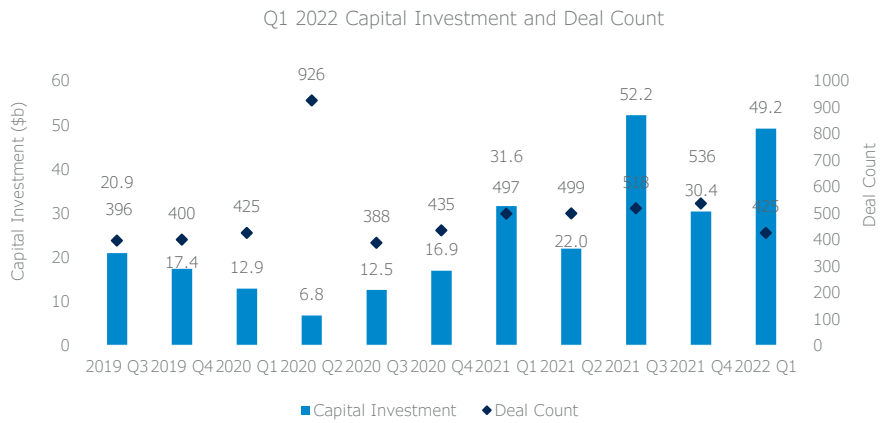
Q1 2022

Market Update
Cybersecurity & Infrastructure Services

In Q1 of 2022, the global Cybersecurity & Infrastructure Services industry posted its second-largest quarterly capital investment at an incredible $49.2 billion, following the all-time highs of Q3 2021 which was $52.2 billion. Specifically, the quarter saw 425 M&A and Buyout/LBO deals globally, a roughly 20% decrease from the previous quarter's number of deals. Additionally, the majority of the invested capital came in the form of venture capital funding (96 deals), which took place primarily in the United States, United Kingdom, Canada, and Israel.



Industry Challenges

Growing Demand. Covid has brought many changes to security markets, such as increased demand for mobile platforms and remote work increasingly hinging on high-speed access to ubiquitous and large data sets. With the growing migration to the cloud, enterprises are increasingly responsible for storing, managing, and protecting data and for meeting the challenges of explosive data volumes. For example, In 2020, on average, every person on Earth created 1.7 megabytes of data each second. Companies are not only gathering more data but are also centralizing them, storing them on the cloud, and granting access to an array of people and organizations, including third parties such as suppliers. The marketplace for web-hosting services is expected to generate $183.18 billion annually by 2026. Organizations collect far more data about customers — everything from financial transactions to electricity consumption to social media views — to understand and influence purchasing behavior and more effectively forecast demand. It is imperative leading security players keep up with said data demand, storage, and protection.

Hackers are becoming more sophisticated. Today, cyberhacking is a multi-billion-dollar market, containing institutional hierarchies and R&D budgets. Attackers use advanced tools, such as artificial intelligence, machine learning, and automation. Over the next several years, they will be able to expedite — from weeks to days or hours — the end-to-end, attack life cycle, from reconnaissance to exploitation. For example, Emotet, an advanced form of malware specifically targeting banks and the financial services industry, can change the nature of its attacks based on the defense mechanisms thrown at it and is being increasingly utilized amongst hackers globally. Concerningly, during the initial wave of COVID-19, from February 2020 to March 2020, the number of ransomware attacks in the world spiked by 148 percent, many of which were led by Emotet and malware alike.

$101.5t	15%	85%	3.5m	+21%
Projected spending on services providers in 2025	Annual increase in costs related to cybercrime – $10.5 trillion in 2025	Small and Mid-sized enterprises intend to increase cybersecurity spending until 2023	Cybersecurity positions open worldwide	CAGR for cyber insurance premiums until 2025

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 Leroy Davis, Sydney Scadden, Tomas Adduci, and/or Trent McCauley if you would like to learn more about Cybersecurity & Infrastructure Services.

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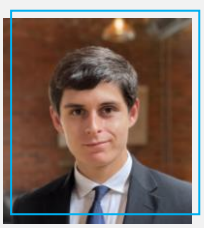

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Source: Pitchbook Data, Inc., Fortune, McKinsey

Sector Snapshot

The New, SEC Cybersecurity Proposal

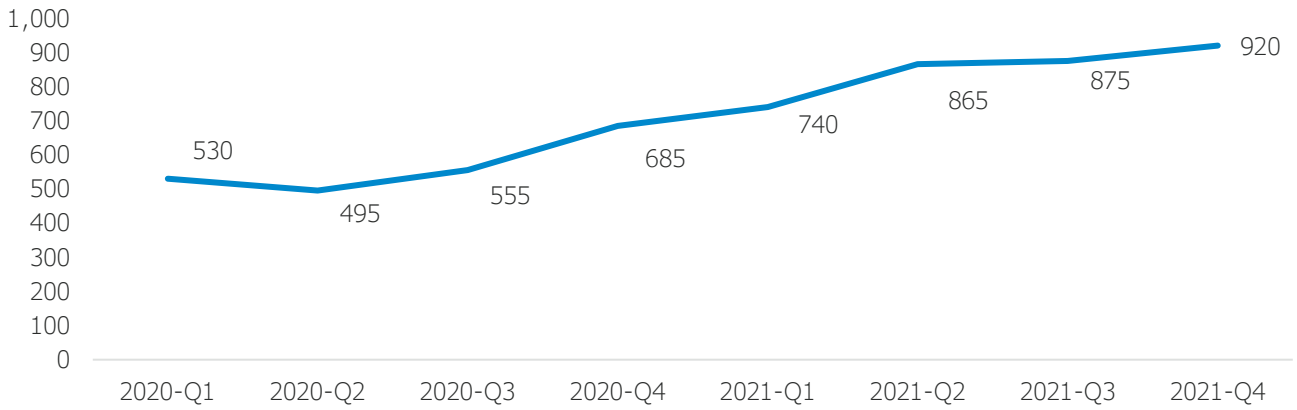
Towards the end of Q1 2022, the U.S. Securities and Exchange Commission (SEC) put forward for review numerous policies and procedures regarding the reporting of cybersecurity attacks and breaches, managing and pinpointing the attacks and breaches, and the obligations of executive teams in integrating and sustaining optimal cybersecurity rules and protocols. This proposal marks greater importance than previous, SEC-related cybersecurity proposals in that many of the rules, policies and procedures stated in it require mandatory disclosure obligations, the first of its kind.

Discussing specific reasoning and logistics behind the new mandatory disclosure rules, the SEC voiced their dissatisfaction with current cybersecurity-related disclosure policies for companies and claimed they felt incidents have been extremely underreported. Specifically, the SEC cited disappointment in instances when companies disclose cybersecurity breaches to media sources but fail to create official incident reports in that of a Form 8-K or something alike. Additionally, the SEC mentioned that they commonly see enterprises include cybersecurity in a list of other "risks" during company annual or semi-annual board meetings to discuss threats from all areas. While they noted their approval of companies routinely discussing risks outside their own organizations, they noted that blending cybersecurity-related risks with other "Risk Factors" seemed to blend them together irresponsibly. The SEC, in turn, hopes for a more individually-prioritized and separate practice for any and all cybersecurity-related issues.

More specifically, the proposal also indicates that enterprises are not obligated to reveal exact, technical information about the planned response to the incident or anything relating to the breached company's cybersecurity systems in place or its networks, devices, and vulnerabilities. Plus, and very importantly, the proposal also puts forth that companies successfully victimized by a material cybersecurity incident would have to disclose said incident within four business days.

If this proposal is ultimately passed, rules like those mentioned above would cause the demand for cybersecurity consulting services to skyrocket. With the incredible demand and growth 2021 saw for cybersecurity consulting, one can only expect 2022 demand to outpace it if this proposal is ultimately passed and accepted. Going forward in the short term, the proposed rules are open for SEC members' and other SEC groups alike's comments for the next 60 days (starting March 9, 2022). Ultimately, the SEC will decide whether these rules are adopted or not and/or revised for additional review. This ongoing development will be incredibly important to monitor over the coming weeks as this proposal could shift cybersecurity benchmarks and expectations for preparation, monitoring and prevention for the long-term.

Global Weekly Cyber Attacks on Enterprises



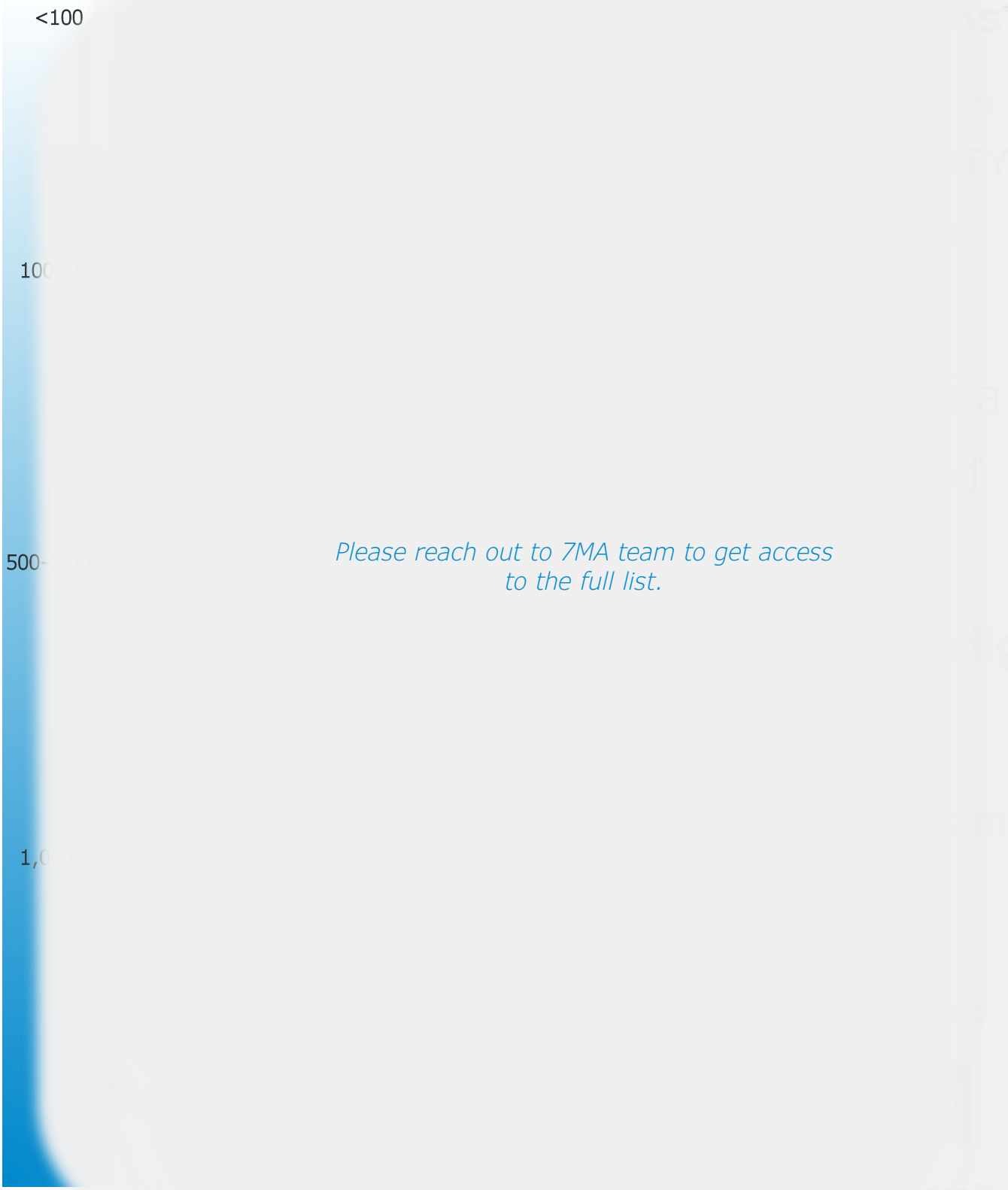
Notable Cybersecurity & Infrastructure Acquirers in Q1 2022 (M&A and PE)

Google · IC CONSULT · Audax Group · THRIVE · Advent International GLOBAL PRIVATE EQUITY · xerox · Charlesbank · magna5

Source: Pitchbook Data, Inc., McGuireWoods, Check Point

Market Landscape

Headcount



Please reach out to 7MA team to get access to the full list.

and are based on the number of employees

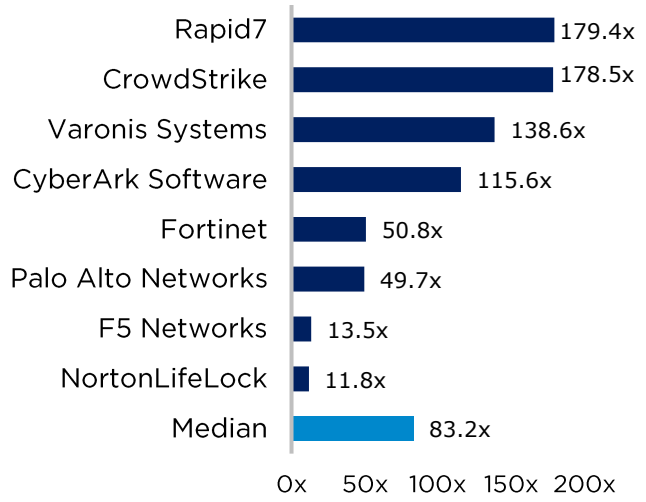
Public Markets

Publicly-traded Cybersecurity & Infrastructure Companies – Q1 2022

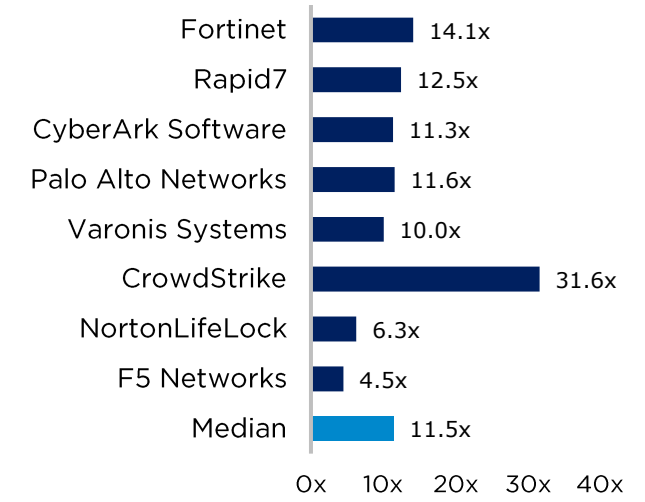
Company	TEV $m	LTM EBITDA $m	LTM Rev $m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE $k
Varonis Systems	3,919	28	390	33.3%	84.8%	7.2%	10.0x	138.6x	2,065	189
CyberArk Software	5,707	49	503	8.3%	81.4%	9.8%	11.3x	115.6x	2,140	235
Rapid7	6,672	37	535	30.1%	68.4%	6.9%	12.5x	179.4x	2,353	228
F5 Networks	12,015	892	2,666	10.8%	80.7%	33.5%	4.5x	13.5x	6,461	413
NortonLifeLock	17,251	1,463	2,752	10.4%	85.2%	53.2%	6.3x	11.8x	2,800	983
Splunk	21,052	-56	2,518	10.6%	72.5%	-2.2%	8.4x	-378.4x	7,500	336
CrowdStrike	45,897	257	1,452	66.0%	73.6%	17.7%	31.6x	178.5x	4,965	292
Fortinet	47,258	930	3,342	28.8%	76.6%	27.8%	14.1x	50.8x	10,195	328
Palo Alto Networks	56,177	1,129	4,858	28.4%	69.6%	23.3%	11.6x	49.7x	11,527	421
Average	20,844	559	2,195	20.1%	77.4%	19.9%	9.6x	21.9x	5,630	391
Median	14,588	471	2,592	19.6%	78.7%	16.5%	10.4x	49.3x	4,631	332

share price as of 17Mar22

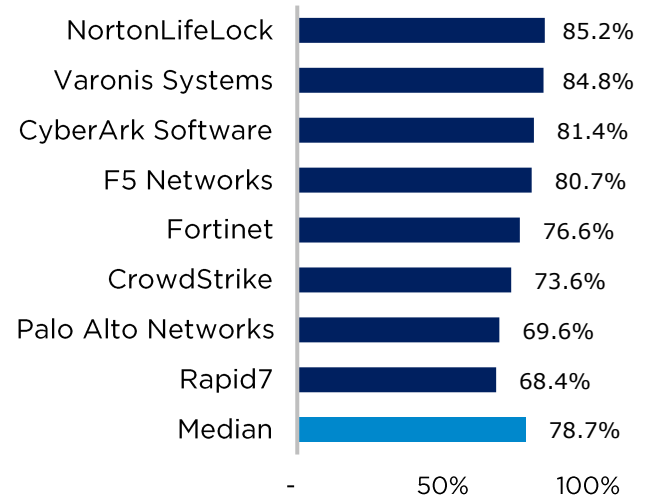
TEV / EBITDA X



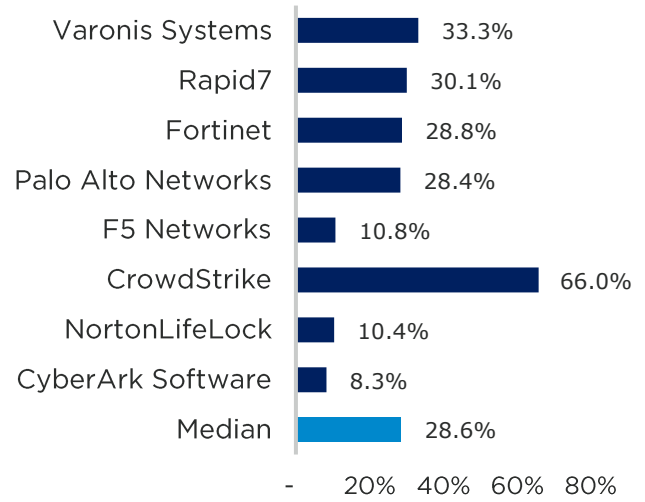
TEV / Rev X



LTM Gross Margin %



LTM Rev Growth %



Source: Pitchbook Data, Inc. as of 3.17.21

Notable Deals

Q1 2022 M&A Transactions

Date	Target	Buyer	Target Description
March-9, 2022	Southtech	Thrive	• Southtech is an IT services provider specializing in accelerating business outcomes via application enablement and optimization. Specifically, the Company, from a suite of tailored IT solutions, optimizes the security systems of its clients via 24/7 support.
March-8, 2022	Mandiant	Google	• Mandiant (formally FireEye,) is a pure-play cybersecurity firm providing expertise in incident response, threat intelligence, automated response, and managed security. Based in California, the Company sells security solutions globally, and sold its FireEye products division late last year.
March-2, 2022	TCG	magna5	• TCG offers managed IT and cybersecurity services aimed at addressing the technology and cybersecurity needs of modern businesses. With expertise in cloud hosting, server monitoring, data migration and other related services, enabling TCG enables its clients with on-demand support.
March-1, 2022	McAfee	Advent International	• McAfee is broken down by two operating segments: Consumer and Enterprise. Through these legs, the Company provides device security, which includes Anti-Malware Software and Secure Home Platform as well as their Online Privacy and Comprehensive Internet Security and Identity Protection products.
February-2, 2022	Preemo	Thrive	• Preemo is a premier, IT consulting and managed services provider for law firms, insurance agencies and real estate firms. The Company has specific expertise in server management, network support and security, cloud hosting, low voltage cabling, cyber security services and more.
February-2, 2022	Powerland	Xerox	• Powerland offers IT services aimed for K12, media and entertainment, public sector, small and medium businesses, and healthcare companies. Specifically, Powerland has distinct expertise in design, development, managed hosted services, cybersecurity, lifecycle, and cloud solutions, positioning customers to empower their workforce and optimize customer experience.
January-18, 2022	SecureITsource	iC Consult	• SecureITsource offers identity and access management services, including advisory, design and implementation services, all of which help reduce the complexities of identity and maximizing return on investment for clients.
January-13, 2022	ICSynergy	iC Consult	• ICSynergy is a provider of IAM-based digital transformation products and solutions seeking to serve enterprise leaders in a number of industries. Offering IAM and database security practices, coupled with expert advisory services, the Company helps customers solve their most important and complex IAM security issues, both in the cloud and on-premise.
January-12, 2022	RiskBased Security	Audax Group	• Risk Based Security is a creator and developer of vulnerability and data breach intelligence software as well as a provider of related services designed to empower security teams to rapidly analyze and remediate internal vulnerabilities. RBS gives its clients thorough and detailed information and analysis on vulnerability intelligence, vendor risk ratings and data breaches through its software.

Source: Pitchbook Data, Inc.

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

- iC CONSULT GROUP — a portfolio company of The Carlyle Group — ICSynergy
- iC CONSULT GROUP — a portfolio company of The Carlyle Group — SECUREITSOURCE
- acuant — a portfolio company of Audax Private Equity — HELLOSODA
- omegasystems technologymanaged — PFINGSTEN
- BlueAlly — SourceCapital | LLC
- POWERLAND — xerox