

# Earnings Strength and AI Momentum Monthly Cybersecurity Update

August 2025

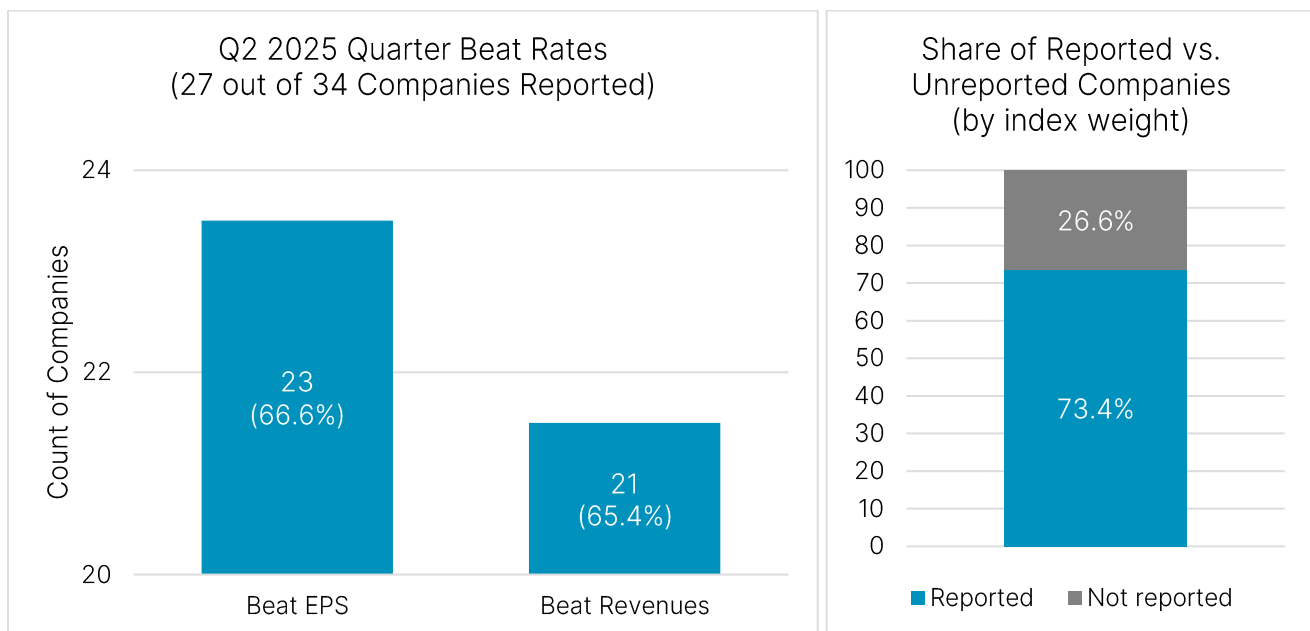
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## August performance overview

- As of August 31, the ISE Cyber Security UCITS™ Index (HUR™) posted a monthly gain of 1.35%, marking a rebound from the -4.63% loss recorded in July.
- Looking at broader equity benchmarks, global indices posted solid gains in August. The Nasdaq-100 Index® (NDX®) rose by 0.85%, the S&P 500 (SPX) advanced 1.91%, and the MSCI World Index (MXWO) gained 2.49%.

## Majority of HUR Index firms beat Q2 expectations

Earnings season has delivered strong results for companies within the HUR Index that have reported so far. As of August 27, 27 companies (73.38% of total index weight) in the HUR Index reported their Q2 2025 earnings.



Source: Nasdaq, FactSet. Data as of 27/08/2025

Of the firms that have reported results, 21 (65.4% of the total index weight) exceeded revenue expectations, while only 4 firms (6.7% of total index weight) reported revenue misses<sup>1</sup>. The bottom-line results were equally strong, with 23 firms (66.6% of the total index weight), reporting EPS beats, compared to just 1 firm (4.1% of the total index weight) reporting misses<sup>2</sup>. Additionally, 21 firms (65.4% of the total index weight) beat both top and bottom-line estimates. The average percentage beat for top-line was 2.1%, while for bottom-line it was 10.6%. Conversely, the average percentage miss for revenues stood at -0.8%. The average earnings miss was -44.4%, driven entirely by Trend Micro.<sup>3</sup>

## Q2 2025 Earnings highlights: AI leads the way<sup>4</sup>

AI emerged as a central theme in the latest earnings calls for the vast majority of companies within the HUR index. Across the board, firms are making significant investments in AI technologies and actively integrating them into their products and services. This strategic focus is driven by the need to strengthen cybersecurity, boost operational efficiency, and stay ahead of increasingly sophisticated threats.

As AI systems grow more autonomous and interconnected, they introduce new security challenges, especially around machine identity, where non-human agents exchange sensitive data without direct oversight. For instance, Cisco (index weight of 5.8%) is developing 'Agentic identity', a framework aimed at securing AI-to-AI and machine-to-machine interactions by addressing authentication and trust.<sup>5</sup>

Qualys (index weight of 4.9%) recently launched its Agentic AI-powered Risk Operations Center (ROC), highlighting how AI is being actively leveraged on the defense side of cybersecurity. The ROC uses intelligent agents that operate autonomously to continuously identify, prioritize, and remediate vulnerabilities. These agentic systems enhance cyber resilience by proactively managing risk and responding to threats in real time without requiring human intervention.

This broader embrace of AI across the cybersecurity landscape underscores a shift from reactive defense to proactive threat prevention. While Qualys is leveraging agentic AI to autonomously manage vulnerabilities and enhance resilience, other vendors are embedding AI more deeply into their platforms to anticipate and neutralize threats before they materialize. For instance, Check Point's (index weight of 4.5%) "Prevention-first" approach is a key guiding principle for the company. Their Quantum Force AI-powered firewalls posted another strong quarter, growing 12% year-over-year, driven by product refresh momentum and rising demand for AI-enhanced inspection capabilities.<sup>6</sup> Radware (index weight of 2.2%) has built AI-powered SOC (Security Operations Center), called SOC X, that continuously analyzes global traffic patterns using behavioral baselines, anomaly detection, and machine learning to identify DDoS attacks in real-time.

Meanwhile, as tools like ChatGPT and Microsoft Copilot become embedded in enterprise workflows, they offer notable efficiency gains but also raise concerns around data exposure and unauthorized access. Varonis (index weight of 0.6%) is responding by expanding its platform to support ChatGPT Enterprise and

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<sup>1</sup> Two companies (1.29% of total index weight) have missing revenue estimates.

<sup>2</sup> Three companies (2.69% of total index weight) have missing earnings estimates

<sup>3</sup> As of August 27, 2025, Trend Micro is the only firm that missed earnings estimate. The firm reported earnings \$0.23 USD (¥33.32) below consensus, representing a 44.5% miss relative to expected EPS.

<sup>4</sup> Source: companies' earnings transcript - FactSet

<sup>5</sup> Index weights as of August 27, 2025

<sup>6</sup> Quantum Force is a new line of AI-powered firewalls designed to protect large networks from advanced cyber threats. It uses AI to detect and block threats with very high accuracy.

deepening its partnership with Microsoft, helping organizations adopt these tools securely through enhanced visibility, governance, and protection.

Companies are not only deploying AI across their platforms but also investing heavily in proprietary technologies. Fortinet (index weight of 4.3%) holds over 500 issued and pending AI patents. Its latest innovations include FortiAI-Protect for advanced threat detection, FortiAI-Assist for automating security tasks, and FortiAI-SecureAI for protecting AI infrastructure. Fortinet views AI as a strategic priority, especially for securing devices and agentic AI systems beyond traditional human-centric security.

Everything is about AI. From product innovation to strategic positioning, AI has become the defining thread across cybersecurity companies in the HUR index. Whether it's enhancing threat detection, automating response, or securing machine-to-machine interactions, AI is at the core of how firms are evolving. Trend Micro (index weight of 4.1% ) exemplifies this shift with its company-wide initiative "Trend AI NICE", which aligns its products, solutions, and go-to-market strategies around AI integration. Its Agentic SIEM, part of the Vision One platform, uses agentic AI and digital twin technology for autonomous threat detection and response. GPU acceleration enables it to process alerts in just 3 seconds, down from 2 hours, showcasing AI as a core driver of modern cybersecurity performance.

### Shifting Priorities: From Tariffs to AI<sup>7</sup>

While tariffs and trade uncertainty were dominant themes in the previous earnings season, mentioned by nearly every company, this time, the focus has clearly shifted to AI. Most companies are now emphasizing their AI strategies, investments, and product integration. That said, a few firms still referenced tariffs and broader macroeconomic uncertainty, suggesting that while attention has moved toward AI, trade-related concerns have not entirely disappeared.

In particular, deal activity across some cybersecurity firms shows signs of increased scrutiny and slower sales, though demand remains resilient. Varonis noted more rigorous deal reviews compared to previous quarters, yet emphasized that demand for data security remains strong, driven by AI adoption and heightened awareness around data protection. Trend Micro reported softer sales, attributing delays to broader economic uncertainty; yet, according to the firm, the only certainty in this environment is the world's continued investment in AI.

Perspectives on tariffs and macro conditions vary. Cisco continues to mitigate tariff impacts through supply chain agility, with its Security business showing over 20% order growth in Q4. Gen Digital (index weight of 5.5%) acknowledged macro uncertainty but maintained guidance. Fortinet and NetScout (index weight of 3.7%) reported no tariff-related disruptions. Palo Alto Networks (index weight of 5.4%) noted its U.S.-based hardware assembly helps minimize tariff exposure, calling the impact "immaterial."

While broader market momentum is hard to generalize, some companies continue to report strong demand for cybersecurity products and services. Commvault Systems (index weight of 0.6%) highlighted rising interest in cyber resilience, as CIOs and CISOs prioritize business continuity. Fastly (index weight 2.3%), meanwhile, reported record-high security revenue, now 20% of total revenue, reflecting 15% year-over-year growth.

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<sup>7</sup> Source: companies' earnings transcript - FactSet

Latest Earnings<sup>8</sup>

Company Name	Index Weight (%) as of August 27	Current Earnings Release Date	Release Date Price % Change (USD) as of August 27, 2025	Top Line (Revenue)	Bottom Line (EPS)
CyberArk Software	6.44	30/07/2025	2.55	Beat	Beat
Cloudflare	6.15	01/08/2025	2.56	Beat	Beat
Cisco Systems	5.79	14/08/2025	-1.24	Beat	Beat
Gen Digital	5.48	08/08/2025	0.95	Beat	Beat
Palo Alto Networks	5.38	19/08/2025	3.33	Beat	Beat
Akamai Technologies	5.14	08/08/2025	10.97	Beat	Beat
Qualys	4.94	06/08/2025	3.32	Beat	Beat
Check Point Software Tech	4.51	30/07/2025	2.14	Beat	Beat
Fortinet	4.34	07/08/2025	3.76	Beat	Beat
Trend Micro	4.10	08/08/2025	-3.52	Miss	Miss
NetScout Systems	3.69	07/08/2025	16.35	Beat	Beat
Ziff Davis	3.36	07/08/2025	0.27	Beat	Beat
Fastly	2.34	07/08/2025	0.40	Beat	Beat
Radware	2.24	30/07/2025	-3.56	Beat	Beat
Digital Arts	1.40	01/08/2025	7.73	Miss	Missing Value
OneSpan	1.20	06/08/2025	6.70	Beat	Beat
Mitek Systems	1.07	08/08/2025	3.57	Beat	Beat
Ahnlab	0.76	29/07/2025	-6.12	Missing Value	Missing Value
Varonis Systems	0.62	30/07/2025	2.42	Beat	Beat
Open Text	0.61	08/08/2025	6.44	Beat	Beat
Parsons	0.60	06/08/2025	5.82	Miss	Beat
F5	0.58	31/07/2025	1.38	Beat	Beat
Booz Allen Hamilton Hldg	0.57	25/07/2025	-2.02	Miss	Beat
Commvault Systems	0.57	29/07/2025	-4.70	Beat	Beat
HENNGE	0.53	05/08/2025	4.49	Missing Value	Missing Value
Okta	0.50	27/08/2025	-	Beat	Beat
Tenable Holdings	0.49	31/07/2025	-2.33	Beat	Beat

Sources: Nasdaq Index Research, Bloomberg, FactSet.

<sup>8</sup> FactSet

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