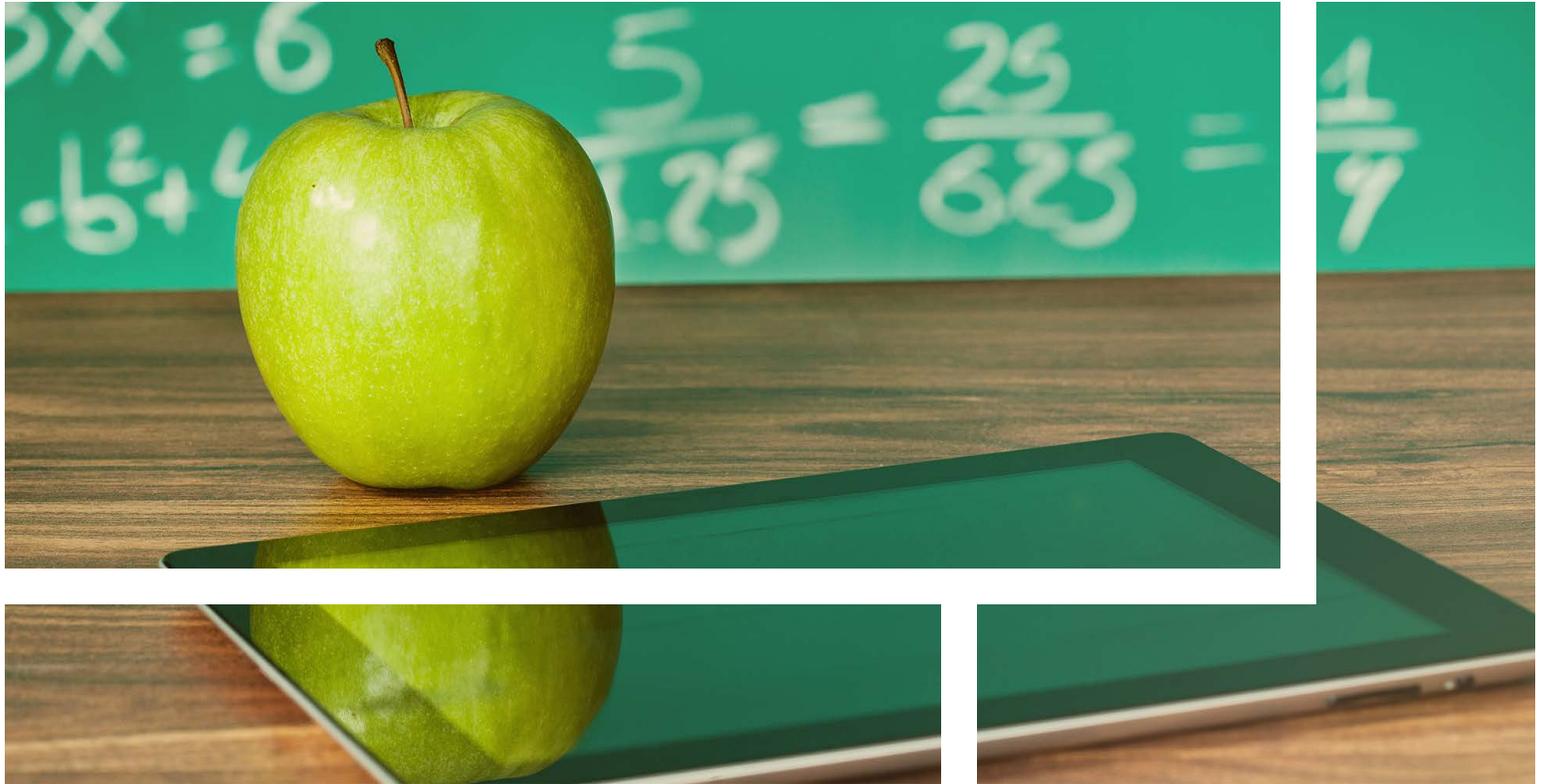


Market Update



Education Technology & Services

Q4 2020

Key Highlights

The top subsector stock performer in Q4 2020 was digital educational content and services, up 33.1% year-over-year

On average, EBITDA multiples for the subsectors increased 1.6x from the prior quarter and increased 1.7x on a year-over-year basis

Q4 2020 Education Update

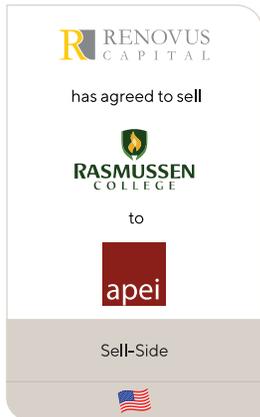
As we do every year at this time, we look backward at what we got right and wrong in our predictions from the same time last year while also looking forward to what the new year will bring to mergers and acquisitions (M&A) in the education market.

As it turns out, we were mostly right in predicting a continued surge in M&A activity in 2020 across both the technology and services market segments. Of course, if you had asked us in April of last year (as many did) how much conviction we had around our early-year expectations, we would have said not a whole lot. The uncertainty brought on by Coronavirus (COVID-19) and all of its secondary and tertiary effects were being felt in earnest in April. The M&A market had ground to a halt, new debt to finance M&A transactions was almost nonexistent and active investors in the market were all pausing to see what school closings were going to do to all of the technology and service providers that support them.

Thankfully the clouds parted in a significant way fairly quickly, despite being mired in a “COVID Summer.” While uncertainty around school re-opening plans persisted through the summer, schools’ ability to operate (admittedly at varying levels of effectiveness) remotely proved a boon to a whole segment of the market. Software-as-a-service (SaaS) providers were able to sustain or grow their services, remote instruction enablers flourished and online programs (and OPM providers) surged to new levels. Many observers have estimated that COVID-induced shifts to online and digital instruction have accelerated adoption curves by anywhere from five to ten years. Time will tell, but it is safe to say education as we knew it will never be quite the same.

So as we look ahead to 2021 and beyond, what do we expect to see? First, more of the same. Consolidation across the education market, from large SaaS providers to proprietary schools to outsourced service providers, will continue in earnest in 2021. Just within the first weeks of the year, we have seen multiple consolidators close new acquisitions. Second, the spotlight cast on education and the sweeping digital trends brought yet another wave of venture and private equity capital into the market. Those investors have driven more demand for premium businesses and will continue to bid aggressively for them. The net effect: highly aggressive buying behavior and higher valuations for sellers.

Transaction multiples were up across the board in the second half of 2020 – in some cases to never-before-seen levels in the education market. The underlying buyer and investor dynamics are here to stay, thus we see valuation trends continuing, if potentially moderating somewhat, through 2021. We envision strongly positive tailwinds around SaaS providers in both the near and intermediate term. While the new administration, and a friendly Congress, present some uncertainty around education policy and education funding policy in the near-term, the longer-term tailwinds for proprietary schools are also strong. We see particular strength in programs focused on core macro areas of need, including nursing and certain allied health fields, trade / vocational fields in high demand and short-term professional programs (e.g., coding, cybersecurity, information technology (IT) / device management, etc.).



“Rasmussen University has a 120-year heritage of educating adult learners and a comprehensive ladder nursing curriculum. Our emphasis on affordability and student outcomes with a strong connectedness to the employment market are attributes that strongly align with APEI’s overall mission, service to its students and its value creation strategy.”

Tom Slagle, Chief Executive Officer of Rasmussen University



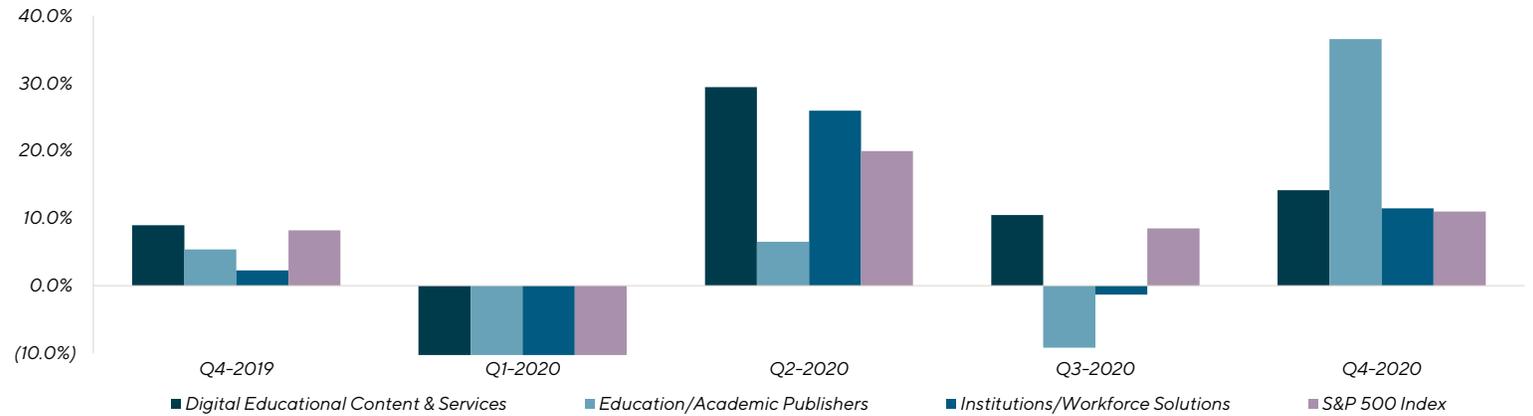
Education Technology & Services Financial Performance

Quarter-over-Quarter Price Performance

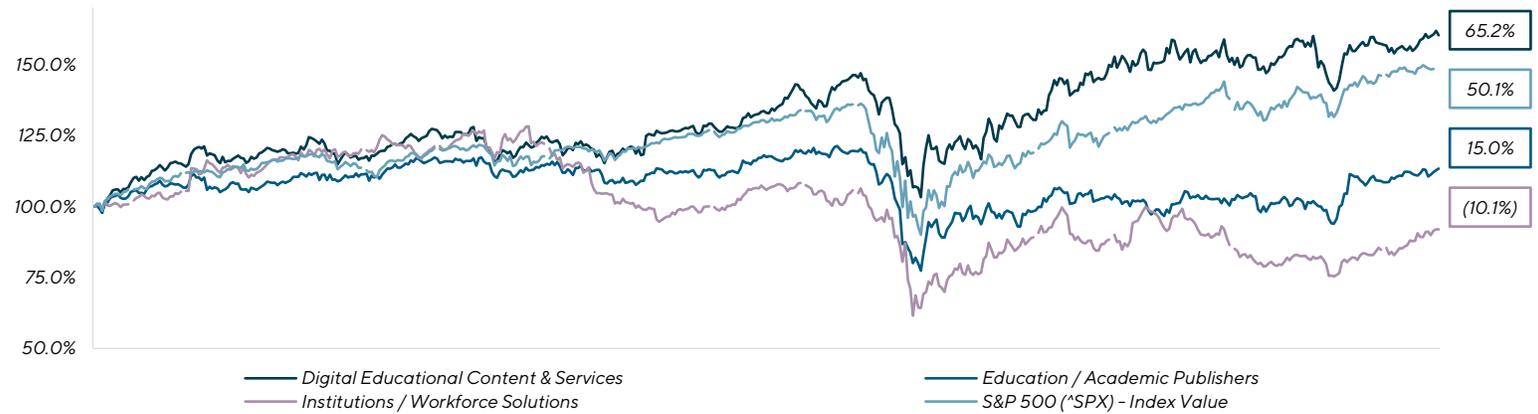
Outperformers	Change
Houghton Mifflin Harcourt Company	96.0%
Informa plc	55.5%
John Wiley & Sons, Inc.	45.8%
Adtalem Global Education, Inc.	34.1%

Underperformers	Change
Stride, Inc.	(18.1%)
TAL Education Group	(5.6%)
Wolters Kluwer N.V.	0.4%
RISE Education Cayman Ltd	2.0%

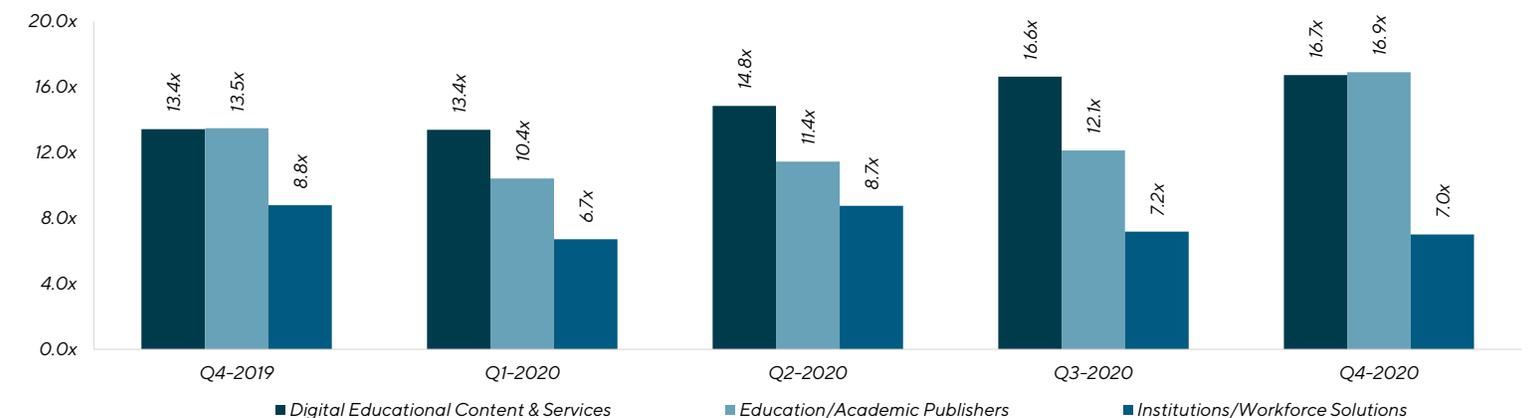
Quarter-over-Quarter Stock Indices Price Change



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.	\$40.82	82.5%	\$2,942	\$2,814	\$875	\$28	66.1%	3.2%	3.2x	NM
3P Learning Limited	1.02	92.4%	143	125	56	21	52.6%	37.3%	2.3x	6.0x
Blackbaud, Inc.	57.49	68.7%	2,776	3,300	887	222	0.3%	25.0%	3.7x	14.9x
Chegg, Inc.	90.57	95.1%	11,666	11,970	733	241	92.4%	32.8%	16.3x	NM
Grand Canyon Education, Inc.	92.52	87.2%	4,296	4,294	903	342	21.6%	37.9%	4.8x	12.5x
New Oriental Education & Technology Group Inc.	181.21	98.2%	30,836	28,643	4,567	913	30.6%	20.0%	6.3x	NM
Pearson plc	9.35	97.3%	7,012	8,714	4,752	789	(2.9%)	16.6%	1.8x	11.0x
Pluralsight, Inc.	20.94	92.3%	2,529	2,737	429	3	45.2%	0.8%	6.4x	NM
RELX PLC	24.74	79.4%	47,498	57,900	10,181	3,537	6.1%	34.7%	5.3x	16.7x
RISE Education Cayman Ltd	6.18	60.6%	348	402	217	37	5.7%	17.1%	1.9x	10.9x
TAL Education Group	71.76	85.8%	43,080	41,968	5,075	274	57.2%	5.4%	8.3x	NM
Mean		85.4%					34.1%	21.0%	5.5x	12.0x
Median		87.2%					30.6%	20.0%	4.8x	11.8x
Education / Academic Publishers										
Houghton Mifflin Harcourt Company	\$3.39	49.5%	\$427	\$945	\$1,108	\$165	(20.8%)	14.9%	0.9x	5.7x
Informa plc	7.57	64.0%	11,370	14,281	2,549	665	(27.4%)	26.1%	5.6x	21.5x
John Wiley & Sons, Inc.	46.24	92.9%	2,582	3,507	1,887	389	3.1%	20.6%	1.9x	9.0x
Pearson plc	9.35	97.3%	7,012	8,714	4,752	789	(2.9%)	16.6%	1.8x	11.0x
RELX PLC	24.74	79.4%	47,498	57,900	10,181	3,537	6.1%	34.7%	5.3x	16.7x
Scholastic Corporation	24.27	62.6%	832	768	1,344	141	(19.1%)	10.5%	0.6x	5.5x
Wolters Kluwer N.V.	85.89	89.4%	22,542	25,312	5,753	1,702	16.5%	29.6%	4.4x	14.9x
Mean		76.4%					(6.4%)	21.9%	2.9x	12.0x
Median		79.4%					(2.9%)	20.6%	1.9x	11.0x
Institutions / Workforce Solutions										
Adtalem Global Education Inc.	\$32.91	85.5%	\$1,714	\$1,686	\$1,132	N/A	9.7%	N/A	1.5x	6.5x
American Public Education, Inc.	29.90	72.8%	443	226	385	60	33.2%	15.7%	0.6x	3.7x
Graham Holdings Company	523.76	80.7%	2,622	2,925	N/A	N/A	N/A	N/A	NM	NM
Grand Canyon Education, Inc.	92.52	87.2%	4,296	4,294	903	342	21.6%	37.9%	4.8x	12.5x
Stride, Inc.	21.58	40.8%	861	985	1,469	207	43.8%	14.1%	0.7x	4.8x
Laureate Education, Inc.	14.74	68.1%	3,096	4,261	2,558	546	45.9%	21.4%	1.7x	7.8x
Lincoln Educational Services Corporation	6.47	72.0%	171	239	314	26	16.4%	8.4%	0.8x	9.1x
Perdoceo Education Corporation	12.55	63.2%	870	563	704	165	14.6%	23.4%	0.8x	3.4x
Strategic Education, Inc.	96.00	51.1%	2,322	1,654	1,172	274	20.2%	23.4%	1.4x	6.0x
Mean		69.0%					25.7%	20.6%	1.5x	6.7x
Median		72.0%					20.9%	21.4%	1.1x	6.3x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 12/31/20

2/10/21: **Labster**, a Denmark-based virtual laboratory simulation company, raised \$60 million in a Series C round led by **Andreessen Horowitz**

12/1/20: **Edmentum**, a Minnesota-based e-learning software firm, raised strategic growth capital from **The Vistria Group**

11/9/20: **Udemy**, a California-based online learning website, raised \$100 million in a Series F round led by **Learn Capital**

11/2/20: **Skillshare**, a New York-based online learning website, raised a growth funding round from NewSpring Capital

10/20/20: **Handshake**, a California-based college student job placement website, raised \$80 million in a funding round led by **GGV Capital**

10/13/20: **Kahoot!**, a Norway-based educational game developer, raised \$215 million in a private investment in public equity (PIPE), led by a subsidiary of **SoftBank**

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Languages division of Rosetta Stone	Comprises a K-12 personalized learning platform for students	IXL Learning
Announced	WyzAnt	Operates an online marketplace matching students with tutors	IXL Learning
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	Pluralsight	Operates a cloud-based technology skills platform	Vista Equity Partners
Announced	Certica Solutions	Designs and develops K-12 assessment and data analytics solutions	Instructure
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	3P Learning	Develops, markets and sells online educational programs to schools and parents of school-aged students	Byju's
Announced	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
Announced	Rasmussen College	Offers diploma, bachelor, and associate degree programs	American Public Education
2/9/2021	BrightPath Education	Offers appraisal and real estate education services	Colibri
2/8/2021	SoftChalk	Develops content authoring software and hosting solutions for educators	Volaris
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
1/21/2021	Penn Foster	Provides workplace skills training	BayPine; Two Sigma Impact
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
1/5/2021	Forecast 5	Develops forecasting software and analytic technology for the public sector	Frontline Technologies
12/31/2020	Swedish Education Group	Owns and operates upper secondary and polytechnic schools	AcadeMedia
12/29/2020	Confirm Solutions	Provides infrastructure lifecycle management to public and private sector organizations	Dude Solutions

Selected M&A Transaction Recap (cont'd)

Closed	Target Company	Target Description	Acquiring Company
12/22/2020	Meazure Learning	Provides an online testing solution incorporating psychometrics, test development, test delivery, secure proctoring, reporting and more	Gryphon Investors
12/10/2020	Learner's Edge	Provides professional development and continuing education graduate courses for teachers in the United States	Quad-C Management
12/4/2020	eThink Education	Offers Moodle based learning management solutions to colleges, universities, healthcare, K-12, corporate and government clients	Learning Technologies Group
12/1/2020	Edmentum	Provides online learning programs	The Vistria Group
12/1/2020	Ashford University	Offers online and campus-based educational programs	University of Arizona Global Campus
11/19/2020	Key Assets of HotChalk	Comprises online program management services for higher education institutions	Noodle Partners
11/16/2020	Pear Deck	Provides SaaS-based classroom management and support solutions	GoGuardian
11/16/2020	Proversity.org	Operates an online platform that connects fresh talents with job opportunities through micro courses created by employers of different backgrounds	Online Education Services
11/6/2020	EdSurge	Operates a community which provides news and information on innovation in education technology	The International Society For Technology In Education
11/4/2020	Success Ed	Provides I-Suite to offer integrated web-based intervention applications for Texas schools	Frontline Technologies Group
11/2/2020	Inspired eLearning	Provides e-learning solutions for corporate, government and non-profit organizations to build an informed and trained workforce	J2 Global
10/30/2020	MysteryScience	Operates an online platform that delivers K-8 science lessons	Discovery Education
10/29/2020	Hoonuit	Provides data analytics education solutions and courses to educators	PowerSchool Group
10/22/2020	Carnegie Learning	Publishes research-based mathematics textbooks and web-based software tools for middle school and high school students	Madison Dearborn Partners
10/22/2020	Finalsite	Provides web-based software and services for schools and educational organizations	HarbourVest Partners
10/14/2020	1WorldSync	Provides online product-content solutions	Simplus
10/13/2020	LogicBay	Offers a cloud-based partner relationship management (PRM) software application that offers an array of functionalities to support clients' channel management needs	The Learning Network
10/13/2020	Rosetta Stone	Provides technology-based learning products	Cambium Learning Group
10/8/2020	Education Galaxy	Provides solutions and tools to developing learners	USATestprep
10/5/2020	TargetX	Develops cloud-based customer relationship management (CRM) solutions to colleges and universities	Liaison International
10/5/2020	Actimo	Develops a mobile dialogue platform for businesses for improving mobile mass communications to employees or customers	Kahoot!

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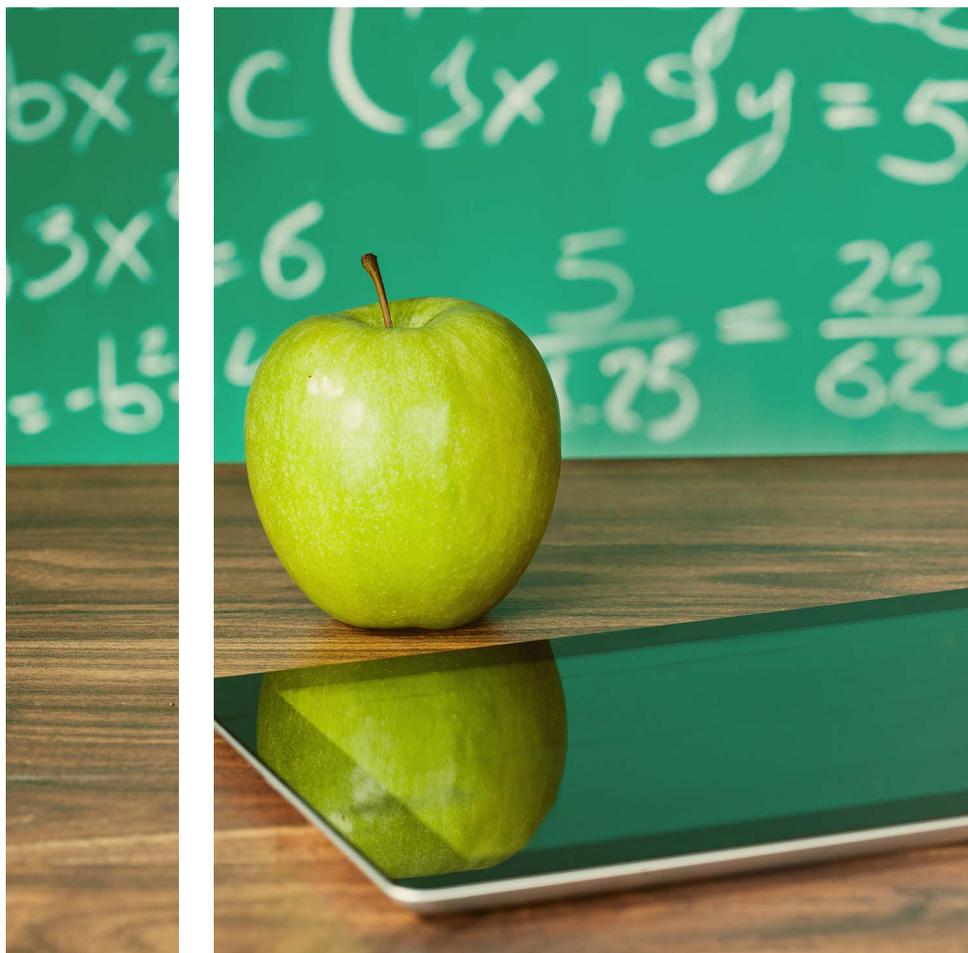
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Lincoln International's Education Technology & Services Team

Lincoln International 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 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

Advisory Services

Mergers & Acquisitions
Capital Advisory
Joint Ventures & Partnering
Valuations & Opinions

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We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions and capital markets advisory for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 600 professionals across 16 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at:

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