



EdTech M&A Market Overview

SUMMER 2024



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01.

EDTECH M&A MARKET OVERVIEW

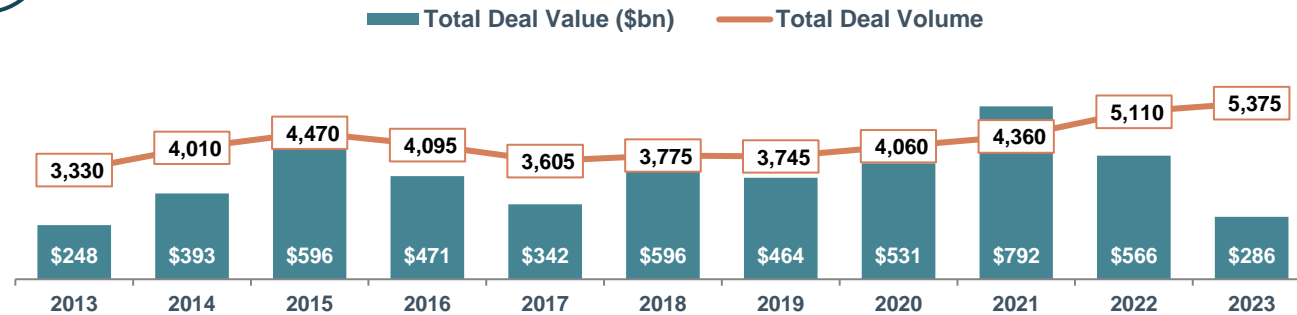




2024 Technology M&A Market Outlook



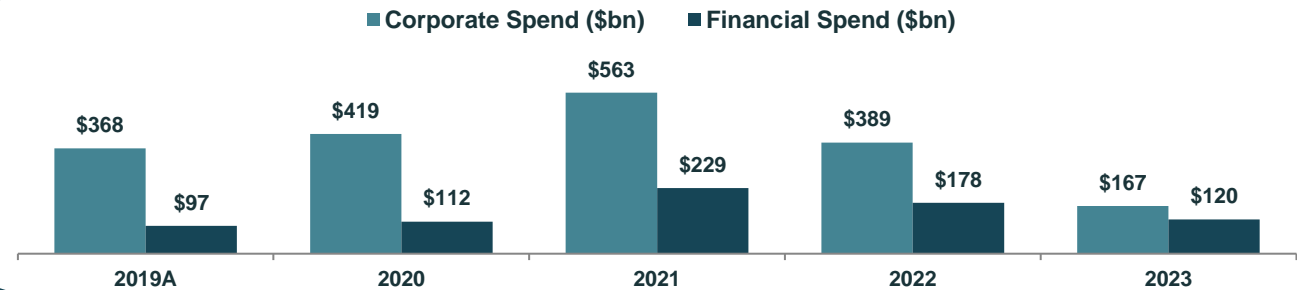
Recent Annual Tech M&A Activity



According to S&P Global's latest Tech M&A Outlook Survey, dealmakers are far less concerned in 2024 about acquisitions being derailed by factors such as inflation and growth, compared to 2023, offering an optimistic view of 2024 deal activity



Recent Tech M&A Spending, Corporate vs. Financial

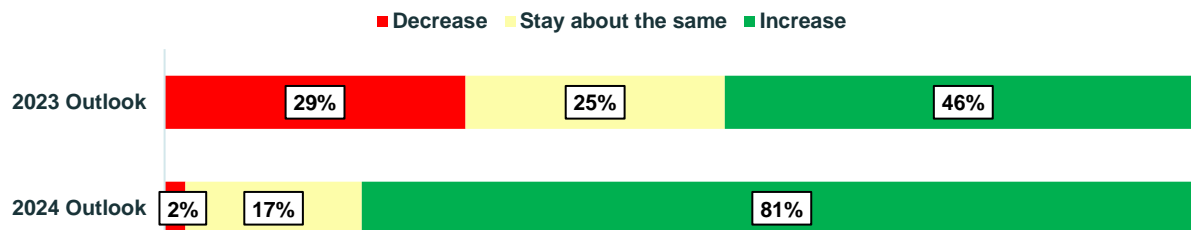


Corporate acquirers are expected to complete a majority of tech M&A transaction in 2024. The absence of corporate acquirers in 2023 was a major factor in the 50% decline in tech transaction deal value from 2022 to 2023



2024 Tech M&A Activity Outlook

Forecasted Change for Tech M&A Activity in Coming Year



81% of dealmakers expect an acceleration in tech M&A activity in 2024, an increase of 35%, representing a significantly more bullish market outlook compared to 2023



EdTech Market Landscape

Student Support (Supplemental Curriculum)

Multiple Subjects	Coding	Language	Core Curriculum	STEM
Online Content	Performance Management	Parent Engagement		
Large Market Players	Learning Management Systems	Student Support (College / Career Readiness)		

Other EdTech Categories

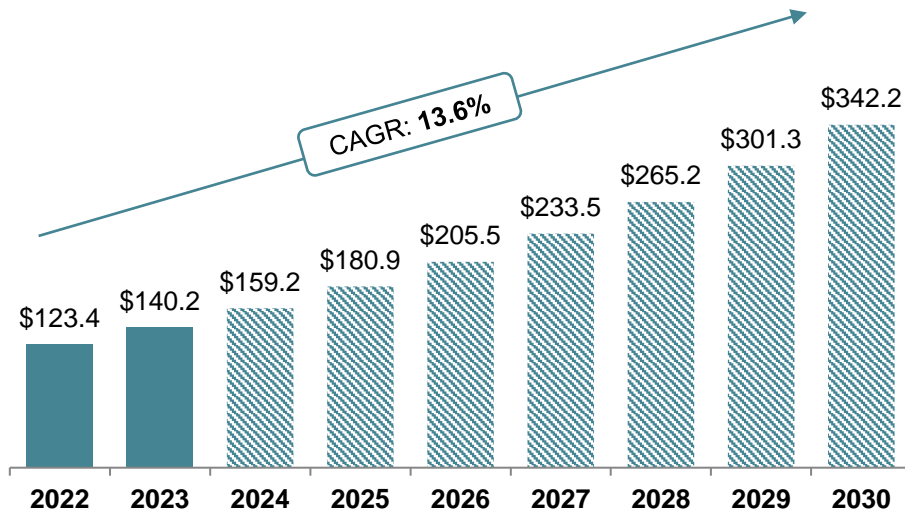
- Early Education
- Learner Records & Credentialing
- Authoring Tools
- Opt-In Development
- Student Information Systems
- Infrastructure
- SEL & Behavior Support
- Student Safety
- Instructional Tools



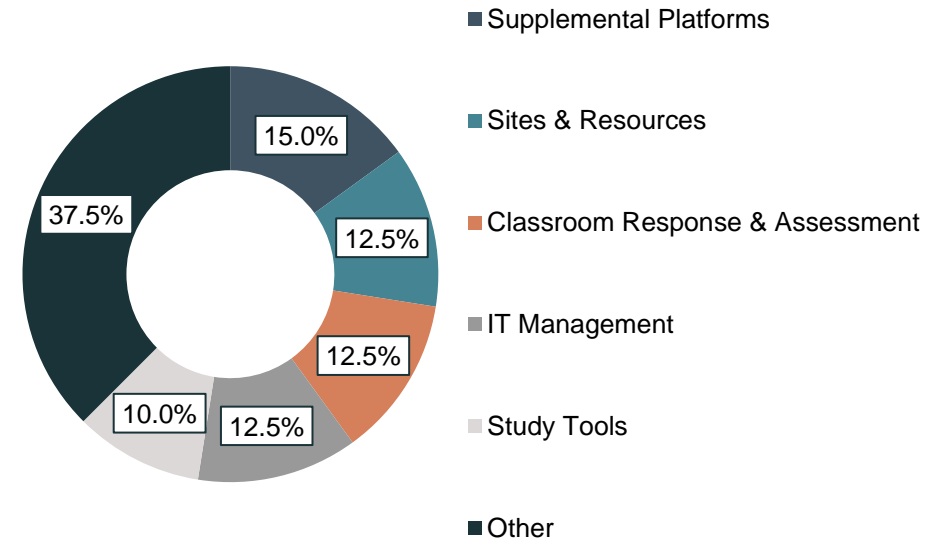
EdTech Market Overview and Key Trends

The EdTech market will continue to see growth, as companies and educators alike are utilizing technology to enhance teaching and learning

Global EdTech Market Size (\$B)



EdTech Solutions Most Used by Students 2022-2023



Key EdTech Trends



Increase of Microlearning

60% of people learn from Tik Tok, YouTube, or Instagram, highlighting a shift in where people learn new information



Smart Classroom

The introduction of the smart classroom is driving demand for multimedia and graphics solutions



Consolidation of Key Players

Large EdTech players have been consolidating and partnering together to gain scale and efficiency



Reskilling and Upskilling

Companies are focused on reskilling and upskilling their workers to develop and retain top talent

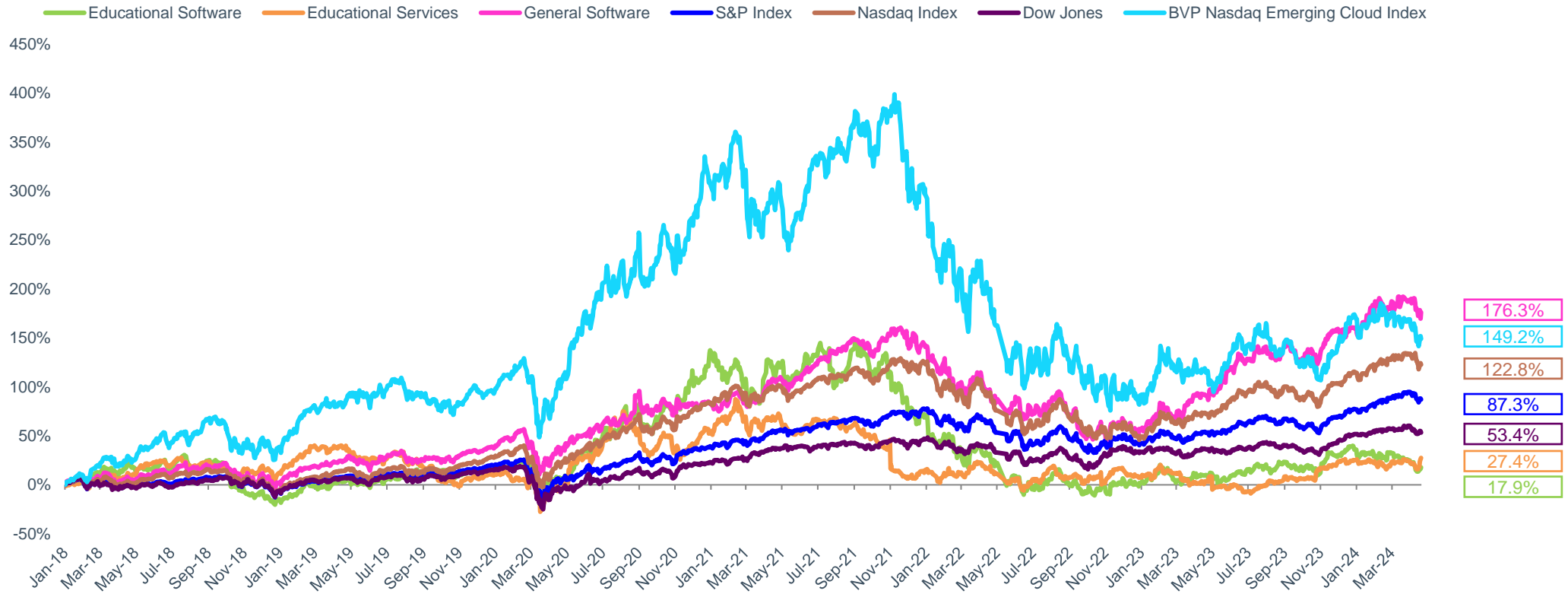


Technological Advancement

EdTech solutions will evolve along with advancement in the latest technologies such as AI/ML and AR/VR



Public Market Performance Since 2018



Educational Software

blackbaud[®] coursera[®]
 D2L docebo[®]
 INSTRUCTURE PowerSchool
 skillsoft[®] tyler technologies
 udemy

Educational Services

2U[®] 3P Learning
 Chegg Pearson
 PERDOCEO EDUCATION CORPORATION[®] SCHOLASTIC

General Software

Alphabet Adobe
 IBM Meta
 Microsoft ORACLE
 salesforce

BVP Nasdaq Emerging Cloud Index
 Tracks the performance of 67 publicly traded SaaS companies

Nasdaq Index
 Tracks the composite of stocks listed on the Nasdaq Exchange

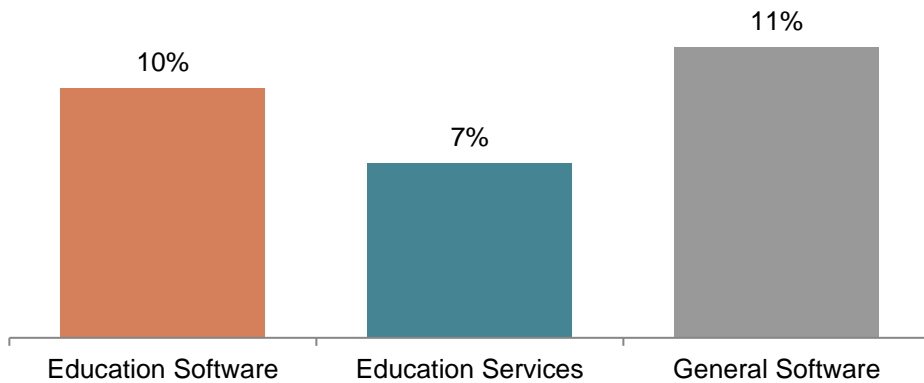
S&P Index
 Tracks the 500 largest public companies in the U.S.

Dow Jones
 Tracks 30 of the largest U.S. companies

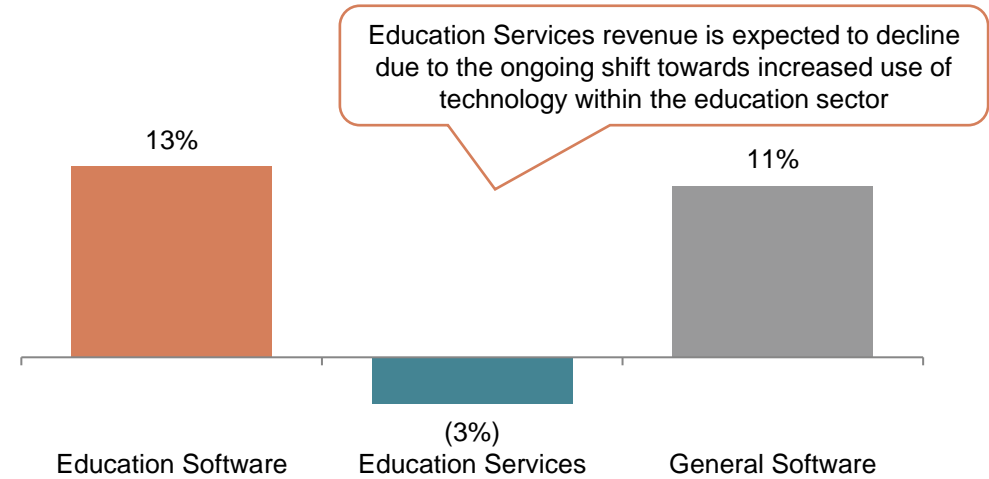


Industry Benchmarking

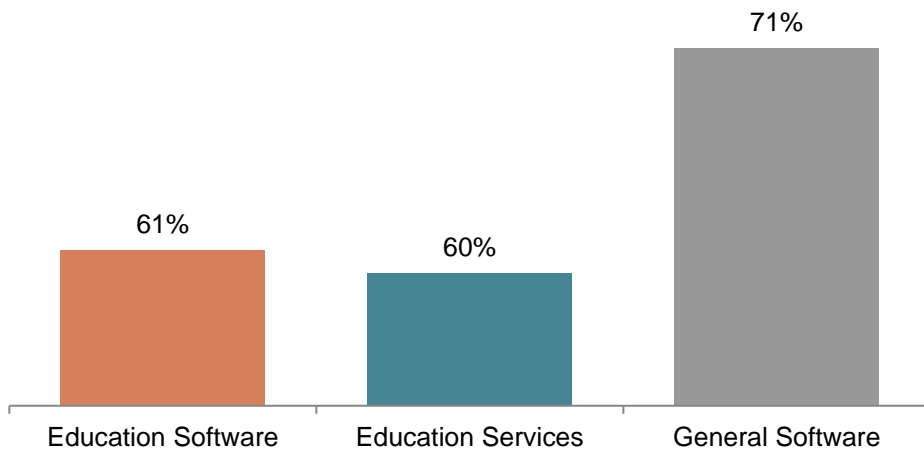
Revenue Growth (CY 2023A)



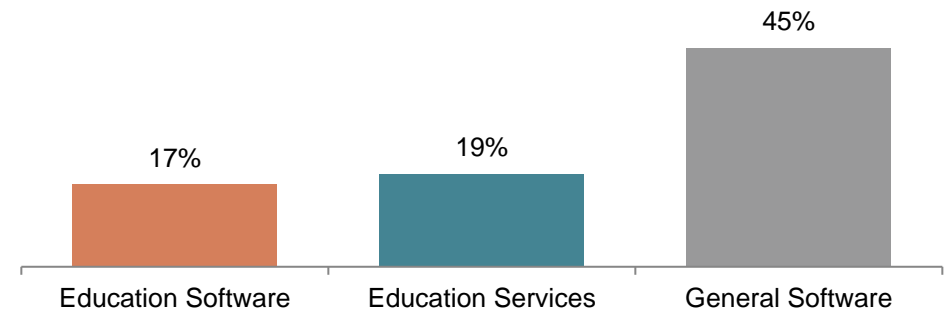
Revenue Growth (CY 2024E)



Gross Margin (CY 2023A)



EBITDA Margin (CY 2023A)



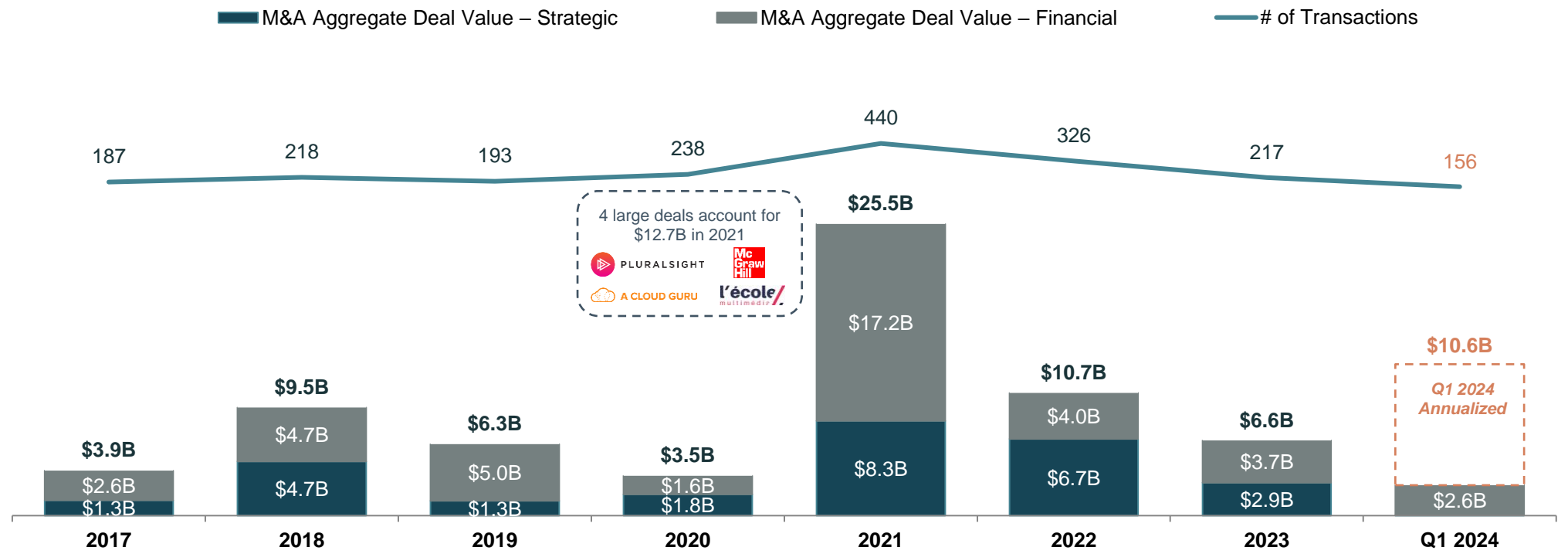
* Illustrative of the Public Comps on pg.22



EdTech M&A Activity

Though 2022 and 2023 saw declines relative to the record-breaking dealmaking activity in 2021, both years were above pre-pandemic averages, and 2024 is set to rebound amid industry-wide growth

Global EdTech M&A Activity



Median EV / Revenue Multiple

3.7x	3.4x	6.5x	3.2x	2.5x	1.5x	3.4x	4.1x
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Median Enterprise Value

\$11.2M	\$23.7M	\$22.9M	\$11.9M	\$18.1M	\$12.8M	\$11.6M	\$31.0M
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EdTech M&A Observations

The education software and technology market remains a highly active M&A segment with diverse buyer categories, including education software leaders, industry participants, and financial investors

Consolidation of Smaller Platforms / Niche Offerings



- Industry leaders in EdTech are acquiring smaller competitors to gain specific capabilities
- Some private equity-backed acquirers are seeking to consolidate fragmented markets via roll-up strategies

Education Companies Acquiring Education Technology



- Traditional education sectors spanning publishing, K-12 schooling, education services, etc. are all acquiring technology to expand service offerings
- Can be synergistic with core offerings and often acquired based on a thesis of accelerating buyer growth

Continued Private Equity Interest in Building Platforms



- Private equity has been engaged in platform investments, as well as tuck-in acquisitions to build scale
- Attracted by industry-specific dynamics, such as revenue visibility, customer relationships, and ability to cross-sell related offerings

Date	Acquirer	Target	Target Abstract
Feb-24	SAVVAS LEARNING COMPANY	Outlier	Online education platform offering college-level courses
Feb-24	HMH VERITAS CAPITAL	Writable	Guided writing practice and learning management platform
Aug-23	DISCOVERY EDUCATION	dreambox LEARNING	Digital learning management platform
May-23	HMH VERITAS CAPITAL	Classcraft	Gamified education platform
Dec-22	McGraw Hill <i>Platinum Equity</i>	Boards & Beyond	Online medical exam learning platform

Date	Acquirer	Target	Target Abstract
Feb-24	ClickView	Streamable Learning	Live educational video content platform
Oct-23	PowerSchool	SchoolMessenger	On-demand communication platform for the K-12 market
Jun-23	docebo	edugoi	Developer of AI system to support learning of second language
Mar-23	PAPER	Readlee	Speech-integrated reading improvement platform
Mar-23	SAVVAS LEARNING COMPANY	Who's Reading	Reading comprehension improvement platform

Date	Acquirer	Target	Target Abstract
Mar-24	ellucian Blackstone	EDUNAV	Student learning and optimization software
Sep-23	LEVEL DATA bv	RADA	Software solutions provider for State education institutions
Jul-23	GENERAL ATLANTIC	Kahoot!	Game-based learning platform
Apr-23	Five Arrows <i>Principal Investments</i>	n2y	Cloud-based special education publishing platform
Feb-23	PROVIDENCE EQUITY PARTNERS	Accelerate LEARNING	Developer of STEM curriculum products



Illustrative EdTech Investor Universe

Established Traditional Education Players



Digital-First Education Platforms



Observations

- **2023's Weaker Public Markets and M&A Slowdown:** With turbulent markets and a slowdown in spending, many public companies experienced valuation compression over the past year, leading to limited M&A appetite
- **Improving Market Conditions:** As markets improve, however, there are good signals of willingness to explore inorganic strategies
- **Public Trading Impacts M&A Valuations:** The stronger public trading multiples are, generally the easier it is for companies to pursue higher M&A valuations, if the rationale can be supported

Education-Focused Venture & Growth Equity Partners



02.

MERIDIAN TECHNOLOGY INVESTMENT BANKING OVERVIEW





Meridian Capital Technology Investment Banking

Meridian Capital leverages deep industry knowledge to execute complex and important transactions for middle market founder-focused clients

Meridian Capital by the Numbers

275+ transactions completed

\$1B and less for transaction values

8 industry practice groups

30 countries via Global M&A Partners

Meridian Technology Practice Areas



Software



Tech-Enabled Services



Internet



Hardware / Systems



Semiconductors

Representative Transactions

<p>Professional Publications, Inc.</p> <p>- Acquired by -</p>	<p>Frontdesk*</p> <p>- Received an investment by -</p> <p>Investor Consortium</p>	<p>Hilti*</p> <p>- Buy-side Advisory -</p>	<p>Imprev</p> <p>- Acquired by -</p>
<p>Rainmaker LRO*</p> <p>- Acquired by -</p>	<p>Office Ally</p> <p>- Acquired by -</p>	<p>OneStream*</p> <p>- Received an investment by -</p>	<p>AgencyZoom*</p> <p>- Acquired by -</p>

Technology Team



Patrick Ringland
Managing Director
 15+ years experience



Matt Rehtin
Managing Director
 15+ years experience



Randy Moe
Managing Director
 15+ years experience



Tim Johnson
Senior Associate
 5+ years experience

* Includes transactions completed by current employees while at previous firms

Meridian's Technology Segment Coverage





Select Software and Technology Transactions

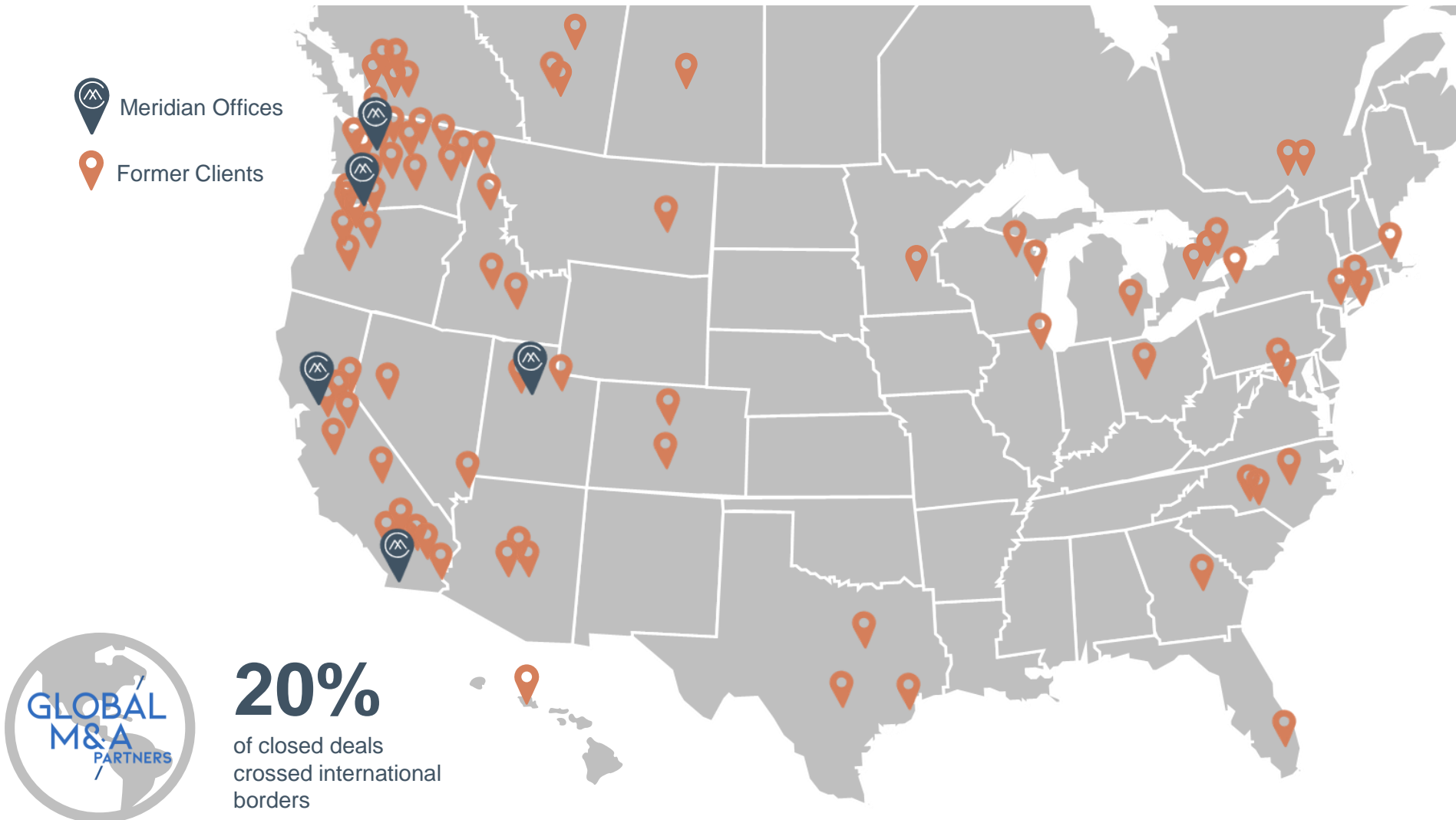
<p>Professional Publications, Inc.</p> <p>- Acquired by -</p>	<p>CHEQ</p> <p>- Acquired by -</p>	<p>LegitScript</p> <p>- Recapitalized by -</p>	<p>Hilti*</p> <p>- Buy-side Advisory -</p>	<p>Office Ally</p> <p>- Acquired by -</p>	<p>Crosslake Technologies</p> <p>- Acquired by -</p>	<p>OneStream*</p> <p>- Received an investment by -</p>
<p>Nirvana Soft</p> <p>- Acquired by -</p>	<p>AgencyZoom*</p> <p>- Acquired by -</p>	<p>TimeClock Plus*</p> <p>- Received an investment by -</p>	<p>Rainmaker LRO*</p> <p>- Acquired by -</p>	<p>OSI*</p> <p>- Acquired by -</p>	<p>Accelalpha</p> <p>- Recapitalized by -</p>	<p>Frontdesk*</p> <p>- Received an investment by -</p> <p>Investor Consortium</p>
<p>AbsolutData*</p> <p>- Acquired by -</p>	<p>Imprev</p> <p>- Acquired by -</p>	<p>TINYpulse</p> <p>- Strategic Advisory -</p>	<p>American Megatrends*</p> <p>- Received an investment by -</p>	<p>Growler</p> <p>- Acquired by -</p>	<p>SphereBuilder</p> <p>- Strategic Advisory -</p>	<p>Apollo Video Technology</p> <p>- Acquired by -</p>

* Includes transactions completed by current employees while at previous firms



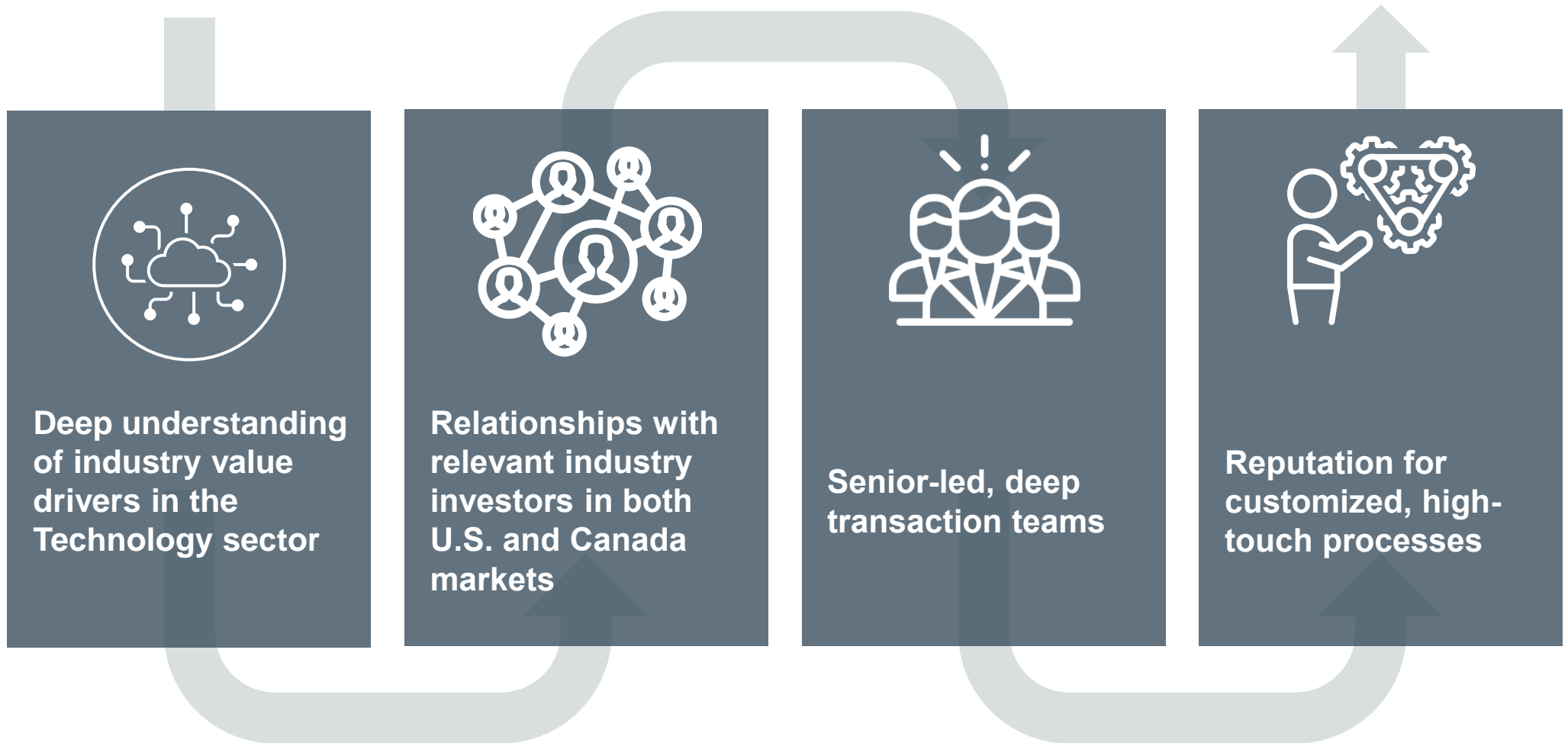
Local Attention, National Reputation, Global Expertise

Five offices across the Western U.S support national and global transaction engagements across all industry sectors



Why Meridian?

Meridian Capital has an industry-focused approach with a unique combination of professionals with financial, transactional, and operational expertise, resulting in a deep understanding of our clients' businesses.



Our Services

We focus exclusively on middle market investment banking services including acquisitions, divestitures, recapitalizations, and strategic advisory.

SELL-SIDE PROCESS

Strategic Sales
Minority Sales
Subsidiary Divestitures

RECAPITALIZATION

Mergers
Growth Equity
Shareholder Liquidity
Management Buyouts

BUY-SIDE PROCESS

Targeted Buy-side Execution
Add-on Acquisitions
Vertical and Horizontal Acquisitions

STRATEGIC ADVISORY

Exit Strategy Assessment
Exit Planning and Preparations
Corporate Finance Consulting





What Our Clients are Saying

“

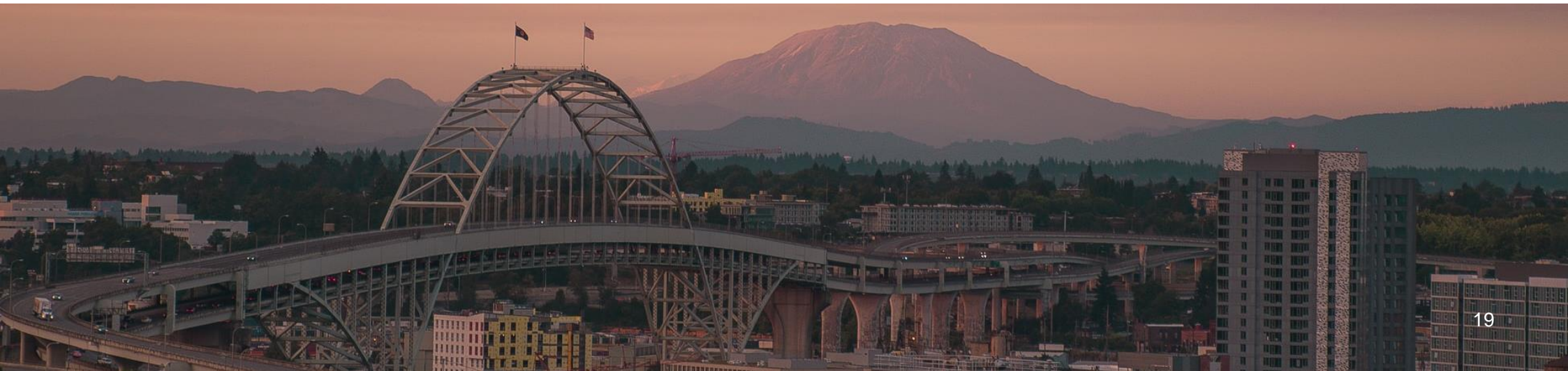
“Meridian is a true partner. We asked a lot of our bankers and Meridian went above and beyond to deliver for us. Not only was the economic outcome exceptional, but Meridian was also able to help us find the right partner that was aligned with our culture and values. They listened and delivered.”

Tim Turner
Subsplash – CEO and Founder

“

“Meridian Capital, with its experience and deep knowledge of our industry and the private equity universe, not only helped us find the ideal cultural and strategic fit in Audax/Luminator, but also provided a highly customized solution to meet all of the deal term goals and objectives that were important to us.”

RODELL NOTBOHM
Apollo Video Technology – Founder and CEO





85%

**SUCCESS RATE ON ENGAGED
TRANSACTIONS**

92%

**DEALS CLOSED ABOVE OR
WITHIN INITIAL VALUATION
RANGE**

03.

APPENDIX





Public Comparables

(\$ in millions) Company Name	5-May-24		Equity	Enterprise	Net Debt	EV / Revenue		EV / EBITDA		CY 2024E	CY 2024E	CY 2024E
	Share Price	LTM Change	Market Cap	Value		CY 2023A	CY 2024E	CY 2023A	CY 2024E	Revenue Growth	Gross Margin %	EBITDA %
	Educational Software											
Coursera	\$9.61	(12.3%)	\$1,890	\$1,123	(\$721)	1.8x	1.6x	NM	NM	21.5%	52.0%	3.7%
Udemy	\$10.13	12.8%	\$1,438	\$1,005	(\$470)	1.4x	1.3x	NM	NM	15.3%	57.5%	1.8%
Instructure	\$19.65	(21.7%)	\$3,469	\$3,876	\$162	7.3x	5.9x	18.3x	14.4x	24.9%	64.9%	40.7%
SkillSoft	\$7.24	(69.6%)	\$265	\$739	\$505	1.3x	1.3x	6.9x	6.3x	2.4%	72.3%	20.8%
Blackbaud	\$78.03	11.5%	\$3,878	\$4,785	\$1,059	4.3x	4.0x	13.8x	12.2x	6.6%	55.0%	33.3%
Docebo	\$45.73	27.3%	\$1,064	\$851	(\$70)	4.7x	3.8x	NM	NM	23.2%	80.9%	15.0%
D2L	\$6.11	4.6%	\$302	\$197	(\$104)	1.2x	1.1x	NM	NM	7.4%	67.0%	3.9%
PowerSchool Group	\$16.58	0.5%	\$2,959	\$4,097	\$799	5.9x	5.2x	17.8x	15.2x	12.9%	59.3%	34.2%
Tyler Technologies	\$469.00	20.3%	\$16,145	\$16,912	\$448	8.6x	8.0x	34.4x	29.5x	8.7%	44.4%	27.0%
Mean	\$73.56	(2.9%)	\$3,490	\$3,732	\$179	4.1x	3.6x	18.2x	15.5x	13.6%	61.5%	20.0%
Median	\$16.58	4.6%	\$1,890	\$1,123	\$162	4.3x	3.8x	17.8x	14.4x	12.9%	59.3%	20.8%
Educational Service												
2U	\$0.34	(90.3%)	\$331	\$1,198	\$931	1.2x	1.5x	7.1x	9.8x	(16.6%)	72.8%	15.1%
Stride (Herndon)	\$69.82	69.5%	\$1,772	\$1,955	\$160	1.1x	1.0x	6.7x	5.1x	11.9%	37.6%	18.9%
Pearson	\$12.38	19.3%	\$7,270	\$8,099	\$1,082	1.6x	1.8x	7.8x	7.8x	(6.7%)	49.9%	22.5%
Chegg	\$5.24	(48.3%)	\$1,160	\$1,814	\$226	2.5x	2.8x	8.3x	10.4x	(8.6%)	68.2%	26.8%
Scholastic	\$36.15	(3.4%)	\$1,397	\$1,289	\$23	0.8x	0.8x	7.3x	7.7x	(2.9%)	55.4%	10.1%
Perdoceo Education	\$24.34	106.1%	\$824	\$345	(\$619)	0.5x	0.5x	1.9x	1.9x	(8.1%)	81.5%	27.8%
3P Learning	\$0.81	2.7%	\$208	\$202	(\$7)	2.9x	2.7x	20.3x	23.9x	5.1%	NA	11.5%
Mean	\$21.30	8.0%	\$1,852	\$2,129	\$257	1.5x	1.6x	8.5x	9.5x	(3.7%)	60.9%	18.9%
Median	\$12.38	2.7%	\$1,160	\$1,289	\$160	1.2x	1.5x	7.3x	7.8x	(6.7%)	61.8%	18.9%
General Software												
Alphabet	\$167.24	58.4%	\$1,539,414	\$1,453,433	(\$80,031)	4.7x	4.2x	11.9x	10.0x	13.1%	57.1%	41.8%
Meta Platforms	\$451.96	94.2%	\$638,658	\$628,794	(\$20,487)	4.7x	4.0x	8.6x	6.9x	18.6%	81.4%	57.6%
Microsoft	\$406.66	30.9%	\$2,333,628	\$2,289,731	(\$102)	10.8x	9.4x	22.1x	17.7x	15.7%	69.9%	52.9%
International Business Machines	\$165.71	34.0%	\$114,123	\$158,473	\$43,756	2.6x	2.5x	10.8x	10.4x	2.2%	55.6%	24.2%
Salesforce	\$273.66	38.5%	\$204,675	\$206,255	(\$1,606)	6.7x	5.9x	21.1x	14.6x	12.4%	75.5%	40.6%
Adobe	\$486.18	39.5%	\$167,774	\$166,247	(\$2,734)	8.6x	7.7x	17.3x	15.7x	10.8%	88.1%	49.3%
Oracle	\$115.80	19.4%	\$265,445	\$348,996	\$78,076	7.0x	6.6x	14.5x	13.2x	6.8%	71.5%	49.7%
Mean	\$295.32	45.0%	\$751,960	\$750,276	\$2,410	6.4x	5.8x	15.2x	12.6x	11.4%	71.3%	45.2%
Median	\$273.66	38.5%	\$265,445	\$348,996	(\$1,606)	6.7x	5.9x	14.5x	13.2x	12.4%	71.5%	49.3%



Precedent Transactions – Education Technology

(\$ in millions)				Enterprise Value (\$M)	Enterprise Value / Revenue
Date	Target	Acquirer	Target Description		
Mar-24	EduNav	Ellucian (Blackstone)	Developer of student academic planning and optimization software	-	-
Feb-24	Writable	Houghton Mifflin Harcourt (Veritas Capital)	Developer of guided writing practice program	-	-
Feb-24	OpenGov	Cox Enterprises	Developer of cloud solutions for government operations	\$1,800	18.0x
Feb-24	Streamable Learning	ClickView	Developer of an education platform designed to create live educational video content	-	-
Feb-24	Outlier	Pearson	Developer of an online education platform intended to offer college credit through online courses	-	-
Feb-24	Parchment	Instructure (Thoma Bravo)	Operator of an online educational record management platform	\$835	-
Oct-23	SchoolMessenger	PowerSchool Group	Developer of an on-demand engagement platform for the K-12 market	\$300	-
Sep-23	RANDA Solutions	Level Data (BV Investment Partners)	Developer of education technology software catering to the public education sector	-	-
Aug-23	DreamBox Learning	Discovery Education (Clearlake Capital)	Developer of a digital learning platform to help students improve proficiency in Mathematics	-	-
Aug-23	Arco Platform	General Atlantic	Provider of core curriculum and supplemental solutions	\$1,500	4.0x
Jul-23	Kahoot!	General Atlantic	Provider of a game-based learning platform	\$1,515	9.6x
Jun-23	Edugo.AI	Docebo	Developer of AI system to speed up the second language learning process	-	-
Jun-23	ExitCertified	Alpine Investors	Provider of education and training services	-	-
May-23	Essential Assessment	Education Perfect (KKR)	Provider of teaching, learning, and assessment services	\$40	-
May-23	Classcraft	Houghton Mifflin Harcourt (Veritas Capital)	Developer of a gamified educational platform	-	-
Apr-23	Blossom Educational	KidsKonnect	Developer of an online digital learning platform designed to improve children's learning and development	-	-
Apr-23	n2y	Five Arrows	Developer of a cloud-based special education publishing platform for K-12	\$1,000	-
Mar-23	Readlee	Paper	Developer of educational software designed to improve academic outcomes	-	-
Mar-23	Whooo's Reading	Savvas Learning Company	Developer of learning technology platform to help with reading comprehension	-	-
Mar-23	Digistorm	Veracross (BV Investment Partners)	Developer of educational software intended for private and independent K-12 schools	-	-
Feb-23	Accelerate Learning	Providence Equity Partners	Developer of STEM curriculum products	-	-
Feb-23	Firefly Learning	Veracross (BV Investment Partners)	Developer of an online education platform designed to create and manage homework and learning resources	-	-
Jan-23	Gabbar Communications	ParentSquare (Serent Capital)	Developer of educational technology for schools	-	-
Dec-22	LearnPlatform	Instructure	Developer of EdTech management platform	\$94	-
Dec-22	Stepmojo	Coursemojo	Developer of an online learning platform designed to expand access to courses for all students	-	-
Dec-22	Coding Dojo	Perdoceo Education	Operator of a global EdTech company intended to teach programming	\$65	-
Apr-22	Houghton Mifflin	Veritas Capital	Provider of educational products, platforms, and services	\$2,337	2.2x
Feb-22	InfoSec	Cengage Learning	Developer of cybercrime education and training platforms	\$191	6.2x
Median				\$835	6.2x
Average				\$880	8.0x

Thank you



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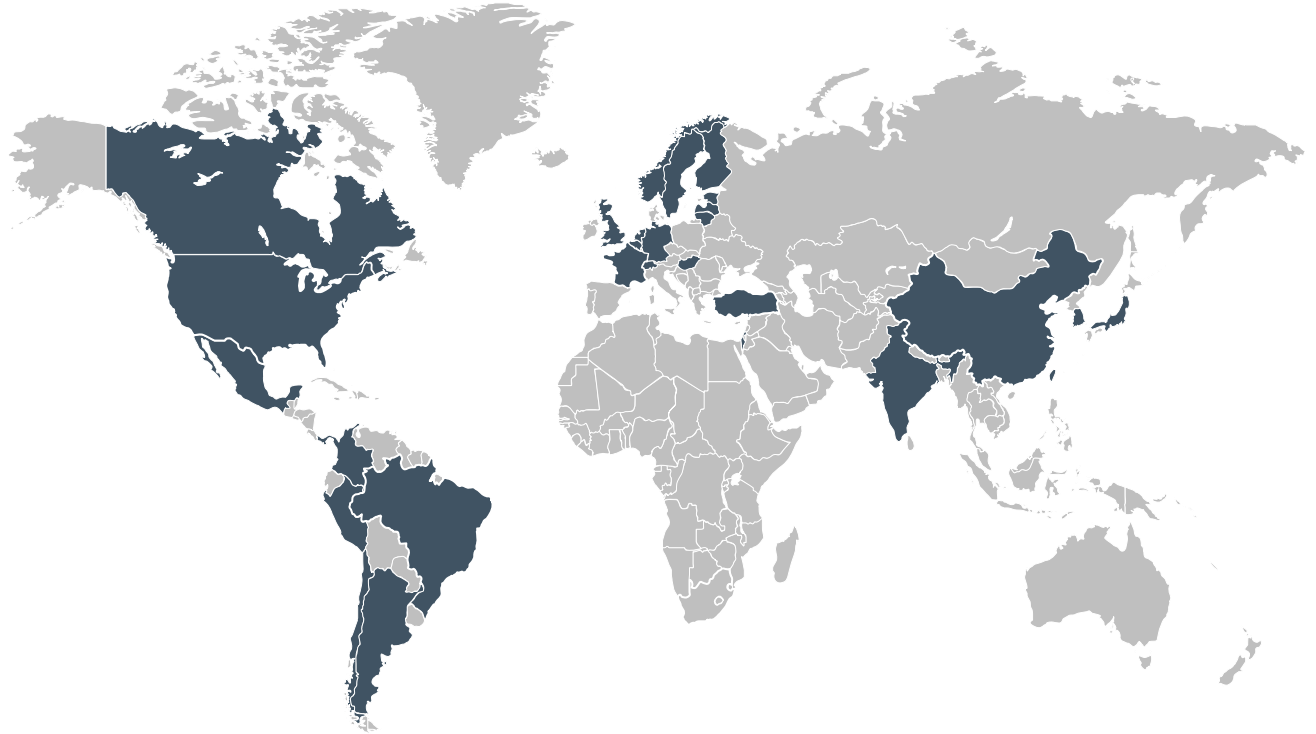
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