

Market Update



Education Technology & Services Q3 2021

Key Highlights

The top subsector stock performer in Q3 2021 was education / academic publishers, up 1.1% quarter-over-quarter

On average, EBITDA multiples for the subsectors decreased 1.8x from the prior quarter and decreased 0.1x on a year-over-year basis

Education M&A Activity in Q4 – More of the Same Or a Dose of Reality?

As our regular readers know all too well, the education M&A market has been robust for some time, with seemingly no end to growing activity levels and increasing valuations. After setting a pace that will be nearly impossible to match through the first three quarters of the year, the question today is whether or not that pace can be maintained through the fourth quarter or could we finally see a slowdown. Nearly all bets would be on sustained peak levels of activity as sellers continue to chase capital gains tax certainty and/or take advantage of the continued frothy valuation environment.

Notwithstanding the draw of advocating for one view or the other strongly, our answer to that question would be: it depends. What we have seen through Q3 and now into the early days of Q4 is a separation of the wheat from the chaff. As robust as the market has been and as aggressive as buyers have been with respect to value, the emerging trend we are seeing is a strong delineation between premium assets and non-premium assets. Businesses that were performing well pre-COVID and were able to sustain that performance at some level through 2020 and now through most of 2021 will indeed find a very receptive market. On the other hand, businesses that suffered due to COVID and/or the resulting global demand or supply chain slowdowns are finding an icy reception from investors. Even businesses that have bounced back strongly from momentary slowdowns in 2020 face probing questions about whether their products or services are truly must-have. And businesses that have performed well but may be facing limitations to their growth due to supply chain issues or momentary demand weakness are facing substantial scrutiny from would-be investors or strategic buyers about their longer-term profitability profile.

Lincoln Perspectives

Despite this growing market bifurcation, we do expect an extremely robust Q4 in terms of transaction volumes. As strained as the M&A market has become in the last 60 days due to deal proliferation, there remains a strong desire by many sellers to close transactions by year-end and eliminate any risk around potential changes to capital gains tax rates in 2022. As a result, the sheer number of transactions already in process will almost certainly dictate closed deal volumes remain at peak levels. For those considering whether or not to chase a transaction in the near term, we would encourage restraint and a healthy dose of self-awareness. If you elect to charge headlong into the market without a strong growth profile, clear product-market fit and predictable revenue streams, you will take on substantial deal execution risk. On the other hand, if those attributes are all highly favorable, the market today continues to be as robust as ever.

Transaction Highlight



has been sold to



Sell-Side



Lincoln acted as the exclusive financial advisor to Revolution Prep. Lincoln worked closely with the management team and the shareholders throughout the transaction, providing industry expertise as well as managing the preparatory, marketing, negotiation and due diligence phases.

Headquartered in Santa Monica, California, Revolution Prep is a leading national provider of online academic tutoring and test preparation services. The company serves kindergarten to twelfth-grade students via a workforce of professional, full-time tutors and is the partner of choice for top schools across the country. Through a core set of values grounded in an instructional philosophy and a commitment to academic integrity, the company helps students build core academic skills, improve grades, increase test scores and reduce stress. Revolution Prep's proprietary, cloud-based technology platform enables both the sale and delivery of tutoring services to students on a national scale. For more information, visit www.revolutionprep.com.

Ramit Varma and Jake Neuberg, Co-founders of Revolution Prep, commented, "Building Revolution Prep over nearly 20 years has been an incredible journey. We are excited to be partnered with the Apax team for the company's next phase of growth."

Matt Kirchner, Chief Executive Officer of Revolution Prep, added, "Apax is the ideal partner for the next stage of our journey and their investment will support an acceleration of our key growth priorities

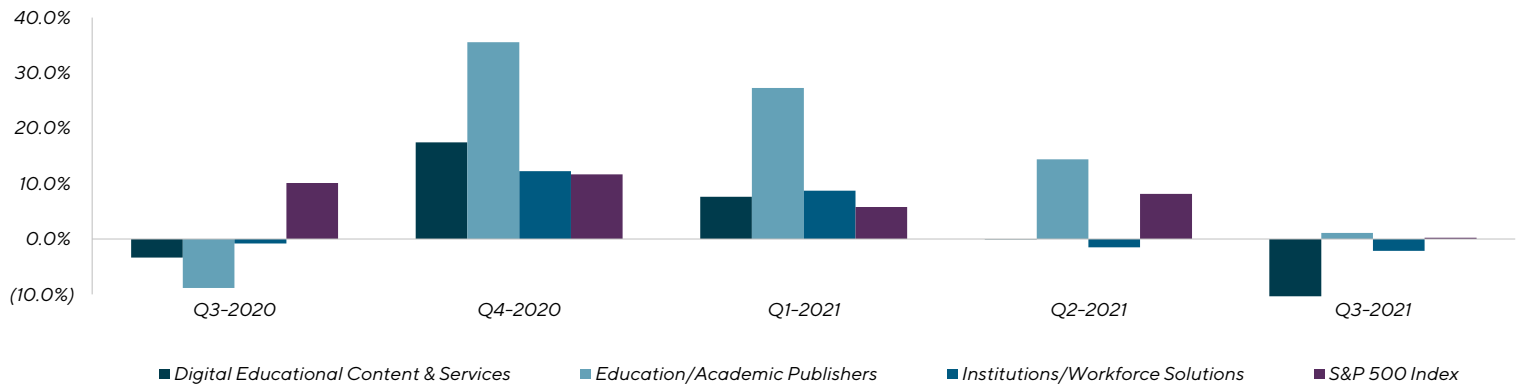
Education Technology & Services Financial Performance

Quarter-over-Quarter Price Performance

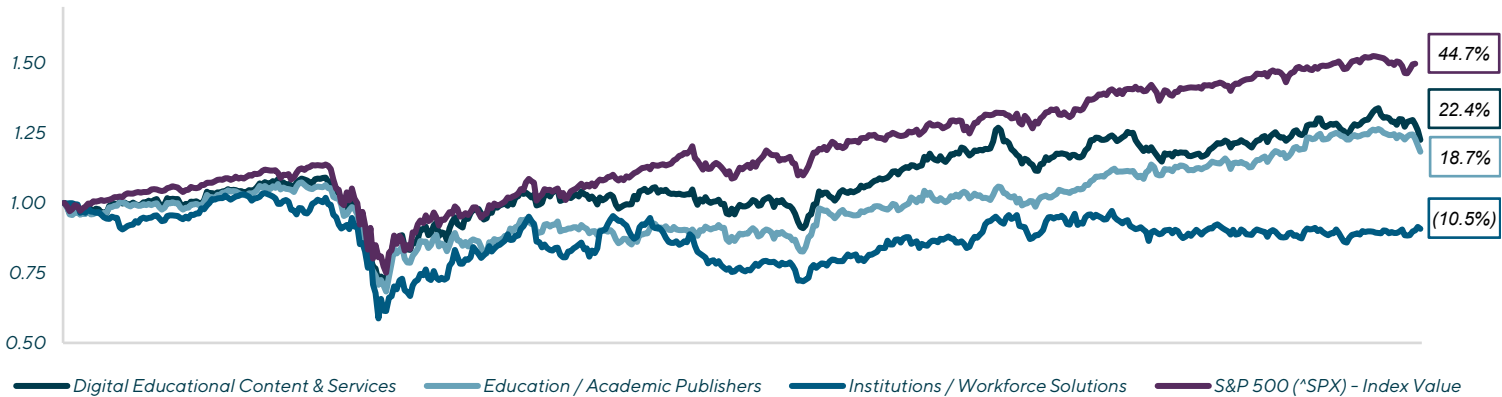
Outperformers	Change
Houghton Mifflin Harcourt Company	28.5%
Laureate Education, Inc.	19.4%
RELX PLC	16.4%
Stride, Inc.	10.5%

Underperformers	Change
2U, Inc.	(29.1%)
Chegg, Inc.	(28.5%)
Pearson plc	(28.1%)
Keypath Education International, Inc.	(26.7%)

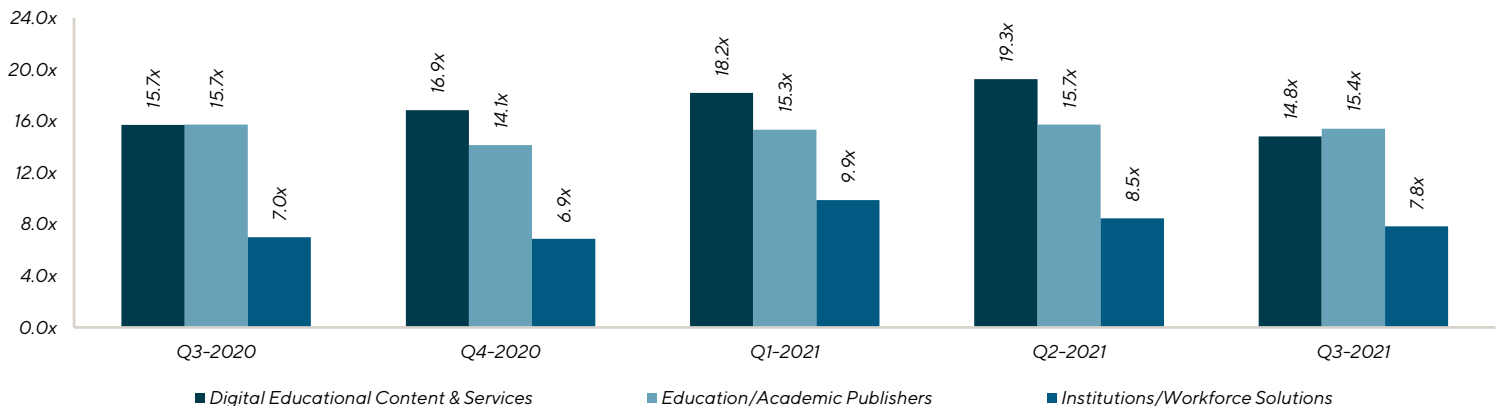
Quarter-over-Quarter Stock Indices Price Change



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.	\$26.26	44.0%	\$1,979	\$1,908	\$1,065	\$79	47.4%	7.4%	1.8x	24.3x
Blackbaud, Inc.	83.74	96.3%	3,927	4,448	935	237	3.0%	25.3%	4.8x	18.8x
Chegg, Inc.	30.15	26.2%	4,370	4,309	786	248	39.4%	31.5%	5.5x	17.4x
Coursera, Inc.	34.41	55.0%	4,645	3,851	486	(42)	N/A	(8.6%)	7.9x	NM
D2L Inc.	13.68	98.9%	723	912	N/A	N/A	N/A	N/A	NM	NM
Duolingo, Inc.	148.06	72.2%	5,540	5,617	288	(14)	N/A	(4.9%)	19.5x	NM
Grand Canyon Education, Inc.	81.64	70.4%	3,235	3,317	914	322	11.6%	35.2%	3.6x	10.3x
Instructure Holdings, Inc.	27.66	93.5%	3,884	4,206	443	154	56.1%	34.8%	9.5x	27.3x
Keypath Education International, Inc.	2.03	68.7%	423	359	126	(13)	97.1%	(10.7%)	2.8x	NM
Pearson plc	8.56	69.8%	6,448	7,548	4,722	841	5.4%	17.8%	1.6x	9.0x
PowerSchool Holdings, Inc.	24.80	67.8%	3,930	5,487	592	157	62.1%	26.5%	9.3x	NM
RELX PLC	31.81	99.2%	61,381	70,019	10,313	3,831	9.3%	37.1%	NM	NM
Udemy, Inc.	25.99	86.7%	3,572	3,682	N/A	N/A	N/A	N/A	NM	NM
Mean		73.0%					36.8%	17.4%	6.6x	17.8x
Median		70.4%					39.4%	25.3%	5.1x	18.1x
Education/Academic Publishers										
Houghton Mifflin Harcourt Company	\$16.50	92.0%	\$2,107	\$2,146	\$1,083	\$280	15.2%	25.8%	2.0x	7.7x
Informa plc	7.29	89.6%	10,951	13,943	2,817	841	10.1%	29.9%	5.0x	16.6x
John Wiley & Sons, Inc.	54.28	82.2%	3,033	4,086	2,123	439	13.9%	20.7%	1.9x	9.3x
Pearson plc	8.56	69.8%	6,448	7,548	4,722	841	5.4%	17.8%	1.6x	9.0x
RELX PLC	31.81	99.2%	61,381	70,019	10,313	3,831	9.3%	37.1%	NM	NM
Scholastic Corporation	38.57	95.3%	1,327	1,193	N/A	N/A	N/A	N/A	NM	NM
Wolters Kluwer N.V.	109.43	96.1%	28,405	31,193	5,554	1,726	1.7%	31.1%	5.6x	18.1x
Mean		89.2%					9.2%	27.1%	3.2x	12.1x
Median		92.0%					9.7%	27.8%	2.0x	9.3x
Institutions/Workforce Solutions										
Adtalem Global Education Inc.	\$33.84	77.2%	\$1,684	\$3,200	\$1,743	\$520	63.5%	29.8%	1.8x	6.2x
American Public Education, Inc.	25.31	64.6%	474	583	612	94	97.3%	15.4%	1.0x	6.2x
Graham Holdings Company	595.32	86.9%	2,948	3,113	3,375	351	17.8%	10.4%	0.9x	8.9x
Grand Canyon Education, Inc.	81.64	70.4%	3,235	3,317	914	322	11.6%	35.2%	3.6x	10.3x
Stride, Inc.	35.75	93.3%	1,481	1,851	1,601	259	38.7%	16.2%	1.2x	7.1x
Laureate Education, Inc.	11.78	61.9%	2,136	889	1,146	283	5.0%	24.7%	0.8x	3.1x
Lincoln Educational Services Corporation	7.17	87.4%	194	234	348	39	21.9%	11.2%	0.7x	6.0x
Perdoceo Education Corporation	10.41	74.1%	730	302	717	166	6.3%	23.2%	0.4x	NM
Strategic Education, Inc.	60.90	60.7%	1,483	1,485	1,112	223	8.6%	20.1%	1.3x	6.6x
Mean		75.2%					30.1%	20.7%	1.3x	6.8x
Median		74.1%					17.8%	20.1%	1.0x	6.4x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 11/10/21

10/4/21: **BYJU'S**, an India-based online educational services company, raised \$295 million in a round led by **Oxshott Capital Partners**

9/30/21: **Heggerty**, an Illinois-based childhood literacy solutions provider, has been re-capitalized by **L Squared**

9/28/21: **Multiverse**, a UK-based training provider, raised \$130 million in a Series C funding round led by **D1 Capital Partners** and **BOND**

9/27/21: **Dozuki**, a California-based frontline workforce training platform, raised an undisclosed amount from **Marlin Equity**

8/24/21: **NoRedInk**, an online language-learning platform, raised \$50 million in a Series B funding round led by **Susquehanna Growth Equity**

8/5/21: **GoGuardian**, a California-based K-12 education technology company, raised \$200 million growth equity in a round led by **Tiger Global**

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	National Training Company	Offers apprenticeships and pre-employment training	Starcrest Education
Announced	GeekBrains	Operates an online education platform for developers	Mail.ru; Skillbox
Announced	Scientia Resource Management	Develops and operates education software solution that provides advanced academic timetabling and resource scheduling	Technology One
Announced	U.S. legal education business of Wolters Kluwer	Produces textbooks and digital education solutions for law students	Transom Capital Group
Announced	SecurityAdvisor Technologies	Provides personalized security awareness platform against cyber threats	KnowBe4
Announced	Wegesrand Verwaltungsgesellschaft	Engages in the computer game development, game design and digital education services	Wicket Gaming
11/01/2021	Achieve3000	Operates a cloud-based literacy platform that provides game-based foundational literacy learning courses and differentiated literacy instructions to students	McGraw-Hill Education
10/27/2021	Operoo	Provides cloud-based solutions for online school forms, medical data and trip management	SchoolStatus
10/25/2021	Blackboard	Develops enterprise technology and solutions for the education industry	Anthology
10/20/2021	AFC GROUPE	Provides training tailored to the needs of catering professionals	TALIS
10/20/2021	Pentester Academy	Offers online courses, online HD videos and online labs for professionals and students internationally	Internetwork Expert
10/19/2021	PowerScore	Provides classroom and online test preparation courses for students preparing for exams in the U.S. and internationally	Barbri
10/13/2021	Teachers of Tomorrow	Provides a certification program to teachers	TPG RISE / Ridgemont
10/13/2021	Study Edge	Provides educational services to college students	Accelerate Learning
10/7/2021	Uni-Quest	Designs and develops an educational communication platform	Keystone Academic Solutions
10/5/2021	CPOMS Systems	Provides student safeguarding software solutions for monitoring wellbeing for children, young people and adults	Raptor Technologies
10/5/2021	SkillFactory	Develops professional training and higher education programs	Skillbox
9/27/2021	Education Partners	Operates learning academies and professional development programs	Odewald
9/27/2021	Sylvan Learning	Operates supplemental learning centers which provide personalized instruction in preparation for college entrance and state exams	Franchise Group
9/24/2021	Multiversity	Operates online universities in Italy	CVC Capital Partners
9/23/2021	Moxit	Handles billing, HR, government compliance and student record management for childcare centers	Wonderschool
9/22/2021	Edukea	Designs and offers a training platform that specializes in the training of natural health and well-being professions	21 Invest France
9/21/2021	FrankAmount	Provides an online platform for FAFSA and financial aid assistance through technology, data and design	JPMorgan Chase & Co.
9/20/2021	LearnDash	Provides an online course platform for WordPress learning	Liquid Web
9/16/2021	Netmind	Operates talent training and development services to transform work models and foster new capabilities	BTS Group

Selected M&A Transaction Recap (cont.)

Closed	Target Company	Target Description	Acquiring Company
9/16/2021	Tynker	Operates a computing platform that teaches computational learning and programming skills for children	Think and Learn Private
9/14/2021	Wall Street Prep	Provides financial training, self-study programs, instructor-led training and e-learning services	Eden Capital
9/14/2021	At Your Pace Online	Develops and offers online education courses	American Safety Council
9/14/2021	Centro para la Cultura y el Conocimiento	Provides education services as a distance learning company	Crescendo Group
9/14/2021	InsideScientific	Offers an online education platform that provides educational webinars and training programs	The Assay Depot
9/13/2021	DBS Camborne	Operates a UK-based sound and music institute	Access Creative College
9/8/2021	TakeLessons	Operates an online marketplace for teachers and students in the areas of music, academic tutoring and performing arts	Microsoft Corporation / LinkedIn
9/7/2021	SchoolFox	Operates a communication application for schools and organizations	GoStudent
9/1/2021	Follett School Solutions	Offers K-12 learning management systems in the United States and Canada	Francisco Partners
8/30/2021	CorpU	Operates an online leadership development platform that delivers cohort-based immersive learning experiences and access to world-class experts	Udemy
8/26/2021	Morton Publishing Company	Operates as a publisher of course materials for science disciplines	Tophatmonocle
8/24/2021	School of Hospitality India	Operates a Gurugram-based hospitality management institute	Sommet Education
8/24/2021	Centegix	Operates an incident alert platform to provide campus-wide protection and ContactAlert	Gauge Capital
8/23/2021	Coursetune	Develops a learner-centered instructional design platform for curriculum mapping	Academic Partnerships
8/23/2021	Pathways Training & eLearning	Designs and develops learning technologies and traditional classroom programming	Pluribus Technologies
8/19/2021	Corporate Visions	Provides science-backed training programs for B2B sales, marketing and customer success	The Riverside Company
8/19/2021	CliffsNotes	Publishes literary study guides, reference titles, quick reviews, test preparation guides and related test preparation software for high school and college students	Course Hero
8/19/2021	QuillBot	Develops an AI writing collaborator that rewrites full paragraphs and refines content	Course Hero
8/19/2021	Heritage Montessori School	Operates Montessori schools that offer curriculum programs, summer camps and community services	Endeavor Schools
8/17/2021	one45 Software	Designs and develops medical education management software for medical schools to manage, schedule, track and assess curriculum and people	Altus Assessments
8/9/2021	Advanced Computer Solutions Group	Offers IT service and cybersecurity solutions to educational institutions, government municipalities, private industry organizations and small businesses	SilverSky
8/6/2021	KidPass	Provides a membership-based platform for parents to discover and book various in-person and online classes and activities for children in New York	Conscious Content Media
8/4/2021	OnlineContinuingEd	Offers online continuing education courses for chiropractic and podiatric physicians and related healthcare providers	PharmCon
8/3/2021	Digital Education Company	Develops online courseware and assessment platform for STEM courses	Providence Strategic Growth

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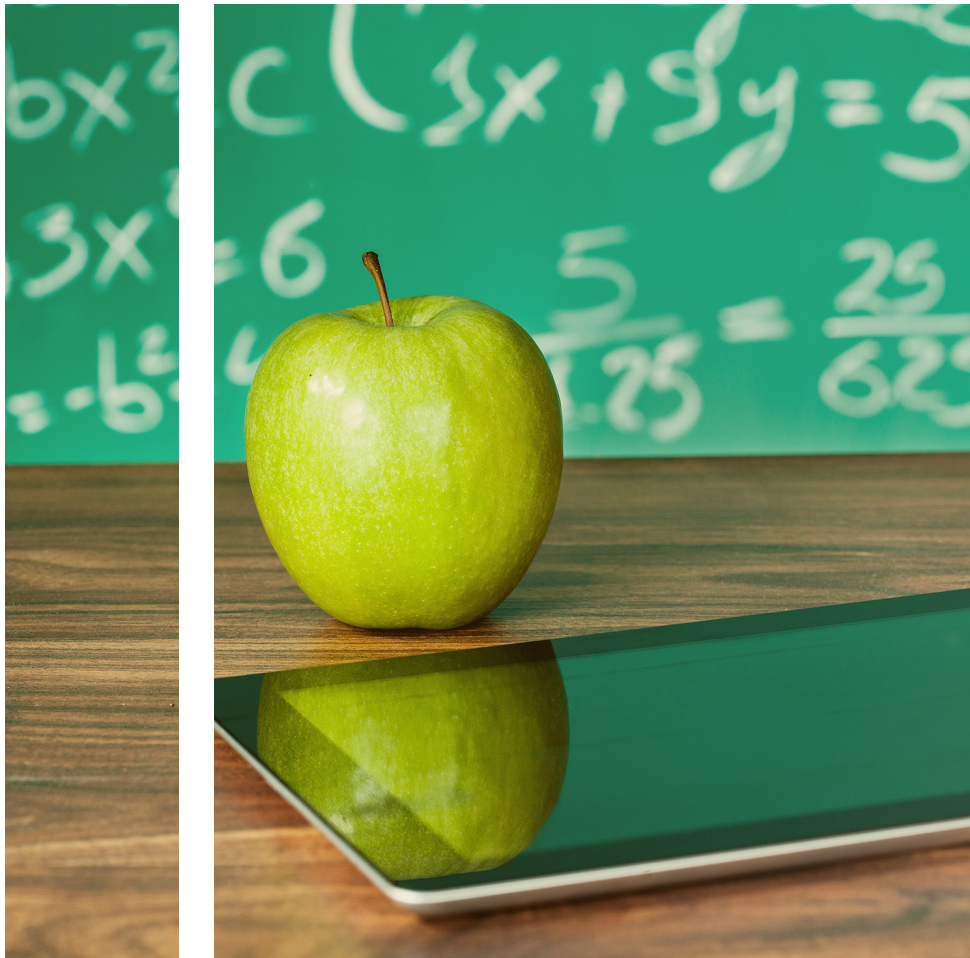
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Lincoln International's Education Technology & Services Team

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 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 service
- Education / academic publishers
- Institutions / workforce solutions

Advisory Services

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

About Lincoln International

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 700 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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