

# Q3 2024 Cyber Security Update

## Cyber Security News/Insight

- Revenue in the cybersecurity market is expected to grow to \$185.7 billion in 2024, with an annual growth rate of 11.0%.<sup>1</sup> The security services segment is expected to contribute \$97.3 billion to the total revenues with the rest driven from cyber solutions.<sup>2</sup> During the period 2024-2029, revenue is expected to show an annual growth rate of 7.9%, resulting in a total market size of \$271.9 billion by 2029.<sup>3</sup> This growth is expected to be led by the cyber solution segment with an estimated CAGR of 10.9% and a resultant market size of \$148.3 billion<sup>4</sup> by 2029, followed by the security services segment at a lower rate of 4.9% and a resultant market size of \$123.6 billion by 2029.<sup>5</sup> Region wise, the largest market for cybersecurity, the U.S. is expected to have a market size of \$81.4 billion in 2024 and is expected to grow at a CAGR of 7.4% during the period 2024-2029 to a market size of \$116.2 billion by 2029.<sup>6</sup>
- According to Statista, cybercrimes are expected to cost about \$9.2 trillion in 2024 with average cost per data breach at \$4.9 million, with the health care industry having the highest cost per breach (about \$10 million).<sup>7,8</sup> The average cost per breach in the US stood at \$9.4 million, close to twice the global average.<sup>9</sup> Furthermore, the cost of cybercrime worldwide is expected to grow by 69.4% from 2024 to \$15.6 trillion in 2029.<sup>10</sup>
- In August 2024, the United Nations (UN) passed its first cybercrime treaty. According to the UN, “the finalization of this Convention is a landmark step as the first multilateral anti-crime treaty in over 20 years and the first UN Convention against Cybercrime at a time when threats in cyberspace are growing rapidly”.<sup>11</sup>
- In September 2024, the U.S. Cybersecurity and Infrastructure Security Agency (CISA) published the Federal Civilian Executive Branch (FCEB) Operational Cybersecurity Alignment (FOCAL) plan. It uses this plan to guide coordinated support and services to agencies, drive progress on a targeted set of priorities, and align collective operational defense capabilities.<sup>12</sup>
- In September 2024, CISA added four new Microsoft (MS) vulnerabilities to its catalog including MS Publisher Security Feature Bypass, MS Windows Update Remote Code Execution, MS Windows Installer Privilege Escalation and MS Windows Mark of the Web (MOTW) Security Feature Bypass.<sup>13</sup> The agency warns that these types of vulnerabilities are frequent attack vectors for malicious cyber actors and pose significant risks to the federal enterprise.<sup>14</sup>
- In September 2024, Europol announced its dismantling of an encrypted communication platform, known as Ghost, notorious for enabling large-scale drug trafficking and money laundering.<sup>15</sup> The operation was conducted with the help of authorities from Australia, Canada, France, Iceland, Ireland, Italy, the Netherlands, Sweden, and the United States.<sup>16</sup>

## Cybersecurity – Notable Ransomware Attacks and Breaches in Q3 2024

- On September 16, the Port of Seattle, which operates the Seattle-Tacoma International Airport, confirmed that the August 24 cyberattack was a result of ransomware which caused days-long outages. On September 13, the Port announced that most systems were restored a week after the

attack. Some data was encrypted during the attack and the Rhysida ransomware gang was responsible for the incident. The Port believes the exfiltrated data could eventually be leaked online, as no ransom was paid.<sup>17</sup>

- On August 28, software solutions provider Young Consulting started notifying over 950,000 individuals that their personal information was compromised in a data breach on April 13 this year. The company realized that the attackers copied files containing personal information that belong to health insurer Blue Shield of California and other covered entities. In May 2024, the BlackSuit group claimed responsibility for the attack and made available the stolen data for download.<sup>18</sup>
- On August 26, American Radio Relay League (ARRL) revealed it paid \$1 million to a ransomware gang for a ransomware attack in May 2024 which resulted in multiple systems within ARRL's internal network being encrypted, including desktops, laptops, and Windows and Linux servers. ARRL did not confirm if any personal information was exfiltrated. However, it notified the Maine Attorney General's Office that the information of 150 employees, including names, addresses, and Social Security numbers, was likely impacted in the attack.<sup>19</sup>
- On August 22, Halliburton (NYSE: HAL) confirmed that it was a victim of a cyberattack that affected its Houston, Texas offices as well as some global connectivity networks. The oil major also confirmed that data was stolen in the attack. The RansomHub ransomware group is believed to be behind the attack.<sup>20,21,22</sup>
- On August 20, U.S.-based semiconductor supplier Microchip Technology (NASDAQ: MCHP) disclosed a cyberattack which forced the company to shut down its systems, impacting operations at multiple manufacturing facilities and affecting several orders. MCHP revealed the attackers had stolen some employee data, but it has yet to find evidence that customer information was also exfiltrated.<sup>23,24</sup>
- On August 14, Idaho-based healthcare provider Kootenai Health disclosed a data breach had impacted the personal and health information of more than 460,000 individuals. The incident was identified on March 2 and the attackers exfiltrated personally identifiable information (PII) and protected health information (PHI), but the healthcare provider mentioned that the incident did not impact its operations and that its hospitals and clinics continued to serve patients. The 3AM ransomware gang claimed responsibility for the attack in March.<sup>25</sup>
- On August 13, the Mayor of Columbus, Ohio stated that a data breach had occurred, but no personal information was stolen. Ransomware group Rhysida claimed to have stolen 6.5 terabytes of data of city workers dating back to at least 2015 and published it on the dark web on August 8. However, security researcher David Leroy Ross told the local media that the stolen data included names, Social Security numbers, and other types of sensitive data. A large amount of information pertained to police officers and crime victims.<sup>26,27</sup>
- On August 12, Australian Mining firm Evolution Mining (ASX: EVN) disclosed that a ransomware attack identified on August 8 disrupted its IT systems. The company confirmed at the time that corporate, operational, and financial data, personal information pertaining to current and former personnel, and some shareholder information was compromised in the attack but is not expected to have any material impact on their operations.<sup>28</sup>
- On July 12, pharmacy chain Rite Aid revealed that a cyberattack on June 6 impacted 2.2 million people. RansomHub group took credit for the attack, listing the chain on their leak website and demanding ransom money. The data leaked included valuable information, but no Social Security numbers, financial information or patient information was leaked in the attack.<sup>29,30</sup>

## New Products

- In August 2024, Fortinet (NASDAQ: FTNT) announced the addition of sovereign SASE and generative AI capabilities to its unified SASE solution.<sup>31</sup> The updates should help in delivering a comprehensive and flexible unified SASE solution to customers.<sup>32</sup>
- In August 2024, Trend Micro (TYO: 4704) announced its AI based new solution, included in Trend Micro's Vision One Sovereign Private Cloud powered by NVIDIA NIM microservices, part of the NVIDIA AI Enterprise software platform. This will allow organizations to maximize the potential of the AI era while maintaining business resilience.<sup>33</sup>
- In September 2024, Broadcom (NASDAQ: AVGO) announced the availability of Sian 2,200 Gbps per lane DSP, which will enable pluggable modules with 200G/lane interfaces that are foundational to connect next generation AI clusters.<sup>34</sup> In August, the company introduced VMware Cloud Foundation (VCF) 9 to accelerate customers' transition to a unified and integrated private cloud platform that lowers cost and risk.<sup>35</sup>

## Cybersecurity – M&A and IPO Activity in Q3 2024

### Inside HUR™ Index Activity:

- On Aug 28, Check Point Software Technologies (NASDAQ: CHKP) agreed to acquire Cyberint Technologies, an external cyber risk management firm. The financial terms were not revealed but the deal is valued at approximately \$200 million, including cash and shares. The transaction is expected to close by the end of 2024, subject to customary closing conditions.<sup>36</sup>
- On Aug 26, Cisco (NASDAQ: CSCO) announced that it is acquiring Robust Intelligence, a California-based company that specializes in securing AI applications. Robust Intelligence has developed an AI application security platform that automates testing for safety and security issues in AI models and claims it is used by major organizations such as JPMorgan Chase, IBM, Expedia, and Deloitte.<sup>37</sup>
- On August 8, Trend Micro (TYO: 4704) announced that it had attracted buyout interest from acquirers including private equity firms. Terms remain unknown as the proposal is under strategic review.
- On Aug 5, Fortinet (NASDAQ: FTNT) announced that it has acquired Next DLP, a leader in insider risk and data protection. The acquisition will help Fortinet improve its position in the standalone enterprise data loss prevention (DLP) market and strengthen its leadership in integrated DLP markets within endpoint and SASE.<sup>38</sup>

## Top 3 Contributors to HUR Index Performance in Q3 2024

### Trend Micro<sup>39,40,41,42</sup>

- Stock price was up 52% for the period June 28, 2024 – Sept 12, 2024. On August 9, Trend Micro was up more than 15% after announcing that it was exploring a potential sale after receiving buyout offers.
- The stock attracted investors' attention after Trend Micro announced it is collaborating with NVIDIA to develop strategies to secure generative AI to enable long-term business transformations.
- The uptick in stock price was also supported by strong Q2 2024 results with healthy sales growth across the regions of Japan, Americas, Europe and APAC & MEA, with APAC & MEA witnessing a +29%

y/y growth particularly in the Enterprise segment. Q2 2024 revenue increased by 13% y/y to JPY 68.6 bn (USD 440.3 mn). Operating margin increased from 14% in Q2 2023 to 18% in Q2 2024. GAAP net profit was up 30% y/y to JPY 7.1 bn (USD 45.8 mn). Q2 Free Cash Flow (FCF) decreased by 20.0% y/y to JPY 11.1 bn (USD 71.2 mn).

- The company issued FY 2024 guidance for revenue at JPY 271.0 bn (9% y/y growth), and net income is expected at JPY 34.6 bn (222% y/y growth).

### Fortinet<sup>43,44,45</sup>

- Stock price was up 24% for the period June 28, 2024 - Sept 12, 2024.
- Fortinet's stock rose on the back of strong Q2 results. The company reported Q2 2024 revenue of \$1.4 bn with y/y revenue growth of 11.0%, driven by service revenue which grew 20% y/y to \$982 mn. GAAP operating income stood at \$436.0 mn with an operating margin of 30.4%, its highest in the last 10 quarters. GAAP net profit rose by 42.6% y/y to \$379.8 mn. FCF for Q2 2024 was \$319 mn.
- In its guidance for Q3 2024, GAAP revenue is expected in the range \$1.4-1.5 bn which represents a 10.5% y/y growth; for FY 2024 the company expects GAAP revenue of \$5.8-\$5.9 bn representing 10.3% y/y growth. Non-GAAP operating margin is expected in the range 30.5%-31.5% for Q3 2024 and in the range of 30.0%-31.5% for FY 2024.

### Check Point Software<sup>46,47,48</sup>

- Stock price was up 15% for the period June 28, 2024 - Sept 12, 2024.
- Check Point's stock rose due to strong Q2 topline growth and the appointment of a new CEO. Q2 2024 revenue came in at \$627.4 mn, which represented 7% y/y growth, and \$5 mn above the midpoint of guidance. Product and Subscription revenue saw double-digit growth in Q2 2024. GAAP operating income at \$209.3 mn was down 5.5% y/y and operating margin of 33% was 425 bps below the corresponding period last year. However, GAAP net income at \$197.4 mn was up 4% over the same quarter previous year. FCF was \$189 mn and up 6% y/y.
- Nadav Zafrir, renowned Cyber Security leader, was appointed the new CEO of Check Point Software effective December 2024. He built, invested and chaired 17 cyber security companies in addition to dozens of other technology companies he has consulted and mentored. For the past 10 years, Nadav Zafrir has been a co-founder and managing partner at Team8, a global venture creation and venture capital fund that invests in companies focused on cyber security, Data & AI, Fintech and digital health.
- Guided Q3 non-GAAP revenue in the range of \$615-650 mn and EPS of \$2.19-\$2.29, GAAP EPS is expected to be 43 cents less.

## Bottom 3 Contributors in Q3 2024

### CrowdStrike<sup>49,50,51,52,53</sup>

- Stock price was down 33% for the period June 28, 2024 - Sept 12, 2024.
- The stock saw a multi-day crash in late July due to a major outage which caused disruptions to 8.5 mn Windows devices worldwide. On July 19, as part of regular operations, CrowdStrike released a Falcon

content configuration update (via channel files) for the Windows sensor that resulted in a system crash. The outage caused disruptions at airports, public transport, healthcare, financial services, and media and broadcasting.

- The company delivered strong financial performance in fiscal Q2 2025 with a record subscription gross margin at 81% and an operating income which grew q/q and y/y. Annual Recurring Revenue (ARR) grew 32% y/y to \$3.9 bn as of July 31, 2024, of which \$218 mn was net new ARR added in the quarter. Revenue came in at \$963.9 mn for Q2 2025 and grew 31.7% y/y. GAAP operating income came in at \$14.2 mn against an operating loss of \$15.4 mn in Q2 2024. Net income increased five-fold to \$47 mn vs \$8.5 mn in corresponding quarter prior year. FCF came in at \$272.9 mn and was up 44% y/y.
- FY 2025 revenue is expected to be ~\$3.9 bn. Non-GAAP operating income is expected to be in the range of \$775-\$784 mn while non-GAAP net income is expected to be in the range of \$909-\$918 mn.

#### Ziff Davis<sup>54,55,56</sup>

- Stock price was down 13% for the period June 28, 2024 - Sept 12, 2024.
- Ziff Davis stock came under pressure as the company posted a poor earnings result for Q2 2024. Revenue declined y/y and operating income also fell y/y on higher operating costs, while net income rose on lower interest costs and gains on investment and other income. Revenue was \$320.8 mn, 2% lower y/y with tech media revenues declining as tech advertising saw challenges in the last two years. Net income was \$36.9 mn vs. \$16.7 mn in Q2 2023. FCF was \$25.1 mn and grew 73% y/y.
- The company issued guidance for FY 2024. It expects revenue to be in the range of \$1,411-\$1,471 mn, representing a growth rate of 5.6% y/y at mid-point, driven by growth in the Digital Media segment with the expectation of accelerating growth in gaming, connectivity and health & wellness. Adjusted EBITDA is expected between \$500-\$521 mn, a growth of 5.8% y/y at mid-point.

#### Qualys<sup>57,58,59,60</sup>

- Stock price was down 13% for the period June 28, 2024 - Sept 12, 2024.
- Qualys has been experiencing a slowdown in growth attributed to companies optimizing their IT budgets and sluggish macro conditions. The stock price continued its decline from the previous quarter as management lowered its FY 2024 revenue guidance to \$597.5-\$601.5 mn, down from its previous guidance of \$601.5-\$608.5 mn issued in the last quarter. GAAP net income per diluted share is expected to be up in the range of \$3.85-\$4.01, up from \$3.26-\$3.50 as mentioned in previous guidance. Q3 2024 revenue is expected to be up 5%-7% y/y to \$149.8-\$151.8 mn, and GAAP net income per diluted share is expected to be in the range of \$0.85 to \$0.93.
- Qualys delivered strong results for Q2 2024. GAAP gross margin was 82.3%, compared to 80.5% in the year ago period. GAAP operating margin was 32.5%, compared to 31.0% in Q2 2023. Net income increased to \$43.8 mn from \$35.4 mn a year ago. FCF declined by 3% y/y to \$48.8 mn.

Disclaimer:

Nasdaq® is a registered trademark of Nasdaq, Inc. The information contained above is provided for informational and educational purposes only, and nothing contained herein should be construed as investment advice, either on behalf of a particular security or an overall investment strategy. Neither Nasdaq, Inc. nor any of its affiliates makes any recommendation to buy or sell any security or any representation about the financial condition of any company. Statements regarding Nasdaq-listed companies or Nasdaq proprietary indexes are not guarantees of future performance. Actual results may differ materially from those expressed or implied. Past performance is not indicative of future results. Investors should undertake their own due diligence and carefully evaluate companies before investing. ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.

© 2024. Nasdaq, Inc. All Rights Reserved.

- 1 <https://www.statista.com/outlook/tmo/cybersecurity/worldwide>
- 2 <https://www.statista.com/outlook/tmo/cybersecurity/worldwide>
- 3 <https://www.statista.com/outlook/tmo/cybersecurity/worldwide>
- 4 <https://www.statista.com/outlook/tmo/cybersecurity/cyber-solutions/worldwide>
- 5 <https://www.statista.com/outlook/tmo/cybersecurity/security-services/worldwide>
- 6 <https://www.statista.com/outlook/tmo/cybersecurity/united-states>
- 7 <https://www.statista.com/statistics/387861/cost-data-breach-by-industry/>
- 8 <https://www.statista.com/markets/424/topic/1065/cyber-crime-security/#overview>
- 9 <https://www.statista.com/statistics/273575/us-average-cost-incurred-by-a-data-breach/>
- 10 <https://www.statista.com/forecasts/1280009/cost-cybercrime-worldwide>
- 11 [https://www.unodc.org/unodc/frontpage/2024/August/united-nations\\_-member-states-finalize-a-new-cybercrime-convention.html](https://www.unodc.org/unodc/frontpage/2024/August/united-nations_-member-states-finalize-a-new-cybercrime-convention.html)
- 12 <https://www.cisa.gov/news-events/news/cisa-releases-plan-align-operational-cybersecurity-priorities-federal-agencies>
- 13 <https://www.cisa.gov/news-events/alerts/2024/09/10/cisa-adds-four-known-exploited-vulnerabilities-catalog>
- 14 <https://www.cisa.gov/news-events/alerts/2024/09/10/cisa-adds-four-known-exploited-vulnerabilities-catalog>
- 15 <https://www.reuters.com/technology/cybersecurity/ghost-cybercrime-platform-dismantled-global-operation-51-arrested-2024-09-18/>
- 16 <https://www.reuters.com/technology/cybersecurity/ghost-cybercrime-platform-dismantled-global-operation-51-arrested-2024-09-18/>
- 17 <https://www.securityweek.com/data-stolen-in-ransomware-attack-that-hit-seattle-airport/>
- 18 <https://www.securityweek.com/950000-impacted-by-young-consulting-data-breach/>
- 19 <https://www.securityweek.com/american-radio-relay-league-paid-1-million-to-ransomware-gang/>
- 20 <https://www.securityweek.com/oil-giant-halliburton-confirms-cyberattack-details-scarce/>
- 21 <https://www.securityweek.com/us-government-issues-advisory-on-ransomware-group-blamed-for-halliburton-cyberattack/>
- 22 <https://www.securityweek.com/halliburton-data-theft/>
- 23 <https://www.bleepingcomputer.com/news/security/microchip-technology-confirms-data-was-stolen-in-cyberattack/>
- 24 <https://www.securityweek.com/ransomware-gang-leaks-data-allegedly-stolen-from-microchip-technology/>
- 25 <https://www.securityweek.com/460k-impacted-by-kootenai-health-ransomware-attack/>
- 26 <https://www.securityweek.com/mayor-of-columbus-ohio-says-ransomware-attackers-stole-corrupted-unusable-data/>
- 27 <https://www.securityweek.com/city-of-columbus-sues-researcher-who-disclosed-impact-of-ransomware-attack/>
- 28 <https://www.securityweek.com/ransomware-hits-australian-gold-mining-firm-evolution-mining/>
- 29 <https://www.securityweek.com/rite-aid-says-hack-impacts-2-2m-people-as-ransomware-gang-threatens-to-leak-data/>
- 30 <https://www.bleepingcomputer.com/news/security/rite-aid-confirms-data-breach-after-june-ransomware-attack/>
- 31 <https://www.fortinet.com/corporate/about-us/newsroom/press-releases/2024/fortinet-delivers-unmatched-flexibility-and-simplicity-with-enhancements-to-unified-sase-solution>
- 32 <https://www.fortinet.com/corporate/about-us/newsroom/press-releases/2024/fortinet-delivers-unmatched-flexibility-and-simplicity-with-enhancements-to-unified-sase-solution>
- 33 <https://newsroom.trendmicro.com/2024-08-07-Trend-Micro-Strengthens-AI-Deployments-for-Enterprises-and-Governments-with-NVIDIA-AI-Enterprise>
- 34 <https://www.broadcom.com/company/news/product-releases/62491>
- 35 <https://www.broadcom.com/company/news/product-releases/62431>
- 36 <https://www.securityweek.com/check-point-to-acquire-external-cyber-risk-management-firm-cyberint/>
- 37 <https://www.securityweek.com/cisco-to-acquire-ai-security-firm-robust-intelligence/>
- 38 <https://www.fortinet.com/corporate/about-us/newsroom/press-releases/2024/fortinet-strengthens-top-tier-unified-sase-solution-with-acquisition-of-next-dlp>
- 39 [https://www.trendmicro.com/en\\_us/about/investor-relations.html#](https://www.trendmicro.com/en_us/about/investor-relations.html#)
- 40 [https://www.trendmicro.com/en\\_us/about/investor-relations.html#](https://www.trendmicro.com/en_us/about/investor-relations.html#)

- <sup>41</sup> <https://newsroom.trendmicro.com/2024-08-07-Trend-Micro-Strengthens-AI-Deployments-for-Enterprises-and-Governments-with-NVIDIA-AI-Enterprise>
- <sup>42</sup> Factset Financials
- <sup>43</sup> <https://investor.fortinet.com/static-files/0c273d08-3270-446d-9a3b-17d65d18506a>
- <sup>44</sup> <https://investor.fortinet.com/news-releases/news-release-details/fortinet-strengthens-its-top-tier-unified-sase-solution>
- <sup>45</sup> Factset Financials
- <sup>46</sup> <https://www.checkpoint.com/press-releases/check-point-software-announces-new-ceo-reports-strong-2024-second-quarter-results/>
- <sup>47</sup> <https://www.checkpoint.com/downloads/investor/CHKP-Q2-24-Preso.pdf?v=1.0>
- <sup>48</sup> Factset Financials
- <sup>49</sup> <https://www.crowdstrike.com/falcon-content-update-remediation-and-guidance-hub/>
- <sup>50</sup> <https://www.techtarget.com/whatis/feature/Explaining-the-largest-IT-outage-in-history-and-whats-next>
- <sup>51</sup> <https://ir.crowdstrike.com/news-releases/news-release-details/crowdstrike-reports-second-quarter-fiscal-year-2025-financial>
- <sup>52</sup> <https://ir.crowdstrike.com/static-files/0c958310-3ea9-4df7-b113-826a7f34df98>
- <sup>53</sup> Factset Financials
- <sup>54</sup> [https://s28.q4cdn.com/801973343/files/doc\\_financials/2024/q2/Ziff-Davis-Reports-Second-Quarter-2024-Results.pdf](https://s28.q4cdn.com/801973343/files/doc_financials/2024/q2/Ziff-Davis-Reports-Second-Quarter-2024-Results.pdf)
- <sup>55</sup> [https://s28.q4cdn.com/801973343/files/doc\\_financials/2024/q2/Ziff-Davis-Q2-2024-Presentation.pdf](https://s28.q4cdn.com/801973343/files/doc_financials/2024/q2/Ziff-Davis-Q2-2024-Presentation.pdf)
- <sup>56</sup> Factset Financials
- <sup>57</sup> <https://investor.qualys.com/static-files/09c572fa-3a7b-4a46-b19b-a8e394e34449>
- <sup>58</sup> <https://investor.qualys.com/static-files/d108ea4c-0550-49ad-9ad3-c01612c21b1a>
- <sup>59</sup> <https://investor.qualys.com/static-files/dde16734-a72b-4f68-9157-5c23e841a147>
- <sup>60</sup> Factset Financials