



VICKSBURG
CAPITAL PARTNERS

Education Technology Market Update

December 2022

Broker-Dealer services and securities offered through Pickwick Capital Partners, LLC, member FINRA, SIPC
445 Hamilton Ave, Suite 1102, White Plains, NY, 10601



VICKSBURG
CAPITAL PARTNERS



The Edtech market continues to be robust post-Covid while lingering challenges still remain in some subsectors

Edtech Deal Activity Continues Without Much Slowdown

- Although the overall market has shown a much larger decrease in deal activity, Edtech deal volume declined a modest 8% YoY for 3 QTRs 2022, compared to 2021 highs
- Overall global M&A deal volume still on pace to surpass pre-Pandemic levels



The Academic Effects of COVID-19 Linger...

- Learning loss due to the Pandemic continues to be a significant concern
- The results in October of the recent NAEP assessment saw national math, reading scores hit historic lows
- Turnover and the departure of teachers leaving the profession resulted in 44% of public schools reporting teaching vacancies this school year



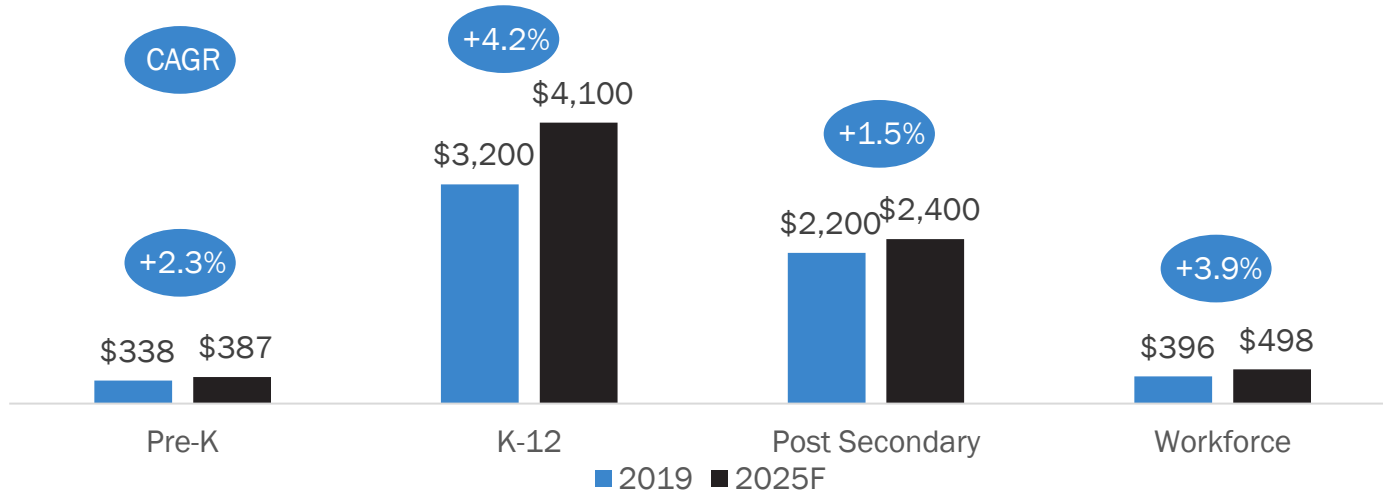
... And Have Presented Challenges and Opportunities for Change

- The challenges further accelerate the need for administrator tools to manage their institutions more efficiently
- Adoption of technology by teachers is now critical given the shortages and classroom hurdles
- Continued emphasis on PreK Learning and Professional Education



Total global expenditures in Education are expected to reach at least \$7T by 2025 according to HoloniQ; in 2022, nearly \$300B of the total \$6T+ spend will be on Education Technology

Global Education Expenditures (\$B)



Pre-K-12 (U.S)

54.2MM (Fall 2021)	3.5MM (2020-2021)	129K (2019-2020)
------------------------------	-----------------------------	----------------------------

Total Students
49.5M public
4.7M private

Total Teachers
3.0M public
0.5M private

Total Schools
98.6K public
30.5K private

Higher Education (U.S)

18.9MM (2020)	6.2K (2020-2021)
-------------------------	----------------------------

Total Students
13.8mm public
5.1mm private

Total Schools
2.3K public
3.9K private

Secular Trends & Growth Drivers



Increased Access to Capital

- US edtech-focused start-ups raised some large rounds in 2022 including:
 - **Guild Education** raised \$265M in a June Series F-round
 - **ClassDojo** raised \$125 million in Series D-funding in July at a valuation of \$1.25B
- Global edtech venture funding remains at robust levels and is expected to reach \$17B in 2022



Expanded Federal Funding

- US federal, state, and local governments provide **\$764.7B** or **\$15,120** per pupil to fund K-12 public education
- Additional K-12 funding approved in response to COVID-19 has totalled over **\$190B** over the previous 18 months



Accelerating Technology Adoption

- **Reduced costs of devices and data:** Consumer adoption, device penetration and access to relatively inexpensive cloud based data platforms have created an environment for software vendors in edtech to flourish
- **New functionality:** Developments in other verticals including no-code/low-code systems, VR/AR, gaming, AI, etc. continue to influence both administrative and in-class platform functionality. In particular, solutions, content, systems and tools from the world of digital media and entertainment have permeated into educational settings
- **Integration into classrooms:** Schools are integrating technology in a systematic way with ~79% of US teachers using at least some technology
- **AI, adaptive learning and data analysis:** Development of adaptive learning applications that tailor the learning to a student's personal speed and learning style and data analytics that provide real-time feedback to instructors/teachers continue to show potential to transform learning

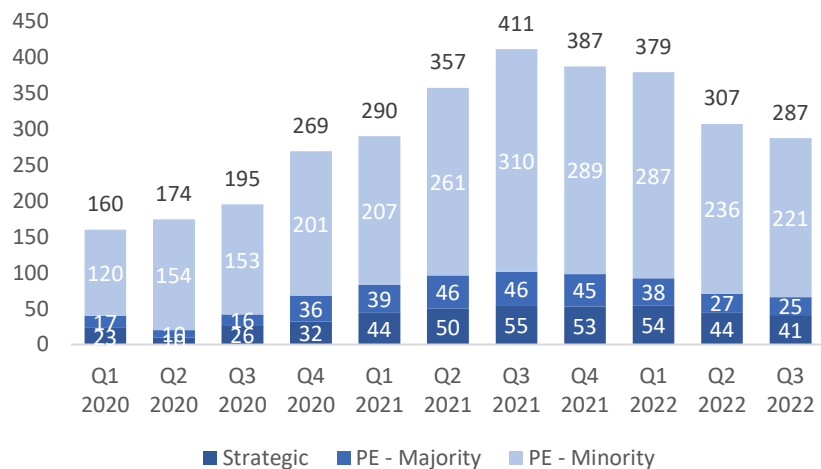


Lifelong Learning

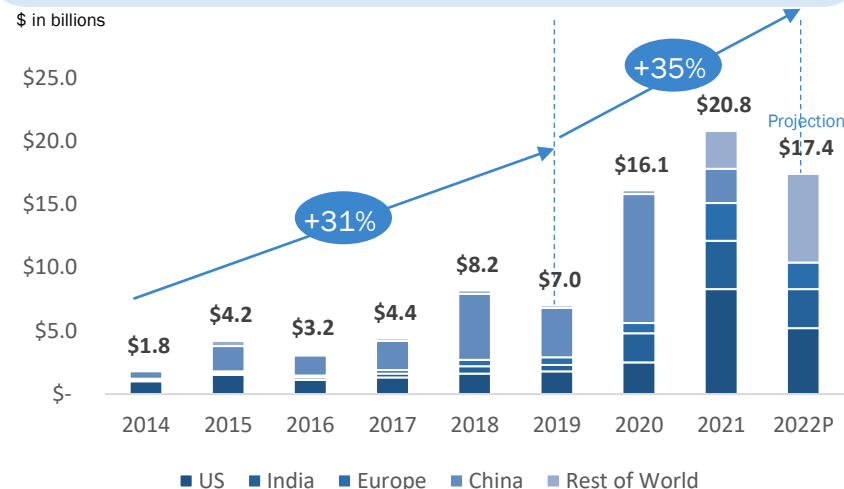
- Growing emphasis on early childhood development and learning as a means to provide a strong foundation for success in elementary grades. HeadStart and public preschool funding continues to increase, while private childcare sector enrollment has rebounded
- Nontraditional learning, vocational training, and professional education outside of traditional secondary and postsecondary settings are seeing validation by employers

Edtech Deal Activity Remains Strong

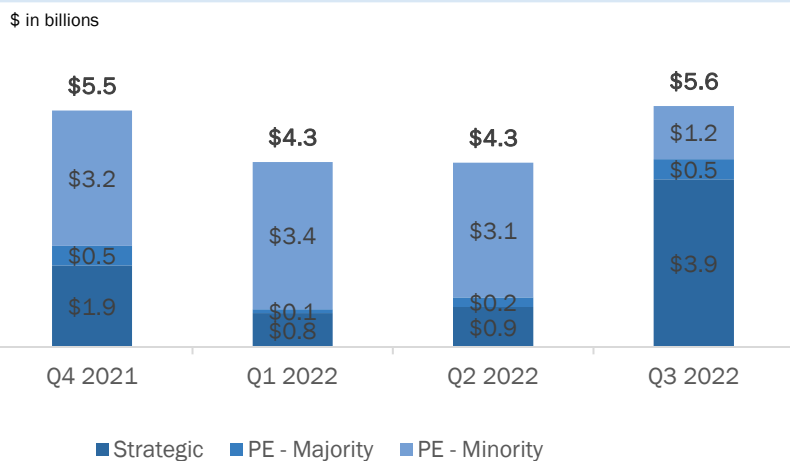
US Edtech Deal Volume Remains Strong Post-COVID



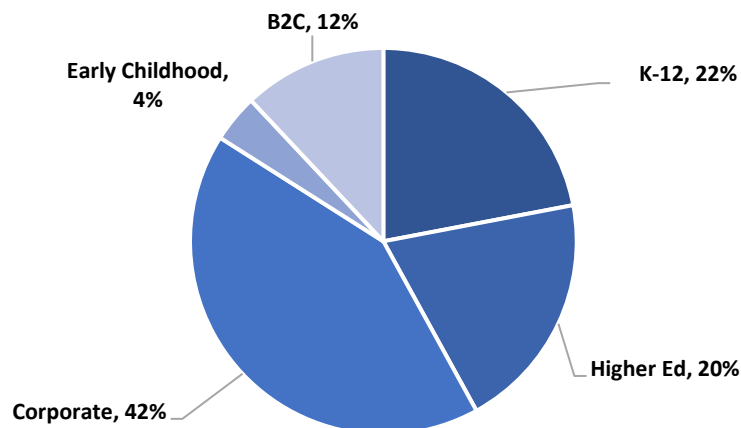
Global Edtech Venture Funding Still Significantly Above Pre-Covid Levels



Dollar Volume of US Edtech Deals by Quarter



42% of US Edtech Deals were in the Corporate and Professional Education Sector in Q3 2022



Select Public Comps (Education Services and Edtech)



K-12 & Higher Ed

Company	Valuation Metrics (Per Latest LTM)					
	Enterprise Value ⁽¹⁾	Revenue	EBITDA	Margin ⁽¹⁾	3-Year Rev CAGR	EV/Rev
Pearson plc	\$ 9,140	\$ 3,620	\$ 492	13.6%	-5.0%	2.5x
PowerSchool ⁽²⁾	5,010	616	63	10.2%	23.7%	8.1x
Blackbaud, Inc.	3,990	1,030	56	5.4%	3.0%	3.9x
Chegg, Inc.	3,860	769	122	15.8%	34.2%	5.0x
Instructure	3,780	461	130	28.3%	24.6%	8.2x
John Wiley & Sons, Inc.	3,360	2,060	303	14.7%	5.0%	1.6x
Graham Holdings Company	3,310	3,720	478	12.9%	5.7%	0.9x
Adtalem Global Education Inc.	2,310	1,450	336	23.2%	11.0%	1.6x
Stride, Inc.	1,990	1,710	184	10.8%	18.4%	1.2x
2U, Inc.	1,490	971	(2)	NM	31.9%	1.5x
Scholastic Corporation	1,360	1,650	114	6.9%	-0.2%	0.8x
Coursera Inc ⁽²⁾	1,170	497	(165)	NM	50.1%	2.4x
Perdoceo Education Corporation	440	679	162	23.8%	6.0%	0.6x
D2L, Inc.	155	122	(58)	NM	12.2%	1.3x

 = 2021 IPO

(1) Enterprise value as of December 16, 2022. EBITDA Margin <0% or EV/EBITDA multiples <0.0x or >40.0x are considered Not Meaningful ("NM"). Source: FactSet
 (2) 2-Year revenue growth

Select Public Comps (Continued)

K-12 & Higher Ed

Company	Valuation Metrics (Per Latest LTM)					
	Enterprise Value ⁽¹⁾	Revenue	EBITDA	Margin ⁽¹⁾	3-Year Rev CAGR	EV/Rev
Tribal Group plc	110	103	10	9.3%	0.5%	1.1x
Janison Education Group Limited	82	24	(3)	NM	17.3%	3.4x
Median	\$ 2,150	\$ 870	\$ 118	13.2%	11.6%	1.6x

Corporate Training























Company	Valuation Metrics (Per Latest LTM)					
	Enterprise Value ⁽¹⁾	Revenue	EBITDA	Margin ⁽¹⁾	3-Year Rev CAGR	EV/Rev
Duolingo ⁽²⁾	\$ 2,390	\$ 339	\$ (67)	NM	88.3%	7.1x
Learning Technologies Group	1,342	558	82	14.7%	40.1%	2.4x
HealthStream	722	263	31	11.9%	3.5%	2.7x
Franklin Covey	616	263	34	12.9%	5.3%	2.3x
Median	\$ 1,032	\$ 301	\$ 33	12.9%	22.7%	2.6x

 = 2021 IPO

(1) Enterprise value as of December 16, 2022. EBITDA Margin <0% or EV/EBITDA multiples <0.0x or >40.0x are considered Not Meaningful ("NM"). Source: FactSet

(2) 2-Year revenue growth



















Select K-12 M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
12/15/2022	 Serent CAPITAL	 LinkIt!	-	-
10/11/2022	 KIRKBI / LEGO	 BrainPOP	\$875	-
8/30/2022	 Roper TECHNOLOGIES	 frontline education™	\$3,725	10.1x
8/24/2022	 RENAISSANCE™	 illuminate education	CONF	CONF
5/20/2022	 class Technologies Inc.	 Blackboard collaborate.▶	\$210	-
2/22/2022	 VERITAS CAPITAL	 HMH	~\$2,800	2.3x
2/14/2022	 ALPINE INVESTORS	 WILSON LANGUAGE TRAINING®	CONF	-
1/6/2022*	 LEARNERS EDGE	 Insight EDUCATION GROUP	CONF	CONF
11/29/2021	 Chegg®	 Busuu	\$436	9.7x
6/4/2021*	 PSG PROVIDENCE STRATEGIC GROWTH	 SchoolStatus	CONF	CONF
5/6/2021	 Kahoot!	 Clever	\$500	11.4x

Sources: FactSet and VCP. "CONF" reflects confidential VCP data

* VCP advised sellers on transaction

Select Higher Ed M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
9/28/2022 ¹	 K1 INVESTMENT MANAGEMENT		\$117	-
9/26/2022	 EAB		-	-
4/29/2022	 Pearson		-	-
1/11/2022	 ellucian.	 empowering student financial success	-	-
12/11/2021			-	-
11/11/2021			-	-
10/8/2021	 R RENOVUS CAPITAL		-	-
10/4/2021	 CARNEGIE DARTLET		-	-
6/29/2021			\$800	9.4x

Sources: FactSet and VCP. "CONF" reflects confidential VCP data

(1) Growth investment

Select Corporate Training M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
11/21/2022	CULTURE PARTNERS	PARADIGM LEARNING	-	-
7/25/2022	PGF polarispartners	amplifire	-	-
6/13/2022	cornerstone	sumtotal	\$200	1.7x
3/17/2022	cornerstone	edcast	-	-
1/24/2022	Colibri	Select assets from ADT/LEM GLOBAL EDUCATION	\$1,000	4.9x
12/22/2021	skillsoft	codecademy	\$525	9.7x
11/29/2021	ELSEVIER	OSMOSIS.org	-	-
10/13/2021	PENN FOSTER	CARRUS	-	-
7/15/2021	ltg learning technologies group	GPStrategies	\$379	0.8x
6/22/2021	FALFURRIAS CAPITAL	TRAINING THE STREET	-	-

Sources: FactSet and VCP. "CONF" reflects confidential VCP data

Sample VCP Education Transactions

We have a proven track record of advising middle market technology-enabled companies globally

have been acquired by

a portfolio company of

Software & Services

has acquired assets of

Assessment Software

has received an investment from

Data & Communications

has received an investment from

Content Management

has sold select assets to

Adaptive Learning

a portfolio company of

has been acquired by

a portfolio company of

Human Capital

has been acquired by

a portfolio company of

Student Information System

has received an investment from

College and Career Readiness

has been acquired by

a portfolio company of

Student and Data Management

has received an investment from

Curriculum Design

recapitalized with

Language Training

has acquired

including

and other select assets from

Informal Learning

Sample Software Transaction

Sample Cross-Border Transaction

Note: Includes transactions closed by VCP principals in previous roles

FOCUSED APPROACH

Sample Coverage:

Education & Training

 SchoolStatus has received an investment from PSG PROVIDENCE STRATEGIC GROWTH Data & Communications	 SMART SPARROW has sold select assets to Pearson Adaptive Learning
 eSD SchoolData has been acquired by education a portfolio company of LLRpartners Adaptive Learning	 chalkable has been acquired by PowerSchool a portfolio company of VISTA EQUITY PARTNERS Student Information System

B2B Software

 TEACHERS-TEACHERS.COM a portfolio company of FTI CAPITAL has been acquired by frontline a portfolio company of INSIGHT Job Search and Recruiting	 Rubicon International has received an investment from QUAD PARTNERS Curriculum Design
 Scrimmage has been acquired by ACTO a portfolio company of RESOLVE Life Sciences Learning Management	 BLACK MOUNTAIN has been acquired by VISTA EQUITY PARTNERS Investment Software

Strategic M&A & Capital Raising

 nwea has acquired assets of Level12 Assessment Software	 Sandbox & Co has acquired FEN including and other select assets from Pearson Informal Learning
 TRANSEO has received investment from OSAGE VENTURE PARTNERS College and Career Readiness	 edlio has received an investment from LLRpartners Content Management

40 Years
 Combined M&A experience between principals

8.1x
 Average EV / Revenue multiple for last five sell-side software M&A deals

20+
 Transactions led by VCP professionals last five years

Vicksburg Capital Partners (“VCP”) was founded to provide sophisticated, trusted advice and best-in-class transaction execution by dedicated, experienced principals to middle market technology businesses



For Institutional Investors Only

This report is intended for informational purposes only. VCP does not make any representation or warranty, or any promise or assurance of any kind, whether express or implied, as to the accuracy or completeness of (or omissions from) any of the information contained herein. This does not constitute or include an offer to sell, or a solicitation of an offer to buy, securities in any entity included herein; past performance does not guarantee future results. Recipients of this report should not interpret this information as sufficient for an investment, or any other, decision.

Broker-Dealer services and securities offered through Pickwick Capital Partners, LLC, member FINRA, SIPC. Click [here](#) to view Pickwick Capital Partners, LLC's Client Relationship Summary, which describes the services and fees Pickwick offers to individual/retail investors who seek or receive securities services primarily for personal, family or household purposes.