

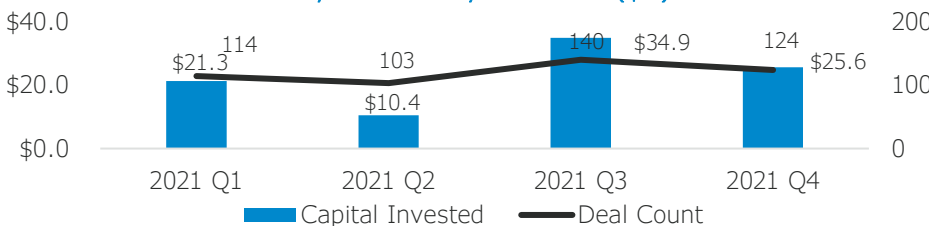
Market Update Cybersecurity & Infrastructure Services

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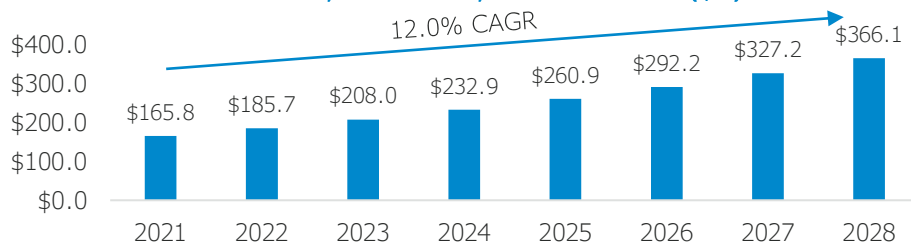
In Q4 of 2021, the global Cybersecurity & Infrastructure Services industry posted its third-largest quarterly capital investment at an incredible \$25.6 billion. Coming off the all-time highs of the prior quarter, Q4 did not disappoint as deal flow and deal size remained extremely high, tapering off ever so slightly from Q3. Specifically, Q4 saw 124 M&A and Buyout/LBO deals globally, the majority of which were M&A deals (78) and took place in the United States, United Kingdom, Canada, and Israel. Additionally, based off primary services and solutions practices for said deals, IT Consulting and Outsourcing and Network Management Software held the vast majority of deal make-up and Business Productivity and Financial Software stood just slightly behind.

Additionally, in a longer-term look at the industry, the global Cybersecurity market value is expected to grow at a formidable 12.0% CAGR over the next 6 years until 2028 to a total market value of approximately \$366 billion. Pioneering this growth are the Banking and Financial Services, Retail, Government, and Healthcare industries emphasizing investment towards robust security and digital privacy systems. While it may seem too long of a timeline to predict annual growth for an industry, as technologies advance, so do cyber threats and the means in which to thwart them. This will not go out of style and will lead to tremendous demand from leading enterprises and SMBs for years to come.

Capital Invested and # of Buyout/LBO and M&A Deals - Cybersecurity Services (\$B)

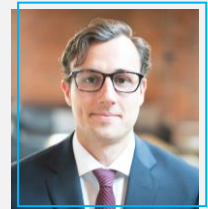


Global Cybersecurity Market Value (\$B)



7MA has completed numerous M&A transactions for companies operating in the aforementioned sectors and has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please contact Garth Martin, Sydney Scadden, and/or Trent McCauley if you would like to learn more about Cybersecurity & Infrastructure Services.

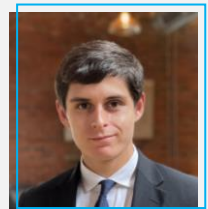
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Sector Snapshot

Cybersecurity & Infrastructure Services in 2022 – A Snapshot

Unprecedented market demand in the Cybersecurity & Infrastructure Services space in 2021 will likely pale in comparison to 2022 numbers. With the new calendar year officially underway, one can expect to see five specific trends and expectations for a 2022 “snapshot” of the industry as a whole.

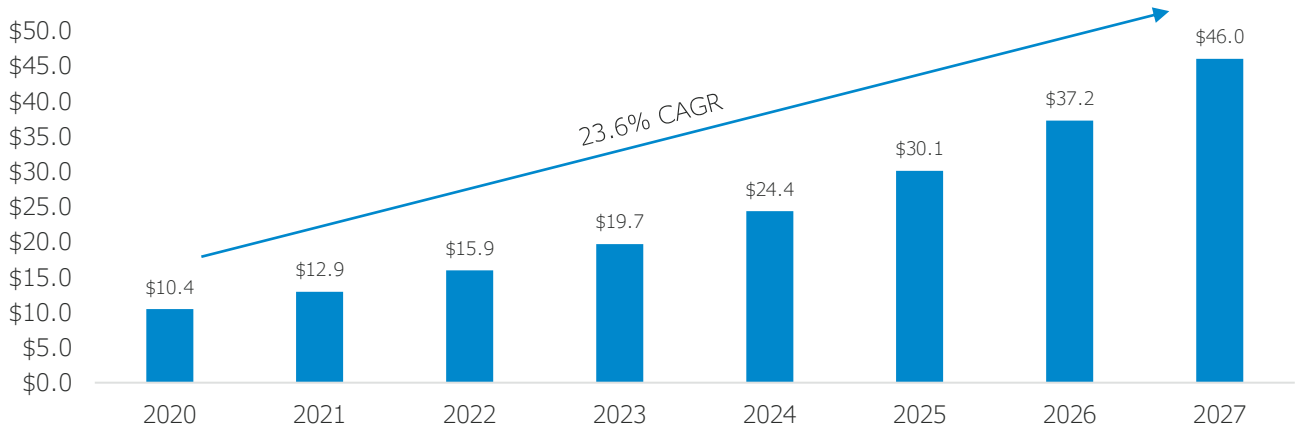
As seen on the chart below, the demand for AI-related cybersecurity solutions and services is growing rapidly because AI (artificial intelligence) can debunk cybercrime by recognizing predictable patterns of behavior and flagging when danger may be near. Unfortunately, cybercriminals are also aware of these AI capabilities and new technological threats using things like ML to evade defensive measures are coming to light. All this and more will continue to make AI even more valuable, as it is the only effective means of preventing AI-charged attacks.

As a result of the pandemic, the number of global ransomware attacks has risen dramatically. There were around three times as many ransomware attacks in 2021’s first quarter than in all of 2019. Defensive mechanisms related to thwarting these now-prevalent attacks are set to see extreme investment in 2022. Additionally, with the increased use of Internet of Things (IoT), cybercriminals now have huge numbers of access points into secure digital systems. Many enterprises are now engaging in the creation of “digital twins”, or virtual simulations of entire systems or even companies. These models are typically linked to internal systems in order to model gathered data and could provide a “treasure chest” of data and access points to cybercriminals. All cybersecurity strategies should hold a detailed audit for each device that can be connected to a network and all of their ensuing weaknesses.

In 2022 we will likely see businesses partner with firms whose cybersecurity operations are top-tier quality. Put simply, enterprises will progressively see cybersecurity capabilities as an “end all be all” variable in deciding which partner(s) to keep their own personal data with. Incredibly, a Gartner research report found that by 2025, roughly 60% of enterprises could make cybersecurity risk the deciding factor in deciding which business partnerships to choose.

The final trend we can expect to see in 2022 is increased punishments for major organizations holding large amounts of secure, public data without proper internal security operations. 2022 is set to be the year when regulators expand penalties regarding cybercrime; currently, only cover breach and losses are penalized, but legal punishments could roll over into weaknesses and liabilities to damage. Additionally, for those leading information security at enterprises, a growing number of newly-passed laws could make them pay financial penalties in reaction to ransomware attacks that lead to successful, customer data crimes.

Global AI Cybersecurity Market Value (\$B)



Notable Cybersecurity & Infrastructure Acquirers in Q4 2021 (M&A and PE)



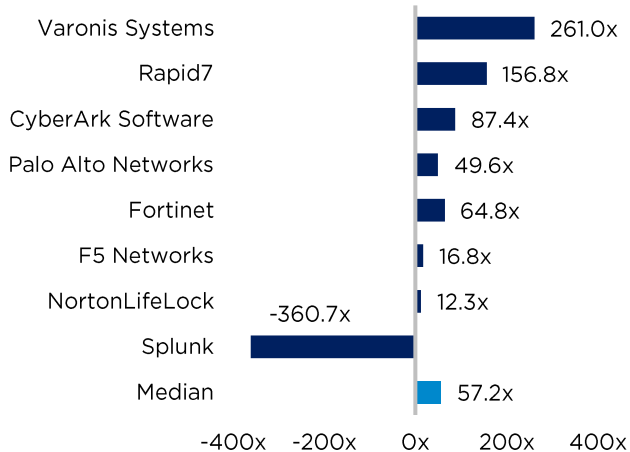
Public Markets

Publicly-traded Cybersecurity & Infrastructure Companies – Q4 2021

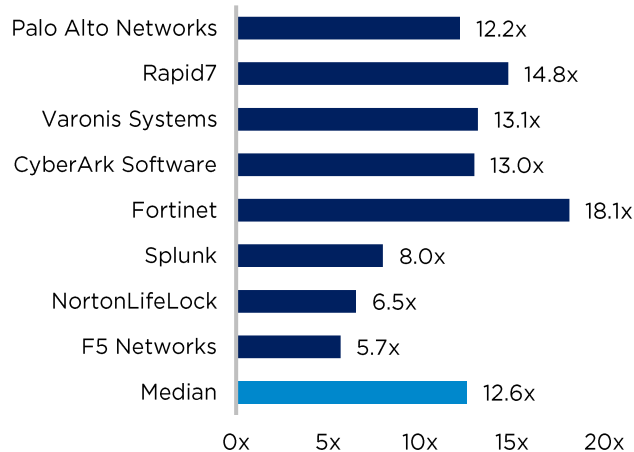
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Varonis Systems	4,716	18	359	32.8%	84.8%	5.0%	13.1x	261.0x	1,719	209
CyberArk Software	6,427	74	496	10.4%	81.8%	14.8%	13.0x	87.4x	1,689	294
Rapid7	7,358	47	497	27.4%	69.3%	9.4%	14.8x	156.8x	1,847	269
F5 Networks	14,788	882	2,603	10.7%	81.1%	33.9%	5.7x	16.8x	6,461	403
NortonLifeLock	17,533	1,420	2,689	8.8%	85.6%	52.8%	6.5x	12.3x	2,800	960
Splunk	20,068	-56	2,518	10.6%	72.5%	-2.2%	8.0x	-360.7x	7,573	332
Palo Alto Networks	55,444	1,119	4,558	27.2%	69.8%	24.6%	12.2x	49.6x	11,098	411
Fortinet	56,664	875	3,127	26.9%	76.9%	28.0%	18.1x	64.8x	9,700	322
Average	22,875	547	2,106	19.4%	77.7%	20.8%	11.4x	36.0x	5,361	400
Median	16,161	474	2,561	18.8%	79.0%	19.7%	12.6x	57.2x	4,631	327

share price as of 31Dec21

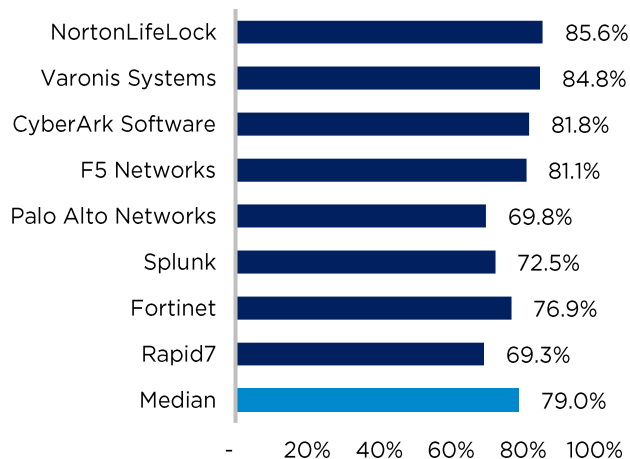
TEV / EBITDA X



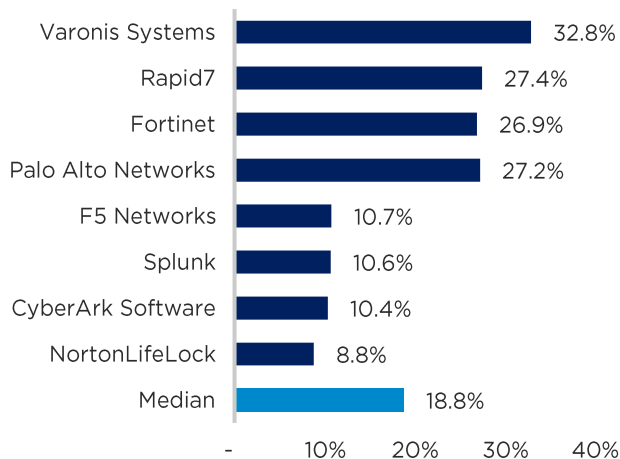
TEV / Rev X



LTM Gross Margin %



LTM Rev Growth %



Notable Deals

Q4 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
October-26, 2021			<ul style="list-style-type: none"> Conet Technologies is an IT systems and consulting services provider, primarily for SAP, infrastructure, communications and software experts. More specifically, the company has priorities on cybersecurity, cloud, mobility, and big data.
November-9, 2021			<ul style="list-style-type: none"> A technology consulting and advisory services provider created to mitigate and reduce the impacts of cyber breaches, Truesec provides its clients cyber security and threat detection services. These services include identification and detection, ransomware attacks, malware awareness, and more to help provide leading enterprises with secure and protected networks, programs, and data.
November-23, 2021			<ul style="list-style-type: none"> Asymmetrik is a provider of data analytics tools and software development services intended to help businesses transform technologically. The company offers systems integration, software development, data interoperability, application improvement, cloud data, and cybersecurity management to the healthcare, government, and cybersecurity sectors, enabling clients to establish and maintain secure cloud applications and digital infrastructure while precisely and efficiently solving complex challenges.
November-24, 2021			<ul style="list-style-type: none"> CRI Group delivers managed IT services to recently-formed European Union Institutions based primarily in Western European regions. CRI offers a host of services to its clients including mainly digital transformation, cybersecurity, information and communication technology, and software development services.
December-1, 2021			<ul style="list-style-type: none"> Founded in 2003, VariQ supplies cybersecurity, software development, and IT infrastructure services and solutions to help government agencies improve internal operations. More specifically, the firm offers application modernization, software maintenance, cyber and architecture defense, cloud strategy, and enterprise business management services.
December-30, 2021		 	<ul style="list-style-type: none"> A cybersecurity services provider designed to secure business transformation, Fishtech Group delivers security-as-a-service programs, a cloud native analytics platform, worldwide security operations, corporate managed detection, threat detection, and response services to bolster their clients' safety and productivity capabilities.
December-31, 2021			<ul style="list-style-type: none"> Founded in 2001, Edgile's cybersecurity and risk management services help enable players in the healthcare, financial services, energy, and retail sectors develop well-structured strategies relating to cybersecurity, governance, risk and compliance, identity and access management, cloud services, and virtual enterprise.

About 7 Mile Advisors

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit www.7mileadvisors.com.



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Notable 7 Mile Transactions

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