



Cybersecurity 1H Update

TECHNOLOGY, MEDIA, AND TELECOMMUNICATIONS

1H 2021

HLI
LISTED
NYSE

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

- **1,500+** Employees
- **\$1+ Billion** of Revenue
- **23** Locations Globally
- **~\$5 Billion** Market Cap



2020 TMT Investment Bank of the Year

Corporate Finance

2020 M&A Advisory Rankings All U.S. Transactions

| | Advisor | Deals |
|---|--------------------|-------|
| 1 | Houlihan Lokey | 210 |
| 2 | Goldman Sachs & Co | 172 |
| 3 | JP Morgan | 132 |
| 4 | Evercore Partners | 126 |
| 5 | Morgan Stanley | 123 |

Source: Refinitiv (formerly known as Thomson Reuters)

Financial Restructuring

2020 Global Distressed Debt & Bankruptcy Restructuring Rankings

| | Advisor | Deals |
|---|------------------|-------|
| 1 | Houlihan Lokey | 106 |
| 2 | PJT Partners Inc | 63 |
| 3 | Lazard | 50 |
| 4 | Rothschild & Co | 46 |
| 5 | Moelis & Co | 39 |

Source: Refinitiv (formerly known as Thomson Reuters)

Financial and Valuation Advisory

2001 to 2020 Global M&A Fairness Advisory Rankings

| | Advisor | Deals |
|---|---------------------|-------|
| 1 | Houlihan Lokey | 956 |
| 2 | JP Morgan | 876 |
| 3 | Duff & Phelps | 802 |
| 4 | Morgan Stanley | 599 |
| 5 | BofA Securities Inc | 542 |

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

Technology, Media, and Telecom

2018 to 2020 M&A Advisory Rankings U.S. Technology, Media, Entertainment & Telecom Transactions Under \$5 Billion *

| | Advisor | Deals |
|---|-----------------------------|-------|
| 1 | Houlihan Lokey | 133 |
| 2 | Goldman Sachs & Co | 123 |
| 3 | Raymond James Financial Inc | 110 |
| 3 | Morgan Stanley | 110 |
| 5 | JP Morgan | 108 |

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 U.S. M&A Advisor

Top 5 Global M&A Advisor

Leading Capital Markets
Advisor

No. 1 Global Restructuring
Advisor

1,400+ Transactions
Completed Valued at More
Than \$3.0 Trillion Collectively

No. 1 Global M&A Fairness
Opinion Advisor Over the Past
20 Years

1,000+ Annual Valuation
Engagements

43 Completed Transactions in
2020

* Includes acquired firm transactions.

Dedicated Team Focused on All Aspects of Cyber

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



Rob Louv
Co-Head,
Managing Director,
TMT
Miami



Bobby Wolfe
Director, TMT
Miami



Vik Pandit
Director, TMT
New York



Will Eide
Director, TMT
Los Angeles



James Rekas
Director,
Business Services
Washington, D.C.



Chin Pandya
Director,
Business Services
Los Angeles



















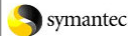






































Walid Khiari
Managing Director,
TMT
San Francisco

Core Coverage Verticals

| | | |
|------------------------------------|---|--|
| Cloud Security | Cyber Consulting, Services, and Training | Data Protection, Integrity, and Security |
| Endpoint Security | Encryption Security | Fraud and Risk Protection |
| Governance, Risk, and Compliance | Identity and Privileged Access Management | Incident Response |
| IoT Security | Log Management | Managed Detection Response |
| Managed Security Service Providers | Managed SOC | Messaging Security |
| Mobile Security | Network Operations and Security | Penetration Testing |
| Threat Intelligence | | Web Security |

Representative Cybersecurity Experience

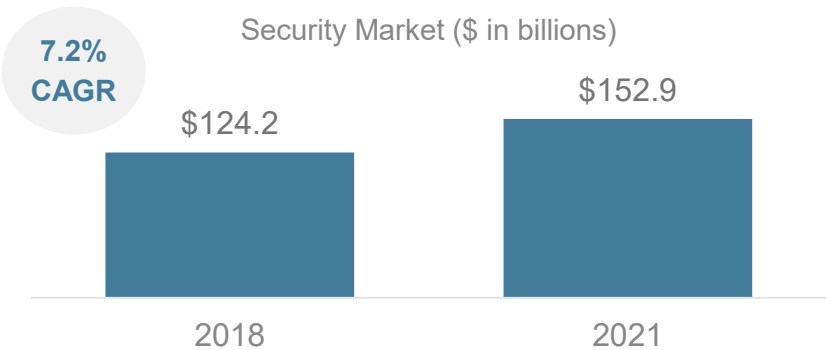
| | | | | | | |
|---|--|---|--|---|--|--|
|  <p>has been acquired by</p>  <p>Sellside Advisor</p> |  <p>a portfolio company of</p>  <p>Financial Advisor</p> |  <p>has received an equity investment from</p>  <p>Financial Advisor</p> |  <p>has acquired</p>  <p>Buyside Advisor</p> |  <p>has been acquired by</p>  <p>MADISON DEARBORN PARTNERS, LLC</p> <p>Sellside Advisor</p> |  <p>has been acquired by</p>  <p>Sellside 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>a wholly owned subsidiary of</p>  <p>has been acquired by</p>  <p>Transforming the Art of Threat Intelligence</p> <p>Sellside Advisor</p> |  <p>has been acquired by</p>  <p>Sellside Advisor*</p> |  <p>Allen Systems Group's First Lien Creditors sold their position at par plus accrued interest and acceleration premium</p> <p>Secured Creditor Advisor</p> |  <p>received a significant investment from</p>  <p>Financial Advisor</p> |  <p>has been acquired by</p>  <p>Sellside Advisor</p> |  <p>has been acquired by</p> <p>International Business Machines Corporation</p> <p>Fairness Opinion</p> |  <p>has been acquired by</p>  <p>Financial & Tax Due Diligence</p> |
|  <p>has been recapitalized in 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>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 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 been acquired by</p>  <p>Sellside Advisor</p> |  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p> |  <p>has been acquired by</p>  <p>Sellside Advisor*</p> |  <p>has acquired</p> <p>3G International</p> <p>Buyside Advisor*</p> |

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2009 forward.

Security Market Update

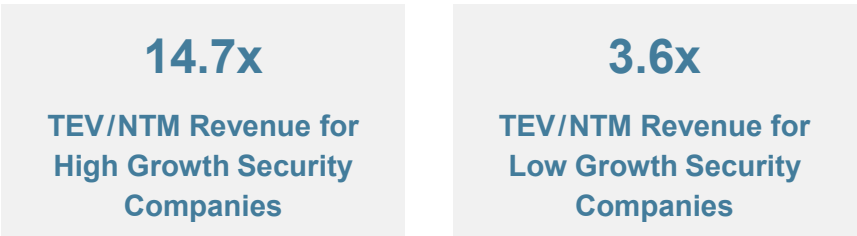
Momentum in the security market is expected to continue, driven by strong public markets and a growing volume of transactions.

General Market Environment



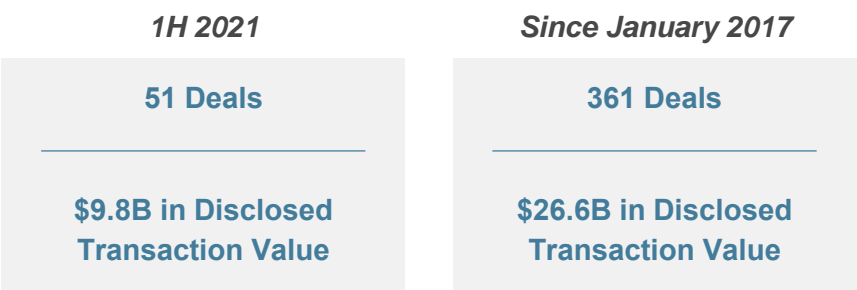
- Digital transformation is placing pressure to invest in security technology and, in particular, cloud security.

Public Market Environment



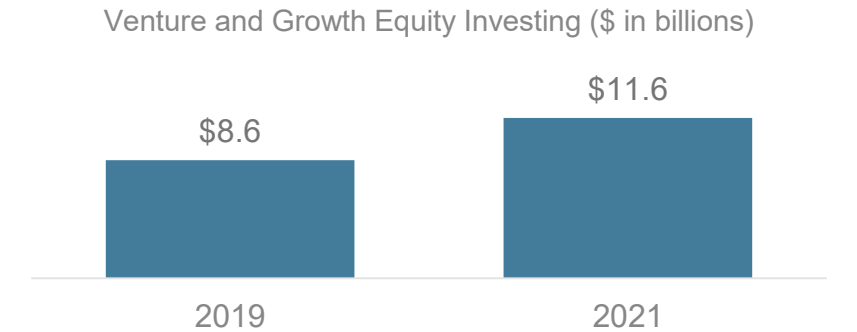
- Public markets continue to reward and prioritize topline growth.
- IPOs in 2021 in the security space included SentinelOne (June 2021) and Darktrace (April 2021).

M&A Environment



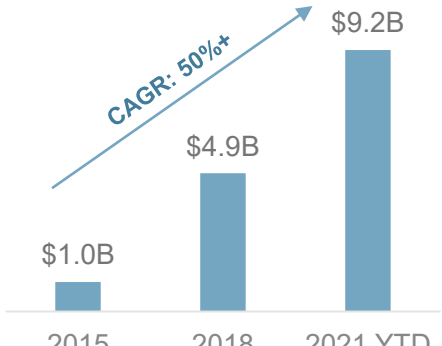
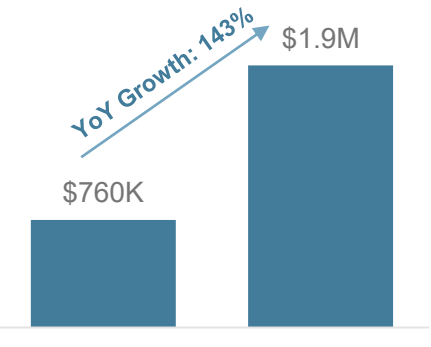
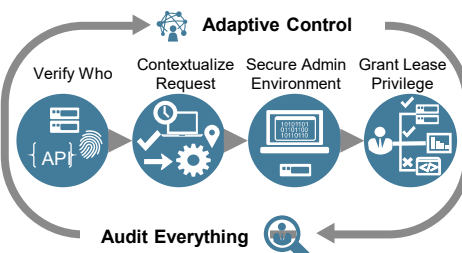




















- Leading players continue to pay scarcity premiums for best-of-breed solutions to fill out product suite and portfolio gaps.
- There is considerable private equity interest given FCF profiles.

Private Company Funding



- Emerging segments such as vulnerability assessment, encryption, tokenization, and user and entity behavior analytics continue to attract venture capital funding.

Momentum in Cybersecurity Sector Driven by Multiple Trends

| | Importance of Identity | Ransomware Proliferation | Acceleration of Zero Trust | | | | | | | | | | | | | | |
|----------------------------|---|---|--|------|--------|------|--------|----------|--------|--|------|-------|------|--------|------|--------|---|
| Trend | <ul style="list-style-type: none">Companies are reassessing their identity management protocols as identity expands beyond people to include devices, robots, and software. <p><i>Identity Access Management M&A</i></p>  <table><caption>Identity Access Management M&A</caption><tr><th>Year</th><th>Value</th></tr><tr><td>2015</td><td>\$1.0B</td></tr><tr><td>2018</td><td>\$4.9B</td></tr><tr><td>2021 YTD</td><td>\$9.2B</td></tr></table> <p>CAGR: 50%+</p> | Year | Value | 2015 | \$1.0B | 2018 | \$4.9B | 2021 YTD | \$9.2B | <ul style="list-style-type: none">Cybercrime is estimated to cost the world in excess of \$6 trillion annually by 2021, up from \$3 trillion in 2015. <p><i>Avg. Cost to Rectify Ransomware</i></p>  <table><caption>Avg. Cost to Rectify Ransomware</caption><tr><th>Year</th><th>Value</th></tr><tr><td>2020</td><td>\$760K</td></tr><tr><td>2021</td><td>\$1.9M</td></tr></table> <p>YoY Growth: 143%</p> | Year | Value | 2020 | \$760K | 2021 | \$1.9M | <ul style="list-style-type: none">As hacker complexity increases, companies must verify both internal and external credentials (network segmentation, lateral movement limitations, etc.). <p><i>Zero Trust Framework</i></p>  |
| Year | Value | | | | | | | | | | | | | | | | |
| 2015 | \$1.0B | | | | | | | | | | | | | | | | |
| 2018 | \$4.9B | | | | | | | | | | | | | | | | |
| 2021 YTD | \$9.2B | | | | | | | | | | | | | | | | |
| Year | Value | | | | | | | | | | | | | | | | |
| 2020 | \$760K | | | | | | | | | | | | | | | | |
| 2021 | \$1.9M | | | | | | | | | | | | | | | | |
| Private Companies to Watch | <div></div> <div></div> <div></div> <div></div> <div></div> | <div></div> <div></div> <div></div> <div></div> | <div></div> <div></div> | | | | | | | | | | | | | | |

Select Public Multiples – Forward 12 Months

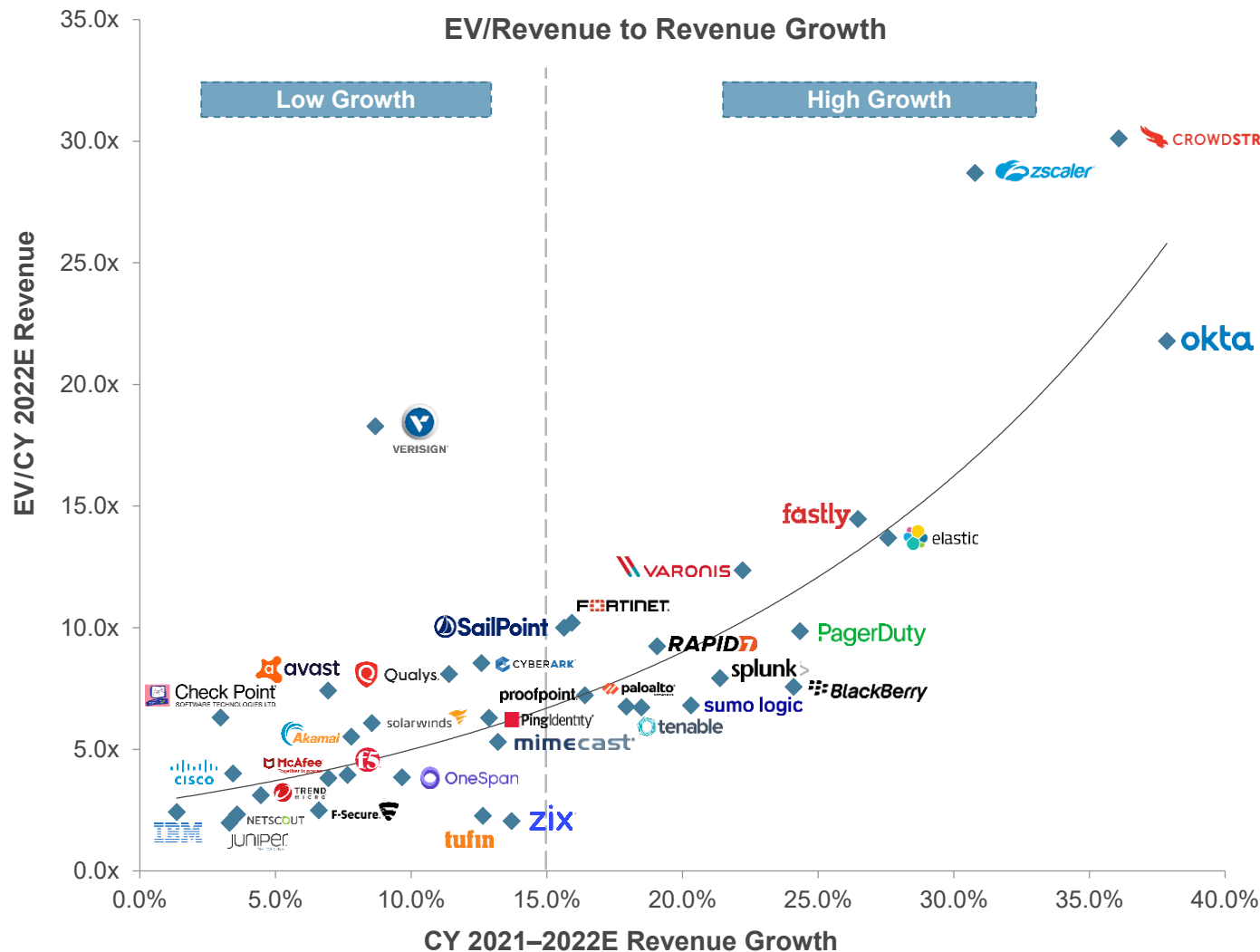
EV/NTM Revenue



Sources: S&P Capital IQ, Market data as of June 30, 2021.
Note: Indices contain public companies on the following pages and are weighted by market capitalization.

Investors Still Pay Up for Growth

CY 2021E–2022E Revenue Growth Rate vs. EV/CY 2022E Revenue



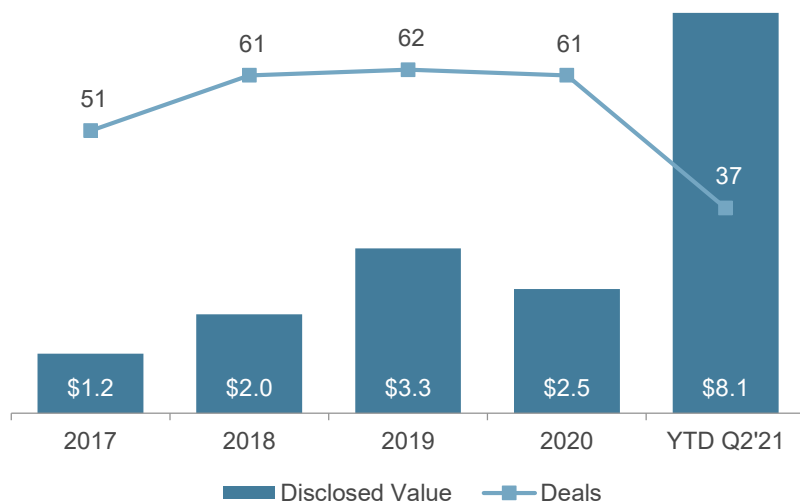
Key Takeaways

- Valuation multiples for cybersecurity companies have a high correlation with projected revenue growth rates.
- High growth cybersecurity companies (15%+ revenue growth) see an exponential increase in their valuation multiples.
- Low growth (<15% revenue growth) cybersecurity companies are more likely to be evaluated based on profitability.

Strategic M&A Remains an Exciting Exit for Cyber Companies

Cyber Strategic M&A Summary (2017–1H '21)

(\$ in billions)



Key Takeaways

- Strategic acquisitions continue to be the favored exit for security software companies over the past few years, with a dip in 2020 deal value driven by uncertainty caused by COVID-19.
- Strategic activity rebounded in 1H 2021, with 37 total M&A transactions for an aggregate disclosed deal value of \$8.1 billion completed by strategic.
- Large and mega cap corporations are seeking to strengthen and expand their offerings as cyber threats continue to grow in complexity.

Notable Transactions

| Date | Acquirer | Target | Subsector | EV \$M | EV/Rev |
|-----------|-------------------|---|--------------------------------------|--------|--------|
| 6/21/2021 | PingIdentity | SECURETOUCH | Fraud Detection Software | 50 | 10.0x |
| 6/15/2021 | Forcepoint | DEEP SECURE | Anti-Malware Software | NA | NA |
| 6/9/2021 | ZigSec | WEB SHIELD | Merchant Monitoring SaaS | 24 | 4.3 |
| 6/3/2021 | sumo logic | Sensu | Infrastructure Management | NA | NA |
| 5/25/2021 | zscaler | SMOKESCREEN | Threat Detection | 25 | NA |
| 5/25/2021 | sift | Chargeback | Transaction Software | NA | NA |
| 5/11/2021 | ABSOLUTE | NETMOTION | Mobile VPN Software | 340 | 5.7 |
| 4/15/2021 | zscaler | TRUSTDOME | Cloud Entitlement Software | 30 | NA |
| 3/12/2021 | SailPoint | ERP Maestro | Access Management | NA | NA |
| 3/10/2021 | sumo logic | DFLABS | Security Orchestration | 45 | 9 |
| 3/8/2021 | Kape | webselenese | Analysis and References | 149 | 2.3 |
| 3/8/2021 | FORTINET | SHIELDX | Network and Cloud Security | NA | NA |
| 3/3/2021 | okta | auth0 | Identity Management | 6,500 | 43.3 |
| 2/22/2021 | proofpoint | InteliSecure <small>a division of Proofpoint</small> | Managed Enterprise Security Software | 63 | NA |
| 2/18/2021 | SailPoint | intello | Infrastructure Operations Management | 43 | 21.5 |
| 2/18/2021 | CROWDSTRIKE | humio | Log Management | 392 | NA |
| 2/16/2021 | paloalto NETWORKS | bridgecrew <small>BY PRISMA CLOUD</small> | Cloud Infrastructure | 156 | NA |
| 2/10/2021 | tenable | ALSID | Active Directory Threat Protection | 98 | NA |
| 2/9/2021 | SentinelOne | SCALYR | Log Management | 155 | NA |
| 2/1/2021 | RAPID7 | alcide | Application Security SaaS | 50 | NA |

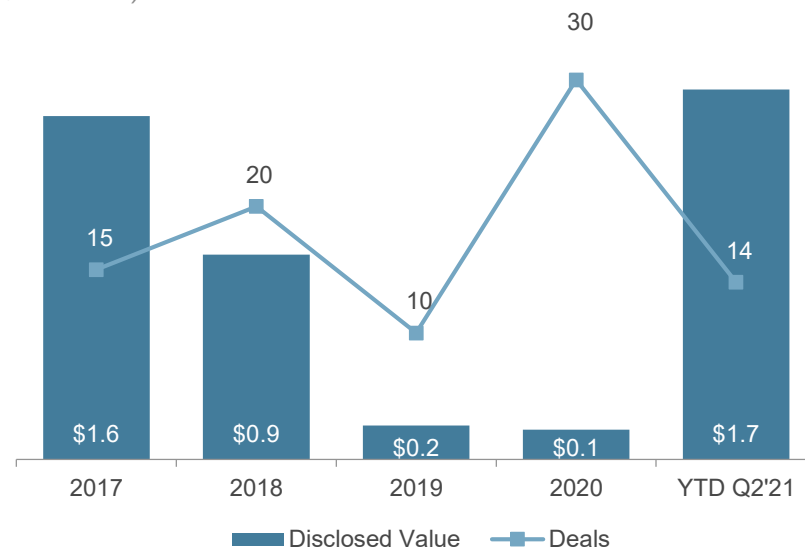
Significant Private Equity Interest for Cyber Transactions (M&A)

Notable Transactions

| Date | Acquirer | Target | Subsector | EV \$M | EV/Rev |
|-----------|---|---|--------------------------------|--------|--------|
| 6/29/2021 |  LIVINGBRIDGE |  semafone securing data • protecting reputations | Compliance Software | ND | ND |
| 6/24/2021 |  eurazeo |  i-TRACING CYBERSECURITY EXPERT | IT Security Services | 103 | 3.5x |
| 6/1/2021 |  CVC CAPITAL PARTNERS |  bip. HERE TO DARE | Consulting Services | 875 | 2.4x |
| 5/12/2021 |  Charlesbank |  AGARI | Email Security SaaS | ND | ND |
| 5/11/2021 |  FSN CAPITAL |  omega point | Cybersecurity Services | ND | ND |
| 5/3/2021 |  imperva |  CLOUDVECTOR | API Security Software | ND | ND |
| 4/13/2021 |  Centrify |  TPG | Privileged Identity Management | 1,400 | ND |
| 2/3/2021 |  TPG |  Centrify | Identity and Access Management | ND | ND |
| 2/2/2021 |  THE CARLYLE GROUP |  twosix | Business/Productivity Software | ND | ND |
| 1/5/2021 |  FTV CAPITAL |  nuarx | PCI Compliance SaaS | ND | ND |
| 1/4/2021 |  BC PARTNERS |  arkphire | IT Consulting and Outsourcing | ND | ND |
| 1/1/2021 |  THOMABRAVO |  flexera Inform IT. Transform IT. | License Management Software | 2,900 | ND |

Private Equity M&A Summary (2017–1H '21)

(\$ in billions)



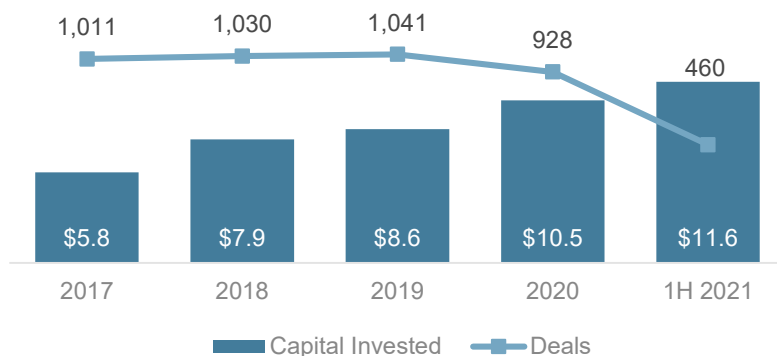
Key Takeaways

- PE activity in the security software space has been robust with a banner 2021 in terms of disclosed deal value.
- M&A in the cybersecurity space has been robust in 2021 in terms of both disclosed deal value and deal volume.
- Firms are looking to capitalize on the shift toward non-legacy security driven by more advanced threats, expanded attack vectors, and increased network complexity.

Cyber Is Drawing Growth Equity, As Well

Security Private Funding Summary (2017–Q2 '21)

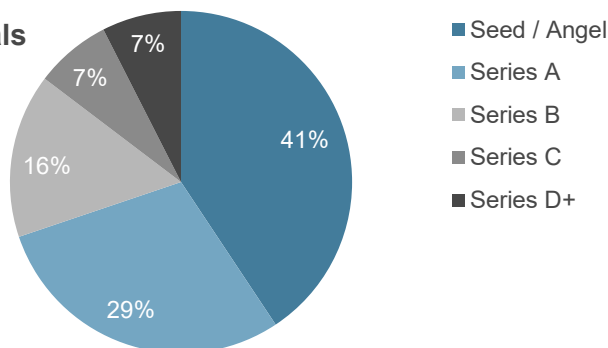
(\$ in billions)



Private Funding Volume by Round (2017–Q2 '21)

(\$ in millions)

Percent of Deals by Round



Deal Valuation by Round

Median Post-Money Valuation

| | Seed / Angel | Series A | Series B | Series C | Series D |
|-----------------------------|--------------|----------|----------|----------|----------|
| Median Post-Money Valuation | \$9.0 | \$32.0 | \$91.0 | \$185.6 | \$495.0 |

Notable Transactions











| Deal Date | Lead Investor | Target | Subsector | Transaction Value \$M |
|-----------|--|-------------------|------------------------------------|-----------------------|
| 6/24/2021 | COATUE | Chainalysis | Blockchain Data Mgmt. Software | \$100M |
| 6/24/2021 | THOMABRAVO | illumio | Zero Trust Software | \$225 |
| 6/23/2021 | OWL ROCK CAPITAL CORPORATION | exabeam | Security Info and Event Management | \$200 |
| 6/22/2021 | INSIGHT PARTNERS GENERAL ATLANTIC | transmit security | Authentication Software | \$543 |
| 6/21/2021 | Accel TIGERGLOBAL | snyk | DevSecOps Software | \$205 |
| 6/9/2021 | WARBURG PINCUS | ĀURA | B2C Identity Mgmt. Software | \$150 |
| 3/30/2021 | MS&AD INSURANCE GROUP | rubrik | Data Management Software | \$374 |
| 3/26/2021 | COATUE | Chainalysis | Blockchain Data Mgmt. Software | \$100 |
| 3/18/2021 | Viking Global Investors LP | ID.me | Identity Access Management | \$100 |
| 3/8/2021 | CapitalG | orca security | Cloud Security | \$210 |
| 2/1/2021 | Index Ventures | Coalition* | Cyber Insurance Software | \$175 |
| 1/7/2021 | SUTTER HILL VENTURES ALTIMETER CAPITAL | Lacework | Cloud Security | \$525 |

Cyber Services Attracting Investment and Consolidation

Industry Trends

- The managed security services market has expanded to encompass a vast portfolio of security and risk management software-enabled services.
- Growth in the managed security services market continues to be driven by a staffing and skill shortage, a continuously evolving threat landscape, and an increasing compliance burden at the federal, state, and municipal level.
- The evolving threat landscape has prompted clients of all sizes to demand a more focused set of managed services that can help identify, investigate, and respond to their unique security threats.
- Both cybersecurity strategies and sponsor-led platforms have prioritized their inorganic growth strategy to keep up with the rapidly changing and distinct priorities of MSSP customers.

Notable Financings

| Deal Date | Target | Lead Investor | Round | Inv. Size |
|-----------|--|--|----------------|-----------|
| 5/13/21 |  Cyril |  Redpoint | Series B | \$26M |
| 5/12/21 |  NETSPI |  KKR | Private Equity | \$90M |
| 4/29/21 |  DASERA |  SIERRA VENTURES | Seed | \$6M |
| 4/9/21 |  DeControl. |  RTP Global | Series A | \$10M |
| 3/24/21 |  Bridewell CONSULTING |  gcp | Private Equity | ND |

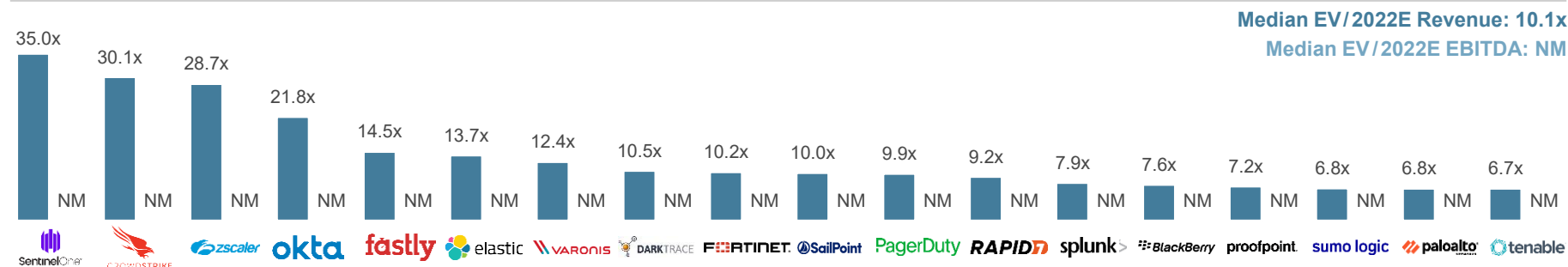
Notable Acquisitions

| Deal Date | Acquirer | Target | EV \$M | EV / Rev |
|-----------|---|--|--------|----------|
| 6/15/2021 |  Deloitte. |  TERBIUM LABS | ND | ND |
| 6/15/2021 |  CERBERUS SENTINEL |  GROUND CONTROL | ND | ND |
| 4/29/2021 |  accenture |  OPEN MINDED | ND | ND |
| 4/12/21 |  TESSERENT |  SECURE LOGIC MSSP Business | ND | ND |
| 3/31/21 |  wipro |  ampion | ND | ND |
| 3/30/21 |  cerdant A Logically Company |  Logically. | ND | ND |
| 3/25/21 |  KROLL |  REDS CAN | ND | ND |
| 3/2/21 |  proofpoint. |  InteliSecure | 63 | ND |
| 2/11/21 |  Apax PARTNERS |  HERJAVEC GROUP | \$275 | 3.1x |
| 1/11/21 |  FP FRANCISCO PARTNERS |  Forcepoint | ND | ND |

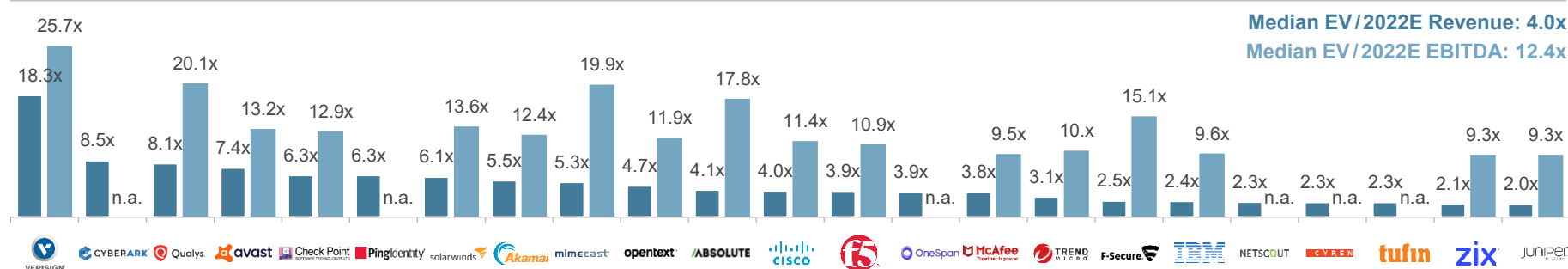
Public Company Benchmarking: EV/CY 2022E Revenue and EBITDA

■ EV/2022E Revenue ■ EV/2022E EBITDA

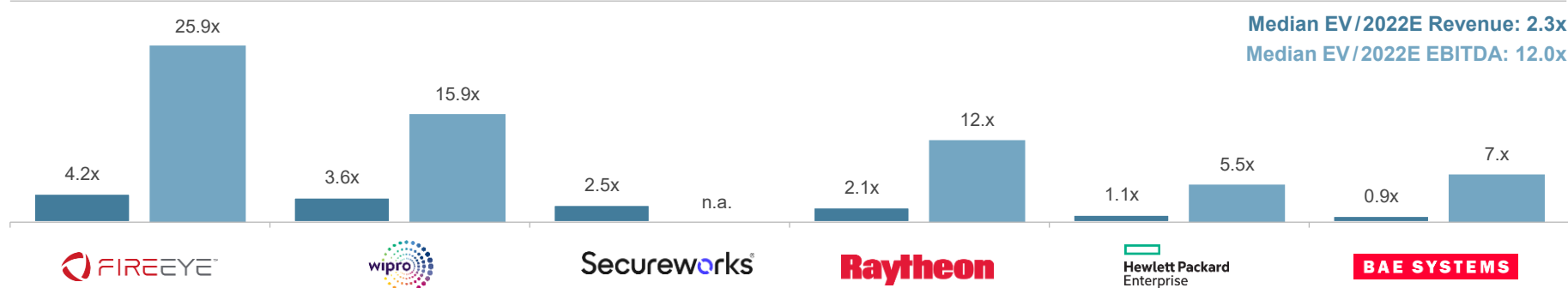
High Growth Cyber (15%+ Revenue Growth)



Low Growth Cyber (<15% Revenue Growth)



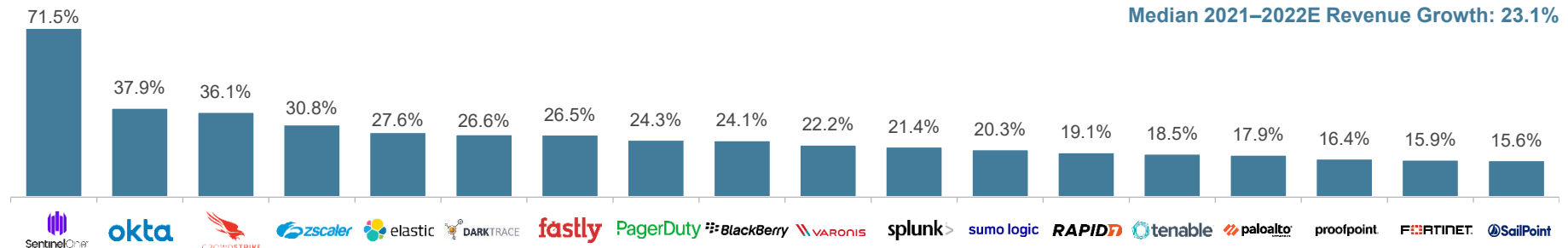
Security Services



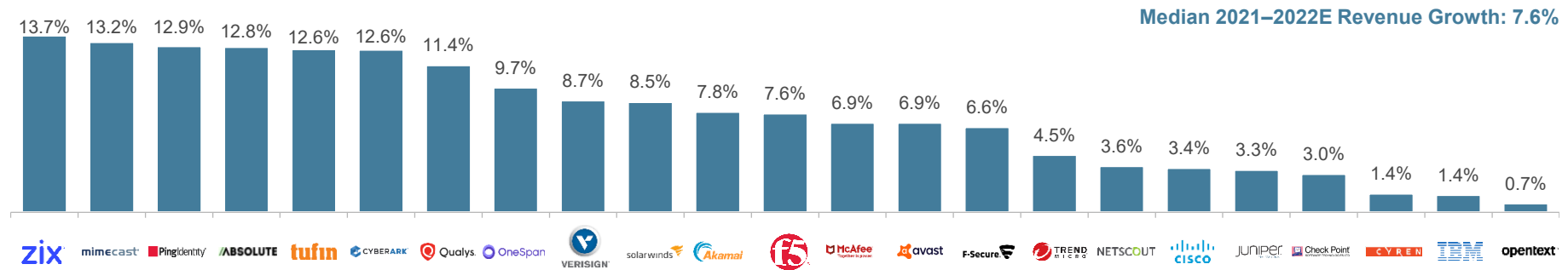
Source: S&P Capital IQ as of June 30, 2021; NM indicates not meaningful or EV/EBITDA >50x.
Sorted by 2020–2021E Revenue Growth.

Public Company Benchmarking: CY 2021–2022E Revenue Growth

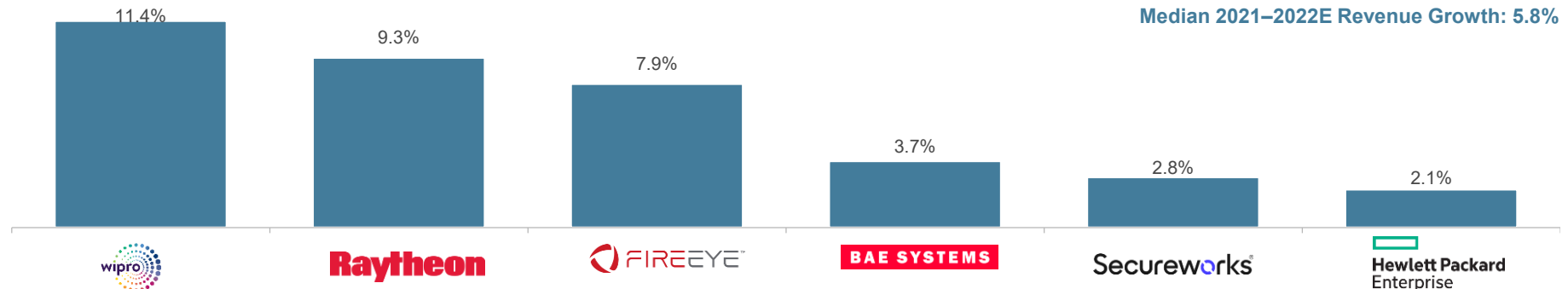
High Growth Cyber (15%+ Revenue Growth)



Low Growth Cyber (<15% Revenue Growth)



Security Services



Source: S&P Capital IQ as of June 30, 2021; NM indicates not meaningful or EV/EBITDA >30x.
Sorted by EV/2021E Revenue.

High Growth Cyber Trading Metrics

(\$ in millions)

| Company | Stock Price | % of 52-wk High | Equity Mkt Cap | Enterprise Value | EV / Revenue | | | EV / EBITDA | | |
|---------------------|-------------|-----------------|----------------|------------------|--------------|----------|----------|-------------|----------|----------|
| | | | | | CY 2021E | CY 2022E | CY 2023E | CY 2021E | CY 2022E | CY 2023E |
| CrowdStrike | \$251.31 | 96.4% | \$56,753 | \$55,843 | 41.0x | 30.1x | 22.7x | NM | NM | NM |
| Fortinet | 238.19 | 96.3% | 38,901 | 36,837 | 11.8x | 10.2x | 8.7x | NM | NM | 29.8x |
| Palo Alto Networks | 371.05 | 92.1% | 36,137 | 36,700 | 8.0x | 6.8x | 5.8x | NM | NM | NM |
| Okta | 244.68 | 83.2% | 32,440 | 36,711 | 30.0x | 21.8x | 16.2x | NM | NM | NM |
| Zscaler | 216.06 | 93.6% | 29,597 | 29,087 | 37.5x | 28.7x | 22.5x | NM | NM | NM |
| Splunk | 144.58 | 64.0% | 23,699 | 24,389 | 9.6x | 7.9x | 6.2x | NM | NM | NM |
| Elastic | 145.76 | 82.6% | 13,337 | 12,962 | 17.5x | 13.7x | 10.7x | NM | NM | NM |
| Proofpoint | 173.76 | 99.5% | 10,036 | 10,203 | 8.4x | 7.2x | 6.0x | NM | NM | NM |
| Fastly | 59.60 | 43.7% | 6,949 | 6,997 | 18.3x | 14.5x | 12.1x | NM | NM | NM |
| BlackBerry | 12.23 | 42.1% | 6,926 | 7,054 | 9.4x | 7.6x | NM | NM | NM | NM |
| Varonis | 57.62 | 76.5% | 6,161 | 5,591 | 15.1x | 12.4x | 9.8x | NM | NM | NM |
| Rapid 7 | 94.63 | 95.6% | 5,279 | 5,545 | 11.0x | 9.2x | 7.8x | NM | NM | NM |
| SailPoint | 51.07 | 79.6% | 4,747 | 4,727 | 11.6x | 10.0x | 8.3x | NM | NM | NM |
| Darktrace | 6.34 | 87.2% | 4,358 | 4,104 | 13.3x | 10.5x | 8.5x | NM | NM | NM |
| Tenable | 41.35 | 70.7% | 4,407 | 4,163 | 8.0x | 6.7x | 5.7x | NM | NM | NM |
| PagerDuty | 42.58 | 73.0% | 3,561 | 3,315 | 12.3x | 9.9x | 8.1x | NM | NM | NM |
| Sumo Logic | 20.65 | 44.5% | 2,205 | 1,925 | 8.2x | 6.8x | 5.8x | NM | NM | NM |
| SentinelOne | 42.50 | 91.4% | 2,146 | 10,579 | NM | 35.0x | NM | NM | NM | NM |
| Top Quartile | | | \$28,123 | \$27,912 | 17.5x | 14.3x | 11.1x | NM | NM | 29.8x |
| Mean | | | 15,980 | 16,485 | 15.9 | 13.8 | 10.3 | NM | NM | 29.8 |
| Median | | | 6,938 | 8,629 | 11.8 | 10.1 | 8.4 | NM | NM | 29.8 |
| 1st Quartile | | | 4,492 | 4,932 | 9.4 | 7.7 | 6.1 | NM | NM | 29.8 |

Source: S&P Capital IQ as of June 30, 2021; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x.
Sorted by Enterprise Value.

Low Growth Cyber Trading Metrics

(\$ in millions)

| Company | Stock Price | % of 52-wk High | Equity Mkt Cap | Enterprise Value | EV / Revenue | | | EV / EBITDA | | |
|---------------------|-------------|-----------------|----------------|------------------|--------------|----------|----------|-------------|----------|----------|
| | | | | | CY 2021E | CY 2022E | CY 2023E | CY 2021E | CY 2022E | CY 2023E |
| Cisco | \$53.00 | 95.8% | \$223,353 | \$212,312 | 4.1x | 4.0x | 3.9x | 11.4x | 11.4x | NM |
| IBM | 146.59 | 95.9% | 131,517 | 182,821 | 2.5x | 2.4x | 2.4x | 9.6x | 9.6x | 9.3x |
| VeriSign | 227.69 | 98.4% | 25,473 | 26,308 | 19.9x | 18.3x | 16.6x | 28.4x | 25.7x | 23.0x |
| Akamai | 116.60 | 93.3% | 18,986 | 20,421 | 6.0x | 5.5x | 5.1x | 13.4x | 12.4x | 11.4x |
| Check Point | 116.13 | 83.4% | 15,527 | 13,882 | 6.5x | 6.3x | 6.1x | 13.3x | 12.9x | 12.8x |
| OpenText | 50.80 | 98.0% | 13,727 | 16,060 | 4.8x | 4.7x | NM | 12.8x | 11.9x | NM |
| McAfee | 28.02 | 95.4% | 12,421 | 8,255 | 4.1x | 3.8x | 3.3x | 11.4x | 9.5x | 7.6x |
| F5 | 186.66 | 86.4% | 11,258 | 11,092 | 4.3x | 3.9x | 3.6x | 11.9x | 10.9x | NM |
| Juniper | 27.35 | 94.1% | 8,893 | 9,486 | 2.0x | 2.0x | 1.9x | 10.0x | 9.3x | 9.4x |
| Trend Micro | 52.44 | 84.3% | 7,313 | 5,201 | 3.2x | 3.0x | 2.9x | 10.2x | 9.7x | 9.3x |
| Avast | 6.76 | 81.0% | 6,963 | 7,482 | 7.9x | 7.4x | 6.9x | 14.2x | 13.2x | 12.4x |
| SolarWinds | 33.78 | 69.4% | 5,338 | 6,979 | 6.6x | 6.1x | 5.6x | 15.3x | 13.6x | 11.8x |
| CyberArk | 130.27 | 76.8% | 5,112 | 4,714 | 9.6x | 8.5x | 7.1x | NM | NM | NM |
| Qualys | 100.69 | 67.6% | 3,921 | 3,634 | 9.0x | 8.1x | 7.3x | 21.8x | 20.0x | 17.5x |
| Mimecast | 53.05 | 89.2% | 3,487 | 3,362 | 6.0x | 5.3x | 4.4x | 23.1x | 19.9x | 14.2x |
| NetScout | 28.54 | 89.4% | 2,114 | 2,032 | 2.4x | 2.3x | 2.3x | NM | NM | NM |
| Ping Identity | 22.90 | 60.6% | 1,880 | 1,914 | 7.1x | 6.3x | 5.5x | NM | NM | NM |
| OneSpan | 25.54 | 76.6% | 1,026 | 932 | 4.2x | 3.9x | NM | NM | NM | NM |
| F-Secure | 4.77 | 92.7% | 756 | 741 | 2.7x | 2.5x | 2.3x | 17.0x | 15.1x | 13.0x |
| Absolute Software | 14.47 | 71.7% | 717 | 587 | 4.6x | 4.1x | NM | 20.2x | 17.8x | NM |
| Zix | 7.05 | 68.0% | 393 | 582 | 2.3x | 2.1x | 2.0x | 10.6x | 9.3x | NM |
| Tufin | 9.12 | 45.4% | 340 | 275 | 2.6x | 2.3x | NM | NM | NM | NM |
| Cyren | 0.81 | 41.1% | 61 | 74 | 2.3x | 2.3x | NM | NM | NM | NM |
| Top Quartile | | | \$13,074 | \$12,487 | 6.5x | 6.2x | 6.0x | 17.0x | 15.1x | 13.3x |
| Mean | | | 21,764 | 23,441 | 5.4 | 5.0 | 5.0 | 15.0 | 13.7 | 12.6 |
| Median | | | 5,338 | 5,201 | 4.3 | 4.0 | 4.2 | 13.3 | 12.4 | 12.1 |
| 1st Quartile | | | 1,453 | 1,423 | 2.6 | 2.5 | 2.5 | 11.4 | 9.7 | 9.4 |

Source: S&P Capital IQ as of June 30, 2021; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x.
Sorted by Enterprise Value.

Security Services Trading Metrics

(\$ in millions)

| Company | Stock Price | % of 52-wk High | Equity Mkt Cap | Enterprise Value | EV / Revenue | | | EV / EBITDA | | |
|-------------|-------------|-----------------|----------------|------------------|--------------|----------|----------|-------------|----------|----------|
| | | | | | CY 2021E | CY 2022E | CY 2023E | CY 2021E | CY 2022E | CY 2023E |
| Raytheon | \$85.31 | 94.8% | \$130,147 | \$153,525 | 2.3x | 2.1x | 2.0x | 14.4x | 12.0x | 10.8x |
| Wipro | 7.34 | 96.7% | 40,099 | 37,825 | 4.0x | 3.6x | 3.2x | 16.6x | 15.9x | 15.1x |
| BAE Systems | 7.21 | 95.6% | 23,362 | 28,249 | 1.0x | 0.9x | 0.9x | 7.5x | 7.0x | 6.7x |
| HPE | 14.58 | 87.1% | 19,091 | 30,921 | 1.1x | 1.1x | 1.1x | 5.7x | 5.5x | NM |
| FireEye | 20.22 | 79.2% | 4,801 | 4,584 | 4.5x | 4.2x | 3.8x | 27.9x | 25.9x | 20.4x |
| SecureWorks | 18.53 | 82.8% | 1,548 | 1,403 | 2.6x | 2.5x | 2.4x | NM | NM | NM |

| | | | | | | | | |
|---------------------|----------|----------|------|------|------|-------|-------|-------|
| Top Quartile | \$35,915 | \$36,099 | 3.6x | 3.3x | 3.0x | 16.6x | 15.9x | 16.4x |
| Mean | 36,508 | 42,751 | 2.6 | 2.4 | 2.2 | 14.4 | 13.3 | 13.2 |
| Median | 21,227 | 29,585 | 2.5 | 2.3 | 2.2 | 14.4 | 12.0 | 13.0 |
| 1st Quartile | 8,373 | 10,500 | 1.4 | 1.3 | 1.3 | 7.5 | 7.0 | 9.8 |

High Growth Cyber Operating Metrics

(\$ in millions)

| Company | Stock Price | Equity Mkt Cap | Enterprise Value | Revenue | | | EBITDA | | | Revenue Growth | | | EBITDA Margin | | |
|--------------------|-------------|----------------|------------------|----------|----------|----------|----------|----------|----------|----------------|------------|------------|---------------|----------|----------|
| | | | | CY 2011E | CY 2022E | CY 2023E | CY 2011E | CY 2022E | CY 2023E | 2019-2020E | 2020-2021E | 2021-2022E | CY 2011E | CY 2022E | CY 2023E |
| CrowdStrike | \$251.31 | \$56,753 | \$55,843 | \$1,363 | \$1,855 | \$2,458 | \$182 | \$297 | \$482 | 55.9% | 36.1% | 32.5% | 13.4% | 16.0% | 19.6% |
| Fortinet | 238.19 | 38,901 | 36,837 | 3,113 | 3,609 | 4,210 | 892 | 1,044 | 1,236 | 20.0% | 15.9% | 16.7% | 28.7% | 28.9% | 29.4% |
| Palo Alto Networks | 371.05 | 36,137 | 36,700 | 4,605 | 5,430 | 6,372 | 1,088 | 1,277 | NA | 21.7% | 17.9% | 17.3% | 23.6% | 23.5% | NM |
| Okta | 244.68 | 32,440 | 36,711 | 1,223 | 1,685 | 2,270 | (151) | (85) | 114 | 46.3% | 37.9% | 34.7% | NM | NM | 5.0% |
| Zscaler | 216.06 | 29,597 | 29,087 | 775 | 1,014 | 1,295 | 108 | 166 | NA | 44.6% | 30.8% | 27.7% | 13.9% | 16.4% | NM |
| Splunk | 144.58 | 23,699 | 24,389 | 2,537 | 3,079 | 3,933 | (124) | 116 | 511 | 13.8% | 21.4% | 27.7% | NM | 3.8% | 13.0% |
| Elastic | 145.76 | 13,337 | 12,962 | 742 | 947 | 1,210 | (18) | 17 | 96 | 33.8% | 27.6% | 27.8% | NM | 1.8% | 8.0% |
| Proofpoint | 173.76 | 10,036 | 10,203 | 1,213 | 1,412 | 1,704 | 204 | 264 | 302 | 15.5% | 16.4% | 20.7% | 16.8% | 18.7% | 17.7% |
| Fastly | 59.60 | 6,949 | 6,997 | 382 | 484 | 577 | (20) | 3 | 49 | 31.5% | 26.5% | 19.3% | NM | 0.6% | 8.5% |
| BlackBerry | 12.23 | 6,926 | 7,054 | 751 | 932 | NA | 29 | 96 | 191 | NM | 24.1% | NM | 3.8% | 10.3% | NM |
| Varonis | 57.62 | 6,161 | 5,591 | 370 | 453 | 568 | 20 | 43 | 93 | 26.5% | 22.2% | 25.5% | 5.3% | 9.5% | 16.4% |
| Rapid 7 | 94.63 | 5,279 | 5,545 | 504 | 600 | 709 | 30 | 50 | 86 | 22.6% | 19.1% | 18.1% | 5.9% | 8.3% | 12.2% |
| SailPoint | 51.07 | 4,747 | 4,727 | 409 | 473 | 571 | (4) | 3 | NA | 12.0% | 15.6% | 20.7% | NM | 0.5% | NM |
| Tenable | 41.35 | 4,407 | 4,163 | 522 | 619 | 731 | 50 | 72 | 107 | 18.7% | 18.5% | 18.1% | 9.5% | 11.6% | 14.7% |
| Darktrace | 6.34 | 4,358 | 4,104 | 309 | 391 | 482 | 20 | 12 | 13 | 31.8% | 26.6% | 23.1% | 6.5% | 3.2% | 2.8% |
| PagerDuty | 42.58 | 3,561 | 3,315 | 270 | 336 | 411 | (24) | (3) | 22 | 26.6% | 24.3% | 22.3% | NM | NM | 5.4% |
| Sumo Logic | 20.65 | 2,205 | 1,925 | 235 | 283 | 331 | (52) | (44) | (37) | 16.0% | 20.3% | 17.1% | NM | NM | NM |
| SentinelOne | 42.50 | 2,146 | 10,579 | 176 | 302 | NA | NA | NA | NA | 89.3% | 71.5% | NM | NM | NM | NM |

| | | | | | | | | | | | | | | |
|---------------------|----------|----------|---------|---------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Top Quartile | \$29,597 | \$29,087 | \$1,223 | \$1,685 | \$2,317 | \$108 | \$166 | \$274 | 32.3% | 26.6% | 27.7% | 16.1% | 16.3% | 16.7% |
| Mean | 16,794 | 16,833 | 1,137 | 1,388 | 1,739 | 131 | 196 | 233 | 27.3% | 23.6% | 23.1% | 12.7% | 10.9% | 12.7% |
| Median | 6,949 | 7,054 | 742 | 932 | 970 | 20 | 50 | 102 | 24.5% | 22.2% | 21.5% | 11.4% | 9.9% | 12.6% |
| 1st Quartile | 4,747 | 4,727 | 382 | 473 | 570 | (20) | 3 | 58 | 18.0% | 18.5% | 18.1% | 6.1% | 3.3% | 7.3% |

Low Growth Cyber Operating Metrics

(\$ in millions)

| Company | Stock Price | Equity Mkt Cap | Enterprise Value | Revenue | | | EBITDA | | | Revenue Growth | | | EBITDA Margin | | |
|-------------------|-------------|----------------|------------------|----------|----------|----------|----------|----------|----------|----------------|------------|------------|---------------|----------|----------|
| | | | | CY 2011E | CY 2022E | CY 2032E | CY 2011E | CY 2022E | CY 2032E | 2019-2020E | 2020-2021E | 2021-2022E | CY 2011E | CY 2022E | CY 2032E |
| Cisco | \$53.00 | \$223,353 | \$212,312 | \$51,260 | \$53,015 | \$54,861 | \$18,685 | \$18,552 | NA | 6.7% | 3.4% | 3.5% | 36.5% | 35.0% | NM |
| IBM | 146.59 | 131,517 | 182,821 | 74,398 | 75,404 | 76,704 | 19,021 | 19,130 | 19,707 | 1.1% | 1.4% | 1.7% | 25.6% | 25.4% | 25.7% |
| VeriSign | 227.69 | 25,473 | 26,308 | 1,324 | 1,439 | 1,582 | 928 | 1,025 | 1,144 | 4.6% | 8.7% | 10.0% | 70.1% | 71.3% | 72.3% |
| Akamai | 116.60 | 18,986 | 20,421 | 3,431 | 3,698 | 3,993 | 1,519 | 1,652 | 1,798 | 7.3% | 7.8% | 8.0% | 44.3% | 44.7% | 45.0% |
| Check Point | 116.13 | 15,527 | 13,882 | 2,140 | 2,203 | 2,265 | 1,043 | 1,080 | 1,087 | 3.6% | 3.0% | 2.8% | 48.8% | 49.0% | 48.0% |
| OpenText | 50.80 | 13,727 | 16,060 | 3,367 | 3,390 | NA | 1,258 | 1,349 | NA | 2.0% | 0.7% | NM | 37.4% | 39.8% | NM |
| McAfee | 28.02 | 12,421 | 8,255 | 2,021 | 2,161 | 2,528 | 722 | 869 | 1,089 | NM | 6.9% | 17.0% | 35.7% | 40.2% | 43.1% |
| F5 | 186.66 | 11,258 | 11,092 | 2,609 | 2,808 | 3,073 | 930 | 1,016 | NA | 8.4% | 7.6% | 9.4% | 35.6% | 36.2% | NM |
| Juniper | 27.35 | 8,893 | 9,486 | 4,648 | 4,801 | 4,886 | 952 | 1,015 | 1,013 | 4.6% | 3.3% | 1.8% | 20.5% | 21.1% | 20.7% |
| Trend Micro | 52.44 | 7,313 | 5,201 | 1,645 | 1,719 | 1,807 | 512 | 534 | 558 | NM | 4.5% | 5.1% | 31.1% | 31.1% | 30.9% |
| Avast | 6.76 | 6,963 | 7,482 | 943 | 1,008 | 1,084 | 528 | 565 | 606 | 5.6% | 6.9% | 7.5% | 56.0% | 56.0% | 55.8% |
| SolarWinds | 33.78 | 5,338 | 6,979 | 1,058 | 1,148 | 1,243 | 456 | 513 | 590 | 3.8% | 8.5% | 8.3% | 43.1% | 44.7% | 47.5% |
| CyberArk | 130.27 | 5,112 | 4,714 | 490 | 552 | 668 | 39 | 40 | 81 | 5.6% | 12.6% | 20.9% | 7.9% | 7.3% | 12.2% |
| Qualys | 100.69 | 3,921 | 3,634 | 403 | 449 | 496 | 166 | 181 | 207 | 11.1% | 11.4% | 10.4% | 41.3% | 40.4% | 41.8% |
| Mimecast | 53.05 | 3,487 | 3,362 | 560 | 634 | 756 | 145 | 169 | 237 | 16.2% | 13.2% | 19.4% | 26.0% | 26.7% | 31.3% |
| NetScout | 28.54 | 2,114 | 2,032 | 844 | 874 | 895 | NA | NA | NA | NM | 3.6% | 2.4% | NM | NM | NM |
| Ping Identity | 22.90 | 1,880 | 1,914 | 269 | 304 | 345 | 25 | 31 | 42 | 10.6% | 12.9% | 13.6% | 9.1% | 10.3% | 12.3% |
| OneSpan | 25.54 | 1,026 | 932 | 220 | 242 | NA | (0) | 15 | NA | 2.1% | 9.7% | NM | NM | 6.3% | NM |
| F-Secure | 4.77 | 756 | 741 | 279 | 297 | 316 | 44 | 49 | 57 | 3.5% | 6.6% | 6.2% | 15.6% | 16.5% | 18.1% |
| Absolute Software | 14.47 | 717 | 587 | 126 | 143 | NA | 29 | 33 | NA | 13.3% | 12.8% | NM | 22.9% | 23.2% | NM |
| Zix | 7.05 | 393 | 582 | 249 | 283 | 296 | 55 | 62 | NA | 14.1% | 13.7% | 4.5% | 22.1% | 22.0% | NM |
| Tufin | 9.12 | 340 | 275 | 108 | 121 | NA | (30) | (26) | NA | 6.7% | 12.6% | NM | NM | NM | NM |
| Cyren | 0.81 | 61 | 74 | 32 | 33 | NA | NA | NA | NA | NM | 1.4% | NM | NM | NM | NM |

| | | | | | | | | | | | | | | |
|---------------------|----------|----------|---------|---------|---------|-------|---------|---------|------|-------|-------|-------|-------|-------|
| Top Quartile | \$13,074 | \$12,487 | \$2,374 | \$2,506 | \$2,937 | \$952 | \$1,025 | \$1,089 | 9.5% | 12.0% | 10.3% | 42.2% | 41.4% | 46.8% |
| Mean | 21,764 | 23,441 | 6,627 | 6,814 | 8,767 | 2,239 | 2,279 | 2,015 | 6.9% | 7.5% | 8.5% | 33.1% | 32.3% | 36.0% |
| Median | 5,338 | 5,201 | 943 | 1,008 | 1,413 | 512 | 534 | 598 | 5.6% | 7.6% | 7.8% | 35.6% | 33.0% | 36.5% |
| 1st Quartile | 1,453 | 1,423 | 274 | 301 | 690 | 44 | 49 | 215 | 3.7% | 3.5% | 3.7% | 22.5% | 21.8% | 22.0% |

Source: S&P Capital IQ as of June 30, 2021; NM indicates not meaningful, not disclosed, or EV/EBITDA >30x.
Sorted by Enterprise Value.

Security Services Operating Metrics

(\$ in millions)

| Company | Stock Price | Equity Mkt Cap | Enterprise Value | Revenue | | | EBITDA | | | Revenue Growth | | | EBITDA Margin | | |
|-------------|-------------|----------------|------------------|----------|----------|----------|----------|----------|----------|----------------|------------|------------|---------------|----------|----------|
| | | | | CY 2021E | CY 2022E | CY 2023E | CY 2021E | CY 2022E | CY 2023E | 2019-2020E | 2020-2021E | 2021-2022E | CY 2021E | CY 2022E | CY 2023E |
| Raytheon | \$85.31 | \$130,147 | \$153,525 | \$65,420 | \$71,528 | \$76,862 | \$10,646 | \$12,746 | \$14,154 | 15.6% | 9.3% | 7.5% | 16.3% | 17.8% | 18.4% |
| Wipro | 7.34 | 40,099 | 37,825 | 9,452 | 10,525 | 11,788 | 2,280 | 2,386 | 2,509 | 12.4% | 11.4% | 12.0% | 24.1% | 22.7% | 21.3% |
| BAE Systems | 7.21 | 23,362 | 28,249 | 29,690 | 30,776 | 31,851 | 3,763 | 4,039 | 4,224 | 12.8% | 3.7% | 3.5% | 12.7% | 13.1% | 13.3% |
| HPE | 14.58 | 19,091 | 30,921 | 27,943 | 28,529 | 28,859 | 5,456 | 5,636 | NA | 4.0% | 2.1% | 1.2% | 19.5% | 19.8% | NM |
| FireEye | 20.22 | 4,801 | 4,584 | 1,022 | 1,102 | 1,213 | 164 | 177 | 225 | 8.6% | 7.9% | 10.0% | 16.1% | 16.0% | 18.6% |
| SecureWorks | 18.53 | 1,548 | 1,403 | 545 | 560 | 596 | 0 | 1 | 1 | NM | 2.8% | 6.3% | 0.0% | 0.1% | 0.2% |

| | | | | | | | | | | | | | | |
|---------------------|----------|----------|----------|----------|----------|---------|---------|---------|-------|------|------|-------|-------|-------|
| Top Quartile | \$35,915 | \$36,099 | \$29,254 | \$30,214 | \$31,103 | \$5,033 | \$5,237 | \$4,224 | 12.8% | 9.0% | 9.4% | 18.7% | 19.3% | 18.6% |
| Mean | 36,508 | 42,751 | 22,345 | 23,837 | 25,195 | 3,718 | 4,164 | 4,223 | 10.7% | 6.2% | 6.7% | 14.8% | 14.9% | 14.3% |
| Median | 21,227 | 29,585 | 18,697 | 19,527 | 20,324 | 3,022 | 3,212 | 2,509 | 12.4% | 5.8% | 6.9% | 16.2% | 16.9% | 18.4% |
| 1st Quartile | 8,373 | 10,500 | 3,129 | 3,458 | 3,857 | 693 | 729 | 225 | 8.6% | 3.0% | 4.2% | 13.5% | 13.9% | 13.3% |

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