



Education & Training M&A Update – Q2 2024



Education & Training M&A Update

Q2 2024

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Trevor Hulett

Managing Director
thulett@rlhulett.com

Ryan Hartman

Senior Analyst
rhartman@rlhulett.com

Charlie Meier

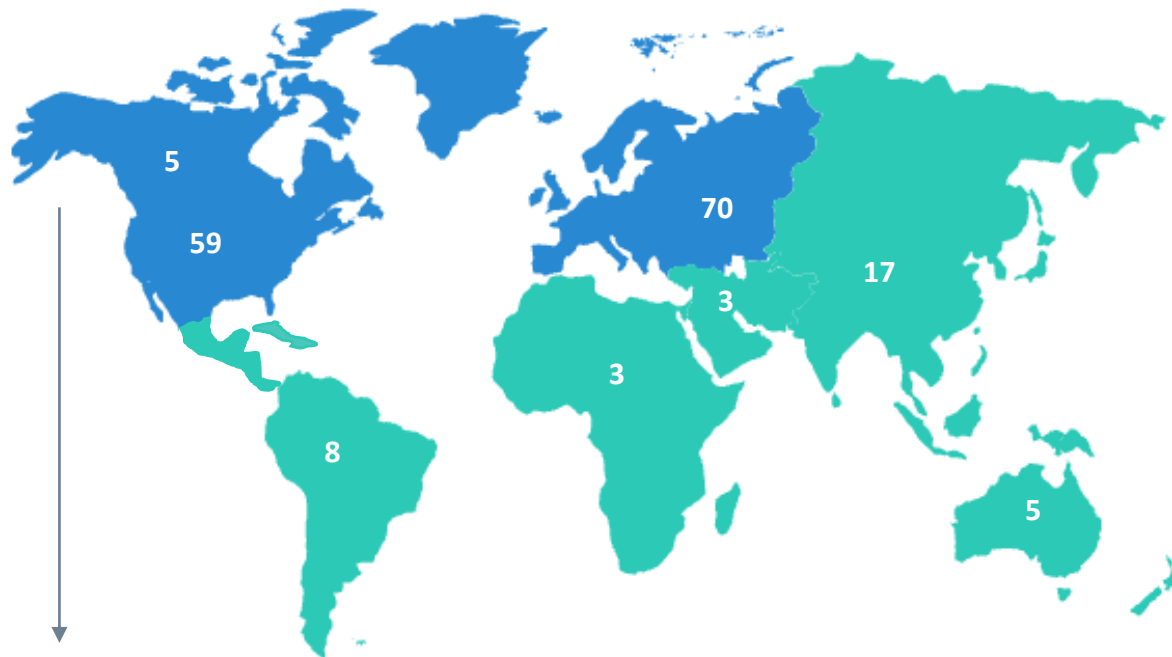
Analyst
cmeier@rlhulett.com

REPORT HIGHLIGHTS

- In Q2, the Education & Training sector index decreased by 7.6% and was outperformed by the S&P 500, which increased 4.1% over the same period.
- The median EV/EBITDA multiple for reported Strategic deals declined in 1H 2024 to 8.8x from 9.6x in 2023, and no Private Equity EV/EBITDA multiples were reported in 1H 2024.
- M&A deal volume remained steady at 170 deals in Q2 compared to the prior quarter, but decreased 31.2% from 247 in Q2 of the prior year.
- As a % of total capital invested in M&A transactions in 1H 2024, PE participation decreased to 48.8% from 44.0% in 2023.
- Europe was the most active region in Q2 with 70 deals. Most notably in the European market was Inspirit Capital's \$62.2 million acquisition of mthree in May 2024.

Global Deal Analytics

Of the 170 deals in the Education & Training sector in Q2, Europe was the most active with 70. Another notable European deal (in addition to the mthree deal mentioned on the previous page) was Kohlberg Kravis Roberts' \$42.9 million acquisition of Consilium Europe, a Prague-based operator of a private educational organization, in April 2024. North America was the second most active region with 64. All other regions combined for a total of 36 deals.



Canada: 5

■ 0-25 ■ 26+

United States Regions: 59

West Coast:	14
Southeast:	13
Mid Atlantic:	9
Great Lakes:	7
New England:	6
Other:	10

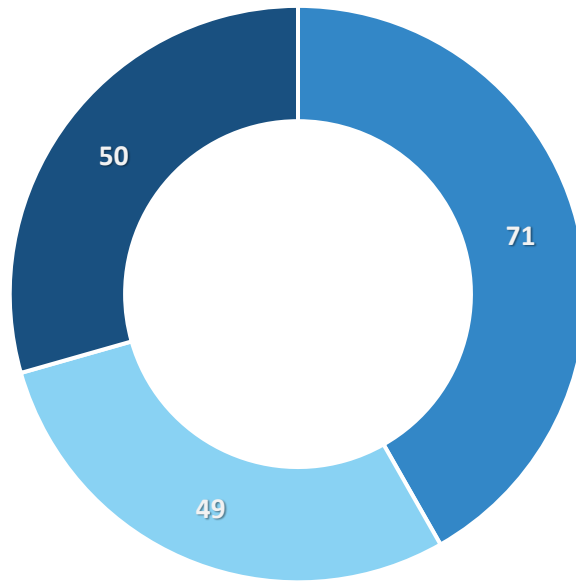
In the North American market, the West Coast region was the most active area with 14 deals, followed by the Southeast and Mid Atlantic which had 13 and 9 closed transactions, respectively. A notable deal in the Mid Atlantic region was Immersion Corporation's \$95.0 million investment into Barnes & Noble Education, a New Jersey-based operator of bookstores in colleges and university campuses, in June 2024. The Great Lakes and New England regions reported 7 and 6 transactions, respectively. All other regions totaled 10 closed transactions.

There were 5 transactions closed in Canada in Q2.

Global Deal Analytics

Of the 170 Education & Training deals in Q2, 71 were in the Education Training & Services (B2C) subsector, making it the most active subsector in the industry from an M&A standpoint. EdTech was the second most active with 50 deals, followed by Education & Training Services (B2B) with 49 completed transactions.

Deal by Subsector



■ Education Training & Services (B2C)

■ Education Training & Services (B2B)

■ EdTech

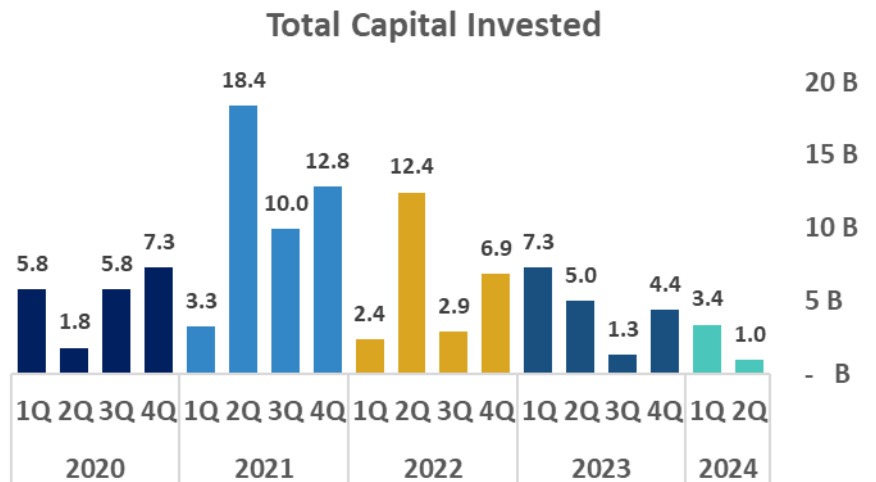
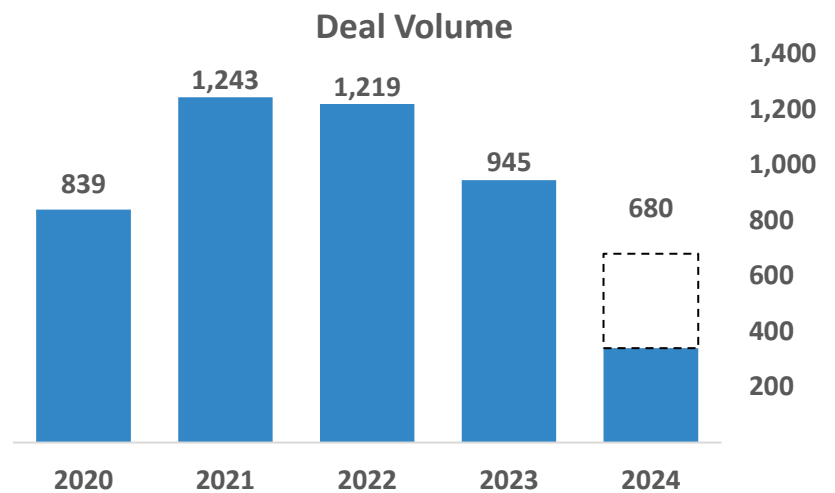
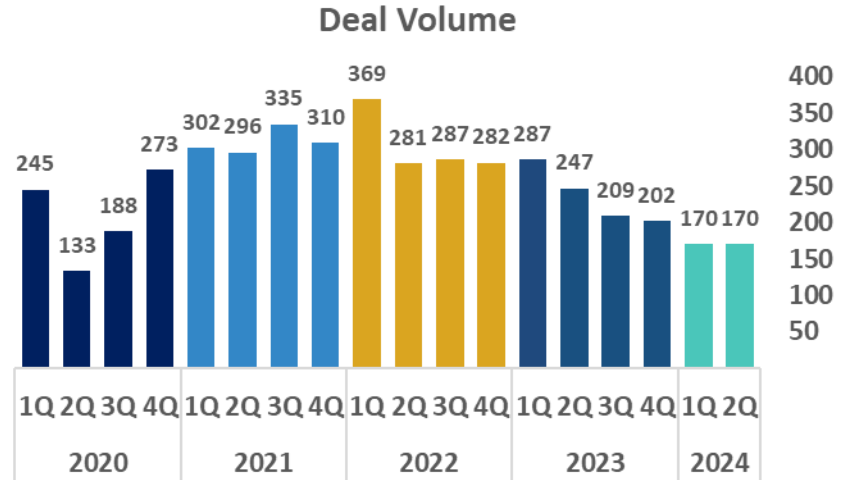


Global Deal Analytics

Deal volume in the Education & Training sector remained steady at 170 deals in Q2 compared to the prior quarter, but decreased 31.2% from 247 in Q2 of the prior year. Q2 reflects a stabilization of the trend in declining deal volume seen since Q1 2023.

Based on activity through Q2, M&A deal volume is anticipated to decrease 28.0% to 680 deals in 2024 from 945 in 2023. We attribute this decrease to an unusual spike in M&A activity in the sector in 2021 and 2022 in large part from covid shutdowns and an increase in remote work and remote learning fueling demand for online education and training businesses. Additionally, retiring baby boomers are leaving a void of skilled workers driving demand for investment into the sector.

Despite quarterly deal volume remaining steady, total capital invested in M&A deals in the Education & Training sector decreased 70.6% in Q2 to \$1.0B from \$3.4B in Q1, and decreased 80.0% from \$5.0B in Q2 of the prior year. Q2 marks the lowest level of capital investment in M&A in over four years and is illustrative of challenging capital markets and a shift in mix toward smaller-sized deals.



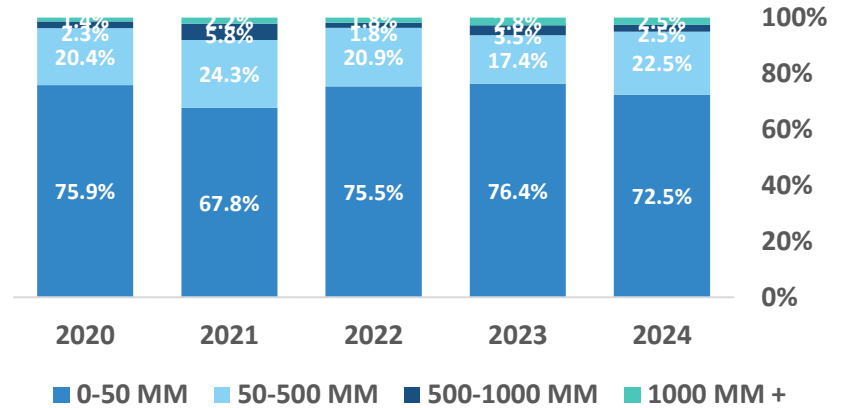
Global Deal Analytics

In general, we saw a shift towards smaller-sized deals in 1H 2024, specifically in the middle market (\$50 - \$500 MM), which increased to 22.5% from 17.4% in the prior year. The upper middle (\$500 - \$1000 MM) and large cap (\$1000 MM+) tranches of the market each saw decreases to 2.5% in 1H from 3.5% and 2.8% in 2023, respectively. The lower middle market (\$0 - \$50 MM) decreased slightly to 72.5% from 76.4% in the prior year.

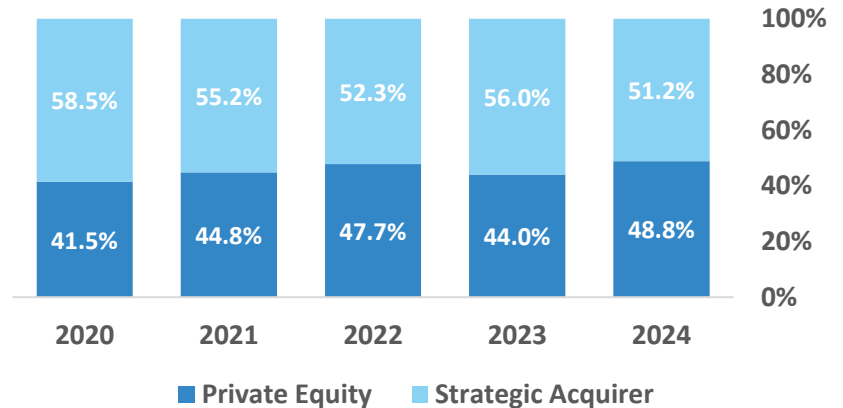
As a % of total deal volume, PE buyers trended higher in 1H 2024 relative to strategic buyers, representing 48.8% of deal volume in the sector and up from 44.0% in 2023. 1H 2024 marks the highest percentage of PE deal volume in over four years.

Despite the uptick in deal volume, total capital invested by PE investors (as a % of overall capital invested) decreased in 1H 2024 to 72.6% from 83.1% in 2023. This decrease in capital invested by PE buyers is primarily a result of Goldman Sachs Asset Management’s \$1.7 billion LBO of Kahoot!, a Norwegian developer of a game-based learning platform, in January 2023. Comparatively, the largest deal in 1H was Novacap’s \$324.0 million acquisition of AdTheorent Holding Co in June 2024.

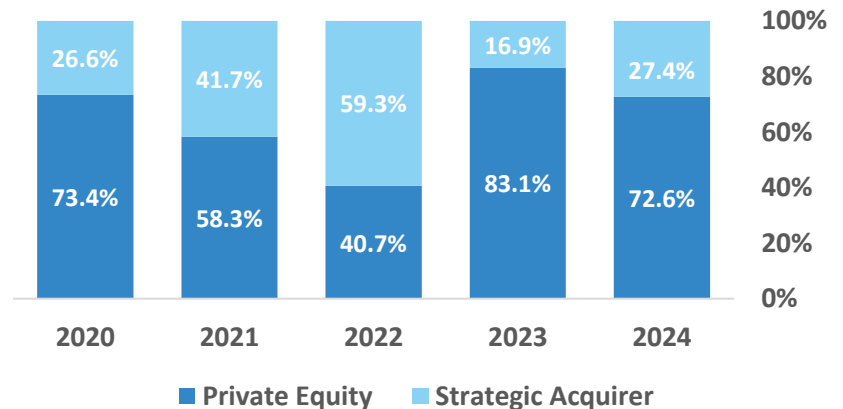
Deal Volume by Deal Size



Deal Volume by Acquirer

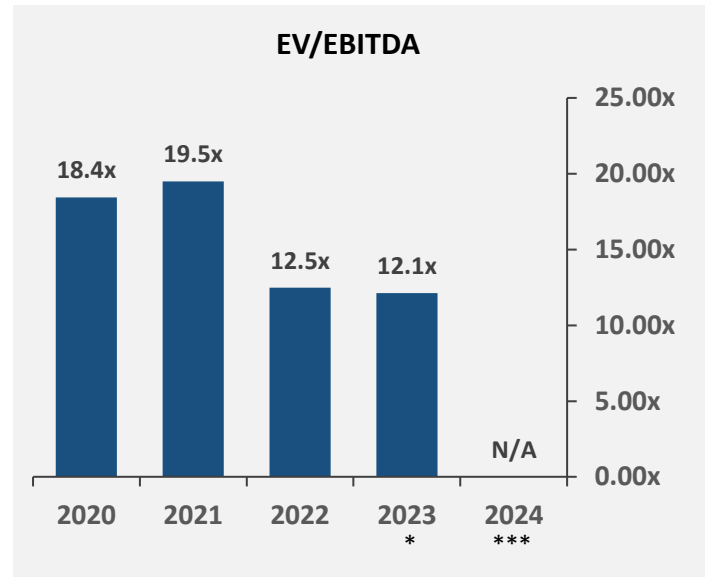
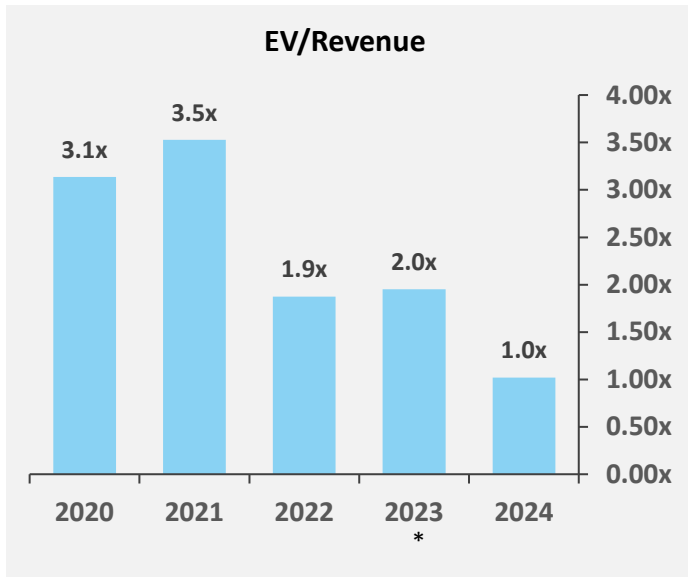


Total Capital Invested by Acquirer

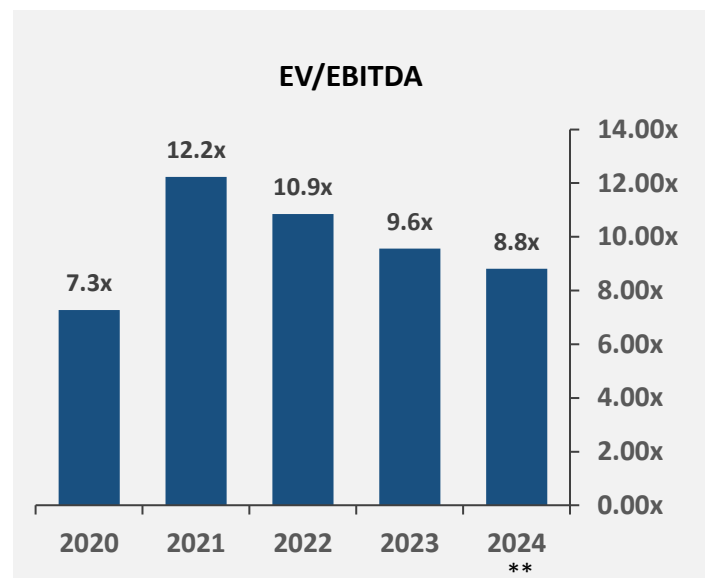
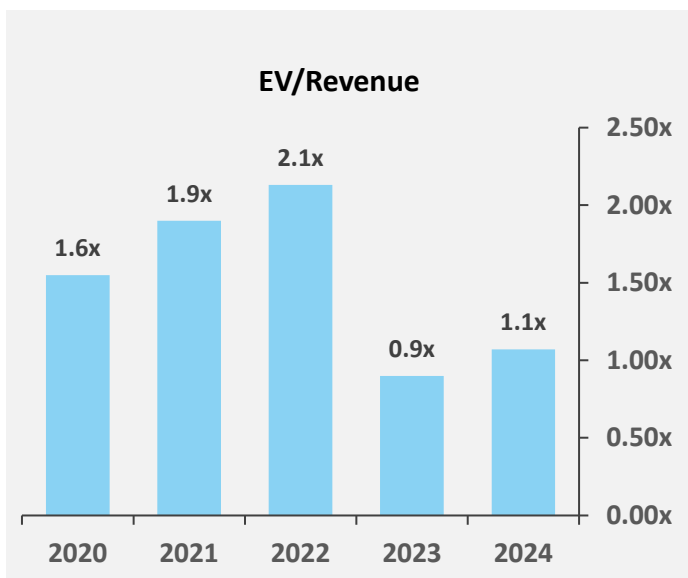


Valuation Multiples

Private Equity Multiples



Strategic Multiples









* Private Equity Revenue/EBITDA & EV/EBITDA multiples exclude outliers
 ** Strategic EV/EBITDA multiple excludes outliers
 *** No Private Equity EV/EBITDA multiples were reported in 1H 2024

Largest Deals (Completed)

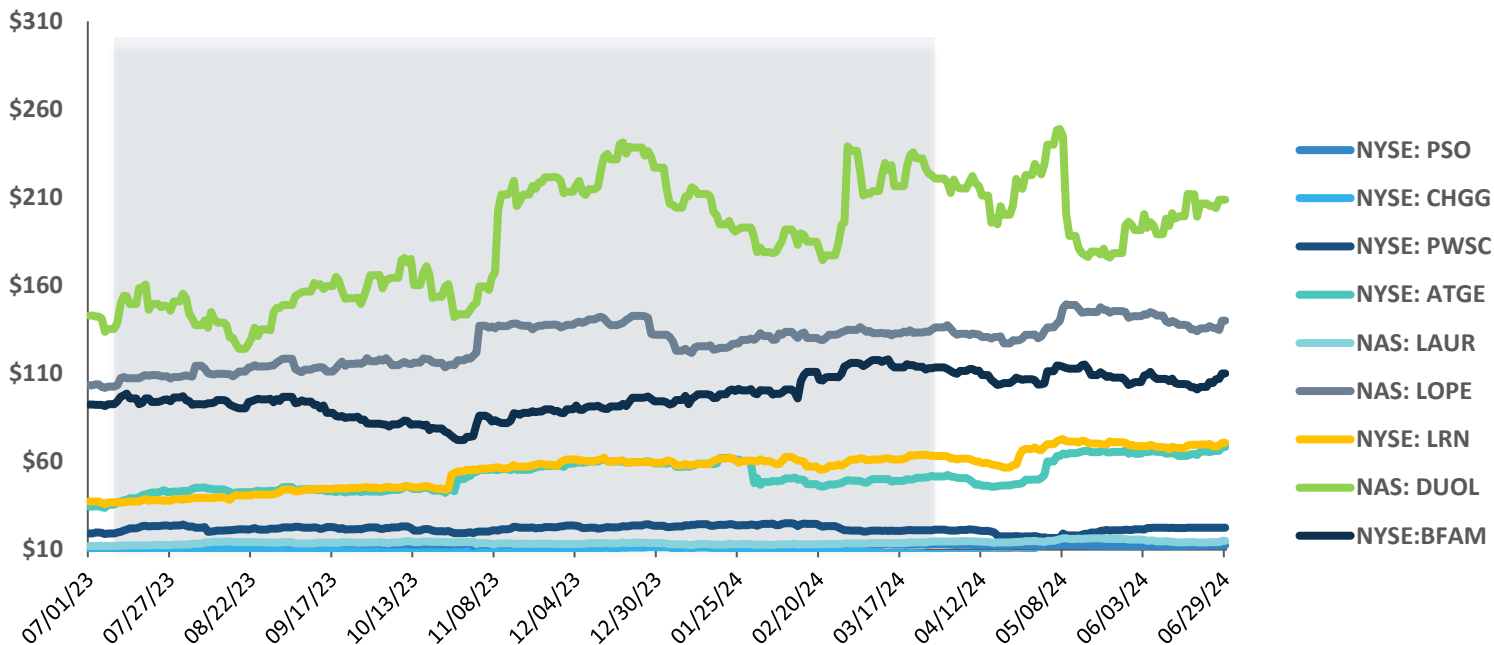
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
27-Jun-2024	FieldEd	Digit'Ed	Buyout/LBO	\$ 17.2			Provider of educational services to train professionals of different legal entities.
25-Jun-2024	Logzgroup	isLand LLC	Corporate	1.1			Provider of employment services for people with disabilities.
24-Jun-2024	TutorOcean	Federal Economic Development Agency for Southern Ontario	Corporate	1.0			Operator of an online global learning platform designed for learners and tutors to connect anytime and anywhere.
21-Jun-2024	AdTheorent Holding Company	Cadent	Buyout/LBO	324.0	1.47x		Operator of a digital media platform company that focuses on digital advertising campaigns.
10-Jun-2024	Barnes & Noble Education	Immersion Corporation	PIPE	95.0			Operator of bookstores in college and university campuses across the United States.
06-Jun-2024	Pinhais Teaching Center	Grupo Positivo	Merger/Acquisition	184.0			Provider of educational and training services.
06-Jun-2024	UNIFAPI	Cruzeiro do Sul Educacional	Merger/Acquisition	35.6			Provider of higher education services intended to meet the needs of students.
06-Jun-2024	Alchemist Learning and Development	Horizon Capital	Buyout/LBO	25.4			Provider of training and development services.
31-May-2024	mthree	Inspirit Capital	Buyout/LBO	62.2			Provider of educational training services intended to address the IT skills gap.
28-May-2024	Scentia	Next Capital	Buyout/LBO	98.0			Operator of educational institutions intended to serve students and fresher working professionals.
28-May-2024	Newton Paiva Ferreira Cultural Institute	Yduqs	Merger/Acquisition	9.6			Provider of educational and training services.
24-May-2024	Zartis	Development Capital	PE Growth/Expansion	10.7			Operator of a technology consulting firm intended to manage demand for specialised software development services.
20-May-2024	SAM Labs	Undisclosed Investor	PE Growth/Expansion	1.5			Developer of an e-learning platform designed to empower educators to teach coding and computational skills.
19-May-2024	POP Academy	Undisclosed Investor	Corporate	0.2			Operator of an online training platform catering to the real estate sector.
17-May-2024	Twenty-four seven	Inayoshi Capital Partners	Buyout/LBO	8.4	0.45x		Operator of a personal training business.
10-May-2024	Mabway	Calian Group	Merger/Acquisition	29.9			Provider of manpower, simulation, and training services intended to serve customers across the defense, maritime and railway sectors.
08-May-2024	UBIQ Education	Blackbaud	Corporate	5.0			Developer of software solutions for education to make teaching more effective and efficient.
09-Apr-2024	Consilium Europe	Dukes Education, Kohlberg Kravis Roberts	Buyout/LBO	42.9			Operator of a private educational organization.
Mean				52.9	0.96x	N/A	
Median				21.3	0.96x	N/A	
High				324.0	1.47x	N/A	
Low				0.2	0.45x	N/A	

Leading M&A Deals (Completed)

Deals	Deal Synopsis	Driver
 	<p>Scentia, an Australian operator of educational and professional training institutions, was acquired by Next Capital through a \$98.0 million LBO in May 2024. The acquisition diversifies Next Capital's portfolio of companies by providing exposure to the education and training services sector.</p>	<p>Buyout/LBO</p>
 	<p>In June 2024, Inspirit Capital ("Inspirit") acquired Wiley Edge, a London-based provider of hire, train and deploy ("HTD") talent solutions and a subsidiary of John Wiley & Sons, through a \$62.2 million LBO. Following the acquisition, Wiley Edge was rebranded as mthree. This expands Inspirit's education and training portfolio, which previously included only Inspiro, a UK-based provider of adult education services.</p>	<p>Buyout/LBO</p>
<p>UNIFAPI</p> 	<p>UNIFAPI, a Brazilian provider of higher education services, was acquired by Cruzeiro do Sul Educacional ("CDSE") for \$35.6 million in June 2024. This acquisition allows CDSE to expand its operations to the east side of Brazil and adds 154 medical education courses to the portfolio.</p>	<p>Merger/ Acquisition</p>
 <p>Undisclosed Investor</p>	<p>Barnes & Noble Education ("BNED"), a New Jersey-based operator of bookstores in college and university campuses, received \$95.0 million of development capital through a private placement in June 2024. BNED said the deal can eliminate about \$34 million of debt through equitization of second lien term loans, reflecting the strong support of key strategic partners.</p>	<p>PIPE</p>

Public Comps

Stock Price



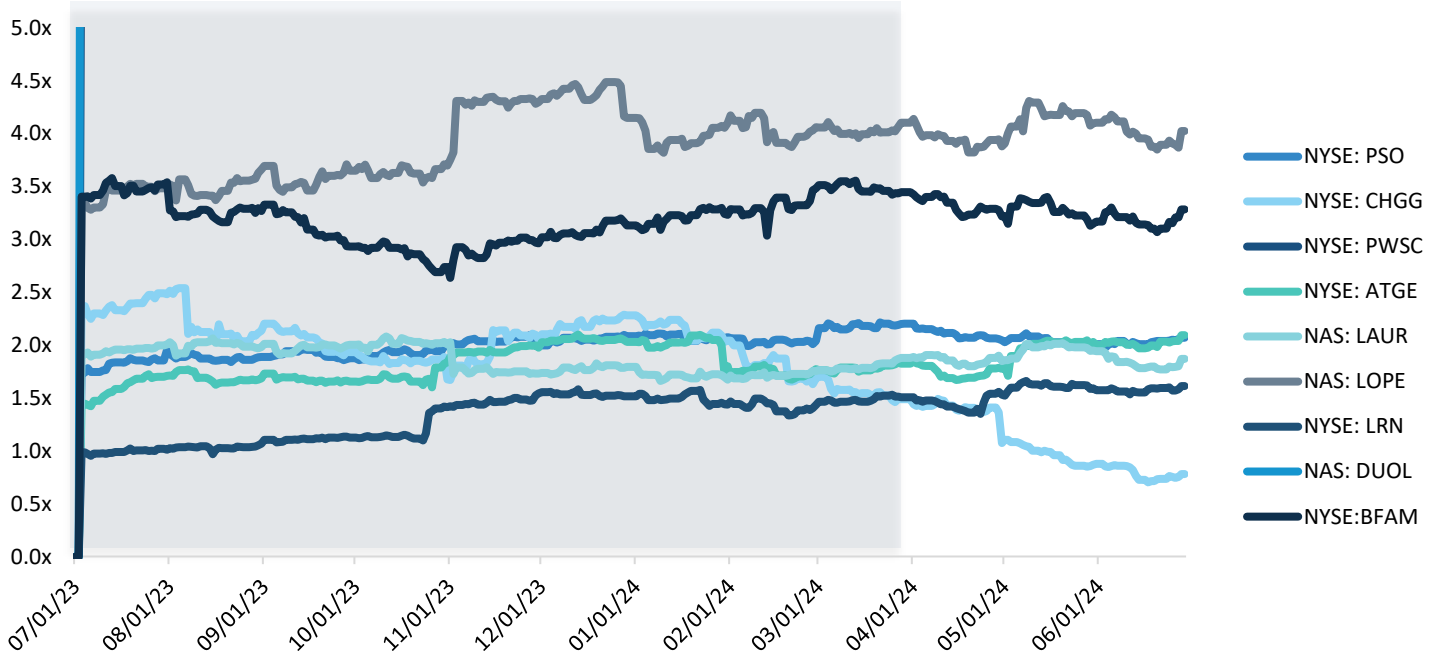
Financial & Valuation

\$MM	Company	Ticker	Stock Price	Market Cap	Total Debt	EV/Revenue			EV/EBITDA			Revenue Growth			EBITDA Margin		
						22A	23A	24F	22A	23A	24F	22A	23A	24F	22A	23A	24F
	Pearson	NYSE: PSO	13	8,902	1,479	1.6x	1.9x	2.0x	7.6x	8.3x	9.8x	-1%	3%	3%	33%	27%	22%
	Chegg	NYSE: CHGG	8	780	618	5.7x	4.5x	4.2x	42.1x	15.8x	12.6x	37%	-1%	-4%	15%	27%	26%
	PowerSchool Group	NYSE: PWSC	21	3,444	838	7.1x	7.8x	6.9x	33.3x	42.7x	21.9x	N/A	16%	13%	21%	18%	34%
	Adtalem Global Education	NYSE: ATGE	52	2,030	897	2.5x	1.5x	1.6x	13.7x	7.2x	6.4x	10%	50%	9%	15%	22%	23%
	Laureate Education	NAS: LAUR	15	2,285	583	0.9x	1.4x	1.3x	58.9x	6.2x	4.6x	-1%	11%	5%	2%	23%	29%
	Grand Canyon Education	NAS: LOPE	135	4,050	99	4.0x	3.6x	3.4x	11.4x	11.6x	11.1x	8%	2%	7%	35%	31%	32%
	Stride (Herndon)	NYSE: LRN	63	2,746	542	1.1x	1.0x	1.0x	9.5x	7.3x	6.5x	36%	9%	11%	12%	14%	18%
	Duolingo	NAS: DUOL	223	9,542	25	15.2x	6.8x	5.0x	N/A	N/A	103.0x	N/A	50%	37%	-22%	-17%	24%
	Bright Horizons Family Solutions	NYSE:BFAM	113	6,540	1,860	5.4x	2.9x	2.5x	42.3x	22.5x	15.2x	1%	17%	10%	13%	13%	15%

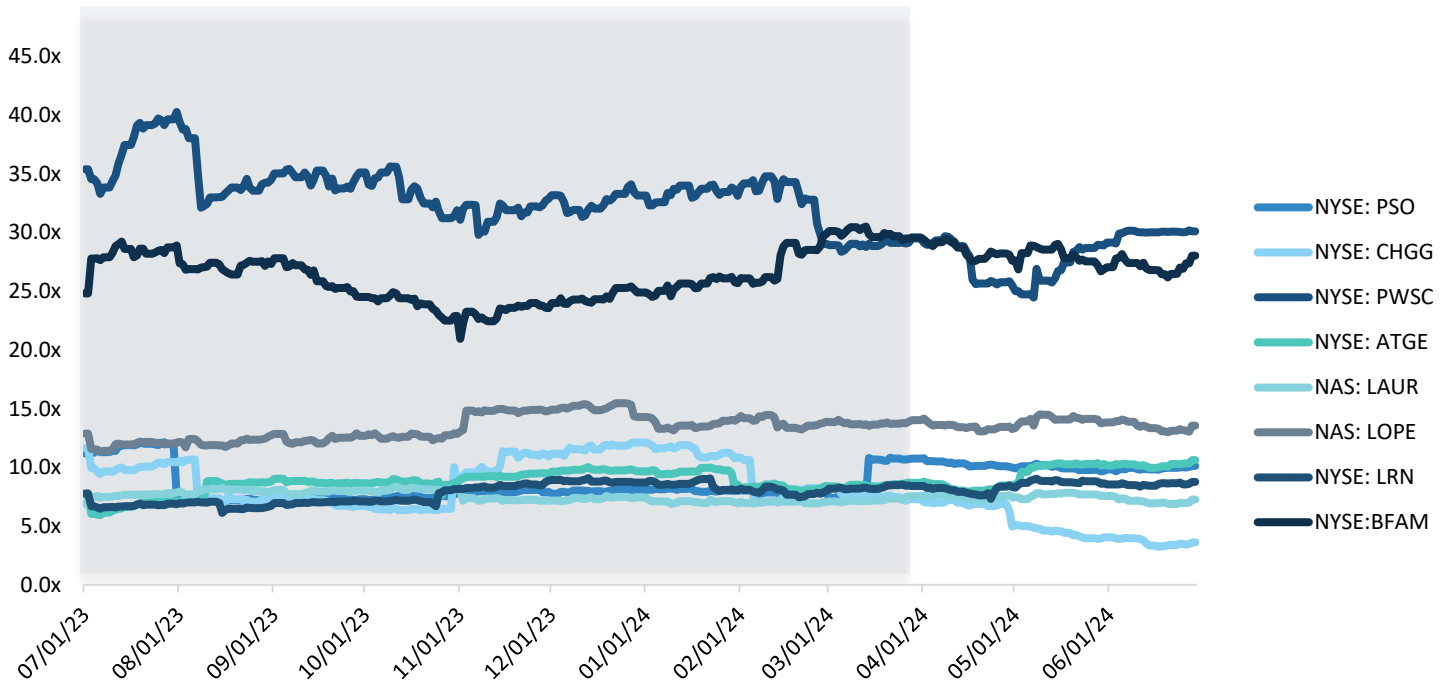
Mean						4.8x	3.5x	3.1x	27.3x	15.2x	21.2x	12.8%	17.6%	10.1%	13.7%	17.5%	24.9%
Median						4.0x	2.9x	2.5x	23.5x	10.0x	11.1x	7.9%	10.9%	9.3%	14.8%	21.8%	23.9%

Public Comps

EV/Revenue



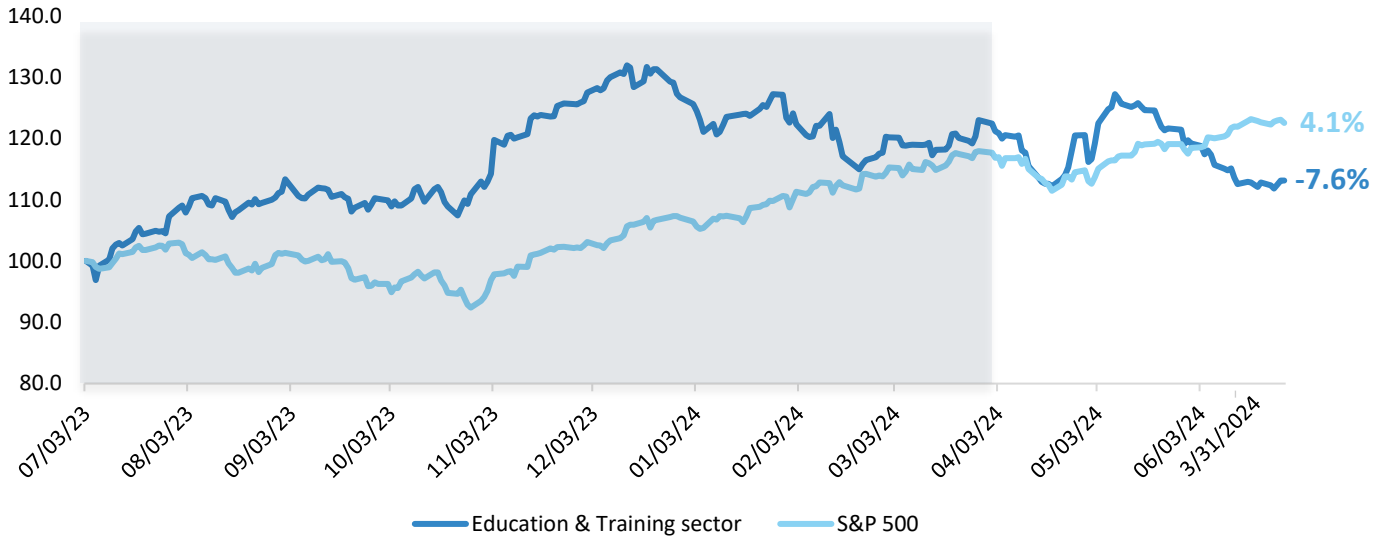
EV/EBITDA



Public Markets

Index Performance

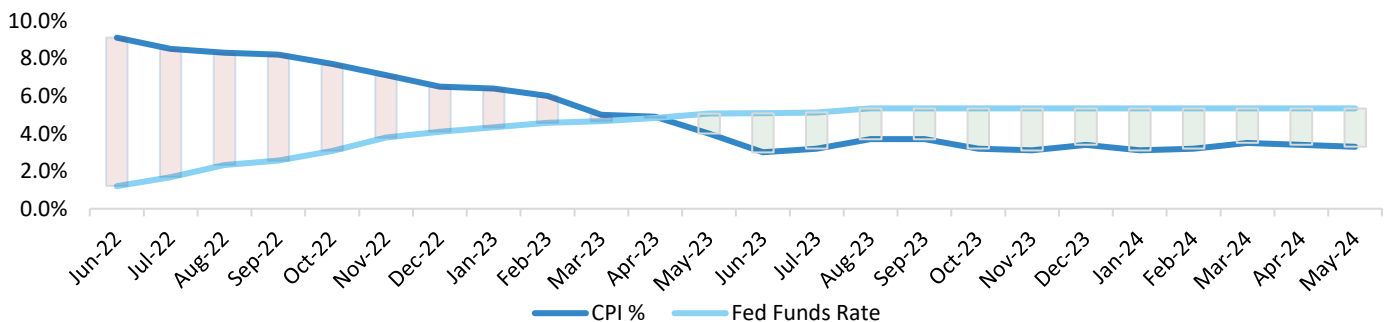
In Q2, the Education & Training sector index decreased 7.6% and was outperformed by the S&P 500 index, which increased 4.1% over the same period.



Key External Drivers

Overall, the Education & Training industry tends to be less volatile in the broader economy than other industries because of its inherent stability due to consistent demand for educational services regardless of economic fluctuations.

The Federal Reserve is anticipated to keep interest rates elevated after a higher-than-expected jobs report from May showing 272.0K jobs were added to the U.S. labor market. A strong jobs report indicates that consumers will have more disposable income, causing higher consumer spending that can elevate inflation. As a result of the strong jobs data, many economists have adjusted their forecasts from 3 rate cuts in 2024 to only 1 by the end of the year with a possibility of the first cut arriving as early as September. The May consumer price index (“CPI”) consensus for the upcoming June Federal Reserve meeting estimates a year-over-year increase of 3.4%, matching April’s gain. Along with their prediction that interest rates will not be cut in June, economists also claim that a rate hike would be too risky and would rock the markets. If the Federal Reserve cuts rates in 2024, the impact of lower borrowing costs may narrow the gap between the price sellers are willing to accept and the proposed purchase price offered by buyers in M&A transactions. Although we anticipate the Fed’s rate cuts to have a positive impact on M&A volume in the sector, uncertainty surrounding the Fed’s decision will likely have a dampening effect on deal volume over the next quarter.



Industry Trends

Online Education

U.S. Economic Strength Fuels Online Education Market Growth

The robust U.S. economy has contributed to the growth of the online education market. A thriving job market and increasing competition for skilled workers drive individuals to enhance their qualifications. Online education, being convenient and cost-effective, provides an appealing solution for acquiring advanced skills or obtaining degrees. Revenue in the online education market is projected to grow from \$87.5 billion in 2024 to \$144.3 billion by 2029, with a CAGR of 10.52%.



Employee Well-Being

Training Programs Including Mental Health

Learning about mental health in the workplace teaches employees how to identify and handle different mental health issues, and the training is very important to employees. A study by Pathways shows that nine out of 10 employees are concerned with burnout, and the same study also shows that over 30% of employees have a high level of concern for their stress and anxiety levels. These mental health issues affect employees' personal lives and their ability work.



Hybrid Work

How Companies Can Thrive as a Hybrid Workplace

Hybrid workplaces combine both remote and in-person working, offering flexibility to support either style. This blend offers employees more freedom and a better work-life balance, which could positively affect their productivity and engagement. 42% of current remote workers would look for a different job if theirs stopped offering remote work. Companies can benefit from a hybrid workplace as they could reduce their overhead costs with smaller offices or moving to smaller cities.



Upskilling and Reskilling

Why Continually Bettering Your Employees is Essential

Businesses benefit from talented employees, and upskilling and reskilling can increase employee efficiency and productivity. These two process benefit employees, making them more knowledgeable and versatile. Better employees make for better companies as well. Employees can assume higher roles and make positive differences in companies after learning more through upskilling or reskilling.



Our Service Offerings



Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L. Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.



Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Selected Transactions

Over the years, R.L. Hulett has completed hundreds of transactions in a wide variety of industries. Below are several relevant transactions in the Education & Training sector. Please note that this list is not comprehensive.

BYL

has acquired



 R. L. Hulett



has been acquired by



 R. L. Hulett



has sold substantially all of its assets to



 R. L. Hulett

Companies Served



Investors



Cottonwood Acquisitions



Our M&A Deal Leaders



R. Trevor Hulett, CPA
Managing Director
(314) 721-0607 x112
thulett@rlhulett.com

Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
Chairman Emeritus
(314) 721-0607 x134
rlhulett@rlhulett.com

Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.

Our M&A Deal Leaders



Ron Litton
Director
(816) 810-0799
rlitton@rlhulett.com

Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included Education & Training, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



David T. Vass
Director
(314) 721-0607 x115
dvass@rlhulett.com

Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.

Our M&A Deal Leaders



Ryan Hartman
Senior Analyst
(314) 721-8027
rhartman@rlhulett.com

Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree in Finance from The Freeman School of Business, Tulane University. Prior to joining the firm, Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



Charlie Meier
Analyst
(314) 721-8027
cmeier@rlhulett.com

Charlie provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. He graduated with a Bachelor of Science in Business Administration Degree with a major in finance and banking from the Trulaske College of Business, University of Missouri. Prior to joining the firm, Charlie worked as an investment analyst for the University of Missouri's Investment Fund Management Program. During his time at University of Missouri, Charlie was elected as Recruitment Chairman for the Phi Delta Theta Fraternity and took extensive courses in Banking.



Lynda Hulett
Marketing
(314) 721-0607 x 104
lhulett@rlhulett.com

Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.

About R.L. Hulett

R.L. Hulett is a middle-market investment bank based in St. Louis, Missouri, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 275 transactions in a variety of industries including Education & Training, food & beverage, packaging, business services, transportation & logistics, healthcare and software/tech-enabled services. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Industry Sectors Covered:



Education & Training



Food & Beverage



Transportation & Logistics



Business Services



Tech-enabled Services



Healthcare

Disclaimer

The data in this document has been derived from PitchBook Data and has been compiled by R.L. Hulett. This document is strictly for illustrative purposes only. The data presented in this document is not comprehensive and should not be used for benchmarking, valuation, or for any other decision making. R.L. Hulett accepts no responsibility for loss or damage caused by dependence on the information in this document.



Trusted Advisors.

Tenacious Advocates.

R.L. Hulett

8000 Maryland Avenue, Suite 650

St. Louis, Missouri 63105

Email: thulett@rlhulett.com

Phone: 314.721.0607