



Cavendish

FEBRUARY 2026

Cyber Security
insights

Contents

- 1 **Cyber Security Market Update: Cavendish Thoughts** 3-4
- 2 **UK Cyber Security M&A** 5
- 3 **Cyber Security Transactions** 6-9



“

The UK cyber security market continues to demonstrate its strategic importance, driven by a heightened threat environment, increasing regulation, expanding attack surfaces and the rapid emergence of AI across both attack and defence. With the number of cyber incidents increasing (e.g. nationally significant incidents up 130% YoY) as well as some high profile and costly attacks, to quote the NCSC ‘It’s time to act’.

The sector’s fundamentals remain robust, driving growth for the cyber security ecosystem. End customer demand for services providers - ranging from consultancy, compliance and testing through to managed detection and response or identity and access management, as well as demand for differentiated software continues to drive organic growth.

Against this backdrop, the M&A landscape is continuing to evolve. Buyers are becoming more selective, focusing on assets with defensible specialisms, a clear capability uplift, strong margins and quality of earnings. Consolidation is increasingly being used to build integrated, resilient platforms capable of supporting the UK’s long-term cyber maturity.”

TOM STOTEN, DIRECTOR
CYBER SECURITY LEAD

Cyber Security market update

Cavendish Thoughts

The UK cyber security market continues to grow, driven by heightened geopolitical risk, sophisticated threat actors, as well as increasing attack surfaces due to ongoing digital transformation, supply chain integrations and AI. Overall transaction activity remains resilient with Buyers and Investors continuing to focus on high gross margin services businesses that can demonstrate clear capability and specialisms, and software businesses with strong differentiation and good quality of earnings. These structural demand drivers, from connected device proliferation, to tightening regulation and increased private and public sector investment, continue to underpin the sector's long-term growth potential.

Deal activity globally suggested the most active year ever, primarily driven by a number of megadeals in the USA with security services the most active subsector for M&A and AI security solutions the most active subsector for financing. Within the UK market M&A activity has continued to be strong, particularly in cyber services which recorded the highest volume of transactions in the last ten years. Cyber software M&A continues to be healthy however there has been an overall decline in transactions, primarily driven by less growth capital and financing transactions. There is continued interest from Buyers and Investors however, continued strong valuation expectations and higher financing costs have limited some buyers' appetite for these acquisitions, prompting some to favour organic capability build-outs instead.

Investment is increasingly concentrated in high-growth subsectors such as AI led security tools, OT security, third party / supply chain risk management, GRC solutions and services, and managed detection and response (MDR). These areas benefit from resilient demand due to expanding regulatory requirements and the ongoing increase of attack surfaces, making them the most attractive destinations for capital.

We continue to see highly accredited businesses, those within the defence or CNI sector or those within the highest growth ecosystems and partner networks attracting a premium. At the same time, commoditisation in typically lower-value services, is placing pressure on pricing and so increasing buyers focus on the ability to drive strong gross margins and continue to win customers in this competitive end market.

Therefore businesses with clear strategic focus, strong customer retention and predictable revenues continue to attract the greatest interest from both strategic acquirers and financial sponsors. Private equity remains selective, prioritising platform-ready assets with scale, contracted revenues and clear opportunities to modernise or expand offerings, however there are few opportunities within the sector.

Whilst valuation friction and a relative lack of quality business continues to moderate deal flow, we remain very bullish on the opportunity for high quality businesses in the space. We will therefore continue to both write on the space (such as [Cavendish Tech Research](#)) as well as being one of the most active advisors on all types of capital raising and transactions for the sector.

67.3K

Number employed in the UK Cyber Security Industry¹

£13.2bn

UK Cyber Security Market size¹

2k+

UK Cyber Security businesses¹

72%

Of businesses view Cyber as high priority¹

Key trends in UK Cyber Security



Market Tailwinds: Threat Environment



Regulation and Systematic Change



Expanding Attack Surfaces



Evolving M&A Landscape

UK Cyber Security market trends

01 Market Tailwinds: Threat Landscape

Recent high-profile cyber incidents in the UK, such as those affecting M&S, JLR and other household names, have further heightened awareness of cyber risk among boards, regulators and consumers.

These incidents have caused significant financial (estimating at £14.7bn¹ in the UK alone), reputational and operational damage, eroded customer trust and increased regulatory scrutiny. For UK enterprises, this climate of heightened risk has led to greater investment in proactive security measures, incident response planning and cyber insurance.

According to the NCSC, the UK saw a record surge in nationally significant cyber incidents, rising 130% year-on-year. This escalation makes clear that cyber security is now essential to business continuity, operational resilience and in some cases survival - it is not just a tick box exercise.

03 Expanding attack surfaces

An ever expanding attack surface, driven by the increasing connectivity of devices, continued digital transformation and now AI, has rapidly reshaped the cyber security landscape.

With the number of connected devices expected to 10x from 2020 to 2030 to 500 billion², combined with the widespread availability of AI to materially lower barriers to entry and act as a force multiplier for threat actors, attack surfaces have significantly expanded and created an almost perpetual growth sector.

However, innovations such as AI-powered threat detection, third party risk management, behavioural analytics and IoT security are enhancing defences and operational efficiency and so as a result, we expect continued growth in funding for AI-native cyber security startups and increased adoption of AI-driven tools across security operations.

02 Regulation and Systematic Change

The UK government continues to push for stronger cyber resilience through new legislation and updated frameworks, though slow approval processes are delaying meaningful progress.

Amid continued digitalisation, geopolitical tensions and the 'Trump effect', regulators are advancing stricter requirements such as the Cyber Security & Resilience Bill. The NCSC emphasises that cyber risk is now a board-level responsibility, with governance and human behaviour as important as technical controls, yet the UK still lags the US and EU, risking reduced competitiveness as others move faster.

Alignment with global standards and tighter oversight of critical infrastructure and cloud-native platforms remain priorities, but faster implementation will be essential to maintain the UK's position as a competitive hub for cyber security innovation and investment.

04 Evolving M&A Landscape

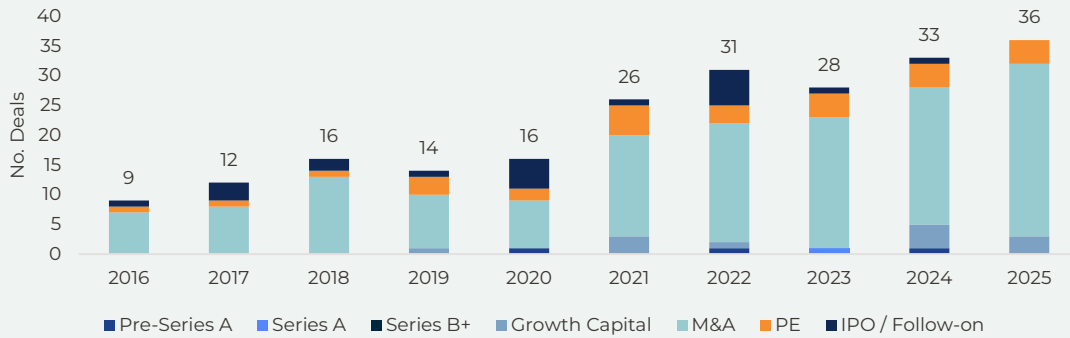
M&A activity in the UK is becoming more selective and strategically focused. Buyers are targeting assets that deliver clear capability gains and defensible niches rather than broad consolidation.

High valuations mean acquirers are concentrating on segments with the strongest structural demand and clear specialisms, demonstrated by strong growth, the ability to continually win new customers through a clear value proposition and high margins. These areas continue to command premium interest and whilst cybersecurity continues to command some of the highest multiples the gap between expectation and what acquirers are willing to pay can cause friction.

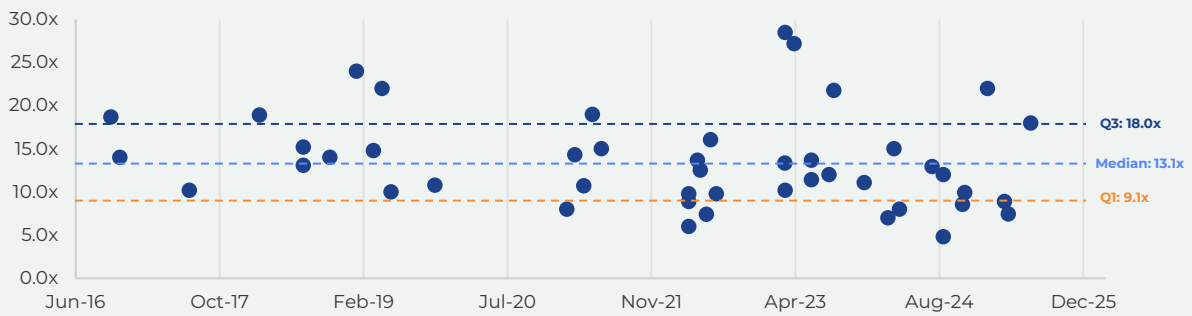
At the same time, mid-market providers are pursuing targeted acquisitions to expand service breadth, secure specialist talent and strengthen accreditations. This shift reflects a market increasingly driven by capability building and integrated cyber resilience.

UK Cyber Security M&A (2016-2025)

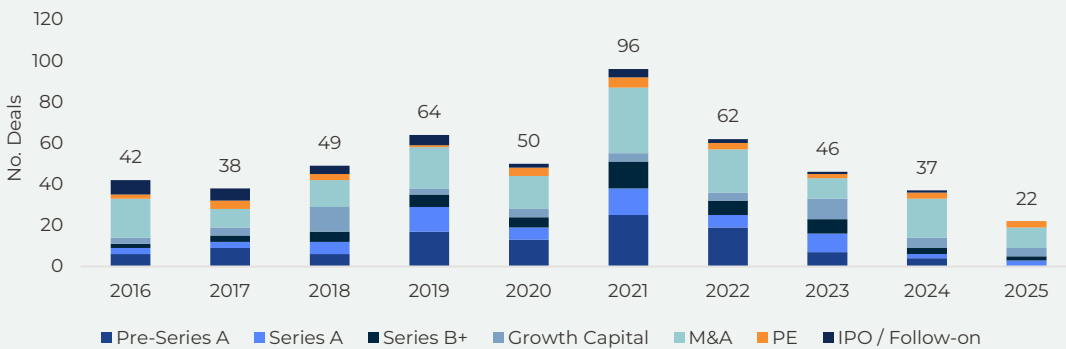
UK Cyber Services transactions



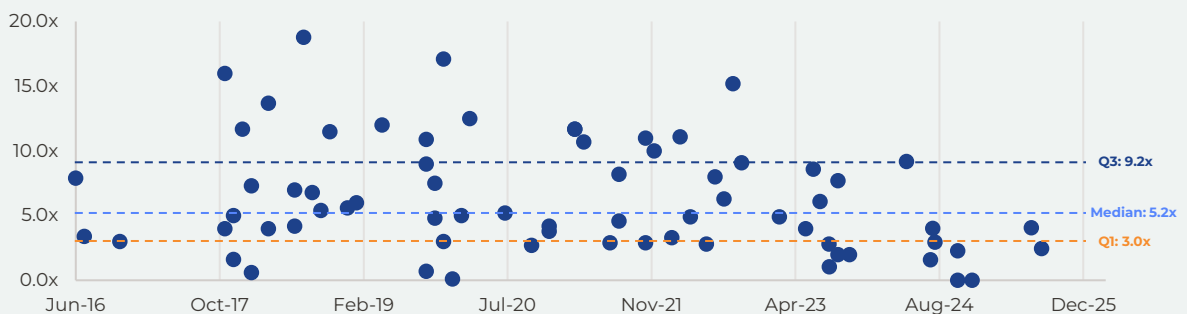
Selected Cyber Services transaction (EV/EBITDA multiples)



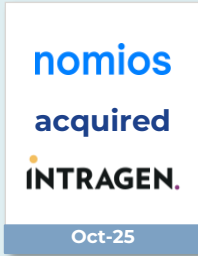
UK Cyber Software transactions



Selected Cyber Software transaction (EV/Revenue multiples)



Spotlight on key UK HQ'd transactions in 2025



TRANSACTION RATIONALE

- Expands current offering in Identity and Access Management services, supporting Nomios in its goal of being a full-stack cyber services provider due to Intragen's specialist skills across IAM, PAM, and IGA, with expertise with major vendors like CyberArk, SailPoint, One Identity and Okta
- Geographic expansion across Europe

KEY VALUE DRIVERS

- Cross-sell opportunities across both customer bases
- Expansion of addressable market across Europe
- Strong credentials across security conscious verticals such as healthcare, FS, education, local government and others
- Multiple awards from vendors



TRANSACTION RATIONALE

- Bringing together DigitalXRaid with Cybercrowd and other digital forensics assets to build a new cyber security platform
- Provides further scale for Xypher's existing cyber consultancy, penetration testing and incident response services
- Strengthens the SOC offering and other managed services

KEY VALUE DRIVERS

- A track record of continual, profitable growth with strong gross margins
- One of only 15 privately owned, CREST accredited SOC providers in the UK
- Good quality of earnings from high repeat spending across testing and compliance services and recurring revenue from the SOC



TRANSACTION RATIONALE

- Bringing together TitanHQ and Redstor, an existing Bregal Milestone company to create CyberSentryq, a cybersecurity and data protection platform for MSPs
- Enhances scale as well as providing a fuller suite of products

KEY VALUE DRIVERS

- Strong organic growth
- Continued investment in product offering and development including AI enablement
- Growing US footprint

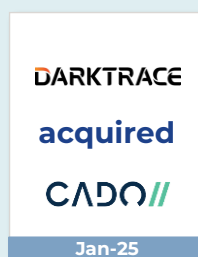


TRANSACTION RATIONALE

- Bringing together i-Tracing & Bridewell, two of the largest MSSPs and create an independent, European specialist
- Creation of a leading European provider with high levels of specialism and capability delivered locally but with the ability to utilise a global network

KEY VALUE DRIVERS

- Full-service cyber security offering across IT and OT including architecture and design, SOC, pen testing and compliance
- CNI, highly regulated and complex enterprise client base
- Strong level of profitability and quality of earnings



TRANSACTION RATIONALE

- Integrating Cado's cloud investigation and response capabilities with Darktrace's existing platform to enhance collection across multiple environments
- Ability to speed up threat detection and reduce time to remediation

KEY VALUE DRIVERS

- Technology / capability led acquisition rather than financially driven with significant capability expansion for Darktrace

UK Cyber Security Case Study

DigitalXRAID acquired by Limerston Capital's cyber security platform Xypher

DigitalXRAID

was acquired by



backed by



“

We're thrilled to be joining forces with Limerston Capital, whose vision and values align closely with ours.

This partnership marks an exciting new chapter for DigitalXRAID, and one that will enable us to accelerate our growth, enhance our innovation in cyber security, and extend the range of services we can offer to our clients.

We look forward to working closely with the other businesses in the Group to unlock new opportunities and deliver even greater value to our customers.”

RICK JONES
CEO of DigitalXRAID

“

Tom, Paris, and the Cavendish team were exceptional partners throughout the process – their dedication, knowledge of the buyers and round-the-clock support were key to achieving a successful outcome, securing the ideal partner to accelerate our growth.”

RICK JONES & SCOTT GOODWIN
CEO & CTO of DigitalXRAID

Closed Date July 2025

Deal Value Undisclosed

Target description

Founded: 2015 **HQ:** Doncaster, UK

- DigitalXRAID is a cyber security specialist delivering best-in-class professional services, penetration testing, and managed security services.
- Extensive suite of services delivered by a fully invested, CREST-accredited 24 x 7 x 365 Security Operations Centre (SOC) built on Microsoft Sentinel and LevelBlue technology stacks.
- One of only 15 privately owned, CREST accredited SOC providers based in the UK.
- Recognised for its continued, profitable growth and commitment to becoming a leader in cyber security services in the UK.

Buyer description

- Xypher is a newly formed group of UK based cyber security, compliance, digital forensics and e-Discovery services specialists.
- It is backed by Limerston Capital, a UK-based private equity firm with over £500m under management who specialise in control investments in mid-market companies valued between £20m and £200m.





















Deal details

- Following an earlier acquisition of CyberCrowd, a UK-based cyber security consultancy and managed services firm, Limerston Capital acquired DigitalXRAID two months later.
- The acquisition enhances Limerston's newly created cyber security platform called Xypher and accelerates DigitalXRAID's growth whilst broadening its ability to deliver end-to-end cyber resilience across private and public sectors, including critical national infrastructure.
- Cavendish managed very strong interest in DigitalXRaid, generating numerous offers while maintaining competitive tension throughout.

Selected Cyber Services transactions

Date	Target	Target Business Description	Acquirer
Jan-26	 SecurityHQ	Global Managed Security Service Provider offering 24x7 cyber threat detection, analysis and response	
Oct-25	 INTRAGEN.	Identity & access management, cyber security, support and consultancy solutions provider	
Jul-25	 DigitalXRAID	Pen testing, SOC-as-a-service, compliance management, and managed security services provider	
May-25	 CYBER CROWD	Data protection and cyber security assessment, consulting and training services provider	
Apr-25	 STRATIA CYBER Security Consultancy	Pen testing, vulnerability scanning, incident response and consultancy services provider	
Apr-25	 ZERODAYLAB	Cyber security, risk management & detection, penetration testing and incident response services provider	
Feb-25	 Bridewell	A cyber security services provider offering red team, penetration testing and MDR services	
Sep-24	 PentestPeople	Penetration testing, security assessment, dark web monitoring and consultancy services provider	
Aug-24	 CYBANETIX	Managed cyber security, hosted SIEM and breach detection services provider	
Jun-24	 GRC International Group	Cyber security, cyber resilience and data protection services provider	
Jun-24	 BULLET PROOF	Penetration testing, MDR, compliance and training provider, and vulnerability management platform	
Apr-24	 SAEPIO INFORMATION SECURITY	Information security provider advising organisations in areas such as cyber resilience and compliance	
Mar-24	 ARCULUS CYBER SECURITY	Compliance, pen testing, and security architecture solutions provider	
Aug-23	 satisnet	A Microsoft Gold Partner and provider of MSSP and SOC services	
Aug-23	 CovertSwarm	Cyber-attack simulation testing service provider	
Jun-23	 LOGIQ CONSULTING	Cyber Security, Information Assurance and System Engineering services provider	
Feb-23	 savanti	Security assessment, Cloud, identity & access management and consultancy services provider	
Feb-23	 nixu cybersecurity.	Helsinki-based cyber security services provider	
Jan-23	 Sababa Security	Provides security technologies, service management and training to protect IT infrastructures against cyber threats	
May-22	 ProofID	Security assessment, cloud, identity & access management and, consultancy services provider	
May-22	 MAXIVE	Pan-European provider of incident response, managed security and consulting services	

Selected Cyber Software transactions

Date	Target	Target Business Description	Acquirer
Dec-25	 ARMIS	Exposure management and attack surface management for IT, OT and IoT devices	servicenow
Dec-25	 veza	AI-native identity security platform	servicenow
Oct-25	 securiti	Data security posture management, governance and privacy platform	veeam
Sep-25	 LAKERA	AI native security platform for agentic AI applications	 CHECK POINT
Jul-25	 CYBERARK <small>THE IDENTITY SECURITY COMPANY</small>	Identity security and privileged access management provider	 paloalto <small>NETWORKS</small>
Jul-25	 JUNIPER <small>NETWORKS</small>	Network infrastructure provider	 Hewlett Packard Enterprise
May-25	 red canary	Exposure management and agentic AI driven threat management	 zscaler
May-25	 HORNETSECURITY	AI powered Microsoft security for MSPs and SMBs	proofpoint.
Apr-25	 PROTECT AI	Unified platform to secure AI applications	 paloalto <small>NETWORKS</small>
Apr-25	 GLASSWALL	A mail security software solutions provider, specialising in attack protection and email attachment security	PSG
Mar-25	 WIZ	Multi cloud security scanning platform	Google
Feb-25	 VULCAN.	Exposure management platform	 tenable
Jan-25	 CADO	Cloud-based security response and digital forensics software solution provider	DARKTRACE
Dec-24	 1E	Endpoint management and security platform, allowing IT teams to identify, parse, secure and patch endpoint estates	 TeamViewer
Nov-24	 Probely	A Dynamic Application Security Testing (DAST) provider focused on API security testing and web applications	 snyk
Oct-24	Secureworks	Provides a suite of cyber security solutions, managed security, and security and risk consulting services	 SOPHOS <small>Defeat Cyberattacks</small>
Sep-24	 PureID	Secure identity and access management provider	 COLORTOKENS
Jul-24	 DIATEAM <small>cyber security</small>	Cyber security engineering company that designs and develops cyber security solutions	 CYH GATE <small>cyber security</small>
Jul-24	 TORSION <small>WORKSPACE SECURITY</small>	Access management platform providing customers with secure data access via cloud solutions	 AvePoint
Jun-24	 GARRISON	Enterprise-grade secure browser and anti-malware solution provider	EVERFOX
May-24	 Informer.	Cyber attack surface management platform provider	bugcrowd
Apr-24	 DARKTRACE	Enterprise-focused endpoint, network monitoring and cyber security threat remediation solutions provider	 THOMABRAVO

Cavendish's latest technology deals

28 transactions completed within Technology since January 2024

Cyber Security, Defence & IT Services

 <p>NatWest provided acquisition financing to gcp growth capital partners on its investment in SecurityHQ CYBER SERVICES</p>	 <p>OSL has been acquired by TERMA® DEFENCE TECHNOLOGY</p>	 <p>alchemy has been acquired by NTT DATA IT CONSULTANCY</p>	 <p>DigitalXRAID has been acquired by LIMERSTON CAPITAL CYBER SERVICES</p>	 <p>Atech has been acquired by iomart MANAGED SERVICES</p>	 <p>GRC International Group Our expertise, your peace of mind has been acquired by BLOOM EQUITY PARTNERS CYBER SERVICES</p>
 <p>Creative ITC has received minority investment from LDC MANAGED SERVICES</p>	 <p>onsecurity received investment from Gresham House VENTURES CYBER SERVICES</p>	 <p>symatrix has been acquired by AST IT CONSULTANCY</p>	 <p>ARCULUS CYBER SECURITY has been acquired by Bridewell a portfolio company of gcp CYBER SERVICES</p>	 <p>SILENT SENTINEL has been acquired by MOTOROLA SOLUTIONS DEFENCE TECHNOLOGY</p>	 <p>SentryBay has been acquired by PELICAN CAPITAL CYBER SOFTWARE</p>

Software

 <p>Workbooks has received investment from BGF CRM SOFTWARE</p>	 <p>EXEROS TECHNOLOGIES has received investment from Pembroke VENTURE CAPITAL TRUST FLEET MANAGEMENT SOFTWARE</p>	 <p>olm has been acquired by CIVICA GOVTECH SOFTWARE</p>	 <p>North Edge. Advised on the investment of oak engage HCM SOFTWARE</p>	 <p>Sava has been acquired by OMNI GOVTECH SOFTWARE</p>	 <p>zest has been acquired by epass a portfolio company of TA ASSOCIATES HCM SOFTWARE</p>
 <p>ShareDo has been acquired by Clio LEGALTECH SOFTWARE</p>	 <p>EDO HEALTHCARE has been acquired by radar healthcare a portfolio company of MARLIN EQUITY PARTNERS HEALTHTECH SOFTWARE</p>	 <p>CLARITY INFORMATION SOLUTIONS has been acquired by POLARIS a portfolio company of AUGUST GOVTECH SOFTWARE</p>	 <p>hanzo has received debt funding from AG EDISCOVERY SOFTWARE</p>	 <p>nfs technology has been acquired by KORBYT a portfolio company of CLEARHAVEN PARTNERS WORKSPACE MANAGEMENT SOFTWARE</p>	 <p>INTELLIGENT ULTRASOUND for arrhythmia scanning has been acquired by GE HealthCare AI IMAGING SOFTWARE</p>
 <p>IQGeo proposed takeover by KKR GEOSPATIAL SOFTWARE</p>	 <p>sales-i has been acquired by sugarcrm a portfolio company of AKKR CRM SOFTWARE</p>	 <p>perkbox has been acquired by vivup Great Hill PARTNERS HCM SOFTWARE</p>	 <p>Sopheon has been acquired by Wellspring a portfolio company of RESURGENS TECHNOLOGY PARTNERS INNOVATION MANAGEMENT SOFTWARE</p>		

TECHNOLOGY M&A TEAM

Anthony Platt
Partner
Head of Technology

+44 (0)20 7908 6048
+44 (0)7768 468 044
aplatt@cavendish.com

John Farrugia
Group co-CEO
Technology Partner

+44 (0)20 7908 6033
+44 (0)7733 122 439
jfarrugia@cavendish.com

Tom Stoten
Director

+44 (0)20 7908 6019
+44 (0)7810 418 884
tstoten@cavendish.com

Robbie Wirdnam
Director

+44 (0)20 7908 6023
+44 (0)7908 960 916
rwirdnam@cavendish.com

Lauren Hayes
Director

+44 (0)20 7908 6830
+44 (0)7776 178 279
lhayes@cavendish.com

Paris McNicol-Outch
Associate Director

+44 (0)20 7908 6043
+44 (0)7706 350 355
pmcnicoloutch@cavendish.com

Soben Durai
Associate Director

+44 (0)20 7908 6017
+44 (0)7842 307 436
sdurai@cavendish.com

Geoff Moylan
Senior Associate

+44 (0)20 7908 6024
+44 (0)7770 576 497
gmoylan@cavendish.com

Liam Hanley
Associate

+44 (0)20 7908 6018
+44 (0)7710 855 675
lhanley@cavendish.com

Richard Beckett
Senior Analyst

+44 (0)20 7908 6038
+44 (0)7385 459 552
rbeckett@cavendish.com

CORPORATE ORIGINATION

Joshua Gould
Director
Origination

+44 (0)20 3772 4654
+44 (0)7384 213 467
jgould@cavendish.com

CORPORATE FINANCE, RESEARCH & ECM

Jonny Franklin-Adams
Managing Director
Corporate Finance

+44 (0)20 7220 0579
+44 (0)7970 249 683
jfa@cavendish.com

Andrew Darley
Managing Director
Head of Technology Research

+44 (0)20 7220 0547
+44 (0)7740 063 698
adarley@cavendish.com

LONDON

One Bartholomew Close
EC1A 7BL

+44 (0) 20 7220 0500
cavendish.com

EDINBURGH

6th Floor, 125 Princes Street
EH2 4AD

MANCHESTER

Gilbanks, No 1 St Michael's
36 Jackson's Row M2 5WD

BIRMINGHAM

Gilbanks, Five St.
Philips Place, B3 2PW

Cavendish