

Q3: Quarterly Industry Update

AS OF September 30, 2023

cogent valuation
FINANCIAL OPINIONS

Online Educational Software Industry Summary

COGENT VALUATION identified **Online Educational Software** publicly traded companies, IPOs, and recent M&A transactions within the Online Educational 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, 2022, the median 52-week share price return of the Online Educational Software industry decreased from 11.6% to 10.7%, and the median YTD return increased from 13.2% to 21.3%. Between September 30, 2022 and September 30, 2023, the median EV/Revenue multiple decreased from 27.8 to 26.7 and the median EV/EBITDA multiple decreased from 18.2 to 19.6. The median price-to-earnings multiple increased from 14.5 to 30 and the median EV/Gross CF multiple decreased from 24.3 to 20.6 over the same period. The median MVIC/Earnings decreased from 3.2% to 1.1%. The median Median Price/ Revenue increased from 11.4% to 8.7% over the same period.

Public Company Key Statistics

Median 52-Week Return	Median YTD Return	Median EV/Revenue Multiple	Median EV/EBITDA Multiple
10.7%	21.3%	3.1x	22.5x
Median Price/Earnings Multiple	Median EV/Gross Profit Multiple	Median MVIC/Earnings Multiple	Median Price/Revenue Multiple
30x	20.6x	1.1x	8.7x

Public Company Median Multiples by Quarter

	9/30/23	6/30/23	3/31/23	12/31/22	9/30/22	6/30/22	3/31/22	12/31/21
Median EV/Revenue Multiple	3.1x	3.2x	3.4x	2.7x	3.1x	3.2x	2.9x	3.0x
Median EV/EBITDA Multiple	22.5x	29.2x	14.6x	17.4x	14.6x	14.6x	19.4x	10.7x
Median Price/Earnings Multiple	30x	33.9x	22.3x	23.2x	20.8x	19.7x	17.9x	17.7x
Median EV/Gross Profit Multiple	20.6x	22.3x	21.2x	24.6x	24.4x	23.3x	20.4x	25.0x
Median MVIC/Earnings Multiple	1.1x	12.6x	2.7x	13.7x	15.4x	25.5x	12.2x	13.2x
Median Price/ Revenue Multiple	8.7x	3.2x	3.4x	2.7x	10.6x	2.5x	3.2x	3.2x

■ Highest Multiple
 ■ Median Multiple
 ■ Lowest Multiple

Comparable Public Company Market Price Returns as of September 30, 2023

	2023	1 Year	2 Year	3 Year	2022	2021	2020
eHealth, Inc.	-17.6%	18.9%	-3.4%	63.1%	6.7%	-60.0%	-46.4%
HealthStream, Inc.	7.2%	2.5%	-5.3%	-7.5%	13.9%	-25.4%	-9.6%
K12 Inc.	-10.8%	-26.0%	-8.3%	-7.3%	95.0%	-25.9%	-45.4%
XO Group Inc.	12.4%	20.6%	-1.9%	-15.1%	21.1%	-11.8%	22.5%
Median of Industry Public Companies	-1.8%	10.7%	-5.3%	-6.2%	17.5%	-25.6%	-27.5%

Multiple year periods are calculated as the average annual return.

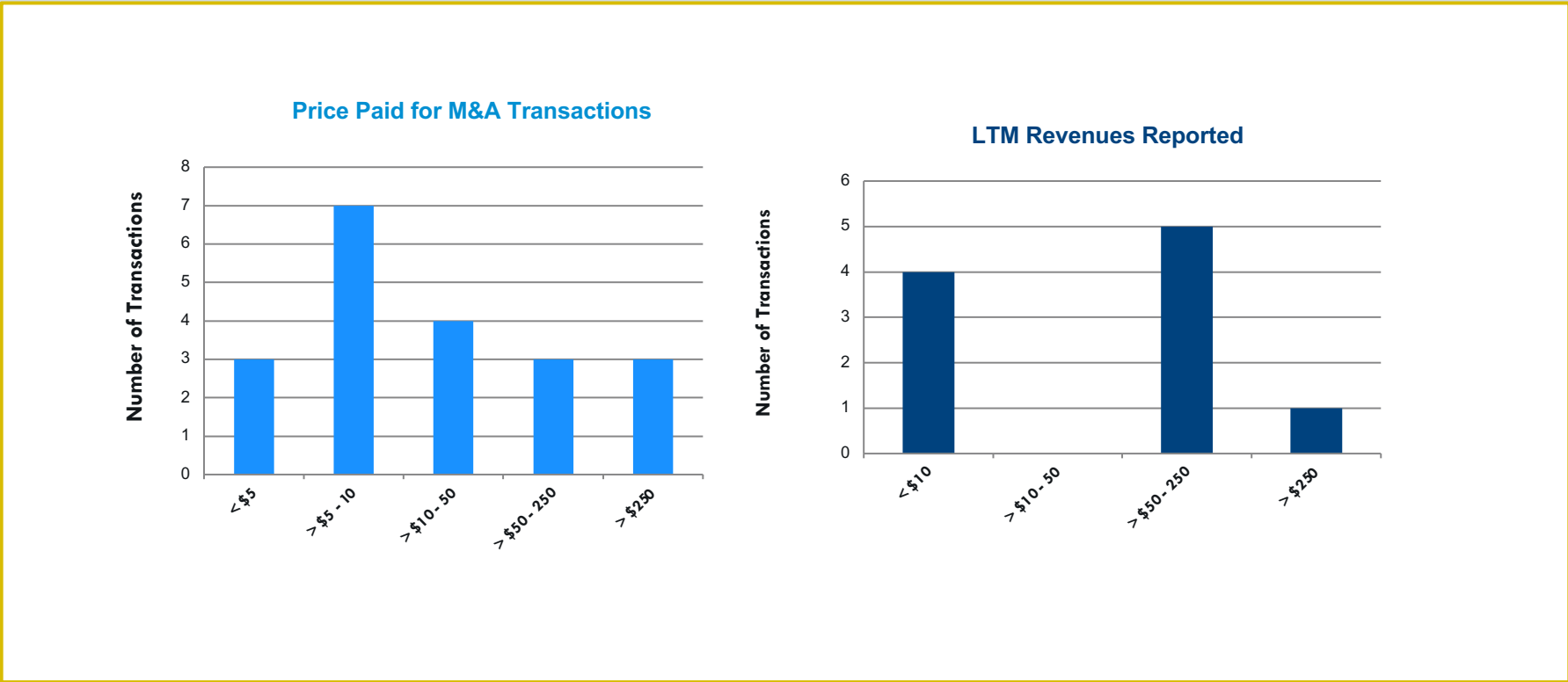
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Initial Public Offerings—Online Educational Software (dollars in millions, except share prices)

Effective Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets ¹	Debt ¹	LTM Revenue ¹	LTM EBITDA	LTM Net Income	LTM Cash Flows
9/3/23	Xinhua Education Group Limited	\$0.42	4.0	\$0.7	\$113.4	\$0.0	\$51.9	\$32.4	\$0.7	(\$1.0)
5/22/23	Sunlands Online Education Group	\$11.50	4.4	\$70.4	\$64.2	\$0.0	\$149.1	(\$141.4)	(\$58.9)	(\$53.7)
2/19/23	Sylph Education Solutions Limited	\$0.18	10.7	\$106.8	\$3,497.8	\$271.1	\$0.0	(\$0.0)	\$125.8	\$236.7
11/12/22	Instructure, Inc.	\$16.00	38.8	\$660.1	\$521.7	\$530.0	\$65.1	(\$55.5)	\$92.1	\$183.0
8/4/22	Ambow Education Holding Ltd.	\$10.00	6.3	\$112.5	\$135.3	\$9.9	\$144.3	\$33.7	\$17.5	\$44.6
7/18/22	Smart Technologies Inc.	\$17.00	4.9	\$46.3	\$169.4	\$0.0	\$708.7	\$165.1	\$14.1	\$20.0
9/31/16	Median IPO	\$0.42	nm	\$88.6	\$152.4	\$5.0	\$104.7	\$16.2	\$15.8	\$32.3

[1] As of the effective date of the IPO

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2023



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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues ¹	EV/Revenues ¹
9/6/23	ATA Online (Beijing) Education Technology Co.,Ltd.	CDH Investments; Zhuhai Lihonghuaying Equity Investment Partnership (LP)	\$200.2	100%	\$75.7	N/A
6/1/23	Capella Education Company	Strayer Education, Inc. (nka:Strategic Education, Inc.)	\$964.4	100%	\$439.7	0.3x
4/9/23	Learning Tree International, Inc.	N/A	\$10.1	100%	\$66.6	2.4x
11/16/22	No More Practice Education Pty Ltd	OneVue Holdings Limited	\$3.9	100%	\$1.4	0.2x
1/31/22	Tecademics LLC	IQUP Sales Group, LLC	\$3.0	100%	N/A	2.6x
12/1/21	Apollo Education Group, Inc.	Apollo Global Management	\$1,212.5	100%	\$361.9	1.4x
10/15/21	Promethean World Plc	Endurance International	\$1,682.0	100%	\$161.8	10.4x
9/6/21	Callista Software Services	Tribal Group plc	\$1.8	100%	\$12.1	0.2x
Median of the M&A Transaction Targets			\$9,595.5	100%	\$25.5	2.1x

[1] As of the close of the Transaction

■ USA ■ International

(Continued on next page)

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.

Market Value of Invested Capital (MVIC): Market Value of Equity + Market Value of Debt

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