



**VICKSBURG**  
CAPITAL PARTNERS

# Education Market Update

April 2022



The Education market is benefiting from a variety of tailwinds having rebounded sharply from COVID-19

## COVID-19 Created New Academic Challenges & Opportunities

- K-12 and Higher Ed faced severe understaffing along with the burden of shifting to distance learning, creating significant unfinished learning – currently absorbing over \$200B of stimulus funding
- The pandemic was a catalyst to accelerate the trend towards remote workforces and hybrid learning models, creating significant opportunities for enabling software and training solutions

## M&A Activity Continues Without Much Slowdown

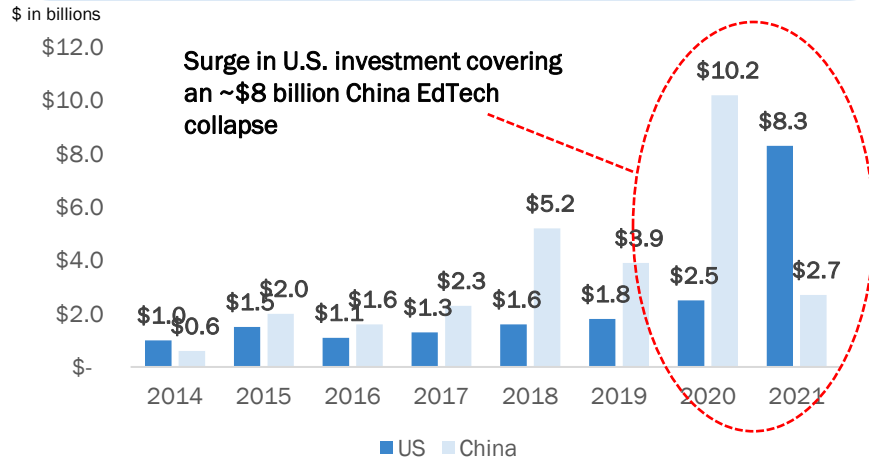
- Education M&A has increased relatively unabated since the initial pandemic outbreak as investors seek to capitalize on industry trends and record levels of funding, while strategics continue to see attractive consolidation opportunities
- Public company valuations were at record levels and despite some recent contraction, private deal valuations have not down-ticked yet

## Aftermath of Chinese EdTech Collapse and US Investment

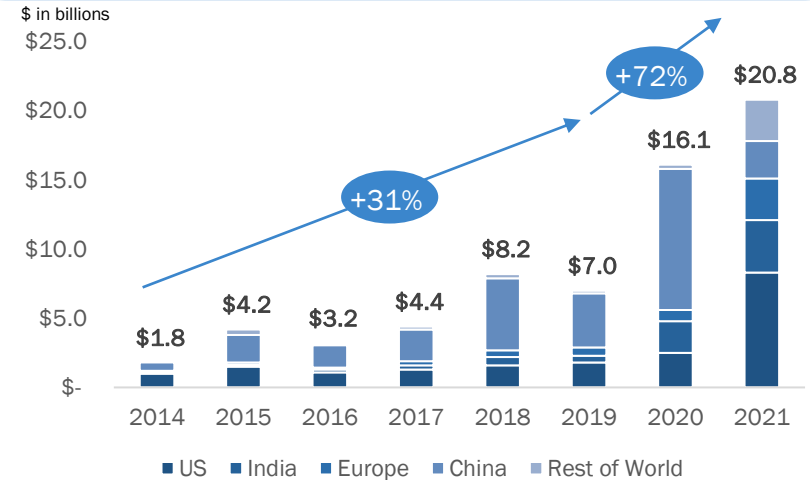
- For the foreseeable future, China will play an increasingly smaller role in the global EdTech market, leaving an opening for more investment in U.S. and European growth companies

# EdTech M&A Activity Remains Strong

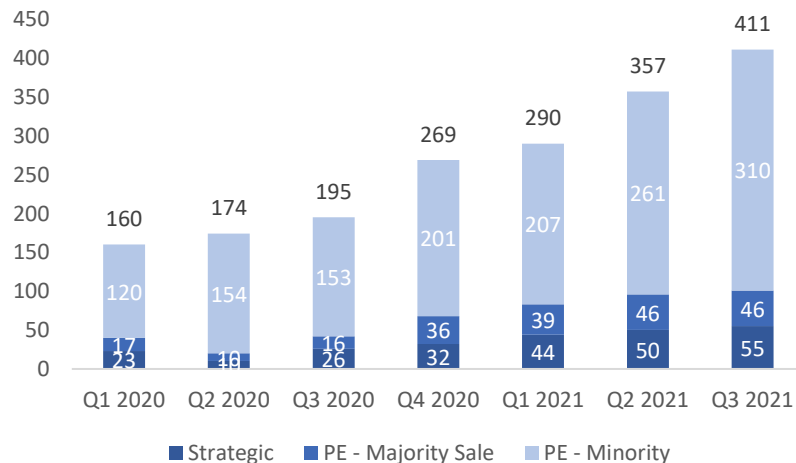
## U.S. EdTech Investment Increased 3x from Last Year



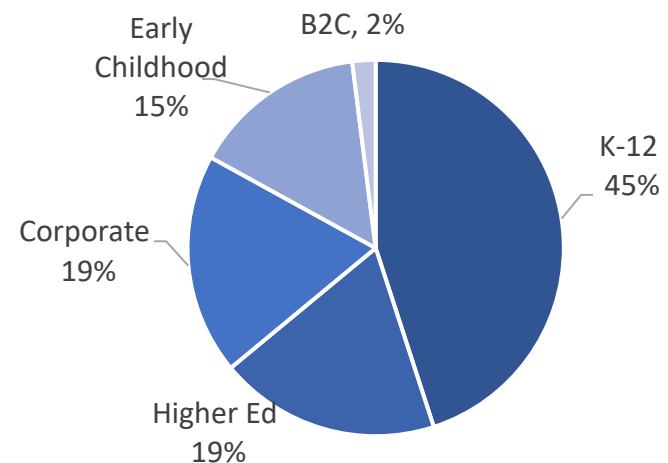
## EdTech Venture Funding at 3x Pre-Pandemic Levels



## EdTech Deals Have Steadily Increased Each Quarter



## Most EdTech Deals Were in the K-12 Sector in Q4 2021



## K-12 & Higher Ed

Company	Valuation Metrics (Per Latest LTM)					
	Enterprise Value <sup>(1)</sup>	Revenue	EBITDA	Margin <sup>(1)</sup>	3-Year Rev CAGR	EV/Rev
Pearson plc	\$ 8,400	\$ 4,493	\$ 572	12.7%	-5.0%	1.9x
Chegg, Inc.	5,060	776	158	20.3%	34.2%	6.5x
Blackbaud, Inc.	4,160	928	46	5.0%	3.0%	4.5x
PowerSchool <sup>(2)</sup>	4,060	559	81	14.5%	19.2%	7.3x
John Wiley & Sons, Inc.	4,000	2,070	345	16.7%	2.6%	1.9x
Instructure	3,170	405	112	27.5%	24.6%	7.8x
Graham Holdings Company	3,170	3,190	349	10.9%	5.7%	1.0x
Adtalem Global Education Inc.	2,900	1,320	270	20.5%	-3.4%	2.2x
Coursera Inc <sup>(3)</sup>	2,380	415	(139)	NM	50.1%	5.7x
Stride, Inc.	1,880	1,600	166	10.4%	18.7%	1.2x
2U, Inc.	1,760	946	(34)	NM	31.9%	1.9x
Scholastic Corporation	1,210	1,530	106	7.0%	-7.2%	0.8x
D2L, Inc. <sup>(3)</sup>	563	152	(73)	NM	12.0%	3.7x
Perdoceo Education Corporation	361	693	166	23.9%	6.0%	0.5x

  = Recent IPO

(1) Enterprise value as of March 31, 2022. EBITDA Margin <0% or EV/EBITDA multiples <0.0x or >40.0x are considered Not Meaningful ("NM"). Source: FactSet

(2) 1-Year revenue growth

(3) 2-Year revenue CAGR

# Select Public Comps (Continued)

## K-12 & Higher Ed

Company	Valuation Metrics (Per Latest LTM)					
	Enterprise Value <sup>(1)</sup>	Revenue	EBITDA	Margin <sup>(1)</sup>	3-Year Rev CAGR	EV/Rev
Janison Education Group Limited	224	34	(7)	NM	20.4%	6.6x
Tribal Group plc	185	81	11	13.3%	-4.9%	2.3x
Zovio Inc	38	301	(8)	NM	-5.8%	0.1x
<b>Median</b>	<b>\$ 2,380</b>	<b>\$ 776</b>	<b>\$ 106</b>	<b>13.9%</b>	<b>6.0%</b>	<b>2.2x</b>

## Corporate Training

Company	Valuation Metrics (Per Latest LTM)					
	Enterprise Value <sup>(1)</sup>	Revenue	EBITDA	Margin <sup>(1)</sup>	3-Year Rev CAGR	EV/Rev
Duolingo <sup>(2)</sup>	\$ 3,220	\$ 251	\$ (54)	NM	55.1%	12.8x
Learning Technologies Group	1,290	151	37	24.7%	37.1%	8.6x
Franklin Covey	673	237	25	10.7%	2.2%	2.8x
HealthStream	608	257	29	11.5%	3.5%	2.4x
<b>Median</b>	<b>\$ 982</b>	<b>\$ 244</b>	<b>\$ 27</b>	<b>11.5%</b>	<b>20.3%</b>	<b>5.7x</b>

  = Recent IPO

(1) Enterprise value as of March 31, 2022. EBITDA Margin <0% or EV/EBITDA multiples <0.0x or >40.0x are considered Not Meaningful ("NM"). Source: FactSet

(2) 2-Year revenue CAGR



















# Select K-12 M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
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
11/10/2021	 PowerSchool	 kickboard™	\$15	-
11/9/2021	 Blackstone	 RENAISSANCE*	-	-
6/4/2021*	 PSG   PROVIDENCE STRATEGIC GROWTH	 SchoolStatus	CONF	CONF
5/6/2021	 Kahoot!	 Clever	\$500	11.4x
4/5/2021	 BYJU'S	 Aakash Medical IIT-JEE Foundations	\$1,000	-
2/19/2021	 RENAISSANCE*	 nearpod	\$650	CONF

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
1/11/2022	 ellucian.	 campuslogic. empowering student financial success	-	-
12/11/2021	 flywire	 WPM EDUCATION	-	-
11/11/2021	 ETS	 Kira Talent	-	-
10/8/2021	 R RENOVUS CAPITAL	 Education Dynamics®	-	-
10/4/2021	 CARNEGIE DARTLET™	 mStoner	-	-
6/29/2021	 2U	 edX	\$800	9.4x
10/5/2020	 LIAISON 	 TARGET 	CONF	CONF
9/11/2020	 ADT <sup>A</sup> LEM GLOBAL EDUCATION	 WALDEN UNIVERSITY EDUCATION FOR GOOD®	\$1,480	-

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

# Select Corporate Training M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
3/17/2022			-	-
1/24/2022		Select assets from  GLOBAL EDUCATION	\$1,000	4.9x
12/22/2021			\$525	9.7x
11/29/2021			-	-
10/13/2021			-	-
7/15/2021			\$379	0.8x
6/22/2021			-	-

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



# Appendix: VCP Overview

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## Sell-Side and Capital Raise Focus

Sample Coverage:

B2B Software		Financial Sponsors		Strategic M&A	
 has received an investment from Data & Communications	 has sold select assets to Adaptive Learning	 a portfolio company of  has been acquired by a portfolio company of Job Search and Recruiting	 has received an investment from Curriculum Design	 has acquired assets of Assessment Software	 has acquired including and other select assets from Informal Learning
 has been acquired by a portfolio company of Adaptive Learning	 has been acquired by a portfolio company of Student Information System	 has received an investment from Content Management	 has been acquired by Investment Software		

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





## INTEGRITY MATTERS

Serving clients' interests means being a trusted partner and client advocate

Honest advice & senior attention through entire process



## MAXIMUM VALUE REQUIRES INSIGHT + EXPERIENCE

Combine relationships, knowledge, experience, and a strategic approach to processes

Tailored, thoughtful approach to engagements



## FOCUS DRIVES SUCCESS

We are not everything to everyone, we focus on what we do well, and deliver

Expertise advising companies on M&A transactions



## RESULTS DEMAND LEADERSHIP

Be a leader for the transaction, not a backseat driver

Proven results

# Sample VCP Transactions

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

Insight  
LIGHT ADVANCE

have been acquired by

**LEARNERS EDGE**

a portfolio company of

**QUAD-C**

Software & Services

**nwea**

has acquired assets of

**Level12**

Assessment Software

**SchoolStatus**

has received an investment from

**PSG** PROVIDENCE STRATEGIC GROWTH

Data & Communications

**edlio**

has received an investment from

**LLRpartners**

Content Management

**SMART SPARROW**

has sold select assets to

**Pearson**

Adaptive Learning

**TEACHERS-TEACHERS.COM**

a portfolio company of

**FFL CAPITAL**

has been acquired by

**frontline education**

a portfolio company of

**INSIGHT PARTNERS**

Human Capital

**chalkable**

has been acquired by

**PowerSchool**

a portfolio company of

**VISTA EQUITY PARTNERS**

Student Information System

**TRANSEO**

has received an investment from

**OSAGE VENTURE PARTNERS**

College and Career Readiness

**eSD**  
eSchoolData

has been acquired by

**io education**

a portfolio company of

**LLRpartners**

Student and Data Management

**Rubicon International**

has received an investment from

**QUAD PARTNERS**

Curriculum Design

**ilsc** EDUCATION GROUP

recapitalized with

**QUAD PARTNERS**

Language Training

**Sandbox & Co**

has acquired

**FEN Learning**

including

**PopTopics Funbeats**

and other select assets from

**Pearson**

Informal Learning

- Sample Software Transaction
- Sample Cross-Border Transaction

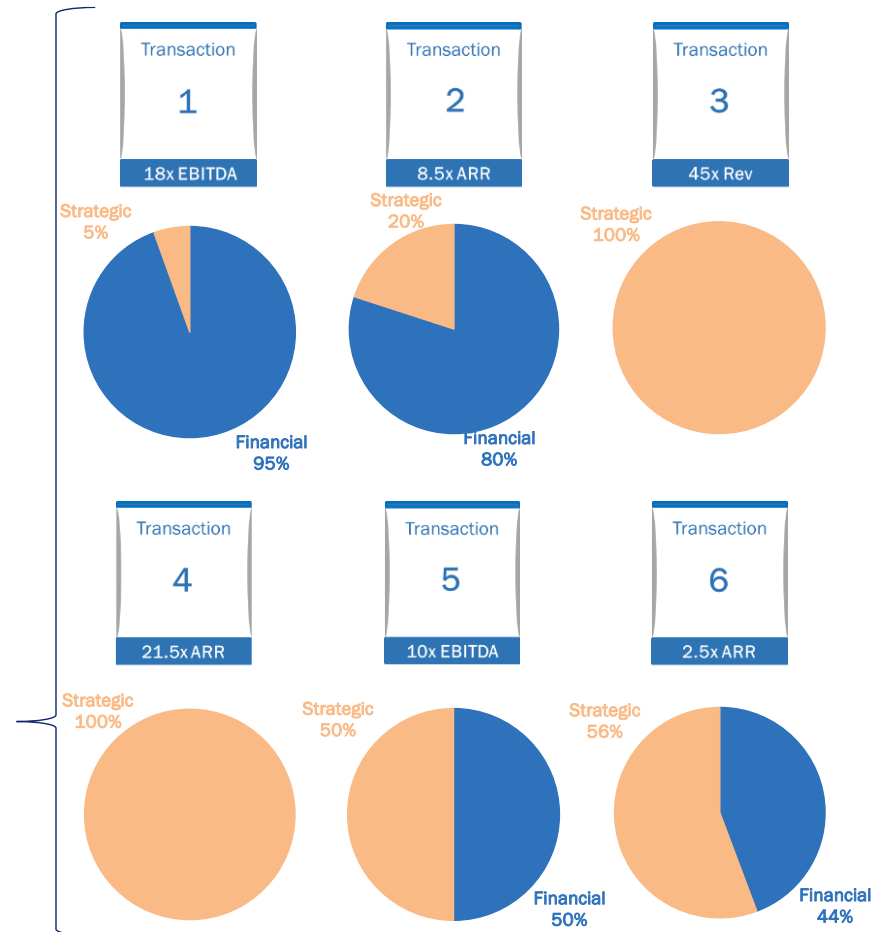
Note: Includes transactions closed by VCP principals in previous roles

## VCP brings deep relationships across strategic players and the financial sponsor universe to tailor the process strategy for maximum value

- We customize each process according to clients' objectives and current market dynamics to maximize competitive tension and outcomes by leveraging our relationships
- Data on the right illustrates the breakdown of marketing outreach for select transactions executed by VCP principals, tailored for each individual situation and outcomes



Note: Includes transactions closed by VCP principals in previous roles



## Peter Yoon

Managing Director  
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Peter has 20 years of investment banking experience across a wide range of technology and technology-enabled verticals including the education, media, and healthcare services sectors. Prior to founding Vicksburg Capital Partners, Peter led the Education Group at Berkery Noyes, specializing in EdTech across the post-secondary, preK-12, childcare services and corporate training areas. He has advised technology companies on matters relating to mergers and acquisitions, financings and general business development. Peter has also structured, financed and executed transactions as an investor. He was formerly a banker in the Media, Communications and Technology investment banking group at the Bank of Montreal and the Media investment banking group at UBS. Peter also served in the US Army as an attack helicopter pilot. In addition, he holds a BS in Economics from the United States Military Academy and an MBA from the NYU Stern School of Business.

## Sameer Pal

Managing Director  
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Sameer has over 16 years of M&A transaction experience across over \$1BN in closed deal volume. Previous roles include: lead M&A banker for SunTrust Robinson Humphrey's (n/k/a Truist) financial technology practice; senior banker at Berkery Noyes & Co., focusing on technology businesses across the education, HR, financial, and B2B sectors; co-lead of the merchant banking practice at Avondale Strategic Partners, making principal investments in and providing M&A advisory services to middle market companies; investment banker with Crowe Capital Markets, executing a wide range of sell-side, buy-side, divestiture, and capital raising transactions. Sameer holds a BS with High Distinction in Finance, Accounting, and Economics from the Kelley School of Business at Indiana University and an MBA from the NYU Stern School of Business.