

## ***ASC 805 Purchase Price Allocation***

*Summary Valuation Results  
for  
Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation  
Valuation Date as of December 17, 2018*

*Privileged and Confidential  
April 24, 2019*



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## Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation Outline

### Exhibit Number

### Exhibit Labeling

A.1

Purchase Consideration Calculation

B.1

#### **Rates of Return**

Weighted Average Return on Assets

B.2

Discounted Cash Flow and Internal Rate of Return Calculations

B.3

Weighted Average Cost of Capital - CAPM-Based

B.4

Beta Calculation

C.1

#### **Intangible Asset Valuation**

Customer Relationships - Multi-Period Excess Earnings Method

C.2

Contributory Asset Charges

C.3

Platform/Library - Relief from Royalty Method

C.4

Trade Name - Relief from Royalty Method

C.5

Royalty Rates

C.6

Profit Split Analysis

C.7

Non-Compete Agreement - With/Without Method

C.8

Non-Compete Agreement - With Agreement in Place

C.9

Non-Compete Agreement - Without Agreement in Place

C.10

Assembled Workforce - Replacement Cost Method

#### **Deferred Revenue Valuation**

D.1

Deferred Revenue

#### **Financial Statements**

E.1

Financial Projections

E.2

Historical Income Statement

E.3

Historical Balance Sheet

#### **Appendices**

F.1

Guideline Public Companies' Revenue Multiples

F.2

Guideline Public Companies' EBITDA Multiples

F.3

Guideline Public Companies' Margins & Cash Flow Metrics

F.4

Guideline Public Companies' Descriptions

F.5

Risk-Free Rates

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit A.1**  
**Purchase Consideration Calculation**

(in thousands of USD, except price per share)

Particulars	Reference	Amount	
Base Purchase Consideration	Per Agreement	215,000.0	
Plus: Cash	Provided by Management	34,021.8	
Estimated Working Capital (a)	Provided by Management	(4,357.6)	
Target Working Capital (b)	Per Agreement	(12,600.0)	
Plus: Excess Working Capital (a-b) (1)		8,242.4	
Less: Seller Transaction Expenses	Provided by Management	(6,835.0)	
Add: Indebtedness	Provided by Management	5,563.8	
Aggregate Option Price	Provided by Management	8,088.8	
<b>Net Merger Consideration</b>		<b>264,081.8</b>	
Book Value of Deferred Revenue	Provided by Management	22,365.2	
Fair Value of Deferred Revenue	Exhibit D.1	(9,520.0)	
Plus: Deferred Revenue Adjustment to Working Capital (1)		12,845.2	
<b>Estimated Purchase Consideration</b>		<b>276,926.9</b>	
<b>Purchase Price Allocation</b>			
Asset Category	Reference	Fair Value	Useful Life
Cash and Cash Equivalents	Exhibit E.3	34,021.8	n/a
Debt-Free Cash-Free Working Capital	Exhibit E.3	(9,540.7)	n/a
Add: Book Value of Deferred Revenue	Exhibit E.3	22,655.7	
Less: Fair Value of Deferred Revenue	Exhibit D.1	(9,520.0)	
Adjusted Debt-Free Cash-Free Working Capital		3,595.1	
Net Fixed Assets	Exhibit E.3	1,114.3	n/a
<b>Total Tangible Assets</b>		<b>38,731.2</b>	
Customer Relationships - Multi-Period Excess Earnings Method	Exhibit C.1	62,270.0	7 years
Platform/Library - Relief from Royalty Method	Exhibit C.3	34,790.0	10 years
Trade Name - Relief from Royalty Method	Exhibit C.4	9,890.0	7 years
Non-Compete Agreement - With/Without Method	Exhibit C.7	3,230.0	5 years
Assembled Workforce - Replacement Cost Method	Exhibit C.10	700.0	Indefinite
Goodwill	Exhibit B.1	127,315.7	Indefinite
<b>Total Intangible Assets</b>		<b>238,195.7</b>	
<b>Total Purchase Price</b>		<b>276,926.9</b>	
Key Rates		Concluded Rates	
Weighted Average Cost of Capital (WACC)	Exhibit B.3	15.0%	
Weighted Average Return on Assets (WARA)	Exhibit B.1	14.8%	
Internal Rate of Return (IRR)	Exhibit D.1	14.7%	

**Footnotes:**

- (1) Based on actual working capital as of the Valuation Date adjusted for deferred revenue haircut.  
(2) Assembled workforce is subsumed into goodwill in the final allocation of the purchase price.

## Rates of Return

Preliminary DRAFT  
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**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit B.1**

**Weighted Average Return on Assets**

(in thousands of USD, except price per share)

Asset Category		Fair Value	Required Return	Premium	Required Return	As a % of Purchase Price	WARA	Reference
Cash and Cash Equivalents		34,021.8	4.0%	0.0%	4.0%	12.3%	0.5%	Exhibit A.1
Debt-Free Cash-Free Working Capital	(1)	3,595.1	5.1%	0.0%	5.1%	1.3%	0.1%	Exhibit E.3
Net Fixed Assets	(2)	1,114.3	6.4%	0.0%	6.4%	0.4%	0.0%	Exhibit E.3
Customer Relationships - Multi-Period Excess Earnings Method		62,270.0	15.0%	1.0%	16.0%	22.5%	3.6%	Exhibit C.1
Platform/Library - Relief from Royalty Method		34,790.0	15.0%	1.0%	16.0%	12.6%	2.0%	Exhibit C.3
Trade Name - Relief from Royalty Method		9,890.0	15.0%	0.5%	15.5%	3.6%	0.6%	Exhibit C.4
Non-Compete Agreement - With/Without Method		3,230.0	15.0%	0.5%	15.5%	1.2%	0.2%	Exhibit C.7
Assembled Workforce - Replacement Cost Method		700.0	15.0%	0.0%	15.0%	0.3%	0.0%	Exhibit C.10
Goodwill		127,315.7	15.0%	2.0%	17.0%	46.0%	7.8%	
<b>Total Equity and Liabilities</b>		<b>276,926.9</b>				<b>100.0%</b>	<b>14.8%</b>	

*Footnotes:*

- (1) Rate of return for net working capital was selected based on 90.0% cost of debt and 10.0% cost of equity.  
(2) Rate of return for fixed assets was selected based on 80.0% cost of debt and 20.0% cost of equity.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit B.2**  
**Discounted Cash Flow and Internal Rate of Return Calculations**

(in thousands of USD)

	Projected										
	12 Months Ending December 31,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Revenue	46,570.3	53,011.3	65,666.4	82,083.0	100,141.2	120,169.5	138,194.9	152,014.4	164,175.5	172,384.3	177,555.8
% Change	13.1%	13.8%	23.9%	25.0%	22.0%	20.0%	15.0%	10.0%	8.0%	5.0%	3.0%
Less: Cost of Sales	(1,276.8)	(1,245.8)	(1,477.5)	(4,104.1)	(5,007.1)	(6,008.5)	(6,909.7)	(7,600.7)	(8,208.8)	(8,619.2)	(8,877.8)
Gross Profit	45,293.5	51,765.6	64,188.9	77,978.8	95,134.2	114,161.0	131,285.1	144,413.6	155,966.7	163,765.1	168,678.0
% Margin	97.3%	97.7%	97.8%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Operating Expenses											
General & Administrative	(12,314.7)	(12,474.3)	(13,232.0)								
Sales & Marketing	(9,466.7)	(12,301.8)	(14,399.2)								
Research & Development	(11,346.4)	(11,337.7)	(11,088.4)								
Total	(33,127.9)	(36,113.8)	(38,719.7)	(45,145.6)	(55,077.7)	(72,101.7)	(82,916.9)	(98,809.3)	(106,714.1)	(120,669.0)	(124,289.1)
EBITDA	12,165.6	15,651.7	25,469.2	32,833.19	40,056.49	42,059.31	48,368.21	45,604.31	49,252.65	43,096.07	44,388.96
% Margin	26.1%	29.5%	38.8%	40.0%	40.0%	35.0%	35.0%	30.0%	30.0%	25.0%	25.0%
Less: Depreciation & Amortization	(316.0)	(422.0)	(553.4)	(717.5)	(917.8)	(842.1)	(1,012.5)	(1,185.2)	(1,349.4)	(1,723.8)	(1,775.6)
EBIT	11,849.6	15,229.7	24,915.8	32,115.7	39,138.7	41,217.2	47,355.7	44,419.1	47,903.3	41,372.2	42,613.4
% Margin	25.4%	28.7%	37.9%	39.1%	39.1%	34.3%	34.3%	29.2%	29.2%	24.0%	24.0%
Net Operating Losses											
Beginning Balance	(1) 34,745.6	22,896.0	7,666.2	-	-	-	-	-	-	-	-
Add: NOLs	-	-	-	-	-	-	-	-	-	-	-
Less: NOLs Used	(11,849.6)	(15,229.7)	(7,666.2)	-	-	-	-	-	-	-	-
Ending Balance	22,896.0	7,666.2	-	-	-	-	-	-	-	-	-
Taxable Cash Flow	-	-	17,249.6	32,115.7	39,138.7	41,217.2	47,355.7	44,419.1	47,903.3	41,372.2	42,613.4
Calculated Taxes	26.5% (2) -	-	(4,571.1)	(8,510.6)	(10,371.7)	(10,922.5)	(12,549.3)	(11,771.1)	(12,694.4)	(10,963.6)	(11,292.6)
Debt-Free After-Tax Cash Flow	11,849.6	15,229.7	20,344.7	23,605.0	28,766.9	30,294.6	34,806.4	32,648.0	35,208.9	30,408.6	31,320.8
Less: Capital Expenditures	1.0% (3) (465.7)	(530.1)	(656.7)	(820.8)	(1,001.4)	(1,201.7)	(1,381.9)	(1,520.1)	(1,641.8)	(1,723.8)	(1,775.6)
Add: Depreciation & Amortization	316.0	422.0	553.4	717.5	917.8	842.1	1,012.5	1,185.2	1,349.4	1,723.8	1,775.6
Less: Change in Working Capital	-12.0% (4) 9,197.5	774.9	1,522.4	1,974.9	2,172.4	2,409.4	2,168.5	1,662.5	1,463.0	987.5	622.1
Net Debt-Free Cash Flow	20,897.4	15,896.5	21,763.8	25,476.6	30,855.7	32,344.5	36,605.5	33,975.6	36,379.5	31,396.1	31,943.0
Partial Period	0.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Adjusted Net Debt-Free Cash Flow	9,646.3	15,896.5	21,763.8	25,476.6	30,855.7	32,344.5	36,605.5	33,975.6	36,379.5	31,396.1	31,943.0
Discount Period	0.02	0.54	1.54	2.54	3.54	4.54	5.54	6.54	7.54	8.54	9.54

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit B.2**  
**Discounted Cash Flow and Internal Rate of Return Calculations**

(in thousands of USD)

		Projected										
		12 Months Ending December 31,										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Discount Factor	14.7%	1.00	0.93	0.81	0.71	0.61	0.54	0.47	0.41	0.35	0.31	0.27
Present Value		9,620.9	14,763.0	17,617.1	17,975.0	18,975.3	17,337.2	17,102.2	13,835.6	12,912.6	9,713.1	8,613.6

Terminal Value Calculation	
Terminal Net Debt-Free Cash Flow	31,943.0
Terminal Growth Rate	3.0%
Terminal Discount Rate	14.7%
Implied Terminal Multiple	8.78x
Terminal Value	280,508.7
Present Value Factor	0.27
<b>Present Value of Terminal Value</b>	<b>75,640.9</b>

(5)

		Terminal Growth Rate				
		2.0%	2.5%	3.0%	3.5%	4.0%
Discount Rate	12.7%	310,648.4	315,880.0	321,649.4	328,043.8	335,170.9
	13.7%	288,779.3	292,822.1	297,241.7	302,093.3	307,443.6
	14.7%	270,307.9	273,482.1	276,926.9	280,678.5	284,779.8
	15.7%	254,495.9	257,022.1	259,746.8	262,694.3	265,893.1
	16.7%	240,805.3	242,839.5	245,021.8	247,369.2	249,900.9

Sensitivity Analysis:	Low	High	Concl.
Range of Valuation Indications	257,020.0	302,090.0	279,560.0

Summary of Present Values	
Discrete Period Value	158,465.7
Terminal Value	75,640.9
Total Enterprise Value	234,106.7
Add: Cash	33,622.8
Add/Less: Excess/Deficit working capital	9,197.5
<b>Total Enterprise Value</b>	<b>276,926.9</b>

**Footnotes:**

- (1) Includes consideration of net operating losses in determining taxable income based on information provided by Management.
- (2) Intends to reflect an all-in corporate tax rate based on guidance provided by Management. Taxes from FY 2018 to FY 2020, adjusted for NOLs.
- (3) Capital expenditures through the discrete period calculated based on the low of the range of Guideline Public Companies and three-year historical capital expenditure level of the Company.
- (4) Change in debt-free, cash-free working capital ("DFCFWC") is based on the historical net working capital levels of the Company. The selection falls close to the historical levels of Company and in range of the Guideline Public Companies.
- (5) The terminal value was calculated using a Gordon Growth Multiple:  $(1+g)/(k-g)$ , where  $g$  = growth and  $k$  = discount rate.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit B.3**  
**Weighted Average Cost of Capital - CAPM-Based**

Capital Structure Components	Cost of Capital	Weighting	Weighted Cost	Reference
Debt	3.8%	15.0%	0.6%	(1)
Equity	16.8%	85.0%	14.3%	
<b>Calculated</b>			<b>14.8%</b>	
<b>Applied</b>			<b>15.0%</b>	
<b>Cost of Debt</b>				
Pre-Tax Cost of Debt			5.1%	(2) Exhibit B.2
Tax Rate			26.5%	
<b>Post-Tax Cost Of Debt</b>			<b>3.8%</b>	
<b>Cost of Equity</b>				
Unlevered Beta			0.94x	Exhibit B.4
Re-Levered Beta		<A>	1.07x	
Market Risk Premium		<B>	6.0%	(4)
Equity Risk Premium		<A>*<B>	6.4%	Exhibit F.5
Risk-Free Rate			3.00%	
Size Premium			5.4%	
Unsystematic Risk Premium			2.0%	
<b>Calculated Cost of Equity</b>			<b>16.8%</b>	

*Footnotes:*

- (1) Capital structure weighting based on observations of the Guideline Public Companies, as well as company-specific considerations.
- (2) Based on consideration of the average bond yield for the Moody's Baa Rated Index as of the Valuation Date, and company-specific considerations.
- (3) Re-levered based on the capital structure weighting portrayed herein.
- (4) Based on the Duff & Phelps 2018 Valuation Handbook.
- (5) Based on the Duff & Phelps 2018 Valuation Handbook - 10th decile companies.
- (6) Based on risk related to Company achieving its forecasts.



**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit B.4**  
**Beta Calculation**

(in millions of USD)

Guideline Public Companies	Beta			Capitalization							
	Beta Lookback (Years)	Levered Beta	Unlevered Beta	Market Cap	Debt	Pref.	Min. Int.	Total Debt, Pref., MI	MVIC	Cash & Equiv.	Ent. Value
Gartner, Inc.	5.0	1.19x	1.06x	12,119.7	2,170.8	n/a	n/a	2,170.8	14,290.5	211.0	14,079.5
The Ultimate Software Group, Inc.	5.0	1.22x	1.21x	7,343.0	16.5	n/a	n/a	16.5	7,359.5	141.0	7,218.5
Ceridian HCM Holding Inc.	5.0	NMF	n/a	4,662.1	671.8	n/a	n/a	671.8	5,333.9	188.0	5,145.9
Conduent Incorporated	2.0	0.56x	0.36x	2,320.0	1,577.0	142.0	n/a	1,719.0	4,039.0	586.0	3,453.0
Cornerstone OnDemand, Inc.	5.0	1.05x	0.98x	2,941.7	288.0	n/a	n/a	288.0	3,229.7	391.0	2,838.7
FTI Consulting, Inc.	5.0	0.07x	NMF	2,232.8	560.2	n/a	n/a	560.2	2,792.9	505.9	2,287.1
SVMK Inc.	5.0	NMF	n/a	1,372.1	409.1	n/a	n/a	409.1	1,781.3	257.1	1,524.1
ICF International, Inc.	5.0	0.72x	0.63x	1,242.0	232.5	n/a	n/a	232.5	1,474.5	5.8	1,468.7
Navigant Consulting, Inc.	5.0	0.80x	0.80x	969.3	-	n/a	3.7	3.7	973.0	277.4	695.6
Heidrick & Struggles International, Inc.	5.0	1.52x	1.52x	609.1	-	n/a	n/a	-	609.1	164.2	444.9
CRA International, Inc.	5.0	1.02x	1.01x	352.6	5.0	n/a	0.3	5.3	357.8	11.9	346.0
Franklin Covey Co.	5.0	1.02x	0.92x	304.8	45.2	n/a	n/a	45.2	350.0	10.2	339.9
<b>High</b>		<b>1.52x</b>	<b>1.52x</b>	<b>12,119.7</b>	<b>2,170.8</b>	<b>142.0</b>	<b>3.7</b>	<b>2,170.8</b>	<b>14,290.5</b>	<b>586.0</b>	<b>14,079.5</b>
<b>3rd Quartile</b>		<b>1.16x</b>	<b>1.06x</b>	<b>3,371.8</b>	<b>588.1</b>	<b>142.0</b>	<b>2.8</b>	<b>588.1</b>	<b>4,362.7</b>	<b>305.8</b>	<b>3,876.2</b>
<b>Mean</b>		<b>0.92x</b>	<b>0.94x</b>	<b>3,039.1</b>	<b>498.0</b>	<b>142.0</b>	<b>2.0</b>	<b>510.2</b>	<b>3,549.3</b>	<b>229.1</b>	<b>3,320.2</b>
<b>Median</b>		<b>1.02x</b>	<b>0.98x</b>	<b>1,802.4</b>	<b>260.2</b>	<b>142.0</b>	<b>2.0</b>	<b>260.2</b>	<b>2,287.1</b>	<b>199.5</b>	<b>1,905.6</b>
<b>1st Quartile</b>		<b>0.74x</b>	<b>0.80x</b>	<b>879.3</b>	<b>13.6</b>	<b>142.0</b>	<b>1.1</b>	<b>13.7</b>	<b>882.0</b>	<b>108.7</b>	<b>632.9</b>
<b>Low</b>		<b>0.07x</b>	<b>0.36x</b>	<b>304.8</b>	<b>-</b>	<b>142.0</b>	<b>0.3</b>	<b>-</b>	<b>350.0</b>	<b>5.8</b>	<b>339.9</b>

Source: Capital IQ

# Intangible Asset Valuation

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**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.1**  
**Customer Relationships - Multi-Period Excess Earnings Method**

(in thousands of USD)

		Projected							
		12 Months Ending January 31,							
		2018	2019	2020	2021	2022	2023	2024	2025
Total Revenue		46,570.3	53,011.3	65,666.4	82,083.0	100,141.2	120,169.5	138,194.9	152,014.4
% Growth		13.1%	13.8%	23.9%	25.0%	22.0%	20.0%	15.0%	10.0%
Revenue from Existing Relationships		46,570.3	49,790.8	55,733.9	62,700.7	69,597.8	76,557.5	82,299.4	86,414.3
Expected Growth from Relationships (1)	50.0%		6.9%	11.9%	12.5%	11.0%	10.0%	7.5%	5.0%
Less: Deferred Revenue (2)		(23,940.8)	(807.4)	(807.4)	(403.7)				
Revenue from Existing Relationships		22,629.5	48,983.5	54,926.6	62,297.0	69,597.8	76,557.5	82,299.4	86,414.3
Beginning Attrition (3)	15.0%	100.0%	100.0%	85.0%	72.3%	61.4%	52.2%	44.4%	37.7%
Ending Attrition (4)		100.0%	85.0%	72.3%	61.4%	52.2%	44.4%	37.7%	32.1%
Average Attrition		100.0%	92.5%	78.6%	66.8%	56.8%	48.3%	41.0%	34.9%
Adjusted Revenue From Existing Customers		22,629.5	45,309.7	43,186.0	41,633.9	39,536.1	36,966.2	33,777.9	30,146.8
Cost of Sales		(620.4)	(1,064.8)	(971.7)	(2,081.7)	(1,976.8)	(1,848.3)	(1,688.9)	(1,507.3)
Cost of Sales Margin		2.7%	2.4%	2.3%	5.0%	5.0%	5.0%	5.0%	5.0%
Gross Profit		22,009.0	44,244.9	42,214.3	39,552.2	37,559.3	35,117.9	32,089.0	28,639.4
Gross Margin		97.3%	97.7%	97.8%	95.0%	95.0%	95.0%	95.0%	95.0%
Operating Expenses		(16,097.5)	(30,867.1)	(25,464.3)	(22,898.6)	(21,744.9)	(22,179.7)	(20,266.7)	(19,595.4)
Operating Cost Margin		71.1%	68.1%	59.0%	55.0%	55.0%	60.0%	60.0%	65.0%
EBITDA		5,911.5	13,377.8	16,750.0	16,653.5	15,814.4	12,938.2	11,822.3	9,044.0
EBITDA Margin		26.1%	29.5%	38.8%	40.0%	40.0%	35.0%	35.0%	30.0%
Selling & Marketing Addback: (5)	80.0%	0.0%	16.3%	18.6%	17.5%	17.5%	17.5%	17.5%	17.5%
Adjusted EBITDA margin		26.1%	45.8%	57.4%	57.5%	57.5%	52.5%	52.5%	47.5%
Adjusted EBITDA		5,911.5	20,746.2	24,767.4	23,957.1	22,750.0	19,422.9	17,747.7	14,332.5
Less: Depreciation		346.9	360.7	363.9	363.9	362.4	259.1	247.5	235.0
% of Revenue		1.5%	0.8%	0.8%	0.9%	0.9%	0.7%	0.7%	0.8%
EBIT		5,564.6	20,385.4	24,403.5	23,593.1	22,387.6	19,163.9	17,500.2	14,097.4
Less: Income Tax Expense	26.5%	(1,474.6)	(5,402.1)	(6,466.9)	(6,252.2)	(5,932.7)	(5,078.4)	(4,637.6)	(3,735.8)
Add: Depreciation		346.9	360.7	363.9	363.9	362.4	259.1	247.5	235.0
Profit after Tax		4,436.9	15,344.0	18,300.5	17,704.9	16,817.3	14,344.5	13,110.1	10,596.6

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.1**  
**Customer Relationships - Multi-Period Excess Earnings Method**

(in thousands of USD)

		Projected							
		12 Months Ending January 31,							
		2026	2027	2028	2029	2030	2031	2032	2033
Total Revenue		164,175.5	172,384.3	177,555.8	182,882.5	188,369.0	194,020.0	199,840.6	205,835.9
% Growth		8.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Revenue from Existing Relationships		89,870.9	92,117.7	93,499.4	94,901.9	96,325.5	97,770.3	99,236.9	100,725.4
Expected Growth from Relationships (1)	50.0%	4.0%	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Less: Deferred Revenue (2)									
Revenue from Existing Relationships		89,870.9	92,117.7	93,499.4	94,901.9	96,325.5	97,770.3	99,236.9	100,725.4
Beginning Attrition (3)	15.0%	32.1%	27.2%	23.2%	19.7%	16.7%	14.2%	12.1%	10.3%
Ending Attrition (4)		27.2%	23.2%	19.7%	16.7%	14.2%	12.1%	10.3%	8.7%
Average Attrition		29.7%	25.2%	21.4%	18.2%	15.5%	13.2%	11.2%	9.5%
Adjusted Revenue From Existing Customers		26,649.8	23,218.6	20,031.8	17,282.5	14,910.5	12,864.0	11,098.4	9,575.2
Cost of Sales		(1,332.5)	(1,160.9)	(1,001.6)	(864.1)	(745.5)	(643.2)	(554.9)	(478.8)
Cost of Sales Margin		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Gross Profit		25,317.3	22,057.7	19,030.3	16,418.4	14,164.9	12,220.8	10,543.5	9,096.4
Gross Margin		95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Operating Expenses		(17,322.3)	(16,253.0)	(14,022.3)	(12,097.7)	(10,437.3)	(9,004.8)	(7,768.9)	(6,702.6)
Operating Cost Margin		65.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
EBITDA		7,994.9	5,804.7	5,008.0	4,320.6	3,727.6	3,216.0	2,774.6	2,393.8
EBITDA Margin		30.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Selling & Marketing Addback: (5)	80.0%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
Adjusted EBITDA margin		47.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%	42.5%
Adjusted EBITDA		12,669.9	9,877.7	8,522.0	7,352.4	6,343.3	5,472.6	4,721.5	4,073.5
Less: Depreciation		219.0	232.2	200.3	172.8	149.1	128.6	111.0	95.8
% of Revenue		0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBIT		12,450.9	9,645.5	8,321.7	7,179.5	6,194.1	5,344.0	4,610.5	3,977.7
Less: Income Tax Expense	26.5%	(3,299.5)	(2,556.1)	(2,205.2)	(1,902.6)	(1,641.4)	(1,416.2)	(1,221.8)	(1,054.1)
Add: Depreciation		219.0	232.2	200.3	172.8	149.1	128.6	111.0	95.8
Profit after Tax		9,370.4	7,321.7	6,316.8	5,449.8	4,701.8	4,056.5	3,499.7	3,019.4

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.1**  
**Customer Relationships - Multi-Period Excess Earnings Method**

(in thousands of USD)

			Projected							
			12 Months Ending January 31,							
			2018	2019	2020	2021	2022	2023	2024	2025
Contributory Asset Charges										
Less: Net Working Capital	0.9%	(6)	(207.7)	(415.8)	(396.3)	(382.0)	(362.8)	(339.2)	(310.0)	(276.6)
Less: Tangible Assets	1.0%	(6)	(234.6)	(469.7)	(447.7)	(431.6)	(409.9)	(383.2)	(350.2)	(312.5)
Less: Technology	5.9%	(7)	(1,330.6)	(2,664.2)	(2,539.3)	(2,448.1)	(2,324.7)	(2,173.6)	(1,986.1)	(1,772.6)
Less: Trade Name	2.2%	(7)	(499.0)	(999.1)	(952.3)	(918.0)	(871.8)	(815.1)	(744.8)	(664.7)
Less: Non-Compete Agreement	0.7%	(6)	(162.5)	(325.4)	(310.1)	(299.0)	(283.9)	(265.4)	-	-
Less: Assembled Workforce	0.1%	(6)	(25.4)	(50.8)	(48.4)	(46.7)	(44.3)	(41.4)	(37.9)	(33.8)
Net Debt-Free Cash Flow			1,977.2	10,419.1	13,606.4	13,179.5	12,519.9	10,326.5	9,681.2	7,536.3
Partial Period Adjustment			0.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Discount Period			0.02	0.54	1.54	2.54	3.54	4.54	5.54	6.54
Present Value Factor			16.0% (8)	1.00	0.92	0.69	0.59	0.51	0.44	0.38
Present Value of Cash Flows			75.6	9,619.0	10,828.9	9,042.4	7,405.0	5,265.2	4,255.4	2,855.7
Net Present Value of Cash Flows			56,293.3							
Add: Present Value of Future Tax Benefit			5,972.0							
Total Value			62,265.3							
Fair Value of Customer Relationships (Rounded)			62,270.0							
Useful Life (9)			7 years							

*Footnotes:*

- (1) Growth rate of existing customers is assumed to be 50.0% of total revenue growth.
- (2) Based on information provided by Management, the long-term deferred revenue has an average 2.5 years to fulfil.
- (3) Customer attrition rate of 15.0% is assumed based on the historical contract renewal rates. Due to the contractual nature of the relationships, there are costs related to switching like training costs.
- (4) Of the existing contracts, the earliest contract to expire is in April 2019. As such, we did not consider any attrition for FY 2018.
- (5) Selling and Marketing addback is assumed to be 80.0% of the overall S&M expenses since most of the expenses for the existing customers have been incurred.
- (6) Refer to Exhibit C.2 for details.
- (7) Based on after-tax royalty rates.
- (8) Refer to Exhibit B.1 for details.
- (9) The useful life of 7 years based on the historical contract renewal rates. Due to the contractual nature of the relationships, there are costs related to switching like training costs.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.1**  
**Customer Relationships - Multi-Period Excess Earnings Method**

(in thousands of USD)

			Projected							
			12 Months Ending January 31,							
			2026	2027	2028	2029	2030	2031	2032	2033
<b>Contributory Asset Charges</b>										
Less: Net Working Capital	0.9%	(6)	(244.5)	(213.1)	(183.8)	(158.6)	(136.8)	(118.0)	(101.8)	(87.9)
Less: Tangible Assets	1.0%	(6)	(276.3)	(240.7)	(207.7)	(179.2)	(154.6)	(133.4)	(115.1)	(99.3)
Less: Technology	5.9%	(7)	(1,567.0)	(1,365.3)	(1,177.9)	(1,016.2)	(876.7)	(756.4)	(652.6)	(563.0)
Less: Trade Name	2.2%	(7)	(587.6)	(512.0)	(441.7)	(381.1)	(328.8)	(283.7)	(244.7)	(211.1)
Less: Non-Compete Agreement	0.7%	(6)	-	-	-	-	-	-	-	-
Less: Assembled Workforce	0.1%	(6)	(29.9)	(26.0)	(22.4)	(19.4)	(16.7)	(14.4)	(12.4)	(10.7)
<b>Net Debt-Free Cash Flow</b>			<b>6,665.1</b>	<b>4,964.6</b>	<b>4,283.2</b>	<b>3,695.4</b>	<b>3,188.2</b>	<b>2,750.6</b>	<b>2,373.1</b>	<b>2,047.4</b>
Partial Period Adjustment			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Discount Period			7.54	8.54	9.54	10.54	11.54	12.54	13.54	14.54
Present Value Factor	16.0%	(8)	0.33	0.28	0.24	0.21	0.18	0.16	0.13	0.12
<b>Present Value of Cash Flows</b>			<b>2,177.2</b>	<b>1,398.0</b>	<b>1,039.8</b>	<b>773.4</b>	<b>575.2</b>	<b>427.8</b>	<b>318.2</b>	<b>236.6</b>
Net Present Value of Cash Flows			56,293.3							
Add: Present Value of Future Tax Benefit			5,972.0							
Total Value			62,265.3							
<b>Fair Value of Customer Relationships (Rounded)</b>			<b>62,270.0</b>							
<i>Useful Life (9)</i>			<i>7 years</i>							

*Footnotes:*

- (1) Growth rate of existing customers is assumed to be 50.0% of total revenue growth.
- (2) Based on information provided by Management, the long-term deferred revenue has an average 2.5 years to fulfil.
- (3) Customer attrition rate of 15.0% is assumed based on the historical contract renewal rates. Due to the contractual nature of the relationships, there are costs related to switching like training costs.
- (4) Of the existing contracts, the earliest contract to expire is in April 2019. As such, we did not consider any attrition for FY 2018.
- (5) Selling and Marketing addback is assumed to be 80.0% of the overall S&M expenses since most of the expenses for the existing customers have been incurred.
- (6) Refer to Exhibit C.2 for details.
- (7) Based on after-tax royalty rates.
- (8) Refer to Exhibit B.1 for details.
- (9) The useful life of 7 years based on the historical contract renewal rates. Due to the contractual nature of the relationships, there are costs related to switching like training costs.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.2**  
**Contributory Asset Charges**

(in thousands of USD)

		Projected										
		12 Months Ending December 31,										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Company Revenue (1)		46,570.3	53,011.3	65,666.4	82,083.0	100,141.2	120,169.5	138,194.9	152,014.4	164,175.5	172,384.3	177,555.8
Net Working Capital Charge												
Beginning Working Capital	(2)	3,595.1	12,792.6	13,567.4	15,089.8	17,064.8	19,237.2	21,646.6	23,815.0	25,477.5	26,940.5	27,928.0
Add: Change in Working Capital	-12.0%	(9,197.5)	(774.9)	(1,522.4)	(1,974.9)	(2,172.4)	(2,409.4)	(2,168.5)	(1,662.5)	(1,463.0)	(987.5)	(622.1)
Ending Balance		12,792.6	13,567.4	15,089.8	17,064.8	19,237.2	21,646.6	23,815.0	25,477.5	26,940.5	27,928.0	28,550.1
Average Working Capital (Beginning & Ending)		8,193.8	13,180.0	14,328.6	16,077.3	18,151.0	20,441.9	22,730.8	24,646.3	26,209.0	27,434.2	28,239.1
Partial Period Adjustment		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
After Tax Return on Asset	5.1% (3)	414.7	667.0	725.2	813.7	918.6	1,034.6	1,150.4	1,247.4	1,326.4	1,388.5	1,429.2
Required Return		0.9%	1.3%	1.1%	1.0%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%
Net Working Capital Charge	0.9%											
Tangible Assets												
Beginning Balance	(2)	1,594.7	1,346.5	1,454.5	1,557.8	1,661.2	1,744.8	2,104.3	2,473.7	2,808.7	3,101.0	3,101.0
Less: Depreciation	(1)	(713.9)	(422.0)	(553.4)	(717.5)	(917.8)	(842.1)	(1,012.5)	(1,185.2)	(1,349.4)	(1,723.8)	(1,775.6)
Add: Capital Expenditures	(1)	465.7	530.1	656.7	820.8	1,001.4	1,201.7	1,381.9	1,520.1	1,641.8	1,723.8	1,775.6
Ending Balance		1,346.5	1,454.5	1,557.8	1,661.2	1,744.8	2,104.3	2,473.7	2,808.7	3,101.0	3,101.0	3,101.0
Average Fixed Assets (Beginning & Ending)		1,470.6	1,400.5	1,506.2	1,609.5	1,703.0	1,924.5	2,289.0	2,641.2	2,954.9	3,101.0	3,101.0
Partial Period Adjustment		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
After Tax Return on Asset	6.4% (3)	93.6	89.2	95.9	102.5	108.4	122.5	145.7	168.1	188.1	197.4	197.4
Return of asset (depreciation)		713.9	422.0	553.4	717.5	917.8	842.1	1,012.5	1,185.2	1,349.4	1,723.8	1,775.6
Required Return		1.7%	1.0%	1.0%	1.0%	1.0%	0.8%	0.8%	0.9%	0.9%	1.1%	1.1%
Tangible Assets Charge	1.0%											
Non-Compete Agreement												
Fair Value of Non-Compete Agreements	3,230.0											
Partial Period Adjustment		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
After Tax Return on Asset	15.5% (3)	500.7	500.7	500.7	500.7	500.7	500.7	-	-	-	-	-
Required Return		1.1%	0.9%	0.8%	0.6%	0.5%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Compete Charge	0.7%											
Assembled Workforce												
Fair Value of Workforce per Employee	700.0											
Partial Period Adjustment		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
After Tax Return on Asset	15.0% (3)	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0	105.0
Required Return		0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Assembled Workforce Charge	0.1%											

**Footnotes:**

- (1) Refer to Exhibit E.1 for details.  
(2) Refer to Exhibit E.3 for details.  
(3) Refer to Exhibit B.1 for details.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.3**  
**Platform/Library - Relief from Royalty Method**

(in thousands of USD)

Projected											
12 Months Ending December 31,											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Revenue Attributable to Technology (1)	45,199.9	50,931.3	63,146.4	78,933.0	96,298.2	115,557.9	132,891.5	146,180.7	157,875.1	165,768.9	170,742.0
% Growth	n/a	12.7%	24.0%	25.0%	22.0%	20.0%	15.0%	10.0%	8.0%	5.0%	3.0%
Pre-Tax Royalty Revenue (2)	8.0%	3,616.0	4,074.5	5,051.7	6,314.6	7,703.9	9,244.6	10,631.3	11,694.5	12,630.0	13,659.4
Income Tax Expense	26.5%	(958.2)	(1,079.7)	(1,338.7)	(1,673.4)	(2,041.5)	(2,449.8)	(2,817.3)	(3,099.0)	(3,347.0)	(3,619.7)
After Tax Royalty Revenue		2,657.8	2,994.8	3,713.0	4,641.3	5,662.3	6,794.8	7,814.0	8,595.4	9,283.1	10,039.6
Partial Period	0.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Discount Period	0.02	0.54	1.54	2.54	3.54	4.54	5.54	6.54	7.54	8.54	9.54
Discount Factor (3)	15.5%	1.00	0.93	0.80	0.69	0.60	0.52	0.45	0.39	0.34	0.29
Present Value of Cash Flows		101.7	2,771.2	2,974.8	3,219.4	3,400.6	3,533.1	3,517.8	3,350.3	3,132.8	2,848.0
Net Present Value of Cash Flows		31,389.4									
Add: Present Value of Future Tax Benefit		3,402.2									
Total Value		34,791.6									
<b>Fair Value of Technology (Rounded)</b>		<b>34,790.0</b>									
Useful Life (4)		10 years									

*Footnotes:*

- (1) Based on Library and Custom Subscription revenue. Refer to Exhibit E.1.
- (2) Refer to Exhibit C.5 for details on the royalty rates of comparable transactions.
- (3) Refer to Exhibit B.1 for details on the discount rate.
- (4) Management indicated that the technologies are reviewed annually for upgrades and the sales cycle is typically three years with content full refreshes. Based on this, we assumed that the developed technology will have a useful life of 10 years before it is replaced by a new technology.



**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.4**  
**Trade Name - Relief from Royalty Method**

(in thousands of USD)

		Projected							
		12 Months Ending December 31,							
		2018	2019	2020	2021	2022	2023	2024	2025
Company Revenue (1)		46,570.3	53,011.3	65,666.4	82,083.0	100,141.2	120,169.5	138,194.9	152,014.4
% Growth		13.1%	13.8%	23.9%	25.0%	22.0%	20.0%	15.0%	10.0%
Percent Attributable to Trade Name		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue Attributable to Trade Name		46,570.3	53,011.3	65,666.4	82,083.0	100,141.2	120,169.5	138,194.9	152,014.4
% Growth		n/a	13.8%	23.9%	25.0%	22.0%	20.0%	15.0%	10.0%
Pre-Tax Royalty Revenue (2)	3.0%	1,397.1	1,590.3	1,970.0	2,462.5	3,004.2	3,605.1	4,145.8	4,560.4
Income Tax Expense	26.5%	(370.2)	(421.4)	(522.0)	(652.6)	(796.1)	(955.3)	(1,098.6)	(1,208.5)
After Tax Royalty Revenue		1,026.9	1,168.9	1,447.9	1,809.9	2,208.1	2,649.7	3,047.2	3,351.9
Partial Period		0.04	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Discount Period		0.02	0.54	1.54	2.54	3.54	4.54	5.54	6.54
Discount Factor (3)	15.5%	1.00	0.93	0.80	0.69	0.60	0.52	0.45	0.39
Present Value of Cash Flows		39.3	1,081.6	1,160.1	1,255.5	1,326.1	1,377.8	1,371.8	1,306.5
Net Present Value of Cash Flows		8,918.7							
Add: Present Value of Future Tax Benefit		966.7							
Total Value		9,885.4							
Fair Value of Trade Name (Rounded)		9,890.0							
Useful Life (4)		7 years							

*Footnotes:*

- (1) Refer to Exhibit E.1.
- (2) Refer to Exhibit C.5 for details on the royalty rates of comparable transactions.
- (3) Refer to Exhibit B.1 for details on the discount rate.
- (4) Given this is a strategic merger, we assumed the trade name shall be continued to be used and will have a useful life of 7 years.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.5**  
**Royalty Rates**

**Technology**

Date	Brand Name/Business Description	Licensee	Licensor	Intangible	Royalty Rates	
					Low	High
N/A	The Canadian Licensee, a diversified online and print based education product and services company, earns royalty revenues from its key customer, who is China's State Ministry of Education publisher, who then prints and sells the English language learning programs to provincial distributors in China.	Lingo Media Corp	Canadian Authors	Technology	12.8%	12.8%
N/A	An on-line retailer of internet courses offers 2,000 courses for professionals in seven fields: architecture; building contracting; constructing; engineering; interior design; landscaping; and landscape architecture. The retailer doesn't create the courses itself; it buys them from about 200 providers.	Redvector Com Inc	Various	Technology	15.0%	15.0%
08/01/10	The Company began selling Reading Eggs, an online product focused on teaching young children to read. Reading Eggs is sold under a Distribution Agreement with the Distributor which requires the Company to pay a royalty to the Distributor for every sale. The Company is a leading subscription-based, software-as-a-service provider of education products. The Company provides standards-based instruction, practice, assessments and productivity tools that improve the performance of educators and students at a low cost via proprietary web-based platforms.	Archipelago Learning, Inc.	Blake Publishing	Technology	35.0%	35.0%
01/19/07	The registrant entered into a software licensing Agreement for the Microsoft ConferenceXP Software Technology, which will be integrated with the registrants' ICE (tm) Enterprise Clinical Documentation, Telemedicine and Tele-health software for commercialization. A new technical innovations of ICE software: the design, implementation, and evaluation of a telemedicine-based approach for improving access to care and for collecting data on health disparities in diverse populations, using ConferenceXP from Microsoft, integrated with ICE electronic health record system. ConferenceXP takes advantage of recent advances in high-performance audio, video, and network technologies to seamlessly connect multiple distant participants in a rich immersive environment for distance conferencing, instruction, and collaboration. It also provides an extensible foundation for interactive collaborative environments and serves as a research platform for designing and implementing distance conferencing and learning applications.	Intercare DX Inc	Microsoft Licensing GP	Technology	10.0%	10.0%
2004	The right to sell IntelliMathics based on certain intellectual property.	Intellitools, Inc.	Anne-Patrice Hickey	Technology	6.7%	6.7%
11/04/02	The right to purchase the LearnLinc software and related assets used in the operation of its e-learning business.	EDT Learning, Inc.	Mentergy, Inc., Gilat-Allen Communications, Inc.	Technology	20.0%	25.0%
07/26/02	1. The right to use the know-how with respect to the Technology, including a right to utilize the Technology in order to develop and sell product(s) based on the Technology and to market such product(s). 2. The right to obtain from the PROVIDER a license to patents related to the Technology.	Royal Capital Management, Inc.	YZ Business Consulting	Technology	40.0%	40.0%
09/01/99	The Company announced the signing of a long-term licensing agreement with a Korean-based company specializing in communication software for core speech recognition, text-to-speech and handwriting recognition technologies that deliver high margins, broad use, rapid development and market emergence/presence. Netori Education 2000 will be one of the first education software applications to implement text-to-speech functions which provide perfect pronunciation and speech solutions to the non-English speaking population; AV2001 Text-To-Speech in the Netori Education 2000 program, an interactive software product used to teach native Korean and Japanese speakers basic English and specialized English vocabulary.	Kunnsoft Co Ltd	Kunnsoft Co Ltd	Technology	20.0%	20.0%
01/06/94	The Company recently announced the signing of a licensing agreement to market MicroClas (TM) USA, a new computerized geography edu-game. MicroClas is the forerunner of a new generation software that will introduce highly interactive learning systems into home, business and school environments.	National Geographic Society	Promark Software Inc / FI	Technology	17.5%	17.5%
<b>High</b>					<b>40.0%</b>	<b>40.0%</b>
<b>3rd Quartile</b>					<b>20.0%</b>	<b>25.0%</b>
<b>Mean</b>					<b>19.7%</b>	<b>20.2%</b>
<b>Median</b>					<b>17.5%</b>	<b>17.5%</b>
<b>1st Quartile</b>					<b>12.8%</b>	<b>12.8%</b>
<b>Low</b>					<b>6.7%</b>	<b>6.7%</b>

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.5**  
**Royalty Rates**

**Trademarks/Trade Name**

<b>Date</b>	<b>Brand Name/Business Description</b>	<b>Licensee</b>	<b>Licensor</b>	<b>Intangible</b>	<b>Low</b>	<b>High</b>
01/01/05	The right to use the service mark and trade name "VERBAL ADVANTAGE" and "CONVERSATION CONFIDENCE", the domain name www.verbaladvantage.com, and any copyrights, logos, designs, toll free telephone numbers, and other intellectual property on various educational and learning aids and other materials distributed or sold in the territory, and to conduct business throughout the territory as VERBAL ADVANTAGE.	Waldrop Enterprises, Inc.	Network Publishing, Inc., The Phillip Lee Bonnell 2004 Trust	Trademark/Trade Name	2.0%	2.5%
02/18/04	The Licensor hereby grants to the Licensee a sole and exclusive, worldwide, irrevocable, and perpetual license to use the Watchow Portal in any manner that the Licensee desires ("THE LICENSE"). The Company is the owner of all rights in the company's Watchow Portal("THE WATCHOW PORTAL") and the Company has the sole right to license the Watchow Portal to the Licensee.	Technoprises Apros & Chay Ltd	Unicorp Ltd And Cat4View Ltd	Trademark/Trade Name	5.0%	5.0%
06/30/00	The right to use the trademarks and service marks , including "eSylvan", "eSylvan.com", "Sylvan", "Sylvan Learning Center", "Sylvan Learning Centers", and "Sylvan Learning Systems" in connection with the eSylvan Internet Business.	Esylvan, Inc.	Sylvan Learning Systems, Inc.	Trademark/Trade Name	4.0%	4.0%
11/05/99	The right to use the LEARNINGEXPRESS.COM related names, trademarks, Domain Name, content and copyrights.	The Learning Express, Inc.	Learningexpress.Com, LLC	Trademark/Trade Name	3.0%	3.0%
<b>High</b>					<b>5.0%</b>	<b>5.0%</b>
<b>3rd Quartile</b>					<b>4.3%</b>	<b>4.3%</b>
<b>Mean</b>					<b>3.5%</b>	<b>3.6%</b>
<b>Median</b>					<b>3.5%</b>	<b>3.5%</b>
<b>1st Quartile</b>					<b>2.8%</b>	<b>2.9%</b>
<b>Low</b>					<b>2.0%</b>	<b>2.5%</b>

Source: Royalty Source

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.6**  
**Profit Split Analysis**

(in thousands of USD)

Guideline Public Companies								Historical 3- Year Average	Projected 3- Year Average	
EBIT Margin	2016	2017	LTM	2018	2019	2020	2021			
Gartner, Inc.	14.2%	4.6%	7.8%	9.3%	11.0%	11.4%	n/a	9.4%	11.2%	
The Ultimate Software Group, Inc.	5.3%	4.7%	7.4%	7.4%	20.1%	20.8%	22.5%	5.8%	21.1%	
Ceridian HCM Holding Inc.	1.5%	6.8%	6.2%	8.1%	15.9%	18.7%	n/a	5.5%	17.3%	
Conduent Incorporated	-0.6%	3.0%	3.9%	3.3%	8.4%	9.8%	n/a	1.9%	9.1%	
Cornerstone OnDemand, Inc.	-13.3%	-9.6%	-0.7%	0.4%	13.9%	17.6%	n/a	-7.5%	15.8%	
FTI Consulting, Inc.	8.5%	8.4%	11.4%	11.5%	10.5%	10.9%	n/a	9.5%	10.7%	
SVMK Inc.	-1.4%	-8.5%	-44.9%	-48.7%	3.1%	7.1%	10.5%	-19.6%	6.9%	
ICF International, Inc.	7.0%	7.1%	6.6%	7.1%	7.6%	8.2%	8.4%	7.1%	8.1%	
Navigant Consulting, Inc.	4.0%	3.2%	9.4%	4.4%	6.7%	7.3%	n/a	3.9%	7.0%	
Heidrick & Struggles International, Inc.	6.2%	6.6%	8.8%	9.9%	9.4%	9.2%	n/a	7.5%	9.3%	
Average	3.1%	2.6%	1.6%	1.3%	10.7%	12.1%	13.8%	2.3%	11.7%	
Median	4.7%	4.7%	7.0%	7.2%	10.0%	10.4%	10.5%	5.6%	10.0%	
Royalty Range - As a % of Median EBIT Margin										
25.0%	1.2%	1.2%	1.8%	1.8%	2.5%	2.6%	2.6%	1.4%	2.5%	
33.0%	1.5%	1.5%	2.3%	2.4%	3.3%	3.4%	3.5%	1.9%	3.3%	
Target Company								Historical 3- Year Average	Projected 3- Year Average	
EBIT Margin	13.1%	16.0%	25.9%	25.9%	28.7%	37.9%	39.1%	18.3%	35.3%	
Normalized EBIT Margin								31.6%	31.6%	
Profit Split Analysis										
25% Profit Split	25.0%	3.3%	4.0%	6.5%	6.5%	7.2%	9.5%	9.8%	4.6%	8.8%
33% Profit Split	33.0%	4.3%	5.3%	8.5%	8.5%	9.5%	12.5%	12.9%	6.0%	11.6%
Selected Royalty Rate (Technology)	8.0%									
Selected Royalty Rate (Trademark/Trade Name)	3.0%									
Total Selected Royalty Rate	11.0%									

# Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation

## Exhibit C.7

### Non-Compete Agreement - With/Without Method

(in thousands of USD)

Scenario	Dov Seidman
With Non-Compete in Place	88,801.2
Without Non-Compete in Place	59,695.2
Value of Relationship	29,105.9
Probability of Competition (1)	10.0%
Probability Adjusted Value of Relationship	2,910.6
Total Value of Relationship	2,910.6
Add: Present Value of Future Tax Benefit	315.5
Total Value	3,226.1
<b>Fair Value of Non-Compete Agreement (rounded)</b>	<b>3,230.0</b>
<i>Life</i>	<i>5 years</i>

#### Footnotes:

(1) Information provided by Management.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.8**  
**Non-Compete Agreement - With Agreement in Place**

(in thousands of USD)

		12 Months Ending December 31,					
		2018	2019	2020	2021	2022	2023
							(1)
Revenue		46,570.3	53,011.3	65,666.4	82,083.0	100,141.2	120,169.5
Percent of Revenue Lost Due to Competition		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Non-Compete Revenue</b>		<b>46,570.3</b>	<b>53,011.3</b>	<b>65,666.4</b>	<b>82,083.0</b>	<b>100,141.2</b>	<b>120,169.5</b>
% Growth		13.1%	13.8%	23.9%	25.0%	22.0%	20.0%
Less: Cost of Sales		(1,276.8)	(1,245.8)	(1,477.5)	(4,104.1)	(5,007.1)	(6,008.5)
Cost of Sales Margin		2.7%	2.4%	2.3%	5.0%	5.0%	5.0%
Gross Profit		45,293.5	51,765.6	64,188.9	77,978.8	95,134.2	114,161.0
Gross Profit Margin		97.3%	97.7%	97.8%	95.0%	95.0%	95.0%
Less: Total Operating Expenses		(33,128.0)	(36,114.0)	(38,720.0)	(45,146.0)	(55,078.0)	(72,102.0)
Operating Cost Margin		71.1%	68.1%	59.0%	55.0%	55.0%	60.0%
<b>EBITDA</b>		<b>12,165.5</b>	<b>15,651.6</b>	<b>25,468.9</b>	<b>32,832.8</b>	<b>40,056.2</b>	<b>42,059.0</b>
EBITDA Margin		26.1%	29.5%	38.8%	40.0%	40.0%	35.0%
Less: Depreciation & Amortization		(713.9)	(422.0)	(553.4)	(717.5)	(917.8)	(842.1)
Depreciation and Amortization (As % of Revenue)		1.5%	0.8%	0.8%	0.9%	0.9%	0.7%
<b>EBIT</b>		<b>11,451.6</b>	<b>15,229.5</b>	<b>24,915.5</b>	<b>32,115.3</b>	<b>39,138.3</b>	<b>41,216.8</b>
EBIT Margin		24.6%	28.7%	37.9%	39.1%	39.1%	34.3%
Less: Tax expense	26.5%	(3,034.7)	(4,035.8)	(6,602.6)	(8,510.6)	(10,371.7)	(10,922.5)
Add: Depreciation & Amortization		713.9	422.0	553.4	717.5	917.8	842.1
Less: Capital Expenditures		(465.7)	(530.1)	(656.7)	(820.8)	(1,001.4)	(1,201.7)
Less: Changes in Debt Free Working Capital		9,197.5	774.9	1,522.4	1,974.9	2,172.4	2,409.4
After Tax Cash Flows		17,862.6	11,860.5	19,732.0	25,476.4	30,855.5	32,344.2
Partial Period		0.04	1.00	1.00	1.00	1.00	0.96
Discount Period		0.02	0.54	1.54	2.54	3.54	4.50
Discount Factor (2)	15.5%	1.00	0.93	0.80	0.69	0.60	0.52
Present Value of Cash Flows		9,503.6	10,975.2	15,808.8	17,671.8	18,530.8	16,311.0
<b>Net Present Value of Cash Flows</b>		<b>88,801.2</b>					
<b>Assumptions (as a % of Revenue) (3)</b>							
Capital Expenditures		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Free Net Working Capital		-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%

**Footnotes:**

- (1) According to the Restrictive Covenant Agreement, the non-compete period is five years starting the closing date of transaction. As such, the last year has been adjusted for the remaining non compete period.
- (2) Refer to Exhibit B.1 for details on the discount rate.
- (3) Refer to Exhibit E.1.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.9**  
**Non-Compete Agreement - Without Agreement in Place**

(in thousands of USD)

		12 Months Ending December 31,					
		2018	2019	2020	2021	2022	2023
							(1)
Revenue		46,570.3	53,011.3	65,666.4	82,083.0	100,141.2	120,169.5
Percent of Revenue Lost Due to Competition (2)		0.0%	10.0%	10.0%	10.0%	10.0%	10.0%
<b>Non-Compete Revenue</b>		<b>46,570.3</b>	<b>47,710.2</b>	<b>59,099.7</b>	<b>73,874.7</b>	<b>90,127.1</b>	<b>108,152.5</b>
% Growth		13.1%	2.4%	23.9%	25.0%	22.0%	20.0%
Less: Cost of Sales		(1,276.8)	(1,121.2)	(1,329.7)	(3,693.7)	(4,506.4)	(5,407.6)
Cost of Sales Margin		2.7%	2.4%	2.3%	5.0%	5.0%	5.0%
Gross Profit		45,293.5	46,589.0	57,770.0	70,180.9	85,620.7	102,744.9
Gross Profit Margin		97.3%	97.7%	97.8%	95.0%	95.0%	95.0%
Less: Total Operating Expenses (3)		(33,128.0)	(36,114.0)	(38,720.0)	(45,146.0)	(55,078.0)	(72,102.0)
Operating Cost Margin		71.1%	75.7%	65.5%	61.1%	61.1%	66.7%
<b>EBITDA</b>		<b>12,165.5</b>	<b>10,475.0</b>	<b>19,050.0</b>	<b>25,034.9</b>	<b>30,542.7</b>	<b>30,642.9</b>
EBITDA Margin		26.1%	22.0%	32.2%	33.9%	33.9%	28.3%
Less: Depreciation & Amortization		(713.9)	(379.8)	(498.0)	(645.8)	(826.0)	(757.9)
Depreciation and Amortization (As % of Revenue)		1.5%	0.8%	0.8%	0.9%	0.9%	0.7%
<b>EBIT</b>		<b>11,451.6</b>	<b>10,095.2</b>	<b>18,552.0</b>	<b>24,389.2</b>	<b>29,716.7</b>	<b>29,885.0</b>
EBIT Margin		24.6%	21.2%	31.4%	33.0%	33.0%	27.6%
Less: Tax expense	26.5%	(3,034.7)	(2,675.2)	(4,916.3)	(6,463.1)	(7,874.9)	(7,919.5)
Add: Depreciation & Amortization		713.9	379.8	498.0	645.8	826.0	757.9
Less: Capital Expenditures		(465.7)	(477.1)	(591.0)	(738.7)	(901.3)	(1,081.5)
Less: Changes in Debt Free Working Capital		650.0	137.1	1,370.2	1,777.4	1,955.2	2,168.5
After Tax Cash Flows		9,315.1	7,459.8	14,912.9	19,610.5	23,721.7	23,810.3
Partial Period		0.04	1.00	1.00	1.00	1.00	0.96
Discount Period		0.02	0.54	1.54	2.54	3.54	4.50
Discount Factor (4)	15.5%	1.00	0.93	0.80	0.69	0.60	0.52
Present Value of Cash Flows		979.7	6,903.0	11,947.8	13,602.9	14,246.5	12,015.3
<b>Net Present Value of Cash Flows</b>		<b>59,695.2</b>					
<b>Assumptions (as a % of Revenue) (5)</b>							
Capital Expenditures		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Debt Free Net Working Capital		-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%

**Footnotes:**

- (1) According to the Restrictive Covenant Agreement, the non-compete period is five years starting the closing date of transaction. As such, the last year has been adjusted for the remaining non compete period
- (2) Based on discussions with Management.
- (3) We have assumed that all operating expenses are fixed expenses and therefore, would not get impacted due to loss of an employee
- (4) Refer to Exhibit B.1 for details on the discount rate.
- (5) Refer to Exhibit E.1.

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.10**  
**Assembled Workforce - Replacement Cost Method (1)**

(in thousands of USD)

Position / Department	Count	Compensation					Recruiting Costs		
		Annual Salary	Burden Rate	Benefits	Average Annual Bonus	Total	Recruiter Required (Yes/No)	Recruiter Fees (as % of Salary)	Total (2)
CEO & Chairman	1	500.0	27.0%	135.0	500.0	1,135.0	No	0.0%	-
Lead, Product & Technology	1	300.0	27.0%	81.0	180.0	561.0	Yes	30.0%	30.0
Chief Operating Officer	1	400.0	27.0%	108.0	240.0	748.0	No	0.0%	-
Chief Financial Officer	1	330.0	27.0%	89.1	132.0	551.1	Yes	30.0%	33.0
Lead, Library and Custom	1	200.0	27.0%	54.0	60.0	314.0	No	0.0%	-
Lead, People Operations	1	175.0	27.0%	47.3	52.5	274.8	No	0.0%	-
Inside Enlistment Professional	7	65.7	27.0%	17.7	6.6	630.2	No	0.0%	-
Project Manager (Data)	1	120.0	27.0%	32.4	18.0	170.4	No	0.0%	-
Project Manager (Solutions)	1	85.0	27.0%	23.0	8.5	116.5	No	0.0%	-
Lead, Public Affairs	1	158.0	27.0%	42.7	23.7	224.4	No	0.0%	-
Chief of Staff	1	140.0	27.0%	37.8	28.0	205.8	No	0.0%	-
Sales Operations	1	150.0	27.0%	40.5	30.0	220.5	No	0.0%	-
Digital Marketing Specialist	1	90.0	27.0%	24.3	9.0	123.3	No	0.0%	-
Enlistment Executive	8	132.3	27.0%	35.7	13.2	1,449.5	No	0.0%	-
Engagement Executive	9	127.0	27.0%	34.3	13.3	1,571.8	No	0.0%	-
Finance Intern	1	31.2	0.0%	-	-	31.2	No	0.0%	-
Recruiting Coordinator	1	57.0	27.0%	15.4	5.7	78.1	No	0.0%	-
Videographer	1	120.0	27.0%	32.4	12.0	164.4	No	0.0%	-
Motion Graphic Designer	1	85.0	27.0%	23.0	8.5	116.5	No	0.0%	-
Systems Administrator	1	100.0	27.0%	27.0	10.0	137.0	No	0.0%	-
E&C Thought Leader	1	130.0	27.0%	35.1	19.5	184.6	No	0.0%	-
Advisory Services	3	145.0	27.0%	39.2	22.3	619.5	No	0.0%	-
Solutions Lead, Product Distribution	2	138.7	27.0%	37.5	28.4	409.2	No	0.0%	-
Knowledge Leader	1	190.0	27.0%	51.3	38.0	279.3	No	0.0%	-
Development Editor	1	115.0	27.0%	31.1	11.5	157.6	No	0.0%	-
Graphic Designer	1	85.0	27.0%	23.0	8.5	116.5	No	0.0%	-
Senior Staff Accountant	1	100.0	27.0%	27.0	10.0	137.0	Yes	25.0%	8.3
Program Manager	4	98.0	27.0%	26.5	11.1	542.1	No	0.0%	-
RFP Writer	1	102.0	27.0%	27.5	10.2	139.7	No	0.0%	-
IT Intern	1	31.2	0.0%	-	-	31.2	No	0.0%	-
Head of Partner Support	1	165.0	27.0%	44.6	33.0	242.6	No	0.0%	-
Partner Success Manager	1	56.0	27.0%	15.1	5.6	76.7	No	0.0%	-
Head of Events	1	110.0	27.0%	29.7	11.0	150.7	No	0.0%	-
Knowledge Leader, Legal	1	161.2	27.0%	43.5	32.2	236.9	No	0.0%	-
Receptionist	1	60.0	27.0%	16.2	6.0	82.2	No	0.0%	-
Library Development Specialist	1	115.0	27.0%	31.1	17.3	163.3	No	0.0%	-
Enlist Executive	1	110.0	27.0%	29.7	11.0	150.7	No	0.0%	-
Financial Analyst	1	80.0	27.0%	21.6	8.0	109.6	No	0.0%	-
Network Engineer	1	85.0	27.0%	23.0	8.5	116.5	No	0.0%	-
Project Manager (QA)	1	70.0	27.0%	18.9	7.0	95.9	No	0.0%	-
Project Manager (Media Dev)	1	75.0	27.0%	20.3	7.5	102.8	No	0.0%	-
Staff Accountant	1	95.0	27.0%	25.6	9.5	130.1	No	0.0%	-
E&C Content Associate	1	58.5	27.0%	15.8	5.9	80.1	No	0.0%	-
Enlistment Executive	1	125.0	27.0%	33.8	12.5	171.3	No	0.0%	-
Mumbai Team	163	16.9	27.0%	4.6	1.7	3,770.2	No	0.0%	-
UK Team	4	94.2	27.0%	25.4	9.4	516.1	No	0.0%	-

**Footnotes:**

- (1) Information provided by Management.
- (2) Management estimated that on an average, 1/3rd of employees are hired by recruiters.
- (3) RNA assumed that the costs provided are pre-tax, so deducted the income tax expense.
- (4) Refer to Exhibit B.1 for details on the discount rate used to calculate the tax amortization benefit.



**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit C.10**  
**Assembled Workforce - Replacement Cost Method (1)**

(in thousands of USD)

Position / Department	Count	Training Costs				Interview Costs				Total Cost
		Time to Train (Weeks)	% Productivity During Training	Weeks Per Year	Total	Candidates Per Position	Total Time to Interview per Candidate (Hours)	Cost Per Hour (\$)	Total	
CEO & Chairman	1	2.0	60.0%	52.0	17.5	30	2.0	0.6	33.3	50.7
Lead, Product & Technology	1	2.0	60.0%	52.0	8.6	30	2.0	0.3	16.4	55.1
Chief Operating Officer	1	2.0	60.0%	52.0	11.5	30	2.0	0.4	21.9	33.4
Chief Financial Officer	1	2.0	60.0%	52.0	8.5	30	2.0	0.3	16.1	57.6
Lead, Library and Custom	1	2.0	60.0%	52.0	4.8	30	2.0	0.2	9.2	14.0
Lead, People Operations	1	2.0	60.0%	52.0	4.2	30	2.0	0.1	8.0	12.3
Inside Enlistment Professional	7	2.0	60.0%	52.0	9.7	30	2.0	0.0	18.5	28.2
Project Manager (Data)	1	2.0	60.0%	52.0	2.6	30	2.0	0.1	5.0	7.6
Project Manager (Solutions)	1	2.0	60.0%	52.0	1.8	30	2.0	0.1	3.4	5.2
Lead, Public Affairs	1	2.0	60.0%	52.0	3.5	30	2.0	0.1	6.6	10.0
Chief of Staff	1	2.0	60.0%	52.0	3.2	30	2.0	0.1	6.0	9.2
Sales Operations	1	2.0	60.0%	52.0	3.4	30	2.0	0.1	6.5	9.9
Digital Marketing Specialist	1	2.0	60.0%	52.0	1.9	30	2.0	0.1	3.6	5.5
Enlistment Executive	8	2.0	60.0%	52.0	22.3	30	2.0	0.1	42.5	64.8
Engagement Executive	9	2.0	60.0%	52.0	24.2	30	2.0	0.1	46.0	70.2
Finance Intern	1	2.0	60.0%	52.0	0.5	30	2.0	0.0	0.9	1.4
Recruiting Coordinator	1	2.0	60.0%	52.0	1.2	30	2.0	0.0	2.3	3.5
Videographer	1	2.0	60.0%	52.0	2.5	30	2.0	0.1	4.8	7.3
Motion Graphic Designer	1	2.0	60.0%	52.0	1.8	30	2.0	0.1	3.4	5.2
Systems Administrator	1	2.0	60.0%	52.0	2.1	30	2.0	0.1	4.0	6.1
E&C Thought Leader	1	2.0	60.0%	52.0	2.8	30	2.0	0.1	5.4	8.2
Advisory Services	3	2.0	60.0%	52.0	9.5	30	2.0	0.1	18.1	27.7
Solutions Lead, Product Distribution	2	2.0	60.0%	52.0	6.3	30	2.0	0.1	12.0	18.3
Knowledge Leader	1	2.0	60.0%	52.0	4.3	30	2.0	0.1	8.2	12.5
Development Editor	1	2.0	60.0%	52.0	2.4	30	2.0	0.1	4.6	7.0
Graphic Designer	1	2.0	60.0%	52.0	1.8	30	2.0	0.1	3.4	5.2
Senior Staff Accountant	1	2.0	60.0%	52.0	2.1	30	2.0	0.1	4.0	14.5
Program Manager	4	2.0	60.0%	52.0	8.3	30	2.0	0.1	15.9	24.2
RFP Writer	1	2.0	60.0%	52.0	2.1	30	2.0	0.1	4.1	6.2
IT Intern	1	2.0	60.0%	52.0	0.5	30	2.0	0.0	0.9	1.4
Head of Partner Support	1	2.0	60.0%	52.0	3.7	30	2.0	0.1	7.1	10.8
Partner Success Manager	1	2.0	60.0%	52.0	1.2	30	2.0	0.0	2.2	3.4
Head of Events	1	2.0	60.0%	52.0	2.3	30	2.0	0.1	4.4	6.7
Knowledge Leader, Legal	1	2.0	60.0%	52.0	3.6	30	2.0	0.1	6.9	10.6
Receptionist	1	2.0	60.0%	52.0	1.3	30	2.0	0.0	2.4	3.7
Library Development Specialist	1	2.0	60.0%	52.0	2.5	30	2.0	0.1	4.8	7.3
Enlist Executive	1	2.0	60.0%	52.0	2.3	30	2.0	0.1	4.4	6.7
Financial Analyst	1	2.0	60.0%	52.0	1.7	30	2.0	0.1	3.2	4.9
Network Engineer	1	2.0	60.0%	52.0	1.8	30	2.0	0.1	3.4	5.2
Project Manager (QA)	1	2.0	60.0%	52.0	1.5	30	2.0	0.0	2.8	4.3
Project Manager (Media Dev)	1	2.0	60.0%	52.0	1.6	30	2.0	0.1	3.0	4.6
Staff Accountant	1	2.0	60.0%	52.0	2.0	30	2.0	0.1	3.8	5.8
E&C Content Associate	1	2.0	60.0%	52.0	1.2	30	2.0	0.0	2.3	3.6
Enlistment Executive	1	2.0	60.0%	52.0	2.6	30	2.0	0.1	5.0	7.7
Mumbai Team	163	2.0	60.0%	52.0	58.0	30	2.0	0.0	110.5	168.5
UK Team	4	2.0	60.0%	52.0	7.9	30	2.0	0.1	15.1	23.1

<b>Total Cost to Replace Assembled Workforce</b>	<b>859.3</b>
Less: Income Tax Expense	(227.7) (3)
<b>After-Tax Value of Workforce</b>	<b>631.6</b>
Add: Present Value of Future Tax Benefit	70.0 (4)
<b>Fair Value of Assembled Workforce</b>	<b>701.6</b>
<b>Fair Value of Assembled Workforce (Rounded)</b>	<b>700.0</b>

**Footnotes:**

- (1) Information provided by Management.
- (2) Management estimated that on an average, 1/3rd of employees are hired by recruiters.
- (3) RNA assumed that the costs provided are pre-tax, so deducted the income tax expense.
- (4) Refer to Exhibit B.1 for details on the discount rate used to calculate the tax amortization benefit.

## Deferred Revenue Valuation



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**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit D.1**  
**Deferred Revenue**

(in thousands of USD)

			As of 12/17/18	Reference
Book Value of Deferred Revenue			22,365.2	Exhibit E.3
Direct Cost to Fulfil (Cost of Sales)	(1)	2.7%	613.2	Exhibit E.1
Indirect Cost to Fulfil (G&A Expense)	(1)	26.4%	5,914.1	Exhibit E.1
Engagement Cost	(2)	15.0%	3,354.8	Exhibit E.1
<b>Costs Related to Fulfilling Obligation</b>	(3)		<b>9,882.1</b>	
Profit on Cost to Fulfil	(4)	8.8%	868.5	Exhibit F.3
<b>Total Cost to Fulfil</b>			<b>10,750.6</b>	
Time to Fulfil (Years)			0.7	Provided by Management
Discount Factor	(5)	20.4%	0.89	Exhibit B.3
Fair Value of Deferred Revenues			9,518.3	
<b>Fair Value of Deferred Revenues (Rounded)</b>			<b>9,520.0</b>	

*Footnotes:*

- (1) RNA estimated the costs related to direct and indirect cost to fulfil the obligation based on the annualized 2018 forecasts for Cost of Sales and G&A Expense as a % of revenue.
- (2) Engagement costs include the after-sales support based on the technology research expense as a % of revenue.
- (3) Fulfilment expenses include direct, indirect costs and engagement costs to execute the operations required to match the unearned revenue.
- (4) This represents the implied profit margin on deferred revenue based on industry average EBIT margins.
- (5) Based on pre-tax WACC.

# Financial Statements

Preliminary DRAFT  
For Discussion Purposes Only



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Forecasting | Modeling | Valuation | Market Assessment

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit E.1**  
**Financial Projections**

(in thousands of USD)

	Projected										
	12 Months Ending December 31,										
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Revenue</b>											
Library Subscription	36,755.8	44,123.7	55,523.5	69,404.42	84,673.39	101,608.07	116,849.28	128,534.21	138,816.94	145,757.79	150,130.53
Custom Subscription	8,444.1	6,807.6	7,622.8	9,528.55	11,624.83	13,949.79	16,042.26	17,646.48	19,058.20	20,011.11	20,611.45
E&C Advisory	1,370.4	2,080.0	2,520.0	3,150.00	3,843.00	4,611.60	5,303.34	5,833.67	6,300.37	6,615.39	6,813.85
<b>Total Revenue</b>	<b>46,570.3</b>	<b>53,011.3</b>	<b>65,666.4</b>	<b>82,083.0</b>	<b>100,141.2</b>	<b>120,169.5</b>	<b>138,194.9</b>	<b>152,014.4</b>	<b>164,175.5</b>	<b>172,384.3</b>	<b>177,555.8</b>
Less: Cost of Sales	(1,276.8)	(1,245.8)	(1,477.5)	(4,104.1)	(5,007.1)	(6,008.5)	(6,909.7)	(7,600.7)	(8,208.8)	(8,619.2)	(8,877.8)
<b>Gross Profit</b>	<b>45,293.5</b>	<b>51,765.6</b>	<b>64,188.9</b>	<b>77,978.8</b>	<b>95,134.2</b>	<b>114,161.0</b>	<b>131,285.1</b>	<b>144,413.6</b>	<b>155,966.7</b>	<b>163,765.1</b>	<b>168,678.0</b>
<b>Operating Expenses</b>											
General & Administrative	(12,314.7)	(12,474.3)	(13,232.0)								
Sales & Marketing	(9,466.7)	(12,301.8)	(14,399.2)								
Research & Development	(11,346.4)	(11,337.7)	(11,088.4)								
Content	(5,357.2)	(5,358.9)	(5,226.2)								
Technology	(5,989.3)	(5,312.9)	(5,189.7)								
Other	-	(665.9)	(672.5)								
<b>Total Operating Expenses</b>	<b>(33,127.9)</b>	<b>(36,113.8)</b>	<b>(38,719.7)</b>	<b>(45,145.6)</b>	<b>(55,077.7)</b>	<b>(72,101.7)</b>	<b>(82,916.9)</b>	<b>(98,809.3)</b>	<b>(106,714.1)</b>	<b>(120,669.0)</b>	<b>(124,289.1)</b>
<b>EBITDA</b>	<b>12,165.6</b>	<b>15,651.7</b>	<b>25,469.2</b>	<b>32,833.19</b>	<b>40,056.49</b>	<b>42,059.31</b>	<b>48,368.21</b>	<b>45,604.31</b>	<b>49,252.65</b>	<b>43,096.07</b>	<b>44,388.96</b>
Less: Depreciation & Amortization	(713.9)	(422.0)	(553.4)	(717.5)	(917.8)	(842.1)	(1,012.5)	(1,185.2)	(1,349.4)	(1,723.8)	(1,775.6)
<b>EBIT</b>	<b>11,451.7</b>	<b>15,229.7</b>	<b>24,915.8</b>	<b>32,115.7</b>	<b>39,138.7</b>	<b>41,217.2</b>	<b>47,355.7</b>	<b>44,419.1</b>	<b>47,903.3</b>	<b>41,372.2</b>	<b>42,613.4</b>
Capital Expenditure	465.7	530.1	656.7	820.8	1,001.4	1,201.7	1,381.9	1,520.1	1,641.8	1,723.8	1,775.6
Change in Working Capital (Cash-Free, Debt-Free)	(9,197.5)	(774.9)	(1,522.4)	(1,974.9)	(2,172.4)	(2,409.4)	(2,168.5)	(1,662.5)	(1,463.0)	(987.5)	(622.1)
<b>Assumptions and Margins</b>											
Revenue Growth	13.1%	13.8%	23.9%	25.0%	22.0%	20.0%	15.0%	10.0%	8.0%	5.0%	3.0%
Cost of Sales Margin	2.7%	2.4%	2.3%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Gross Profit Margin	97.3%	97.7%	97.8%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Operating Cost Margin	71.1%	68.1%	59.0%	55.0%	55.0%	60.0%	60.0%	65.0%	65.0%	70.0%	70.0%
General & Administrative	26.4%	23.5%	20.2%								
Sales & Marketing	20.3%	23.2%	21.9%								
Research & Development	24.4%	21.4%	16.9%								
Operating Margin	26.1%	29.5%	38.8%	40.0%	40.0%	35.0%	35.0%	30.0%	30.0%	25.0%	25.0%
Depreciation and Amortization (As % of Revenue)	1.5%	0.8%	0.8%	0.9%	0.9%	0.7%	0.7%	0.8%	0.8%	1.0%	1.0%
Capital Expenditure (As % of Revenue)	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
EBITDA Margin	26.1%	29.5%	38.8%	40.0%	40.0%	35.0%	35.0%	30.0%	30.0%	25.0%	25.0%
EBIT Margin	24.6%	28.7%	37.9%	39.1%	39.1%	34.3%	34.3%	29.2%	29.2%	24.0%	24.0%
<b>Working Capital Assumptions</b>											
Cash-Free, Debt-Free Net Working Capital	(5,602.4)	(6,377.3)	(7,899.7)	(9,874.6)	(12,047.0)	(14,456.4)	(16,624.8)	(18,287.3)	(19,750.3)	(20,737.8)	(21,360.0)
% of Revenue	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%	-12.0%
Change in Net Working Capital	(9,197.5)	(774.9)	(1,522.4)	(1,974.9)	(2,172.4)	(2,409.4)	(2,168.5)	(1,662.5)	(1,463.0)	(987.5)	(622.1)

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit E.2**  
**Historical Income Statement**

**(in thousands of USD)**

	For the Period Ending December 31,		
	2016	2017	2018
Time in Period	1 Year	1 Year	1 Year
<i>Library Subscription Revenue</i>	32,914.0	33,616.4	36,755.8
<i>Custom Subscription Revenue</i>	6,688.7	6,624.6	8,444.1
<i>E&amp;C Advisory</i>	881.3	926.0	1,370.4
Revenue	40,484.0	41,167.1	46,570.3
Cost of Sales	(1,180.0)	(1,226.7)	(1,276.8)
Gross Profit	39,304.0	39,940.4	45,293.5
Operating Expenses			
General & Administrative	(14,306.5)	(11,776.3)	(11,600.8)
Sales & Marketing	(5,729.2)	(8,070.0)	(9,466.7)
<i>Sales &amp; Marketing Compensation</i>	(3,605.2)	(6,970.7)	(7,661.2)
<i>Contractors</i>	(1,437.9)	(582.0)	(1,206.3)
<i>Marketing</i>	(686.1)	(517.3)	(599.2)
Research & Development	(12,998.0)	(12,287.7)	(11,346.4)
<i>Total Content</i>	(6,494.5)	(6,047.2)	(5,357.2)
<i>Total Technology</i>	(6,024.2)	(5,973.0)	(5,989.3)
<i>Total Research &amp; Development Expenses</i>	(479.3)	(267.5)	-
Depreciation & Amortization	(952.3)	(986.5)	(713.9)
Total	(33,986.1)	(33,120.5)	(33,127.9)
Operating Income	5,317.9	6,820.0	12,165.6
Other Income/Expense, Net	(22.1)	(246.9)	(100.9)
Pre-Tax Income (Loss)	5,295.8	6,573.0	12,064.7
<b>Net Income (Loss)</b>	<b>5,295.8</b>	<b>6,573.0</b>	<b>12,064.7</b>
<b>Other Items:</b>			
Capital Expenditures	271.8	313.1	215.5

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit E.2**  
**Historical Income Statement - Common Size**

	For the Period Ending December 31,		
	2016	2017	2018
Time in Period	1 Year	1 Year	1 Year
<i>Library Subscription Revenue</i>	81.3%	81.7%	78.9%
<i>Custom Subscription Revenue</i>	16.5%	16.1%	18.1%
<i>E&amp;C Advisory</i>	2.2%	2.2%	2.9%
Revenue	100.0%	100.0%	100.0%
Cost of Sales	-2.9%	-3.0%	-2.7%
Gross Profit	97.1%	97.0%	97.3%
Operating Expenses			
General & Administrative	-35.3%	-28.6%	-24.9%
Sales & Marketing	-14.2%	-19.6%	-20.3%
<i>Sales &amp; Marketing Compensation</i>	-8.9%	-16.9%	-16.5%
<i>Contractors</i>	-3.6%	-1.4%	-2.6%
<i>Marketing</i>	-1.7%	-1.3%	-1.3%
Research & Development	-32.1%	-29.8%	-24.4%
<i>Total Content</i>	-16.0%	-14.7%	-11.5%
<i>Total Technology</i>	-14.9%	-14.5%	-12.9%
<i>Total Research &amp; Development Expenses</i>	-1.2%	-0.6%	0.0%
Depreciation & Amortization	-2.4%	-2.4%	-1.5%
Total	-83.9%	-80.5%	-71.1%
Operating Income	13.1%	16.6%	26.1%
Other Income/Expense, Net	-0.1%	-0.6%	-0.2%
Pre-Tax Income (Loss)	13.1%	16.0%	25.9%
<b>Net Income (Loss)</b>	<b>13.1%</b>	<b>16.0%</b>	<b>25.9%</b>
<b>Other Items:</b>			
Capital Expenditures	0.7%	0.8%	0.5%

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit E.3**  
**Historical Balance Sheet**

(in thousands of USD)

	As of December 31,		As of
	2016	2017	12/17/18
<b>Assets</b>			
Current Assets			
Cash & Equivalents	23,986.7	29,493.1	33,622.8
Short-Term Investments	(0.0)	-	-
Accounts Receivable	12,418.9	17,545.4	18,784.6
Deferred Tax Asset	3,475.9	2,146.1	613.3
Prepaid Expenses	3,250.0	3,906.5	3,374.7
Other Current Assets	353.4	141.5	536.4
Total Current Assets	43,484.8	53,232.6	56,931.8
Net Fixed Assets	2,414.1	1,594.7	1,114.3
Intercompany Notes/Receivables	(0.0)	0.0	0.0
Restricted Investments	1,405.6	862.1	862.1
Goodwill	11,644.0	11,644.0	11,644.0
Investments in Subsidiary	(0.0)	(0.0)	0.1
Deferred Tax Asset - Long Term	2,797.8	565.1	568.1
Other Assets	2,526.3	2,351.4	1,524.4
Total Assets	64,272.6	70,250.0	72,644.9
<b>Liabilities &amp; Shareholders' Equity</b>			
Current Liabilities			
Accounts Payable	2,714.7	2,209.2	6,358.7
Accrued Expenses	6,153.5	7,273.4	5,870.5
Capital Lease Obligation - Current	20.9	4.8	-
Deferred Revenue	30,825.0	21,136.3	20,398.8
Short-Term Debt, Current Maturities	730.9	730.9	729.2
Other Current Liabilities	177.9	177.9	221.8
Total Current Liabilities	40,623.0	31,532.6	33,578.9
Long-Term Debt, Net of Current Portion	1,444.2	725.6	-
Deferred Revenue - Long Term	4,491.9	2,361.9	2,256.9
Capital Lease Obligation - Long Term	3.2	-	-
Other Long-Term Liabilities	647.1	455.6	293.5
Total Liabilities	47,209.4	35,075.7	36,129.3
Shareholders' Equity			
Common	59.3	59.3	59.6
Additional Paid In Capital	74,718.0	75,092.2	107,671.0
Accumulated Deficit - Dividends	(16,063.8)	(16,147.4)	(16,063.8)
Accumulated Other Comprehensive Loss	(1,817.5)	(1,817.5)	(1,817.5)
Treasury Stock	(76,472.0)	(88,746.6)	(88,830.2)
Retained Earnings	36,639.3	66,734.3	35,496.5
Total Shareholders' Equity	17,063.2	35,174.3	36,515.6
Total Liabilities & Shareholders' Equity	64,272.6	70,250.0	72,644.9



**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit E.3**  
**Historical Balance Sheet - Common Size**

	As of December 31,		
	2016	2017	12/17/18
<b>Assets</b>			
Current Assets			
Cash & Equivalents	37.3%	42.0%	46.3%
Short-Term Investments	0.0%	0.0%	0.0%
Accounts Receivable	19.3%	25.0%	25.9%
Deferred Tax Asset	5.4%	3.1%	0.8%
Prepaid Expenses	5.1%	5.6%	4.6%
Other Current Assets	0.5%	0.2%	0.7%
Total Current Assets	67.7%	75.8%	78.4%
Net Fixed Assets	3.8%	2.3%	1.5%
Intercompany Notes/Receivables	0.0%	0.0%	0.0%
Restricted Investments	2.2%	1.2%	1.2%
Goodwill	18.1%	16.6%	16.0%
Investments in Subsidiary	0.0%	0.0%	0.0%
Deferred Tax Asset - Long Term	4.4%	0.8%	0.8%
Other Assets	3.9%	3.3%	2.1%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Liabilities &amp; Shareholders' Equity</b>			
Current Liabilities			
Accounts Payable	4.2%	3.1%	8.8%
Accrued Expenses	9.6%	10.4%	8.1%
Capital Lease Obligation - Current	0.0%	0.0%	0.0%
Deferred Revenue	48.0%	30.1%	28.1%
Short-Term Debt, Current Maturities	1.1%	1.0%	1.0%
Other Current Liabilities	0.3%	0.3%	0.3%
Total Current Liabilities	63.2%	44.9%	46.2%
Long-Term Debt, Net of Current Portion	2.2%	1.0%	0.0%
Deferred Revenue - Long Term	7.0%	3.4%	3.1%
Capital Lease Obligation - Long Term	0.0%	0.0%	0.0%
Other Long-Term Liabilities	1.0%	0.6%	0.0%
Total Liabilities	73.5%	49.9%	49.7%
Shareholders' Equity			
Common	0.1%	0.1%	0.1%
Additional Paid In Capital	116.3%	106.9%	148.2%
Accumulated Deficit - Dividends	-25.0%	-23.0%	-22.1%
Accumulated Other Comprehensive Loss	-2.8%	-2.6%	-2.5%
Treasury Stock	-119.0%	-126.3%	-122.3%
Retained Earnings	57.0%	95.0%	48.9%
Total Shareholders' Equity	26.5%	50.1%	50.3%
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Appendices



**RNA Capital Advisors**

**WHEN VALUE MATTERS**

Forecasting | Modeling | Valuation | Market Assessment

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.1**  
**Guideline Public Companies' Revenue Multiples**

(in millions of USD)

Guideline Public Companies		Enterprise Value		Calendar Year			Calendar Year				
				Financial Performance (Actual)			Financial Performance (Actual & Estimates)				
				LTM-2	LTM-1	LTM	2016	2017	2018	2019	2020
Revenue Analysis											
Gartner, Inc.	14,079.5	2,385.1	3,000.2	3,901.1	2,444.5	3,311.5	3,960.2	4,337.6	4,858.7		
The Ultimate Software Group, Inc.	7,218.5	741.4	899.8	1,087.2	781.3	940.7	1,136.4	1,362.5	1,621.5		
Ceridian HCM Holding Inc.	5,145.9	n/a	677.6	808.4	623.4	670.8	742.7	808.1	915.8		
Conduent Incorporated	3,453.0	6,624.0	6,043.0	5,604.0	6,408.0	6,022.0	5,369.9	4,666.0	4,742.0		
Cornerstone OnDemand, Inc.	2,838.7	410.0	459.1	531.6	423.1	482.0	529.5	566.9	648.7		
FTI Consulting, Inc.	2,287.1	1,810.7	1,781.9	1,990.6	1,810.4	1,807.7	1,976.8	2,037.0	2,116.5		
SVMK Inc.	1,524.1	n/a	207.3	243.4	207.3	218.8	252.3	287.3	336.7		
ICF International, Inc.	1,468.7	1,176.3	1,197.5	1,281.2	1,185.1	1,229.2	1,314.5	1,421.2	1,470.7		
Navigant Consulting, Inc.	695.6	911.1	720.0	957.4	938.7	939.6	692.2	730.7	760.9		
Heidrick & Struggles International, Inc.	444.9	567.1	611.8	700.1	582.4	621.4	711.0	732.5	767.5		
CRA International, Inc.	346.0	317.7	352.6	405.9	324.8	370.1	413.5	445.9	468.7		
Franklin Covey Co.	339.9	200.1	185.3	209.8	194.6	193.4	213.0	231.7	251.6		
High	14,079.5	6,624.0	6,043.0	5,604.0	6,408.0	6,022.0	5,369.9	4,666.0	4,858.7		
3rd Quartile	3,876.2	1,652.1	1,343.6	1,458.6	1,341.4	1,373.8	1,480.1	1,575.1	1,745.3		
Mean	3,320.2	1,514.3	1,344.7	1,476.7	1,327.0	1,400.6	1,442.6	1,469.0	1,580.0		
Median	1,905.6	826.2	698.8	882.9	702.3	805.2	726.8	770.3	841.7		
1st Quartile	632.9	449.2	432.5	500.2	398.5	454.0	500.5	536.6	603.7		
Low	339.9	200.1	185.3	209.8	194.6	193.4	213.0	231.7	251.6		

Source: Capital IQ

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.1**  
**Guideline Public Companies' Revenue Multiples**

(in millions of USD)

Guideline Public Companies	Enterprise Value	Calendar Year Multiples			Calendar Year Multiples				
		LTM-2	LTM-1	LTM	2016	2017	2018	2019	2020
Gartner, Inc.	14,079.5	5.90x	4.69x	3.61x	5.76x	4.25x	3.56x	3.25x	2.90x
The Ultimate Software Group, Inc.	7,218.5	9.74x	8.02x	6.64x	9.24x	7.67x	6.35x	5.30x	4.45x
Ceridian HCM Holding Inc.	5,145.9	n/a	7.59x	6.37x	8.25x	7.67x	6.93x	6.37x	5.62x
Conduent Incorporated	3,453.0	0.52x	0.57x	0.62x	0.54x	0.57x	0.64x	0.74x	0.73x
Cornerstone OnDemand, Inc.	2,838.7	6.92x	6.18x	5.34x	6.71x	5.89x	5.36x	5.01x	4.38x
FTI Consulting, Inc.	2,287.1	1.26x	1.28x	1.15x	1.26x	1.27x	1.16x	1.12x	1.08x
SVMK Inc.	1,524.1	n/a	7.35x	6.26x	7.35x	6.97x	6.04x	5.30x	4.53x
ICF International, Inc.	1,468.7	1.25x	1.23x	1.15x	1.24x	1.19x	1.12x	1.03x	1.00x
Navigant Consulting, Inc.	695.6	0.76x	0.97x	0.73x	0.74x	0.74x	1.00x	0.95x	0.91x
Heidrick & Struggles International, Inc.	444.9	0.78x	0.73x	0.64x	0.76x	0.72x	0.63x	0.61x	0.58x
CRA International, Inc.	346.0	1.09x	0.98x	0.85x	1.07x	0.93x	0.84x	0.78x	0.74x
Franklin Covey Co.	339.9	1.70x	1.83x	1.62x	1.75x	1.76x	1.60x	1.47x	1.35x
<b>High</b>	<b>14,079.5</b>	<b>9.74x</b>	<b>8.02x</b>	<b>6.64x</b>	<b>9.24x</b>	<b>7.67x</b>	<b>6.93x</b>	<b>6.37x</b>	<b>5.62x</b>
<b>3rd Quartile</b>	<b>3,876.2</b>	<b>4.85x</b>	<b>6.48x</b>	<b>5.57x</b>	<b>6.87x</b>	<b>6.16x</b>	<b>5.53x</b>	<b>5.08x</b>	<b>4.39x</b>
<b>Mean</b>	<b>3,320.2</b>	<b>2.99x</b>	<b>3.45x</b>	<b>2.91x</b>	<b>3.72x</b>	<b>3.30x</b>	<b>2.93x</b>	<b>2.66x</b>	<b>2.36x</b>
<b>Median</b>	<b>1,905.6</b>	<b>1.26x</b>	<b>1.56x</b>	<b>1.38x</b>	<b>1.50x</b>	<b>1.51x</b>	<b>1.38x</b>	<b>1.29x</b>	<b>1.22x</b>
<b>1st Quartile</b>	<b>632.9</b>	<b>0.86x</b>	<b>0.98x</b>	<b>0.82x</b>	<b>0.99x</b>	<b>0.89x</b>	<b>0.96x</b>	<b>0.91x</b>	<b>0.87x</b>
<b>Low</b>	<b>339.9</b>	<b>0.52x</b>	<b>0.57x</b>	<b>0.62x</b>	<b>0.54x</b>	<b>0.57x</b>	<b>0.63x</b>	<b>0.61x</b>	<b>0.58x</b>

Source: Capital IQ

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.2**  
**Guideline Public Companies' EBITDA Multiples**

(in millions of USD)

Guideline Public Companies	Enterprise Value	Financial Performance (Actual)			Calendar Year					
		LTM-2	LTM-1	LTM	Financial Performance (Actual & Estimates)					
					2016	2017	2018	2019	2020	
EBITDA Analysis										
Gartner, Inc.	14,079.5	395.0	367.0	570.4	400.9	382.4	711.8	795.7	900.7	
The Ultimate Software Group, Inc.	7,218.5	64.6	69.2	116.3	67.6	74.2	274.6	325.0	385.5	
Ceridian HCM Holding Inc.	5,145.9	n/a	103.5	111.0	62.3	99.7	149.3	176.9	226.2	
Conduent Incorporated	3,453.0	522.0	572.0	682.0	536.0	689.0	643.4	639.3	703.1	
Cornerstone OnDemand, Inc.	2,838.7	(46.7)	(47.8)	7.0	(46.3)	(36.0)	91.3	129.2	166.2	
FTI Consulting, Inc.	2,287.1	202.1	159.7	262.0	195.6	186.9	254.4	249.4	258.8	
SVMK Inc.	1,524.1	n/a	13.9	(85.8)	13.9	1.6	58.2	54.4	66.5	
ICF International, Inc.	1,468.7	110.0	113.4	111.4	111.9	112.7	122.5	136.3	147.1	
Navigant Consulting, Inc.	695.6	138.2	88.2	123.1	142.4	125.8	64.7	84.1	90.9	
Heidrick & Struggles International, Inc.	444.9	49.7	57.0	74.7	53.8	55.7	80.3	82.6	n/a	
CRA International, Inc.	346.0	25.1	29.4	30.6	26.8	25.5	n/a	n/a	n/a	
Franklin Covey Co.	339.9	23.1	1.9	8.2	14.6	5.9	12.2	21.4	n/a	
High	14,079.5	522.0	572.0	682.0	536.0	689.0	711.8	795.7	900.7	
3rd Quartile	3,876.2	186.1	124.9	157.8	155.7	141.1	264.5	287.2	385.5	
Mean	3,320.2	148.3	127.3	167.6	131.6	143.6	223.9	244.9	327.2	
Median	1,905.6	87.3	78.7	111.2	64.9	87.0	122.5	136.3	226.2	
1st Quartile	632.9	31.3	25.5	25.0	23.7	20.6	72.5	83.3	147.1	
Low	339.9	(46.7)	(47.8)	(85.8)	(46.3)	(36.0)	12.2	21.4	66.5	

Source: Capital IQ

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.2**  
**Guideline Public Companies' EBITDA Multiples**

(in millions of USD)

Guideline Public Companies	Enterprise Value	Multiples			Calendar Year				
		LTM-2	LTM-1	LTM	Multiples				
					2016	2017	2018	2019	2020
<b>EBITDA Analysis</b>									
Gartner, Inc.	14,079.5	35.65x	38.36x	24.68x	35.12x	36.82x	19.78x	17.69x	15.63x
The Ultimate Software Group, Inc.	7,218.5	NM	NM	NM	NM	NM	26.29x	22.21x	18.73x
Ceridian HCM Holding Inc.	5,145.9	n/a	49.72x	46.36x	NM	NM	34.47x	29.09x	22.75x
Conduent Incorporated	3,453.0	6.61x	6.04x	5.06x	6.44x	5.01x	5.37x	5.40x	4.91x
Cornerstone OnDemand, Inc.	2,838.7	NM	NM	NM	NM	NM	31.11x	21.97x	17.08x
FTI Consulting, Inc.	2,287.1	11.32x	14.32x	8.73x	11.69x	12.24x	8.99x	9.17x	8.84x
SVMK Inc.	1,524.1	n/a	NM	NM	NM	NM	26.20x	28.01x	22.92x
ICF International, Inc.	1,468.7	13.36x	12.96x	13.19x	13.12x	13.03x	11.99x	10.78x	9.99x
Navigant Consulting, Inc.	695.6	5.03x	7.89x	5.65x	4.89x	5.53x	10.75x	8.27x	7.65x
Heidrick & Struggles International, Inc.	444.9	8.95x	7.80x	5.95x	8.27x	7.99x	5.54x	5.39x	n/a
CRA International, Inc.	346.0	13.77x	11.77x	11.32x	12.91x	13.56x	n/a	n/a	n/a
Franklin Covey Co.	339.9	14.71x	NM	41.59x	23.29x	NM	27.81x	15.90x	n/a
<b>High</b>	<b>14,079.5</b>	<b>35.65x</b>	<b>49.72x</b>	<b>46.36x</b>	<b>35.12x</b>	<b>36.82x</b>	<b>34.47x</b>	<b>29.09x</b>	<b>22.92x</b>
<b>3rd Quartile</b>	<b>3,876.2</b>	<b>14.01x</b>	<b>20.33x</b>	<b>24.68x</b>	<b>15.67x</b>	<b>13.29x</b>	<b>27.05x</b>	<b>22.09x</b>	<b>18.73x</b>
<b>Mean</b>	<b>3,320.2</b>	<b>13.67x</b>	<b>18.61x</b>	<b>18.06x</b>	<b>14.47x</b>	<b>13.45x</b>	<b>18.94x</b>	<b>15.81x</b>	<b>14.28x</b>
<b>Median</b>	<b>1,905.6</b>	<b>12.34x</b>	<b>12.37x</b>	<b>11.32x</b>	<b>12.30x</b>	<b>12.24x</b>	<b>19.78x</b>	<b>15.90x</b>	<b>15.63x</b>
<b>1st Quartile</b>	<b>632.9</b>	<b>8.36x</b>	<b>7.87x</b>	<b>5.95x</b>	<b>7.81x</b>	<b>6.76x</b>	<b>9.87x</b>	<b>8.72x</b>	<b>8.84x</b>
<b>Low</b>	<b>339.9</b>	<b>5.03x</b>	<b>6.04x</b>	<b>5.06x</b>	<b>4.89x</b>	<b>5.01x</b>	<b>5.37x</b>	<b>5.39x</b>	<b>4.91x</b>

Source: Capital IQ

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.3**  
**Guideline Public Companies' Margins & Cash Flow Metrics**

(in millions of USD)

Guideline Public Companies	LTM				Net Working Capital		
	Margins						
	Gross	EBITDA	EBIT	Net Income	LTM-2	LTM-1	LTM
Gartner, Inc.	62.6%	14.6%	7.8%	3.7%	(597.2)	(880.2)	(926.0)
The Ultimate Software Group, Inc.	62.3%	10.7%	7.4%	4.6%	(18.6)	1.6	(88.4)
Ceridian HCM Holding Inc.	45.8%	13.7%	6.2%	-2.3%	n/a	(31.2)	(59.2)
Conduent Incorporated	18.7%	12.2%	3.9%	-1.2%	694.0	501.0	205.0
Cornerstone OnDemand, Inc.	72.3%	1.3%	-0.7%	-7.5%	(130.4)	(141.4)	(189.3)
FTI Consulting, Inc.	34.9%	13.2%	11.4%	9.7%	273.4	263.4	260.1
SVMK Inc.	69.4%	-35.2%	-44.9%	-49.9%	n/a	(98.0)	(120.3)
ICF International, Inc.	36.3%	8.7%	6.6%	5.4%	92.0	106.3	140.0
Navigant Consulting, Inc.	30.4%	12.9%	9.4%	16.5%	137.2	176.4	34.5
Heidrick & Struggles International, Inc.	28.9%	10.7%	8.8%	-0.2%	(31.5)	(23.1)	(54.0)
CRA International, Inc.	30.6%	7.5%	5.2%	3.3%	37.6	39.7	36.7
Franklin Covey Co.	70.7%	3.9%	-1.1%	-2.8%	30.6	10.4	7.6
<b>High</b>	<b>72.3%</b>	<b>14.6%</b>	<b>11.4%</b>	<b>16.5%</b>	<b>694.0</b>	<b>501.0</b>	<b>260.1</b>
<b>3rd Quartile</b>	<b>64.3%</b>	<b>12.9%</b>	<b>8.1%</b>	<b>4.8%</b>	<b>125.9</b>	<b>123.8</b>	<b>62.6</b>
<b>Mean</b>	<b>46.9%</b>	<b>6.2%</b>	<b>1.7%</b>	<b>-1.7%</b>	<b>48.7</b>	<b>(6.3)</b>	<b>(62.8)</b>
<b>Median</b>	<b>41.1%</b>	<b>10.7%</b>	<b>6.4%</b>	<b>1.6%</b>	<b>34.1</b>	<b>6.0</b>	<b>(23.2)</b>
<b>1st Quartile</b>	<b>30.5%</b>	<b>6.6%</b>	<b>2.7%</b>	<b>-2.4%</b>	<b>(28.3)</b>	<b>(47.9)</b>	<b>(96.3)</b>
<b>Low</b>	<b>18.7%</b>	<b>-35.2%</b>	<b>-44.9%</b>	<b>-49.9%</b>	<b>(597.2)</b>	<b>(880.2)</b>	<b>(926.0)</b>

Source: Capital IQ

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.3**  
**Guideline Public Companies' Margins & Cash Flow Metrics**

(in millions of USD)

Guideline Public Companies	NWC as % of Revenue			Capital Expenditures			Capex as % of Revenue		
	LTM-2	LTM-1	LTM	LTM-2	LTM-1	LTM	LTM-2	LTM-1	LTM
Gartner, Inc.	-25.0%	-29.3%	-23.7%	(46.9)	(88.6)	(99.8)	2.0%	3.0%	2.6%
The Ultimate Software Group, Inc.	-2.5%	0.2%	-8.1%	(66.8)	(81.7)	(74.8)	9.0%	9.1%	6.9%
Ceridian HCM Holding Inc.	n/a	-4.6%	-7.3%	n/a	(12.7)	(14.9)	n/a	1.9%	1.8%
Conduent Incorporated	10.5%	8.3%	3.7%	(113.0)	(120.0)	(158.0)	1.7%	2.0%	2.8%
Cornerstone OnDemand, Inc.	-31.8%	-30.8%	-35.6%	(5.0)	(8.6)	(10.6)	1.2%	1.9%	2.0%
FTI Consulting, Inc.	15.1%	14.8%	13.1%	(29.6)	(26.1)	(39.8)	1.6%	1.5%	2.0%
SVMK Inc.	n/a	-47.3%	-49.4%	n/a	(30.4)	(15.1)	n/a	14.7%	6.2%
ICF International, Inc.	7.8%	8.9%	10.9%	(13.5)	(11.6)	(21.6)	1.2%	1.0%	1.7%
Navigant Consulting, Inc.	15.1%	24.5%	3.6%	(21.4)	(45.9)	(19.2)	2.3%	6.4%	2.0%
Heidrick & Struggles International, Inc.	-5.6%	-3.8%	-7.7%	(4.7)	(16.3)	(5.8)	0.8%	2.7%	0.8%
CRA International, Inc.	11.9%	11.2%	9.0%	(17.1)	(6.6)	(17.8)	5.4%	1.9%	4.4%
Franklin Covey Co.	15.3%	5.6%	3.6%	(4.0)	(7.2)	(6.5)	2.0%	3.9%	3.1%
<b>High</b>	<b>15.3%</b>	<b>24.5%</b>	<b>13.1%</b>	<b>(4.0)</b>	<b>(6.6)</b>	<b>(5.8)</b>	<b>9.0%</b>	<b>14.7%</b>	<b>6.9%</b>
<b>3rd Quartile</b>	<b>14.3%</b>	<b>9.5%</b>	<b>5.0%</b>	<b>(7.1)</b>	<b>(10.9)</b>	<b>(13.8)</b>	<b>2.3%</b>	<b>4.5%</b>	<b>3.4%</b>
<b>Mean</b>	<b>1.1%</b>	<b>-3.5%</b>	<b>-7.3%</b>	<b>(32.2)</b>	<b>(38.0)</b>	<b>(40.3)</b>	<b>2.7%</b>	<b>4.1%</b>	<b>3.0%</b>
<b>Median</b>	<b>9.1%</b>	<b>2.9%</b>	<b>-1.9%</b>	<b>(19.2)</b>	<b>(21.2)</b>	<b>(18.5)</b>	<b>1.8%</b>	<b>2.3%</b>	<b>2.3%</b>
<b>1st Quartile</b>	<b>-4.8%</b>	<b>-10.8%</b>	<b>-12.0%</b>	<b>(42.6)</b>	<b>(54.9)</b>	<b>(48.6)</b>	<b>1.3%</b>	<b>1.9%</b>	<b>2.0%</b>
<b>Low</b>	<b>-31.8%</b>	<b>-47.3%</b>	<b>-49.4%</b>	<b>(113.0)</b>	<b>(120.0)</b>	<b>(158.0)</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.8%</b>

Source: Capital IQ



**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.4**  
**Guideline Public Companies' Descriptions**

Company Name	Description
Gartner, Inc.	<p>Gartner, Inc. operates as a research and advisory company. It operates through three segments: Research, Conferences, and Consulting. The Research segment offers objective insights and advice on the priorities of various leaders in a range of functional areas of the enterprise through research and other reports, briefings, proprietary tools, access to analysts, peer networking services, and membership programs that enable clients to make better decisions; and practice and talent management research insights in various business functions, such as human resources, sales, legal, and finance. This segment delivers its research, primarily through a subscription-based digital media service. The Conferences segment offers business professionals in an organization the opportunity to learn, share, and network various events. The Consulting segment offers customized solutions to client needs through on-site and day-to-day support, as well as proprietary tools for measuring and improving IT performance. This segment provides solutions to CIOs, IT executives, and other professionals who are responsible for IT applications, enterprise architecture, go-to-market strategies, infrastructure and operations, program and portfolio management, and sourcing and vendor relationships; consulting services to professionals; and actionable solutions for IT cost optimization, technology modernization, and IT sourcing optimization initiatives. The company has operations in the United States, Canada, Europe, the Middle East, Africa, and internationally. Gartner, Inc. was founded in 1979 and is headquartered in Stamford, Connecticut.</p>
The Ultimate Software Group, Inc.	<p>The Ultimate Software Group, Inc. provides cloud-based human capital management solutions to enterprise companies, mid-market companies, and companies in the strategic market in the United States, Canada, Europe, the Asia Pacific, and internationally. Its UltiPro software solution delivers the functionality businesses need to manage the employee life cycle from recruitment to retirement. The company's UltiPro solution includes feature sets for talent acquisition and onboarding, human resources (HR) service delivery and management, benefits management and online enrollment, payroll, performance management, employee engagement surveying, compensation management with salary planning, budgeting, incentive award planning, succession management, learning management, reporting and analytical decision-making and predictive tools and time capture, scheduling, attendance tracking, and absence accruals; and has role-based features for HR professionals, executives, managers, administrators, and employees. Its UltiPro software solution is delivered through software-as-a-service. The company also provides professional services, and customer support and product maintenance services. It markets its products and services to manufacturing, food services, sports, technology, finance, insurance, retail, real estate, transportation, communications, healthcare, and other services industries primarily through direct sales force. The company was founded in 1990 and is headquartered in Weston, Florida.</p>

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.4**  
**Guideline Public Companies' Descriptions**

Company Name	Description
Ceridian HCM Holding Inc.	<p>Ceridian HCM Holding Inc. operates as a human capital management (HCM) software company in the United States and internationally. The company offers Dayforce, a cloud HCM platform that provides human resources (HR), payroll, benefits, workforce management, and talent management functionality; and Powerpay, a cloud platform, which offers scalable and straightforward payroll and HR solutions. It also provides Bureau solutions for payroll and payroll-related services. Ceridian HCM Holding Inc. was incorporated in 2013 and is headquartered in Minneapolis, Minnesota.</p>
Conduent Incorporated	<p>Conduent Incorporated provides business process services with capabilities in transaction-intensive processing, analytics, and automation in the United States and Europe. It operates through three segments: Commercial Industries, Government Services, and Transportation. The Commercial Industries segment offers business process services and customized solutions to clients in various industries. This segment delivers end-to-end business-to-business and business-to-customer services, including customer care, human resource management, omni-channel communications, and finance and accounting services that enable its clients to optimize their processes. It also provides industry-specific services, such as personalized product information for the automotive industry; digitized source-to-pay solutions for clients in the manufacturing industry; customer experience and marketing services for clients in the retail industry; mortgage and consumer loan processing for clients in the financial services industry; and customized workforce learning solutions for clients in the aerospace industry. The Government Services segment provides government-centric business process services to the United States federal, state, local, and foreign governments for transportation, public assistance, program administration, transaction processing, and payment services. The Transportation segment provides support for electronic toll collection, public transit, parking, and photo enforcement service to transportation departments and agencies worldwide. It also offers payment services comprising prepaid cards, health savings accounts, and child support payments; customer care services; human resources services; finance and accounting services; legal business services; workforce learning services; and applied automation and analytics solutions. The company is headquartered in Florham Park, New Jersey.</p>

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.4**  
**Guideline Public Companies' Descriptions**

Company Name	Description
<p>Cornerstone OnDemand, Inc.</p>	<p>Cornerstone OnDemand, Inc., together with its subsidiaries, provides learning and human capital management software through software-as-a-service model worldwide. Its enterprise human capital management platform comprises four product suites, such as Recruiting Suite that helps organizations to attract, hire, and onboard the right employees; Learning Suite, which provides robust, a modern learning management software to supports compliance, knowledge sharing, and employee-driven development training; Performance Suite that provides tools to manage goal setting, performance reviews, competency assessments, development plans, continuous feedback, compensation management, and succession planning; and HR Administration Suite, which provides an aggregated view of all employee data with workforce planning, self-service management, and compliance reporting capabilities. The company also offers professional services, including application configuration, system integration, business process re-engineering, change management, and training. It serves business services, financial services, healthcare, pharmaceuticals, insurance, manufacturing, retail, and technology industries. Cornerstone OnDemand, Inc. was founded in 1999 and is headquartered in Santa Monica, California.</p>
<p>FTI Consulting, Inc.</p>	<p>FTI Consulting, Inc. provides business advisory services to manage change, mitigate risk, and resolve disputes worldwide. The company's Corporate Finance &amp; Restructuring segment provides turnaround and restructuring, business transformation, interim management, valuation and financial advisory, transaction, dispute advisory, and tax services, as well as mergers and acquisitions (M&amp;A), and M&amp;A integration services. Its Forensic and Litigation Consulting segment offers anti-corruption investigations and compliance, and data and analytics, as well as compliance, monitoring, and receivership services; cybersecurity, forensic accounting and advisory, and global risk and investigations practice; and construction solutions, dispute advisory, intellectual property, trial, business insurance claims, anti-money laundering, and health solutions. The company's Economic Consulting segment provides financial, economic, and econometric consulting; business and expert valuation, and expert testimony services; intellectual property and international arbitration services; economic and statistical analyses services; services related to public policy and regulated industries, and healthcare economics and policy; and network and economic impact analysis, and securities litigation and risk management services. Its Technology segment offers e-discovery management, managed document review, collections and digital forensics, information governance and compliance, investigations, and contract intelligence services, as well as Relativity and Radiance Visual Analytics software. The company's Strategic Communications segment provides advice services relating to public affairs and government relations, M&amp;A crisis communications and special situations, corporate reputation, people and change, digital and creative communications, capital markets communications, and strategy consulting and research. FTI Consulting, Inc. was founded in 1982 and is headquartered in Washington, District of Columbia.</p>

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.4**  
**Guideline Public Companies' Descriptions**

Company Name	Description
SVMK Inc.	<p>SVMK Inc. provides survey software products and purpose-built solutions that enable organizations to engage with their customers, employees, and the markets they serve in the United States and internationally. Its cloud-based SaaS platform helps individuals and organizations to design and distribute surveys that generate an average of approximately 20 million answered questions daily across approximately 190 countries and territories. The company offers SurveyMonkey CX, a net promoter score solution that transforms customer feedback into actionable insights; TechValidate, a marketing content automation solution; and SurveyMonkey Engage, an employee-focused solution, which measures employee experiences within an organization. It also provides SurveyMonkey Audience, a market research solution that enables organizations to easily gain real-time actionable data from targeted panelists; SurveyMonkey Apply, an application management solution that is primarily used by educational institutions and non-profits seeking to allocate scholarships and grants; and Wufoo, an easy-to-use form builder that helps users create Web and mobile forms, collect file uploads, and receive online payments. The company was formerly known as SurveyMonkey Inc. and changed its name to SVMK Inc. in March 2013. The company was founded in 1999 and is headquartered in San Mateo, California.</p>
ICF International, Inc.	<p>ICF International Inc. provides management, marketing, technology, and policy consulting and implementation services to government and commercial clients in the United States and internationally. The company researches critical policy, industry, stakeholder issues, trends, and behaviors; measures and evaluates results and their impact; and provides strategic planning and advisory services to its clients on how to navigate societal, market, business, communication, and technology challenges. It also identifies, defines, and implements policies, plans, programs, and business tools through a range of standard and customized methodologies for its clients; conducts survey research; collects and analyzes various data to understand critical issues and options for its clients; and provides actionable business intelligence, as well as information and data management solutions that allow integrated, and purpose-driven data usage. In addition, the company provides solutions to optimize the customer and citizen experience; and cyber security solutions that support the range of cyber security missions and protect IT infrastructures in the face of relentless threats, as well as designs, develops, and implements technology systems that are principal to its clients' mission or business performance. Further, it informs and engages its clients' constituents, customers, and employees through public relations, branding and marketing, multichannel and strategic communications, and reputation issues management. The company serves energy, environment, and infrastructure; health, education, and social programs; safety and security; and consumer and financial markets. The company was formerly known as ICF Consulting Group Holdings, LLC and changed its name to ICF International, Inc. in 2006. ICF International, Inc. was founded in 1969 and is headquartered in Fairfax, Virginia.</p>

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.4**  
**Guideline Public Companies' Descriptions**

Company Name	Description
<p>Navigant Consulting, Inc.</p>	<p>Navigant Consulting, Inc. provides professional services worldwide. It operates through three segments: Healthcare, Energy, and Financial Services Advisory and Compliance. The Healthcare segment offers consulting and business process management services to healthcare providers, payers, and life sciences companies. This segment helps clients respond to market legislative changes, such as the shift to an outcome and value-based reimbursements model, ongoing industry consolidation and reorganization, Medicaid expansion, the implementation of a electronic health records system, and product planning and commercialization expertise. The Energy segment provides life-cycle solutions that help clients businesses in changing energy environment, manage complexity, accelerate operational performance, and meet compliance requirements, as well as transform its organizations and systems; and various benchmarking, and data and market research services. This segment serves utility and energy companies, government and nongovernmental organizations, large corporations, product manufacturers, and investors. The Financial Services Advisory and Compliance segment provides strategic, operational, valuation, risk management, investigative, and compliance advisory services to financial services industry, including financial and insurance institutions. This segment also offers anti-corruption solutions and anti-money laundering consulting, litigation support, and tax compliance services. Navigant Consulting, Inc. was founded in 1983 and is headquartered in Chicago, Illinois.</p>
<p>Heidrick &amp; Struggles International, Inc.</p>	<p>Heidrick &amp; Struggles International, Inc., together with its subsidiaries, provides executive search and consulting services to businesses and business leaders in the Americas, Europe, the Asia Pacific, and internationally. The company enables its clients to build leadership teams by facilitating the recruitment, management, and development of senior executives. Its consulting services include leadership assessment and development, executive coaching and on-boarding, succession planning, team and board effectiveness, organizational performance acceleration, workforce planning, and culture shaping services. The company serves Fortune 1000 companies; middle market and emerging growth companies; governmental, higher education, and not-for-profit organizations; and other private and public entities. Heidrick &amp; Struggles International, Inc. was founded in 1953 and is headquartered in Chicago, Illinois.</p>

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.4**  
**Guideline Public Companies' Descriptions**

Company Name	Description
CRA International, Inc.	<p>CRA International, Inc., a consulting company, provides economic, financial, and management consulting services in the United States, the United Kingdom, and internationally. It advises clients on economic and financial matters pertaining to litigation and regulatory proceedings; and guides corporations through business strategy and performance-related issues. The company also offers consulting services, including research and analysis, expert testimony, and support in litigation and regulatory proceedings in the areas of finance, accounting, economics, insurance, and forensic accounting and investigations to corporate clients and attorneys. In addition, it offers management consulting services comprising strategy development, performance improvement, corporate strategy and portfolio analysis, estimation of market demand, new product pricing strategies, valuation of intellectual property and other assets, assessment of competitors' actions, and analysis of new sources of supply. The company serves various industries, including agriculture, banking and capital markets, chemicals, communications and media, consumer products, energy, entertainment, financial services, health care, insurance, life sciences, manufacturing, oil and gas, real estate, retail, sports, telecommunications, transportation, and technology, as well as metals, mining, and materials. CRA International, Inc. was founded in 1965 and is headquartered in Boston, Massachusetts.</p>
Franklin Covey Co.	<p>Franklin Covey Co. provides training and consulting services in the areas of leadership, productivity, strategic execution, trust, sales force performance, customer loyalty, and communication effectiveness skills for organizations and individuals worldwide. The company operates through three segments: Direct Offices, Education Practice, and International Licensees. It also provides a suite of individual-effectiveness and leadership-development training and products. In addition, the company sells books, audio media, and other related products. It serves various small and mid-sized businesses, government entities, and educational institutions through direct and partner offices in approximately 150 countries and territories. The company was founded in 1983 and is headquartered in Salt Lake City, Utah.</p>

*Source: Capital IQ*

**Leeds Equity Partners VI, L.P.'s Acquisition of LRN Corporation**  
**Exhibit F.5**  
**Risk-Free Rates**

Description	Term (Years)	Risk-Free Rate
United States Treasury Constant Maturity - 1 Month	0.08	2.36%
United States Treasury Constant Maturity - 3 Month	0.25	2.40%
United States Treasury Constant Maturity - 6 Month	0.50	2.54%
United States Treasury Constant Maturity - 1 Year	1.00	2.66%
United States Treasury Constant Maturity - 2 Year	2.00	2.70%
United States Treasury Constant Maturity - 3 Year	3.00	2.68%
United States Treasury Constant Maturity - 5 Year	5.00	2.69%
United States Treasury Constant Maturity - 7 Year	7.00	2.77%
United States Treasury Constant Maturity - 10 Year	10.00	2.86%
United States Treasury Constant Maturity - 20 Year	20.00	3.00%
United States Treasury Constant Maturity - 30 Year	30.00	3.11%

Source: Capital IQ