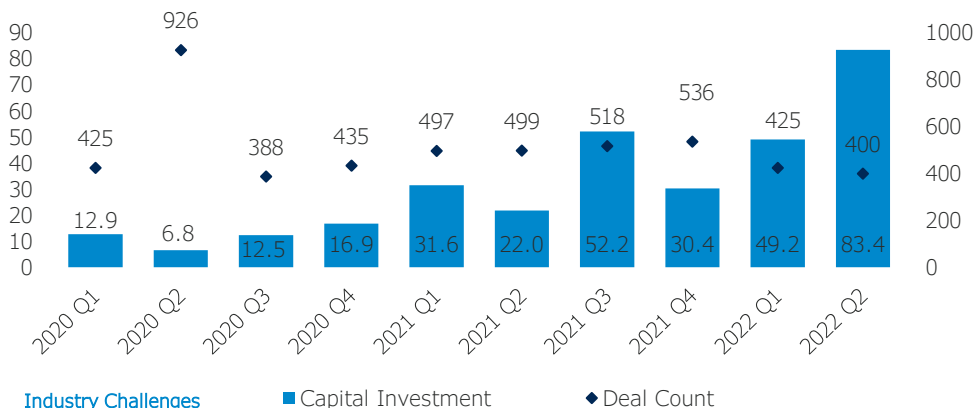


Market Update Cybersecurity & Infrastructure Services

- 1 Market Overview
- 2 Sector Snapshot
- 3 Public Markets
- 4 Notable Deals

In Q2 of 2022, the global Cybersecurity & Infrastructure Services industry posted its largest quarterly capital investment at an incredible \$83.4 billion, following the previous all-time highs of Q3 2021 which was \$52.2 billion. Specifically, the quarter saw 400 M&A and Buyout/LBO deals globally, a roughly flat change from the previous quarter's number of deals. Additionally, the majority of the invested capital came in the form of venture capital funding (219 deals), which took place primarily in the United States, the United Kingdom, Canada, and Israel.

Historical Cybersecurity Capital Investment and Deal Count



Industry Challenges

Global Supply Chain is becoming increasingly vulnerable. Industry experts stress that the supply chain will be the result of more cyberattacks as the impact of the pandemic and the conflict in Eastern Europe have exposed the potential economic devastation that a supply chain attack could inflict. Gartner estimates that 45% of companies globally will be the victim of a supply chain cyberattack by 2025. The estimate is 3 times the consensus just one year prior. Due to the warnings and threats posed to the global economy, companies will look to allocate more of their capital towards developing and implementing software designed to defend against potential threats.

Adopting cloud services is uncharted territory from a cybersecurity standpoint. The work-from-home trend, accelerated by the pandemic, has caused more and more companies to adopt cloud infrastructure and services to reflect their current needs. The efficiency and cost savings benefits make cloud-oriented products attractive to businesses and hackers alike. As businesses dive in headfirst and embrace these new technology trends, hackers will be given a plethora of opportunities to exploit the new technologies and take advantage of the lack of experience that businesses have in this emerging market.

+\$101b

Projected spending on cybersecurity service providers by 2025

15%

Annual increase in costs related to cybercrime - \$10.5 trillion in 2025

85%

Small and Mid-sized enterprises intend to increase cybersecurity spending until 2023

\$3.86m

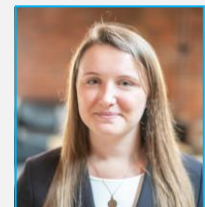
Average cost of a data breach

+21%

CAGR for cyber insurance premiums until 2025



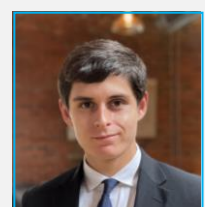
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Sector Snapshot

The New, SEC Cybersecurity Proposal

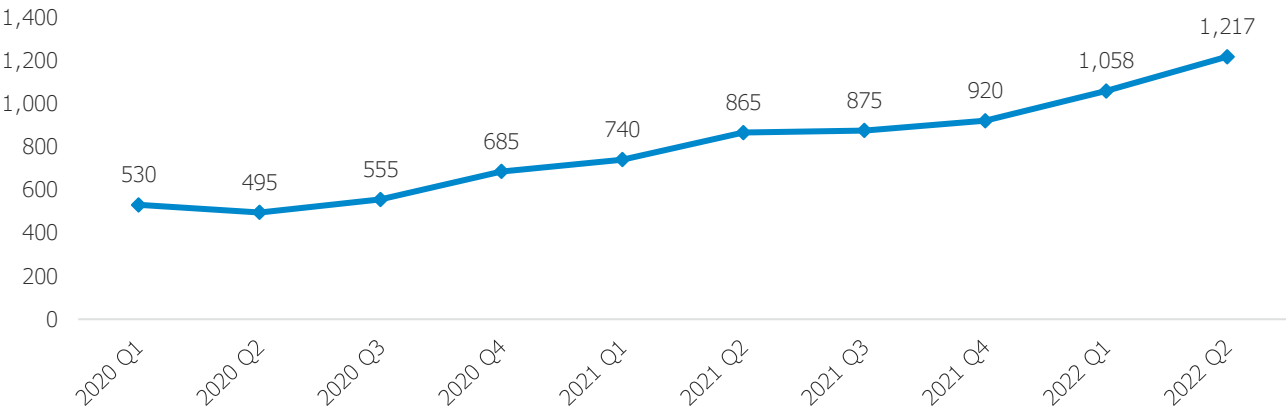
Towards the end of Q2 2022, the U.S. Securities and Exchange Commission (SEC) proposed numerous policies and procedures regarding the reporting of cybersecurity attacks and breaches, managing and pinpointing the attacks and breaches, and the obligations of executive teams in integrating and sustaining 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 the second half of 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. 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 months 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 & Q2 2022 (M&A and PE)



Headcount



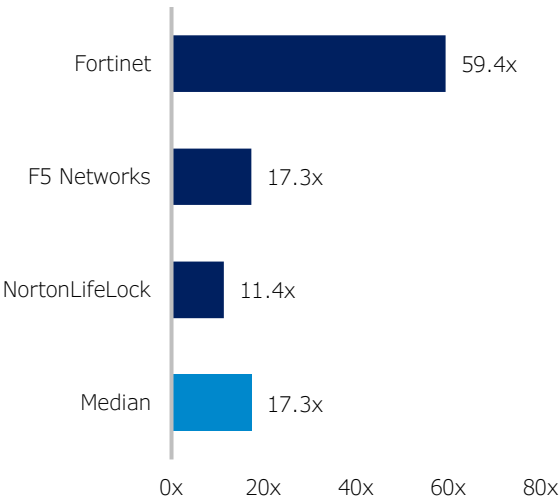
Please reach out to 7MA team to get access to the full list.

Publicly-traded Cybersecurity & Infrastructure Companies – Q2 2022

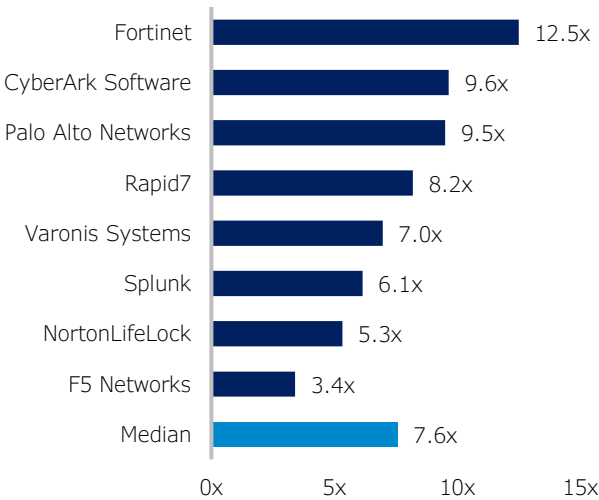
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Varonis Systems	2,863	-104	412	31.4%	84.5%	-25.2%	7.0x	-	2,065	199
CyberArk Software	4,990	-90	518	10.1%	80.6%	-17.4%	9.6x	-	2,140	242
Rapid7	4,706	-102	575	32.4%	68.0%	-17.7%	8.2x	-	2,353	245
F5 Networks	9,032	521	2,655	7.6%	80.8%	19.6%	3.4x	17.3x	6,461	411
Splunk	17,487	-907	2,846	23.9%	73.1%	-31.9%	6.1x	-	7,500	379
NortonLifeLock	14,873	1,308	2,796	9.6%	85.4%	46.8%	5.3x	11.4x	2,700	1,036
CrowdStrike	39,464	-54	1,637	63.8%	73.6%	-3.3%	24.1x	-	4,965	330
Fortinet	44,749	754	3,587	31.5%	75.5%	21.0%	12.5x	59.4x	10,860	330
Palo Alto Networks	49,077	54	5,170	29.7%	69.3%	1.0%	9.5x	868.6x	11,870	436
Average	20,805	153	2,244	26.7%	76.8%	-0.8%	9.5x	239.2x	5,657	401
Median	14,873	-54	2,655	29.7%	75.5%	-3.3%	8.2x	38.4x	4,965	330

share price as of 01Jul22

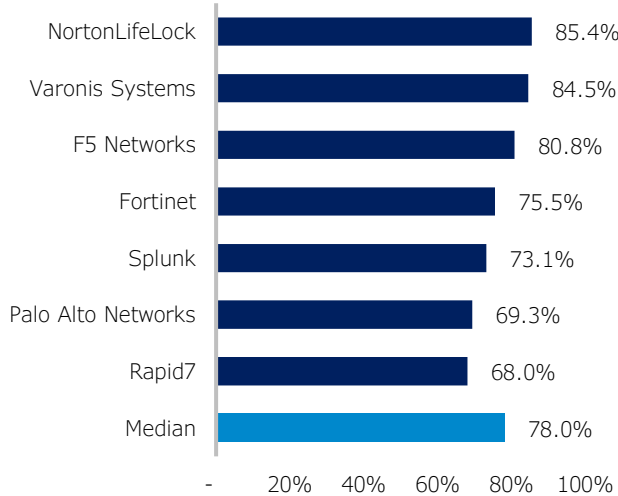
TEV / EBITDA X



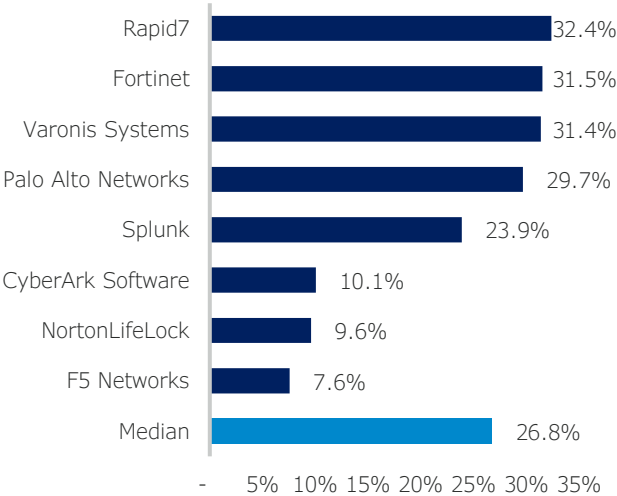
TEV / Rev X



LTM Gross Margin %



LTM Rev Growth %



Notable Deals

2022 M&A Transactions

Date	Target	Buyer	Target Description
June-14, 2022			<ul style="list-style-type: none">Guardian Eagle provides security services intended to defend and protect critical databases to survive cyber attacks. The company offers database risk assessment, database protection, security monitoring, disaster recovery and business continuity, thereby enabling customers to experience less downtime, zero data loss and tuned systems that perform and scale.
June-14, 2022			<ul style="list-style-type: none">Creatrix specializes in systems architecture, software engineering, systems engineering, and systems integration with expertise in biometrics, vetting, credentialing, and case management, thereby helping clients in building big business capabilities through its technological acumen.
June-14, 2022			<ul style="list-style-type: none">New Access is a Business Continuity provider with a full portfolio of cybersecurity and private cloud managed services for the enterprise market in Ecuador. We own and operate top quality Datacenters in Quito and Guayaquil with the capacity to customize solutions and enforce the most demanding 24x7 SLAs
June-08, 2022			<ul style="list-style-type: none">Evidos is a provider of cloud-based electronic signatures and identity verification solutions ensuring clients are doing business online safely and legally valid manner. The company offers electronic signature, signature workflow, qualified electronic signature, online identification and iDIN verification to real estate, finance, insurance, government, HR, healthcare and daycare sector.
June-06, 2022			<ul style="list-style-type: none">Cysiv security operations center provides enterprises with better detection and faster response of true threats. We do this by uniquely combining our cloud-native next generation SIEM, with a data-centric approach and a team of experts that operate as a seamless extension of your SOC.
June-06, 2022			<ul style="list-style-type: none">Award winning eacs delivers a comprehensive portfolio of Managed IT services and solutions to a range of high-quality customers including University of Cambridge, Development Bank of Wales and Kwik-Fit, to name a few.
May-26, 2022			<ul style="list-style-type: none">VMWare operates in the three segments: licenses; subscriptions and software as a service; and services. VMware's solutions are used across IT infrastructure, application development, and cybersecurity teams.
April-27, 2022			<ul style="list-style-type: none">NTT Application Security develops a risk management platform intended to provide websites with security. The Company's platform uses scanning technology with customization, configuration, and verification by web application security.
April-11, 2022			<ul style="list-style-type: none">SailPoint is a provider of enterprise identity governance solutions. The Company primarily develops and markets identity governance software that helps organizations govern user access to critical systems and data. Additionally, SailPoint sells its products mainly in North America, Europe and APAC regions.

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

 a portfolio company of THE CARLYLE GROUP 	 a portfolio company of THE CARLYLE GROUP 	 a portfolio company of Audax Private Equity
 PFINGSTEN	 SourceCapital LLC	

