



INDEPENDENT EQUITY RESEARCH

Stock Exchange

**TASE**

**ROBOGROUP T.E.K LTD**

Full date

INITIATION OF COVERAGE

**RoboGroup (TASE: ROBO), formerly known as Eshed Robotec, was founded in 1982 and has been publicly traded for over two decades. The company develops, manufactures, and markets training products and e-learning systems, as well as engineering and manufacturing technology training systems. It offers its products worldwide under the Intelitek, Robotec, and CoderZ brands.**

**Market** – The education technologies industry is expanding exponentially, with demand rising due to COVID-19 and associated significant changes in the world of work and labor. Education technology expenditures are following a growth trend, increasing from $152 billion in 2018 to an expected $404 billion by 2025.

**Strategy** – Apart from expanding its traditional core activity, the company has heavily invested in developing new products to address the growing education technology (EdTech) market needs. RoboGroup’s strategy is to become a leading integrated STEM and industry virtual education learning platform by eliminating the key barriers and challenges that exist today. The company’s goal is to become the preferred choice for STEM and robotics education using a gamified, competitive, and self-based learning methodology.

**Valuation** – Due to RoboGroup's unique value proposition, and its strategic collaborations within leading channels to market, we believe that the company will play a vital role in the growing education technologies market. We see RoboGroup as a great investment opportunity.

We value **RoboGroup**’s equity at NIS XXX, and its price target in the range of NIS XXX to NIS XXX, with a mean of NIS XXX.

Below are our main assumptions and forecast for 2021-2023:

Symbol

**ROBO**

Sector

**TECHNOLOGY**

|  |  |  |
| --- | --- | --- |
| Year  Delete? | Revenues (000 NIS) | EBITDA (000 NIS) |
| 2020A |  |  |
| 2021E |  |  |
| 2022E |  |  |

Chart, histogram

Description automatically generated

WIP

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Stock Performance (since June 2020)

**X%**

Average Daily

Trading Volume

**X stocks**

No. of shares

**45.4 Mn**

Market cap

**NIS X Mn**

Closing price

**NIS XX.X**

Stock price target

**NIS XX.X**

Sub-sector

**ELECTRONICS AND OPTICS**



**RoboGroup**

Full date

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WIP

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# **Investment Thesis**

RoboGroup T.E.K. Ltd. (TASE: ROBO) is an Israeli company that is publicly traded on the Tel-Aviv Stock Exchange. RoboGroup’s vision is to disrupt the STEM (science, technology, engineering, and math) education technology market through its proprietary online virtual platform that enables students to use virtual robots to learn coding, mathematics, and physics. The robots’ operation is subject to real-world physics and they are controlled using unique coding techniques designed for young students.

The platform represents an accessible alternative for teachers and students who do not have access to physical robots due to high costs, major logistical barriers blocking scalability, and high teacher proficiency requirements with regard to robotics and coding. The platform also offers flexibility with respect to simulating advanced technology (such as AI) and advanced environments (such as space) for students who are already engaged in STEM. Its second business unit offers Industry 4.0 Training with a range of physical and remote-learning products and services.

**Global education technology market**

*Size*

* Education technology expenditures are following a growth trend, increasing from $152 billion in 2018 to an expected $404 billion by 2025.
* The COVID-19 pandemic is fueling a spike in growth in global e-learning for schools (known as K-12) that is expected to generate over $240 billion by 2022 and $300 billion by 2026 from various sources.
* The first investments in EdTech were made a decade ago with $500 million in VC investments, exploding to reach an 18-fold increase of $16 billion in 2020.
* The physical robotics market in education is currently valued at $1.3 billion globally, and is set to grow to $3.1 billion by 2025.

*Current challenges*

* There is a shortage of STEM teachers.
* High costs (often reaching hundreds of USD per student for hardware, travel, etc.) create a "glass ceiling" that prevents minority populations and lower socioeconomic groups from participating in competitions and the growing STEM economy.
* Not measurable as its not individual learning/robots.
* Teaching methods that inspire children’s curiosity are lacking, and there is a need to shift the emphasis from simply learning facts to carrying out innovative and enjoyable work using the knowledge gained, including being creative via the application of ideas.

*RoboGroup's opportunities*

* The COVID-19 pandemic has had a positive impact on market growth.
* STEM studies using robotics and science represent a significant pillar that is shaping the future of the economy, in addition to the wellbeing, security, and progress of all societies and states.
* Mid- and long-term growth is expected in the STEM education segments as governments increasingly move to support the STEM curriculum, for example by mandating programming in the K-12 curriculum.
* Schools around the world are facing increasing demands by parents and other stakeholders to prepare students for rapid economic, environmental, and social changes, and jobs that have not yet been created.
* CoderZ can become a leading and enabling platform for expanding STEM and robotics education by developing individual, integrative, and fully digital learning solutions. In doing so, it can penetrate new market segments.

*RoboGroup's value offering*

* **Two company divisions:** (1) STEM professions training and education, (2) professional training in the industry 4.0 domain, including automation, robotics, and smart factories.
* **Unique technology and innovative processes:** (1) highly advanced simulation of physical robots accessible from browser, (2) modular simulative world to support wide-scale, (3) efficient content creation mechanism that saves significant development resources, (4) multiplayer options.
* **Business model**: STEM education—user/class/school licensing. Industry—turnkey projects, equipment, and software sales.
* **Vision**: “Inspire every learner on the planet to realize their full potential and own their future.” Increase access to STEM and robotics so that every student will have more career options to choose from. Become the preferred choice for STEM and robotics education, through a gamified, competitive, and self-based learning methodology.
* **Market penetration**: Enter schools’ STEM curricula through standards-aligned and integrated curricular activities, and extra-curricular competitions and activities.
* **Channels**: Multiple channels to market, including distributors, partnerships with software companies (such as Amazon), robot manufacturers (such as Lego), industrial robot manufacturers (such as Yaskawa), and many others. Scaling will focus on volume/value partner development, together with strong B2C activities, when the company is ready to launch.
* **Company roadmap**: Moving toward an integrative, virtual, fully digital platform.

**The education technologies industry is expanding exponentially, with the demand rising due to COVID-19 and significant changes in the world of work and labor. This so-called third education revolution includes a personalized, digitized, and decentralized education system.**

**Due to RoboGroup's unique value proposition, and its strategic collaborations within leading channels to market, we believe that the company will play a vital role in the growing education technologies market. We see RoboGroup as a great investment opportunity; however, like any technology firm, RoboGroup has to achieve its vision of becoming a fully digitized and automized solution, as well as establishing further significant sales.**

**Definitions & Segmentation**

## **STEM**

## STEM courses teach Science, Technology, Engineering, and Math through hands-on learning and projects rooted in real world challenges, thus preparing students for the future job landscape. These courses can take place in school, with after-school STEM programs, or at a STEM summer camp, etc.[[1]](#endnote-1)[[2]](#endnote-2)[[3]](#endnote-3)

## **Robotics**

## Robotics is an ideal STEM learning experience primarily because it engages, empowers, and challenges students through real-life learning tasks. It also thoroughly addresses key STEM aspects such as Integration, Problem Solving, 21st Century Skills and Personalized Learning [[4]](#endnote-4)[[5]](#endnote-5).

## **Industry 4.0**

## The Fourth Industrial Revolution (also known as Industry 4.0) refers to the digital transformation and automation of traditional, “analog”, manufacturing and industrial practices, using modern smart technology. Industry 4.0 refers to the broad set of technologies including mobile applications, cloud services, robotics and artificial intelligence[[6]](#endnote-6)[[7]](#endnote-7)[[8]](#endnote-8).

## **TVET** (Technical and Vocational Education and Training)

## Technical and vocational education and training (TVET) is understood as comprising education, training and skills development relating to a wide range of occupational fields, production, services and livelihoods.

## Without proper TVET in secondary and post-secondary levels, countries cannot fulfil the open positions in their manufacturing sector, making it a high importance / national-security and geo-political issue (such as Trump’s “bring back the factories’ policy and Modi’s “buy India” policy and others)[[9]](#endnote-9)[[10]](#endnote-10).

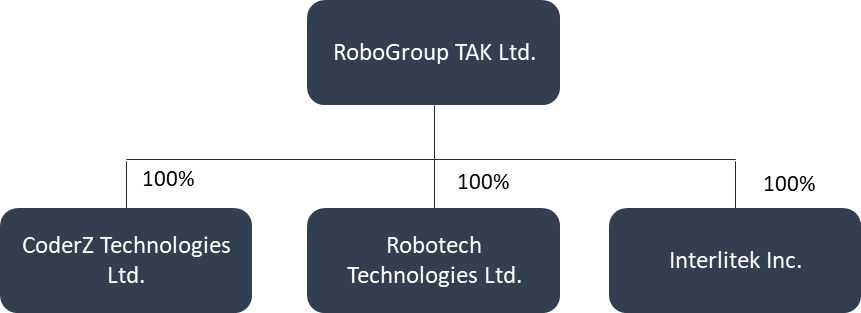
#### 1. Company overview

## RoboGroup T.E.K. Ltd., headquartered in Israel, is engaged in developing, manufacturing and marketing technology training and education products. It offers its products under two business units – industrial training and STEM education.

## Company was incorporated in 1982 as a private company (current name is used since 2000). Company's shares are listed for trading on the Tel Aviv Stock Exchange since 1991 (TASE: ROBO).

## Company holdings: 37.56% float, and 62.44% interested parties, of which main shareholder is Chairman & CEO, Yoram Doitch (58.76%).

## The RoboGroup consists of three subsidiaries:



RoboGroup TEK Ltd.

Robotec Technologies Ltd.

CoderZ Technologies Ltd.

Intelitek, Inc.

## **CoderZ Technologies Ltd.** - a private company incorporated in Israel and engaged mainly in the development, marketing and distribution of an experiential and gamification-based STEM learning platforms via the use of virtual robots.

## **Intelitek** - a private company incorporated in Delaware, USA and engaged mainly in marketing, sales, technical support and maintenance of the Group's products and products of third parties to the North American education market.

## **Robotec Technologies Ltd.** - a private company incorporated in Israel and engaged in planning and implementation of technology laboratories in the education system, marketing, distribution, installation and maintenance of all the Group's products, third party products and related products in the STEM field, to the training and education markets. Robotec characterizes and develops advanced solutions, and maintains an extensive set of tutorials and advanced training courses.

Offices, facilities and employees

## Company has offices in Israel and US (Derry, New Hampshire). As per March 2021, it employs approx. 90 people, of which 70 are located in Israel.

Company Business Activities

## RoboGroup develops and sells technology education platforms that simplify complex topics in the fields of programming, engineering, science and technology for children, for youth and adults.

## The company has two divisions:

## Science, Technology, Engineering and Mathematics (STEM) professions training and education

## Professional training in the industry 4.0 domain: automation, robotics, smart factory

Products and Services

## **STEM Platform - CoderZ™ Products:**

## The CoderZ platform is an online virtual platform that teaches students in schools STEM through virtual robots, focusing on coding, mathematics and physics, operated under real-world physics, and controlled using unique coding techniques designed for young students. Teachers can monitor students easily and use it as tool to learn and understand the progression and understating of students. This is a unique tool which will help identifying key talents in this field.

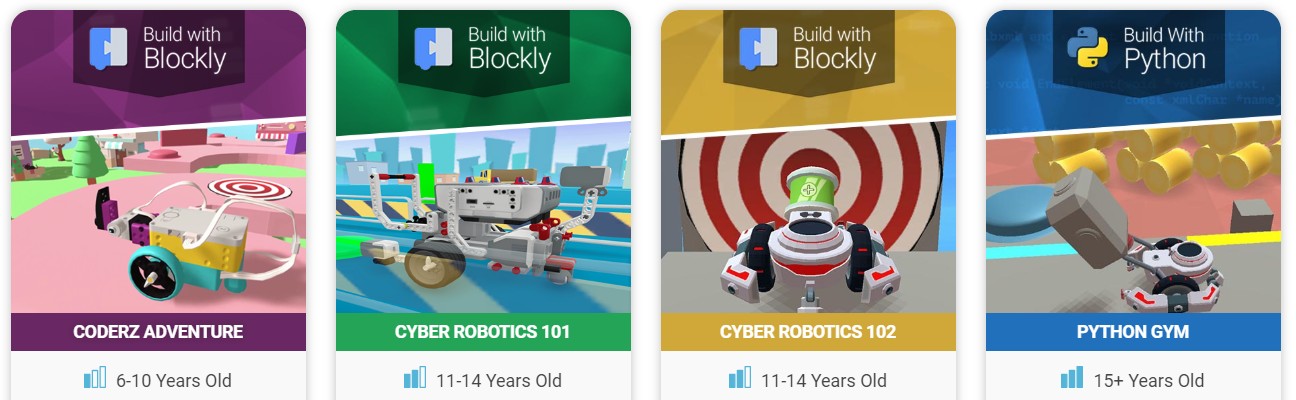
## The simulation has a variety of virtual scenes that places the robot (and the student) in the face of new and encouraging challenges thinking, creativity, knowledge and practice skills in the fields of science and technology.

## The platform offers accessible alternative for teachers and students who don’t have access to real physical robots due to high costs, major logistical barriers blocking scalability, and high proficiency from teachers in robotics and coding, together with flexibility to simulate advanced content (such as AI) and advanced environment (such as space) for students who already engaged in STEM.

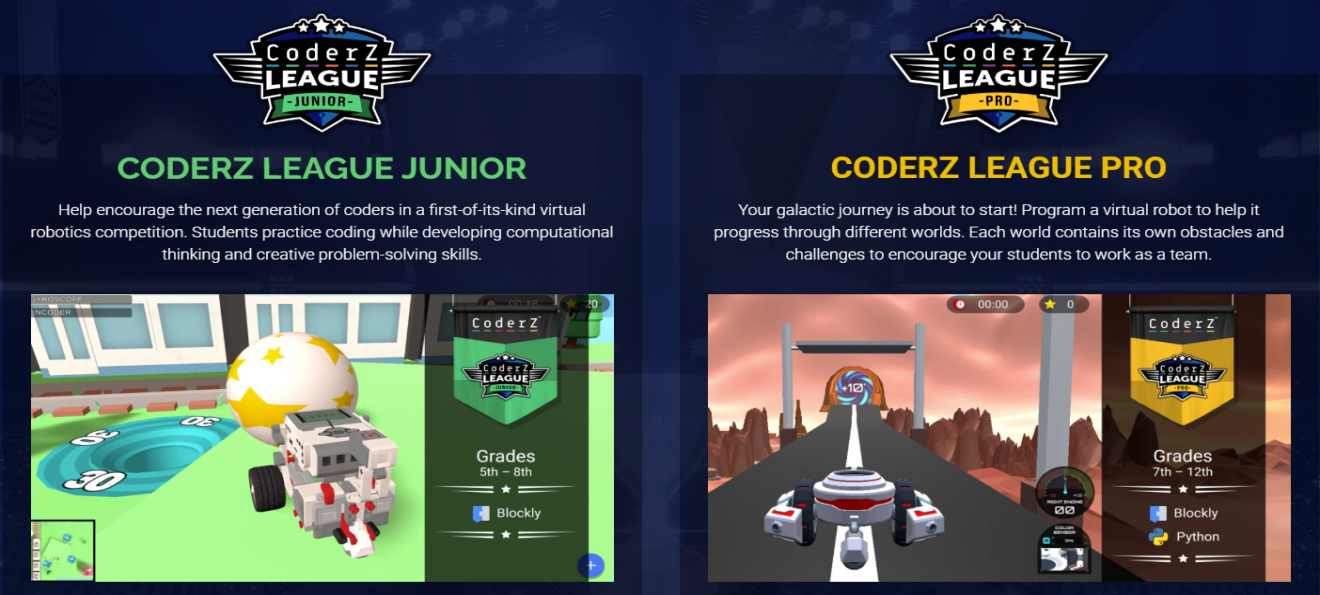
## The platform also enables the participation in virtual robotics competitions – presenting students with goals, encouraging them to engage in STEM together with developing other advanced significant skills such as – creative thinking, decision making, teamwork, leadership and more.

## The CoderZ platform is adapted to privacy standards such as COPPA, FERPA, GDRP, accessibility standards such as Google Classrom, Clever, ClassLink and could potentially be accessed in any language. Today, the platform is translated, in whole or in part, into about 10 languages, and includes a number of modular systems built with the most advanced cloud technology available on the market:

* The licensing system - a licensing system that enables the distribution of licenses of the company's products through external resellers (dealers). The hierarchical licensing model supports accounts at various levels - teacher, school principal, district principal etc.
* The educational content system - CoderZ is a fun and engaging online application where kids learn (self- paced) while playing with robots. School students can program their own virtual robot online using visual tools and then test their code with real-time simulation. There is no hardware, software or teachers required – just a computer and a browser.



* CoderZ League - an online robotics tournament that includes two levels to accommodate students of every coding experience (Junior, Pro). For the 2021 competition, scheduled to start in October, CoderZ league will inaugurate 3rd level for Novice. The tournament engages students through gaming and competition in STEM, coding, and tech literacy. CoderZ League is cloud-based, available on any device, and uses simulation of virtual 3D Robots to perform complex tasks and missions. The virtual experience makes it easy to design, program, and test a simulated robot in a variety of 3D environments. Teams of students work collaboratively to program, plan, and complete missions. The final stages of the competitions in 2020 were produced and broadcast in an exciting television event on the Twitch.tv channel.



* The reporting system - development of a CoderZ reports application that allows customers to quickly view data in various sections visually (dashboard) and track student progress. Thus, allowing decision makers to get a clear and online picture of the results of their financial investment. This app could help to identify learning gaps in different topics / areas and will help in making decisions on content / teaching issues.
* Professional Development Teacher Training System – a program designed for anyone who teaches Computer Science or Robotics through the CoderZ learning platform. Each CoderZ training is a hands-on, two-hour online workshop led by an experienced CoderZ trainer that demonstrates best practices for online teaching, 21st century skill promotion, and inquiry-based learning.

## CoderZ has been awarded twice for R&D grant from the Israeli Innovation Authority and was awarded multiple innovations awards in the Ed-tech industry.

## 

## **Industry 4.0 Training products:**

## The field of professional training appeals to vocational schools, colleges, universities, Government Ministries (Education, Labor), Professional Training Centers and Advanced Industry. Company offers a range of physical and remote-learning products and services, including:

## iCert4.0 – Industry 4.0 Certification Program The Smart Factory - collaboration with industry-leading manufacturers such as Siemens, Cognex and Yaskawa for specific certifications combined with technical content focused on systems integration. iCert4.0 certification is in line with the initiative of the Government Standard Development Committee for industry 4.0 certification in the US. The iCert4 system is designed for sale in the SaaS model and includes options for purchasing advanced physical laboratories. Products in development stages in the field of iCert4.0:

* Smart Condition Based Monitoring Lab - is a complete set of hardware, software, learning materials and exercises to enable students to understand how sensors work and how to use them in real industry.
* Smart Sensors lab – the use of real-time data collected from the production floor. The collected data is analyzed and processed into insights that affect the entire production floor of the plant including, improving performance, operation, maintenance and management.
* SmartCIM4.0 lab - smart factory laboratory that includes data collection to the cloud and data analysis, among other technologies: I-O LINK, PLC & HMI, IIOT, MES, AI and Digital Twin.
* I4.0 CyberSecurity lab - the training system for cyber security labs mimics common environments in industries such as power plants, oil and gas refineries, water processing, manufacturing industry and process management. The lab kit includes a common IT network devices and users experience cyber threats simulation and learn how to evaluate, detect and respond to cyber breaches.

## Distance learning products, e-learning and computerized exams - the group's products provide a learning environment that incorporates content and tools designed for both learning a-synchronous, i.e. each student connects via the Internet to a computerized learning system cloud-based developed by the company and learns at a time and place of its choice and through synchronous learning, that is, "live lessons" with a distance teacher. Products in this category include:

## LearnMate®Content - hundreds of training hours interactive on issues of industrial technology and science, both virtually and practically "on-hands" in a lab environment through 3D simulations

## LearnMate®LMS - a system that serves as a virtual campus for content and student management, designed for training managers and operators.

## Computerized exams - a computerized system that allows you to take exams, assessments, certifications and screenings of students with the help of diverse questions and an analysis set of the answers.

## LearnMate®Live - an interactive distance learning system that offers students a similar experience to a frontal lesson experience: students see and hear the guide and can communicate with it in real time.

## CIM (Computer Integrated Manufacturing) - automatic computerized production system which integrates within it a variety of technologies. In the CIM system, the student experiences a comprehensive computerized manufacturing process, from the stage of product design to its full production. The CIM system consists of a series of stations, such as: computerized warehouse; a conveyor belt with the command of a programmed controller; production stations (such as CNC, laser processing, etc.), assemblies, welding, quality control; central management station; communication networks )LAN( and management software.

## This physical production line for training and education is mainly targeting engineering students. System cost range $0.7 to $2.5 million and business model may include sale as well as leasing and JV in education centers for accreditation. Currently, the company is running a plan of upgrading the product and move to industrial 4.0 offering in partnership with startup companies, and provide cloud based curriculum and software simulations. Sales are expected to start late 2021 and no significant revenues before 2023.

## 

## Human capital development products

* Didactic training services – a field of training services, which are not necessarily related to the company's traditional products, but are designed to address the needs of customers in the fields of training, education, diagnosis and human resource development.
* Additional Services - providing installation and maintenance services for the company systems. These services include the implementation and assimilation of the systems at the customer, maintenance and upgrade services for existing systems.

Technology / IP

## The company has over 38 years of extensive knowledge in all aspects of automation, robotics and the development and writing training/education content. Overall, the company has thousands of proprietary content hours.

## R&D and sales and marketing investments in the STEM division (CoderZ) during 2015-2020 totaled $12.4 million. Intellectual property assets lie in its unique technology and innovative processes that were developed, including:

## Highly advanced simulation of physical robots that is accessible from the browser

## Modular simulative world that enables easily adding and editing modules, robots and different technological tools to support wide scale of STEM education

## Efficient content creation mechanism that enables STEM tasks and games development in a very easy way that saves significant resources in comparison to manually developing each game and tasks separately from scratch

## Multiplayer mechanism

Revenues and Customers

## **STEM Education (CoderZ)**

## CoderZ has experienced rapid growth in 2020, propelled by Covid-19 impact on the education system.

## In a relatively short period CoderZ has managed to gain significant traction, developing strategic partnerships and revenue-generating opportunities with education robot manufacturers (Lego), large software companies (Amazon), competition organizations and school chains (Brazil).

## Lego (largest education Robot manufacturer) realized that it has a disadvantage in the current environment and expanded its 2017 cooperation with RoboGroup to integrate between its new **Price Spike™** robot and CoderZ’s educational content so it can now offer wider-spectrum of solutions to its customers.

## CodreZ has entered into agreements with Amazon USA, Amazon France and Amazon Australia and New Zealand, as part of which, Amazon funds for students and teachers to learn from home courses in the field of STEM and virtual robotics in a dedicated environment developed on the CoderZ platform.

## In addition, Amazon promotes and distributes exclusively and directly through the global Amazon network a virtual challenge simulating Amazon's Fulfillment Center and developed on the CoderZ platform. The challenge was developed as part of a sponsorship agreement signed between Amazon and RoboGroup.

## In Brazil, the company received an order for 90,000 licenses to be used in over 200 schools in the 26 states and also to train teachers on how to use the platform. It is a first order from large school chain that is active across South America.

## Since Covid-19 outbreak the company experienced steep growth and direct demand from schools and teachers, which the company is not accustom to or had experience with before.

## Schools orders usually come in via mails from schools and teachers in the range of $500-2,500. Sales cycle is very short.

## Orders from districts, generated via direct approach or local distributors, are in the range of tens to hundreds of thousands of dollars but require longer sale cycle of several months.

## New growing segment during Covid-19 times are teachers with after school activities.

## In most cases, customers pay upfront for 12 months.

## The company started to promote the concept of virtual competitions with 100,000 free participants in 2018 and 46,000 paid participants in 2019.

## 

## **Industry Training**

## Since 2008, Company’s revenues in selling to tech-institutes and schools have seen steady decline due to weakening of demand in the Western economies. Such orders, mainly generated via distributors, are in the tens to several hundreds of thousands of dollars, each.

## Activities to sell large, multi-million dollars turn key projects to ministries of education in developing countries are a slow process. Company has signed 2 large turn-key projects with developing countries since 2012, one with Paraguay ($7.5 million) and another with Ghana ($36 million).

## As of 31.12.2021, the company has strong market position and can expect to generate $15 million a year on average. The company has a Vocational backlog of $17.5M and STEM backlog of $8.1M to be delivered and received by 2022

Revenue Model

## RoboGroup has 2 sets of pricing models, one per each business unit activity.

#### 2. Market Overview & Analysis

The Transformation of Education Industry

## The world of work is undergoing a massive shift and as a direct impact we are also at the heart of a global revolution in education.

## According to McKinsey Global Institute’s report[[11]](#endnote-11), 30-50% of American workers may have to change jobs by 2030 because of artificial intelligence and automation and the past promise of governments and universities that higher education equals secured jobs and income no longer apply.

## The current changes in education and training are likely to be marked by continual training throughout a person’s lifetime—to keep current in a career, to learn how to complement rising levels of automation, and to gain skills for new work. Workers will likely consume this lifelong learning in short spurts when they need it, rather than in lengthy blocks of time as they do now when it often takes months or years to complete certificates and degrees.

## Education was already going through a significant change and a slow evolution going back 10 years or so when Covid-19 hit and turned it into a revolution. Key aspects of what is known as the 3rd education revolution[[12]](#endnote-12) are:

## New alternatives to a central education system

## De-centralization of budget allocation and responsibilities

## Personalized student development programs

## The decline of formalism and the rise of personal digitization

## The labor market and the education market are one

## According to Wittgenstein Centre for Demography and Global Human Capital, there will be **half a billion more school and university graduates** in the world by 2025 than today, driven primarily by population growth in developing countries.[[13]](#endnote-13)

## Education technology expenditures are in a growth trend **from $152 billion in 2018 to $404 billion by 2025.** However, there is still a lot of growth available as it is still **5% of overall expenditure**.

## 

## Source: HolonIQ

## The Covid-19 pandemic is fueling a spike growth in global e-learning for schools (known as K-12) which is expected to generate over **$240 billion by 2022** and $300 by 2026 by various sources[[14]](#endnote-14). About 60% of market revenues are generated from software.

## Investments in Education Technology (EdTech) startups started a decade ago with $500 million of **Venture Capital investments** exploding to 18x higher at $16B in 2020.

## 

## Source: HolonIQ

## **Long Tern Impact of Covid-19**

## Global lockdowns and schools roll out of remote learning since March/April opened up massive opportunities for EdTech companies as schools, teachers and parents look for effective remote learning solutions.

## A recent report by & Co. Global Strategic Studies Institute from October 2020 stated that “...as the introduction of EdTech progresses, learning will likely be transformed significantly from being centered on group education in one-way lecture format to personalized learning. …this could be described as a “*paradigm shift in learning*”: the mainstream of learning is moving from group education to personalized learning optimized to each individual, and a modular, lifelong form of learning is emerging in vocational education.”[[15]](#endnote-15)

## Many other related opportunities that arise following the COVID-19 outbreak contribute to the growth potential of the market – Demand for robotics, virtual learining and the future of remote work.

## 

STEM Education & Using Robotics

## **Key Trends**

## Schools around the world are facing increasing demands by parents and other stakeholders to prepare students for rapid economic, environmental and social changes, for jobs that have not yet been created, technologies that have not yet been invented, and to solve social problems that have not yet been anticipated. For example, google trends show global dramatic growth in the past 2 years in search for “Coding for kids”.

## 

## In robotics lessons, pupils are experimenting with code writing, and are given a robot, an environment where the robot is, and a mission - a goal such as moving the robot to a certain location, picking up objects, etc. This code written by the pupil controls the robot which performs the operations as determined by the code. In this teaching method, pupils can learn STEM subjects (coding, math, physics, etc.), while doing this as part of a game. Groups of pupils can be formed to complete missions and even competitions between groups can be held - this also improves pupils’ social skills and increases their engagement in the robotics lessons even further.

## Robotics Competitions: “FIRST” program is among the leading programs today for robotics competitions, in 2019-2020 alone over 84,000 teams took part in the program, approximately 690,000 students from around the world.[[16]](#endnote-16)

## 

## Overall, it is eminent that STEM studies by robotics and science are a significant pillar in shaping the future of the economy, wellbeing, security and the progress of any society or state.

## DIY Technology education: Another example of how much interest such solutions attract is Arduino ([www.arduino.cc](http://www.arduino.cc)), an open-source hardware and software company, project and user community that designs and manufactures single-board microcontrollers and microcontroller kits for building digital devices. Common examples of such devices intended for beginner hobbyists include simple robots, thermostats and motion detectors. Started in 2005 is has over 30 million users worldwide.

## **STEM Learning & Opportunity**

## Mid and long-term growth is expected in the STEM education segments as governments increasingly move to support STEM curriculum, by, for example mandating programming in K-12 curriculum.

## However, until governments mandate STEM in K-12 curriculum, most of the content is being implemented through extracurricular activities. As for today, across OECD countries, 39% of students are enrolled in schools that offer a science club, and 66% attend schools that offer science competitions[[17]](#endnote-17).

## 

## Source: OECD

## **The US Education System**

## There are over 130,000 schools in the US, of which:[[18]](#endnote-18)[[19]](#endnote-19)

## Elementary schools: 87,498

## Secondary schools: 26,727

## Combined schools: 15,804

## Total enrollment in 2020 is estimated to be around 76 million, of which elementary and secondary 56 million, Degree-granting postsecondary institutions 19.7 million.

## California alone, as an example, provides academic instruction and support services to nearly 6 million students in grades kindergarten through twelve, in more than 10,000 schools throughout the state.

## The US national average public school spending / student is approximately $11,598 (2020-2021). The state with the highest average student spending is District of Columbia, with $19,903 spent per student. The state with the lowest average student spending is Utah, with $6,922 per student.[[20]](#endnote-20)

## However, there are over 200 districts that spend over $20,000 per student (of 13,500 US school districts).

## **Educational Robotics**

## As a sub-segment, supporting STEM, physical education robotics has rapidly developed over the past 10 years and is forced to continue to grow over the next decade.

## The market for Physical Robotics in education is currently valued at $1.3 billion globally, set to grow to $3.1 billion by 2025.[[21]](#endnote-21) Total expenditures on education using robots is estimated to be X4 as it includes the cost of the training course, the teaching materials and the fees to the teacher/instructor.

## [Examples](https://www.globallearninglandscape.org/) of startups that are targeting the robotics domain -

## 

## **Activities of large SW companies**

## Large software companies such as - Amazon, Google, Microsoft and others - are pushing into the formal education system and have pledged $300 million to support computer science education in low-income/ socio-economic schools across the US.

## These programs help them push brand/awareness, as well as push cloud use, while gain positive PR.

## **Key Challenges**

## Despite the tremendous effect on STEM studies for children and teenagers, only very small percentage of school children and teenagers (under 5%) take part in Robotics Competitions and lessons. Key reasons include:

## Shortage in STEM teachers

## High costs reach hundreds of USD per student (hardware, travel, etc.) creating a "glass ceiling", preventing minority populations and lower socio-economic level groups from participating in competitions and increasing their chances of participating in a growing STEM economy.

## Not measurable as its not individual learning/robots

## Inadequate teaching methods that can inspire children curiosity and the need to shift emphasis from knowing facts to doing innovative and enjoyable things with knowledge including being creative with application of ideas.

## STEM teaching techniques are more oriented for boys, do not succeed in changing stereotypes, and do not successfully address girl students and perpetuate gender gaps.

## **Competitive Landscape**

## CoderZ’s competitive landscape is comprised of tens of companies who sell physical robotics to teach STEM on one hand, and other companies that are web-based and more scalable but limited to only teaching coding on the other hand. Schools have to choose whether to compromise on accessibility and affordability (and go with physical robotics as a STEM education solution) or compromise on the STEM content that is and teach only coding with platforms that are affordable and accessible online.

## CoderZ offers both and thus provides a more holistic solution that is much more implementable and with a higher potential impact.

## 

## **CoderZ uniqueness**: Offers long term education vs. competitors like VEX that are single-project assignment

## **Example of alternative/competitor - VEX Virtual**

## Innovation First International and its subsidiaries (VEX Robotics, RackSolutions, and Innovation First Labs) are a leader in designing and supplying control systems to the largest educational robotics competitions worldwide. VEX has a leading classroom robotics platform designed to nurture creative advancement in robotics and knowledge of STEM education. Recently, the company launched a ***virtual robot ecosystem***.

## 

## **Example alternative/competitor- Wonder Workshop**

## Wonder Workshop is a US-based education and robotics startup that raised $80 million. Company's products help children learn about robotics, fundamental coding, and educational skills and to master machine language. Company has also a new virtual competition offering.

## 

## **Pricing Benchmarks**

## Source: company websites, social media

Industrial Training

## **Industry 4.0 Market**

## Large and growing market, driven by geo-political tensions (US/EU/China), competitive markets and lack of professionals to operate manufacturing facilities.

## 

## The top 10 technologies driving the market drive the its growth –

## 

## Industry 4.0 has already moved to the mainstream adoption curve in all regions.

## 

## Source: IOT Analytics

## In the US, overwhelming share of middle market industrial companies ($500M - $2B) already implementing and experiencing various elements of industry 4.0.

## 

## Source: 2020 Middle Market Industry 4.0 Benchmarking Survey, BDO

## **Training and Education Trends**

## Despite a chronic shortage of workers and massive government encouragement, young people in the Western world refuse to study professions such as electrical, automotive mechanics, welding, etc.

## In most countries, vocational industrial education courses are supported or fully funded by the government. The most ambitious countries in the field are China and India.

## China, according to the Chinese ministry of education, had a total of 11,700 vocational education institutions in 2018, including 10,300 secondary vocational schools, with tens of millions of students.[[22]](#endnote-22)

## 

#### 3. Analysis of RoboGroup Strategy & Opportunity

General

## RoboGroup strategy is to become a leading integrated STEM and industry virtual education learning platform by eliminating key barriers and challenges exist today.

## 

## To achieve this vision, the company needs to implement two key transformations. The first is to become a truly digital company (front end/onboarding, back end, business processes, content, etc.), and second, to have a fully automated, touchless, B2C platform.

## 

Product and Market Strategy

## The company has a roadmap to meet the 2 main challenges over the next years, moving towards and integrative, virtual, fully digital platform.

## 

Go to Market

## CoderZ goal is to become the preferred choice for STEM and robotics education, through gamified, competitive and self-based learning methodology. The vision of the management team is to promote STEM and robotics to be accessible to everyone, so every student will have more career options to choose in their future.

## Company’s goal is to enter the schools’ STEM curriculum program through ex-curricular competitions and extracurricular activities, as the sale cycle of these products in the education market is shorter and easier for the decision makers in each country.

## 

Customer Analysis

## RoboGroup believes that CoderZ enables to combine both STEM and industry learning.

## Learning with CoderZ can start early, at 4th grade, and continue, at higher levels or replaced with more industry-attuned learning for higher grades, based on student’s selection.

## Initial end users and customers of CoderZ are (1) Schools who wish to explore and engage pupils in STEM education through extracurricular activities such as competitions and after school programs. (2) Strategic partners such as:

## Educational divisions of large business companies such as - Amazon, Google, Microsoft and others.

## Local governments and municipalities who aim to improve the STEM education in their districts.

## Physical robotics for STEM education solution providers who are looking to expand their market by using virtual environment.

## Local EdTech distributors.

## (3) Teachers of 4th -12th grade students both from public as well as private education system, who are interested in affordable and accessible continuing STEM curriculum.

## (4) Instructors and teachers of after-school STEM and robotics activities.

Business Model

## RoboGroup has multiple channels to market including distributors, partnerships with software companies (such as Amazon), robot manufacturers (such as Lego), industrial robot manufacturers (Yaskawa) and many others. To scale, the company will focus on volume/value partner development together with strong B2C activities, when this is ready to launch.

## 

The Opportunity for CoderZ

## CoderZ can become a leading and enabling platform for expanding STEM and robotics education. By developing individual, integrative and fully digital learning solutions, it can penetrate new market segments, much bigger than the segments currently served.

## Company can use competitions to attract schools, teachers and students that will later become CoderZ and industry education curriculum customers.

# **6. Financial Analysis & Valuation**

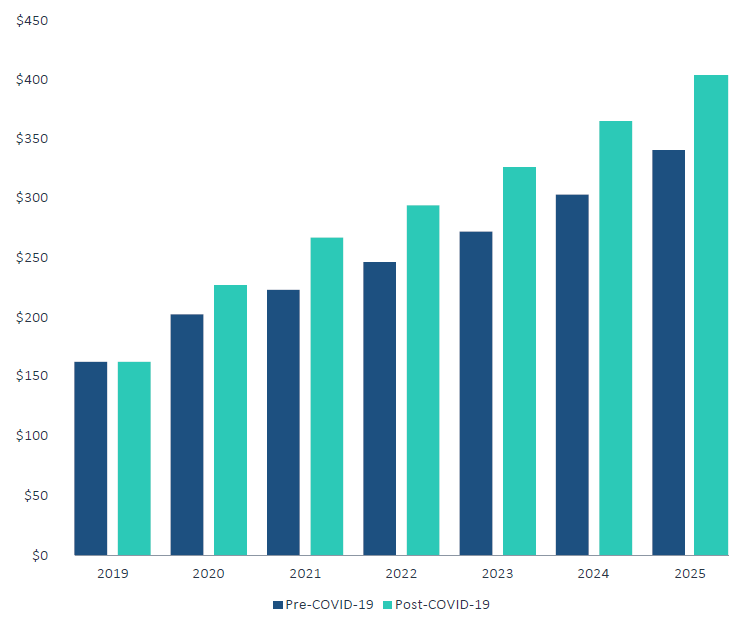
**6.1 Financial EdTech Market**

**6.1.1 Overview[[23]](#endnote-23)**

## The education sector promises to incorporate an expansive embrace of new digital technologies and strategies in the years to come. EdTech solutions have become increasingly instrumental in delivering education outcomes given a growing population of learners, changing preferences among students and educators for more diverse learning styles, and the impacts of COVID-19 in normalizing technology as a tool in parent-student-teacher relationships. These trends are helping create significant new opportunities for venture-backed startups. The market, as a whole, from early education to professional development, amounteded to approx. $227 billion opportunity in 2020. The education sector is experiencing a moment unique in its reliance on technology to facilitate learning, one that will help to intensify the adoption of technology as a crucial supplement to learning far into the future.

## Market experts estimate the global EdTech market spend at $163 billion in 2019 and expect it to reach $404 billion by 2025, growing at a 16.3% CAGR.[[24]](#endnote-24) Though the pandemic may reduce total education expenditure in the near term, the crisis is likely to expedite the transition to digital learning infrastructure. Moreover, direct-to-consumer offerings are expected to experience growth as customers look to solutions separate from traditional learning institutions.

## **EdTech Market Size ($B)**



Source: HolonIQ

**6.1.2 Industry Growth Drivers**

## **Reorienting EdTech as a supplement, not a replacement, for traditional teaching methods:**

## Many EdTech developments over the past decade have made teachers cynical about the role of technology in improving either their pedagogy or student outcomes, from the suggestion that massive open online courses can substitute for higher education to the overreliance on new devices such as iPads. These days, EdTech companies include the key stakeholders they serve earlier in their development lifecycle to drive greater adoption and growth. Moreover, companies must provide continuous robust support to schools attempting to integrate new technology into traditionally delicate educational structures.

## **Swelling demand for tools that can personalize instruction:**

## Large class sizes have stretched teachers' ability to provide meaningful one-on-one instruction to their students, creating an opportunity for technology to supplement teachers' roles through tech programs that alter the content in response to students' learning styles. Educators in both primary, secondary, and higher education arenas are piloting such solutions. In the professional world, digital coaching services can provide a mix of one-on-one business coaching and related activities as enterprises invest in employee growth initiatives.

## **An opportunity for more "direct-to-parent" business models**:

## Given the public health challenges of containing COVID-19, remote schooling will likely continue for some parts of the world through the fall and into 2021. In particular, in the US, public education funding, 90% of which typically comes from state and local governments, is dwindling as sales and income tax revenues plummet given the ebb in economic activity. This perfect storm will make it difficult for schools to invest in new EdTech solutions and incentivize parents to seek out supplemental EdTech offerings for their children.

## **Novel educational engagement strategies that appeal to a younger, tech-savvy generation**:

## Educators are increasingly adopting technologies such as 3D printing, augmented and virtual reality, artificial intelligence, and robotics as they look for ways to enhance student engagement and connect skills to a progressively digital world. Many educators embrace gamification as students demand more "stimulating" content in an entertainment-saturated world.

## **A greater premium on reskilling and upskilling opportunities:**

## Even before the pandemic, companies and workers alike realized the value of continued learning in a fast-changing economy. Surveys have shown that employees are far more likely to recommend their workplace and stick around if their company provides educational opportunities; in turn, companies invest more into educational benefits such as stipends and online courses.

## **Traditional academic curriculum expanding to Include a greater focus on "soft skills":**

## Schools are investing more into social and emotional learning tools and curriculum, which aim to teach children how to manage their emotions, set and achieve positive goals, feel and show empathy for others, establish and maintain positive relationships, and make responsible decisions. Employers are also investing in such skills to focus on leadership and management, creative problem solving, and interpersonal communication.

## **Ballooning college costs:**

## Tuition costs at public colleges in the US have risen in every state over the past decade, increasing on average by 37%;[[25]](#endnote-25) this has put greater pressure on prospective students to reconsider their options, current students to consider dropping out or vying for more scholarships, and past students to lean on their current employer to help them pay down debt. A variety of startups have emerged to help each of these stakeholders tackle the overall problem of educational financial hardship.

## **Asia continues to represent the largest opportunity for EdTech growth:**

## In 2014, China alone had almost 260 million students from pre-K to higher education, making it the world's largest education system.[[26]](#endnote-26) Across Asia, families have shown a lower income elasticity for education than other sectors, with families in China, Indonesia, India, Singapore, Malaysia, and Taiwan all prioritizing private education spending at greater rates.[[27]](#endnote-27) Moreover, increasing Internet penetration rates, particularly in India and Southeast Asia, quickly expand access to digital education tools, especially during COVID-19. Additionally, government policy throughout the continent has further emphasized the importance of education, with China increasing funding toward EdTech every year since 2011, and India recently updating their National Education Policy to include digital learning and coding initiatives.

**6.2 Valuation Method & Approach**

Valuation of a start-up company in its early stages can be challenging due to limited cash flow (if any) and uncertainty regarding the future. As part of a Discounted Cash Flow (DCF), the accepted method used in financial valuations, there are several modifications to a start-up company's valuation. In general, there are four primary methods within the DCF method:

1. Real options – this valuation method is designated for pre-clinical and early-stage clinical programs/companies where the assessment is binary during the initial phases and based upon scientific-regulatory assessment only (binomial model with certain adjustments).
2. Pipeline assessment – a valuation method used for early-stage companies before the market stage where time-to-market may be a few years for full operations. The company's value is the total discounted cash flow for its products/signed agreements plus unallocated costs and its technology platform assessment.
3. DCF valuation - this method applies to companies with products that have a positive cash flow from operations.
4. Market benchmark – this method is based on recent deals (M&A and/or fundraising) within the company's domain and market multiples.

## To evaluate RoboGroup’s equity value, we combined two methods: (1) market benchmarking approach to estimate the STEM CoderZ activity, (2) the DCF method to estimate the Vocational & Robotec activity. Then, we combined them to reach the company's overall equity value.

**6.2.1 Revenue Overview**

## RoboGroup is a well-established publicly held firm. We applied discounted cash flow methodology for its’ Vocational & Robotec divisions activity based on its historical metrics.

## Revenues in the Vocational & Robotec segments are generated from executing large, one-time, and challenging to predict projects. However, the company has signed orders and has demonstrated the capacity to create new projects over the past ten years.

## From 2015-2019, before the company had any significant revenue from STEM activity, the average company total revenue was $13.2M.

## In 2020, the company revenue from STEM activity increased to approx. $4M, and total revenue was $18.8M.

## The company also publicly publishes its backlog. As of December 31, 2020, the company had a backlog of $25.3M to be delivered and received by 2023 ($18.1M of it by 2021); $17.1M is derived from the Vocational & Robotec divisions, and $8.1M from the STEM division.

**6.2.2 Valuation by Market Multiples – The STEM CoderZ –Activity**

## The STEM CoderZ segment is a young, high growth and offers a new teaching paradigm to the market that has significant benefits over existing solutions. This segment business model is more of a SaaS-like/Subscription company, which is best valued using Annual Recurring Revenues (ARR) multiples. Thus, we decided to use the multiples method to evaluate this business activity of the company.

## In the past three years, the STEM activity of the company matured and reached commercialization. The company STEM revenues soared from $200K in 2019 to $4M in 2020.

## We believe that RoboGroup is still in the early stages of penetrating the market with its STEM products and anticipate high growth in revenues from this segment.

## Based on the company's past performance and current market trends, we anticipate 2021 revenue from this segment to reach approx. $10M-$15M.

***Valuation by EV/Revenue multiple***

A revenue multiple measures the value of the equity of a business relative to its revenue. As with other multiples, other things remaining equal, firms that trade at low multiples of revenues are viewed as cheap compared to firms that trade at high multiples of revenues. Companies that are evaluated based on future growth are expected to sustain high growth rates over a longer period, have a significant TAM with insignificant penetration, and have a significant competitive advantage over their competitors. The multiple used is often a function of the sustained growth rates. However, we see the downside of focusing on revenues, which can lead to high values for firms generating high revenue growth while losing significant amounts of money, ending in raising more funds and diluting existing shareholders.

As long as the valuation increase is based on high growth rates rather than the dilutive factor – shareholder value is sustained. As a general note, ultimately, a firm has to generate earnings and cash flows to have value.

ARR multiple helps to project future revenues as it looks at existing revenues and assumes nothing changes in the year ahead – no churn, no new customers, and no expansion. As such, ARR is a helpful tool to predict long-term growth and visualize SaaS business's size.

## **For the valuation of CoderZ, we used the following multiples:**

* + - 1. We are using the median public SaaS company valuation revenues multiple[[28]](#endnote-28), which for February 2021 was 16. As a conservative measure, we use the average of the trailing twelve months, which is 13.47 (SD=2.86).
      2. We examined Roobogroup’s industry, the education industry, using data from 38 firms (as of 2020[[29]](#endnote-29)). We found that the average EV/Revenue was 2.81.
      3. We also calculated an EdTech industry revenue multiple based on a similar companies sample using Pitchbook data set. The revenues multiple for the mentioned sample is 8.87 (for more details, see the section, ‘Recent deals as a valuation benchmark’).

Above all mentioned multiples, we determine that our EdTech revenue multiple (=8.87) is the most suitable for evaluating RoboGroups’s CoderZ activity.

**Thus, according to our SaaS-Education revenue multiple, we value RoboGroup’s CoderZ activity at $TBC-$TBC.**

**6.2.3 Valuation by DCF Method – Vocational & Robotec Activity**

***Revenues:***

As mentioned above, the company Vocational & Robotec divisions’ activity is well established, along with $15.5M revenues generated in 2020. Due to this activity's maturity level, we anticipated smaller revenue growth for this segment than the STEM growth. We estimate that RoboGroup’s revenue will reach $17M in 2021 from the Vocational & Robotec divisions.

Over the years, we accounted for a small growth rate of 2% to compensate for these segments' volatile nature (income per project and not a subscription). Yet, we trust the company to continue generating new orders, establish further agreements and increase its market share at the same scale it used to in the past. We expect the company to reach total revenue of approx.—$19M-$20M by 2027.

***Costs:***

The company's financial report refers to all the company's divisions' aggregate costs, without reference to expenses on a division basis. Also, recent years' costs were relatively high due to the company's high investments in R&D of the STEM products and considerable marketing efforts.

Hence, we determine that Vocational & Robotec divisions’ costs, as a percentage of overall revenue, should be different from the overall share of the expenses in previous years, as described below:

**Cost of sales -** In the past three years (2018-2020), average COGS were about 50% out of the company revenue. We used a fixed 55% in our model, as the Vocational & Robotec divisions activity isn’t SaaS-like-activity, therefore should have a higher percentage of COGS than the overall COGS of the company.

**Operating Expenses -**

* **R&D** - In the past three years, average R&D costs were about 11% of the company revenue. As the Vocational & Robotec divisions' products are relatively mature, we accounted for a lower percentage of R&D costs than the overall R&D costs of the company. We used a fixed 4% R&D costs in our model.
* **S&M -** In the past three years, average S&M costs were about 38% of the company revenue. As the company brand is well established in the markets that the Vocational & Robotec divisions address, we accounted for a lower percentage of S&M costs than the overall S&M costs of the company. We used a fixed 28% S&M costs in our model.
* **G&A -** In the past three years, average G&A costs were about 12.5% of the company revenue. In 2020, G&A costs represented only 8% out of the total revenue. In our view, G&A expenses shouldn’t vary between the different divisions of the company. Also, we anticipate these costs to decrease further. Thus, we accounted for a fixed 5% S&M costs in our model.

**Tax** - RoboGroup is an Israeli company; thus, we used the Israeli statuary tax (23%) in our model. We accounted for $14.6M losses carry forward for tax purposes.

Below, we present our P&L forecasting for the Vocational & Robotec divisions, for years 2021 – 2027:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *USD in thousands* | **2021** | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** |
| **Revenue** | 17,000 | 17,340 | 17,687 | 18,041 | 18,401 | 18,769 | 19,145 |
| Cost of Sales | 9,385 | 9,573 | 9,764 | 9,960 | 10,159 | 10,362 | 10,569 |
| **Gross Profit** | **7,615** | **7,767** | **7,923** | **8,081** | **8,243** | **8,407** | **8,576** |
| R&D | 676 | 689 | 703 | 717 | 731 | 746 | 761 |
| S&M | 4,843 | 4,940 | 5,039 | 5,139 | 5,242 | 5,347 | 5,454 |
| G&A | 915 | 933 | 952 | 971 | 990 | 1,010 | 1,030 |
| **Total Operating Expenses** | **6,433** | **6,562** | **6,693** | **6,827** | **6,964** | **7,103** | **7,245** |
| **Operating Income** | **1,182** | **1,205** | **1,229** | **1,254** | **1,279** | **1,305** | **1,331** |

***Equity Value***

We also calculated RoboGroup’s value based on the following parameters:

* Non-operational assets/liabilities - The company had $10.7M cash as of 31/12/2020 and $970K loans.
* CapEx – Over the life of an asset, total depreciation will be equal to the net capital expenditure. We don't expect any significant CapEx investment on behalf of the company in the forecasted period.
* Working capital (WC) changes – based on the current balance sheet and future WC needs, we assume 30 days of working capital needs.
* WACC – we calculate WACC to be 14.27% (see appendix A).
* Growth rate – We estimated a 2% growth rate.

***Sensitivity analysis***

The table below presents the Vocational & Robotec divisions' equity value matched with different capitalization rates (along with a 2% growth rate). We set a range of 0.5% change from our CAPM model (see Appendix A).

|  |  |
| --- | --- |
| *Cap. Rate (%)* | *Equity Value (US$)* |
| 13.3% | TBD |
| **13.8%** | TBD |
| **14.3%** | TBD |
| **14.8%** | TBD |
| 15.3% | TBD |

***Using the DCF method, we estimate the vocational & robotec divisions' equity value to be in the range of US$*** TBD ***and US$*** TBD***, with a mean of US$*** TBD***.***

**6.2.4 Recent deals as a valuation benchmark**

We estimated RoboGroup’s post-money valuation based on similar competitors benchmarking (see appendix 2), using data from Pitchbook, a financial database.[[30]](#endnote-30) To form a representative sample, we modified the data by applying the following procedure:

1. We identified companies that are similar to RoboGroup in their operating verticals/industries (EdTech companies).
2. We omitted companies in the initial stage (such as accelerator-, incubator-, angel-, and seed-stage companies).
3. We omitted outliers (5% margin).

## The stages above add conservatively to our benchmark and provide a sample that reflects RoboGroup’s ecosystem.

Based on these companies' last known average valuation, we estimate RoboGroup’s equity value at $137.7M (N=169). A full list can be found in appendix 2.

|  |  |  |
| --- | --- | --- |
|  | **$US Millions** | |
| **EdTech** | **All (N=187)** | **No-Outliers (N=169)** |
| Average Value | 417.3 | 137.7 |

We also calculated a revenue multiple based on the same data set. However, we used a smaller sample due to data limitations (see appendix 3). Many companies are private and don’t provide data regarding their revenue or don’t have an income yet. The revenues multiple for the mentioned sample is 8.87 (N=38, see appendix 3).

**6.3 Valuation summary**

## As discussed earlier, we see RoboGroup as a growth firm. Thus, we based our valuation on current and future market trends and the company's management actions. Due to the high growth in the EdTech market, past performance, and reported activity in the past few months, we estimate the company revenue for 2021 to be approx. $17M from the Vocational & Robotec divisions, and $10M-$15M from the STEM division.

(E) – Estimated

\*Before adjustments to a consolidated report

Given all the findings above, summing up the value of the different parts of RoboGroup’s activity, we present RoboGroup's target price matched with different capitalization rates (along with a 1.5% growth rate). We set a range of 0.5% change from our WACC model (see Appendix A). The company has XXX shares as of March XX, 2021.

|  |  |
| --- | --- |
| *Cap. Rate (%)* | *Price target (US$)* |
| 13.3% | TBD |
| **13.8%** | TBD |
| **14.3%** | TBD |
| **14.8%** | TBD |
| 15.3% | TBD |

***We conducted RoboGroup’s valuation using market benchmarks from recent deals and relevant market multiples; we analyzed bottom-up valuation using the DCF method based on RoboGroup’s updated business model. We value the company's stock price target to be in the range of US$*** *TBD* ***to US$TBD in view of all aforementioned findings and assessments.***

**7. Contact Details & Management**

**Please complete**

**Appendix #.1: Capitalization Rate (WACC)**

The cost of equity capital (Ke) represents the return required by investors. The capitalization rate is calculated using the CAPM (Capital Asset Pricing Model). It is based on an Israeli long-term 10-year governmental bond with a market risk premium and based on Professor Aswath Damodaran's (NY University) commonly used sample ([www.damodaran.com](http://www.damodaran.com) ). As of January 2021, the equity risk premium for Israel was estimated at 5.4%. A three-year market regression averaged Beta is 0.97, according to a sample of 38 companies representing global education companies. We used an unleveraged beta of this sample, which is higher than a leveraged beta due to the high cash versus debt rate.

RoboGroup is a small-cap company in which marketability and size premiums need to be considered. Duff and Phelps’ data research in 1963-2020 indicates that an 8.24% premium needs to be added to the CAPM for small-cap companies.

Weighted average cost of capital model (WACC) is estimated as follows:

*WACC = Rd(1-t)\*(D/D+E)+Ke(E/D+E) + Sp*

*{Ke = R(f)+βe\*(R(m) R(f))}*

The company’s financial structure, based on the WACC model, is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| **WACC** | **Parameter** | **Data** | **Source** |
| Long-term (30 years) T-bond | R(f) | 1.14% | Rf - Israeli treasury bonds - 10 years,  as of 01/03/2021 |
| Market risk premium | R(m)- R(f) | 5.46% | Based on Damodaran (08/01/2021) - Israel |
|  |  |  |  |
| Beta | βe | 0.97 | Beta sample - Education  (Damodaran, 2021), 38 firms |
|  |  |  |  |
| Cost of Capital | Ke | 6.4% |  |
| Debt, rate | Rd | 2.5% | Estimated |
| Debt (%) | D/(D+E) | 8.31% | As of 31.12.2020, thousands of USD |
| Equity(%) | E/(D+E) | 91.69% | As of 31.12.2020, thousands of USD |
| Tax | t | 23.00% |  |
| Size Premium - micro cap | Sp | 8.24% | 10z decimel - Duff & Phelps, 2020 |
| WACC= Rd(1-t)\*(D/D+E)+Ke(E/D+E) + ArP | | 14.27% |  |

We, therefore, estimate the company`s WACC to be 14.27%.

**Appendix #.2: Similar Competitors Benchmarking Dataset (No Outliers)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company Name | Deal Date | Company Post Valuation (million, USD) | Employees | Company Country |
| 17zuoye | 04-Dec-2020 | 1,972.59 | 2,613 | China |
| Varsity Tutors | 29-Jan-2021 | 1,700.00 | 500 | United States |
| ApplyBoard | 16-Sep-2020 | 1,520.22 | 400 | Canada |
| Spark Education | 24-Jan-2021 | 1,500.00 | 6,500 | China |
| Course Hero | 26-Aug-2020 | 1,180.00 | 773 | United States |
| Learning Technologies Group | 29-May-2020 | 1,048.49 | 732 | United Kingdom |
| Newsela | 25-Feb-2021 | 1,000.00 | 466 | United States |
| Quizlet | 13-May-2020 | 1,000.00 | 200 | United States |
| MasterClass | 25-Jun-2020 | 800.00 | 250 | United States |
| Rosetta Stone | 15-Oct-2020 | 792.00 | 1,205 | United States |
| Blocks Group | 27-Nov-2020 | 703.30 |  | China |
| Brainly | 17-Dec-2020 | 646.00 | 130 | Poland |
| Vedantu | 16-Jul-2020 | 600.00 | 1,328 | India |
| Skillshare | 10-Aug-2020 | 501.00 | 90 | United States |
| Capita (Education Software Solutions Business) | 02-Feb-2021 | 468.55 |  | United Kingdom |
| Domestika | 27-Jul-2020 | 370.00 | 607 | United States |
| Epic! | 15-Jun-2020 | 355.00 | 110 | United States |
| Codemao | 17-Apr-2020 | 353.11 |  | China |
| WhiteHat Jr | 21-May-2020 | 350.00 | 400 | India |
| Lambda School | 05-Aug-2020 | 260.00 | 150 | United States |
| Speakaboos | 18-Oct-2020 | 233.65 | 8 | United States |
| Global Knowledge Training | 13-Oct-2020 | 233.00 |  | United States |
| Jiean Hi-Tech | 22-Jun-2020 | 229.10 | 531 | China |
| Noodle Partners | 16-Nov-2020 | 224.98 | 235 | United States |
| Mintra Group | 05-Oct-2020 | 195.41 | 106 | Norway |
| Outschool | 18-Sep-2020 | 188.22 | 60 | United States |
| Class Technologies | 15-Feb-2021 | 185.75 | 110 | United States |
| Knowledgehook | 15-Oct-2020 | 175.00 | 45 | Canada |
| Skilljar | 06-Oct-2020 | 175.00 | 105 | United States |
| Cuemath | 07-Dec-2020 | 170.42 | 1,328 | India |
| Galvanize (Education and Training Services) | 27-Jan-2020 | 165.00 |  | United States |
| Lessonly | 11-Mar-2020 | 142.00 | 300 | United States |
| Ellevation | 07-Apr-2020 | 117.20 | 121 | United States |
| Mathway | 04-Jun-2020 | 115.96 |  | United States |
| Mursion | 30-Nov-2020 | 110.00 | 90 | United States |
| Eleva Educação (Editora Eleva Platform) | 23-Feb-2021 | 107.27 |  | Brazil |
| Cluey Learning | 09-Dec-2020 | 105.34 | 85 | Australia |
| Amesite | 25-Sep-2020 | 101.62 | 11 | United States |
| Snapask | 25-Feb-2020 | 100.00 | 100 | Hong Kong |
| Squla | 24-Dec-2020 | 96.83 | 70 | Netherlands |
| Sparx | 01-Dec-2020 | 95.92 | 93 | United Kingdom |
| Fclassroom | 02-Dec-2020 | 83.11 |  | China |
| eloomi | 23-Oct-2020 | 78.65 | 105 | Denmark |
| RedShelf | 20-Aug-2020 | 75.30 | 109 | United States |
| CodeSignal | 08-Dec-2020 | 75.00 | 50 | United States |
| WorkRamp | 09-Dec-2020 | 71.00 | 37 | United States |
| MedCerts | 17-Nov-2020 | 70.00 |  | United States |
| Enuma | 18-May-2020 | 69.00 |  | United States |
| GetSetup | 03-Sep-2020 | 59.90 | 16 | United States |
| ISDI | 04-Aug-2020 | 57.57 |  | Spain |
| AdmitHub | 06-Apr-2020 | 56.00 | 50 | United States |
| Lingokids | 26-Mar-2020 | 55.10 | 65 | United States |
| Flockjay | 14-Jan-2021 | 55.00 | 194 | United States |
| getBridge | 15-Feb-2021 | 50.00 |  | United States |
| Career Karma | 09-Dec-2020 | 50.00 | 74 | United States |
| Totara Learning Solutions | 03-Jun-2020 | 50.00 |  | New Zealand |
| Amplifire | 30-Jun-2020 | 47.64 | 63 | United States |
| Preply | 29-Mar-2020 | 47.50 | 125 | United States |
| Doubtnut | 31-Jan-2020 | 45.00 | 80 | India |
| Trident University International | 02-Mar-2020 | 43.87 |  | United States |
| Perlego | 12-Feb-2020 | 42.45 | 52 | United Kingdom |
| Sketchy | 02-Dec-2020 | 40.00 | 49 | United States |
| Abintegro | 02-Dec-2020 | 39.68 | 40 | United Kingdom |
| Ureeka | 20-Apr-2020 | 38.60 | 45 | United States |
| Osso VR | 21-Sep-2020 | 38.00 | 53 | United States |
| Tandem (Educational Software) | 28-Jul-2020 | 37.78 | 24 | Germany |
| AstrumU | 28-Jul-2020 | 37.65 | 33 | United States |
| Mrs Wordsmith | 12-Feb-2020 | 36.52 | 39 | United Kingdom |
| Speexx | 30-Oct-2020 | 34.84 | 335 | Germany |
| Pickatale | 02-Jul-2020 | 34.46 | 80 | Norway |
| Prenda | 22-May-2020 | 34.33 | 62 | United States |
| MyTutor | 16-Jun-2020 | 32.69 | 50 | United Kingdom |
| Ok Play | 03-Sep-2020 | 31.50 | 5 | United States |
| Drops(Educational Software) | 23-Nov-2020 | 31.00 | 21 | Estonia |
| Juni Learning | 26-Aug-2020 | 30.50 | 409 | United States |
| NovaKid | 01-Dec-2020 | 30.25 | 95 | United States |
| EdApp | 15-Sep-2020 | 29.68 |  | Australia |
| IC Axon | 25-Sep-2020 | 28.00 | 90 | Canada |
| Userlane | 14-Jul-2020 | 26.53 | 80 | Germany |
| CareAcademy | 11-Jun-2020 | 26.50 | 45 | United States |
| CodeCombat | 31-Jul-2020 | 26.21 | 41 | United States |
| Tiney | 10-Feb-2020 | 26.17 | 29 | United Kingdom |
| CoGrammar | 19-Feb-2021 | 25.86 | 15 | United Kingdom |
| Health Scholars | 16-Jan-2020 | 25.00 |  | United States |
| Smart Sparrow | 16-Jan-2020 | 25.00 |  | Australia |
| MySkillCamp | 04-Sep-2020 | 24.28 | 30 | Belgium |
| Hack The Box | 31-Jan-2020 | 23.72 |  | United Kingdom |
| Zen Educate | 27-Jul-2020 | 22.91 | 60 | United Kingdom |
| Esme Learning | 31-Dec-2020 | 22.50 | 30 | United States |
| Mojimusi | 12-Jun-2020 | 22.48 |  | China |
| MDBriefCase | 29-Jan-2021 | 22.37 | 50 | Canada |
| Amira Learning | 01-Aug-2020 | 22.34 | 22 | United States |
| EduMe (Education and Training Services) | 30-Jul-2020 | 22.29 | 20 | United Kingdom |
| Trivie | 09-Jul-2020 | 21.37 | 15 | United States |
| Meritnation | 03-Jan-2020 | 21.28 |  | India |
| Coding Ninjas (Educational and Training Services) | 11-Feb-2020 | 20.81 | 80 | India |
| Newton School | 05-Feb-2021 | 20.51 | 172 | India |
| eThink | 04-Dec-2020 | 20.00 | 39 | United States |
| ABii | 07-Sep-2020 | 19.45 | 8 | United States |
| AllRight | 20-Nov-2020 | 19.39 |  | United States |
| APDS (Other Commercial Services) | 13-Mar-2020 | 19.10 | 30 | United States |
| Lingumi | 01-Apr-2020 | 18.67 | 16 | United Kingdom |
| OpenLearning | 03-Jun-2020 | 18.27 |  | Australia |
| Interplay Learning | 15-May-2020 | 17.60 | 45 | United States |
| Honorlock | 19-Mar-2020 | 17.00 | 49 | United States |
| Chem101 | 30-Dec-2020 | 16.60 | 55 | United States |
| Oxford Medical Simulation | 24-Jul-2020 | 16.42 | 31 | United Kingdom |
| Hallo (Educational Software) | 02-Jul-2020 | 16.40 |  | United States |
| Soar (Education and Training Services) | 20-Oct-2020 | 16.27 | 15 | United States |
| Connect Childcare | 30-Dec-2020 | 16.19 |  | United Kingdom |
| Retrieve | 10-Jan-2020 | 16.00 | 15 | United States |
| Improve International | 23-Jun-2020 | 15.92 | 60 | United Kingdom |
| Nepris | 12-Mar-2020 | 15.00 |  | United States |
| Scientific Learning | 14-Sep-2020 | 15.00 | 80 | United States |
| Degree Analytics | 13-Apr-2020 | 14.61 |  | United States |
| AMOpportunities | 20-Nov-2020 | 13.50 | 30 | United States |
| Stitch & Story | 10-Sep-2020 | 13.18 | 14 | United Kingdom |
| CamBioScience | 01-Feb-2020 | 12.41 | 25 | United Kingdom |
| Acadeum | 28-Feb-2020 | 12.40 | 10 | United States |
| Sense Network | 07-Sep-2020 | 12.39 |  | United Kingdom |
| Curricula | 06-Jan-2020 | 12.00 | 9 | United States |
| Zzish | 30-May-2020 | 10.95 |  | United Kingdom |
| Alelo | 08-May-2020 | 10.77 | 13 | United States |
| Shape Robotics | 25-Jun-2020 | 10.07 | 18 | Denmark |
| Levered | 01-Dec-2020 | 10.00 | 2 | United States |
| Eedi (Educational Software) | 06-Mar-2020 | 9.65 |  | United Kingdom |
| Developing Experts | 13-Jan-2020 | 9.54 |  | United Kingdom |
| Learnt | 28-Jul-2020 | 8.88 | 2 | United States |
| Code Institute | 30-Mar-2020 | 8.87 | 52 | Ireland |
| Kydon Learning Systems Institute | 16-Jul-2020 | 8.61 |  | Singapore |
| Third Space Learning | 15-Oct-2020 | 8.15 |  | United Kingdom |
| Avinu Media | 16-Dec-2020 | 8.00 | 2 | United States |
| The Artist Academy | 15-Jan-2020 | 7.52 |  | France |
| Disprz | 22-Jul-2020 | 7.47 | 72 | United States |
| Safebridge | 18-Feb-2021 | 7.20 |  | Germany |
| Logistica Training | 09-Jun-2020 | 7.11 |  | United Kingdom |
| MobieTrain | 12-Mar-2020 | 6.91 |  | Belgium |
| TeleTeachers | 14-Jul-2020 | 6.79 |  | United States |
| BBC Maestro | 31-Mar-2020 | 6.68 |  | United Kingdom |
| Immerse (Educational Software) | 29-Oct-2020 | 6.49 | 15 | United States |
| Moonshot Junior | 13-Aug-2020 | 6.18 | 21 | United States |
| Auris (Educational Software) | 30-Nov-2020 | 6.15 | 10 | United Kingdom |
| Adventure 2 Learning | 21-Oct-2020 | 6.09 | 3 | United States |
| Illumnus | 22-Feb-2021 | 6.00 | 12 | India |
| Core (Platform) | 27-Nov-2020 | 5.88 |  | Russia |
| We are Digital | 30-Jul-2020 | 5.85 |  | United Kingdom |
| Xtractor | 01-Mar-2020 | 5.74 | 40 | Sweden |
| LiftEd (Mobile App) | 31-Aug-2020 | 5.00 | 8 | United States |
| Melanence | 27-Aug-2020 | 4.75 | 1 | United States |
| Ninja Marketing | 01-Sep-2020 | 4.64 |  | Italy |
| Learning Labs | 27-May-2020 | 4.57 |  | United Kingdom |
| Burning Sky Online School | 21-Jan-2020 | 4.32 |  | China |
| Brio (Educational Software) | 28-Sep-2020 | 4.03 | 1 | Romania |
| AP Racing (Entertainment Software) | 23-Jul-2020 | 4.01 | 2 | United States |
| afocusedpath.com | 03-Dec-2020 | 4.00 | 1 | United States |
| First Coincidence | 02-Dec-2020 | 3.93 |  | Switzerland |
| Code Of Talent | 15-Apr-2020 | 3.82 |  | Romania |
| Talent Creator Center | 13-Aug-2020 | 3.58 |  | China |
| Mwabu | 30-Sep-2020 | 3.20 | 10 | United Kingdom |
| Edurio | 12-Feb-2020 | 3.03 |  | United Kingdom |
| Aulab hackademy | 16-Jun-2020 | 3.00 | 31 | Italy |
| Kinderpedia | 30-Jun-2020 | 2.95 | 16 | Romania |
| Lix Technologies | 30-Apr-2020 | 2.77 |  | Denmark |
| Holos | 29-Jan-2020 | 2.70 | 11 | United States |
| ASK (Educational Software) | 20-Feb-2020 | 2.59 | 3 | United States |
| Kiddie Kredit | 24-Jun-2020 | 2.50 | 3 | United States |
| Play2sell | 09-Feb-2021 | 2.42 | 15 | Brazil |
| Vocam (Balckburn) | 12-Feb-2020 | 2.37 |  | Australia |
| MusicGurus | 14-Oct-2020 | 2.19 | 9 | United Kingdom |

**Appendix #.3: EdTech Industry Revenue Multiple Calculation Dataset**

Due to lack of data, we used a smaller companies sample for the calculation of the EdTech Industry Revenue Multiple.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Company Name | Description | Deal Date | Company Post Valuation (million, USD) | Revenue (million, USD) | Valuation/Revenue | Company Country |
| Levered | Developer of a web-based instructional system intended to promote growth in elementary math. The company's system blends whole class math talks, group pencil and paper activities and online self-paced lessons that support both classroom and distance-based instruction, enabling teachers and students to fill learning gaps and ensure further improvement. | 01-Dec-2020 | 10.00 | 0.20 | 50.00x | United States |
| Kinderpedia | Developer of an educational platform designed to transform education through collaboration. The company's platform optimizes the administrative processes and placing parent-teacher-student collaboration right at the core of the learning act and makes the transition towards intelligent, connected education based on permanent collaboration, enabling users real-time communication between students, teachers and parents. | 30-Jun-2020 | 2.95 | 0.10 | 29.47x | Romania |
| CoGrammar | Developer of a technology education platform dedicated to closing the global tech skills gap. The company's platform scales asynchronous or synchronous code reviews affordably and integrates it into LMS or ATS to provide on-demand feedback to hiring managers, developers or students in minutes, enabling individuals and businesses to grow and procure talent. | 19-Feb-2021 | 25.86 | 1.28 | 20.17x | United Kingdom |
| Yuanfudao | Developer of an online educational platform designed to provide online tutoring services for Chinese students. The company's one-stop online tutoring platform provides elementary school, junior high school, and high school students with various lessons that cover all subjects, enabling students to know their learning weaknesses and conduct targeted learning by leveraging big data analysis. | 31-Mar-2020 | 7,800.00 | 506.54 | 15.40x | China |
| 17zuoye | 17 Education & Technology Group Inc is an online tutoring company. It is an education technology company that delivers data-driven teaching, learning and assessment products to teachers, students and parents across over K-12 schools. | 04-Dec-2020 | 1,972.59 | 142.60 | 13.83x | China |
| Coursera | Developer of an online education and learning platform designed to offer courses to empower learners around the world. The company's platform offers online courses that include recorded video lectures, auto-graded and peer-reviewed assignments as well as community discussion forums, enabling learners to choose from a variety of courses in areas like business, computer science, data science and public health to achieve their career, educational and personal enrichment goals. | 20-Jul-2020 | 2,570.00 | 200.00 | 12.85x | United States |
| Duolingo | Developer of a language-learning platform designed to help people to read, listen, and speak multiple languages. The company's platform uses bite-sized lessons that feel like playing a game to keep learners motivated and collects data insights on how people learn to use this data to constantly improve the effectiveness of the platform, enabling users to self learn different languages for free. | 18-Nov-2020 | 2,435.00 | 200.00 | 12.17x | United States |
| BYJU'S | Operator of an online learning platform intended to deliver high quality, engaging, and accessible education. The company's platform makes use of original content, watch-and-learn videos, rich animations, and interactive simulations that make learning contextual, visual, and practical, enabling individual students to receive a personalized educational experience. | 24-Nov-2020 | 12,000.00 | 1,000.00 | 12.00x | India |
| Course Hero | Developer of an online learning platform designed to facilitate students with access to course-specific study resources contributed by a community of students and educators. The company's platform offers a free and subscription membership that includes access to practice problems, study guides, videos, class notes, and step-by-step explanations for every subject from economics to literature, biology to history, accounting to psychology, thus enabling students to get access to all valuable resources for their sustainable development. | 26-Aug-2020 | 1,180.00 | 100.00 | 11.80x | United States |
| Coding Ninjas (Educational and Training Services) | Developer of an online teaching platform intended to train the next generation of developers and to transform the delivery of technological education. The company's platform offers the Teaching Assistant model which provides almost real-time doubt support, thereby enabling students to receive a personalized educational experience and become a certified coder. | 11-Feb-2020 | 20.81 | 2.11 | 9.86x | India |
| Code Of Talent | Developer of micro-learning platform designed to integrate learning and provide content and training management. The company's platform is featured with mobile and web presence, multiple languages availability, peer interaction facility, gamified interface and real time reporting and analytics, enabling users to get a stand alone digital learning environment to educate themselves in an engaging way. | 15-Apr-2020 | 3.82 | 0.39 | 9.75x | Romania |
| Pluralsight | Pluralsight Inc operates as an enterprise software company. It primarily offers technology skill development solutions through its cloud-based technology learning platform that is broadly accessible. The platform is powered by Iris, the company's proprietary machine-learning driven skill assessment algorithm and recommendation engine, which enables businesses to more effectively quantify and develop skills across technologies. Pluralsight offers courses across a range of technology subject areas, including cloud, mobile, security, information technology, and data. The company has geographical footprints in the United States, Europe, the Middle East and Africa, and other foreign locations. It generates a majority of its revenue from the United States. | 13-Dec-2020 | 3,500.00 | 375.69 | 9.32x | United States |
| Mathway | Operator of an educational website committed to offering unique mathematics education to students. The company focuses on providing students with extensive range of maths problems including basic math, trigonometry, alegbra, calculus and statistics along with imparting relevant tools to understand and solve the problems, enabling students to experience consistent math assistance as per needs. | 04-Jun-2020 | 115.96 | 13.00 | 8.92x | United States |
| Shape Robotics | Shape Robotics AS is an educational technology company. It has developed Fable, a modular robotic system that makes it easy and fun for students to build and program their own robots. Fable motivates students to do hands on problem-based learning activities with robotic technology to learn both traditional subjects and skills. | 25-Jun-2020 | 10.07 | 1.18 | 8.57x | Denmark |
| Noodle Partners | Developer of an online platform intended to reinvent how higher education happens online. The company's platform helps colleges and universities to set up an online degree program and offers instructional design for courses within the program, as well as recruiting, tech support, and measuring student engagement services along the way to the course completion, enabling students to receive certificate and degree programs online. | 16-Nov-2020 | 224.98 | 27.30 | 8.24x | United States |
| Mintra Group | Mintra Holding AS is engaged in providing workforce management systems for safety critical industries. Its services include Training Portal, Outsourcing and Online courses among others. The company offers solutions to various industries including Maritime, Construction, Oil & Gas and Renewables. | 05-Oct-2020 | 195.41 | 23.88 | 8.18x | Norway |
| Instructure | Developer of a cloud-based learning management platform designed to make teaching and learning easier. Its software is used as a learning management application for the education market and for the corporate market to enable its customers in developing, delivering, and managing face-to-face and online learning experiences. | 23-Mar-2020 | 2,000.00 | 258.47 | 7.74x | United States |
| Varsity Tutors | Operator of a live learning platform intended to connect experts and learners in any subject, anywhere, anytime. The company's platform connects students with personalized instruction to improve academic achievement, enabling students to meet their individual needs and stand behind their satisfaction with a money-back guarantee. | 29-Jan-2021 | 1,700.00 | 240.00 | 7.08x | United States |
| Educa Reality | Developer of educational products intended to make learning and education fun through the use of new technologies. The company's educational technology platform include augmented reality and virtual reality-based educational products and services, books, consulting and editorial production, enabling both teachers and students to create and view content in a simple and interactive way. | 01-Oct-2020 | 1.77 | 0.25 | 7.07x | Spain |
| Aulab hackademy | Provider of professional training intended to offer coding courses for developers, software houses, technological coworking. The company's training includes frontend and backend development, database management, and cloud server provisioning, agile methodologies applied to software development with Laravel Framework, PHP, MySQL database, and Linux Nginx server, enabling digital professionals to create applications and software with necessary skills. | 16-Jun-2020 | 3.00 | 0.47 | 6.40x | Italy |
| Learning Technologies Group | Learning Technologies Group PLC, along with its subsidiaries, offers a wide range of e-learning services and technologies to corporate and government clients. The company operates in three reportable segments: the Software and Platforms, the Content and Services and the Other. Geographically, it operates in the United Kingdom, Mainland Europe, the United States, Canada, Asia Pacific and Rest of the World. The company largest end market by revenue in the United States. | 29-May-2020 | 1,048.49 | 165.65 | 6.33x | United Kingdom |
| Alelo | Developer of an effective e-learning platform designed to help people acquire knowledge, develop new skills and improve their performance. The company's platform provides virtual role-play simulations that combine innovations in software technology, social science and learning science to provide personalized learning, enabling clients to acquire knowledge, develop new skills and improve their performance. | 08-May-2020 | 10.77 | 1.85 | 5.82x | United States |
| Eleva Educação (Editora Eleva Platform) | Online teaching platform for K-12. | 23-Feb-2021 | 107.27 | 18.76 | 5.72x | Brazil |
| Sketchy | Developer of an online education platform designed to change the way the health sciences are taught. The company's learning platform helps to change the way people learn medical microbiology, pharmacology, and pathology through fun, and informative video sketches, enabling students to take advantage of the power of visual learning. | 02-Dec-2020 | 40.00 | 7.00 | 5.71x | United States |
| Jiean Hi-Tech | Zhengzhou Jiean Hi-tech Co Ltd formerly, Zhengzhou J&T Hi-Tech Co Ltd is engaged in the development of multimedia technology and the application of three-dimensional digital virtual simulation technology in various industries. The company provides systematic professional virtual reality simulation design and training solutions, software development, system integration, microcomputer measurement and control and other multi-directional services. | 22-Jun-2020 | 229.10 | 44.41 | 5.16x | China |
| Meritnation | Operator of an education portal intended to offer training and learning programs for students online. The company's offerings, right from a basic to a moderate level of difficulty, include live classes, multimedia tutorials, interactive exercises, practice tests, conceptual videos across all educational boards, thereby helping students prepare for their competitive exams through collaborative learning methods. | 03-Jan-2020 | 21.28 | 4.92 | 4.32x | India |
| Rosetta Stone | Rosetta Stone Inc is an education technology software company that develops language, literacy and brain-fitness software. The company offers courses in 30 languages across a range of formats, including online subscriptions, digital downloads, mobile apps, and CD packages. It provides intuitive, learning programs that are available online and via digital download or CD. It offers mobile apps for both tablet and smartphone use to enable learners to continue their lessons on the go. It operates through three segments such as Literacy, Enterprise and Education Language and Consumer Language. The Rosetta Stone Kids products provide technology-based learning solutions for children's that aims at early childhood language and literacy. | 15-Oct-2020 | 792.00 | 188.52 | 4.20x | United States |
| NovaKid | Developer of an English learning platform designed to provide interactive programs created by and taught by native-speaking teachers. The company's platform offers game-based classes that are focused on education and the psychological characteristics of children with engaging homework assignments, pre-lesson vocabulary, and grammar activities, enabling parents to save time and money on traveling to offline schools and tutors. | 01-Dec-2020 | 30.25 | 8.20 | 3.69x | United States |
| MedCerts | Provider of online training services intended to prepare students for national health care and information technology certification programs. The company delivers certification and career training through HD-quality video-based instruction, virtual simulations, games and animations and on-the-job training through experiential learning solutions, enabling military and their families, career changers and the under- and unemployed to pursue the skills they need for gainful employment. | 17-Nov-2020 | 70.00 | 20.00 | 3.50x | United States |
| Outschool | Developer of an e-learning platform designed to offer live online classes for kids aged between 3 to 18. The company's platform connects motivated learners, parents and teachers together and helps in conducting classes by independent teachers for small groups over a live video chat directly to parents, enabling families to choose their teachers and classes for group learning based on their needs and interests at a lower price point than private tutoring. | 18-Sep-2020 | 188.22 | 54.00 | 3.49x | United States |
| Spark Education | Provider of an educational platform intended to offer personalized math education resources for children. The company's platform offers interactive classrooms and games, enabling improvement of student's spatial, logical and computational thinking. | 24-Jan-2021 | 1,500.00 | 434.24 | 3.45x | China |
| getBridge | Developer of Learning Management System (LMS) intended to help employees and managers transform their organization through connected learning, performance alignment, and career growth. The company offers performance, engagement and career development tools, enabling companies to deliver a unique, employee-centric experience for development and productivity, all integrated into a single, easy-to-use, SaaS-based platform. | 15-Feb-2021 | 50.00 | 15.65 | 3.19x | United States |
| Drops(Educational Software) | Operator of a game based learning application intended to enrich life with powerful skills. The company's application helps users to learn new vocabulary through fun, fast-paced games with simple mnemonic images, offers new words and phrases with beautiful, mnemonic illustrations, enabling users to get access to an innovative tool and learn in an interactive way. | 23-Nov-2020 | 31.00 | 10.00 | 3.10x | Estonia |
| WhiteHat Jr | Developer of an online live teaching platform designed to connect kids with coding. The company's platform teaches fundamentals of coding, logic, structure, sequence and algorithmic thinking, enabling kids to generate creative outcomes like websites, animations and application designing. | 21-May-2020 | 350.00 | 150.00 | 2.33x | India |
| IC Axon | Developer of e-learning clinical and sales training platform designed to provide science-driven training for pharmaceutical and life science customers. The company's platform engages in the design and development of clinically focused education and training programs, enabling healthcare industries to conduct live event training programs that include new hire training, product launch training and sales meetings. | 25-Sep-2020 | 28.00 | 12.50 | 2.24x | Canada |
| MDBriefCase | Provider of online continuing medical education programs intended to help healthcare practitioners enhance their professional practice and stay at the forefront of the latest evidence and protocols. The company offers multimedia, interactive and accredited learning programs, developed by leading specialists and peer-reviewed by experts at respected institutions, custom tailored for specific international markets and available on a convenient online platform. | 29-Jan-2021 | 22.37 | 10.30 | 2.17x | Canada |
| eThink | Developer of an e-learning platform catering to institutions, industries and organizations. The company offers cloud hosting, unlimited storage, a learning management system, online learning platforms, fully-managed e-learning solutions and ERP integration, thus aiming to provide a dynamic and customizable platform to meet specific institutional and organizational needs. | 04-Dec-2020 | 20.00 | 9.50 | 2.11x | United States |
| Global Knowledge Training | Developer of an information technology and professional training platform based in Cary, North Carolina. The company offers various IT and business skills courses and certification programs by providing access to subject-matter experts and delivering authorized and industry-leading instruction through multiple delivery formats in order to help technology providers, enterprises, and governments to accelerate their success by closing their skill gaps and continuously developing their talents. | 13-Oct-2020 | 233.00 | 133.00 | 1.75x | United States |

**Appendix #.4: About Frost & Sullivan**

Frost & Sullivan\* is a leading global consulting, and market & technology research firm that employs staff of 1,800, which includes analysts, experts, and growth strategy consultants at approximately 50 branches across 6 continents, including in Herzliya Pituach, Israel. Frost & Sullivan’s equity research utilizes the experience and know-how accumulated over the course of 55 years in medical technologies, life sciences, technology, energy, and other industrial fields, including the publication of tens of thousands of market and technology research reports, economic analyses and valuations. For additional information on Frost & Sullivan's capabilities, visit: www.frost.com. For access to our reports and further information on our Independent Equity Research program visit: www.frost.com/equityresearch.

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**For further inquiries, please contact our lead analyst:**

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**Appendix #.5: Team biographies**

**Dr. Tiran Rothman** is the head of Frost & Sullivan Research & Consulting Ltd., a subsidiary of Frost & Sullivan in Israel. He has over 10 years of experience in research and economic analysis of capital and private markets, obtained through positions at a boutique office for economic valuations, as chief economist at the AMPAL group, and as co-founder and analyst at Bioassociate Biotech Consulting. Dr. Rothman also serves as the Economics & Management School Head at Wizo Academic College (Haifa). Tiran holds a PhD (Economics), MBA (Finance), and was a visiting scholar at Stern Business School, NYU.

**Irit Nudelman**

**Almog Josef Sokolik** is an Analyst and Consultant at Frost & Sullivan Research & Consulting Ltd., a subsidiary of Frost & Sullivan in Israel. He has experience in valuation of public and private firms, research and market analysis obtained through positions at the Ministry of Finance - Department of the Chief Economist, and Ben-Gurion University - Laboratory for Judgment & Decision Making as research analyst. Almog holds a BA in Economics and Psychology.

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