

Market Update



Education Technology & Services

Q1 2021

Key Highlights

The top subsector stock performer in Q1 2021 was Education / Academic Publishers, up 27.3% quarter-over-quarter

On average, EBITDA multiples for the subsectors increased 1.1x from the prior quarter and increased 4.6x on a year-over-year basis

Lincoln Perspectives

As we expected early in the year, 2021 is shaping up to be a banner year for mergers and acquisitions (M&A) in the education market. Complementing all of the trends we highlighted in our 2020 recap / 2021 forecast in February is a growing focus amongst private investors on the many investor-friendly aspects of education as an end market. We have already seen some banner transactions this year (highlighted below) with many more already in the queue for later in the year.

Q1 Highlighted Transactions

Montagu Private Equity's purchase of Capita's UK Education Software assets

Renaissance's acquisition of Nearpod

IK Investment Partners' investment in Skill & You

EAB's acquisition of the Starfish division of Hobsons

PowerSchool's acquisition of the Naviance and Intersect divisions of Hobsons

IXL's acquisitions of Wyzant and the language learning assets of Rosetta Stone

In a transaction that could probably only be successfully completed by two companies owned by the same private equity group (Vista Equity), EAB and PowerSchool split the assets of Hobsons, sending the Starfish higher ed student retention business to EAB and the high school-focused businesses of Naviance and Intersect to PowerSchool.



has acquired a majority stake in

skill&you.

from



Buy-Side



As evidenced by the highly competitive IK / Skill & You transaction, one of the prevalent global trends emerging in real time is an upward shift in the market's view of business-to-consumer (B2C) and business-to-government (B2G) training businesses. Skill & You is France's largest online vocational training business and markets directly to prospective students. Historically, business-to-business (B2B) training providers were perceived as more stable and therefore received a premium in the M&A market. More recently, highly competitive processes have yielded outcomes that more closely mirror the values ascribed to business-to-business (B2B) training providers. Similarly, B2G training providers are also receiving more aggressive investor interest in the wake of growing large-scale government effort in re-skilling and up-skilling the workforce to support the post-pandemic recovery.

In addition to the most robust private M&A market we have witnessed in education, we are starting to see some companies tap the public markets to add additional capital and create liquidity for their shareholders. To be specific, Nerdy (aka Varsity Tutors), is in the process of accessing the public equity markets via a special purpose acquisition company (SPAC) backed by TPG at a planned value of more than 7x forecasted 2022 revenue. Taking the more traditional route, Coursera successfully executed its initial public offering (IPO) right at the end of March and is trading near 15x its 2021 forecasted revenue. Growth continues to be the name of the game for investors, as evidenced by the noticeable lack of profitability for both companies. PowerSchool

(backed by Vista Equity) may finally buck the trend as we expect to see material profitability when its IPO filings become public later in Q2, but we expect it to be similarly attractive to investors as one of the few pure play ed tech companies available in the public markets.

We currently see no slow down in activity in the market with artificial market support now also being supported by excess cash in the system and a potentially material tax rate change in the U.S. looming in 2022. Stay tuned as we expect to see a continued flurry of activity into Q2 and Q3.

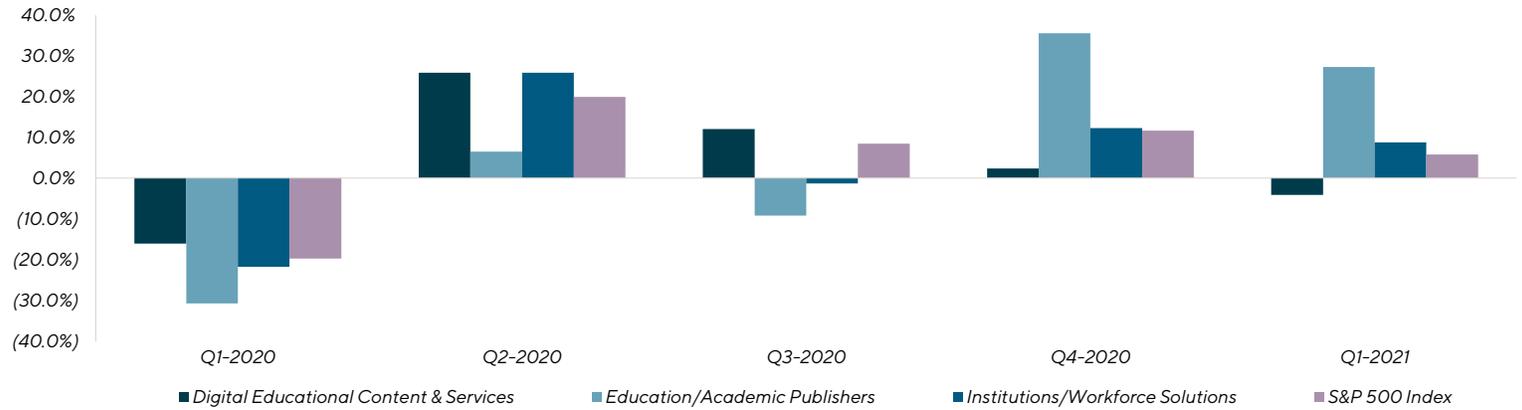
Education Technology & Services Financial Performance

Quarter-over-Quarter Price Performance

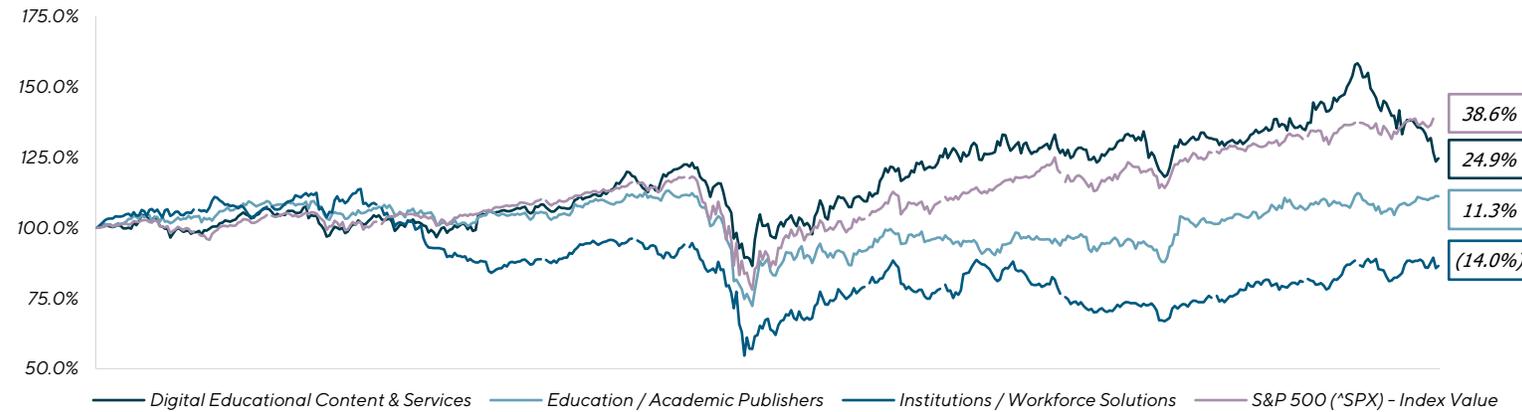
Outperformers	Change
Houghton Mifflin Harcourt Company	128.8%
Stride, Inc..	41.8%
Blackbaud, Inc.	23.5%
Scholastic Corporation	20.4%

Underperformers	Change
RISE Education Cayman Ltd	(33.5%)
TAL Education Group	(24.7%)
New Oriental Education & Technology Group	(24.7%)
Laureate Education, Inc.	(6.7%)

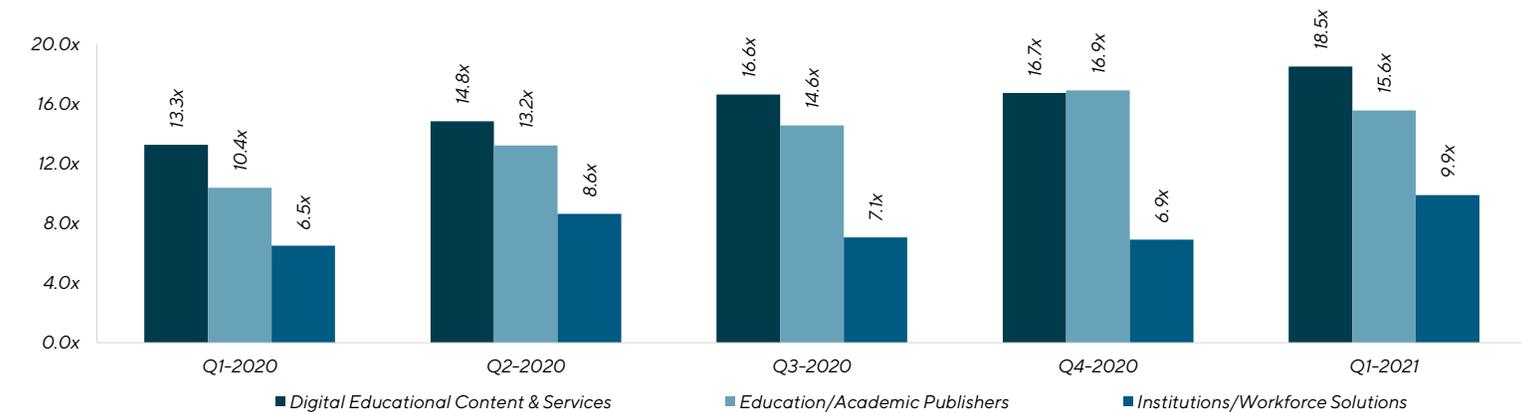
Quarter-over-Quarter Stock Indices Price Change



Two Year Relative Stock Indices Price Performance



Historical Enterprise Value/LTM EBITDA Valuation Performance



Education Technology & Services Stock Indices Data

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	NTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / NTM	
					Revenue	EBITDA			Revenue	EBITDA
Digital Educational Content & Services										
2U, Inc.	\$38.23	64.0%	\$2,829	\$2,695	\$933	\$56	62.3%	6.0%	2.9x	NM
3P Learning Limited	0.98	89.6%	137	128	55	21	46.4%	37.3%	2.3x	6.2x
Blackbaud, Inc.	71.08	88.9%	3,348	3,874	901	224	0.1%	24.9%	4.3x	17.3x
Chegg, Inc.	85.66	74.4%	12,052	12,440	790	270	92.2%	34.1%	15.7x	NM
Coursera, Inc.	45.00	97.9%	5,739	5,588	377	N/A	28.5%	N/A	14.8x	NM
Grand Canyon Education, Inc.	107.10	93.6%	4,975	4,890	925	345	18.8%	37.2%	5.3x	14.2x
New Oriental Education & Technology Group Inc.	14.00	70.1%	23,999	19,882	4,767	826	31.6%	17.3%	4.2x	24.1x
Pearson plc	10.63	84.9%	7,977	8,825	4,778	848	(6.8%)	17.7%	1.8x	10.4x
RELX PLC	25.14	97.1%	48,275	57,974	10,123	3,707	(2.9%)	36.6%	5.3x	16.7x
RISE Education Cayman Ltd	4.05	39.7%	228	308	236	39	7.4%	16.7%	1.3x	7.8x
TAL Education Group	53.85	59.2%	32,328	29,070	5,570	421	70.2%	7.6%	5.2x	NM
Mean		78.1%					31.9%	23.6%	4.8x	13.8x
Median		84.9%					25.2%	21.3%	4.2x	14.2x
Education / Academic Publishers										
Houghton Mifflin Harcourt Company	\$7.62	95.1%	\$971	\$1,475	\$1,046	\$154	(24.8%)	14.8%	1.4x	9.6x
Informa plc	7.71	84.9%	11,586	14,536	2,641	733	(31.0%)	27.8%	5.5x	19.8x
John Wiley & Sons, Inc.	54.20	96.3%	3,020	4,070	1,972	426	6.7%	21.6%	2.1x	9.5x
Pearson plc	10.63	84.9%	7,977	8,825	4,778	848	(6.8%)	17.7%	1.8x	10.4x
RELX PLC	25.14	97.1%	48,275	57,974	10,123	3,707	(2.9%)	36.6%	5.3x	16.7x
Scholastic Corporation	30.11	87.6%	1,034	964	N/A	N/A	N/A	N/A	NM	NM
Wolters Kluwer N.V.	87.00	94.8%	22,681	25,479	5,453	1,660	5.4%	30.4%	4.7x	15.3x
Mean		91.5%					(8.9%)	24.8%	3.5x	13.6x
Median		94.8%					(4.8%)	24.7%	3.4x	12.9x
Institutions / Workforce Solutions										
Adtalem Global Education Inc.	\$39.54	90.2%	\$1,983	\$2,081	\$1,158	N/A	10.9%	N/A	1.8x	7.8x
American Public Education, Inc.	35.63	86.7%	664	447	406	64	41.8%	15.8%	1.1x	6.9x
Graham Holdings Company	562.44	88.7%	2,813	2,898	N/A	N/A	N/A	N/A	NM	NM
Grand Canyon Education, Inc.	107.10	93.6%	4,975	4,890	925	345	18.8%	37.2%	5.3x	14.2x
Stride, Inc.	30.11	57.0%	1,203	1,404	1,499	233	46.4%	15.5%	0.9x	6.0x
Laureate Education, Inc.	13.59	87.9%	2,704	3,466	1,807	374	49.1%	20.7%	1.9x	9.3x
Lincoln Educational Services Corporation	6.41	71.3%	173	226	323	32	18.3%	9.9%	0.7x	7.1x
Perdoceo Education Corporation	11.96	67.3%	838	485	710	168	13.1%	23.6%	0.7x	NM
Strategic Education, Inc.	91.91	48.9%	2,221	2,278	1,191	274	19.5%	23.0%	1.9x	8.3x
Mean		76.8%					27.2%	20.8%	1.8x	8.5x
Median		86.7%					19.1%	20.7%	1.4x	7.8x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 05/12/21

4/21/21: **ExecOnline**, a New York, New York-based online leadership development company for enterprises, raised \$45 million in a Series D funding round led by **OMERS Growth Equity**

4/13/21: **Degreed**, a California-based upskilling platform, has raised \$153 million in a Series D funding round co-led by **Sapphire Ventures** and **Riverwood Capital** and which valued the company at \$1.4 billion

4/7/21: **Phenom**, a Pennsylvania-based job search, talent and employment management tech company, has raised \$100 million in a Series D funding round led by **B Capital Group**

4/6/21: **PowerSchool**, a California-based educational software company, has filed to raise \$100 million in an IPO

3/6/21: **Coursera**, a California-based online educational course company, raised ~\$520 million in an IPO

2/25/21: **Newsela**, a New York, New York-based K-12 instructional content software firm, raised \$100 million in a Series D investment round led by **Franklin Templeton** and **TCV**

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Clever	Provides applications solutions to collect and transfers student data into accessible information	Kahoot! AS
Announced	Netop Solutions	Develops and sells software solutions for the transfer of videos, screen images, sounds and data between two or more computers over the Internet	Impero Solutions
Announced	Blake eLearning	Engaged in publishing online educational products for children of all age groups through "Reading Eggs", an online mobile application	3P Learning
Announced	Rasmussen College	Offers diploma, bachelor and associate degree programs	American Public Education
5/10/2021	HMH Books & Media Consumer Publishing Business	Comprises novels, nonfiction, cookbooks and children's books publishing, as well as TV, film and interactive media production business	HarperCollins Publishers
5/4/2021	Triad Interactive	Develops internet applications for the higher education market	Mcgraw-Hill Education
5/3/2021	Pierian Data	Provides technology training, with a focus on Python programming language courses, data science courses and machine learning courses	Educate 360
4/28/2021	Certica Solutions	Designs and develops K-12 assessment and data analytics solutions	Instructure
4/26/2021	Wyzant	Operates an online marketplace that provides tutor-student matching services	IXL Learning
4/23/2021	Tierney	Provides education technology solutions	Trox
4/15/2021	PPM Advisory Group	Offers commercial, medical affairs and MSL content development	Red Nucleus
4/6/2021	Pluralsight	Operates a cloud-based technology skills platform	Vista Equity Partners
4/5/2021	Aakash Educational Services	Provides various coaching services in India	Byju's
3/22/2021	Lalilo	Develops web-based application software for teachers	Renaissance Learning
3/19/2021	Sokanu Interactive	Operates a career-matching website that helps people to discover and explore their career options	Penn Foster
3/17/2021	Languages Division Of Rosetta Stone	Develops, markets and supports a suite of language-learning and literacy solutions	IXL Learning
3/16/2021	Kidaptive	Develops interactive educational content for preschoolers	McGraw-Hill Education
3/12/2021	Nearpod	Develops a cloud-based platform to enhance the learning process in classrooms and distance learning	Renaissance Learning
3/11/2021	Bright Minds Marketing	Offers school development and consulting services	SchoolMint
3/10/2021	Wisr	Develops a student engagement software that helps institutions to build connections and meet the digital needs of the next generation	EAB Global
3/10/2021	SchoolAdmin	Designs and develops K-12 admissions and enrollment management software for the educational institutions	Finalsite
3/3/2021	Naviance and Intersect businesses of Hobsons	Comprises college, career and life readiness solution of Hobsons	PowerSchool Group
3/3/2021	Starfish business of Hobsons	Comprises the higher ed success platform of Hobsons	EAB Global
3/1/2021	Bridge	Develops and operates a cloud-based corporate learning and engagement platform that helps employees and managers transform their organization	Learning Technologies Group
2/23/2021	Digital Teaching Tools Finland	Develops and operates an online whiteboard tool that helps teachers to engage with students in the physical classroom and during remote teaching	Kahoot! AS
2/18/2021	The Learning Liaisons	Owns and operates an online education platform for students and teachers providing certified courses through workshops and interactive medium	Teachers of Tomorrow
2/9/2021	BrightPath Education Services LLC	Offers appraisal and real estate education services	Colibri Group
2/8/2021	SoftChalk	Develops content authoring software and hosting solutions for educators in K-12, colleges, universities and medical programs	AssetWorks
2/5/2021	Pearson Institute of Higher Education	Operates as an education institution that offers university level degrees, higher certificates and short courses	EXEO Capital; Stellenbosch Graduate Institute
2/4/2021	Skill & You	Provides vocational e-learning in France and Spain	IK Investment Partners
2/3/2021	BookheadEd Learning	Provides online subscription-based learning solutions for individual classrooms or schools	Weld North Education
2/2/2021	Education Software Solutions Business of Capita	Designs and develops management information system and related software for the education sector	Montagu Private Equity
2/1/2021	Reflektive	Provides a platform for employee performance, engagement and analytics	Learning Technologies Group
1/29/2021	mdBriefCase	Provides online continuing medical education services to physicians and healthcare professionals	Think Research Corporation
1/14/2021	InfoSource	Provides professional-development content through a user-friendly, video-based platform	Teachers of Tomorrow
1/7/2021	Whetstone Education	Develops a teacher observation and instructional coaching platform that streamlines the process of teacher feedback	SchoolMint
1/8/2021	Apolloversity Incorporated	Owns and operates a platform that enables development of coding and computer programming lessons online	Pluralsight
1/5/2021	Forecast5 Analytics	Develops forecasting software and analytic technology for the public sector	Frontline Technologies Group

Contributors

Tom Burgett

Managing Director
+1 (214) 396-2345
tburgett@lincolninternational.com

Zack Shah

Managing Director
+1 (312) 506-2798
zshah@lincolninternational.com

Edward Lethbridge

Managing Director
+44 20 7632 5224
elethbridge@lincolninternational.com

Matt Cautionero

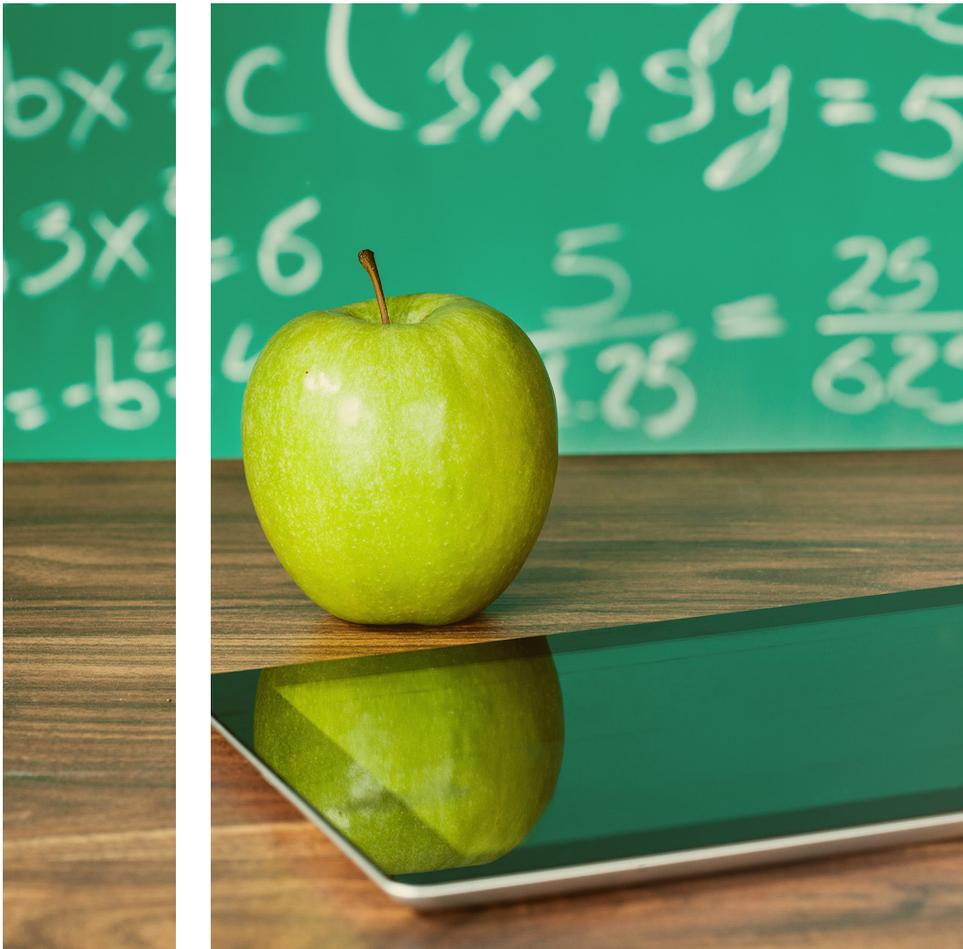
Director
+1 (214) 396-2350
mcautionero@lincolninternational.com

Lincoln International's Education Technology & Services Team

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Lincoln International's dedicated education technology & services team has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the education technology & services space. This update tracks pricing and valuation metrics and transaction activity for three key education technology & services subsectors:

- Digital education content & service
- Education / academic publishers
- Institutions / workforce solutions



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