cyber Warfare in Ukraine



- Global awareness of Russian cyber attacks and the potential spillover effects from large-scale cyber war (e.g., the 2017 NotPetya cyber attack) are bolstering cybersecurity investment and focus.
- Following Russia's invasion of Ukraine in February 2022, the broader market has become increasingly concerned about cyber attacks.
 - As of June 30, 2022, Ukraine has experienced 796 Russian cyber attacks targeting the governmental, military, finance, energy, transport, infrastructure, and telecommunications sectors.⁽¹⁾
 - Both the Securities and Exchange Commission and the White House have issued statements recommending that companies use multifactor authentication, deploy endpoint detection and response tools, run incident response exercises, and encrypt data.^(2, 3)

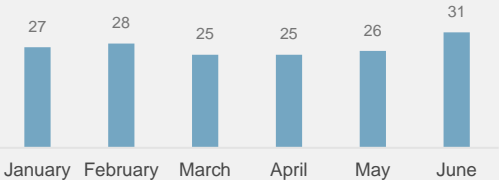
Sources: (1) Access Now Ukraine Russia Conflict (2) Pitchbook (3) DWT White House Fact Sheet

Increasing Severity and Frequency of Successful Ransomware Attacks



- Ransomware has evolved and is a board-level issue for all organizations.
- In H1 2022, there were 162 publicly disclosed ransomware attacks.⁽⁴⁾
 - Examples of outsized outcomes include a \$400,000 payout by a Sacramento County's Office of Education and \$6 million in ransom demanded in an attack on Ward Hadaway LLP.

2022 Ransomware Attacks



- The rise of cryptocurrency, particularly Bitcoin, is correlated with an increase in ransomware attacks due to its anonymous and hard-to-trace nature.⁽⁵⁾

(4) Black Fog State of Ransomware (5) NPR – Bitcoin Fueling Ransomware

Bear Market



- High inflation and rising interest rates are negatively impacting fund performance and portfolio company valuations across all industries.
- Startups are facing difficulty with funding, leading to consolidation/roll-up opportunities.⁽²⁾
- However, appetite for later-stage and mature cybersecurity deals will remain stable amid adjusting valuations as the threat environment continues to be persistent and security is a priority.
 - In March 2022, Advent International and Permira completed the \$14 billion buyout of McAfee, the second largest deal in Q1 across private equity.⁽²⁾
- Public listings are less attractive exit options in volatile public markets, with sponsor-to-sponsor exits and corporate acquisitions likely to be the primary exit paths for 2022.
 - e.g., Thomas Bravo's sale of cybersecurity firm Barracuda Networks to KKR for \$4 billion.⁽²⁾

Highlighted Cybersecurity Trends

Cyber Topic	Identity Threat Detection and Response	Threat Intelligence
<p>Trends</p>	<ul style="list-style-type: none"> ITDR represents the tools and processes designed to protect the identity infrastructure from malicious attacks, detect and investigate potential incursions, and restore normal operation in the event of tampering. This differs from other identity solutions by focusing on the secure operation of the identity infrastructure vs. the protection of individual users and resources in the infrastructure. In today's threat environment, more sophisticated attackers are now actively targeting the IAM infrastructure. <ul style="list-style-type: none"> The SolarWinds breach used admin permissions to gain access to the organization's global admin account/trusted SAML token signing certificate to forge SAML tokens for lateral movement. Companies are recognizing that there are holes to fill to protect, detect, and rapidly investigate/remediate identity systems. <div data-bbox="537 891 1120 1073"> <p>80% of cyber attacks today leverage identity-based attacks, highlighting the need for ITDR.</p> </div>	<ul style="list-style-type: none"> Threat intelligence (TI) is evidence-based knowledge, including context, mechanisms, indicators, implications, and action-oriented advice, about an existing or emerging threat or hazard to assets. Changes to the environment and business, such as remote workforces, have increased the number of attack vectors and require increased coverage for new use cases. In response, TI is evolving to support a growing range of use cases and demands, resulting in an increasingly fragmented market; however, the TI subsectors are gradually converging into an integrated solution set that offers a combination of capabilities. Innovations of TI vendor offerings have helped garner more significant investment and contributed to the projected double-digit growth in the segment. <div data-bbox="1213 862 1862 1100"> <p>TI Market Size (\$ in billions)</p> <p>2021: \$1.3 2025: \$2.6 +15.2% CAGR (2021A-2025E)</p> </div>
<p>Companies to Watch</p>		

Source: Gartner.
 (1) Verizon Data Breach Investigations Report.
 [] Indicates acquired company/subsidiary.

Select Public Multiples—Forward 12 Months

EV/NTM Revenue



Sources: S&P Capital IQ, market data as of June 30, 2022.
 Note: Indices contain public companies on the following pages and are weighted by market capitalization.

Investors Are Focused on Growth and Profitability

Partners will look to growth and profit as a factor. See below for 23E/22E revenue growth and 23E “Rule of 40” vs. EV/23E revenue multiples.

Low-Revenue Growth Rate

Mean: 6% | 3.6x
Median: 6% | 3.3x

Medium-Revenue Growth Rate

Mean: 20% | 4.9x
Median: 21% | 4.5x

High-Revenue Growth Rate

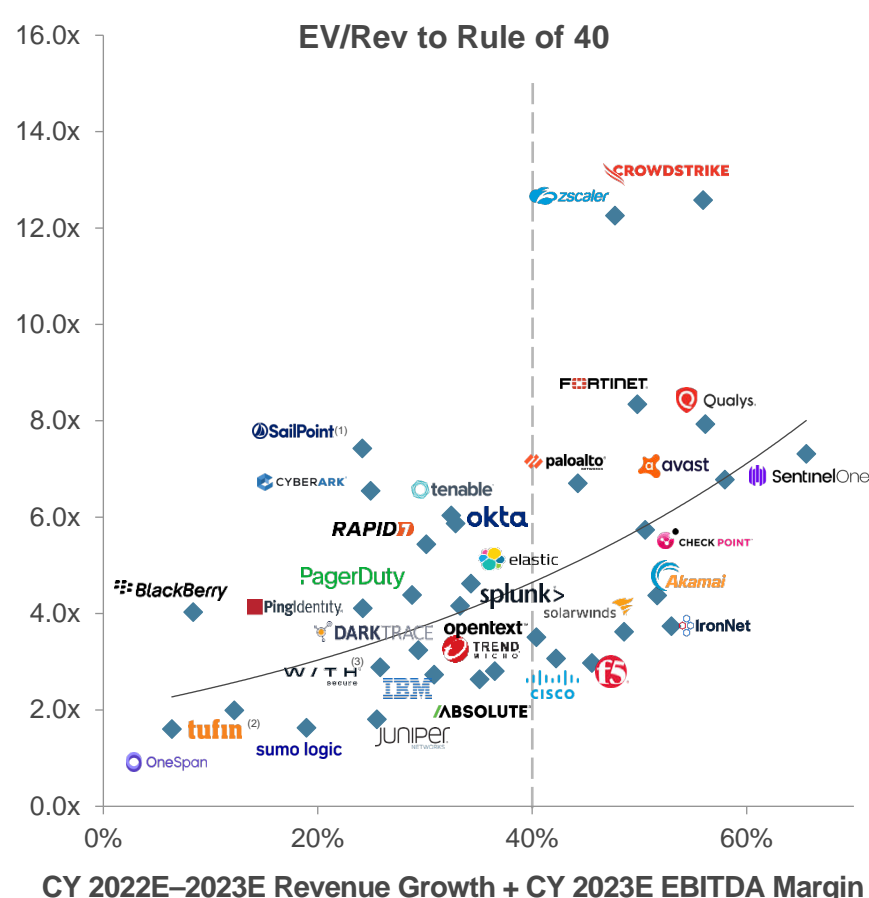
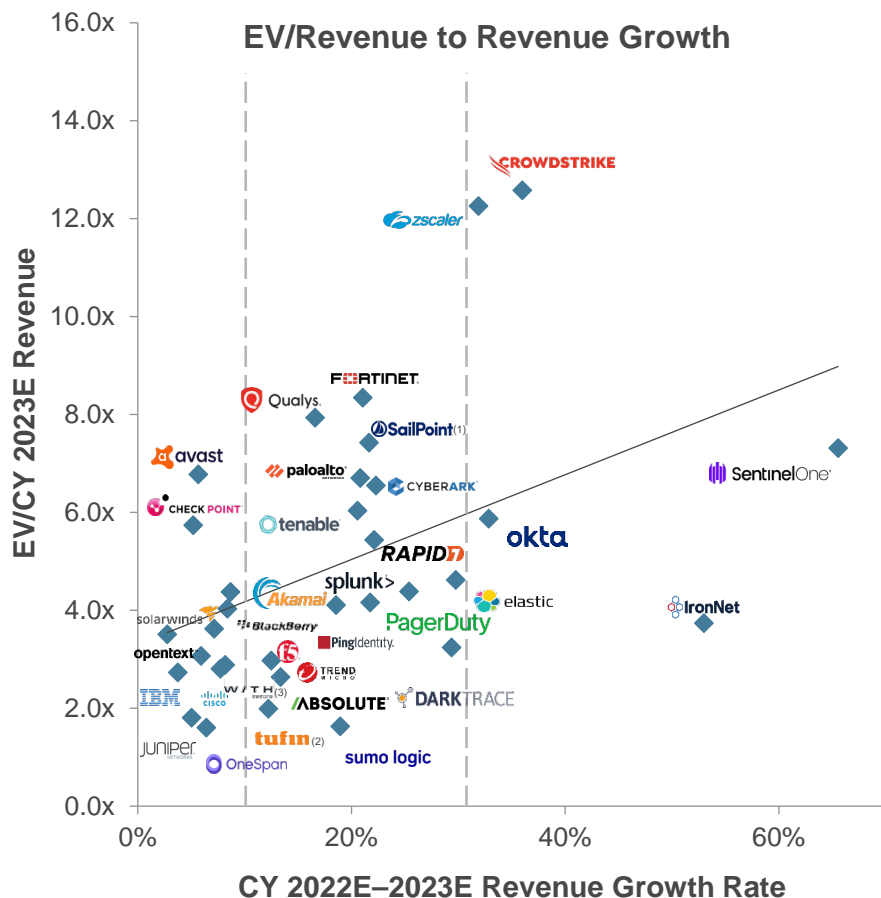
Mean: 44% | 8.4x
Median: 36% | 7.3x

Below “Rule of 40”

Mean: 26% | 3.9x
Median: 29% | 4.0x

Above “Rule of 40”

Mean: 51% | 6.4x
Median: 50% | 6.2x



Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end.

(1) Acquisition announced/pending; SailPoint is based on unaffected price as of 4/10/2022.

(2) Acquisition announced/pending; Tufin is based on unaffected price as of 4/5/2022.

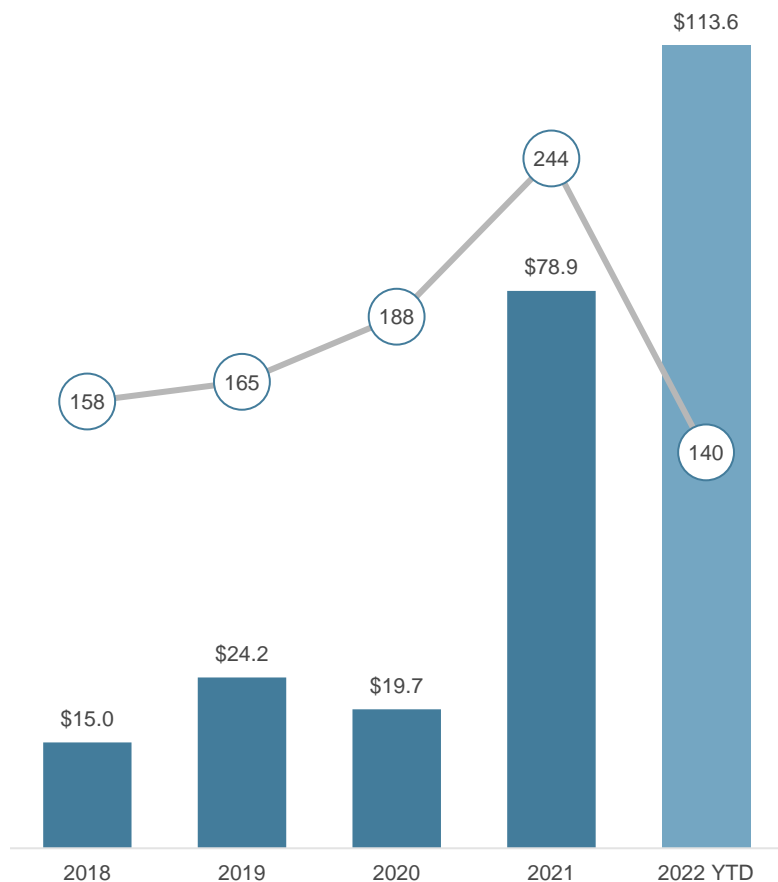
(3) WithSecure based on financials prior to the demerger of Consumer security into F-Secure.

M&A Remains an Exciting Exit for Cyber Companies

Cyber M&A Summary (2018–2022 YTD)

(\$ in billions)

■ Disclosed Value
○ Number of Deals



Select Transactions

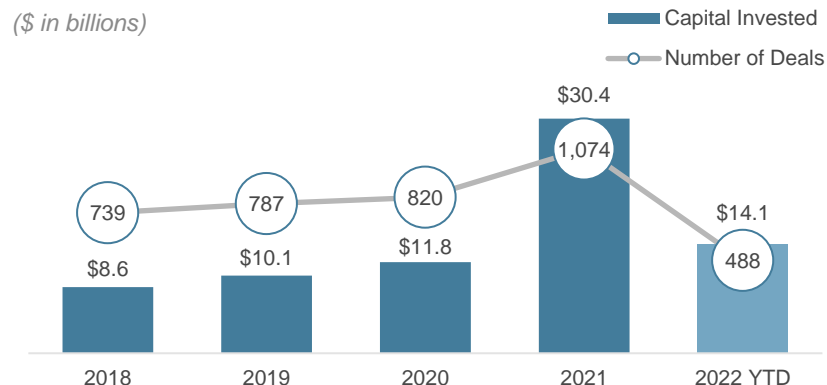
Ann. Date	Acquirer	Target	Subsector	EV \$M	EV/Rev
6/20/22	Charter Communications (Joint Venture) / COMCAST	Levl	Identity and Access Management	\$50	NA
6/1/22	RELIAQUEST	digital shadows	Digital Threat Management	\$160	6.4x
5/26/22	BROADCOM	vmware	Cloud Security	\$69,207	5.3x
5/23/22	PARSONS	Xator	Security and Consulting Services	\$400	1.3x
5/17/22	THALES	MAXIVE	MSSP	\$125	1.9x
5/3/22	LexisNexis RISK SOLUTIONS	BehavioSec	Identity and Access Management	\$140	17.5x
4/27/22	SYNOPSYS	WhiteHat Security	Application Security	\$330	4.4x
4/26/22	tenable	BIT DISCOVERY	Risk and Compliance	\$45	8.9x
4/12/22	KKR	Barracuda	Network and Infrastructure Security	\$4,000	7.3x
4/11/22	THOMABRAVO	SailPoint	Identity and Access Management	\$6,900	14.9x
4/11/22	Kaseya	datto	Data Security	\$6,200	9.6x
4/6/22	TURN / RIVER	tufin	Network and Infrastructure Security	\$570	4.9x

Sources: PitchBook, 451Research as of June 30, 2022.

Note: NA indicates not publicly available.

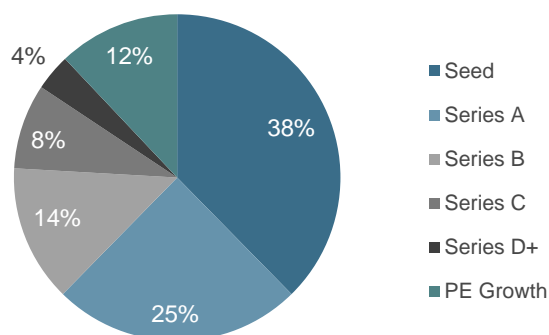
Cyber Is Drawing Growth Equity as Well

Private Funding Summary (2018–2022 YTD)



Private Funding by Round (2022 YTD)

Percent of Deals by Round



(\$ in millions)

Median Post-Money Valuation

Round	Seed/Angel	Series A	Series B	Series C	Series D+	PE Growth
Median Post-Money Valuation	\$15	\$56	\$140	\$540	\$2,600	\$2,500

Select Minority Transactions⁽¹⁾

Ann. Date	Lead Investor	Target	Subsector	Amt. (\$M)	Val. (\$M)
6/22/22	Accel	veza	Data Security	\$110	\$500
6/8/22	CRAFT	Vanta	Identity and Access Management	\$110	\$1,600
5/24/22	KKR	semperis	Identity and Access Management	\$200	NA
5/11/22	FOUNDERS FUND	Material	Email Security	\$100	\$1,100
5/9/22	INSIGHT PARTNERS	Abnormal	Network and Infrastructure Security	\$210	\$4,000
4/19/22	Goldman Sachs Asset Management	FORTRESS	Network and Infrastructure Security	\$125	NA
4/19/22	GENERAL ATLANTIC	THREATLOCKER	Threat Intelligence	\$100	\$580
4/13/22	GENERAL ATLANTIC	Unico	Identity and Access Management	\$100	\$2,600
4/12/22	Advent International GENERAL CATALYST	sonar	Application Security	\$412	\$4,700
4/12/22	VISTA	CRITICALSTART	MSSP	\$215	NA
4/7/22	NOVATOR	NORD SECURITY	Web Security	\$100	\$1,600
4/5/22	Balderton capital	CORO	Cloud Security	\$80	\$500

Sources: PitchBook, 451Research as of June 30, 2022.

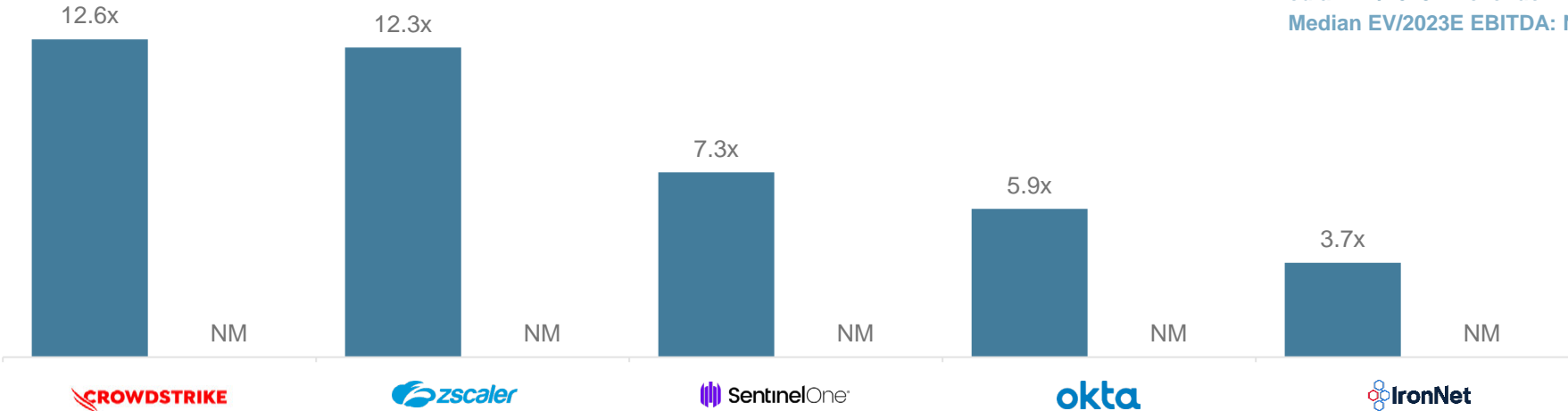
(1) Val. reflects estimated post-money valuation.

Public Company Benchmarking: EV/CY 2023E Revenue and EBITDA

■ EV/2023E Revenue ■ EV/2023E EBITDA

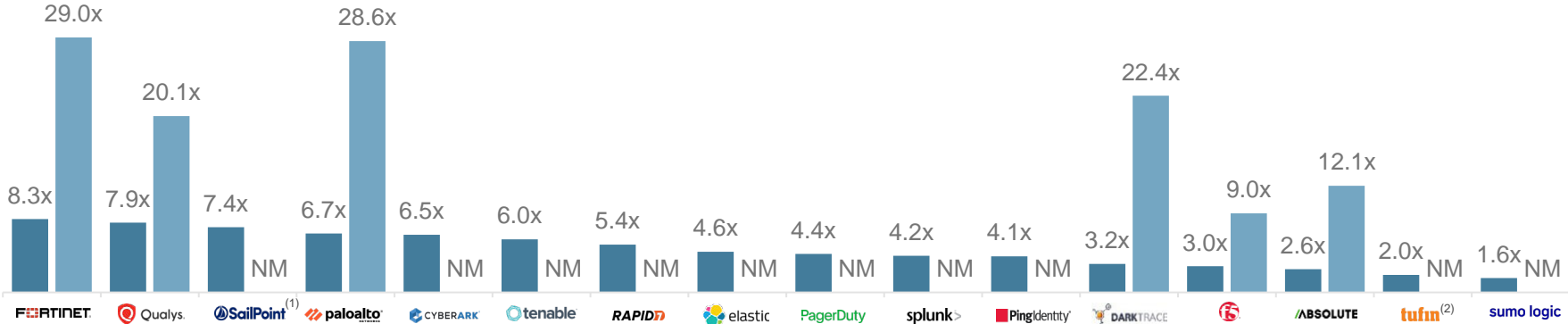
High-Growth Cyber (30%+ Revenue Growth)

Median EV/2023E Revenue: 7.3x
Median EV/2023E EBITDA: NM



Medium-Growth Cyber (>10% and <30% Revenue Growth)

Median EV/2023E Revenue: 4.5x
Median EV/2023E EBITDA: 21.2x



Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful or EV/EBITDA >30x or <0x. Sorted by EV/2023E revenue.

(1) Acquisition announced/pending; SailPoint is based on unaffected price as of 4/10/2022.

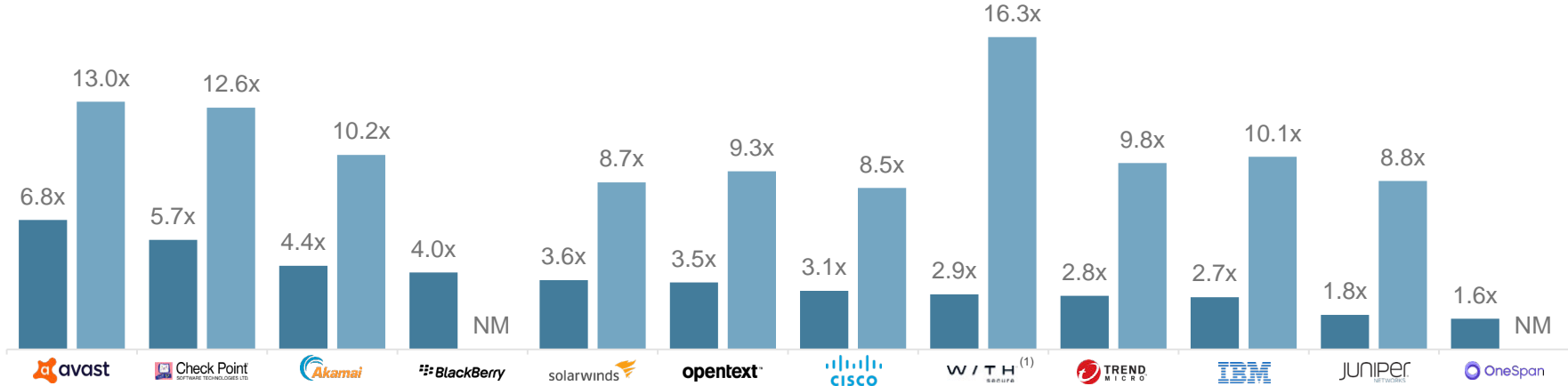
(2) Acquisition announced/pending; Tufin is based on unaffected price as of 4/5/2022.

Public Company Benchmarking: EV/CY 2023E Revenue and EBITDA

■ EV/2023E Revenue ■ EV/2023E EBITDA

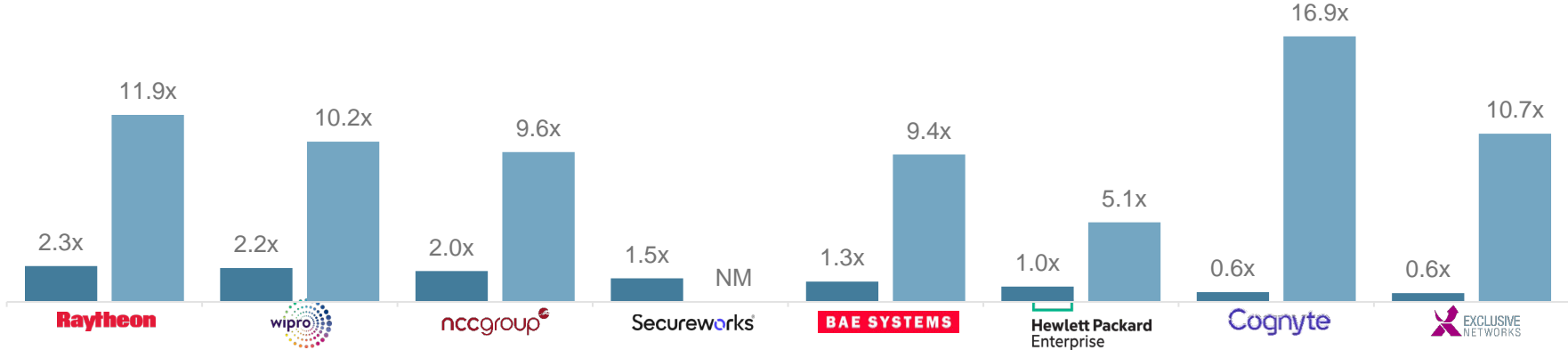
Low-Growth Cyber (<10% Revenue Growth)

Median EV/2023E Revenue: 3.3x
Median EV/2023E EBITDA: 9.9x



Security Services

Median EV/2023E Revenue: 1.4x
Median EV/2023E EBITDA: 10.2x

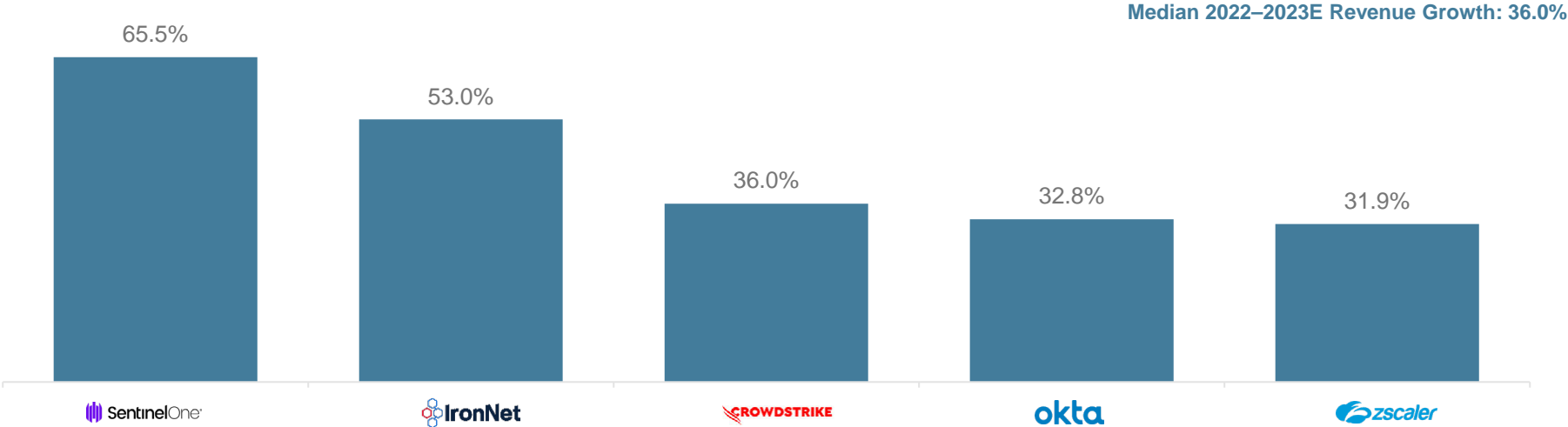


Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful or EV/EBITDA >30x or <0x.

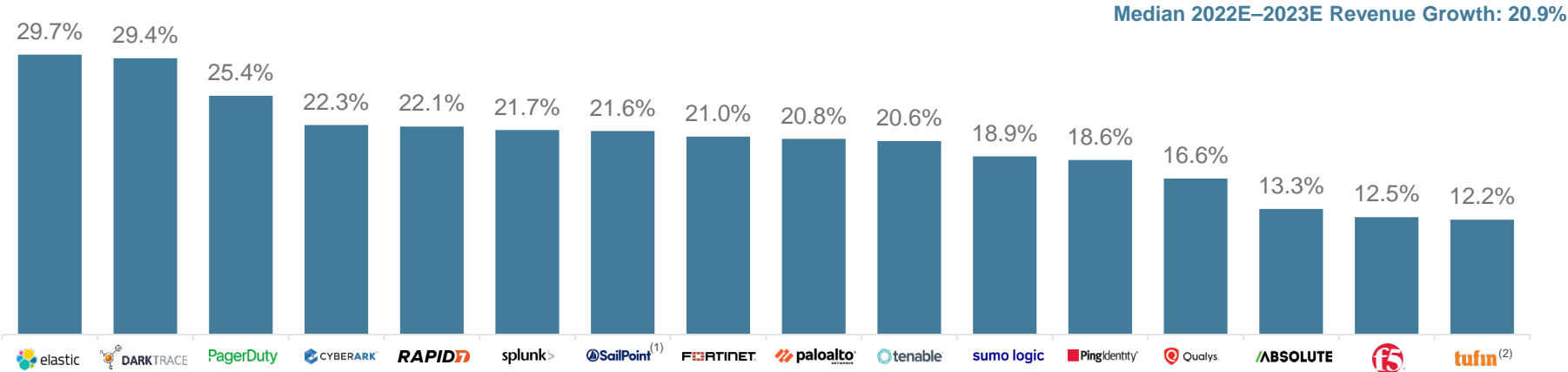
Sorted by EV/2023E revenue.
(1) WithSecure financials are prior to the demerger of Consumer security into F-Secure.

Public Company Benchmarking: CY 2022E–2023E Revenue Growth

High-Growth Cyber (30%+ Revenue Growth)



Medium-Growth Cyber (>10% and <30% Revenue Growth)



Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end.

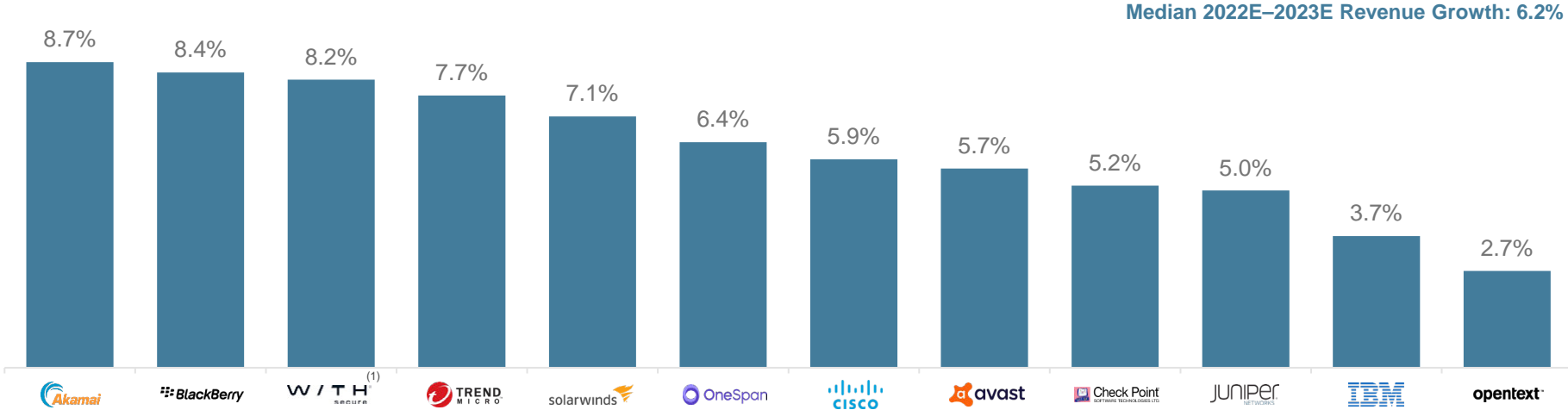
Sorted by 2022E–2023E revenue growth.

(1) Acquisition announced/pending; SailPoint is based on unaffected price as of 4/10/2022.

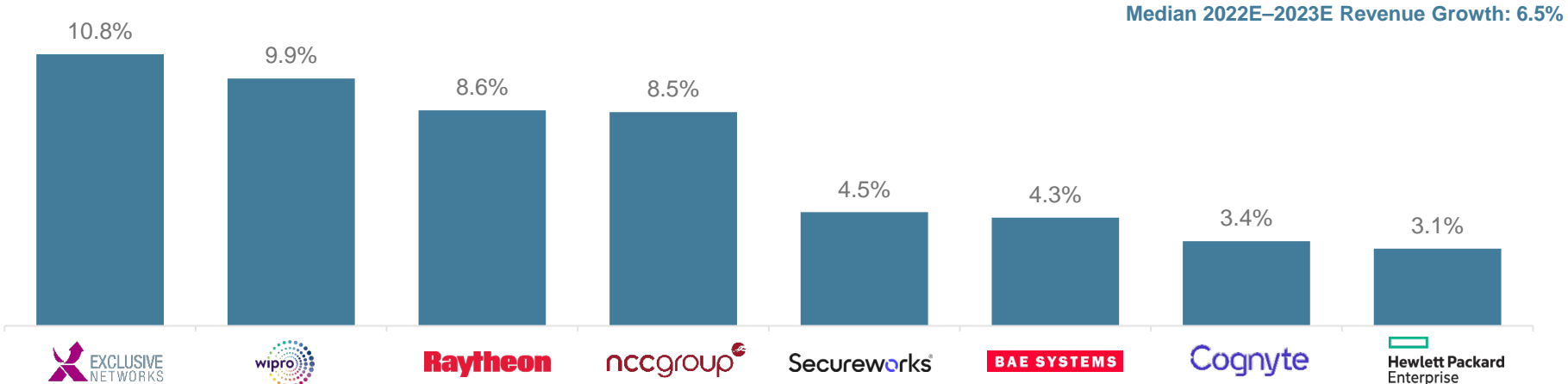
(2) Acquisition announced/pending; Tufin is based on unaffected price as of 4/5/2022.

Public Company Benchmarking: CY 2022E–2023E Revenue Growth

Low-Growth Cyber (<10% Revenue Growth)



Security Services



Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end. Sorted by 2022E–2023E revenue growth.

(1) WithSecure financials are prior to the demerger of Consumer security into F-Secure.

High-Growth Cyber Trading Metrics

(\$ in millions)

Company	Stock Price	% of 52-wk High	Equity Mkt Cap	Enterprise Value	EV/Revenue			EV/EBITDA		
					CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E
Crow dStrike	\$168.56	56.5%	\$39,132	\$37,737	26.0x	17.1x	12.6x	NM	NM	NM
Zscaler	149.51	39.8%	21,210	20,557	23.9x	16.2x	12.3x	NM	NM	NM
Okta	90.40	32.7%	14,263	14,163	10.9x	7.8x	5.9x	NM	NM	NM
SentinelOne	23.33	29.7%	6,508	4,921	24.0x	12.1x	7.3x	NM	NM	NM
IronNet	2.21	4.7%	224	192	7.0x	5.7x	3.7x	NM	NM	NM
Top Quartile			\$21,210	\$20,557	24.0x	16.2x	12.3x	NM	NM	NM
Mean			16,268	15,514	18.4	11.8	8.4	NM	NM	NM
Median			14,263	14,163	23.9	12.1	7.3	NM	NM	NM
1st Quartile			6,508	4,921	10.9	7.8	5.9	NM	NM	NM

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x. Sorted by market capitalization.

Medium-Growth Cyber Trading Metrics

(\$ in millions)

Company	Stock Price	% of 52-wk High	Equity Mkt Cap	Enterprise Value	EV/Revenue			EV/EBITDA		
					CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E
Palo Alto Networks	\$493.94	77.1%	\$49,214	\$49,291	10.1x	8.1x	6.7x	NM	NM	28.6x
Fortinet	56.58	76.1%	45,429	44,260	13.2x	10.1x	8.3x	NM	NM	29.0x
Splunk	88.46	50.1%	14,236	16,869	6.3x	5.1x	4.2x	NM	NM	NM
F5	153.04	61.5%	9,255	9,049	3.4x	3.3x	3.0x	16.0x	11.1x	9.0x
Elastic	67.67	35.6%	6,419	6,152	7.7x	6.0x	4.6x	NM	NM	NM
CyberArk	127.96	63.4%	5,140	4,736	9.4x	8.0x	6.5x	NM	NM	NM
Tenable	45.41	71.4%	5,022	4,919	9.1x	7.3x	6.0x	NM	NM	NM
Qualys	126.14	84.0%	4,899	4,487	10.9x	9.2x	7.9x	29.7x	23.1x	20.1x
SailPoint ⁽¹⁾	49.59	78.3%	4,675	4,676	11.2x	9.0x	7.4x	NM	NM	NM
Rapid 7	66.80	46.1%	3,892	4,576	8.5x	6.6x	5.4x	NM	NM	NM
Darktrace	3.58	29.4%	2,303	1,981	5.7x	4.2x	3.2x	NM	NM	22.4x
PagerDuty	24.78	49.2%	2,177	2,016	7.2x	5.5x	4.4x	NM	NM	NM
Ping Identity	18.14	59.7%	1,547	1,644	5.5x	4.9x	4.1x	NM	NM	NM
Sumo Logic	7.49	31.9%	867	564	2.3x	1.9x	1.6x	NM	NM	NM
Absolute Software	8.62	61.2%	439	649	4.2x	3.0x	2.6x	NM	12.5x	12.1x
Tufin ⁽²⁾	9.03	66.9%	346	280	2.6x	2.2x	2.0x	NM	NM	NM
Top Quartile			\$7,128	\$6,877	9.6x	8.0x	6.6x	26.3x	17.8x	27.0x
Mean			9,741	9,759	7.3	5.9	4.9	22.9	15.6	20.2
Median			4,787	4,626	7.4	5.7	4.5	22.9	12.5	21.2
1st Quartile			2,019	1,897	5.2	4.0	3.2	19.4	11.8	14.1

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x.

Sorted by market capitalization.

(1) Acquisition announced/pending; SailPoint is based on unaffected price as of 4/10/2022.

(2) Acquisition announced/pending; Tufin is based on unaffected price as of 4/5/2022.

Low-Growth Cyber Trading Metrics

(\$ in millions)

Company	Stock Price	% of 52-wk High	Equity Mkt Cap	Enterprise Value	EV/Revenue			EV/EBITDA		
					CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E
Cisco	\$42.64	66.3%	\$176,571	\$166,960	3.2x	3.3x	3.1x	10.4x	8.8x	8.5x
IBM	141.19	95.7%	127,350	172,808	3.0x	2.8x	2.7x	14.2x	10.6x	10.1x
Check Point	121.78	81.4%	15,624	13,889	6.4x	6.0x	5.7x	14.9x	13.3x	12.6x
Akamai	91.33	74.1%	14,641	17,378	5.0x	4.8x	4.4x	14.6x	11.0x	10.2x
OpenText	37.84	68.5%	10,131	12,973	3.8x	3.6x	3.5x	12.8x	10.2x	9.3x
Juniper	28.50	74.7%	9,208	9,709	2.1x	1.9x	1.8x	14.3x	9.7x	8.8x
Trend Micro	48.72	86.5%	6,811	4,684	2.8x	3.0x	2.8x	8.4x	10.4x	9.8x
Avast	6.28	79.7%	6,517	6,952	7.4x	7.2x	6.8x	15.9x	14.0x	13.0x
BlackBerry	5.39	44.9%	3,110	2,993	4.0x	4.4x	4.0x	NM	NM	NM
SolarWinds	10.25	29.1%	1,645	2,868	4.0x	3.9x	3.6x	NM	9.5x	8.7x
WithSecure ⁽¹⁾	5.23	88.5%	913	822	3.1x	3.1x	2.9x	NM	20.8x	16.3x
OneSpan	11.90	46.3%	476	368	1.7x	1.7x	1.6x	NM	NM	NM

Top Quartile	\$14,887	\$14,761	4.3x	4.5x	4.1x	14.7x	12.7x	12.0x
Mean	31,083	34,367	3.9	3.8	3.6	13.2	11.8	10.7
Median	8,009	8,331	3.5	3.4	3.3	14.3	10.5	9.9
1st Quartile	2,744	2,961	3.0	3.0	2.8	12.2	9.9	8.9

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x. Sorted by market capitalization.

(1) WithSecure financials are prior to the demerger of Consumer security into F-Secure.

Security Services Trading Metrics

(\$ in millions)

Company	Stock Price	% of 52-wk High	Equity Mkt Cap	Enterprise Value	EV/Revenue			EV/EBITDA		
					CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E
Raytheon	\$96.11	90.7%	\$144,456	\$169,596	2.6x	2.5x	2.3x	14.9x	13.5x	11.9x
BAE Systems	10.09	98.8%	32,196	36,655	1.4x	1.4x	1.3x	12.2x	9.9x	9.4x
Wipro	5.27	56.2%	28,794	26,640	2.7x	2.4x	2.2x	12.4x	11.9x	10.2x
HPE	13.26	74.7%	17,279	28,674	1.0x	1.0x	1.0x	5.9x	5.4x	5.1x
Exclusive Networks	15.51	69.7%	1,421	1,886	0.7x	0.6x	0.6x	14.4x	12.1x	10.7x
SecureWorks	10.86	40.4%	922	757	1.4x	1.6x	1.5x	NM	NM	NM
NCC Group	2.27	53.8%	703	846	2.2x	2.1x	2.0x	15.7x	10.7x	9.6x
Cognyte	4.25	14.9%	301	246	0.5x	0.6x	0.6x	8.8x	NM	16.9x

Top Quartile	\$29,644	\$30,669	2.3x	2.2x	2.0x	14.6x	12.0x	11.3x
Mean	28,259	33,163	1.6	1.5	1.4	12.0	10.6	10.6
Median	9,350	14,263	1.4	1.5	1.4	12.4	11.3	10.2
1st Quartile	867	824	0.9	0.9	0.9	10.5	10.1	9.5

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x.

Sorted by market capitalization.

High-Growth Cyber Operating Metrics

(\$ in millions)

Company	Stock Price	Equity Mkt Cap	Enterprise Value	Revenue			EBITDA			Revenue Growth			EBITDA Margin		
				CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E	2020-2021A	2021-2022E	2022-2023E	CY 2021A	CY 2022E	CY 2023E
Crow dStrike	\$168.56	\$39,132	\$37,737	\$1,452	\$2,206	\$3,000	(\$80)	\$387	\$598	66.0%	52.0%	36.0%	NM	17.5%	19.9%
Zscaler	149.51	21,210	20,557	860	1,272	1,677	(242)	183	266	60.4%	48.0%	31.9%	NM	14.4%	15.8%
Okta	90.40	14,263	14,163	1,300	1,816	2,412	(608)	(139)	(26)	55.6%	39.7%	32.8%	NM	NM	NM
SentinelOne	23.33	6,508	4,921	205	406	673	(260)	(201)	(96)	120.1%	98.4%	65.5%	NM	NM	NM
IronNet	2.21	224	192	28	34	51	(229)	(81)	(69)	NM	22.0%	53.0%	NM	NM	NM
Top Quartile		\$21,210	\$20,557	\$1,300	\$1,816	\$2,412	(\$229)	\$183	\$266	79.5%	52.0%	53.0%	NM	16.8%	18.9%
Mean		16,268	15,514	769	1,147	1,563	(284)	30	135	75.5%	52.0%	43.8%	NM	16.0%	17.9%
Median		14,263	14,163	860	1,272	1,677	(242)	(81)	(26)	63.2%	48.0%	36.0%	NM	16.0%	17.9%
1st Quartile		6,508	4,921	205	406	673	(260)	(139)	(69)	59.2%	39.7%	32.8%	NM	15.2%	16.9%

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x. Sorted by market capitalization.

Medium-Growth Cyber Operating Metrics

(\$ in millions)

Company	Stock Price	Equity Mkt Cap	Enterprise Value	Revenue			EBITDA			Revenue Growth			EBITDA Margin		
				CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E	2020-2021A	2021-2022E	2022-2023E	CY 2021A	CY 2022E	CY 2023E
Palo Alto Netw orks	\$493.94	\$49,214	\$49,291	\$4,858	\$6,087	\$7,353	(\$67)	\$1,459	\$1,724	28.4%	25.3%	20.8%	NM	24.0%	23.4%
Fortinet	56.58	45,429	44,260	3,342	4,382	5,305	730	1,236	1,525	28.8%	31.1%	21.0%	21.8%	28.2%	28.7%
Splunk	88.46	14,236	16,869	2,674	3,331	4,055	(992)	165	468	19.9%	24.6%	21.7%	NM	4.9%	11.5%
F5	153.04	9,255	9,049	2,666	2,705	3,042	566	817	1,006	10.8%	1.5%	12.5%	21.2%	30.2%	33.1%
Elastic	67.67	6,419	6,152	801	1,026	1,331	(127)	2	60	44.4%	28.1%	29.7%	NM	0.2%	4.5%
CyberArk	127.96	5,140	4,736	503	591	723	(64)	(10)	19	8.3%	17.6%	22.3%	NM	NM	2.6%
Tenable	45.41	5,022	4,919	541	676	815	(19)	60	97	22.9%	24.9%	20.6%	NM	8.9%	11.9%
Qualys	126.14	4,899	4,487	411	485	566	151	195	224	13.3%	18.0%	16.6%	36.7%	40.1%	39.5%
SailPoint ⁽¹⁾	49.59	4,675	4,676	417	518	630	9	(19)	16	14.2%	24.1%	21.6%	2.2%	NM	2.5%
Rapid 7	66.80	3,892	4,576	535	689	842	(79)	41	67	30.1%	28.7%	22.1%	NM	6.0%	8.0%
Darktrace	3.58	2,303	1,981	347	473	612	10	52	89	48.2%	36.0%	29.4%	3.0%	11.0%	14.5%
PagerDuty	24.78	2,177	2,016	281	367	460	(93)	(1)	16	31.8%	30.3%	25.4%	NM	NM	3.4%
Ping Identity	18.14	1,547	1,644	299	337	400	(60)	(1)	23	22.9%	12.7%	18.6%	NM	NM	5.6%
Sumo Logic	7.49	867	564	242	291	346	(113)	(84)	(84)	19.5%	20.2%	18.9%	NM	NM	NM
Absolute Softw are	8.62	439	649	155	217	246	8	52	53	39.1%	39.8%	13.3%	5.1%	23.8%	21.7%
Tufin ⁽²⁾	9.03	346	280	109	125	141	(23)	(24)	(21)	8.6%	14.5%	12.2%	NM	NM	(15.0%)

Top Quartile	\$7,128	\$6,877	\$1,267	\$1,446	\$1,759	\$9	\$172	\$285	30.5%	29.1%	22.2%	21.7%	27.1%	22.6%
Mean	9,741	9,759	1,136	1,394	1,679	(10)	246	330	24.4%	23.6%	20.4%	15.0%	17.7%	13.1%
Median	4,787	4,626	460	555	676	(41)	46	64	22.9%	24.8%	20.9%	13.2%	17.4%	11.5%
1st Quartile	2,019	1,897	295	359	445	(82)	(3)	18	14.0%	17.9%	18.1%	3.5%	6.7%	4.0%

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x.

Sorted by market capitalization.

(1) Acquisition announced/pending; SailPoint is based on unaffected price as of 4/10/2022.

(2) Acquisition announced/pending; Tufin is based on unaffected price as of 4/5/2022.

Low-Growth Cyber Operating Metrics

(\$ in millions)

Company	Stock Price	Equity Mkt Cap	Enterprise Value	Revenue			EBITDA			Revenue Growth			EBITDA Margin		
				CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E	2020-2021A	2021-2022E	2022-2023E	CY 2021A	CY 2022E	CY 2023E
Cisco	\$42.64	\$176,571	\$166,960	\$51,549	\$51,360	\$54,398	\$15,990	\$18,898	\$19,747	7.3%	NM	5.9%	31.0%	36.8%	36.3%
IBM	141.19	127,350	172,808	57,351	60,949	63,228	12,189	16,233	17,138	3.9%	6.3%	3.7%	21.3%	26.6%	27.1%
Check Point	121.78	15,624	13,889	2,167	2,302	2,421	930	1,042	1,098	4.9%	6.2%	5.2%	42.9%	45.3%	45.4%
Akamai	91.33	14,641	17,378	3,461	3,655	3,972	1,194	1,576	1,707	8.2%	5.6%	8.7%	34.5%	43.1%	43.0%
OpenText	37.84	10,131	12,973	3,436	3,599	3,698	1,010	1,271	1,391	4.1%	4.8%	2.7%	29.4%	35.3%	37.6%
Juniper	28.50	9,208	9,709	4,735	5,120	5,378	677	996	1,101	6.5%	8.1%	5.0%	14.3%	19.5%	20.5%
Trend Micro	48.72	6,811	4,684	1,653	1,549	1,669	561	451	480	NM	NM	7.7%	33.9%	29.1%	28.8%
Avast	6.28	6,517	6,952	941	971	1,026	438	497	536	5.4%	3.1%	5.7%	46.5%	51.2%	52.3%
BlackBerry	5.39	3,110	2,993	743	685	742	(30)	(61)	(84)	NM	NM	8.4%	NM	NM	NM
SolarWinds	10.25	1,645	2,868	719	739	792	94	303	328	0.3%	2.8%	7.1%	13.1%	41.0%	41.4%
WithSecure ⁽¹⁾	5.23	913	822	269	263	285	25	39	50	NM	NM	8.2%	9.2%	15.0%	17.6%
OneSpan	11.90	476	368	214	216	230	(19)	(6)	(2)	NM	0.6%	6.4%	NM	NM	NM

Top Quartile	\$14,887	\$14,761	\$3,780	\$4,021	\$4,323	\$1,056	\$1,347	\$1,470	6.7%	6.2%	7.8%	34.3%	42.6%	42.6%
Mean	31,083	34,367	10,603	10,951	11,487	2,755	3,437	3,624	5.1%	4.7%	6.2%	27.6%	34.3%	35.0%
Median	8,009	8,331	1,910	1,925	2,045	619	747	817	5.2%	5.2%	6.2%	30.2%	36.1%	37.0%
1st Quartile	2,744	2,961	737	725	779	77	237	259	4.0%	3.1%	5.1%	16.0%	27.3%	27.5%

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x.

Sorted by market capitalization.

(1) WithSecure financials are prior to the demerger of Consumer security into F-Secure.

Security Services Operating Metrics

(\$ in millions)

Company	Stock Price	Equity Mkt Cap	Enterprise Value	Revenue			EBITDA			Revenue Growth			EBITDA Margin		
				CY 2021A	CY 2022E	CY 2023E	CY 2021A	CY 2022E	CY 2023E	2020-2021A	2021-2022E	2022-2023E	CY 2021A	CY 2022E	CY 2023E
Raytheon	\$96.11	\$144,456	\$169,596	\$64,388	\$68,328	\$74,202	\$11,374	\$12,518	\$14,213	13.8%	6.1%	8.6%	17.7%	18.3%	19.2%
BAE Systems	10.09	32,196	36,655	26,433	27,074	28,242	3,011	3,686	3,898	0.4%	2.4%	4.3%	11.4%	13.6%	13.8%
Wipro	5.27	28,794	26,640	9,996	11,252	12,363	2,143	2,243	2,605	18.9%	12.6%	9.9%	21.4%	19.9%	21.1%
HPE	13.26	17,279	28,674	27,912	28,448	29,324	4,837	5,339	5,651	3.9%	1.9%	3.1%	17.3%	18.8%	19.3%
Exclusive Networks	15.51	1,421	1,886	2,824	3,052	3,382	131	156	176	22.1%	8.0%	10.8%	4.6%	5.1%	5.2%
SecureWorks	10.86	922	757	535	482	503	(12)	(60)	(71)	NM	NM	4.5%	NM	NM	NM
NCC Group	2.27	703	846	377	396	429	54	79	89	6.1%	4.8%	8.5%	14.2%	19.9%	20.6%
Cognyte	4.25	301	246	474	382	395	28	(36)	15	6.9%	NM	3.4%	5.9%	NM	3.7%
Top Quartile		\$29,644	\$30,669	\$26,802	\$27,417	\$28,513	\$3,468	\$4,099	\$4,336	16.3%	7.6%	8.9%	17.5%	19.6%	19.9%
Mean		28,259	33,163	16,617	17,427	18,605	2,696	2,991	3,322	10.3%	6.0%	6.6%	13.2%	15.9%	14.7%
Median		9,350	14,263	6,410	7,152	7,873	1,137	1,200	1,390	6.9%	5.5%	6.5%	14.2%	18.5%	19.2%
1st Quartile		867	824	520	460	485	47	50	70	5.0%	3.0%	4.1%	8.7%	14.8%	9.5%

Sources: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of June 30, 2022. All financials calendarized to a December year-end; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x or <0x.

Sorted by market capitalization.

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