

# Quarterly Industry Update

As of September 30, 2016

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 September 30, 2015, the median 52-week share price return of the Mobile Software industry was 0.9%. Between September 30, 2014 and September 30, 2016, the median EV/EBITDA multiple increased from 9.3 to 25.8. Furthermore, the median price-to-earnings multiple increased from 12.9 to 22.3 over the same period.

## Comparable Public Company Key Statistics

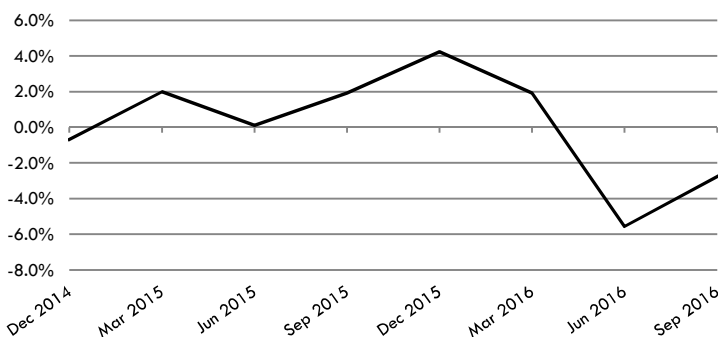
Median 52-Week Return	0.9%	Median EV/Revenue Multiple	1.3x	Median Price/Earnings Multiple	22.3x
Median 3-Year CAGR Return	-9.6%	Median EV/EBITDA Multiple	25.8x	Median EV/Gross CF Multiple	22.7x

## Comparable Public Company Market Price Returns As of September 30, 2016

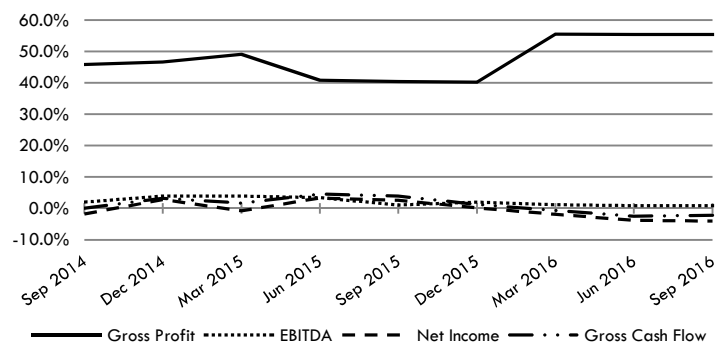
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Changyou.com Limited	9.8%	36.0%	53.1%	6.7%	-8.5%	1.5%	-9.3%	-14.6%	21.7%	14.3%	-19.2%
Control4 Corporation	68.9%	50.5%	50.5%	-2.5%	-10.8%	N/A	-52.7%	-13.2%	N/A	N/A	N/A
Glu Mobile, Inc.	-7.8%	1.8%	-48.7%	-34.2%	-7.0%	1.2%	-37.7%	0.5%	70.2%	-27.4%	51.7%
Mad Catz Interactive Inc.	-44.2%	-7.4%	-64.2%	-25.0%	-33.8%	-18.2%	-6.4%	-17.5%	2.9%	-2.0%	-50.0%
Majesco Entertainment Co.	-44.4%	-17.4%	-52.6%	-26.1%	-46.8%	-47.1%	-17.5%	-69.5%	-44.3%	-56.6%	216.9%
Take-Two Interactive Software Inc.	18.9%	18.9%	56.9%	39.8%	35.4%	28.8%	24.3%	61.4%	57.8%	-18.7%	10.5%
<b>Median of Industry Public Companies</b>	<b>1.0%</b>	<b>10.4%</b>	<b>0.9%</b>	<b>-13.8%</b>	<b>-9.6%</b>	<b>1.2%</b>	<b>-13.4%</b>	<b>-13.9%</b>	<b>21.7%</b>	<b>-18.7%</b>	<b>10.5%</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:	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016
EV/Revenues Multiple	1.5x	1.9x	1.7x	1.2x	0.9x	0.7x	0.9x	0.7x	1.3x
EV/EBITDA Multiple	9.3x	30.1x	24.6x	16.5x	14.0x	9.9x	24.1x	23.3x	25.8x
Price/Earnings Multiple	12.9x	50.4x	50.8x	36.5x	33.2x	21.8x	8.7x	12.9x	22.3x
EV/Gross Cash Flows Multiple	11.5x	41.8x	54.8x	22.5x	16.8x	14.6x	13.4x	7.3x	22.7x

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](mailto:Steven.Kam@CogentValuation.com) 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

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

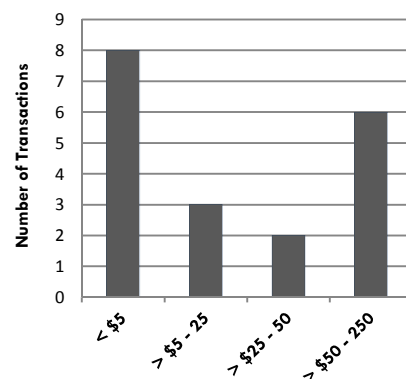
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
7/25/2016	EnGIS Technologies, Inc.	\$8.79	0.5	\$4.1	N/A	N/A	N/A	N/A	N/A	N/A
3/17/2016	LeoVegas AB (publ)	\$3.91	28.4	\$111.2	\$35.9	\$0.0	\$90.2	\$0.8	\$0.5	\$1.0
8/1/2013	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)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$97.6</b>	<b>\$81.8</b>	<b>\$8.5</b>	<b>\$113.5</b>	<b>\$2.6</b>	<b>\$0.5</b>	<b>\$4.5</b>

nm: not meaningful, N/A: not applicable

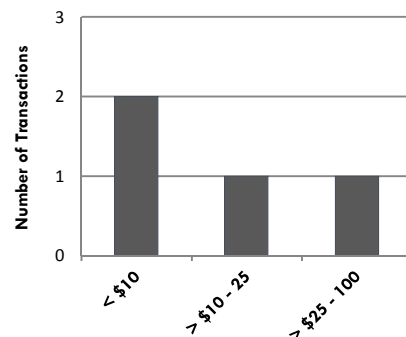
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
9/27/2016	Polycom, Inc.	Siris Capital Group, LLC	\$1,926.9	100%	\$1,197.8	1.0x
9/15/2016	Corona Labs Inc.	N/A	\$3.7	100%	N/A	N/A
9/14/2016	Smart Technologies Inc.	Foxconn Singapore Pte. Ltd.	\$216.4	100%	\$348.5	0.6x
9/12/2016	Pocketbook Australia Pty Ltd.	zipMoney Limited	\$6.5	100%	N/A	N/A
7/27/2016	AppMachine B.V.	Endurance International Group	\$22.5	60%	N/A	N/A
7/1/2016	Healthiest You Corporation	Teladoc, Inc.	\$155.8	100%	\$10.0	15.6x
6/8/2016	PayandPark.Com	Seilon, Inc.	\$8.0	100%	N/A	N/A
6/6/2016	Stitcher, Inc.	Midroll Media, LLC	\$4.5	100%	N/A	N/A
5/13/2016	Shopety Inc.	Inteliquent, Inc.	\$4.4	100%	N/A	N/A
4/12/2016	iimage Technical Services	Montech Holdings	\$4.2	100%	\$1.3	3.4x
3/25/2016	Bitstrips Inc.	Snapchat, Inc.	\$100.0	100%	N/A	N/A
3/8/2016	King James Bible Mobile	Salem Media Group, Inc.	\$4.0	100%	N/A	N/A
2/16/2016	Nvius Co., Ltd.	Korea Green Paper	\$3.7	100%	N/A	N/A
1/29/2016	The App Business Ltd.	St Ives plc	\$71.0	82%	\$16.0	4.9x
1/18/2016	With, Inc.	N/A	\$1.4	100%	N/A	N/A
1/1/2016	Zindagi Games Inc.	Zynga, Inc.	\$75.0	100%	N/A	N/A
11/16/2015	Akamon Entertainment	Imperus Technologies	\$25.3	100%	N/A	N/A
9/11/2015	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
<b>Median of the 20 M&amp;A Transaction Targets</b>			<b>\$15.3</b>	<b>100%</b>	<b>\$55.9</b>	<b>2.2x</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.

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