

Edtech Market Brief

May 2025

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.

Highlights

7.5X	136	10%	(7%)
Mean Public Comp Index EV / Revenue (April 2025)	# of Edtech Deals Announced (YTD April 2025)	Public Comp Index MoM Change (April vs. March 2025)	% Change in Edtech Announced Deal Count (YTD April 2025 vs. 2024)

Summary Commentary

1 Elimination of the U.S. Education Department

- President Trump signed an executive order to shut down the U.S. Department of Education⁽¹⁾
 - Long-term funding impact across K-12 and higher education remains unclear, however, overall \$ allocated will decline by \$12B in latest budget proposal for fiscal year 2025-2026⁽²⁾
- Schools may face budgeting roadblocks, potentially preventing them from leveraging Edtech solutions

3 Shifting Tariff Policy

- A base 10% tax on all U.S. imports, were announced April 5, followed by a 90-day pause on reciprocal tariffs, pushing rates back down to the base 10%⁽⁵⁾⁽⁶⁾
 - The implementation and subsequent pauses in global tariffs have fueled potential trade war fears and increased market volatility
- M&A activity continues, particularly for middle market transactions that have historically proven more resilient to uncertain economic climates

2 Harvard vs. Trump Administration

- Harvard is in an ongoing legal battle against the administration after the school president Alan Garber sued the administration for freezing billions of dollars of funding⁽³⁾
 - Other universities are joining together to push back against the administration⁽⁴⁾

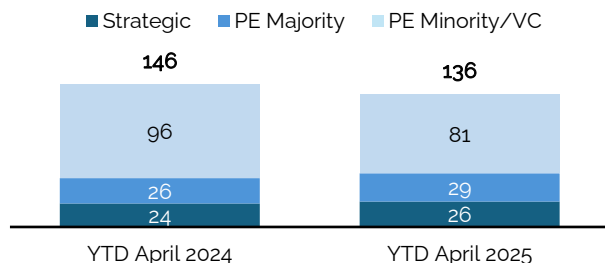
4 Evolving Views on AI in the Classroom

- 86% of higher education students have reported using AI in their studies⁽⁷⁾
- Experts suggest schools should embrace new technology, and initiate policies to encourage its safe use
 - 26 states have released AI guidance from TeachAI, a national coalition teaching schools how to effectively integrate AI⁽⁸⁾
- Edtech companies providing solutions for administrative tasks, classroom management, and personalized learning expect to see tailwinds going forward

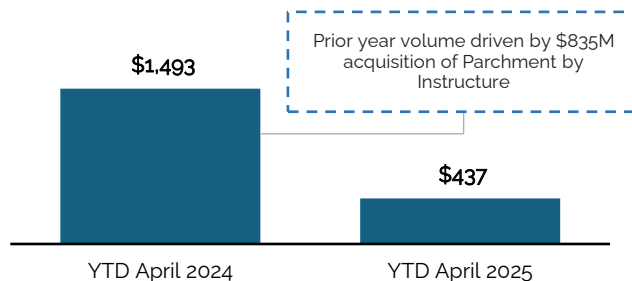
Market Data

(\$ in millions)

U.S. Edtech Deal Count



U.S. Edtech \$ Deal Value



Sample April Deal Activity

(\$ in millions)

Date	Target	Acquirer	Size	Industry Segment	Target Description
Apr-28	OculusIT	AVATHON	N/D	Higher Ed Software	OculusIT is a provider of IT, cloud, cybersecurity, and ERP solutions to higher education institutions
Apr-23	Class Companion	PANORAMA EDUCATION	N/D	K-12 Software	Class Companion is an AI-tutoring and instant feedback solutions platform for K-12 students and teachers
Apr-2 ⁽⁹⁾	schoolai	INSIGHT PARTNERS	\$25	K-12 Software	SchoolAI is a developer of AI-powered classroom solutions to K-12 and higher education institutions

Notes: N/D = Not Disclosed; Edtech deal count includes announced deals done by PE majority, PE minority/VC (excluding seed/angel investments) and Strategic parties

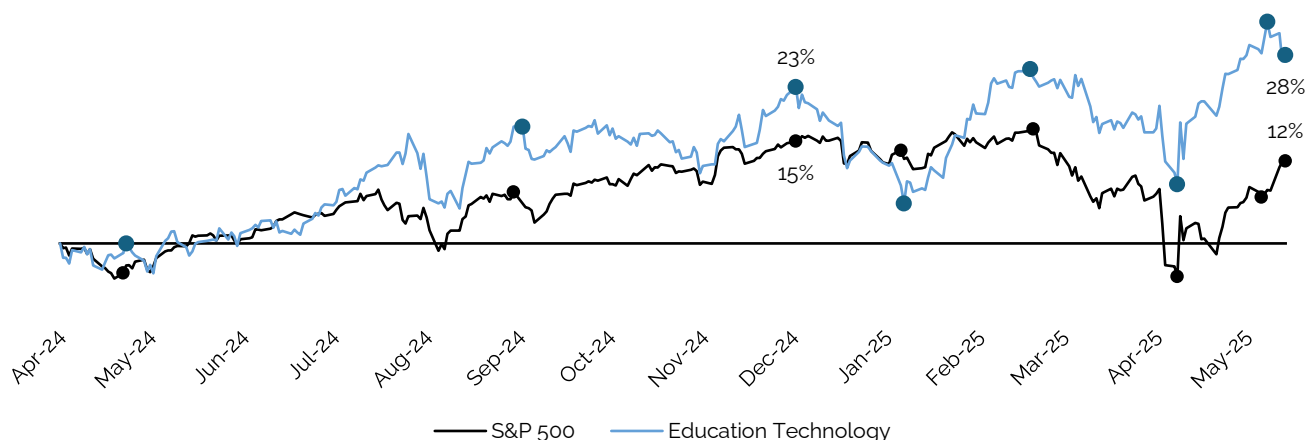
Sources: PitchBook; company filings; Wall Street research

(1) K-12 Dive; (2) NEA.org; (3) Higher Ed Dive; (4) The Guardian; (5) Center for Strategic & International Studies; (6) CNN Business; (7) Campus Technology; (8) TeachAI; (9) SchoolAI transaction was a minority investment

Publicly-Traded Companies: Education Technology

(\$ in millions)		Valuation Metrics (Per Latest LTM)						
Company	Enterprise Value ⁽¹⁾	Revenue	Gross Margin	EBITDA	EBITDA Margin ⁽²⁾	3-Year Rev CAGR ⁽³⁾	EV/Rev	EV/EBITDA
Constellation Software ⁽⁴⁾	\$79,581	\$10,367	89%	\$2,581	24.9%	24.6%	7.7x	30.8x
Roper Technologies ⁽⁵⁾	68,840	7,241	69%	3,002	41.5%	13.5%	9.5x	22.9x
Tyler Technologies ⁽⁴⁾	24,531	2,191	45%	488	22.3%	7.7%	11.2x	NM
Duolingo	23,170	811	72%	81	10.0%	41.4%	28.6x	NM
Blackbaud	4,267	1,147	56%	(144)	NM	5.9%	3.7x	NM
Healthstream	745	292	66%	65	22.3%	4.2%	2.5x	11.4x
Docebo	692	223	81%	22	9.9%	24.8%	3.1x	31.4x
D2L	474	205	68%	11	5.3%	10.6%	2.3x	NM
ReadyTech	202	77	94%	9	11.7%	17.3%	2.6x	22.4x
zSpace	152	38	41%	(18)	NM	3.2%	4.0x	NM
Median	\$2,506	\$552	69%	\$44	17.0%	12.0%	3.9x	22.9x
Mean	\$20,265	\$2,259	68%	\$610	18.5%	15.3%	7.5x	23.8x

VCP Public Company Education Technology Index vs. S&P 500 (Last 12 Months)⁽⁶⁾⁽⁷⁾⁽⁸⁾



(1) Enterprise Value is as of May 15, 2025; (2) EBITDA margin <0% or EV/EBITDA multiples <0.0x or >40.0x are considered Not Meaningful ("NM"); (3) CAGR based on 2022-2025 TTM Revenue; (4) While revenue by industry is not publicly disclosed, these software holding companies maintain material education and public sector operations; (5) This company has a material portion of revenue coming from education-focused software products annually; (6) Index includes companies presented in the public comps above; (7) Market cap weighted index; (8) As of May 15, 2025
Source: PitchBook, Wall Street Research

About Vicksburg Capital Partners

Vicksburg Capital Partners ("VCP") is an independent investment bank that provides sophisticated, trusted M&A advice and best-in-class transaction execution by dedicated, experienced principals for middle market businesses. We cover the global education industry with deep sector expertise and a specialization in education technology businesses across the entire learner journey.

VCP Values

Integrity Matters

Focus Drives Success

Insight + Experience

Leadership

VCP Contact Information

Peter Yoon
Managing Director
pyoon@vicksburgcp.com

Sameer Pal
Managing Director
spal@vicksburgcp.com

Dan Kim
Managing Director
dkim@vicksburgcp.com