



EDUCATION INDUSTRY

FULL YEAR 2022 :: Mergers and Acquisitions Trend Report

2022 KEY HIGHLIGHTS

- The largest deal in 2022 was the sale of KnowBe4, a provider of the world's largest security awareness training and simulated phishing platform, to Vista Equity Partners, with an acquisition price of \$4.10 billion.
- There were 142 financially sponsored transactions in 2022, with an aggregate value of \$12.21 billion, representing 32 percent of the total volume and 60 percent of the total value, respectively.

2022 KEY TRENDS

- Total transaction volume in 2022 decreased by four percent over 2021, from 465 to 446.
- Total transaction value in 2022 decreased by 34 percent over 2021, from \$30.89 billion to \$20.35 billion, which was in line with its 2020 level.
- The median revenue multiple decreased from 4.1x in 2021 to 1.6x in 2022.
- Nearly one-third of companies sold in 2022 received transaction values between \$4 million to \$20 million.

M&A MARKET OVERVIEW

Berkery Noyes tracked 1,344 Education transactions between 2020 and 2022, of which 241 disclosed financial terms, and calculated the aggregate value to be \$59.00 billion. Based on known transaction values, we project values of 1,103 undisclosed transactions to be \$13.40 billion, totaling \$72.39 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.4x revenue and 8.8x EBITDA.

Over the past three years, deals in the \$10-\$20 million range received a median enterprise value multiple of 1.3x revenue compared to 6.2x revenue for those in the \$160 million and above range.

M&A Market Dynamics

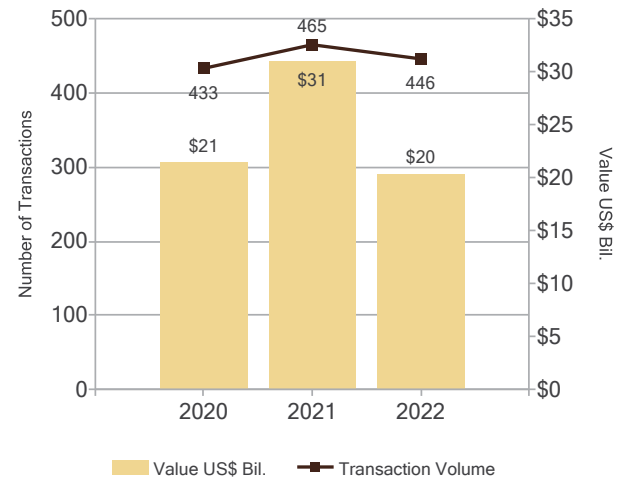


Figure 1. 2020-2022 value and volume comparison.

Median Enterprise Value Multiples

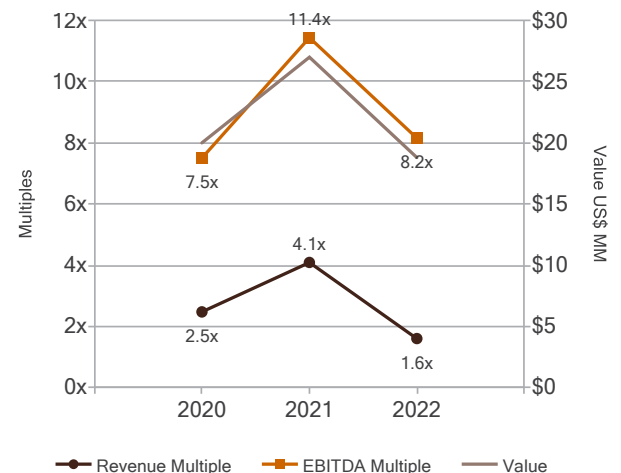


Figure 2. 2020-2022 median value and revenue comparison.

Transaction Analysis :: January 1, 2022 – December 31, 2022

Bell Curve - Histogram

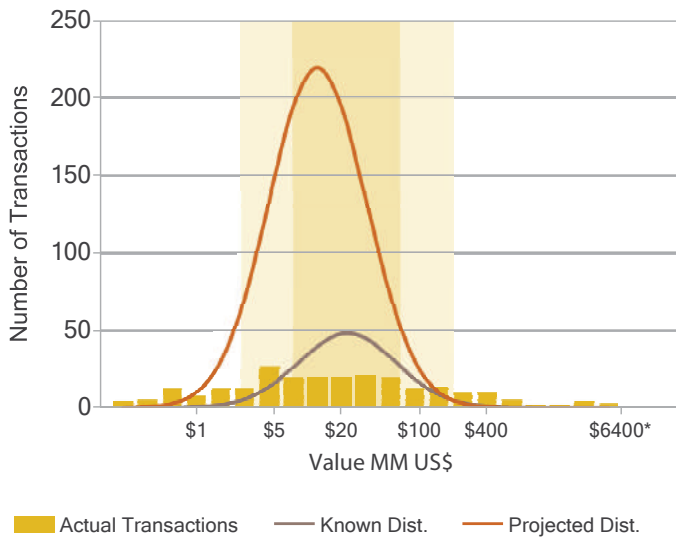


Figure 3. Shows distribution of transactions among the Education Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2022 at \$72.4 billion.

* Indicates largest transaction in the industry from Jan. 1, 2022 to Dec. 31, 2022

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	4	0	4	2 %	2 %
\$0.4	5	0	5	2 %	4 %
\$0.6	12	2	14	5 %	9 %
\$1.0	8	10	17	3 %	12 %
\$1.6	12	30	41	5 %	17 %
\$2.7	12	72	83	5 %	22 %
\$4.5	27	134	160	11 %	33 %
\$7.4	19	194	213	8 %	41 %
\$12.2	20	220	240	8 %	49 %
\$20.1	20	194	213	8 %	58 %
\$33.1	21	133	154	9 %	66 %
\$54.6	19	71	90	8 %	74 %
\$90.0	12	30	41	5 %	79 %
\$148.4	14	10	23	6 %	85 %
\$244.7	10	2	12	4 %	89 %
\$403.4	10	0	10	4 %	93 %
\$665.1	5	0	5	2 %	95 %
\$1,096.6	2	0	2	1 %	96 %
\$1,808.0	1	0	1	0 %	97 %
\$2,981.0	4	0	4	2 %	98 %
\$4,914.8	3	0	3	1 %	100 %
Total #	241	1103	1344		
Total \$ Value	\$58,995	\$13,396	\$72,391		
Middle 3rd of Industry		Middle 2/3rds of Industry			

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

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type

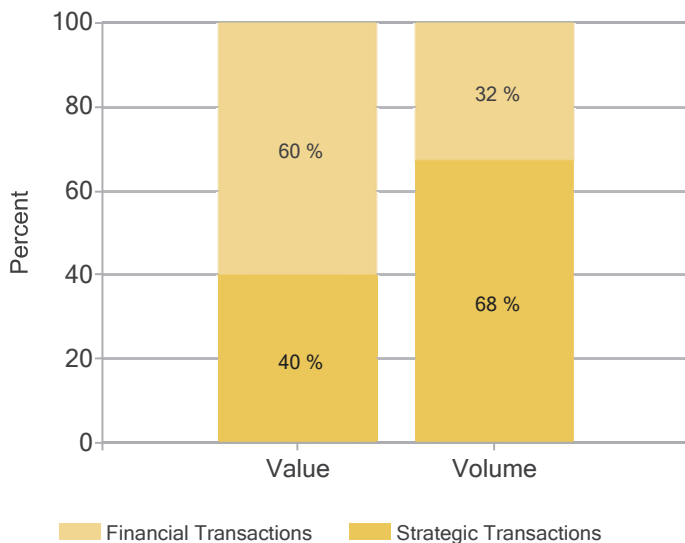


Figure 5. 2020-2022 value and volume comparison by acquirer type.

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.

Transaction Type

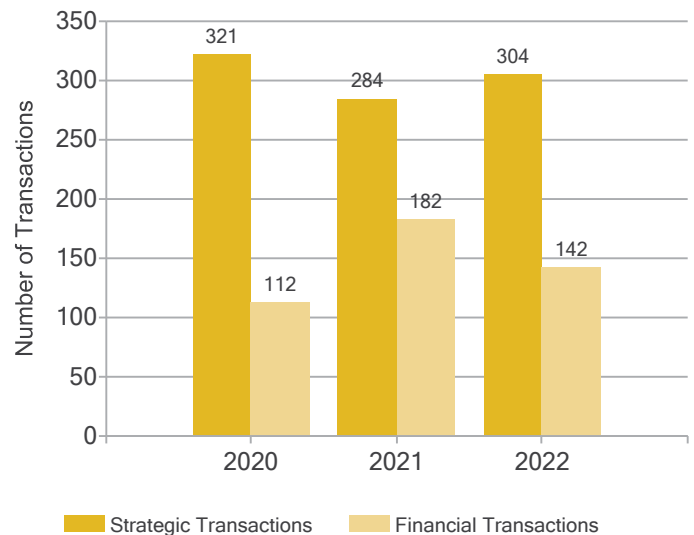


Figure 6. 2020-2022 acquirer type comparison by year.

Purchaser Analysis

Top Ten Notable Transactions 2022

Deal Date	Target Name	Buyer	Value MM US\$
10/12/22	KnowBe4	Vista Equity Partners	\$4,100
08/30/22	Frontline Education	Roper Technologies, Inc.	\$3,375
02/23/22	Houghton Mifflin Harcourt	Veritas Capital	\$2,671
10/12/22	BrainPOP LLC.	Kirkbi A/S	\$875
01/04/22	EverFi, Inc.	Blackbaud, Inc.	\$750
01/24/22	Becker Professional Education	Colibri Group	\$500
05/04/22	Only About Children	Bright Horizons Family Solutions	\$320
06/08/22	International Medical University	The Rise Fund	\$307
06/08/22	K12 learning content business from Pearson plc	Sanoma Oyj	\$204
06/13/22	SumTotal Systems, Inc.	Cornerstone OnDemand, Inc.	\$200
2022 Aggregate Transaction Value			\$20,351
Top 10 Aggregate Transaction Value			\$13,301
Top 10 Aggregate Value as a Percentage of All Transactions			65 %

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

Note: Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

Median EV/Revenue Multiples by Size

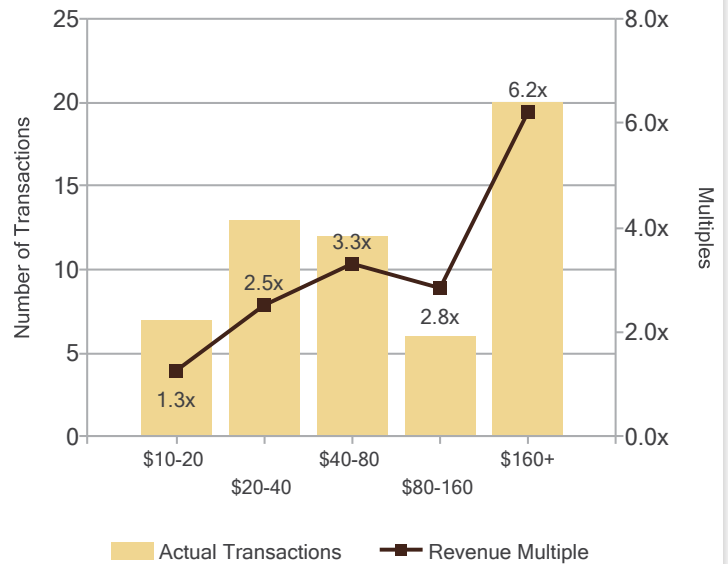


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Education Industry from Jan. 1, 2020 to Dec. 31, 2022 based on publicly available sales price and revenue data.

Transaction Volume by Segment :: January 1, 2020 – December 31, 2022

Transactions By Market Segment

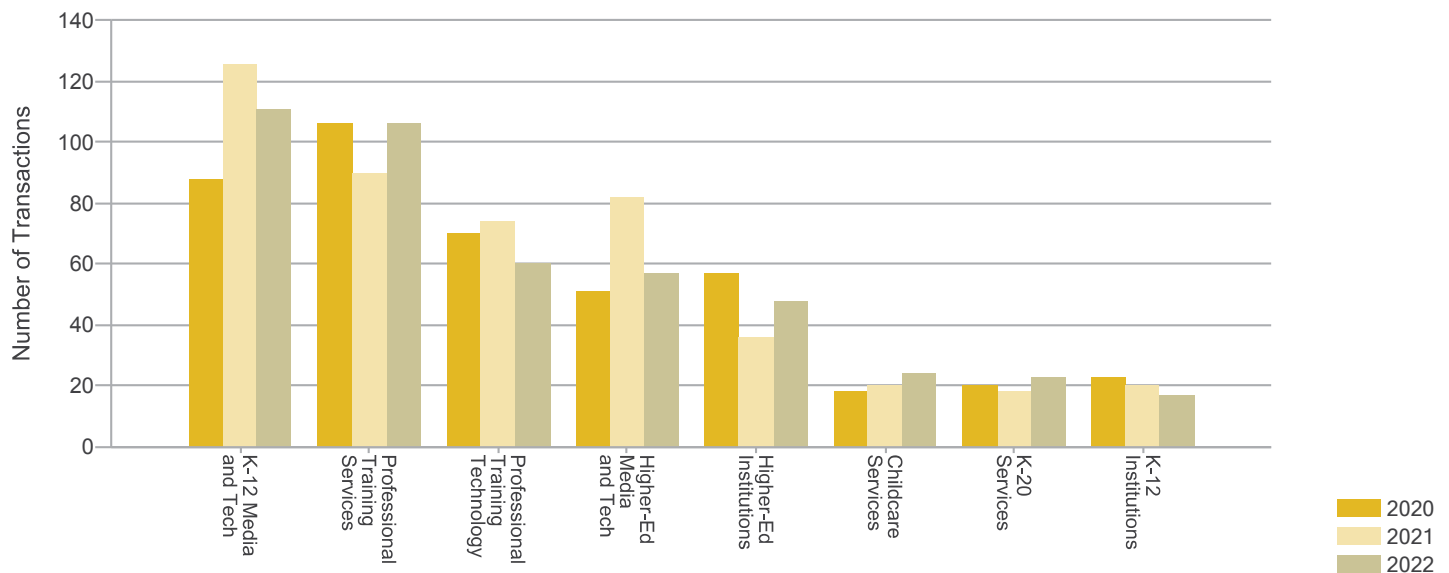


Figure 9. Presents transaction volume by market segment within the Education Industry from Jan. 1, 2020 through Dec. 31, 2022.

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