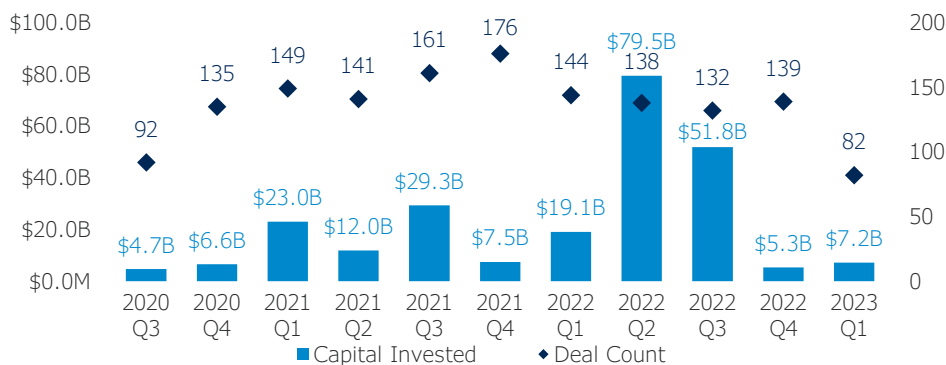


Market Update Cybersecurity & Infrastructure Services

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

In Q1 2023, investors deployed \$7.2 billion of capital across 82 M&A and Buyout/LBO transactions in the North American and European Cybersecurity & Infrastructure Services industry. The capital invested represented a 36% quarter-over-quarter increase and a 100% increase compared to Q1 2022. The United States accounted for a majority of the capital invested at 60.9%, while the U.K., Canada, and France accounted for 9.6%, 4.6%, and 4.5% respectively. Activity across these regions was relatively in line with historical trends.



Industry Drivers and Trends

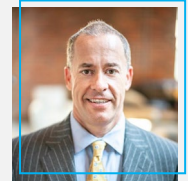
Advancements in Artificial Intelligence (AI) technology have led to increasingly sophisticated social engineering attacks. Increasingly, attackers are leveraging chatbots to craft messages and deploy phishing campaigns that appear authentic and genuine. Advances in visual and linguistic AI models (deepfakes) are also utilized in phishing campaigns to deceive individuals into giving away private information by impersonating real people in real-time.

Although investors are exhibiting a degree of caution as they assess the impact of rising interest rates and the prospect of a modest recession, global concern over cybersecurity has never been higher. In response to the increased frequency and severity of cyber attacks, organizations are planning to increase their cybersecurity spending in 2023. According to [ESG Research](#), 65% of organizations have expressed their intention to boost their cybersecurity budget to address the growing threat.

Looking forward, M&A activity in the Cybersecurity & Infrastructure Services industry is expected to remain relatively resilient and robust. Continued investment from both financial and strategic investors is supported by the imperative for data security in an evolving threat landscape.

7MA has completed numerous M&A transactions in the Cybersecurity & Infrastructure Services industry and maintains unparalleled knowledge of industry and valuation trends as well as experience with the most active strategic and financial buyers. Please contact Leroy Davis or Sydney Scadden if you would like to learn more about Cybersecurity & Infrastructure Services.

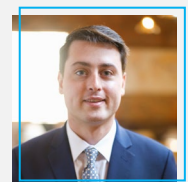
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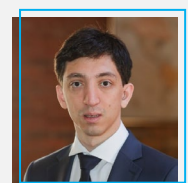
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Market Landscape

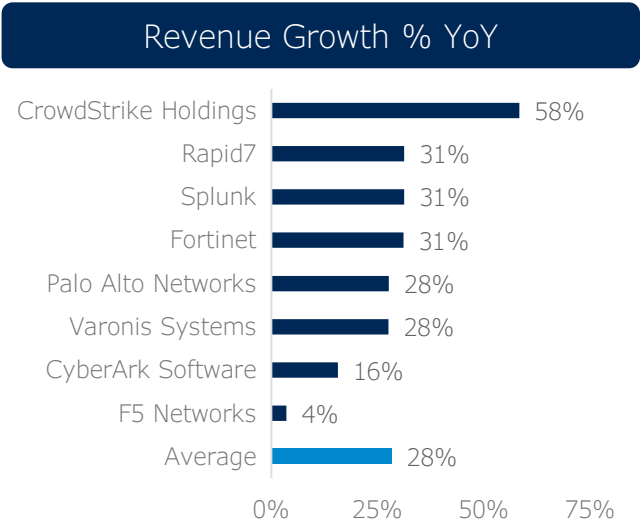
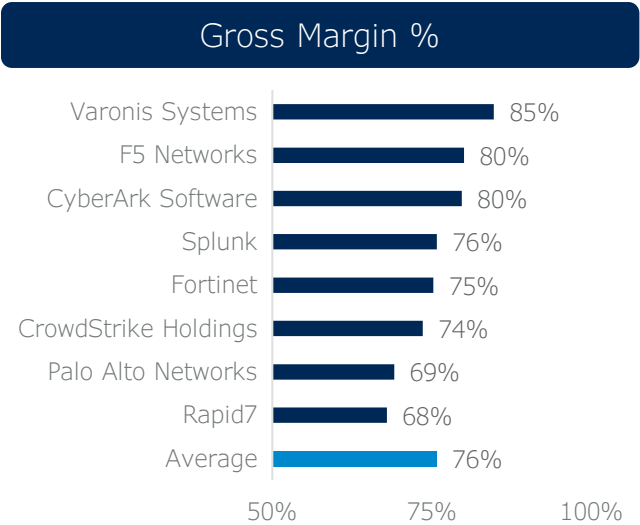
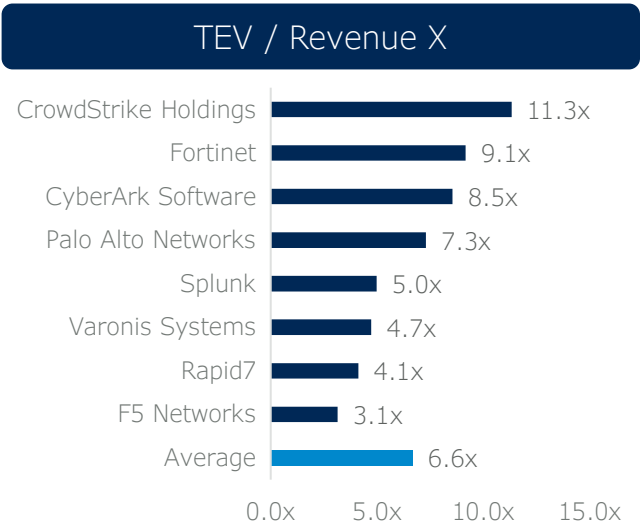
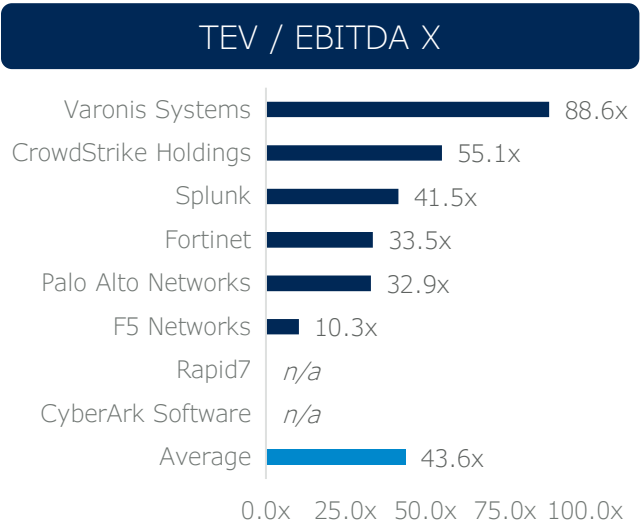
Headcount



Public Markets





Publicly-traded Cybersecurity & Infrastructure Companies – Q1 2023

Companies	LTM		LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV /		# of FTEs	Rev / FTE \$k
	TEV \$m	EBITDA \$m					Rev X	EBITDA X		
Varonis Systems	2,156	24	458	27.6%	84.7%	5.3%	4.7x	88.6x	2,065	104
Rapid7	2,678	21	652	31.3%	67.9%	3.2%	4.1x	n/a	2,353	114
CyberArk Software	4,898	10	574	15.7%	79.6%	1.7%	8.5x	n/a	2,373	206
F5 Networks	8,444	818	2,696	3.6%	80.0%	30.3%	3.1x	10.3x	7,089	119
Splunk	16,407	396	3,304	31.2%	75.8%	12.0%	5.0x	41.5x	8,180	201
CrowdStrike Holdings	23,005	418	2,035	58.3%	73.5%	20.5%	11.3x	55.1x	6,959	331
Fortinet	37,466	1,120	4,098	31.1%	75.2%	27.3%	9.1x	33.5x	12,091	310
Palo Alto Networks	42,349	1,289	5,818	27.6%	69.1%	22.2%	7.3x	32.9x	13,513	313
Average	17,175	512	2,454	28.3%	75.7%	15.3%	6.6x	43.6x	6,828	212
Median	12,425	407	2,365	29.4%	75.5%	16.3%	6.1x	37.5x	7,024	203



Notable Deals

Q1 2023 M&A Transactions

Date	Target	Buyer	Target Description
March 2023		ACE  Company	Provider of customized and integrated information technology (IT) services intended to offer secure networks to public sector companies. The company offers services like cyber security, data center, cloud infrastructure, enterprise storage, big data and more, thereby helping clients in protecting their IT infrastructure.
March 2023			Provider of information technology and systems integration services for mission-critical environments across the federal government. The company focuses on cybersecurity, cloud/data center management, IT infrastructure operations and systems engineering, thereby helping federal agencies address emerging cybersecurity requirements and delivering secure architectures and methodologies that are key for government IT modernization efforts.
February 2023			Developer of a multi-cloud network security platform designed to combine robust security with cloud-first simplicity. The company's platform features the ability to provide multiple topologies and cloud architectures from a secure island to a centralized security model to a combination of centralized and distributed security, enabling cloud teams to meet the most stringent security requirements in a cloud-first and simple way.
February 2023	sumo logic		Sumo Logic Inc is a software company that empowers the people who power modern, digital businesses. It is engaged in a software-as-a-service analytics platform for reliable and secure cloud-native applications. With its platform, It helps its customers ensure application reliability, secure and protect against modern security threats, and gain insights into their cloud infrastructure. The majority of its revenue is generated in the United States.
February 2023			Provider of managed information technology and cyber security services intended to serve small and medium businesses. The business division offers network cybersecurity tools, backup and disaster recovery maintenance and IT monitoring, thereby helping in the protection and backup of clients' data.
February 2023		abry <u>partners</u>	Provider of IT consulting services intended for guiding clients through the complexities of security, risk and compliance. The company offers incident response, security assessments, ransomware preparedness exercises, penetration testing and business technology advisory, thereby protecting clients from cyber-attacks and making enterprise-class security, compliance and risk management available to organizations of every size.
February 2023			Provider of cybersecurity services intended to minimize the impact of threats on organizations. The company specializes in monitoring emerging cyber threats targeting enterprise networks, internet of things devices and cloud computing environments through constant aggregation and analysis of relevant data, thereby enabling partners with actionable information to proactively defend against emerging security threats.
January 2023			Developer of an identity management platform designed to facilitate the process of onboarding and managing non-employees. The company's platform provides a non-employee identity repository, facilitates modification of workflows via UI driven, drag-and-drop interface, identifies risk modeling, configures workflow engine and integrates with the built-in API, enabling businesses to protect themselves against third-party theft with a first-of-its-kind suite of identity and access management.

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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