Q1 2025 Cybersecurity Earnings Update

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- Earnings reports from cybersecurity companies that make up the Nasdaq CTA Cybersecurity™ Index (NQCYBR™) reflected strong growth despite a high degree of macroeconomic uncertainty and headwinds from spending cuts across the US Federal government. AI was cited repeatedly as a significant new growth driver, with numerous companies investing in and rapidly adopting a variety of generative and agentic AI tools.

- Cisco Systems reported strong results, with revenues and earnings exceeding expectations. Revenues came in at $14.2 billion, exceeding estimates and representing a 11.4% year-on-year increase. EPS came in at $0.96, exceeding estimates and representing a 9% year-on-year increase. The company reported robust demand for its AI infrastructure offerings, with $600 million in orders for the quarter.

- Crowdstrike reported mixed results, with earnings coming above expectations and revenues coming in below expectations. Subscription revenue came in at $1.05 billion, a 20% increase year-over-year while annual recurring revenue came in at $4.4 billion, a 22% increase year-over-year. Its adjusted net income of $184.7 million, or 73 cents per share, fell from the previous year, but beat estimates. Free cash flow was impressive, coming in at $279.4 million with a FCF margin of 25%. Falcon Flex, Crowdstrike's flexible licensing and procurement model for its Falcon cybersecurity platform, represents $3.2 billion in total deal value. The company raised its FY 2026 and FY 2027 profitability outlook.

- Palo Alto Networks reported a strong quarter, with revenue and earnings exceeding expectations. Revenue increased by 15% year-over-year to $2.3 billion, while Next-Generation Security Annual Recurring Revenue (ARR) rose 34% year-over-year to $5.1 billion. EPS came in at $0.80 compared to consensus at $0.77. Results were positive largely due to its platformization strategy gaining traction.

- Broadcom reported strong results, with revenues and earnings exceeding expectations. Revenues came in at $15 billion, a 25% year-over-year increase, while EPS came in at $1.60. The company reported $4.4 billion in AI revenue during the quarter, growing to $5.1 billion in the third quarter as their hyperscaler partners continue to invest in custom AI semiconductors. Stronger than expected momentum in AI sales and the successful integration of VMware were cited as contributors to outperformance.

- Okta reported strong results, with revenues and earnings exceeding expectations. Total revenues came in at $688 million, a 12% year-over-year increase, with subscription revenue also growing at 12%. Adjusted EPS came in at $0.86, exceeding expectations. The company issued conservative guidance due to macroeconomic uncertainty.

- Check Point Software Technologies reported strong results, with revenues and earnings per share (EPS) exceeding expectations. Total revenues came in at $638 million, a 7% year-over-year increase while non-GAAP EPS came in at $2.21, a 9% increase. The company's focus on advanced threat prevention, security

management and security performance- particularly its Quantum Cyber Security Platform R81.20 – were cited as drivers of outperformance.

• Fueled by AI growth, Zscaler reported revenues and earnings exceeding expectations. Revenues came in at $678 million, a 23% year-over-year increase. Annual Recurring Revenue (ARR) came in at $2.9 billion, a 23% year-over-year increase. Adjusted earnings came in at 84 cents per share, topping estimates of 75 cents per share. The company is expected to increase investments in AI-enabled security, given positive results this quarter.

• Fortinet reported strong results, with revenues and earnings exceeding expectations. Its revenues increased 14% year-over-year, reaching $1.54 billion. Adjusted earnings came in at 58 cents, exceeding expectations of 53 cents. In addition, it reported record operating margins and free cash flow. Guidance for the next quarter came in below consensus expectations, due to growing macroeconomic uncertainty.

Name of Company	Index Weight (%)	Revenue Growth (%)	Profit Growth (%)	Q1 Revenue Beat/Miss (%)	Q1 EPS Beat/Miss (%)
Cisco Systems	8.1	11%	32%	0.7%	4.7%
Crowdstrike	7.6	20%	-357%	-0.1%	10.6%
Palo Alto Networks	7.5	15%	-6%	0.4%	3.7%
Broadcom	7.0	20%	134%	0.3%	0.7%
Okta	4.5	12%	255%	1.1%	11.7%
Check Point Software Technologies	4.3	7%	4%	0.3%	0.7%
Zscaler	4.2	23%	-122%	1.7%	11.6%
Fortinet	3.7	14%	45%	0.1%	9.2%

Source: Nasdaq Global Indexes, FactSet

• Overall, NQCYBR companies that beat revenue and earnings estimates for the quarter did so by an average of 1.9% and 15.0% respectively, while those that missed did so by 2.2% and 6.0%, respectively. 72% of index weight beat top line estimates while 83% of index weight beat bottom-line estimates. In aggregate, NQCYBR companies grew revenues 9% YoY from $54.1B to $59.2B. Aggregate net income surged by 67% from $6.0B to $10.0B, largely driven by Broadcom & Cisco.

	Beats		Misses	
	No. of Firms/Index Weight	Average Beat (%)	No. of Firms/Index Weight	Average Miss (%)
Q1 2025 Revenues	24/71.6%	1.9%	5/22.5%	-2.2%
Q1 2025 Earnings	25/83.3%	15.0%	4/10.8%	-6.0%

Source: Nasdaq Global Indexes, FactSet data as of June 23, 2025

• Constituents of NQCYBR reported an earnings growth of 18.3% in Q1 2025 versus earnings growth of 21.6% and 12.9% for NDX® and SPX respectively.

Q1 2025 Year-over-Year Earnings Growth

Source: Nasdaq Global Indexes, FactSet. Data as of June 23, 2025

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