Q2 2025 Cybersecurity Earnings Updates

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Global end-user spending on information security is forecast to hit US$213 billion in 2025, up 10% from 2024.[1] Elevated defense budgets, escalating threats, tighter regulations, and the growing use of AI by both enterprises and attackers will sustain robust cybersecurity investment over the medium to long term. The market is shifting from best-of-breed point solutions to integrated platforms, signaling that scale and horizontal integration are now essential. Over 90% of the constituents in the Nasdaq CTA Cybersecurity™ Index (NQCYBR™) exceeded analysts' second-quarter earnings estimates.

Cisco Systems delivered quarterly results that slightly topped analyst forecasts, with revenue climbing 8% to US$14.7 billion. Security revenue advanced 12% year-over-year to US$2.0 billion, representing 13% of total sales. As Splunk integrates with Cisco's portfolio, the company is poised for stronger organic growth in its security segment over the long term. AI remains a critical growth driver for the tech giant. AI infrastructure orders from large cloud providers exceeded US$800 million in the quarter, pushing fiscal year 2025 totals past US$2 billion, more than double the company's initial target.

Palo Alto Networks posted better-than-expected quarterly results, with revenue rising 16% year-over-year to US$2.5 billion. Its quarterly adjusted operating margin expanded by 340 basis points to above 30% for the first time in the company's history. Next-generation security annual recurring revenue (ARR) climbed 32% to US$5.6 billion. These results underscore the success of Palo Alto's platform strategy, which resonates with customers seeking to consolidate vendors and lower costs. Its multiproduct portfolio provides a clear competitive edge as the firm captures greater security wallet share and deepens penetration within existing accounts. The recently announced US$25 billion CyberArk acquisition adds a suite of identity security tools, enhancing capabilities to manage and govern access rights within an organization.

CrowdStrike posted robust Q2 results, with revenue climbing 21% to US$1.2 billion and an operating margin of 22%. ARR advanced 20% to US$4.6 billion, while net new ARR reached US$221.1 million, surpassing analyst forecasts on both counts. The company delivers solutions in cloud security, identity security and security information and event management (SIEM), all of which showed strong momentum, collectively generating over US$1.56 billion in ARR, up more than 40% year-over-year. CrowdStrike also announced a deal to acquire Onum, a real-time telemetry pipeline management company.

Cloudflare delivered strong Q2 results, with revenue rising 28% year-over-year to US$512 million. Large customers generating over US$100,000 in annualized revenue accounted for 71% of total sales, up from 60% three years ago. As a security-centric content delivery network, Cloudflare has expanded its platform to become a leading zero trust provider, benefiting from growing cybersecurity budgets. In early July, the company announced that it is the first infrastructure provider to automatically block AI crawlers from accessing content without consent or compensation. Its new tool empowers website owners to control AI crawler access and set pricing through a "pay per crawl" model.

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[1] Gartner. As of July 29, 2025.

Broadcom's infrastructure software revenue rose 17% to US$6.8 billion, supported by continued growth in VMware. Chip revenue climbed 26% to US$9.2 billion, accounting for 57% of total quarterly sales. Growth was fueled by AI semiconductor revenue of US$5.2 billion, up 63% year-on-year and ahead of the company's US$5.1 billion forecast. The firm secured US$10 billion in custom chip orders from a new client, widely expected to be OpenAI, though Broadcom does not disclose customer names.

Name of Company	Revenue growth (yoy)	Profit growth (yoy)	Q2 Revenue Beat/Miss%	Q2 EPS Beat/Miss %
Cisco Systems	8%	12%	0.4%	1%
Palo Alto Networks	16%	29%	1%	7%
CrowdStrike	21%	7%	2%	12%
Cloudflare	28%	8%	2%	15%
Broadcom	22%	37%	1%	2%

Source: Nasdaq Global Indexes, FactSet, company filings. Note: Figures are on non-GAAP basis.

On average, NQCYBR companies firms beat their revenue and earnings estimates for the quarter by 1.8% and 20.7%, respectively, with 26 companies (87% by weight) exceeding both top-line and bottom-line expectations.

The rates of top-line and bottom-line beats by index weight exceed those of the previous quarter. Regarding index constituent count, both the rates of revenue and earnings beats are superior to last quarter.

	Beats		Misses	
	No. of firms / Index weight	Average Beat %	No. of firms / Index weight	Average Miss %
Q2 25 Revenues	27 / 94.2%	2.4%	3 / 5.8%	-3.6%
Q2 25 Earnings	28 / 90.8%	23.9%	2 / 9.2%	-22.2%

Source: Nasdaq Global Indexes, FactSet. Data as of September 12, 2025.

NQCYBR companies posted a robust 24% earnings growth in Q2, nearly doubling the S&P 500 Index and more than tripling the Nasdaq Global™ Index (NQGI™). This marks the fourth consecutive quarter of double-digit gains for NQCYBR, maintaining its consistent outperformance over both benchmarks.
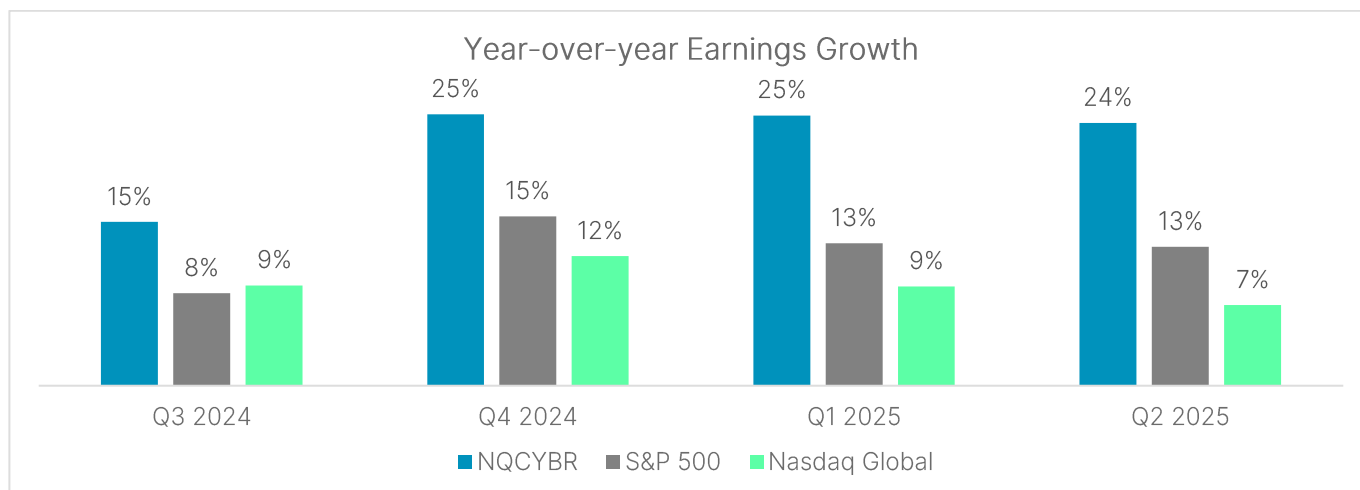
Source: Nasdaq Global Indexes, Bloomberg. Data as of September 12, 2025.