

Quarterly Industry Update

As of September 30, 2015

Industry: Text Analytics



Industry Summary

Cogent Valuation identified Text Analytics publicly traded companies, IPOs, and recent M&A transactions within the Text Analytics 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, 2014, the median 52-week share price return of the Text Analytics industry was -1.2%. Between September 30, 2013 and September 30, 2015, the median EV/EBITDA multiple increased from 10.1 to 12.8. However, the median price-to-earnings multiple decreased from 29.2 to 24.7 over the same period.

Comparable Public Company Key Statistics

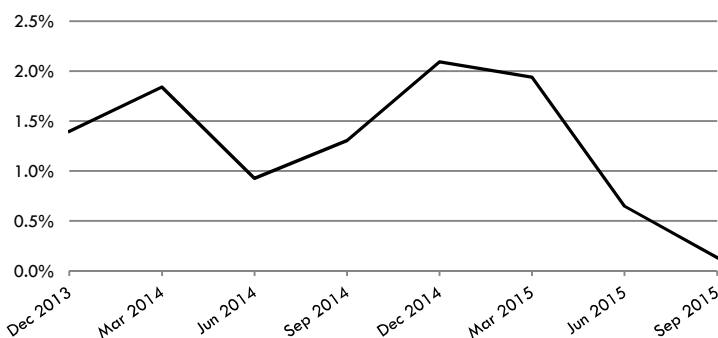
| | | | | | |
|---------------------------|-------|----------------------------|-------|--------------------------------|-------|
| Median 52-Week Return | -1.2% | Median EV/Revenue Multiple | 1.9x | Median Price/Earnings Multiple | 24.7x |
| Median 3-Year CAGR Return | 5.8% | Median EV/EBITDA Multiple | 12.8x | Median EV/Gross CF Multiple | 23.0x |

Comparable Public Company Market Price Returns As of September 30, 2015

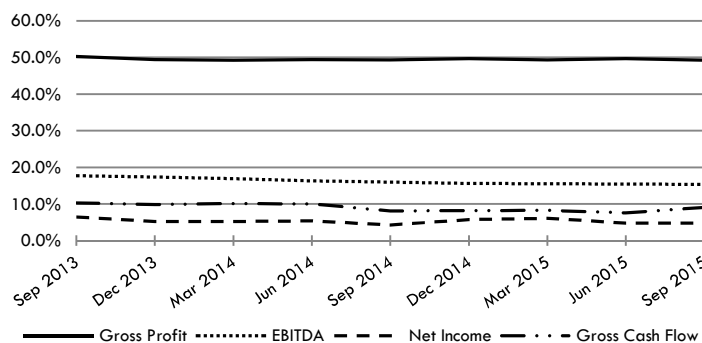
| | YTD | 3 Month | 1 Year | 2 Year | 3 Year | 5 Year | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-------------|--------------|--------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|
| Daegis Inc. | -39.2% | -38.7% | -49.1% | -34.1% | -31.3% | -34.0% | -39.2% | 13.2% | -45.6% | -32.8% | -3.3% |
| Epiq Systems, Inc. | 5.6% | -23.5% | -26.4% | -1.0% | -1.3% | 1.1% | 5.6% | 26.8% | 6.1% | -12.5% | -1.9% |
| FTI Consulting, Inc. | -6.1% | 0.7% | 18.7% | 4.8% | 15.9% | 3.7% | -6.1% | 24.7% | -22.2% | 13.8% | -20.9% |
| Guidance Software, Inc. | -28.2% | -28.9% | -10.5% | -18.5% | -18.8% | 0.6% | -28.2% | -14.9% | 83.2% | -9.9% | 37.2% |
| Huron Consulting Group Inc. | 9.1% | -10.8% | 2.6% | 9.0% | 21.5% | 23.2% | 9.1% | 86.0% | -13.0% | 46.5% | 14.8% |
| Innodata Inc. | 19.2% | -11.4% | -23.6% | -5.2% | -16.8% | -3.3% | 19.2% | -35.2% | -4.1% | 37.8% | -48.4% |
| Iron Mountain Incorporated | 27.4% | 0.1% | -5.0% | 7.1% | -3.1% | 6.8% | 27.4% | -2.3% | 0.8% | 23.2% | 9.9% |
| MAXIMUS, Inc. | 24.7% | -9.4% | 48.4% | 15.0% | 25.9% | 31.1% | 24.7% | 39.2% | 52.9% | 26.1% | 31.2% |
| Navigant Consulting Inc. | -19.9% | 7.0% | 14.4% | 1.4% | 12.9% | 6.5% | -19.9% | 72.0% | -2.2% | 24.0% | -38.1% |
| NeuStar, Inc. | -44.2% | -6.8% | 9.6% | -25.8% | -12.1% | 1.8% | -44.2% | 18.9% | 22.7% | 31.2% | 13.1% |
| Open Text Corporation | 26.7% | 10.4% | -19.3% | 9.5% | 17.5% | 13.7% | 26.7% | 64.5% | 9.3% | 11.0% | 13.3% |
| Median of Industry Public Companies | 6.4% | -8.1% | -1.2% | 3.1% | 5.8% | 5.1% | 6.4% | 25.7% | 3.4% | 23.6% | 7.1% |

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

Median Quarterly Revenue Growth of All Text Analytics Companies



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



Median Public Company Multiples of the Text Analytics Industry

| Date: | 9/30/2013 | 12/31/2013 | 3/31/2014 | 6/30/2014 | 9/30/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 |
|------------------------------|-----------|------------|-----------|-----------|-----------|------------|-----------|-----------|-----------|
| EV/Revenues Multiple | 2.0x | 2.1x | 2.0x | 1.9x | 1.7x | 2.0x | 1.9x | 2.1x | 1.9x |
| EV/EBITDA Multiple | 10.1x | 11.6x | 10.7x | 10.8x | 9.3x | 12.9x | 12.9x | 11.5x | 12.8x |
| Price/Earnings Multiple | 29.2x | 29.7x | 30.2x | 21.0x | 18.0x | 25.1x | 23.6x | 25.9x | 24.7x |
| EV/Gross Cash Flows Multiple | 20.6x | 23.3x | 20.5x | 21.7x | 15.9x | 21.5x | 22.5x | 23.0x | 23.0x |

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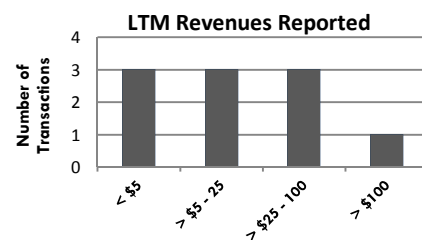
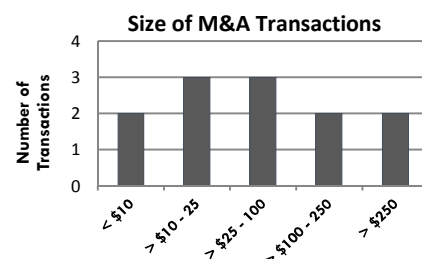
Industry Initial Public Offerings (dollars in millions, except share prices)

| Offer Date | Company Name | Offer Price | Shares Offered | Amount Raised | Total Assets | Debt | LTM Revenues | LTM EBITDA | LTM Net Income | LTM Cash Flows |
|---------------------------|-------------------------|-------------|----------------|---------------|---------------|--------------|---------------|----------------|-----------------|----------------|
| 6/25/2015 | AppFolio, Inc. | \$12.00 | 6.2 | \$74.4 | \$36.0 | \$9.6 | \$53.7 | (\$8.2) | (\$11.0) | (\$7.2) |
| 12/12/2011 | Jive Software, Inc. | \$12.00 | 13.4 | \$161.3 | \$143.9 | \$32.9 | \$69.4 | (\$34.0) | (\$44.9) | (\$31.0) |
| 11/8/2011 | Imperva Inc. | \$18.00 | 5.0 | \$90.0 | \$42.5 | \$3.0 | \$72.0 | (\$10.1) | (\$11.8) | (\$8.6) |
| 8/1/2007 | The Dolan Company | \$14.50 | 13.5 | \$195.1 | \$211.1 | \$233.3 | \$124.6 | \$31.5 | (\$47.0) | \$34.3 |
| 12/12/2006 | Guidance Software, Inc. | \$11.50 | 5.0 | \$57.5 | \$26.6 | \$2.0 | \$51.7 | (\$0.3) | (\$1.8) | \$1.4 |
| Median of All IPOs | | nm | nm | \$90.0 | \$42.5 | \$9.6 | \$69.4 | (\$8.2) | (\$11.8) | (\$7.2) |

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 |
|---|---------------------------|--------------------------------|------------------|-------------|--------------|-------------|
| 5/29/2015 | Quindell Plc | Slater and Gordon | \$1,002.1 | 100% | \$954.8 | 1.0x |
| 3/25/2015 | Agilex Technologies, Inc. | Accenture Federal Services LLC | \$263.8 | 100% | N/A | N/A |
| 2/26/2015 | Prelytix, LLC | Market Resource Partners | \$20.0 | 100% | \$2.0 | 10.0x |
| 4/7/2014 | Third Coast Holdings Inc | Walters Kluwer | \$180.0 | 62% | \$57.0 | 5.1x |
| 9/13/2013 | ISD Corporation | Daily Journal Corp. | \$16.0 | 100% | N/A | N/A |
| 9/12/2013 | Molecular Profiles Ltd. | Columbia Laboratories | \$25.4 | 100% | \$9.0 | 2.8x |
| 9/5/2013 | KnowledgeCenter Ltd. | Charles Taylor plc | \$11.1 | 100% | \$4.2 | 2.6x |
| 8/28/2013 | Panopticon Software AB | Datawatch Corporation | \$27.5 | 100% | \$5.0 | 5.5x |
| 4/25/2013 | Angoss Software Corp. | Peterson Partners LP | \$8.5 | 100% | \$7.0 | 1.1x |
| 5/28/2012 | UBIC, Inc. | Nomura Securities Co. | \$26.6 | 9% | \$65.0 | 4.0x |
| 5/8/2012 | BPA Technologies, Inc. | ICRA Techno Analytics | \$8.0 | 51% | \$10.0 | 1.6x |
| 12/28/2011 | De Novo Legal LLC | Epiq Systems Holdings | \$119.0 | 100% | \$58.4 | 2.0x |
| Median of the 12 M&A Transaction Targets | | | \$26.0 | 100% | \$9.5 | 2.7x |



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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