

# Quarterly Industry Update

As of December 31, 2015

Industry: Mobile Software



## Industry Summary

Cogent Valuation identified Mobile Software publicly traded companies, IPOs, and recent M&A transactions within the Mobile Software industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since December 31, 2014, the median 52-week share price return of the Mobile Software industry was -9.3%. Between December 31, 2013 and December 31, 2015, the median EV/EBITDA multiple decreased from 6.4 to 3.6. However, the median price-to-earnings multiple increased from 5.7 to 14.4 over the same period.

## Comparable Public Company Key Statistics

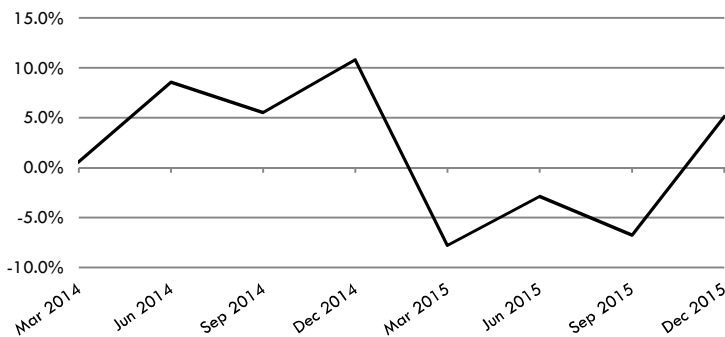
Median 52-Week Return	-9.3%	Median EV/Revenue Multiple	0.8x	Median Price/Earnings Multiple	14.4x
Median 3-Year CAGR Return	-2.0%	Median EV/EBITDA Multiple	3.6x	Median EV/Gross CF Multiple	1.9x

## Comparable Public Company Market Price Returns As of December 31, 2015

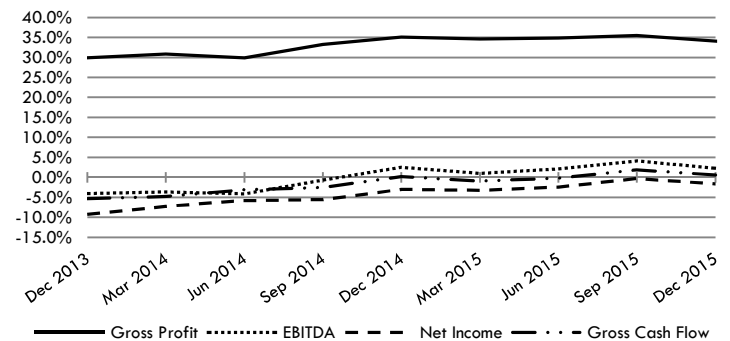
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Changyou.com Limited	-9.3%	39.4%	-9.3%	-12.0%	-2.0%	-2.7%	-9.3%	-14.6%	21.7%	14.3%	-19.2%
GameLoft S.E.	62.8%	79.3%	62.8%	-23.6%	-2.0%	-2.1%	62.8%	-64.2%	61.4%	11.1%	-14.1%
Glu Mobile, Inc.	-37.7%	-44.4%	-37.7%	-20.9%	2.1%	3.3%	-37.7%	0.5%	70.2%	-27.4%	51.7%
Mad Catz Interactive Inc.	-6.4%	-35.9%	-6.4%	-12.1%	-7.4%	-17.2%	-6.4%	-17.5%	2.9%	-2.0%	-50.0%
Majesco Entertainment Co.	-17.5%	-14.8%	-17.5%	-49.8%	-48.1%	-28.0%	-17.5%	-69.5%	-44.3%	-56.6%	216.9%
Smart Technologies Inc.	-76.0%	-55.1%	-76.0%	-63.0%	-42.9%	-50.2%	-76.0%	-43.1%	36.5%	-58.0%	-61.0%
Take-Two Interactive Software Inc.	24.3%	21.3%	24.3%	41.6%	46.8%	23.2%	24.3%	61.4%	57.8%	-18.7%	10.5%
<b>Median of Industry Public Companies</b>	<b>-9.3%</b>	<b>-14.8%</b>	<b>-9.3%</b>	<b>-20.9%</b>	<b>-2.0%</b>	<b>-2.7%</b>	<b>-9.3%</b>	<b>-17.5%</b>	<b>36.5%</b>	<b>-18.7%</b>	<b>-14.1%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Mobile Software Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Mobile Software Industry

Date:	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
EV/Revenues Multiple	1.7x	1.6x	1.2x	1.1x	0.8x	1.4x	1.1x	0.9x	0.8x
EV/EBITDA Multiple	6.4x	8.6x	5.5x	6.3x	7.3x	25.3x	21.8x	30.5x	3.6x
Price/Earnings Multiple	5.7x	5.7x	12.5x	10.6x	25.5x	35.3x	15.2x	15.6x	14.4x
EV/Gross Cash Flows Multiple	43.7x	14.2x	8.6x	9.2x	9.7x	48.0x	23.2x	11.3x	1.9x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for additional information or questions in connection with this research report. Copyright © 2016 Cogent Valuation. All Rights Reserved.

# Quarterly Industry Update

As of December 31, 2015

Industry: Mobile Software



## Industry Initial Public Offerings (dollars in millions, except share prices)

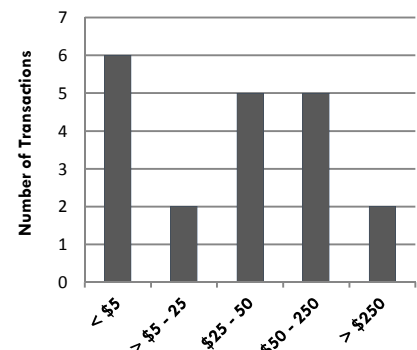
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/1/2013	Control4 Corporation	\$16.00	4.0	\$64.0	\$49.5	\$3.4	\$113.5	\$2.6	(\$2.5)	\$4.5
7/14/2010	Smart Technologies Inc.	\$17.00	38.8	\$660.1	\$528.1	\$1,003.6	\$648.0	\$151.2	\$142.0	\$169.1
4/1/2009	Changyou.com Limited	\$16.00	7.5	\$120.0	\$176.7	\$8.5	\$201.8	\$118.0	\$108.0	\$120.4
3/21/2007	Glu Mobile, Inc.	\$11.50	7.3	\$84.0	\$81.8	\$11.6	\$46.2	(\$5.9)	(\$12.3)	(\$4.4)
9/24/1999	Keynote Systems, Inc.	\$14.00	4.0	\$56.0	\$6.1	\$3.8	N/A	N/A	N/A	N/A
4/14/1997	Take-Two Interactive Software Inc.	\$5.00	1.6	\$8.0	N/A	N/A	N/A	N/A	N/A	N/A
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$74.0</b>	<b>\$81.8</b>	<b>\$8.5</b>	<b>\$157.7</b>	<b>\$60.3</b>	<b>\$52.7</b>	<b>\$62.4</b>

nm: not meaningful, N/A: not applicable

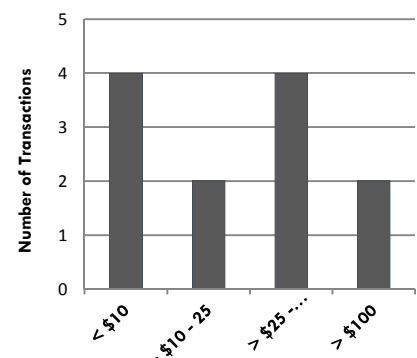
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
11/16/2015	Akamon Entertainment	Imperus Technologies	\$25.3	100%	N/A	N/A
8/14/2015	Halosys Inc.	Sonata Software NA	\$5.0	100%	N/A	N/A
6/30/2015	Audience, Inc.	Knowles Corporation	\$129.0	100%	\$95.8	0.9x
3/5/2015	FitStar Labs, Inc.	Fitbit Inc.	\$32.8	100%	N/A	N/A
3/4/2015	Storycode, Inc.	6D Global Technologies, Inc.	\$3.2	100%	\$1.8	1.8x
7/22/2014	Movea SA	InvenSense Intl.	\$74.8	100%	N/A	N/A
5/8/2014	Apphome Ltd	AppNext Ltd.	\$2.5	100%	N/A	N/A
5/7/2014	Trifecta Technologies, Inc.	Perficient Inc.	\$13.7	100%	\$8.0	1.7x
1/31/2014	G-mode Co., Ltd.	ONE-UP Inc.	\$7.2	100%	N/A	N/A
1/18/2014	iHookup Social App	iHookup Social, Inc.	\$0.3	100%	N/A	N/A
1/3/2014	Y Dissolution, Inc.	Spindle, Inc.	\$3.5	100%	\$0.2	18.1x
12/12/2013	Alohar Mobile Inc.	AutoNavi Holdings Limited	\$32.8	100%	N/A	N/A
6/25/2012	CryptoLogic Limited	Amaya Gaming Group	\$31.9	93%	\$27.3	0.7x
6/21/2012	SLG Everscreen	Starbreeze AB	\$2.4	100%	\$2.3	1.0x
6/1/2012	Elo TouchSystems	The Gores Group	\$380.0	100%	\$413.0	0.9x
3/31/2012	Ntreev Soft	NCsoft	\$96.6	76%	\$48.7	2.6x
2/6/2012	OutStart	Kenexa	\$83.9	100%	\$22.6	3.5x
12/13/2011	Gust	Tecmo Koei Holdings	\$28.3	100%	\$16.1	1.8x
10/19/2011	Renaissance Learning	Permira Advisers	\$485.1	100%	\$136.1	3.5x
9/28/2011	AQ Interactive	Marvelous Entertainment	\$89.6	100%	\$89.6	0.3x
<b>Median of the 20 M&amp;A Transaction Targets</b>			<b>\$30.1</b>	<b>100%</b>	<b>\$24.9</b>	<b>1.7x</b>

Size of M&A Transactions



LTM Revenues Reported



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

**Disclosures and Limitations:** This research report is for informational and discussion purposes only. Information presented herein is not investment advice of any kind to any person and does not constitute a recommendation as to the purchase or sale of any interests or as to any other course of action. General, financial, and statistical information concerning the details of this report and related industry are from sources Cogent Valuation believes to be reliable. Cogent Valuation has accurately reflected such information in this research report; however, Cogent Valuation makes no representation as to the sources' accuracy or completeness and has accepted this information without further verification. Neither all nor any part of the content of this report may be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent of Cogent Valuation. Cogent Valuation's research is as of the date reported herein. Cogent Valuation has no affiliation with any of the companies comprising the industry used as a basis for research in this report, nor does Cogent Valuation hold any investments in the companies listed herein. The content of this report may be used, in part, as a basis for any work that Cogent Valuation performs for you in the future at the sole discretion of Cogent Valuation. THIS REPORT IS NOT TO BE USED OR CONSIDERED UNDER ANY CIRCUMSTANCE BY ANYONE AS INVESTMENT ADVICE. This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Steven Kam at 415-392-0888 for additional information or questions in connection with this research report. Copyright © 2016 Cogent Valuation. All Rights Reserved.