

Strong Earnings Amid Uncertainty

Monthly Cybersecurity Update

May 2025

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Market overview: a series of fast-moving developments

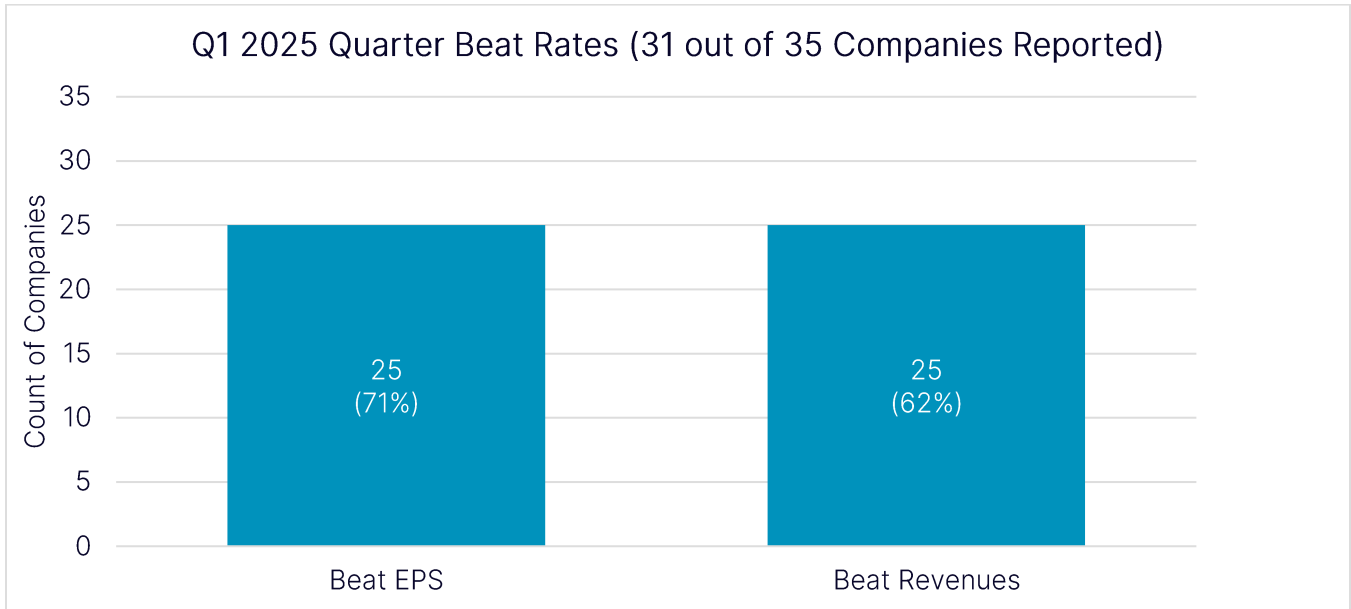
- Uncertainty continued to define the global trade landscape in May 2025. A 90-day truce offered temporary relief in U.S.-China tensions, and a U.K.-U.S. trade deal was announced. However, momentum faltered after the U.S. administration announced its intention to double tariffs on steel and aluminium to 50%. A proposed 50% tariff on all European goods was delayed until July 9 to allow for further negotiations.
- Adding to this uncertainty, a U.S. federal court ruled that the administration's earlier "Liberation Day" tariffs exceeded presidential authority, but the U.S. Court of Appeals temporarily reinstated them pending further review.
- Despite ongoing trade tensions, robust earnings reports, particularly from tech giants, contributed to positive market sentiment. Consumer confidence also improved after 5 months of decline.
- The Fed maintained interest rates at 4.25%-4.5%, signalling a "wait-and-see" approach amid concerns over inflation and unemployment risks.
- In May 2025, the ISE Cyber Security UCITS™ Index (HUR™) gained +10.25%, outperforming MSCI World (MXWO) (+5.69%), S&P 500 (SPX) (+6.15%), and the Nasdaq-100® (NDX®) (+9.04%).

Positive earnings amid cautious outlook: HUR Index companies report strong Q1 2025 results

Earnings season has shown positive outcomes for those companies within the HUR index that have reported. As of May 30, 31 companies (79.75% of total index weight) in the HUR Index reported their Q1 2025 earnings. The remaining companies have not yet reported results and/or were missing estimates for the last quarter.

Of those firms that have reported results, 25 (71.13% of the total index weight) exceeded revenue expectations, while only 5 firms (7.81% of total index weight) reported revenue misses. The bottom-line results were equally strong, with 25 firms (62.36% by weight), reporting EPS beats, compared to just 4 firms (15.16% by weight) reporting misses. Additionally, 23 firms (61.36% by weight) beat both top and bottom-line estimates. The average percentage beat for top-line revenues was 2.57%, while for bottom-line earnings it was 15.57%. Conversely, the average percentage miss for revenues stood at -4.60% and for earnings at -5.79%.

Management teams across the analyzed companies expressed caution due to macroeconomic uncertainty and tariff concerns. Cloudflare, Trend Micro, Check Point, Ziff Davis, Mitek Systems, and Parsons are among those companies that reiterated their full-year revenue guidance, while acknowledging potential future risks despite not yet seeing a material impact on their businesses.



Source: Nasdaq, FactSet. Data as of 30/05/2025

Qualys and F5 raised their full-year revenue guidance following strong quarterly results and revenue growth, respectively. On the contrary, BlackBerry, Akamai Technologies, OpenText, and Tenable Holdings are among the companies that either lowered their full-year guidance or provided lower-than-expected forecast for the upcoming year, citing market volatility, uncertainty, and potential delays in sales cycles. BlackBerry, Tenable Holdings, and OpenText also mentioned concerns about exposure to public sector spending cuts.

Despite uncertainty surrounding the future macroeconomic environment, most companies have indicated that they are not yet seeing a pullback in business spending. That said, it may be too early to assess the full impact of tariffs, prompting both management teams and investors to closely watch on evolving conditions.

Strong performance and growing demand drive positive earnings

Cybersecurity continues to be viewed as a resilient area, with spending in the sector seen as relatively insulated from economic headwinds, as organizations increasingly recognize it as a critical necessity rather than a discretionary expense. The global cybersecurity market is projected to reach \$644 billion by 2033, up from \$300 billion in 2024.¹

As of May 30, 2025, the market's growth expectations for the HUR index have improved compared to earlier projections as of March 31. Previously, earnings growth for the next 12 months was anticipated at

¹ <https://www.imarcgroup.com/cybersecurity-market>

4.00%, and revenue growth at 9.39%. Updated figures show that earnings growth expectations for the next 12 months have risen to 7.30%, while revenue growth expectations have improved to 13.74%.²

This strength is also reflected at company level. Cisco's (index weight of 4.71%³) security business saw strong performance in the recent quarter, with orders growing in high double-digits and security revenue reaching \$2 billion, a 54% increase YoY. Cisco also saw a large multi-year deal with a major financial services company for Splunk's security and observability platforms, demonstrating the go-to-market synergies between Cisco and Splunk.⁴

Gen Digital (index weight of 4.72%) is seeing increased demand for its cybersecurity and privacy offerings as the threat landscape continues to evolve. Quarterly revenues from Cyber Safety solutions increased by 5% YoY, marking the 23rd consecutive quarter of growth. Gen Digital is focused on enhancing its AI-driven threat detection capabilities across its product portfolio to better protect its customers.^{5,6}

Mitek Systems's (index weight of 1.00%) identity portfolio continues to build momentum, reaching over \$71 million in revenue in the last 12 months, driven by strong transaction growth. Mitek Systems is building a unified platform that combines fraud prevention, identity verification, and biometric authentication to help organizations stay secure.⁷

The leadership team at Check Point (index weight of 4.63%) underscored ongoing strong and growing demand in the cybersecurity sector. In particular, the strong demand for their Quantum Force appliances helped their revenues exceed their expected range.^{8,9}

Agentic AI and Quantum-Safe solutions as important growth catalysts

Agentic AI is being integrated into various cybersecurity tools and platforms. For example, SentinelOne (index weight of 4.27%) introduced Agentic AI functionalities to automate threat responses and reduce alert fatigue.¹⁰

Varonis (index weight of 0.53%) also expanded its support for AI agents in Q1 by launching Varonis for Agentforce, designed specifically to secure Salesforce Agentforce, Salesforce's platform for deploying AI Agents in enterprise environments. By continuously monitoring agent activity and data access, Varonis helps identify and mitigate potential security risks, such as excessive data permissions, unintended data exposure, and unauthorized behaviors.¹¹

² Source: Bloomberg

³ All index weights are reported as of May 30, 2025.

⁴ <https://investor.cisco.com/news/news-details/2025/CISCO-REPORTS-THIRD-QUARTER-EARNINGS/default.aspx>

⁵ In February 2025, the company announced the enhanced Genie Scam Protection, which was fully integrated across Norton Cyber Safety products. This integration aimed to provide users with comprehensive, always-on scam protection across multiple platforms.

⁶ <https://investor.gendigital.com/events-and-presentations/event-details/2025/Q4-FY25-Earnings/default.aspx>

⁷ <https://investors.miteksystems.com/news-releases/news-release-details/mitek-reports-record-fiscal-2025-second-quarter-financial#:~:text=Revenue%20of%20%2451.9%20million%20was,from%2079.8%25%20a%20year%20ago.>

⁸ <https://www.checkpoint.com/about-us/investor-relations/>

⁹ A series of high-performance, AI-powered security gateways designed to provide advanced threat prevention and network security for enterprises and data centres. Revenues grew by 7% to \$638 million, \$4 million above the midpoint of their projections.

¹⁰ <https://www.sentinelone.com/press/sentinelone-brings-deep-security-reasoning-agentic-detection-and-response-and-hyperautomation-workflows-to-any-siem-or-data-source-with-purple-ai-athena-release/>

¹¹ <https://www.globenewswire.com/news-release/2025/03/05/3037444/33473/en/Varonis-Announces-Varonis-for-Agentforce-to-Enable-Safe-AI-Rollouts.html>

Cloudflare (index weight of 6.79%) has introduced the first cloud-native quantum-safe Zero Trust solution, integrating post-quantum cryptography into its Zero Trust Network Access platform. This advancement aims to protect organizations from emerging quantum computing threats, such as “harvest now, decrypt-later” attacks, where encrypted data intercepted today could be decrypted in the future using quantum computers.^{12,13}

Latest Earnings:¹⁴

Company Name	Index Weight (%)	Current Earnings Release Date	Release Date Price % Change (USD) as of May 30, 2025	Top Line (Revenue)	Bottom Line (EPS)
CLOUDFLARE, INC.	6.79	09/05/2025	25.35	Beat	Miss
PALO ALTO NTWKS CM	5.20	21/05/2025	6.16	Beat	Beat
CYBERARK SOFT ORD	4.99	13/05/2025	5.95	Beat	Beat
Trend Micro Rg	4.93	09/05/2025	9.58	Miss	Miss
FORTINET, INC.	4.88	08/05/2025	4.13	Beat	Beat
QUALYS, INC.	4.84	07/05/2025	8.56	Beat	Beat
GEN DIGITAL INC. CMN	4.72	07/05/2025	2.30	Beat	Beat
CISCO SYSTEMS INC.	4.71	15/05/2025	-1.90	Beat	Beat
CHECK POINT SOFTWARE	4.63	23/04/2025	12.05	Beat	Beat
Blackberry Rg	4.63	02/04/2025	16.48	Beat	Beat
SENTINELONE, INC.	4.27	29/05/2025	1.27	Beat	Beat
AKAMAI TECHNOLOGIES	4.15	09/05/2025	-0.42	Beat	Beat
NETSCOUT SYSTEMS I	3.51	08/05/2025	5.94	Beat	Beat
ZIFF DAVIS, INC. CMN	2.98	09/05/2025	4.95	Beat	Miss
RADWARE LTD.	2.33	07/05/2025	4.01	Beat	Beat
FASTLY, INC. CL A	2.30	08/05/2025	-4.46	Beat	Beat
Digital Arts Rg	1.42	09/05/2025	16.85	Miss	Missing Value
ONESPAN INC.	1.32	02/05/2025	5.85	Beat	Beat
MITEK SYSTEMS INC	1.00	09/05/2025	-3.59	Beat	Beat
AHNLAB Rg	0.81	07/05/2025	-5.81	Missing Value	Missing Value
ZSCALER, INC. CMN	0.62	30/05/2025	0.00	Beat	Beat
VARONIS SYSTEMS INC	0.53	07/05/2025	5.30	Beat	Beat
COMMAVULT SYSTEMS	0.52	29/04/2025	8.55	Beat	Beat
Open Text Rg	0.50	01/05/2025	9.28	Miss	Beat
PARSONS CORP	0.49	30/04/2025	-3.02	Miss	Beat
F5, INC. COMMON STK	0.48	29/04/2025	8.63	Beat	Beat
A10 NETWORKS, INC.	0.48	02/05/2025	5.24	Beat	Beat
BOOZ ALLEN HAMLTN	0.46	23/05/2025	-1.43	Miss	Miss
OKTA, INC. CL A CM	0.44	28/05/2025	-1.95	Beat	Beat
TENABLE HOLDINGS CM	0.41	30/04/2025	5.40	Beat	Beat
RAPID7 INC CMN STK	0.39	13/05/2025	-6.56	Beat	Beat

¹² <https://www.cloudflare.com/press-releases/2025/cloudflare-advances-industrys-first-cloud-native-quantum-safe-zero-trust/>

¹³ This solution ensures that encrypted data remains secure even as quantum computing advances. By adopting post-quantum cryptography now, organizations can safeguard their communications and data from potential future attacks

¹⁴ FactSet

Sources: Nasdaq Index Research, Bloomberg, FactSet.

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