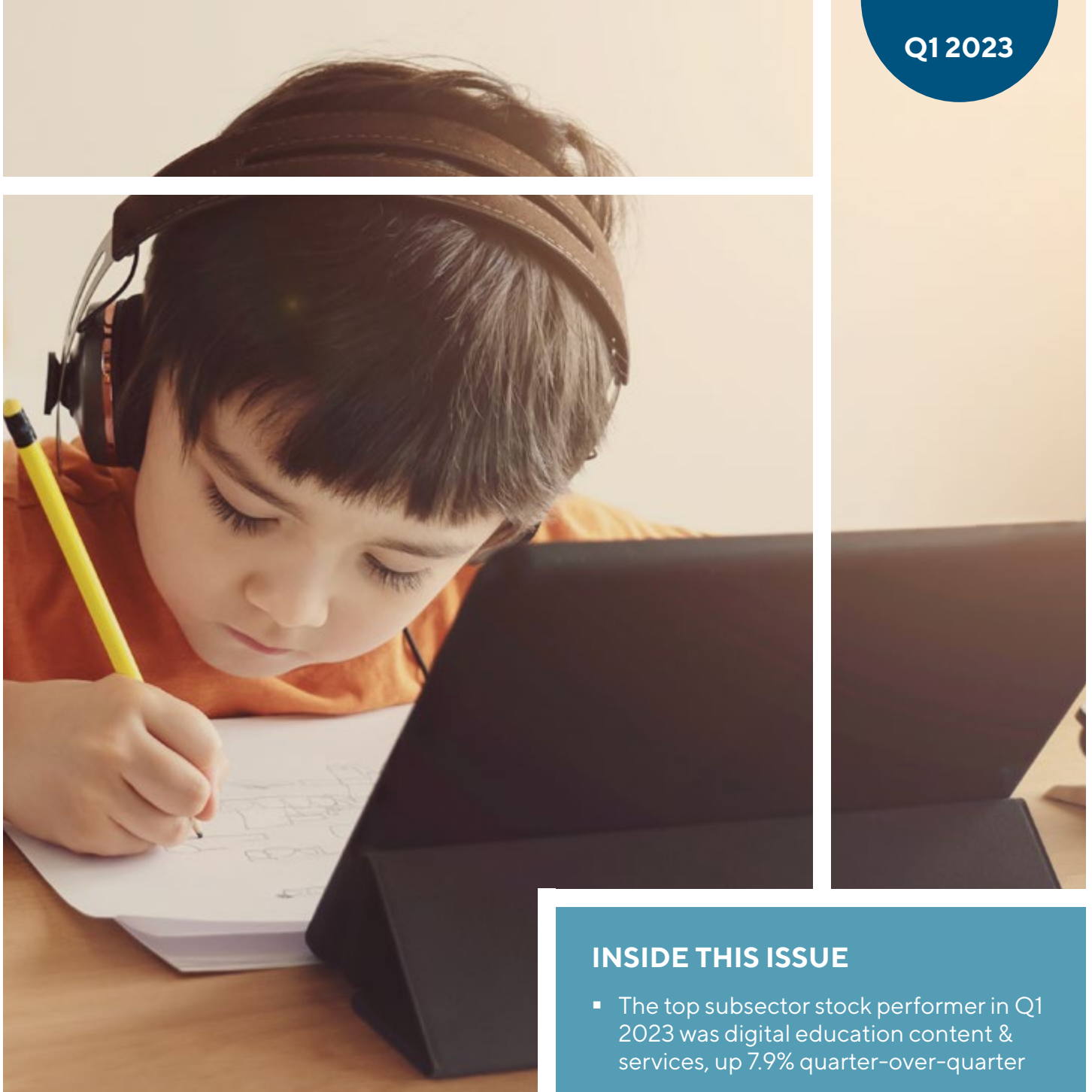


EDUCATION TECHNOLOGY & SERVICES

Market Update

Q1 2023



INSIDE THIS ISSUE

- The top subsector stock performer in Q1 2023 was digital education content & services, up 7.9% quarter-over-quarter
- On average, EBITDA multiples for the subsectors increased 0.1x from the prior quarter and are decreased 0.3x on a year-over-year basis

ASU-GSV 2023 – And Hope Springs Eternal

As it has for more than 10 years (COVID-19 aside), April once again was home to the education mergers and acquisitions (M&A) market's largest annual gathering of executives, investors and dealmakers. This year's edition was the first since COVID-19 that reached attendance levels regular attendees had become accustomed to, with every corner of the host venue and just about every venue nearby swamped with people meeting and making connections.

The increase in attendance and activity was welcome and seemed to permeate conversations with enthusiasm despite the broad market slowdown that has now stretched nearly a year. The desire to support educators and the mission-driven companies built to enable them came through resoundingly. The education market is facing dramatic, even existential, challenges, that are mandating changes and creating new opportunities:

- Accelerating capabilities of conversational artificial intelligence (AI)
- Growing belief among would-be students that college degrees are not worth the cost
- Employers' increasing desire to utilize hire, train and deploy models to build and sustain workforces

- Ongoing inflationary pressure on wages and costs across education institutions

None of these challenges are going to be solved this year, or even in the next two or three years, but we can and should see dramatic progress made on all of them in the near term. What seemed to vex ASU-GSV attendees (and market participants generally) the most is how to rein in the rapidly improving capabilities of conversational AI engines. Without some sort of controls, many educators are predicting the end of education as we know it. And similarly, it is not hard to imagine an eventual end to human-generated intellectual property, with AI able to process and generate new concepts far faster than even an army of researchers could produce.

Alas, optimism persists. Optimism in the core principles of education and the ability for people to utilize technology and good-old-fashioned ingenuity to find solutions to whatever problems are arising. Optimism that human nature and the desire to learn and understand will withstand the temptations to turn to AI to produce work without the associated learning. And lastly, optimism that innovators will continue to build companies that will support educators in the days ahead. It is in that vein that we share our latest education transaction, an excellent example of business supporting the growth and modernization of learning in our schools.

LINCOLN INTERNATIONAL TRANSACTION HIGHLIGHT:

Saw Mill Capital has sold Meteor Education to Bain Capital Double Impact

Based in Gainesville, Florida, Meteor Education is a leading provider in the design, development and implementation of innovative ProSocial Learning Environments™ & Experiences for K-12 schools. Meteor serves an expanding addressable market driven by the long-term shift toward 21st century learning environments that promote collaborative educational experiences. In addition to a turnkey customer experience in the design, equipping and implementation of enriching and connected learning spaces, the company provides a broad suite of value-added services, including new environment orientation seminars and related resources for educators, additional coaching and support on student engagement best practices and progress measurements for efficacy and impact.



has sold



to



Sell-Side



"Lincoln's combination of strong education and distribution expertise and investor relationships made them a valuable partner throughout the sale process. Its highly supportive team of bankers offered important guidance every step of the way, and we were able to achieve a strong outcome for all stakeholders. We are thankful for the partnership with Bill Latham and the Meteor team and are proud of what we were able to achieve together over the last five years, and we are excited to watch the next stage of Meteor's growth trajectory."

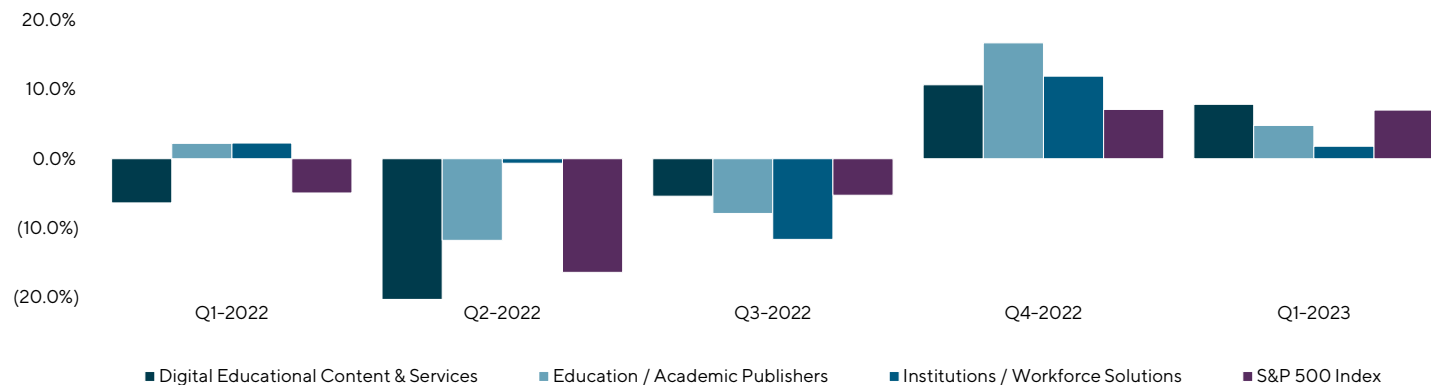
Travis Foltz, Principal at Saw Mill Capital

Education Technology & Services Financial Performance

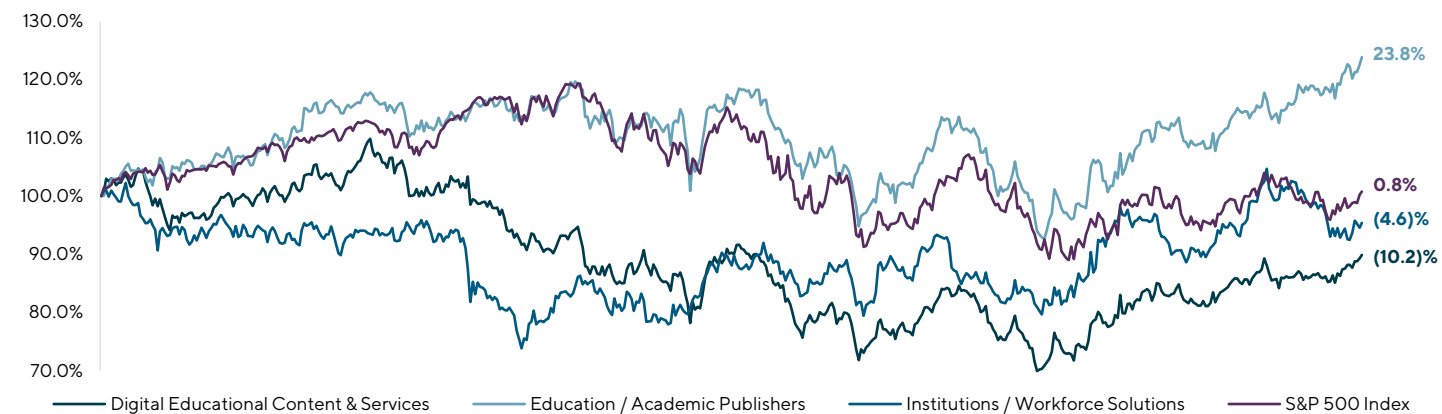
QUARTER-OVER-QUARTER PRICE PERFORMANCE

Outperformers	Change	Underperformers	Change
Duolingo, Inc.	100.5%	American Public Education, Inc.	(55.9%)
Stride, Inc.	25.5%	Chegg, Inc.	(35.5%)
D2L Inc.	23.5%	Udemy, Inc.	(16.3%)
Laureate Education, Inc.	22.2%	PowerSchool Holdings, Inc.	(14.1%)

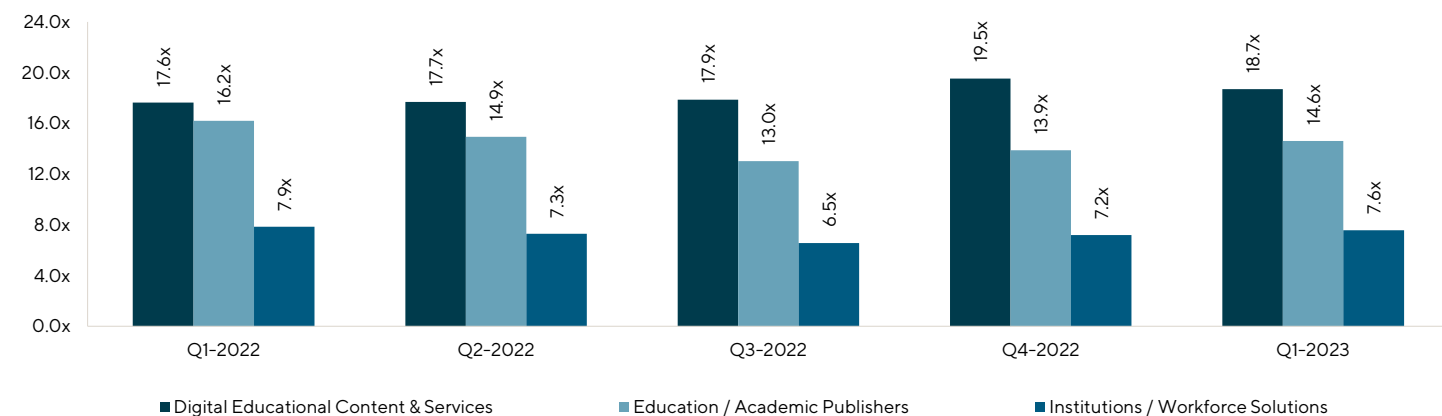
QUARTER-OVER-QUARTER STOCK INDICES PRICE CHANGE



QUARTER-OVER-QUARTER STOCK INDICES PRICE CHANGE



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.	\$6.85	48.5%	\$543	\$1,425	\$988	\$157	2.3%	15.9%	1.4x	9.1x
Blackbaud, Inc.	69.30	99.6%	3,595	4,475	1,094	328	13.3%	30.0%	4.1x	13.6x
Chegg, Inc.	16.30	43.3%	2,063	2,215	753	244	(3.4%)	32.4%	2.9x	9.1x
Coursera, Inc.	11.52	48.0%	1,724	958	601	(30)	34.3%	(5.0%)	1.6x	NM
D2L Inc.	5.91	60.6%	315	209	181	2	19.0%	1.0%	1.2x	NM
Duolingo, Inc.	142.59	97.4%	5,794	5,215	493	53	78.2%	10.8%	10.6x	NM
Grand Canyon Education, Inc.	113.90	93.7%	3,481	3,377	951	291	5.2%	30.6%	3.6x	11.6x
Instructure Holdings, Inc.	25.90	82.3%	3,702	4,030	522	203	22.9%	38.8%	7.7x	19.9x
Keypath Education International, Inc.	0.57	36.3%	122	72	127	(11)	9.5%	(8.4%)	0.6x	NM
Pearson plc	10.45	83.9%	7,457	8,385	4,685	987	1.1%	21.1%	1.8x	8.5x
PowerSchool Holdings, Inc.	19.82	76.1%	3,221	4,319	692	225	17.3%	32.5%	6.2x	19.2x
RELX PLC	32.37	99.5%	61,502	69,388	11,398	4,291	15.1%	37.6%	6.1x	16.2x
Udemy, Inc.	8.83	51.2%	1,284	832	725	(20)	33.4%	(2.7%)	1.1x	NM
Mean		70.8%					19.1%	18.1%	3.8x	13.4x
Median		76.1%					15.1%	21.1%	2.9x	12.6x
Education/Academic Publishers										
Informa plc	\$8.57	97.9%	\$11,947	\$12,649	\$3,389	\$1,160	28.7%	34.2%	3.7x	10.9x
John Wiley & Sons, Inc.	38.77	69.1%	2,136	3,094	2,151	429	3.7%	19.9%	1.4x	7.2x
Pearson plc	10.45	83.9%	7,457	8,385	4,685	987	1.1%	21.1%	1.8x	8.5x
RELX PLC	32.37	99.5%	61,502	69,388	11,398	4,291	15.1%	37.6%	6.1x	16.2x
Scholastic Corporation	34.22	70.9%	1,131	1,023	N/A	N/A	N/A	N/A	NM	NM
Wolters Kluwer N.V.	126.41	99.6%	31,167	33,635	6,108	1,994	11.5%	32.6%	5.5x	16.9x
Mean		86.8%					12.0%	29.1%	3.7x	11.9x
Median		90.9%					11.5%	32.6%	3.7x	10.9x
Institutions/Workforce Solutions										
Adtalem Global Education Inc.	\$38.62	87.0%	\$1,755	\$2,456	\$1,430	\$352	14.5%	24.6%	1.7x	7.0x
American Public Education, Inc.	5.42	24.0%	103	249	616	35	27.1%	5.7%	0.4x	7.1x
Graham Holdings Company	595.84	87.4%	2,850	3,323	3,983	285	17.5%	7.1%	0.8x	11.7x
Grand Canyon Education, Inc.	113.90	93.7%	3,481	3,377	951	291	5.2%	30.6%	3.6x	11.6x
Stride, Inc.	39.25	82.9%	1,651	1,793	1,854	296	13.8%	15.9%	1.0x	6.1x
Laureate Education, Inc.	11.76	88.1%	1,846	2,409	1,363	387	23.7%	28.4%	1.8x	6.2x
Lincoln Educational Services Corporation	5.66	71.4%	178	218	356	22	4.7%	6.2%	0.6x	9.9x
Perdoceo Education Corporation	13.43	85.8%	902	427	718	148	3.8%	20.6%	0.6x	2.9x
Strategic Education, Inc.	89.83	91.5%	2,170	2,193	1,109	171	0.8%	15.4%	2.0x	12.8x
Mean		79.1%					12.3%	17.2%	1.4x	8.4x
Median		87.0%					13.8%	15.9%	1.0x	7.1x

Note: USD in millions, except for stock price

Source: Bloomberg, Capital IQ and company filings, as of 03/31/2023

03/29/23: Courseedog, a New York-based academic operations platform, raised **\$90 million** in a growth round led by JMI Equity

03/15/23: Byju's, an India-based education technology company, raised **\$250 million** in a growth round led by Qatar Investment Authority and Tiger Global Management

02/28/23: Bitwise, a California-based coding academy and software development firm, raised **\$80 million** in a growth round led by Kapor Capital and Motley Fool Ventures

01/19/23: Dreamscape Learn, a California-based educational virtual reality firm, raised **\$20 million** in a Series A round led by Bold Capital and Cengage Group

SELECTED M&A TRANSACTION RECAP

Close	Target Company	Target Description	Acquiring Company
Announced	Pearson Online	Operates as Pearson's online learning business	Regent
Announced	LifeLabs Learning	Provides leadership training for managers, teams and executives	Atairos
Announced	Asia Pacific University	Operates as a private university in Malaysia	TPG Growth
Announced	GOP	Publishes online games	VALOFE
Announced	Pennsylvania College of Health Sciences	Provides nursing and health sciences degrees and certifications to students	Saint Joseph's University
Announced	Northwest Evaluation Association	Offers educational consulting services	Houghton Mifflin Harcourt
3/31/2023	GL Education	Provides assessments, stakeholder surveys, self-evaluation systems and professional development services	Renaissance Learning
3/30/2023	KnowledgeVine	Provides human performance improvement (HPI) technology and training services	Alliant Insurance Services
3/28/2023	Fluentify	Provides an online service that connects language learners with tutors	Voxy
3/22/2023	Learnlight	Provides virtual corporate language and skills training services for employees	Synova; Beech Tree
3/21/2023	Quottly	Operates a course and program sharing platform for colleges and universities	Parchment
3/20/2023	Akademios	Operates an online bookstore for educational institutions	Vital Source Technologies
3/16/2023	Knowledge Planet Centre	Operates an entrance exam preparation institution	Physics Wallah
3/15/2023	Efficient Learning	Provides computer-based exam reviews for students	Uworld
3/14/2023	Readlee	Develops an AI speech Software as a Service platform to enhance students' reading capabilities	Paper
3/7/2023	Datascientest	Offers online computer science training programs	OMNES Education
3/6/2023	Whooo's Reading	Develops AI-driven technology that enables students to better comprehend books	Savvas Learning

SELECTED M&A TRANSACTION RECAP (CONT.)

Close	Target Company	Target Description	Acquiring Company
3/3/2023	FlagHouse	Supplies equipment and resources for schools	School Specialty
3/2/2023	EPS School Specialty Division of School Specialty	Provides English language arts and math curriculum to schools	Cambridge Information Group; Excolere Equity Partners
3/2/2023	Teacher Synergy	Operates an online marketplace to buy, sell and share original educational materials	IXL Learning
3/1/2023	Blankenship Associates	Offers a wide variety of products for K-12 facilities, including design assistance and product discovery, accompanied by full delivery and installation services	MeTEOR Education
2/22/2023	Tools 4 Reading	Offers tools and training resources for educators to help bridge the gap between the science of reading and classroom practice	95 Percent Group
2/22/2023	Traffic Think Tank	Operates a leading education marketing company and community featuring premium content	Semrush
2/21/2023	Accelerate Learning	Provides digital resources for preK-12 science, technology, engineering and math education	The Carlyle Group; Providence Equity Partners
2/20/2023	UCHI.RU	Operates an online educational platform for students, parents and teachers	VK
2/16/2023	Enhanced Prep	Operates a virtual tutoring service provider, focused on test preparation	Study.com
2/10/2023	Kivuto Solutions	Provides digital educational content, software management and distribution solutions	Valsoft
2/9/2023	Winsor Learning	Provides online reading training and education courses	Imagine Learning
2/6/2023	Really Great Reading	Develops a web-based supplemental educational curriculum focused on foundational literacy skills for students grades K-3	Veronis Suhler Stevenson; The Vistria Group; A-Street Ventures
2/3/2023	MSB School Services	Provides software and consulting services for special education requirements	Craftsman Capital
2/3/2023	Academia Group	Operates as the leading information technology (IT) solutions provider specializing in education, public sector and business-to-business services	Uptime Institute
2/2/2023	Thesis	Develops administrative software for higher education institutions	SilverTree
2/2/2023	Talent Neuron	Develops a labor market analytics tool that helps human resources leaders make data-based decisions	Leeds Equity
1/31/2023	xSEL Labs	Operates an education platform that provides social-emotional assessments	7 Mindsets

SELECTED M&A TRANSACTION RECAP (CONT.)

Close	Target Company	Target Description	Acquiring Company
1/24/2023	TSG Training	Provides IT and software testing training courses	Progility
1/23/2023	Gabbart Communications	Offers website and content management services for schools	ParentSquare
1/20/2023	Transtech	Operates truck driving schools that provide commercial driving and license services	Polar Peak Capital
1/19/2023	Hubble Studios	Operates an e-learning company that develops custom online education content and technology	Noodle Partners
1/19/2023	TestOut	Develops training products and technologies that enable professionals to prepare for industry certification exams	CompTIA TCA Community
1/18/2023	BASE Education	Operates an online social-emotional education platform	7 Mindsets
1/17/2023	Accelebrate	Provides online and on-site customized application and web development training services	Axcel
1/17/2023	Catalyst Speech Language Pathology	Provides school-based speech-language pathology services	The Stepping Stones Group
1/16/2023	MEDCOF	Offers online medical courses	Wiser Educação
1/9/2023	Presidio Graduate School	Provides Master of Business Administration (MBA), Master of Public Administration (MPA) and Dual MBA / MPA degree programs	University of Redlands
1/9/2023	SoFlo SAT Tutoring	Offers online SAT / ACT test prep tutoring services	Higher Education Association
1/9/2023	Driving Dynamics	Offers corporate fleet driver training services	Smith System Driver Improvement Institute
1/9/2023	NurseTim	Provides a set of test preparation tools for faculty and students to prepare candidates for the Next Generation National Council Licensure Examination (NCLEX)	Wolters Kluwer Health
1/4/2023	Web Courseworks	Develops e-learning software for corporations, national associations and medical societies	Forj Software
1/3/2023	ProHealthcare CPD	Offers online learning education programs for dental professionals	Agilio Software
1/1/2023	Corporate IT training business of Centriq	Develops coding and IT training courses	Interface Technical Training

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 850 employees in more than 20 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, 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 www.lincolninternational.com.



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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 middle 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 services
- Education / Academic Publishers
- Institutions / Workforce Solutions

Advisory Services

Mergers & Acquisitions
Capital Advisory
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