

Resilience and Outperformance in Q2 2025

Monthly Cybersecurity Update

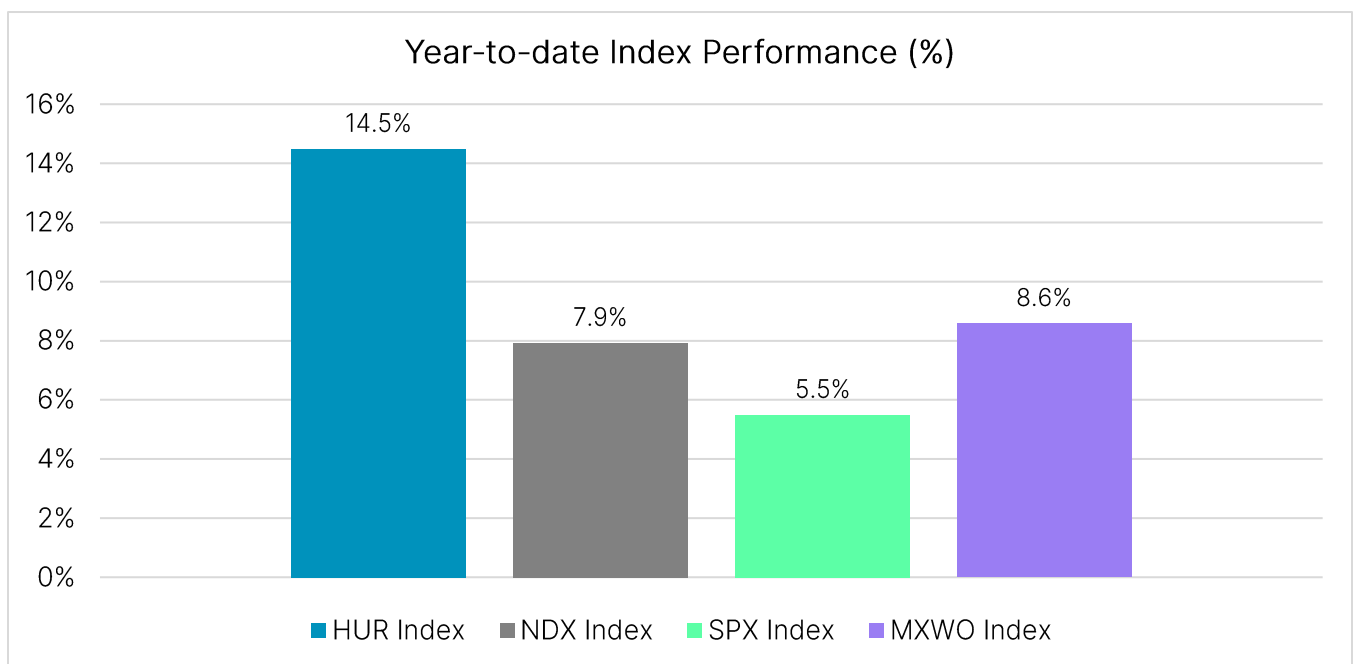
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Ilaria Sangalli, *Index Research Lead*

Cybersecurity's critical role: HUR Index outperforms major indices in a volatile market

The ISE Cyber Security UCITS™ Index (HUR™) has demonstrated solid performance and resilience throughout the first half of 2025, despite significant market turbulence caused by tariff-induced uncertainty and rising geopolitical risks. After recovering from declines in February and March, the index has outperformed major equity indices such as the Nasdaq-100® (NDX®), S&P 500 (SPX), and MSCI World (MXWO) in the second quarter of 2025. While these indices have all posted a positive year-to-date performance, the HUR Index has excelled, outperforming NDX by 6.6%, SPX by 9.0%, and MXWO by 5.9%.

During the month of June, the HUR index gained +5.6%, underperforming NDX (+6.3%) and outperforming MXWO (+4.2%) and SPX (+5.0%).



Source: Bloomberg, Nasdaq. Data as of 30/06/2025

This outperformance in the second quarter of 2025 demonstrates the index's resilience in the current market environment. It also underscores how cybersecurity has become a critical business imperative.

Companies are continuously investing in robust security measures to protect sensitive data and maintain operational integrity. As cyber threats continue to evolve in sophistication and frequency, cybersecurity companies are continuously innovating to stay ahead. Quantum-Safe security, AI-based cyber defense, behavioral biometrics, and the implementation of Zero Trust Architecture across cloud and IoT environments are some of the technologies that are shaping the future of cybersecurity. This proactive approach not only safeguards sensitive data but also drives operational excellence and long-term performance.

A stark reminder of the importance of these measures is the 2024 ransomware attack on the NHS blood testing services, which was linked to a patient's death in an official confirmation in June 2025. This incident underscores how cybersecurity is not just a business concern, but it is a matter of public safety. It highlights the vital role cyber companies play in protecting essential services we rely on daily.^{1,2}

HUR Index: top and bottom contributors and update on earnings season

While the index ended the month with a +5.6% gain, there was volatility among individual stocks.

Cloudflare and BlackBerry, along with Broadcom, were the top contributors to the index performance. Broadcom, in particular, achieved a record fiscal Q2 with revenue rising 20% YoY to over \$15 billion, and AI-focused revenue surging approximately 46% to \$4.4 billion. Similarly, Cloudflare reported its Q1 revenue of \$479 million in early June, marking a 27% YoY increase that surprised the market. Meanwhile, BlackBerry reported Q1 FY2026 results, marking a return to GAAP profitability with a net income of \$1.9 million, the first since Q4 FY2022. Total revenue was \$121.7 million, exceeding guidance but slightly down from last year's \$123.4 million.

Trend Micro, Ziff Davis, and Rubrik were the three lowest contributors. Trend Micro and Ziff Davis both reported disappointing quarterly results. Trend Micro missed earning expectation by 12% and revenue expectations by 3%. Ziff Davis missed earnings expectations by approximately 8.5%. Finally, Rubrik saw some insiders selling their positions.

	Average Weight (during June)	Total Return ³ (as of June 30) ⁴	Contribution to HUR Total Return
Cloudflare	7.2%	18.1%	1.2%
Broadcom	6.8%	14.1%	0.9%
BlackBerry	4.9%	16.0%	0.7%
Rubrik	6.5%	-6.0%	-0.4%
Trend Micro	4.7%	-7.9%	-0.4%
Ziff Davis	2.9%	-6.7%	-0.2%

Source: Bloomberg. Data as of 30/06/2025

¹ On June 3, 2024, patient data managed by Synnovis, an agency managing labs for NHS trusts, was stolen. The attack disrupted blood testing services, leading to delays in critical test results. In June 2025, a spokesperson for the NHS trust acknowledged several factors contributed to the patient's death, including a prolonged wait for blood test results.

² <https://www.bbc.co.uk/news/articles/cp3ly4v2kp2o>

³ In USD

⁴ Total Return during the month of June 2025

As of June 30, all companies in the HUR Index reported their Q1 2025 earnings. 29 companies (92.0% of the total index weight) exceeded revenue expectations, while only 5 firms (7.1% of total index weight) reported revenue misses. The bottom-line results were equally strong, with 29 firms (82.8% by weight) reporting EPS beats, compared to just 4 firms (15.0% by weight) reporting misses. Additionally, 27 firms (81.8% by weight) beat both top and bottom-line estimates. The average percentage beat for top-line revenues was 2.6%, while for bottom-line earnings it was 15.9%. Conversely, the average percentage miss for revenues stood at -4.6% and for earnings at -5.8%.

Cybersecurity companies navigate strong demand amid macroeconomic and tariff-related uncertainties⁵

Amidst the ongoing macroeconomic uncertainties, many cyber providers have been compelled to reassess their costs. Despite these challenges, the demand for cybersecurity services remains robust, underscoring the critical need for digital protection in today's environment. To better evaluate the potential impact of tariffs on companies within the HUR Index, we have analyzed their recent earnings updates.

Softcat, CyberArk, and Radware have not observed significant changes in customer sentiment or IT spending. Meanwhile, Mitek Systems, Zscaler, CrowdStrike, Commvault Systems, Rubrik, and Gen Digital report that security-related IT spending remains robust and is expected to stay strong based on historical trends and current priorities. Additionally, F5 has low tariff exposure and estimates minimal tariff-related costs for FY 2025.

BlackBerry has not yet seen significant impacts from tariffs but acknowledges uncertainty, especially in the automotive sector. To mitigate this, they are diversifying beyond automotive, which currently constitutes a large portion of their revenue. Varonis, Cloudflare, Commvault Systems, CrowdStrike, and CyberArk are also monitoring the situation despite no significant changes so far.

Other companies, including Ziff Davis and Netscout, have mentioned potential exposure to secondary effects such as recessionary risks and other macroeconomic disruptions. Both Ziff Davis and Netscout believe they are well insulated from the direct impacts of tariffs.

Other companies are proactively adjusting their supply chains, including Check Point, Palo Alto, A10 Networks, and Radware. Fastly has also made pre-tariff hardware investments.

While many companies continue to see strong demand for cybersecurity solutions, some have observed concerns among clients regarding spending patterns and tighter IT budgets. Companies like Okta, Qualys, Akamai Technologies, and Rapid7 have reported that their clients are becoming more cautious with their IT expenditures. However, this is not a complete freeze, as clients are still investing in essential cybersecurity measures, albeit with more scrutiny and prioritization.

A small number of companies are anticipating challenges. Cisco Systems has factored in the impact of tariffs in its Q4 fiscal 2025 guidance, expecting a decline in margins due to current tariff levels. OneSpan anticipates up to \$1 million in incremental costs from tariffs for FY 2025, as 26% of their revenues are

⁵ Source: Factset, Q1 2025 Transcripts

generated from hardware components. OpenText's customers in the automotive, materials, U.S. government, and energy sectors had to pause to assess the impact on their businesses.

Finally, the challenges faced by Trend Micro, Booz Allen, and Tenable in their business were not primarily due to the tariffs imposed by the U.S. administration. Instead, the main issue stemmed from actions taken by the Department of Government Efficiency (DOGE). These companies are experiencing reduced visibility on new deals and extended lead times, which they attribute to disruptions caused by personnel changes and vacant leadership positions within the federal government.

Overall, there is a mix of cautious optimism due to strong demand and proactive measures as companies strive to maintain stability and growth in a challenging economic environment. There are also notable concerns regarding tariffs, economic risks, and cautious client spending. Monitoring how these factors evolve will be crucial in understanding their impact on the long-term strategies and financial health of these companies. The resilience and adaptability of these companies will be key to navigating the uncertain economic landscape.

Sources: Nasdaq Index Research, Bloomberg, FactSet.

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