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Cybersecurity M&A Market Update

Q4 2024 and 2025 Outlook



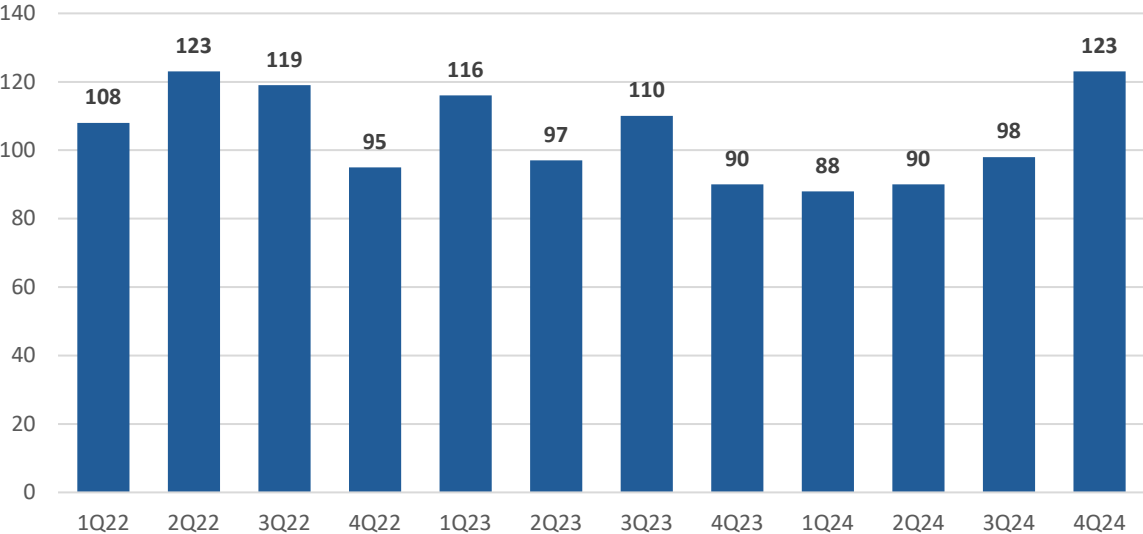
Cybersecurity

M&A Update and Commentary

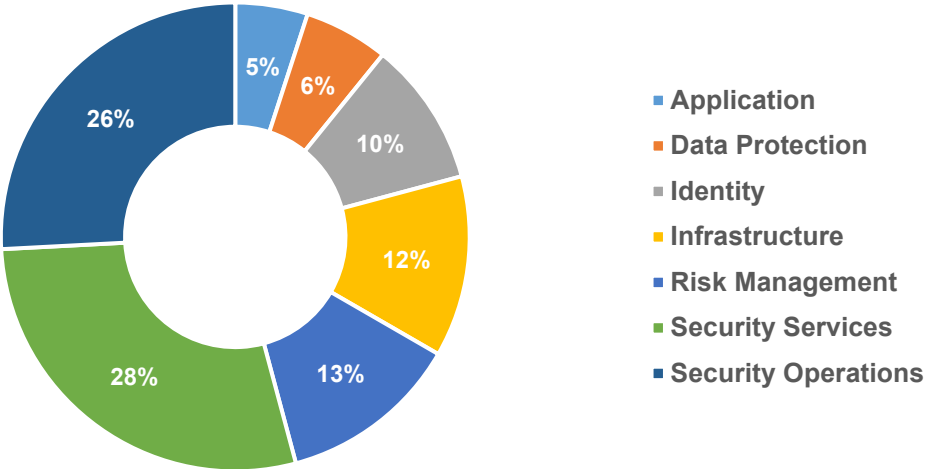
Market Commentary

- M&A transaction activity for cybersecurity companies in Q4 2024 jumped substantially over the previous quarter and the prior year, matching the highest quarterly volume in the past three years. **Financial buyers were significantly more active in Q4 2024 over the previous quarter (13 versus 3)**, a healthy rebound from recent levels.
- We expect strengthening M&A activity over the next 12 months, driven by **ongoing strategic consolidation** and **escalating cyber risks from AI-powered attacks**. Additional rate cuts by the Fed in 2025 could further accelerate activity by financial buyers, including both platform investments and add-ons.
- **Security Operations constituted the largest sub-sector of M&A activity (excluding consulting services)**, with several notable transactions integrating complementary capabilities (e.g., XDR, EDR) into acquirers' platforms and capitalizing on synergistic customer and geographic expansion.
- **Risk Management, Infrastructure, and Identity** were other key sub-sectors of M&A activity. Identity acquirers are increasingly looking to offer comprehensive and more efficient coverage of end-customers' on-premises and cloud environments, given legacy deployments of siloed identity solutions.
- Valuation multiples for publicly-traded cybersecurity companies ranged from a median of **14.3x EV/2024E revenue for high growth (>20%) vendors to a median of 4.7x EV/2024E revenue for low growth (<10%) vendors**, a substantially wider divergence than in the previous quarter.

Cybersecurity M&A Deal Volume, Q1 2022 – Q4 2024


















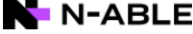
Cybersecurity M&A Deal Mix, Q4 2024













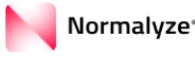





Cybersecurity Industry Landscape

Application	Data Protection	Identity	Infrastructure	Risk Management	Security Operations
Operation & Security	Data Security	Access Management	Network	GRC	Managed Security
Secure Development	Data Governance	Identity Governance	Cloud		Security Automation
		Lifecycle Management	Endpoint	Operations	








Cybersecurity: Recent Selected M&A Activity, Q4 2024

Announced Date	Target	Acquirer	Buyer Type	Sector	Transaction Size (\$MM)	Target Description
Dec-24	 TIDELIFT	 sonar	Strategic	Application		Developer of an open-source software designed to maintain and secure projects for professional software development.
Dec-24	 SNAPATTACK	 CISCO	Strategic	Security Operations		Developer of cloud-based software designed for cyber threat hunting and detection, enabling clients to identify potential vulnerabilities.
Dec-24	 imprivata	 SailPoint	Strategic	Identity		Imprivata's Identity Governance and Administration business delivers end-to-end provisioning, role-based access and integrated governance.
Dec-24	 CYLANCE	 ARCTIC WOLF	Strategic	Infrastructure	\$160	Developer of a cloud-based cybersecurity platform designed to predict and prevent the execution of advanced threats and malware.
Dec-24	 OUTPOST SECURITY	 CYDERES	Strategic	Security Operations		Provider of managed security services and incident response expertise, utilizing risk-based alerting to minimize analysts' investigation time.
Dec-24	 PERCEPTION POINT	 FORTINET	Strategic	Infrastructure	\$100	Developer of a cloud-based platform designed to prevent cyber threats across all enterprise collaboration channels.
Nov-24	 DAZZ.	 WIZ	Strategic	Application	\$450	Developer of a unified vulnerability remediation platform used to identify the origins of vulnerabilities and provide recommended fixes.
Nov-24	 adlumin.	 N-ABLE	Strategic	Security Operations	\$236	Developer of a security information and event management platform intended to detect cyber threats for mid-market organizations.

Cybersecurity: Recent Selected M&A Activity, Q4 2024 (cont.)

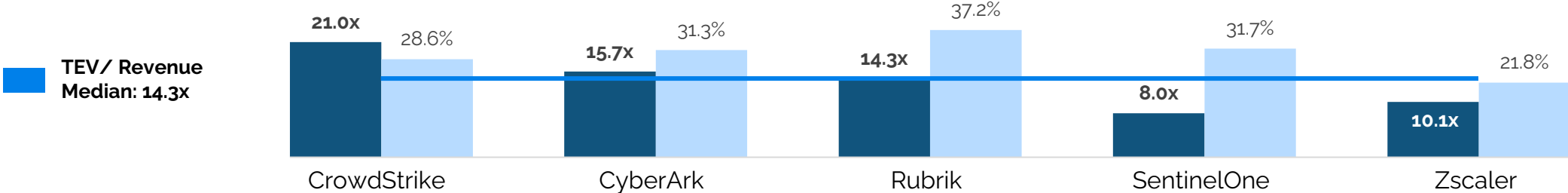
Announced Date	Target	Acquirer	Buyer Type	Sector	Transaction Size (\$MM)	Target Description
Nov-24	 cybersixgill	 BITSIGHT	Strategic	Risk Management	\$115	Developer of a threat intelligence portal designed to analyze dark web activity and prevent cyber-attacks and sensitive data leaks.
Nov-24	 REZONATE	 SILVERFORT	Strategic	Identity		Developer of a cybersecurity platform designed to protect cloud infrastructures from third-party attacks by optimizing security controls.
Nov-24	 Trustwave	 cybereason	Strategic	Security Operations		Provider of a threat detection service and security cloud comprising of a data lake, advanced analytics, threat intelligence, and security services.
Nov-24	 Probely	 snyk	Strategic	Application		Developer of an automated web application and programming interface vulnerability scanner designed to help reduce risk of cyber attacks.
Nov-24	 ADAPTIVE SHIELD	 CROWDSTRIKE	Strategic	Infrastructure	\$300	Developer of a SaaS security posture management platform designed to gain deep visibility and control over all business-critical SaaS applications.
Oct-24	 Normalyze	 proofpoint	Strategic	Data Protection		Developer of an agentless scanning platform that discovers sensitive data and access paths to it from other resources across all cloud environments.
Oct-24	 detectify	 INSIGHT PARTNERS	Financial	Application		Developer of a surface monitoring and application scanning platform designed to provide evolving coverage of every exposed asset.
Oct-24	 effectiv	 Secure	Strategic	Identity	\$136	Developer of a fraud prevention platform designed to offer initial fraud assessments of transactions for fraudulent behavior.

Cybersecurity: Recent Selected M&A Activity, Q4 2024 (cont.)

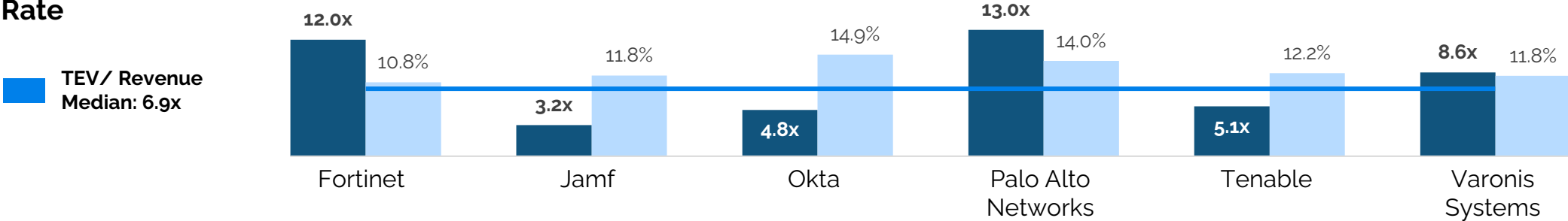
Announced Date	Target	Acquirer	Buyer Type	Sector	Transaction Size (\$MM)	Target Description
Oct-24	Secureworks	 SOPHOS	Strategic	Security Operations	\$859	Provider of SaaS solutions, managed solutions, and professional services that enable organizations to fortify their cyber defenses.
Oct-24	 trail	 CYERA	Strategic	Data Protection	\$162	Developer of an intelligent data protection platform that builds solutions for data loss prevention.
Oct-24	 DASERA	 netskope	Strategic	Data Protection		Developer of a data security platform intended to maximize internal data usage while minimizing the risk of an insider breach.
Oct-24	 ClearSale	 experian.	Strategic	Identity	\$350	Clear Sale SA is an authority in anti-fraud solutions and credit scores, balancing advanced technology and human intelligence specialist.

2024E Market Valuation Metrics

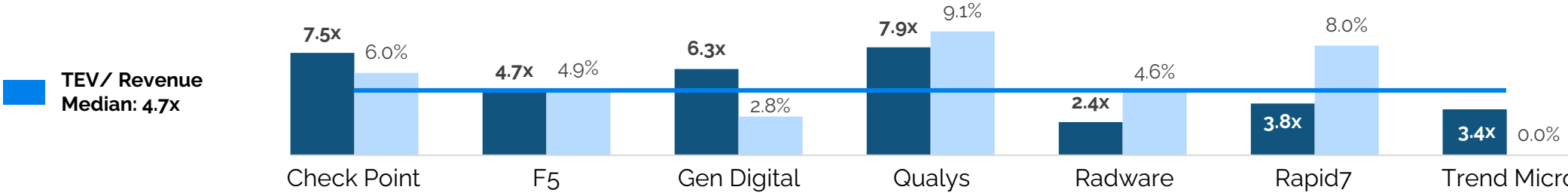
High Growth: Cybersecurity TEV/ Revenue and Revenue Growth Rate



Medium Growth: Cybersecurity TEV/ Revenue and Revenue Growth Rate



Low Growth: Cybersecurity TEV/ Revenue and Revenue Growth Rate



Note: High growth implies 2024E revenue growth greater than 20%; medium growth between 10% and 20%; and low growth, less than 10%

Public Comparables

(\$ in millions, except for stock price)

	Stock Price 12/31/2024	Market Capitalization	Enterprise Value	TEV			P/E		Revenue Growth	EBITDA Margin	Rule of 40	
				Revenue	EBITDA ⁽¹⁾	EPS	Revenue Growth	EBITDA Margin				Rule of 40
				2024E	2025E	LTM	2024E	2025E	2024E	2025E	LTM	LTM
High Growth Cybersecurity												
CrowdStrike	\$ 342.16	\$ 86,040	\$ 82,610	21.0x	17.3x	NA	NA	NA	28.6%	21.4%	3.7%	35.1%
Zscaler	180.41	28,100	26,630	10.1x	8.4x	NA	NA	NA	21.8%	20.5%	-3.0%	27.7%
CyberArk	333.15	16,422	15,462	15.7x	11.9x	NA	NA	NA	31.3%	31.6%	-3.6%	26.7%
Rubrik	65.36	12,650	12,340	14.3x	11.2x	NA	NA	NA	37.2%	27.7%	-134.4%	NA
SentinelOne	22.20	7,220	6,580	8.0x	6.4x	NA	NA	NA	31.7%	25.9%	-37.8%	NA
High Growth Median				14.3x	11.2x	NA	NA	NA	31.3%	25.9%	-3.6%	27.7%
Medium Growth Cybersecurity												
Palo Alto Networks	\$ 181.96	\$ 120,870	\$ 118,580	13.0x	11.2x	NA	NA	NA	14.0%	15.6%	13.8%	28.8%
Fortinet	94.48	72,910	70,290	12.0x	10.6x	NA	NA	NA	10.8%	12.6%	30.3%	40.7%
Okta	78.80	13,650	12,360	4.8x	4.4x	NA	28.3x	26.9x	14.9%	7.7%	-2.1%	14.7%
Varonis Systems	44.43	4,940	4,800	8.6x	7.7x	NA	NA	NA	11.8%	12.3%	-17.2%	NA
Tenable	39.38	4,720	4,580	5.1x	4.7x	NA	32.3x	27.2x	12.2%	9.7%	1.7%	15.7%
Jamf	14.05	1,820	2,000	3.2x	2.8x	NA	23.4x	16.1x	11.8%	12.7%	-14%	12.4%
Medium Growth Median				6.9x	6.2x	NA	28.3x	26.9x	12.0%	12.4%	0.1%	15.7%
Low Growth Cybersecurity												
Gen Digital	\$ 27.38	\$ 16,870	\$ 24,720	6.3x	6.1x	13.5x	12.4x	11.2x	2.8%	3.6%	47.4%	49.9%
Check Point Software	186.70	20,600	19,130	7.5x	7.1x	20.6x	20.5x	18.8x	6.0%	5.5%	36.7%	42.4%
F5	251.47	14,800	13,970	4.7x	4.6x	18.0x	17.6x	16.3x	4.9%	4.1%	27.5%	27.6%
Trend Micro	54.03	7,170	5,910	3.4x	3.2x	11.8x	31.2x	26.5x	0.0%	4.9%	26.8%	40.2%
Qualys	140.22	5,110	4,770	7.9x	7.3x	23.9x	23.8x	23.0x	9.1%	7.7%	33.6%	43.3%
Rapid7	40.23	2,590	3,170	3.8x	3.6x	NA	17.6x	17.2x	8.0%	5.7%	10.8%	20.8%
Radware	22.53	958	663	2.4x	2.3x	NA	27.1x	24.2x	4.6%	6.4%	-2.6%	NA
Low Growth Median				4.7x	4.6x	18.0x	20.5x	18.8x	4.9%	5.5%	27.5%	41.3%
Overall Median				7.7x	6.7x	18.0x	23.6x	20.9x	11.8%	11.0%	2.7%	28.2%

Note: High growth implies 2024E revenue growth greater than 20%; medium growth between 10% and 20%; and low growth, less than 10% (1) EBITDA multiples <0x or >35x considered not applicable ("NA")

Who We Are?

Formed in 2009, **Solganick & Co.** is a data-driven **investment bank** and **mergers and acquisitions (M&A) advisory firm** focused exclusively on the **Software** and **IT Services** sectors.

We advise buyers and sellers of companies on M&A strategies and execution to maximize shareholder value.

Our M&A transactions have the following characteristics:



Deal Size Range:
\$25M to \$250M+



Client Ownership:
75% founder-led;
Private. 25% PE
backed



Revenues:
\$10M to \$250M+



EBITDA:
\$2M to \$20M+

Offices located in **Dallas** and **Los Angeles**

Solganick & Co.

Select M&A Transaction Experience

Technology Services

NEXTIRA

has been acquired by

accenture

Technology Services

PANDERA

has merged with

66degrees

backed by **SUNSTONE PARTNERS**

Technology Services

visualbi

has been acquired by

Atos

Technology Services

SIG

has been recapitalized by

FORT POINT CAPITAL

Technology Services

FLAGSHIP SOLUTIONS GROUP

has merged with

DataStorage CORPORATION

Highlighted Transaction: *Nextira*

Solganick Advises Nextira in its Sale to Accenture

- Nextira, an AWS Premier Partner headquartered in Austin, TX, uses AWS to deliver cloud-native innovation, artificial intelligence, predictive analytics, and immersive experiences for their clients.
- Because of Solganick & Co.'s deep experience within technology services, including the buyer universe, valuation drivers, and overall M&A environment, Solganick & Co. was engaged to run a highly targeted, efficient and competitive M&A process.
- The Solganick team worked closely with Nextira management to attractively position the business and ultimately receive several attractive offers exceeding initial valuation expectations.
- Solganick & Co. supported the entire M&A process, including the client's initial selection of Accenture as well as successful transaction negotiations.
- The transaction was completed in June 2023.

Technology Services

LONE STAR

has been recapitalized by

HCAP PARTNERS

Technology Services

NAVIGATOR BUSINESS SOLUTIONS

has been acquired by

ALERION Capital Group, LLC

Technology Services

iXerv

has been acquired by

TSP THE SILICON PARTNERS

backed by **MV. MONETA VENTURES**

Software

learn on demand systems

has been recapitalized by

QUAD PARTNERS

Software

VIRIDIAN SCIENCES

has been acquired by

AKERMA

Technology Services

NEXTIRA

has been acquired by

accenture

Artificial Intelligence

Cloud Computing

Data & Analytics

Technology Services

eMedApps

has been acquired by

Med Tech Solutions

backed by **SUNSTONE PARTNERS**

Technology Services

Waypoint

has been acquired by

WIPFLI

Technology Services

ITENTIVE Healthcare Solutions

has been acquired by

DAShealth HEALTH IT & MANAGEMENT SOLUTIONS

backed by **SHERIDAN CAPITAL PARTNERS**

Cybersecurity

DRAWBRIDGE

has been acquired by

FP FRANCISCO PARTNERS

*Transaction completed at another investment bank

Cybersecurity

CyFIR

has been acquired by

eSENTIRE

backed by **WARBURG PINCUS**

*Transaction completed at another investment bank

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