

Market Update



Education Technology & Services

Q4 2022

Key Highlights


The top subsector stock performer in Q4 2022 was education / academic publisher, up 16.7% quarter-over-quarter

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


The Year When Everything Changed (...Again)

It is an axiom of the mergers and acquisitions (M&A) and really all financial markets: every boom has a bust and every bust has a recovery. It was seen in 2001, then again in 2008, briefly in 2020 (due to COVID-19) and now in 2022. The other bust cycles of the 2000s rebounded fairly quickly; even if the economy was a little slower, the M&A markets came back and did so with a vengeance.


Alas, the education M&A market can now be counted amongst all other industries that have seen these conditions before. Aggregate transaction volumes and transaction values were all down in 2022. Volatile market conditions were apparent by mid-year, and Q4 did not to reverse the trend, though we remained active with one notable transaction in December:



has been sold to



Sell-Side



Founded in 2010, Edustaff is one of the nation's largest providers of outsourced substitute, paraprofessional and support staff solutions to K-12 school districts and community colleges. Edustaff's turn-key offering supports recruitment, substitute management and payroll processing for employees provided to its client districts. Today, the company serves more than 550 clients across 11 U.S. states.

Edustaff was able to garner a premium value due to a powerful combination of attributes:

- Superior reputation as a high-touch, top-quality operator with strong fill rates and sector-leading net promoter score
- Critical value proposition and social impact against universal shortage of qualified substitute teachers and other staff
- Legacy of excellent client retention, which resulted in a highly visible, recurring revenue base
- Platform asset in a highly fragmented teacher staffing market with tremendous whitespace

With lenders clamping down, the public markets retreating and a torrid pace of dealmaking since the onset of COVID-19, a slowdown seemed inevitable, yielding the first real pause in the M&A markets (other than a very brief COVID-19-driven hiatus in 2020) since the great recession. Any economist will state that an expansion economy that lasts more than 10 years is virtually unheard of without a major world war preceding it.

We expect the same challenges that impacted and drove M&A activity in 2022 to continue in 2023. The need for new and innovative solutions to address those challenges also remains. If anything, the need for schools and corporate learning environments to be more efficient and streamlined is even more acute now than it was a year ago. With layoffs spreading steadily through the economy, schools and employers all have to do more with less, forcing the question of "what is the right level of investment." Students and educators are resilient, and we have no doubt that all will rise to the current challenges:

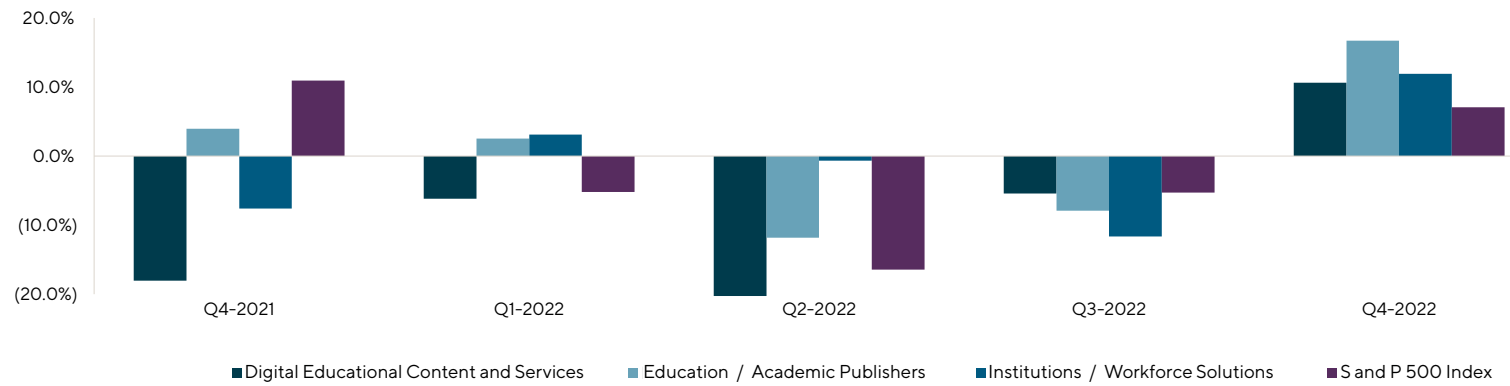
Persistent learning loss due to COVID-19	Perpetually understaffed career fields (e.g., nursing, coding / IT, teaching, etc.)	Strained public education and higher education budgets
Declining school enrollments across K - 16	Unemployed / underemployed in need of new skills	Compressed corporate learning and development budgets

Education Technology & Services Financial Performance

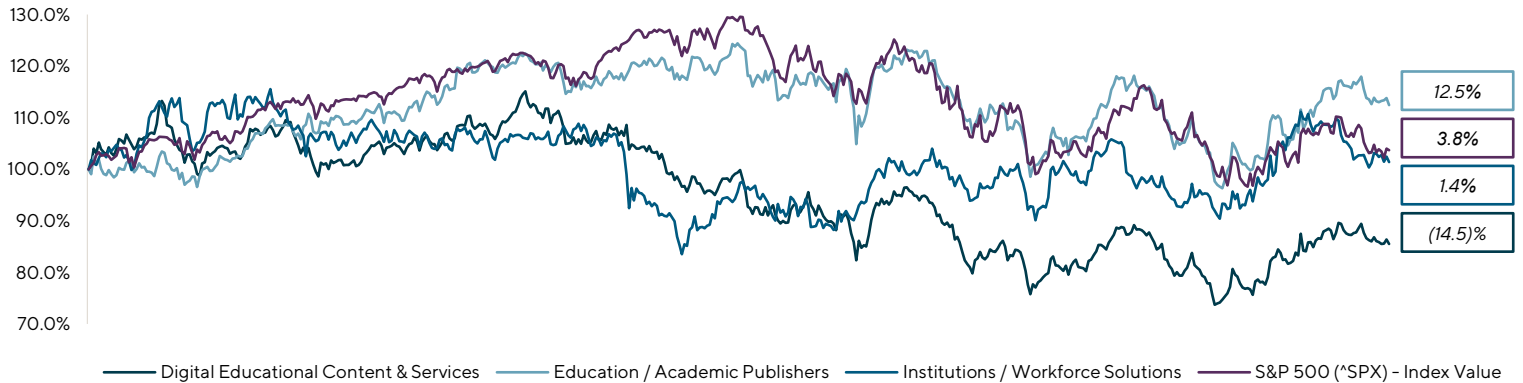
Quarter-over-Quarter Price Performance

Outperformers	Change	Underperformers	Change
PowerSchool Holdings, Inc.	38.3%	Stride, Inc.	(25.6%)
Perdoceo Education Corporation	35.0%	Duolingo, Inc.	(25.3%)
American Public Education, Inc.	34.5%	Udemy, Inc.	(12.7%)
Blackbaud, Inc.	33.6%	Laureate Education, Inc.	(8.8%)

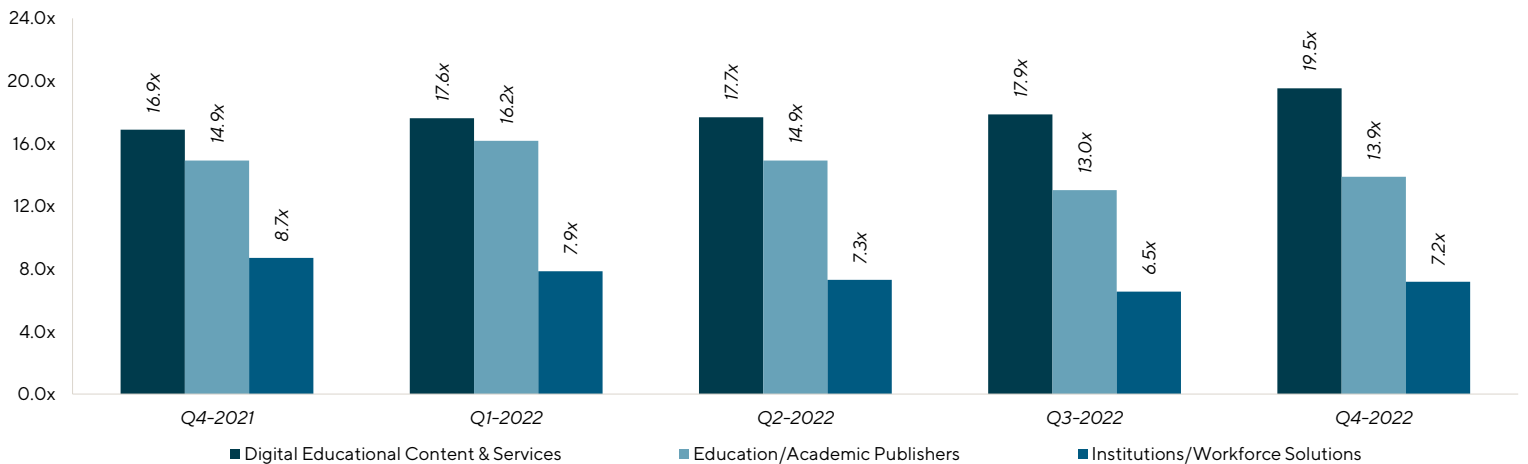
Quarter-over-Quarter Stock Indices Price Change



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.	\$6.27	29.9%	\$490	\$1,371	\$965	\$154	5.2%	15.9%	1.4x	8.9x
Blackbaud, Inc.	58.86	70.1%	3,055	3,932	1,101	286	19.3%	26.0%	3.6x	13.7x
Chegg, Inc.	25.27	67.1%	3,171	3,430	794	262	2.6%	33.0%	4.3x	13.1x
Coursera, Inc.	11.83	45.7%	1,734	964	595	(38)	55.1%	(6.3%)	1.6x	NM
D2L Inc.	4.79	40.8%	254	148	181	2	25.2%	1.0%	0.8x	NM
Duolingo, Inc.	71.13	62.7%	2,857	2,286	439	16	94.1%	3.8%	5.2x	NM
Grand Canyon Education, Inc.	105.66	92.4%	3,241	3,212	934	279	5.7%	29.9%	3.4x	11.5x
Instructure Holdings, Inc.	23.44	90.2%	3,340	3,598	505	189	32.0%	37.4%	7.1x	19.1x
Keypath Education International, Inc.	0.62	21.7%	90	33	127	(11)	20.3%	(8.5%)	0.3x	NM
Pearson plc	11.32	93.3%	8,081	9,255	4,711	906	0.7%	19.2%	2.0x	10.2x
PowerSchool Holdings, Inc.	23.08	98.5%	3,681	4,811	681	212	28.9%	31.2%	7.1x	22.7x
RELX PLC	27.62	87.0%	52,642	60,817	10,705	4,018	11.3%	37.5%	5.7x	15.1x
Udemy, Inc.	10.55	53.3%	1,491	1,012	738	(55)	50.5%	(7.4%)	1.4x	NM
Mean		65.6%					27.0%	16.4%	3.4x	14.3x
Median		67.1%					20.3%	19.2%	3.4x	13.4x
Education / Academic Publishers										
Informa plc	\$7.47	98.2%	\$10,563	\$10,900	\$2,995	\$823	39.2%	27.5%	3.6x	13.3x
John Wiley & Sons, Inc.	40.06	68.8%	2,218	3,242	2,116	435	3.7%	20.6%	1.5x	7.4x
Pearson plc	11.32	93.3%	8,081	9,255	4,711	906	0.7%	19.2%	2.0x	10.2x
RELX PLC	27.62	87.0%	52,642	60,817	10,705	4,018	11.3%	37.5%	5.7x	15.1x
Scholastic Corporation	39.46	81.7%	1,342	1,172	N/A	N/A	N/A	N/A	NM	NM
Wolters Kluwer N.V.	104.48	87.8%	25,999	28,368	5,886	1,908	8.5%	32.4%	4.8x	14.9x
Mean		86.1%					12.7%	27.4%	3.5x	12.2x
Median		87.4%					8.5%	27.5%	3.6x	13.3x
Institutions / Workforce Solutions										
Adtalem Global Education Inc.	\$35.50	80.0%	\$1,612	\$2,241	\$1,426	\$354	45.9%	24.8%	1.6x	6.3x
American Public Education, Inc.	12.29	49.7%	232	346	623	66	77.6%	10.6%	0.6x	5.2x
Graham Holdings Company	604.21	89.5%	2,901	3,380	4,010	314	28.9%	7.8%	0.8x	10.8x
Grand Canyon Education, Inc.	105.66	92.4%	3,241	3,212	934	279	5.7%	29.9%	3.4x	11.5x
Stride, Inc.	31.28	66.1%	1,312	1,597	1,744	267	11.3%	15.3%	0.9x	6.0x
Laureate Education, Inc.	9.62	72.1%	1,507	1,697	1,311	363	21.9%	27.7%	1.3x	4.7x
Lincoln Educational Services Corporation	5.79	72.8%	183	228	349	35	5.9%	10.0%	0.7x	6.5x
Perdoceo Education Corporation	13.90	93.8%	934	447	666	135	(5.4%)	20.3%	0.7x	3.3x
Strategic Education, Inc.	78.32	95.0%	1,896	1,909	1,085	184	(3.7%)	17.0%	1.8x	10.4x
Mean		79.0%					20.9%	18.2%	1.3x	7.2x
Median		80.0%					11.3%	17.0%	0.9x	6.3x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 12/31/2022

12/14/22 retrain.ai, an Israel-based employee training software firm, raised \$14 million in minority round led by Radical Ventures

12/13/22 Beamery, a U.K.-based talent management platform, raised \$50 million in a Series D round led by Teachers' Ventures Growth and Ontario Teachers' Pension Plan

12/8/22 Uolo, an India-based e-learning platform, raised \$22 million in an equity-debt round led by Winter Capital

10/27/22 Classera, a California-based education technology platform, raised \$40 million in a Series A round led by Sanabil Investments

10/18/22 Ten Thousand Coffees, a Canada-based employee connectivity and skills development software firm, raised \$56 million in a minority round led by Five Elms Capital

10/12/22 GoHenry, a U.K.-based prepaid debit card and education app for kids, raised \$55 million in a minority round led by Edison Partners

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Aspire Education	Operates an education and training group with a focus on the German-speaking world	EMZ Partners
Announced	Personnel Decisions Research Institutes	Designs talent workforce assessment solutions and services focused on hiring, leadership development and performance and career management	Pearson
Announced	Institut für Bildungsevaluation Zürich	Develops electronic learning programs and examinations for schools	Trifork
Announced	Holy Owly	Develops an English learning application	eEducation Albert
Announced	ARPU Management	Offers educational films, documentaries and feature films to students of all ages through its streaming site	eEducation Albert
Announced	Strawbees	Offers science, technology, engineering, arts and mathematics (STEAM) gaming products for kids that help students learn engineering, coding, robotics and sustainability	eEducation Albert
Announced	Liangshanzhou Xinhua Bookstore	Sells books, newspapers, periodicals and electronic publications	Xinhua Winshare Publishing and Media
Announced	101 Edu	Develops an active learning platform that enables instructors to engage students in the classroom, assign homework and provide on-the-go reinforcement	Tophatmonocle
Announced	Offcn Education Technology	Operates as a multi-category vocational education institution in China	Kangqi Assets Chuxin
Announced	School Photo Marketing	Provides printing, yearbook publishing and marketing-related services to sports photographers servicing schools around the country	Ennis
Announced	RM Integris and RM Finance business and related assets	Provides products and services to educational institutions	The Key Support Services
Announced	Offcn Education Technology	Operates as a multi-category vocational education institution in China	Shanghai Tuopai Asset Management
Announced	Cybervista	Provides cybersecurity and information technology (IT) training to both organizations and individuals	CyberWire
Announced	Diateam Sas	Engages in the design, development and implementation of systems for testing, validation and cybersecurity training	Cy4gate
Announced	ST Unitas	Develops CONNECTS application that creates learning contents and programs to assist preparation for university entrance exams and job searching	MegaStudyEdu
Announced	INCO	Provides financial assistance and other administrative services to private schools	Arco Platform
Announced	Ambow Education business assets in China	Provides educational and career enhancement services, offering high-quality, individualized services and products	Clover Wealth Management
Announced	KnowBe4	Engages in the development, marketing and sale of its Software as a Service (SaaS)-based security awareness platform	Vista Equity
Announced	China Liberal Education	Provides educational services and products	Aiways Holdings
12/28/2022	AdvanceOnline Solutions	Provides online Occupational Safety and Health Administration compliance, Department of Transportation, health and safety and human resource compliance training courses for individuals and businesses	360training.com

Selected M&A Transaction Recap (cont.)

Closed	Target Company	Target Description	Acquiring Company
12/26/2022	iNeuron Intelligence	Provides 360 degree solutions from learning to internships to finding a job, and the first ever educational over-the-top platform to upgrade users' skill sets	Physics Wallah
12/20/2022	Knomy	Develops tools and software to automate learning and development processes including remote adaptation, training and development of employees	VimpelCom-Invest
12/19/2022	Formalian	Operates the leading group of schools for wellbeing professions in France and worldwide	Vivalto Partners
12/19/2022	Spear Education	Provides education and development resources for dentists	Avista Capital
12/16/2022	Egn Group	Operates a global peer group network geared towards business executives and professional specialists	Vistage Worldwide
12/16/2022	e.Republic	Operates a market acceleration platform designed to exponentially scale state and local governments and education businesses	Leeds Equity Partners
12/15/2022	LearnPlatform	Designs an edtech management platform that enables educators to manage, measure and improve impact across their learning ecosystem	Instructure Holdings
12/14/2022	APEX Anesthesia Review	Provides high-stakes exam preparation and learning for student registered nurse anesthetist and continuing education	Truelearn
12/13/2022	Ixly	Operates a platform for online psychological tests and questionnaires	SNR Schouten & Nelissen Recovery; Pride Capital Partners
12/13/2022	A.D. Banker & Company	Offers pre-licensing, training and continuing education for insurance and securities professionals	Career Certified
12/13/2022	Targeted Provision	Offers bespoke education and mentoring packages for young people with additional educational needs	Agathos Management
12/13/2022	Sana Labs	Operates a platform for personalized learning and provides opportunities for skilling, upskilling and reskilling	Menlo Ventures; EQT Ventures
12/12/2022	Access-It Software	Develops school library management software	Follett School Solutions
12/12/2022	Cumulus Technology Services	Offers technology consulting services to public and private organizations	Apogee Telecom
12/8/2022	Xabia International College	Operates a private international school	Affinitas Education
12/7/2022	Smore	Provides an online platform for K-12 email newsletters, enabling accessible online communication	SchoolStatus
12/6/2022	Edge2Learn	Operates an e-learning company providing training and policy management solutions in the multifamily industry	Grace Hill
12/6/2022	Boards and Beyond	Provides online educational videos for medical students	McGraw-Hill Education
12/6/2022	Hellosaurus	Develops an interactive learning platform for kids	Brilliant Worldwide
12/5/2022	VRMotion	Provides virtual reality simulators for helicopter pilot training	UpVentures Capital; Craft Ventures

Selected M&A Transaction Recap (cont.)

Closed	Target Company	Target Description	Acquiring Company
12/2/2022	Studienkreis	Provides tutoring services for students of various ages	GoStudent
12/2/2022	Fischer Group International	Operates a management consultancy and advisory firm that offers executive coaching, leadership development and change management services	HR Path
12/1/2022	FutureLearn	Operates an online education platform that offers access to courses from universities and organizations worldwide	Global University Systems
12/1/2022	West LegalEdcenter	Provides legal education solutions and services to legal professionals	Cerifi
12/1/2022	Compliance Learning of Thomson Reuters	Provides interactive, customizable and cost-effective training compliance courses	LRN
12/1/2022	NeighborSchools	Operates a platform for childcare providers and families	Higher Ground Education
12/1/2022	Concorde Career Colleges	Operates postsecondary institutions that offer educational and vocational training in the healthcare field	Universal Technical Institute
11/30/2022	Moscow Digital School	Offers online training for lawyers and advocates in the field of digital law	Ultimate Education
11/29/2022	Checkpoint Learning of Thomson Reuters Corporation	Provides quality continuing education for certified public accountants and enrolled agents in applicable subjects including tax, accounting, finance and more	Cerifi
11/28/2022	Eduspire Solutions	Develops application software and a web-based platform for classroom management	Securly
11/28/2022	Substantially all of the assets of Explain Everything	Offers a digital whiteboard platform for creating engaging lessons, activities and interactive presentations	Promethean
11/25/2022	Affirmative Action Solutions Business of First Advantage Consulting	Specializes in helping federal contractors manage Office of Federal Contract Compliance Program regulatory obligations	OutSolve
11/23/2022	Fullstack Academy	Operates a software development school in New York	Simplilearn Solutions
11/23/2022	Speakfirst	Offers learning solutions such as instructor-led communication, virtual learning and leadership skills training	LTD NL
11/17/2022	Paradigm Learning	Provides custom learning solutions to develop business-savvy and strategically aligned employees, leaders and sales professionals	Partners In Leadership
11/17/2022	Motivating Systems	Offers a SaaS that include automated schoolwide positive behavioral interventions and supports management system services	Navigate360
11/16/2022	Simplilearn Solutions	Provides online certification training and coaching that helps working professionals	GSV Acceleration; Beta Oryx
11/16/2022	AnswerHub	Develops a SaaS based knowledge management platform to capture, curate and distribute the expertise of developers and technical teams	Ignite Technologies
11/15/2022	Ring Publications	Offers ACT test preparation services	Achieve Partners Management
11/15/2022	Assets of MUSE Virtual	Provides a K-12 online learning platform	Carnegie Learning

Selected M&A Transaction Recap (cont.)

Closed	Target Company	Target Description	Acquiring Company
11/15/2022	On Call Platform	Offers a shift management platform for the healthcare sector	Applio
11/15/2022	Discover Early Childhood EDU	Provides resources helping teachers plan and create their career path	University HQ
11/10/2022	Ermann Associates	Offers online compliance courses for architecture students who are studying to become licensed	The CE Shop
11/8/2022	Fürstenwalder Aus- und Weiterbildungszentrum	Operates a private K-12 education institution	AcadeMedia
11/4/2022	INSTITUCIÓN ARTÍSTICA DE ENSEÑANZA	Offers graduate, masters and research programs in interior and fashion design	Permira Advisers
11/3/2022	C3 Groupe	Operates a vocational training center	Imparare
11/2/2022	Buildwithin	Operates a software platform for employers to find, onboard and accelerate the productivity of new-collar workers	Dundee Venture; SeedInvest Technology
11/2/2022	SchoolKidz.com	Provides uniform solutions for elementary and middle-school students through various parent, school and charitable organizations	School Specialty
11/2/2022	Datapas	Develops and provides planning, control and monitoring software for the Dutch education sector	Visma
10/28/2022	Human Development Company	Offers training in the areas of business administration, banking and finance, accounting, marketing, human resources, leadership development, health and safety education and healthcare	Amanat
10/27/2022	Executive Coaching Connections	Provides consulting services to businesses that offer high-touch, individualized coaching and mentoring to senior leaders	The Ariel Group
10/27/2022	Hazel Health	Develops an application that enables students and families to get instant access to healthcare services	Memorial Hermann Healthcare System; Owl Ventures; Tao Capital Partners; Firework Ventures
10/25/2022	Kugler Maag Cie	Provides training on development processes, safety audits and assessments	UL
10/25/2022	Green Fox Academy Korlatolt Felelossegu Tarsasag	Offers retraining courses, additional education programs and corporate training programs in the information technology sector	Sandberg Capital, Správ. Spol
10/25/2022	Pulse Radiology Education	Provides an online post-primary MRI certification program, computed tomography training and mammography program	PDH Academy
10/21/2022	ESN Swim Schools	Provides semester-based swim classes for children and adults	Morgan Stanley
10/20/2022	iWave Information Systems	Develops online prospect research and screening software that empower nonprofit organizations to raise funds	Incline Management
10/20/2022	Ticket Spicket	Provides online ticketing services for school events	HomeTown Ticketing
10/19/2022	School Innovations & Achievement	Specializes in legislative advocacy, categorical support, attendance accounting programs and mandate reimbursement solutions	SchoolStatus
10/17/2022	AXIOM MENTOR	Provides faculty-focused educational products and research compliance solutions	Sitero

Selected M&A Transaction Recap (cont.)

Closed	Target Company	Target Description	Acquiring Company
10/17/2022	Willo Labs	Provides digital education content platforms and applications	Follett Higher Education Group
10/14/2022	Proofread Anywhere	Provides extensive online resources in the form of courses, workshops and blog posts for readers looking to become professional proofreaders	Onfolio Holdings
10/13/2022	Little Flippers Swim School	Operates swimming pools and provides swim classes	ESN Swim Schools
10/13/2022	Ace Creative Learning	Provides training services for various engineering and medical entrance examinations in India	Vedantu Innovations
10/13/2022	HR and education technology assets from LRP Media Group	Operates as a training, technology intelligence and professional development company	Arc Media
10/13/2022	Animum Formacion	Operates a postgraduate animation and digital art college	AD Education
10/11/2022	BrainPOP	Develops and provides online educational resources	KIRKBI
10/11/2022	Fidu	Provides online education courses through its mobile application	Lightspeed Ventures; NFX Capital Management; Imaginable Futures; Broom Ventures
10/10/2022	Learning Nexus	Provides training, onboarding and compliance learning management systems	Adviserplus
10/7/2022	DevSkills	Develops and operates a technical interview solution that identifies developers by testing them with real-world coding problems	Alva Labs
10/5/2022	ENAAI	Operates a higher education institution	AMOS Sport Business School
10/4/2022	iGrad	Operates an online portal that provides financial literacy resources and programs	Aztec Software
10/4/2022	Gunner Made	Operates an animation and illustration studio	Duolingo
10/4/2022	Acelero	Provides Head Start childhood education services	Builders Fund; Blackrock; A-Street Ventures
10/4/2022	EduMind	Provides accessible training courses for architecture, project management and nursing	Axcel
10/3/2022	Gemba Academy	Offers online training for lean and six sigma	Forum Media
10/3/2022	Training Plus (Merseyside)	Provides recruitment and training services to individuals and businesses	Realise Learning and Employment

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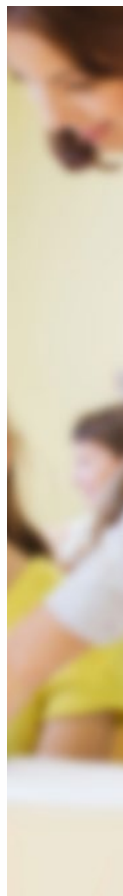
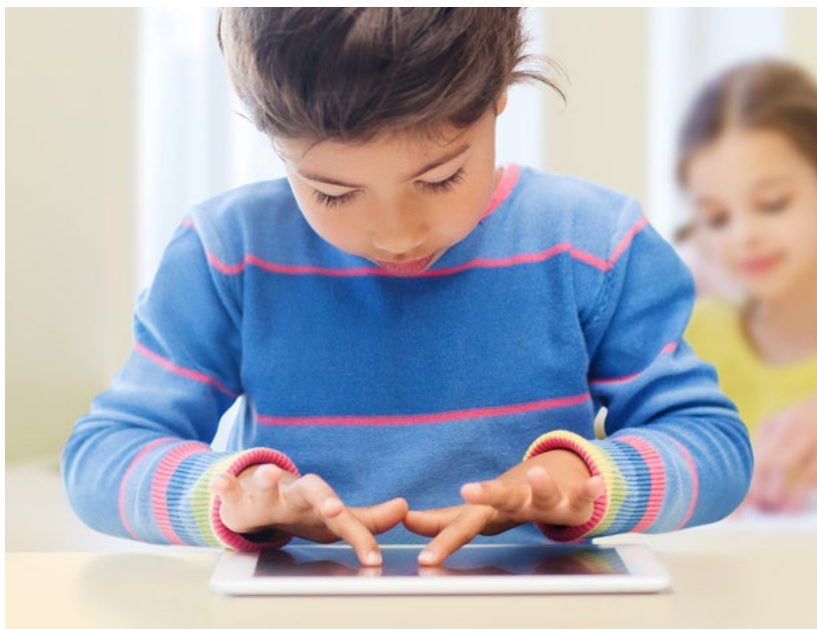
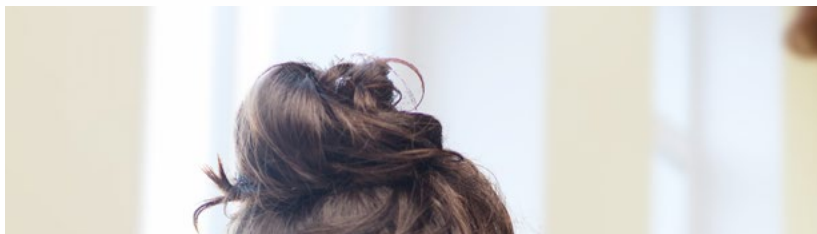
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Lincoln International's Education Technology & Services Team

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 middle 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

Advisory Services

Mergers & Acquisitions
Capital Advisory
Private Funds Advisory
Valuations & Opinions

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 850 employees in more than 20 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, 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 www.lincolninternational.com.

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