



TK TIKEHAU
CAPITAL

BAROMETER
OF EUROPEAN INVESTMENT
IN CYBERSECURITY

in partnership with

IN CYBER
FORUM

5TH EDITION – MARCH 2024

INTRODUCTION

by Mr. Vincent STRUBEL



The level of cyber threat continues to increase dramatically as new geopolitical tensions emerge that are conducive to attacks and destabilising or espionage activities. In this explosive context, more than ever before, massive investment is required in the cybersecurity sector to step up the development of suitable solutions.

The French cyber strategy, which is part of the “France 2030” investment plan, allocates a budget of more than €1 billion to strengthening the national ecosystem to promote the development of a cyber sector that is relevant and has strong economic potential, and thus to ensure full command of the technologies that underpin our strategic autonomy. In this context, ANSSI contributes by supporting the development of secure offerings that are essential to the system.

In addition to public investment, specialised investment funds play a crucial role in developing the cyber ecosystem. Supported by the National Information Systems Security Agency (ANSSI) through a partnership agreement, Tikehau Capital’s new fund dedicated to cybersecurity, known as “BRIENNE IV,” makes it possible to develop the French and European cybersecurity sector and to offer a robust framework of expertise. It represents an excellent opportunity to accelerate the growth of gems in the cyber community and sustain them with European capital. Although the Tikehau Capital barometer shows that the United States is investing the most heavily in this area, it is encouraging to note that Europe continues to close the gap.

In this context, France affirms its ambition alongside its European partners, although investment in the venture capital ecosystem has recently decreased significantly. The French cyber sector has reached an initial phase of maturity, characterised by a rich pool of startups and the existence of capital financing.

More than ever, the collective investment effort must continue, and even gain momentum; the coming year brings numerous cyber challenges, which add to the complexity of the global geopolitical situation, such as the Paris 2024 Olympic and Paralympic Games, and the application of new European regulations.

Mr. Vincent STRUBEL

*Director General of the French
National Cybersecurity Agency (ANSSI)*

ABOUT TIKEHAU CAPITAL

Tikehau Capital is a global alternative asset management group with €43.2 billion of assets under management (as at 31 December 2023).

Tikehau Capital has developed a wide range of expertise in four asset classes (private debt, real assets, private equity, capital markets strategies) along with strategies based on multi-asset solutions and special situations. Led by its co-founders, Tikehau Capital has a distinct business model, strong balance sheet, special access to potential deals around the world, and lengthy experience of supporting businesses and top managers. Deeply rooted in the real economy, Tikehau Capital provides innovative and bespoke alternative financing solutions to the companies that it supports, and looks to create long-term value for its investors while having a positive impact on society. With own funds of €3.1 billion at 30 June 2023, the Group invests its capital in each strategy alongside its investor clients. Controlled by managers working with leading institutional partners, Tikehau Capital is guided by strong entrepreneurial DNA and a mindset shared by its 758 members of staff (as at 31 December 2023) across its 15 offices in Europe, Asia and North America. Through one of its management companies, Tikehau Capital is a major player in the financing of European cybersecurity via a fund created in partnership with leading groups of investors such as EDF, Naval Group, Sopra Steria and Crédit Agricole.

Tikehau Capital is listed on Euronext Paris, compartment A (ISIN: FR0013230612; Ticker: TKO.FP).



Tikehau Capital's portfolio notably includes the following positions in cybersecurity and trusted technology companies:



www.tikehaucapital.com

METHODOLOGY

In the preparation of this barometer, which covers the last 10 years from 2013 to 2023, Tikehau Capital used, cross-referenced and analysed various sources of information, including:

crunchbase.com

cbinsights.com/research-unicorn-companies

capitaliq.spglobal.com

returnonsecurity.com

momentumcyber.com

The concept of “investment in equity” includes pre-seed, seed, and Series A through to H operations, i.e. business angel, venture capital and growth fundraisings (but not IPOs, post-IPO investments, debt financing or subsidies).

The definition used for “cybersecurity” is quite broad and specifically includes the following activities:

- the security of networks, the cloud, work stations, mobile devices and infrastructure
- the detection of threats, intrusion and fraud
- the management of access, identities and cyber risks
- penetration tests
- mail and web filtering

The regions covered by this barometer are the United States, Israel and Europe. “Europe” includes the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland and the United Kingdom, (the 27 EU member states plus the United Kingdom, Norway and Switzerland).

Past amounts have been adjusted to create an annual reference in euro, calculated on the basis of the average exchange rate observed in each of the years concerned.

Being essentially derived from information published by the companies that raised the funds, this barometer does not claim to be exhaustive or completely accurate. Neither Tikehau Capital nor any of its affiliates accept any liability with regard to the barometer. Please contact us if you note any errors or omissions or would like to suggest improvements for subsequent issues: **contact@tikehaucapital.com**

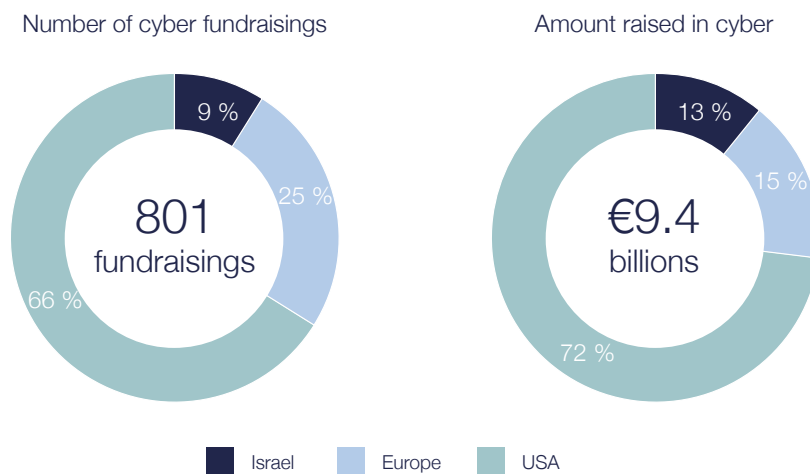
You may reproduce or quote the analyses and forecasts shown in this barometer provided you mention the source of this information by including the following text:

“Source: Tikehau Capital – Tikehau Capital Barometer of European Investment in Cybersecurity – 5th edition 2024”.

2023 SUMMARY

UNITED STATES, ISRAEL & EUROPE

In 2023, start-ups operating in the field of cybersecurity raised around €9.4 billion through 801 transactions. As in previous years, the United States continued to dominate in terms of both the number of transactions and the total amount raised. Europe also consolidated its position, representing 15% of the total amount raised. Israel's share in the total amount raised increased to the detriment of the United States, thus confirming the trend of Europe and Israel catching up with the United States.

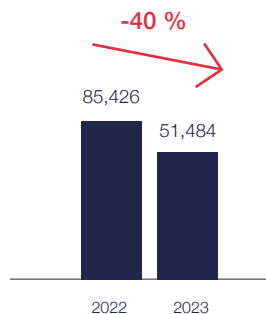


TRENDS 2022 VS. 2023

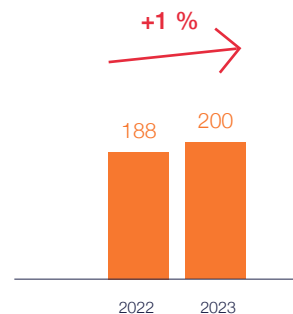
EUROPE

Due to an economic and financial context that was less conducive to investment, 2023 saw amounts raised decrease in Europe, all sectors combined. European cybersecurity was no exception. Despite an increase in the number of rounds of fundraising, the total amount raised by the European cybersecurity sector decreased by 42% in 2023. A few exceptions, such as France, proved resilient and saw the amount raised in cybersecurity increase.

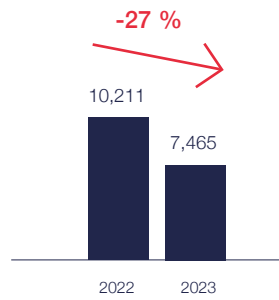
Number of fundraisings
all sectors



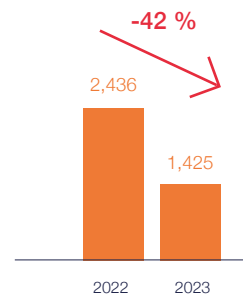
Number of fundraisings
cybersecurity



Amount raised (€m)
all sectors



Amount raised (€m)
cybersecurity



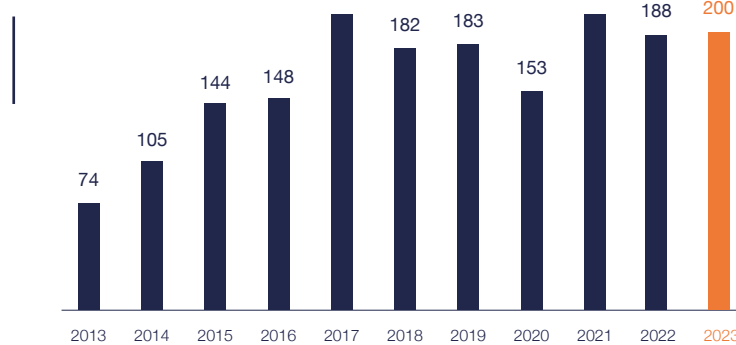
TRENDS 2013 - 2023

EUROPE

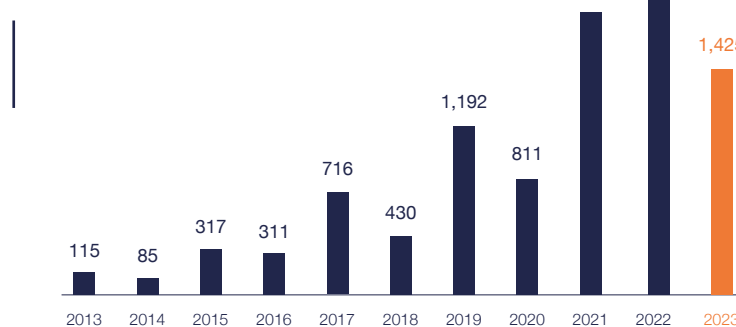
Europe has experienced growth since 2013, despite a general stagnation in the number of cybersecurity fundraising rounds since 2021. The number of cyber fundraisings has tripled in a decade, and the total amount raised has increased twelvefold.

In 2023, although the total amount raised in Europe fell for the first time in three years, it remained above the level recorded in 2020. Despite smaller funding rounds than in the post-Covid period, the total amount raised remains well above €1 billion, highlighting that, over the last decade, European cybersecurity has become an attractive opportunity for investors.

Number of fundraisings



Amount raised (€m)



TRENDS 2013 - 2023

UNITED STATES, ISRAEL & EUROPE

2023 marks the end of the post-Covid period in the cybersecurity sector. This year confirms that the 2021-2022 period was exceptional, following the health crisis, and we are now witnessing a return to more normative levels of growth.

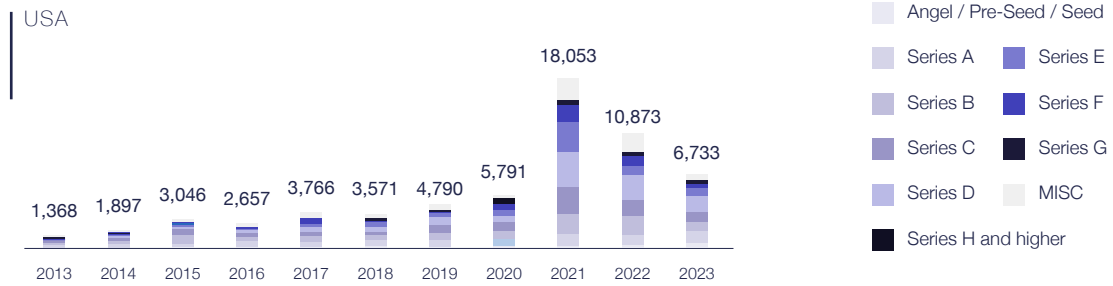
The total amount raised in the United States, Israel and Europe decreased by 37% compared with 2022, but remains up 24% compared with 2020. Over a decade, the total amount raised, all regions combined, increased sixfold, while the number of fundraising rounds doubled between 2013 and 2023.



In 2023, the amount raised by US cybersecurity companies mostly came from Series A, C and D fundraising rounds (56% of the total amount raised).

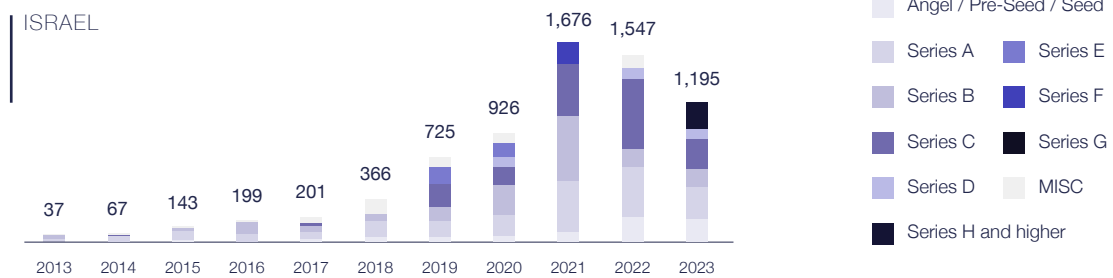
The drop in the total amount raised can mainly be attributed to a decrease in the amounts raised in Series B (drop of 55%), Series C (drop of 42%) and Series E+ (drop of 45%) fundraising. This drop was offset by an 82% increase in the amounts raised in seed funding and a 45% increase in the amounts raised in Series D. The amount raised in seed funding reached a record level in 2023.

Market maturity (€m)



Israeli cybersecurity companies mainly raised funds through Series A, Series C and seed rounds in 2023, while Series A attracted the most amounts raised. However, all different types of funding rounds saw a decline in 2023. In particular, the amounts raised in Series C recorded a 59% drop. This overall decline was offset by an exceptional Series G round of €215 million.

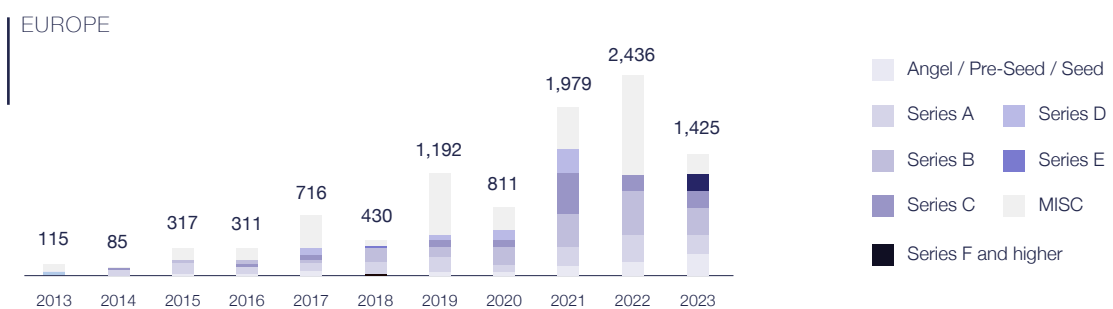
Market maturity (€m)



In 2023, European cybersecurity companies mainly financed their activities through fundraising rounds having a maturity of a Series B or less, thus representing 65% of the total amount raised. After peaking in 2022, the amounts raised in Series B fell to 2021 levels, thus recording a drop of 34%; at 20 basis points, this decline was more pronounced than for other types of fundraising. Conversely, the amounts raised in seed and Series E rounds achieved record levels in 2023.

It should be noted that a large amount for an unidentifiable Series means it is hard to interpret the following chart accurately.

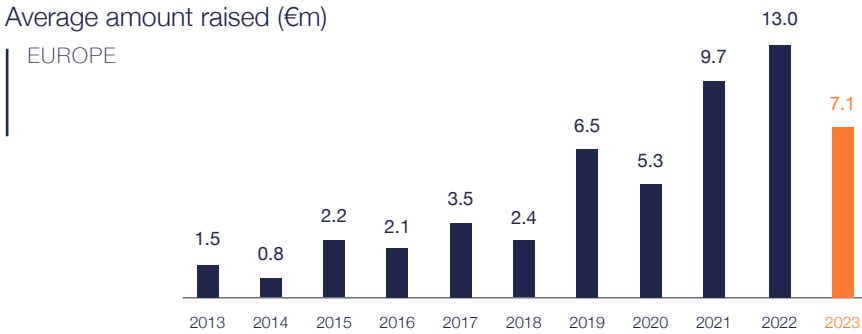
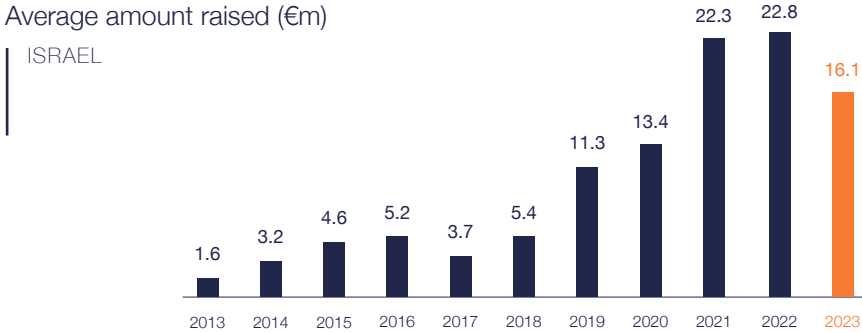
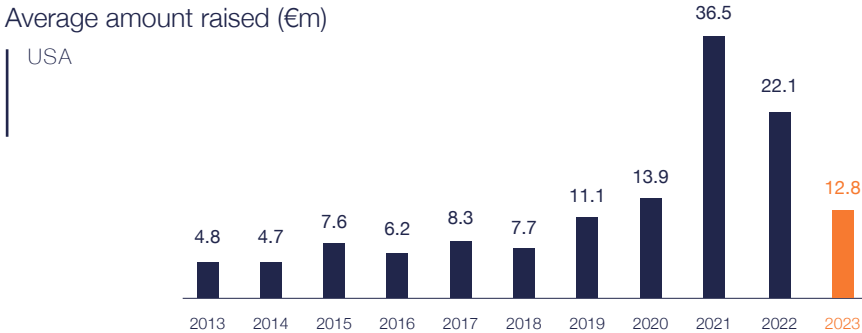
Market maturity (€m)



2013 - 2023

AVERAGE FUNDRAISING SIZE

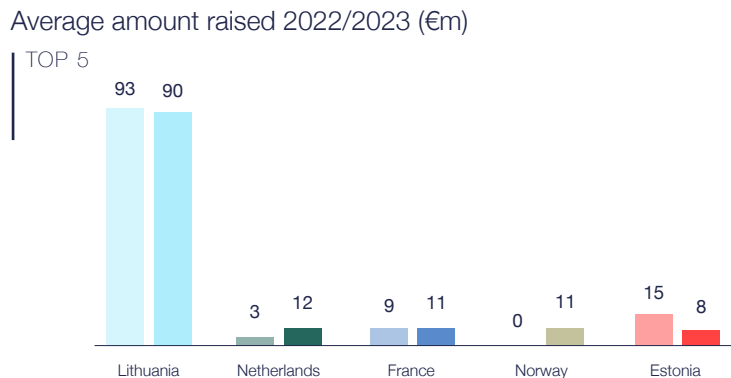
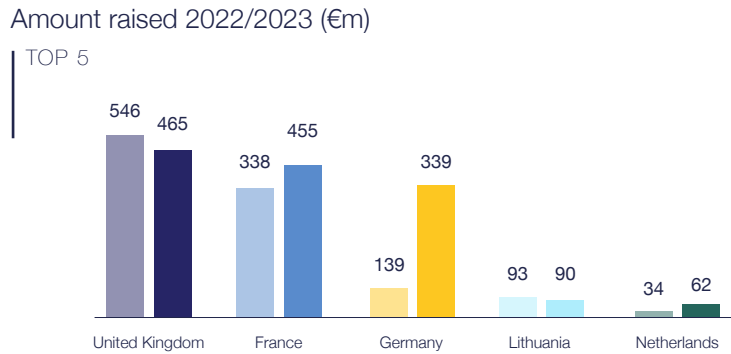
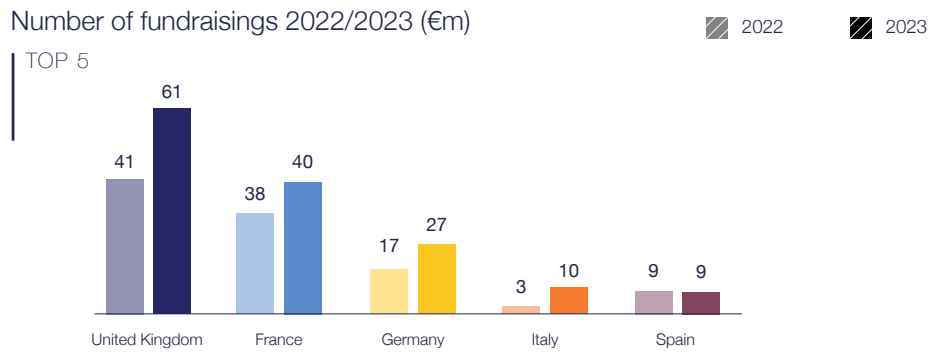
Unlike the previous year, 2023 saw a slowdown in the average amount raised in all regions studied. In Europe, the increase in the number of rounds of seed funding leads to a reduction in the average amount of funds raised. Although the average amount raised in Europe fell by 45% in 2023, it remained higher than in 2020.



2023

FOCUS ON EUROPE AND FRANCE

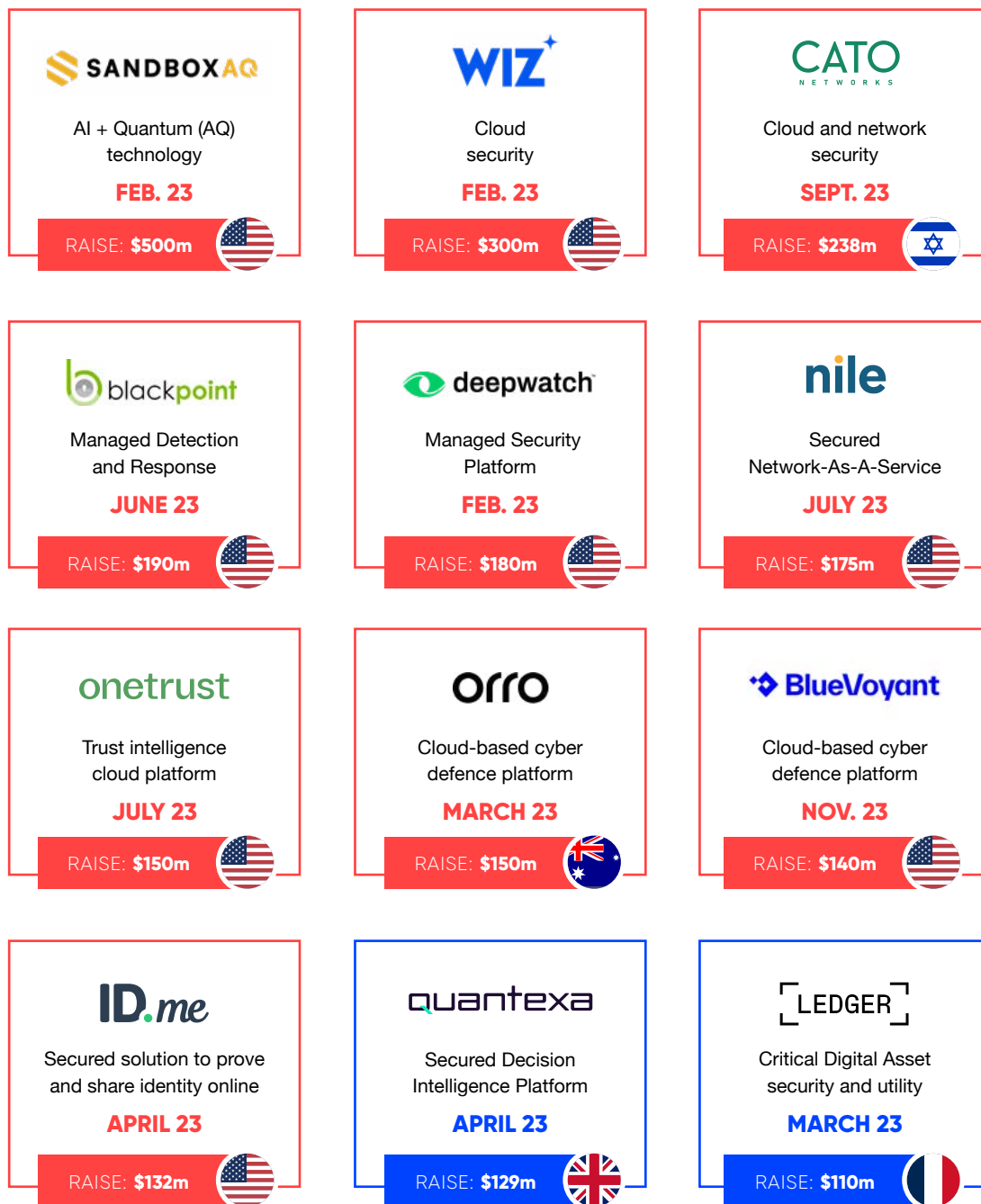
In 2023, the European cybersecurity landscape revealed contrasting dynamics. France stood out, taking second place in terms of number of rounds of fundraising and amounts raised, while ranking third in terms of average amount raised. This performance contrasts with that of the United Kingdom, which recorded a drop in the total amount raised. Amounts raised in the field of cybersecurity grew in France, Germany and the Netherlands, despite a context of generally lower investment in Europe. The year was particularly successful for French cybersecurity, with a significant increase of 35% in the total amount raised, accompanied by a 22% increase in the average amount of funds raised. This trend highlights the strength and potential of the French cybersecurity ecosystem.



2023

THE LARGEST GLOBAL CYBERSECURITY FUNDRAISINGS

The total of the 12 biggest rounds of global cybersecurity fundraising was halved between 2023 and 2022 (€2.4 billion in 2023 vs. €4.4 billion in 2022).

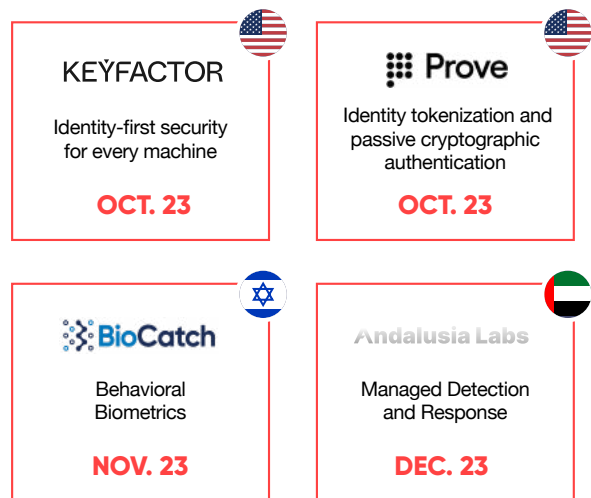


RoW Europe

2023

THE NEW GLOBAL CYBERSECURITY UNICORNS

The number of new cybersecurity companies that achieved unicorn status globally (with a valuation of over \$1 billion) was divided by 6 between 2022 and 2023. In 2023, only four companies achieved this level.



2023

CYBERSECURITY FUNDRAISING IN FRANCE

40 ROUNDS OF FRENCH CYBERSECURITY FUNDRAISING ANNOUNCED IN 2023



2022

CYBERSECURITY FUNDRAISING IN FRANCE

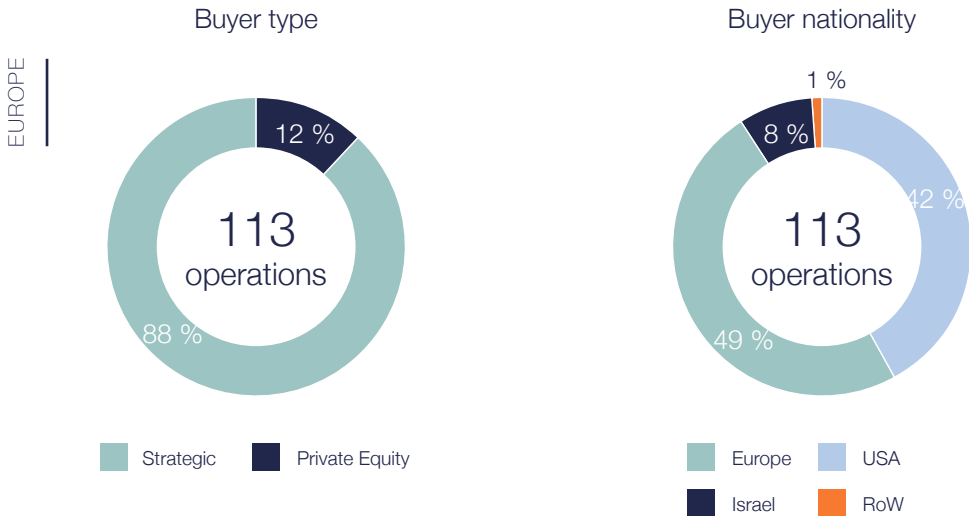
38 ROUNDS OF FRENCH CYBERSECURITY FUNDRAISING ANNOUNCED IN 2022



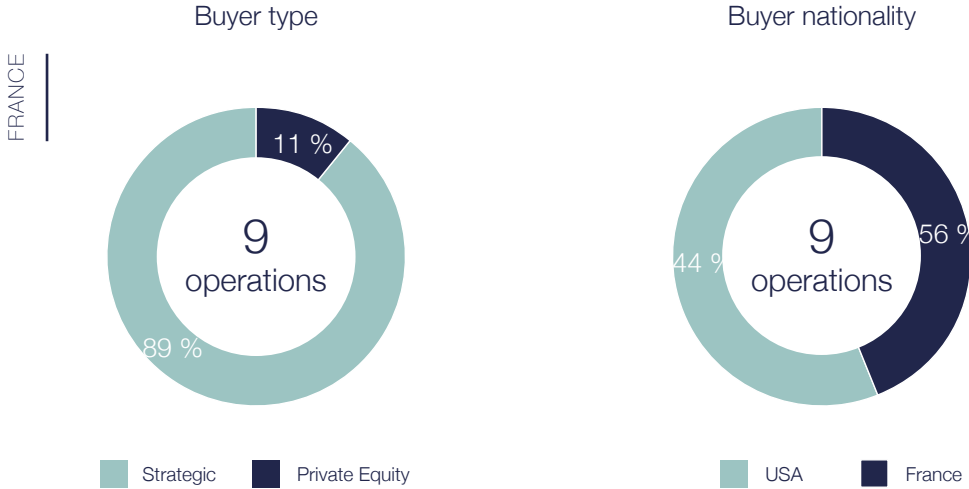
ACQUISITIONS AND CONSOLIDATION IN 2023

FOCUS ON EUROPE AND FRANCE

In 2023, 113 European cybersecurity companies were acquired by another company or by a Private Equity fund. A large majority of 88% of these acquisitions were executed as part of consolidation strategies. Almost half (49%) were carried out by European actors.



In 2023, France recorded nine acquisitions in the field of cybersecurity, 89% of which were strategic. The majority of acquisitions were made by French companies. The acquired companies operate in the cyber risk management, access and identity management and cybersecurity consulting segments.



CONCLUSION

In 2021 and 2022, the cybersecurity investment market experienced an exceptional period, driven by the post-Covid recovery and increased liquidity. **The less favourable financial context of 2023 resulted in an overall slowdown in the amounts invested by funds in all areas and the cybersecurity sector was no exception.** Funding rounds were smaller and no IPOs took place in 2023. In this context, despite the United States' increasingly dominant stance, **Europe was able to hold its position, representing 15% of the total amount raised.** On the other hand, **France showed remarkable resilience** despite the challenging economic context,

recording increased cybersecurity fundraising and going from 38 fundraising rounds in 2022 to 40 in 2023.

Despite this general slowdown, the European cybersecurity sector has continued to grow since 2013, with a **threefold increase in the number of fundraising rounds and a twelvefold increase in the total amount raised, thus confirming its position as an essential megatrend.**

ABOUT INCYBER FORUM



Organized since 2013 by CEIS, the InCyber Forum has become the leading event in Europe for security and digital trust.

The InCyber Forum is a hybrid event, associating a trade show (700 exhibit partners, 20,000sqm), a high-level forum (550 speakers) and an international summit (40 official international delegations). It brings together for 3 days the entire European ecosystem: major private end-customers (CIOs, CISOs, CTOs, Data Protection Officers, Security Directors), business leaders, political decision-makers, senior civil and military authorities, diplomatic representatives, academic researchers and ethical hackers.

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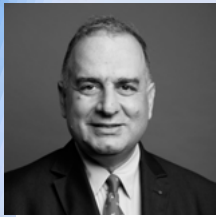


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CYBERSECURITY TEAM



Marwan LAHOUD

Special advisor

Former Deputy CEO at Airbus, former CEO of MBDA and GIFAS (French Aerospace Association), and former adviser to the French Ministry of Defence



Emmanuel LAILLIER

*Head of PE,
Managing Director*

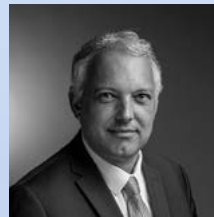
Over 25 years' experience in M&A Private Equity



Gilles DAGUET

Managing Director

Over 20 years' experience in venture capital and Private Equity specialising in defence



François LAVASTE

Executive Director

Over 20 years' experience in the fields of technology and cybersecurity as an entrepreneur



Augustin BLANCHARD

Executive Director

20 years' experience in Tech M&A Private Equity



Quentin BESNARD

Executive Director

Over 15 years' technical experience at the Ministry of the Armed Force, NATO and the DGA



PORTFOLIO COMPANIES

TRUST IN SOFT

Vulnerability
detection

EGERIE
INTEGRATED CYBERRISK MANAGEMENT

Cyber risk
management

dust
MOBILE

Secure mobile
operator

Quarkslab
Securing every bit of your data

Malware detection,
cyber audit,
application protection

jscribler

Mobile app
protection

PRELIGENS

AI for geospatial
data

EclecticIQ

CTI
Platform

<TENTRIS>

EDR/XDR

GLIMPS

Malware
detection

yogosha

BugBounty
platform

VMRAY

Malware
detection

build
Mobile Security

Mobile app
protection

CHAPSVISION
DATA MAKE SENSE

Holistic data
analysis platform

trustpair

Fraud Detection

vade

Email security

odrive

Secured data
sharing platform

claranet

Hosting and
outsourcing

Ekimetrics.

AI-powered
Data science

PROVENRUN

Secure operating
system



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