EDUCATION INDUSTRY

1ST HALF 2022 :: Mergers and Acquisitions Trend Report

1ST HALF 2022 KEY HIGHLIGHTS

• The largest transaction year-to-date was Veritas Capital’s acquisition of Houghton Mifflin Harcourt (HMH), a provider of K-12 core, supplemental, intervention, and professional learning solutions, for $2.67 billion.

• The most active acquirer in 1st Half 2022 either directly or through an affiliated business was The Riverside Company with five industry deals: Actando SA, Yukon Training, DSG Consulting, Augusoft, and Signal Vine.

• K-12 Media and Tech was the industry’s most active market segment in 1st Half 2022 with 52 transactions.

1ST HALF 2022 KEY TRENDS

• Total transaction volume in 1st Half 2022 decreased by two percent over 2nd Half 2021, from 218 to 213.

• In terms of acquirer type, strategic volume improved four percent on a half year basis, from 137 to 143. Private equity volume fell 14 percent, from 81 to 70.

• Total transaction value in 1st Half 2022 declined 30 percent over 2nd Half 2021, from $10.51 billion to $7.36 billion.

• The median revenue multiple from 2nd Half 2021 to 1st Half 2022 remained constant at 2.2x.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,108 Education transactions between 2020 and 1st Half 2022, of which 210 disclosed financial terms, and calculated the aggregate transaction value to be $49.34 billion. Based on known transaction values, we project the values of 898 undisclosed transactions to be $8.45 billion, totaling $57.79 billion worth of transactions tracked over the past two and a half years.

Transactions from 1st Half 2020 to 1st Half 2022 with enterprise values in the $10-$20 million range had a median revenue multiple of 1.5x, whereas those in the $20-$160 million range garnered a median revenue multiple of 2.8x and those above $160 million had a median revenue multiple of 6.1x.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.5x revenue and 9.2x EBITDA.
Transaction Analysis :: January 1, 2022 – June 30, 2022

**Figure 3.** Shows the distribution of Education transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of $4.5 to $33.1 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2022 at $7.4 billion.

* Indicates largest industry transaction from Jan. 1, 2022 to June 30, 2022.

**Figure 4.** Presents the data depicted in the bell curve histogram.

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**Strategic vs. Financial Comparison**

**M&A Dynamics By Transaction Type - 1st Half**

<table>
<thead>
<tr>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1</td>
<td>41%</td>
</tr>
<tr>
<td>$5</td>
<td>32%</td>
</tr>
<tr>
<td>$20</td>
<td>59%</td>
</tr>
<tr>
<td>$40</td>
<td>68%</td>
</tr>
</tbody>
</table>

- **Financial Transactions**
- **Strategic Transactions**

**Transaction Type By Half Year**

- **Strategic Transactions**
- **Financial Transactions**

**Note:** Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.
Top Ten Notable Transactions - 1st Half 2022

<table>
<thead>
<tr>
<th>Deal Date</th>
<th>Target Name</th>
<th>Buyer</th>
<th>Value MM US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/23/22</td>
<td>Houghton Mifflin Harcourt</td>
<td>Veritas Capital</td>
<td>$2,671</td>
</tr>
<tr>
<td>01/04/22</td>
<td>EverFi, Inc.</td>
<td>Blackbaud, Inc.</td>
<td>$750</td>
</tr>
<tr>
<td>01/24/22</td>
<td>Becker Professional Education</td>
<td>Colibri Group</td>
<td>$500</td>
</tr>
<tr>
<td>05/04/22</td>
<td>Only About Children</td>
<td>Bright Horizons Family Solutions</td>
<td>$320</td>
</tr>
<tr>
<td>06/08/22</td>
<td>International Medical University</td>
<td>The Rise Fund</td>
<td>$307</td>
</tr>
<tr>
<td>06/08/22</td>
<td>K12 learning content business from Pearson plc</td>
<td>Sanoma Oyj</td>
<td>$204</td>
</tr>
<tr>
<td>06/13/22</td>
<td>SumTotal Systems, Inc.</td>
<td>Cornerstone OnDemand, Inc.</td>
<td>$200</td>
</tr>
<tr>
<td>01/31/22</td>
<td>InfoSec Institute Inc.</td>
<td>Cengage Learning</td>
<td>$191</td>
</tr>
<tr>
<td>05/25/22</td>
<td>TutorMe.com</td>
<td>GoGuardian</td>
<td>$55</td>
</tr>
<tr>
<td>05/03/22</td>
<td>Qustodio</td>
<td>Family Zone Cyber Safety</td>
<td>$52</td>
</tr>
</tbody>
</table>

2022 Aggregate Transaction Value $7,363
Top 10 Aggregate Transaction Value $5,249
Top 10 Aggregate Value as a Percentage of All Transactions 71%

Figure 7. Lists the top ten transactions for 1st Half 2022 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figures 1 & 4.

Note: Transaction data based on announced date.

Median EV/Revenue Multiples By Size

Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from January 1, 2020 to June 30, 2022 based on publicly available data.

Transaction Volume by Segment :: January 1, 2020 – June 30, 2022

Figure 9. Presents transaction volume by market segment within the Education Industry from January 1, 2020 through June 30, 2022.
Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, services, and technology industries. The firm has initiated, managed, and closed more than 500 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, and education markets.

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All charts in this report are based on data gathered by Berkery Noyes’ research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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