



VICKSBURG
CAPITAL PARTNERS

Education Technology Market Update

July 2023



Edtech M&A activity remains robust as consolidation and add-ons for PE backed portfolio companies continue to drive activity

Edtech Deal Activity Continues Despite Declines in other Sectors

- Despite an overall slowdown in the market, Edtech M&A deal volume has remained stable for the last 4 QTRs
- Edtech deal volume has primarily been driven by PE sponsored companies seeking to consolidate in their respective niches
- By far, the most active subsector in Q1 was the K12 space



As K12 Seems to be the Subsector in Need of the Most Support

- In June, NAEP (the 'Nation's Report Card') shows math skills of 13 yr olds have reset to the level of the 1990s, while reading levels are lower than they were in 1971
- In May, the Surgeon General called youth mental health "the defining public health issue of our time"
- These downward trends were further exacerbated by the Pandemic

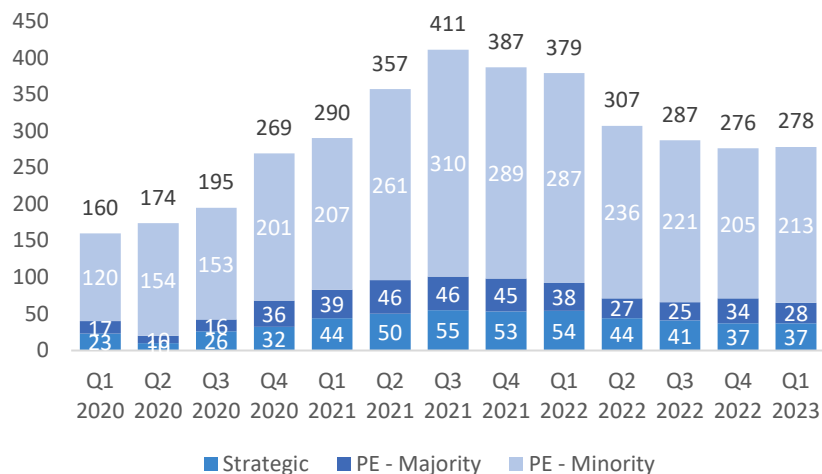


While it is Unclear How Recent Developments Will Affect the Sector

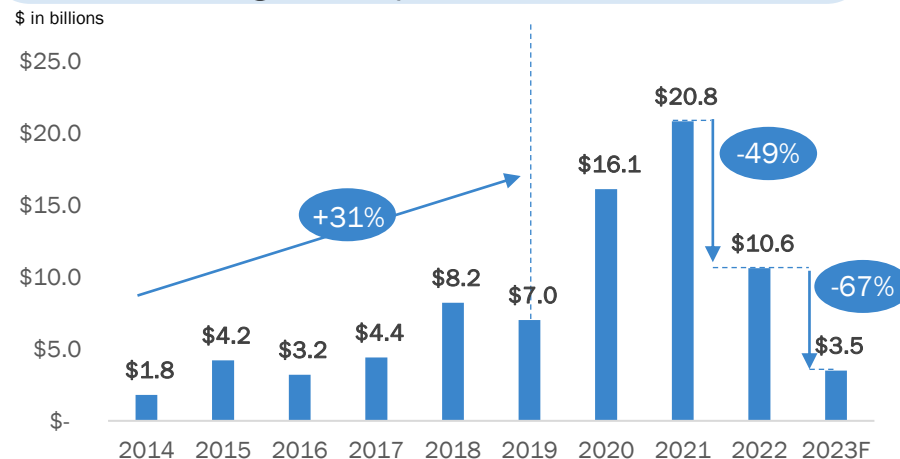
- The corporate training market is seeing some softness, even though the unemployment rate remains steadily below 4%
- In June, the Supreme Court strikes down college Affirmative Action programs
- The launch of ChatGPT in Nov sparks viral consumer adoption, and catalyzes interest in Generative AI for its potential and challenges within education



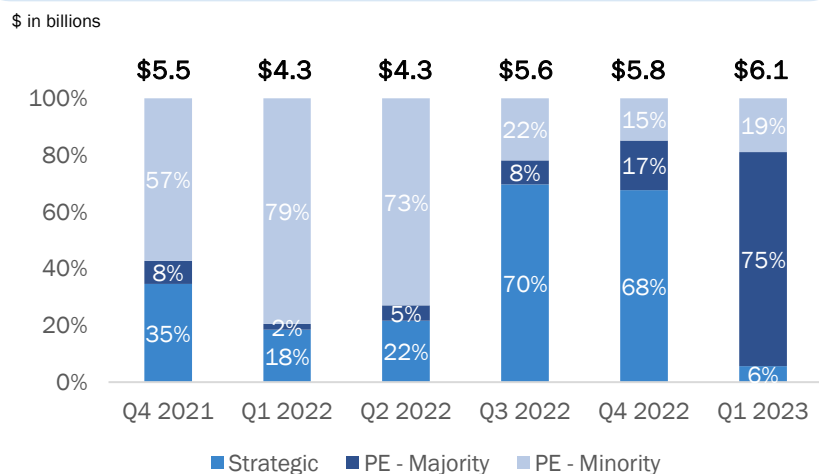
U.S. Edtech M&A Deal Volume Remains Strong Driven by Strategic Deals



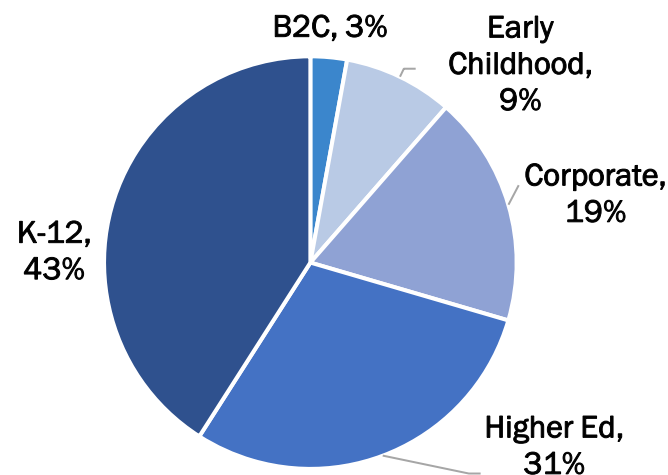
Global Edtech Venture Funding Is Projected to Significantly Decline in 2023



U.S. Edtech Aggregate M&A Deal Value Has Seen Steady Increases Over the Last 4 QTRs



43% of U.S. Edtech Deals were in the K12 Sector in Q1 2023

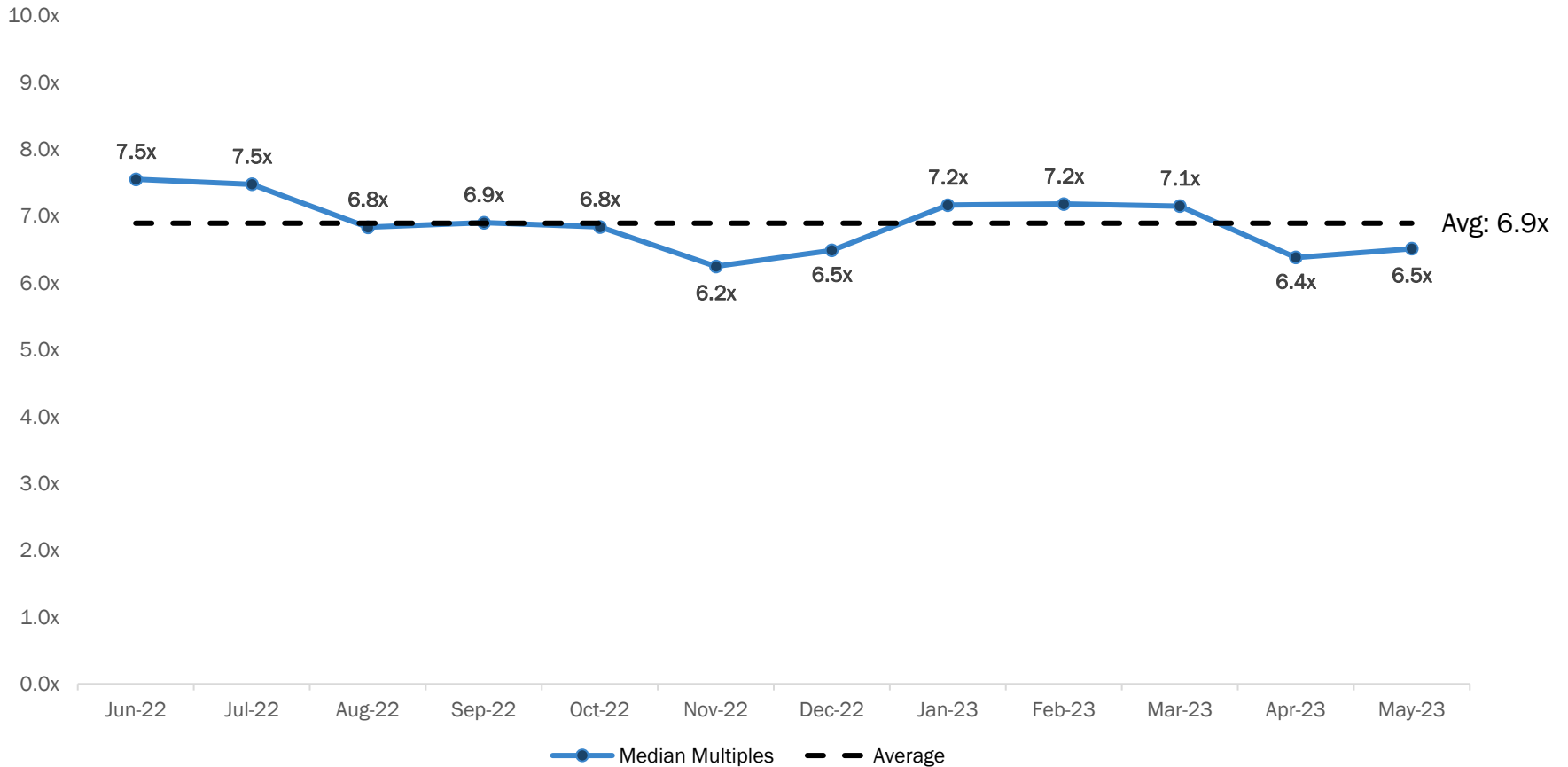


Public SaaS Company Index



Public SaaS company multiples have stabilized in the last twelve months

Public SaaS Company Median Valuation Multiples(1)(2)



Select Public Comps (Education Services and Edtech)



K-12 & Higher Ed

Company	Valuation Metrics (Per Latest LTM)							
	Enterprise Value ⁽¹⁾	Revenue	EBITDA	Margin ⁽²⁾	3-Year Rev CAGR ⁽³⁾	EV/Rev	EV/EBITDA	
Pearson plc	\$ 8,300	\$ 3,840	\$ 497	12.9%	20.0%	2.2x	16.7x	
Blackbaud, Inc.	4,600	1,060	112	10.6%	5.4%	4.3x	NM	
Instructure	3,880	490	141	28.8%	23.8%	7.9x	27.5x	
PowerSchool	3,760	640	109	17.0%	20.6%	5.9x	34.5x	
Graham Holdings Company	3,100	4,040	516	12.8%	10.8%	0.8x	6.0x	
John Wiley & Sons, Inc.	2,510	2,040	290	14.2%	3.3%	1.2x	8.7x	
Adtalem Global Education Inc.	2,080	1,450	347	23.9%	11.2%	1.4x	6.0x	
Stride, Inc.	1,790	1,810	212	11.7%	20.7%	1.0x	8.4x	
Chegg, Inc.	1,700	752	100	13.3%	19.1%	2.3x	17.0x	
2U, Inc.	1,170	948	77	8.1%	14.7%	1.2x	15.2x	
Scholastic Corporation	1,140	1,690	115	6.8%	0.3%	0.7x	9.9x	
Coursera Inc	1,140	551	(166)	NM	44.0%	2.1x	NM	
Perdoceo Education Corporation	341	708	152	21.5%	3.1%	0.5x	2.2x	
D2L, Inc.	274	126	(11)	NM	15.1%	2.2x	NM	
Median	\$ 1,935	\$ 1,004	\$ 128	13.1%	14.9%	1.8x	9.9x	

Select Public Comps (Continued)



Corporate Training

Company	Valuation Metrics (Per Latest LTM)							
	Enterprise Value ⁽¹⁾	Revenue	EBITDA	Margin ⁽²⁾	3-Year Rev CAGR ⁽³⁾	EV/Rev	EV/EBITDA	
Duolingo	\$ 4,980	\$ 404	\$ (57)	NM	75.9%	12.3x	NM	
Learning Technologies Group	977	746	113	15.1%	64.3%	1.3x	8.7x	
HealthStream	716	270	31	11.5%	2.6%	2.7x	23.1x	
Franklin Covey	450	276	33	12.0%	5.7%	1.6x	13.6x	
Median	\$ 847	\$ 340	\$ 32	12.0%	35.0%	2.1x	13.6x	















Select Higher Ed M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
05/18/2023	University of Idaho	University of Phoenix	\$550	-
2/13/2023	Sage	epigeum	-	-
1/19/2023	NOODLE™	Hubble Studios	-	-
9/28/2022 ¹	K1 INVESTMENT MANAGEMENT	ocelot	\$117	-
9/26/2022	EAB	Concourse	-	-
4/29/2022	Pearson	mondly languages	-	-
1/11/2022	ellucian.	campuslogic. empowering student financial success	-	-
12/11/2021	flywire	WPM EDUCATION	-	-
11/11/2021	ETS	Kira Talent	-	-
6/29/2021	2U	edX	\$800	9.4x




















Select K-12 M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
4/25/2023*	RAPTOR TECHNOLOGIES	SCHOOLPASS	CONF	CONF
4/10/2023	RENAISSANCE*	GL Education	-	-
3/2/2023	IXL LEARNING*	Teachers Pay Teachers	-	-
2/9/2023	imagine learning	WINSOR LEARNING	-	-
1/24/2023	Cordance.	Hapara	-	-
1/11/2023	HMH	nwea	CONF	CONF
12/15/2022	Serent CAPITAL	LinkIt!	-	CONF
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

Select K-12 M&A Transactions (Continued)

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
5/20/2022			\$210	-
2/22/2022			~\$2,800	2.3x
2/14/2022			CONF	-
1/6/2022*			CONF	CONF
11/29/2021			\$436	9.7x
6/4/2021*			CONF	CONF
5/6/2021			\$500	11.4x

Select Corporate Training M&A Transactions

Announced Date	Acquirer	Target	Transaction Size (\$MM)	EV/Revenue
03/24/2023	 PERDOCEO EDUCATION CORPORATION™	 CODING DOJO	\$65	-
03/23/2023	 Pearson	 pdri by Pearson	\$190	-
11/21/2022	 CULTURE PARTNERS	 PARADIGM LEARNING	-	-
9/19/2022	 VISTA EQUITY PARTNERS	 KnowBe4 Human error. Conquered.	\$4,600	14.8x
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
7/15/2021	 ltg learning technologies group	 GPStrategies	\$379	0.8x

Sample VCP Education Transactions

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

SchoolStatus

has received an investment from

PSG | PROVIDENCE STRATEGIC GROWTH

Data & Communications

Scrimmage

has been acquired by

ACTO

a portfolio company of

RESOLVE™

Learning Mgmt. System

SMART SPARROW

has sold select assets to

Pearson

Adaptive Learning

LEEDS | Equity Partners

has acquired

PROJECT MANAGEMENT ACADEMY®

Test Preparation

edlio®

has received an investment from

LLRpartners

Content Management

SCHOOLPASS

a portfolio company of

LEVEL EQUITY

has been acquired by

RAPTOR TECHNOLOGIES

a portfolio company of

JMI EQUITY THOMABRAVO

K-12 Software

Forbes

has formed an alliance with

bridgepoint® EDUCATION

Online Learning

TEACHERS-TEACHERS.COM

a portfolio company of

FTL 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

RENOVUS CAPITAL

has made an investment to

rednucleus

Corporate Training

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

Insight EDUCATION GROUP

Insight ADVANCE

has been acquired by

LEARNERS EDGE

a portfolio company of

QUAD-C

Software & Services

Sandbox & Co

has acquired

FEN Learning

including

ReproPic

Punjab

and other select assets from

Pearson

Digital Education

NCTI Powers Frontline Performance

has been acquired by

JONES INTERNATIONAL UNIVERSITY*

Corporate Training

Edtech transactions

FOCUSED APPROACH

Sample Coverage:


Education & Training		B2B Software		Strategic M&A & Capital Raising	
 has received an investment from PSG PROVIDENCE STRATEGIC GROWTH Data & Communications	 has sold select assets to Pearson Adaptive Learning	 a portfolio company of FTL CAPITAL has been acquired by frontline Education a portfolio company of INSIGHT PARTNERS Job Search and Recruiting	 has received an investment from QUAD PARTNERS Curriculum Design	 has acquired assets of Level12 Assessment Software	 has acquired FEN International including Redwood, K12, and other select assets from Pearson Informal Learning
 has been acquired by education a portfolio company of LLRpartners Adaptive Learning	 has been acquired by PowerSchool a portfolio company of VISTA EQUITY PARTNERS Student Information System	 has been acquired by ACTO a portfolio company of RESOLVE Life Sciences Learning Management	 has been acquired by VISTA EQUITY PARTNERS Investment Software	 has received investment from OSAGE VENTURE PARTNERS College and Career Readiness	 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



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.

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