

Market Update



Education Technology & Services

Q1 2022

Key Highlights

The top subsector stock performer in Q1 2022 was institutions / workforce solutions, up 2.3% quarter-over-quarter

On average, EBITDA multiples for the subsectors increased 0.3x from the prior quarter and decreased 0.6x on a year-over-year basis

Education M&A Market Recap

After taking a short breather early in Q1, overall mergers and acquisitions (M&A) activity resumed apace in the second half of the quarter. Activity in the education market has been no different, with momentum steadily building since January (though January was still very active). Interestingly, transaction activity has been solid across market segments, from K-12 to higher ed and professional learning, as evidenced by several notable transactions:



As has been the case for some time, much of the market continues to be driven by increased private equity (PE) interest in the education space, either directly or through existing portfolio companies. Just looking at the sample set above, every transaction except Pearson's acquisition of Credly involved a PE sponsor.

PE interest has become pervasive, stretching across all levels of the market. Early stage venture funds have always been intrigued by the large addressable market and historical lack of technology adoption. While venture funds remain highly active, the broader mid-market and large cap PE funds continue to assert their presence with notable transactions on a regular basis. The continued adoption of technology within education, whether to increase the efficiency of schools or to deliver education in new and more impactful ways, has cemented a new level of demand for education assets.

The ASU-GSV Conference Returned in April

For the first time since the onset of COVID-19, the ASU-GSV Summit went off as planned in its customary April time slot. Officially the conference was sold out. Unofficially, total attendance was remarkable, with market participants coming together in earnest for the first time since 2019 (the 2021 edition of the conference was a shadow of what we all experienced in April).

As was the case pre-COVID-19, the conference hotel and just about every restaurant, coffee shop and hotel lobby in the vicinity were packed with people meeting in person and sharing ideas. It was a powerful statement about the world's desire to return to a new version of "normal" life and an even more poignant statement about how resilient the education M&A market has been and will continue to be throughout 2022.

Based on our own transaction backlog as well as what we heard during and since the conference, 2022 may take a run at the record level of transaction volume established last year. Here's to seeing if we can pull it off, starting with a very busy Q2.

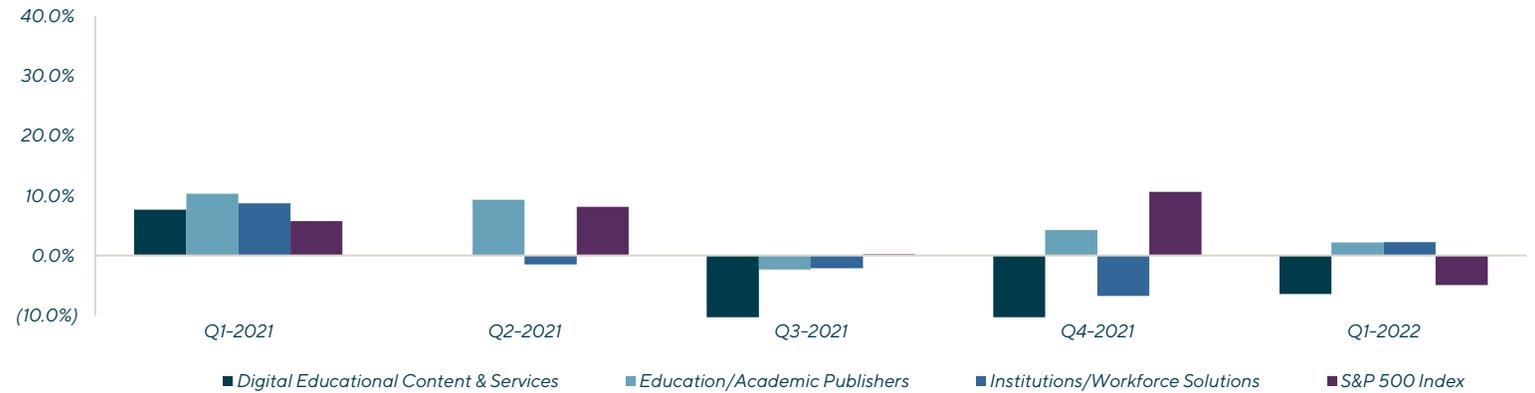
Education Technology & Services Financial Performance

Quarter-over-Quarter Price Performance

Outperformers	Change
Pearson plc	18.8%
Chegg, Inc.	18.2%
Strategic Education, Inc.	14.8%
Grand Canyon Education, Inc.	13.3%

Underperformers	Change
Udemy, Inc.	(36.2%)
2U, Inc.	(33.8%)
Blackbaud, Inc.	(24.2%)
Instructure Holdings, Inc.	(16.3%)

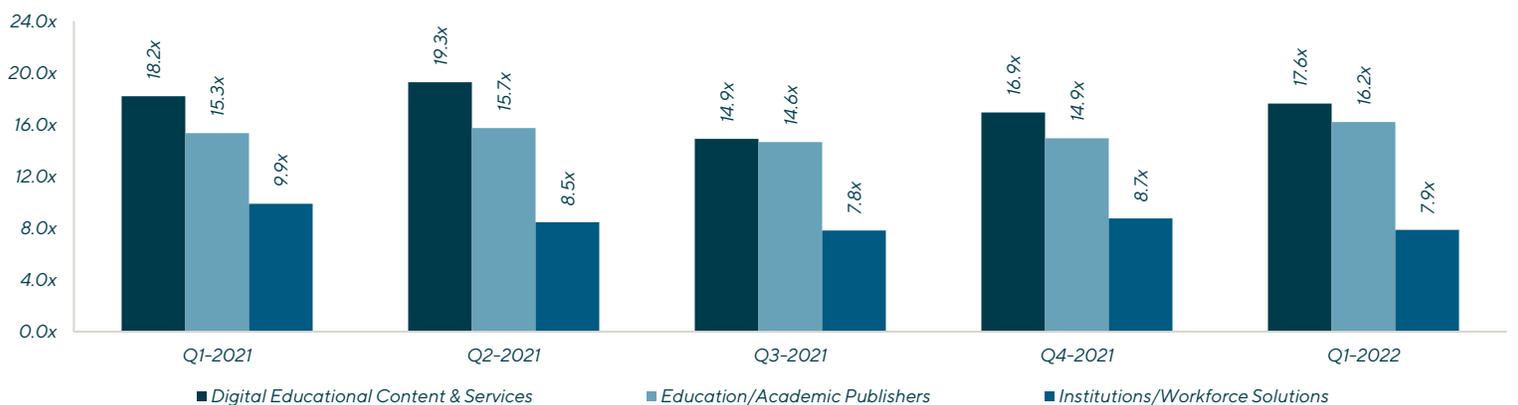
Quarter-over-Quarter Stock Indices Price Change



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.	\$13.28	28.5%	\$1,014	\$1,746	\$1,070	\$78	28.7%	7.3%	1.6x	22.4x
Blackbaud, Inc.	59.87	68.8%	3,040	4,003	1,081	261	18.9%	24.1%	3.7x	15.4x
Chegg, Inc.	36.28	37.4%	4,892	5,044	844	267	18.6%	31.6%	6.0x	18.9x
Coursera, Inc.	23.04	36.8%	3,238	2,436	538	(49)	64.1%	(9.2%)	4.5x	NM
D2L Inc.	10.38	75.3%	550	435	181	(13)	42.8%	(7.2%)	2.4x	NM
Duolingo, Inc.	95.11	46.4%	3,674	3,152	339	(3)	79.4%	(0.8%)	9.3x	NM
Grand Canyon Education, Inc.	97.11	83.7%	3,389	2,849	920	289	7.1%	31.4%	3.1x	9.9x
Instructure Holdings, Inc.	20.06	67.8%	2,823	3,182	459	165	41.3%	35.9%	6.9x	19.3x
Keypath Education International, Inc.	1.72	57.0%	358	285	120	(12)	40.9%	(10.2%)	2.4x	NM
Pearson plc	9.87	84.9%	7,456	8,123	4,752	829	(0.0%)	17.4%	1.7x	9.8x
PowerSchool Holdings, Inc.	16.51	45.2%	2,616	3,759	625	183	37.9%	29.3%	6.0x	20.5x
RELX PLC	31.37	95.4%	60,310	68,266	10,441	3,921	7.4%	37.6%	6.5x	17.4x
Udemy, Inc.	12.46	38.2%	1,739	1,204	625	(68)	37.6%	(10.8%)	1.9x	NM
Mean		58.9%					32.7%	13.6%	4.3x	16.7x
Median		57.0%					37.6%	17.4%	3.7x	18.2xx
Education/Academic Publishers										
Informa plc	7.91	95.8%	11,680	13,957	2,855	737	29.7%	25.8%	4.9x	18.9x
John Wiley & Sons, Inc.	53.03	80.3%	2,956	3,927	2,122	445	12.9%	21.0%	1.9x	8.8x
Pearson plc	9.87	84.9%	7,456	8,123	4,752	829	(0.0%)	17.4%	1.7x	9.8x
RELX PLC	31.37	95.4%	60,310	68,266	10,441	3,921	7.4%	37.6%	6.5x	17.4x
Scholastic Corporation	40.28	92.2%	1,386	1,172	N/A	N/A	N/A	N/A	NM	NM
Wolters Kluwer N.V.	107.29	91.8%	27,512	29,879	5,606	1,765	3.9%	31.5%	5.3x	16.9x
Mean		90.1%					10.8%	26.7%	4.1x	14.4x
Median		92.0%					7.4%	25.8%	4.9x	16.9x
Institutions / Workforce Solutions										
Adtalem Global Education Inc.	\$29.71	72.7%	\$1,480	\$3,070	\$1,428	\$0	43.7%	0.0%	2.2x	NM
American Public Education, Inc.	21.24	57.5%	401	522	626	85	86.3%	13.6%	0.8x	6.1x
Graham Holdings Company	611.47	89.3%	3,001	3,228	3,621	334	26.2%	9.2%	0.9x	9.7x
Grand Canyon Education, Inc.	97.11	83.7%	3,389	2,849	920	289	7.1%	31.4%	3.1x	9.9x
Stride, Inc.	36.33	94.6%	1,508	1,785	1,684	278	19.6%	16.5%	1.1x	6.4x
Laureate Education, Inc.	11.85	62.3%	2,115	2,360	1,175	324	14.4%	27.6%	2.0x	7.3x
Lincoln Educational Services Corporation	7.15	87.2%	196	223	356	39	18.2%	10.8%	0.6x	5.8x
Perdoceo Education Corporation	11.48	87.3%	789	340	657	130	(6.1%)	19.8%	0.5x	2.6x
Strategic Education, Inc.	66.38	70.4%	1,616	1,649	1,080	186	2.6%	17.2%	1.5x	8.9x
Mean		78.3%					23.6%	16.2%	1.4x	7.1x
Median		83.7%					18.2%	16.5%	1.1x	6.9x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 3/31/22

3/30/22: **Sales Impact Academy**, a UK-based learning platform publisher, raised \$22 million in a round led by **Hubspot Ventures** and **MIT Investment Management Company**

3/23/22: **Subject**, a California-based digital learning platform, raised ~\$30 million in a round led by **Owl Ventures**

2/15/22: **Paper**, a Quebec-based software provider of 24/7 tutoring, raised \$270 million in a round led by **Sapphire** and **Softbank Vision Fund**

2/14/22: **Wilson Language Training**, a Massachusetts-based literacy and professional learning firm, raised an undisclosed amount in a round led by **Alpine Investors**

1/27/22: **Domestika**, a California-based online learning services provider, raised \$110 million in a round led by **Zeev Ventures** and **GSV Ventures**

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Ouriginal	Develops automatic plagiarism tool named URKUND	Turnitin
Announced	GeekBrains	Operates an online education platform for developers	Mail.ru; Skillbox
Announced	International Schools Partnership	Develops schools to help and inspire students across the globe	OMERS
Announced	Infinitas Learning	Offers software, online learning, e-books, audio books and printed text books for educational institutions	NPM
Announced	Learning Pool	Offers e-learning, online training and learning management system solutions to organizations	Marlin Equity
Announced	Educations Media Group	Develops and operates an online platform for connecting students and schools	Keystone Academic Solutions
Announced	Netop	Develops and sells software solutions for the transfer of videos, screen images, sounds and data over the internet	Impero Solutions
Announced	Sandviks	Provides books for children and web communities for parents	AcadeMedia
Announced	Clutch Prep	Offers video-tutoring based on college textbooks for students	Pearson
Announced	The Autism Learning Center	Provides home and community based Applied Behavior Analysis (ABA) therapy to help children with autism spectrum disorders	KNR Therapy
Announced	Education Networks of America	Provides managed Infrastructure as a Service solutions to K-12 schools and libraries	Zayo Group
Announced	Nepris	Operates a web-based platform that connects teachers and industry professionals	Providence Strategic Growth
Announced	Discovery Education	Provides digital content for grades K-12 and community colleges	Clearlake Capital
Announced	The Yare Education Trust	Owens and operates schools in the United Kingdom	Boudica Schools Trust
Announced	EdCast	Develops artificial intelligence (AI)-powered cloud-based talent experience platforms designed to enable end-to-end employee journeys	Cornerstone OnDemand
4/19/2022	CampusLogic	Develops a cloud-based student financial success platform used by college officials to help students manage scholarships, loans and other financial supports	Ellucian
4/6/2022	Houghton Mifflin Harcourt Company	Provides curriculum, supplemental, intervention solutions and professional learning services worldwide	Veritas Capital
3/29/2022	L'ECOLE FRANCAISE	Provides vocational training courses in France	Eduservices
3/28/2022	Reading Research Associates	Operates a technology-based phonics screener and diagnostic assessment platform that diagnoses and monitors student progress	Renaissance Learning
3/28/2022	Prepbytes Technologies	Develops platform for college students to learn coding	Girnarsoft Education
3/24/2022	SOWISO	Develops an e-learning software for mathematics and related exact sciences	Paragin
3/23/2022	Evolon	Offers training and educational courses	Flexfactory
3/22/2022	Plus-Plus	Manufactures and sells educational STEM construction toys intended for kids of all ages	Generationskifte Invest
3/22/2022	PrepForward	Develops and operates an educational platform for teacher certification preparation and professional development	University Instructors
3/21/2022	Explorium Innovative Technologies	Designs and develops a web and mobile-based platform that connects the student community	PhonePe
3/21/2022	uniexperts	Operates as an educational consulting agency	Keystone Academic
3/21/2022	ICS	Operates as a distance learning organization	Skill And You
3/18/2022	Giglets	Provides an online reading resource for pupils, teachers and schools	ILT Inläsningstjänst
3/17/2022	Careerminds Group	Provides global outplacement and career management services to organizations and institutions throughout the United States and Canada	Talent
3/16/2022	SpeakPulse	Develops an interview preparation technology software that helps students prepare for job interviews	ENTITY

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
3/15/2022	Scolab	Designs and operates a digital Software as a Service platform	TC Media Books
3/15/2022	Duo Press	Publishes children's books, gift books, puzzles, flashcards and games	Sourcebooks
3/15/2022	Lessons For SEL	Develops a subscription-based streaming platform of video lessons and social and emotional learning content	7 Mindsets
3/14/2022	Sumdog	Develops an online adaptive learning platform specializing in mathematics and English	eEducation Albert
3/14/2022	Custom eLearning Services Vertical of Skilldom	Creates highly engaging, scenario-based learning content	Cognigix
3/14/2022	ChillLearn	Offers a tutoring platform	GuruVise
3/10/2022	Financial Services Segment of Adtalem Global Education	Includes Association of Certified Anti-Money Laundering Specialists, Becker Professional Education and OnCourse Learning	Wendel; Colibri Group
3/10/2022	Scribbr	Provides academic proofreading and editing service for students around the globe	Course Hero
3/9/2022	OnlineEd	Offers online continuing education and professional development courses for mortgage and real estate professionals	Real Estate Business Services
3/9/2022	Coachfox	Develops an online coaching platform for personal development and professional growth	Sendinblue
3/8/2022	Bakpax	Develops and operates an AI-based web and mobile platform to grade assignments	Teacher Synergy
3/8/2022	Zouka Solutions Private	Operates an online platform that provides educational videos for students and teachers	Rankguru Technology Solutions
3/4/2022	Além da Medicina	Operates a medical content online platform for physicians and medical students that provides educational tools	Afya Participações
3/3/2022	Foradian Technologies	Offers enterprise software solutions for educational institutions worldwide	3RDFlix Visual Effects
3/1/2022	TeachBoost	Operates a cloud-based performance management platform for K-12 schools and educators	SchoolStatus
3/1/2022	Rubicon Publishing	Publishes K-12 learning resources for students and educators	Savvas
3/1/2022	Dynamic Knowledge Transfer	Provides classroom management and interactive education software	Securly
3/1/2022	AKAD Bildungsgesellschaft	Provides education and distance learning courses in the field of business, technology, computer science and communication	Galileo Global Education Germany
3/1/2022	American Fitness Professionals & Associates / Psychotherapy.net	Offers health, fitness and nutrition certification programs to world-class professionals	Knowfully Learning
2/25/2022	Boxer Books	Publishes children's picture books	Union Square & Co.
2/25/2022	Pupil	Develops software for school operations and administration management	Sdui
2/24/2022	Getmyuni Education Services	Provides a college search platform	Ginarsoft Education Services
2/24/2022	Discover Accounting	Provides successful career education in the field of accounting	University HQ
2/23/2022	Velopi	Operates a platform that provides project management courses	Educate 360
2/22/2022	Primagama	Provides tutoring services to school students in science and social studies	PT Zona Edukasi Nusantara
2/16/2022	Anesthesia Toolbox	Operates an education platform and learning community for anesthesiology residency programs	American Society Of Anesthesiologists
2/15/2022	T-Chowk Labs Private	Develops SchoolMitra, a cloud-based school management software system	Proficiency Learning Solutions
2/15/2022	Walter Learning	Offers digital training courses for professionals	Bpifrance Investissement
2/14/2022	Human Capital Institute	Provides strategic talent management services for professionals and executives	Simplify Compliance Holdings
2/14/2022	Quality Assist	Offers professional development training, e-learning courses and face-to-face training to early childhood educators	Teaching Strategies

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
2/2/2022	Follett Corporation	Provides education technology, services and print and digital content to pre-K to 12 schools, districts and colleges	Francisco Partners
2/2/2022	Code Republic	Offers online education courses	PicsArt
2/2/2022	Seneca Learning	Operates as a homework and revision platform	GoStudent
2/2/2022	Tus Media	Operates an online portal that connects private tutors and students	GoStudent
2/1/2022	Kinvolved	Provides mobile and web applications that enable communication between schools and families	PowerSchool
2/1/2022	Cedars Preschool Management	Provides education services to pre-K students	O2B Kids Early Education
2/1/2022	Substantially all the assets of Selected	Provides a platform for matching teachers with schools and jobs	Cross Country Education
1/30/2022	Credly	Operates a platform for verifying, sharing and managing digital badges and credentials	Pearson
1/28/2022	Kesson Group	Provides international education and online learning services	Pluribus Technologies
1/25/2022	SanovaWorks	Operates an online platform that provides educational services and learning solutions for dermatologists	WebMD Health
1/25/2022	Children of Tomorrow Learning Centers	Provides education services for children	O2B Kids Early Education
1/24/2022	Spidell Publishing	Offers tax continuing education seminars, webinars and subscription-based tax publications	Cerifi
1/24/2022	Origin Learning Solutions	Offers online learning and training solutions for employees	eLearning Brothers
1/19/2022	Augusoft	Designs and develops online registration and enrollment management solutions	Modern Campus
1/14/2022	Educaedu Business	Operates an online community that connects professionals, companies and education institutions	Miura Partners
1/13/2022	Rebellion Training	Develops a video-based sales enablement and coaching platform	eLearning Brothers
11/12/2022	LINQ	Provider of K-12 software solutions	Welsh, Carson, Anderson & Stowe
1/12/2022	Signal Vine	Develops an enterprise text messaging platform for schools	Modern Campus
1/11/2022	Lavinia Group	Provides instructional management, training incentives, teacher training and coaching services	Learners Edge
1/11/2022	Loop Online	Provides a learning management system platform for employees	360Learning
1/11/2022	CatchOn	Develops an administrative tool to provide usage data to schools	Lightspeed Systems
1/10/2022	Inside Higher Ed	Offers web based news, forums, opinions and jobs focusing on higher education	Times Higher Education
1/6/2022	True Office Learning	Provides e-learning and analytics tools for compliance training	Learning Pool
1/5/2022	Permission Click	Develops a digital permission slip and payment system designed for schools	Intrado
1/4/2022	West Academic	Publishes casebooks, treatises, study aids and other legal education materials	Barbri

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Lincoln International's Education Technology & Services Team

Lincoln recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, combined with our globally integrated resources and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln's dedicated education technology and 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 and services space. This update tracks pricing and valuation metrics and transaction activity for three key education technology and services subsectors:

- Digital education content and services
- Education / academic publishers
- Institutions / workforce solutions

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Mergers & Acquisitions
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Valuations & Opinions

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