

J&A Capital Markets Report

Education Technology Transactions by ASEAN-Based Investors

July 2023

The education technology (edtech) sector has witnessed an influx of funds, securing approximately \$8.5 billion through 400 transactions from ASEAN-based investors between 2020 and Q1 2023. The COVID-19 pandemic accelerated the demand for edtech solutions as remote learning spiked, sparking investor interest. Favorable market conditions, supportive government policies, and a focus on innovation have led ASEAN investors to actively contribute to edtech's growth.

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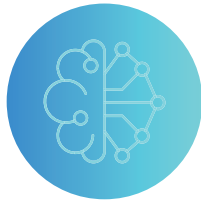
Growth Segments in Education Technology



Gamified Learning



Video Based Learning Programs



AI-Enabled Education



Augmented Reality (AR) and Virtual Reality (VR)



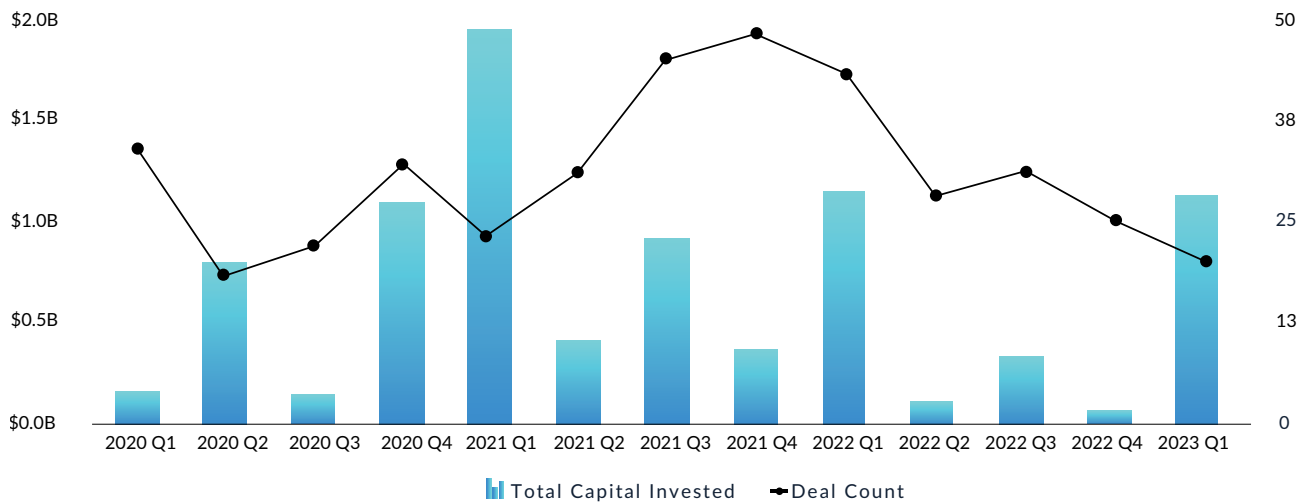
E-Learning

Edtech has grown significantly across various subsectors, including augmented reality (AR) and virtual reality (VR), e-learning, artificial intelligence, gamified learning, and video-based learning programs. Technology has enhanced learning by increasing interactiveness, accessibility, and effectiveness for diverse learners in the digital age.

Video learning enhances e-learning experiences through movies, graphics, and other visual elements. Advanced features like 3D or AI help students grasp concepts better, automate processes, and personalize learning experiences. Emerging technologies such as augmented reality, virtual reality, and gamified learning are transforming education by providing immersive experiences, increasing engagement, and making learning enjoyable.



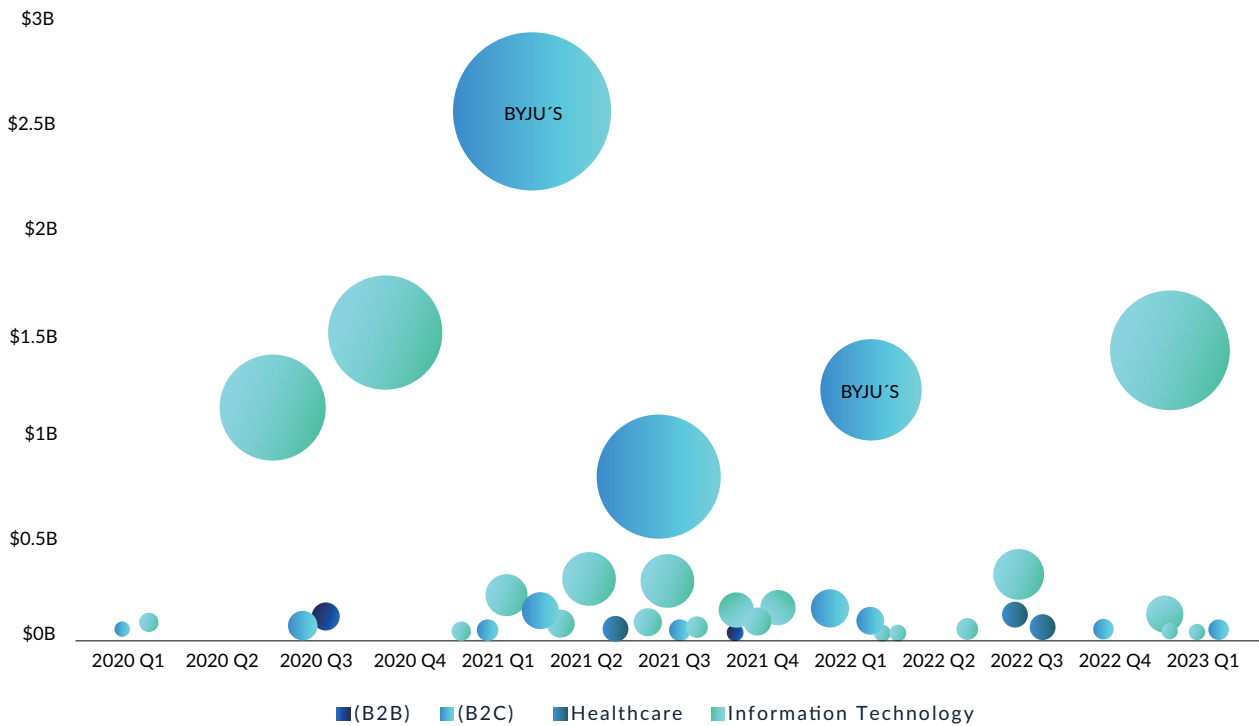
Announced Education Technology Investments by ASEAN-Based Investors (2020 - Q1 2023)



- Since 2020, edtech companies have attracted \$8.5 billion in investments from ASEAN-based investors through 400 transactions between 2020 and 2023 Q1. The average deal size in the sector throughout this period was \$21 million.
- Investment figures fluctuated from Q2 2021 onwards, with periods of growth and decline. Notable fundraising activities by Unacademy, BYJU'S, and Kakao Entertainment played a major role in driving these significant investments.
- The first quarter of 2021 saw the largest capital deployment of approximately \$2 billion in the sector across 23 deals.



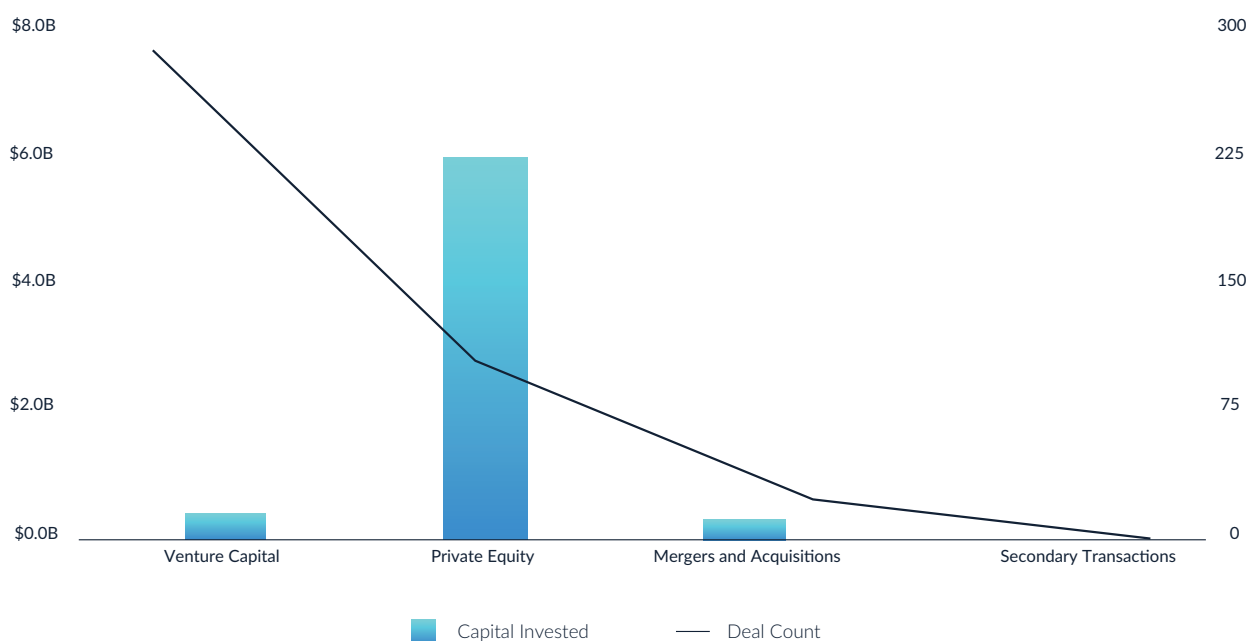
Deal Spotlight Education Technology: BYJU'S March 2021



- The largest edtech investment by ASEAN-based investors was a \$2 billion financing round in BYJU'S in March 2021. Notable participants in this round included venture capital firms like BlackRock and QIA.
- BYJU'S, an Indian edtech company, provides online learning programs for students from kindergarten to grade 12. It has grown into one of the largest global edtech companies and expanded through acquisitions, including Aakash Educational Services.

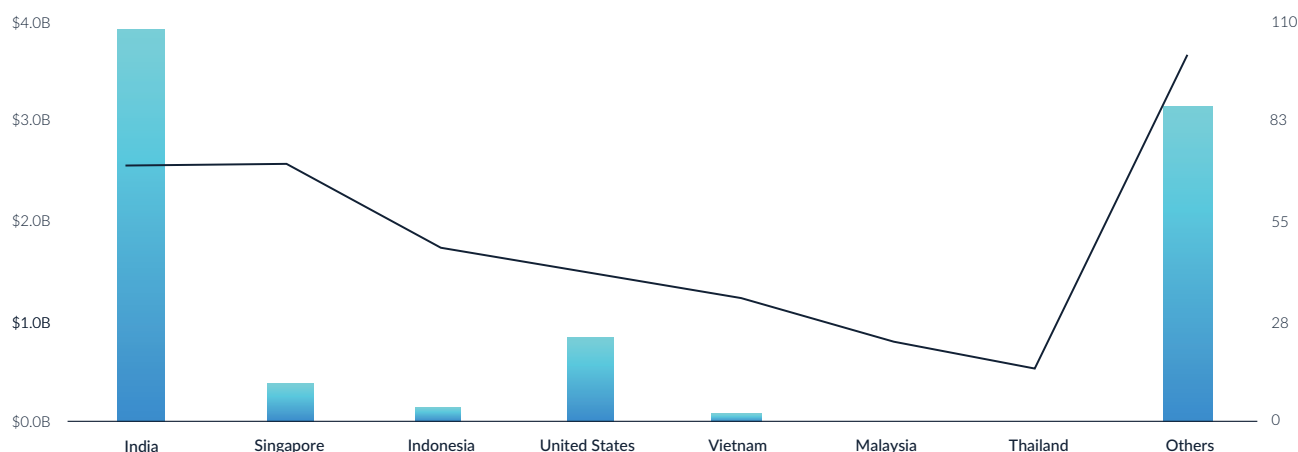


Breakdown of Announced Education Technology Deals by ASEAN-Based Investors by Deal Type (2020 – Q1 2023)



- ASEAN venture capitalists accounted for 7% of the total capital deployed in edtech companies for 282 deals in the period. The average ticket size of \$2 million may indicate the growth of new market entrants.
- ASEAN private equity firms invested \$7 billion into this sector (87% of the capital deployed) for 97 deals, suggesting an appetite for more established edtech companies among ASEAN PE firms.
- Only 24 mergers and acquisitions in the sector indicate a focus on strategic acquisitions with higher average deal values (around \$21 million). This could suggest that larger edtech companies are acquiring complementary technologies and expertise and expanding their customer base.

Breakdown of Announced Education Technology Deals by ASEAN-Based Investors by Country (2020 – Q1 2023)



- Of all funding from ASEAN-based investors \$4 billion was invested in India. This significant amount of \$4 billion reflects the rapid expansion of the edtech ecosystem in recent years in India, coupled with the entry of multiple billion-dollar startups.
- Only \$189 million (2%) of capital invested by ASEAN-based investors was allocated to companies in Indonesia, Vietnam, Malaysia, and Thailand combined. Despite the lower funding allocation, the 118 total deals still indicate an appetite for this sector,

albeit highlighting a preference for smaller investments and early stage companies in these markets.

- As for Singapore, \$389 million was injected into this sector over 71 deals. This may suggest a rise in the number of new participants entering the market, as well as Singapore's commitment to embracing educational innovation to maintain its status as a thriving and competitive nation in educational standards.

ASEAN investors actively support the education technology market, investing billions to drive innovation and digital transformation. The adoption of artificial intelligence (AI) and machine learning (ML) technologies for personalized eLearning, accelerated by the impact of COVID-19, has fueled market growth. Collaboration, innovation, and adaptability are vital for the sector's success in meeting evolving learner and institutional needs. With advancing technology and growing demand for online education, the edtech market presents vast opportunities for investors and entrepreneurs.