



Technology Industry Update

**TECH IMPACT INVESTING/
ESG IN FOCUS**

Health Tech

Clean Tech

Education Tech

APRIL 2023

**Trends in Impact Investing
Within the Lower Middle Market**

**Private Company Financing and
M&A in the Lower Middle Market**





MIDDLE MARKET TECH IMPACT INVESTING

INTRODUCTION

In this report, we track the three largest segments of the impact investing universe: health tech, clean tech, and education tech. We analyze trends in public market valuations, M&A activity, and financings from the end of 2021 through the first quarter of 2023 to see how these segments have performed during the broader market sell-off during this timeframe. **The market decline measured over the past 15 months has been particularly steep across the technology sector and for middle market tech more specifically (we examine this in more detail in our Technology Software and Services quarterly updates). The middle market impact investing segments have been similarly affected.** We have developed a Stout Index of select publicly traded companies in the middle market for each of the health tech, clean tech, and education tech segments with valuations ranging from roughly \$50 million to \$3 billion enterprise value. The below chart compares these index median valuations expressed as enterprise value to trailing twelve months (TTM) to the S&P 500 Information Technology Index (S&P 500 IT) at the end of 2022 and the first quarter of 2021. The indices are unweighted.

TECH IMPACT ENTERPRISE VALUE TO REVENUE MULTIPLE ANALYSIS

	3/31/23	12/31/21	% Change
S&P 500 Tech	5.3x	7.0x	-24%
Stout Health Technology	3.0x	11.0x	-73%
Stout Clean Technology	3.2x	11.5x	-72%
Stout Education Technology	1.7x	2.3x	-29%

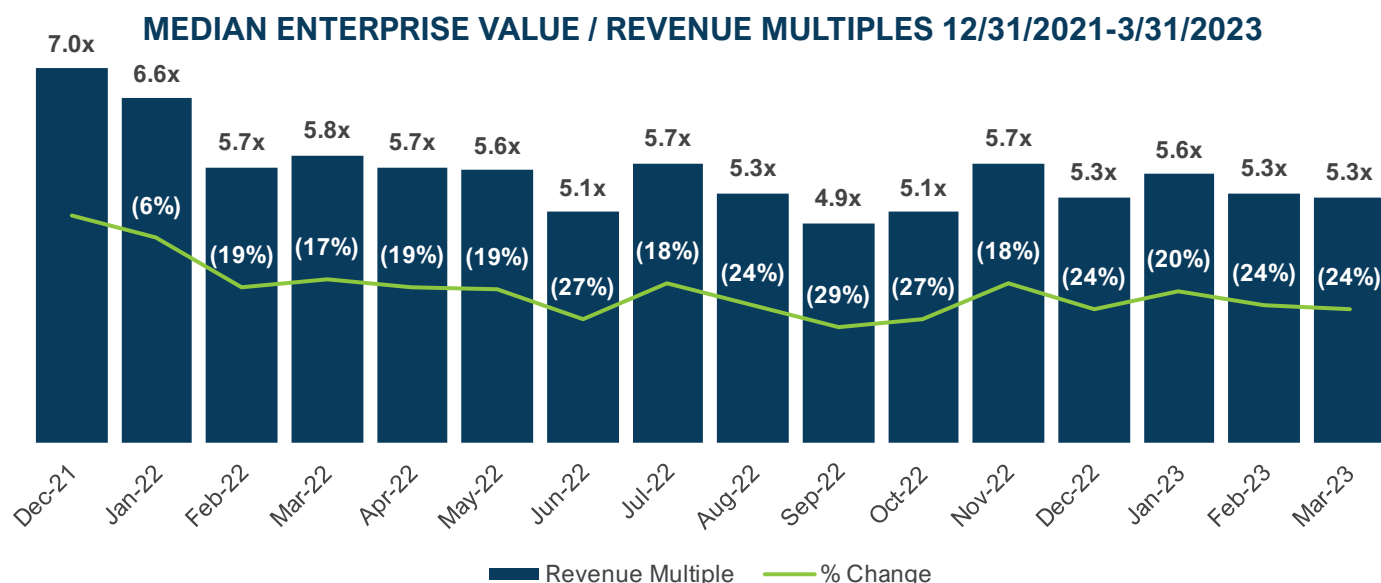
OPPORTUNITIES DESPITE THE SELL-OFF?

Many companies within the technology impact investing space have for years been able to source significant investment from venture capital well through later financing rounds and even into unicorn status before these companies have established strong revenue traction or cash flow. The SPAC market further fueled speculative financing and lofty valuations. Many of the SPACs had specific reverse merger mandates in the impact universe. A valuation reset across these segments could create a buying opportunity for more value-bent private equity. Additionally, we see some tailwinds driving growth in each of these three segments due to increased levels of government spending initiatives left over from the pandemic for healthcare and education and from the Inflation Reduction Act to address the climate crisis.

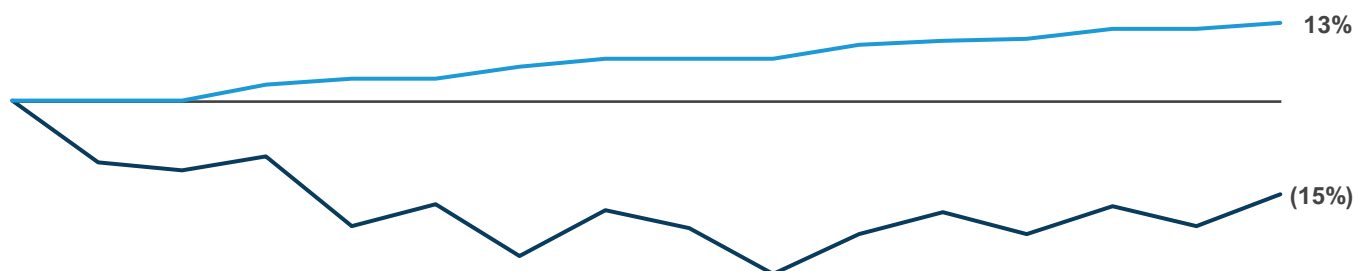
LARGE CAP TECHNOLOGY

The S&P 500 Information Technology sector consists of companies in hardware, software, and IT services and operates as a good proxy for how large capitalization technology companies perform. Some well-known large tech companies such as Alphabet and Meta are not included in Information Technology and are instead part of the S&P 500 Communications Services Index.

S&P 500 INFORMATION TECHNOLOGY



MEDIAN ENTERPRISE VALUE & REVENUE PERCENT CHANGE 12/31/2021-3/31/2023



Dec-21 Jan-22 Feb-22 Mar-22 Apr-22 May-22 Jun-22 Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23 Mar-23

Source: Capital IQ

Enterprise Value Revenue



HEALTH TECH

Our Stout Health Technologies Index is comprised of nineteen middle-market public companies that can be broadly defined as health tech focused. The set includes ten companies that provide a software, online, cloud, or otherwise digital offering in a healthcare environment. Six of the companies are involved in medical technology, two are pharmaceutical companies, and one is a therapeutics company. The median enterprise value for the index declined **49%** since December 2021, while median revenue increased **14%** and gross margin remained relatively flat at **61%**.

We also track a group of health tech companies with middle-market valuations that are pre-revenue or otherwise have valuation multiples that are not meaningful for calculation. This group is heavily weighted to pharmaceuticals and therapeutics. The market capitalization of these companies declined **47%** during the same 15-month period ending March 31, 2023, relatively in line with the enterprise value decline for the Stout Index during the same period.

In addition to lower valuations and continued revenue growth for the sector, investors may also have some tailwinds working in their favor. Federal government spending in the space is budgeted to increase during the fiscal year 2023 that began October 1, 2022. Below are annual budgets enacted by Congress or various health agencies for fiscal 2023 and their increase from fiscal 2022.

U.S. GOVERNMENT HEALTH AGENCY SPENDING

(in billions)	2023	Annual Increase
VA (medical portion)	119.0	22.0%
NIH	49.2	6.5%
CDC	9.3	9.3%
IHS	9.3	36.8%
CMS	4.1	2.5%
FDA	3.5	6.5%

Source: Publicly available data

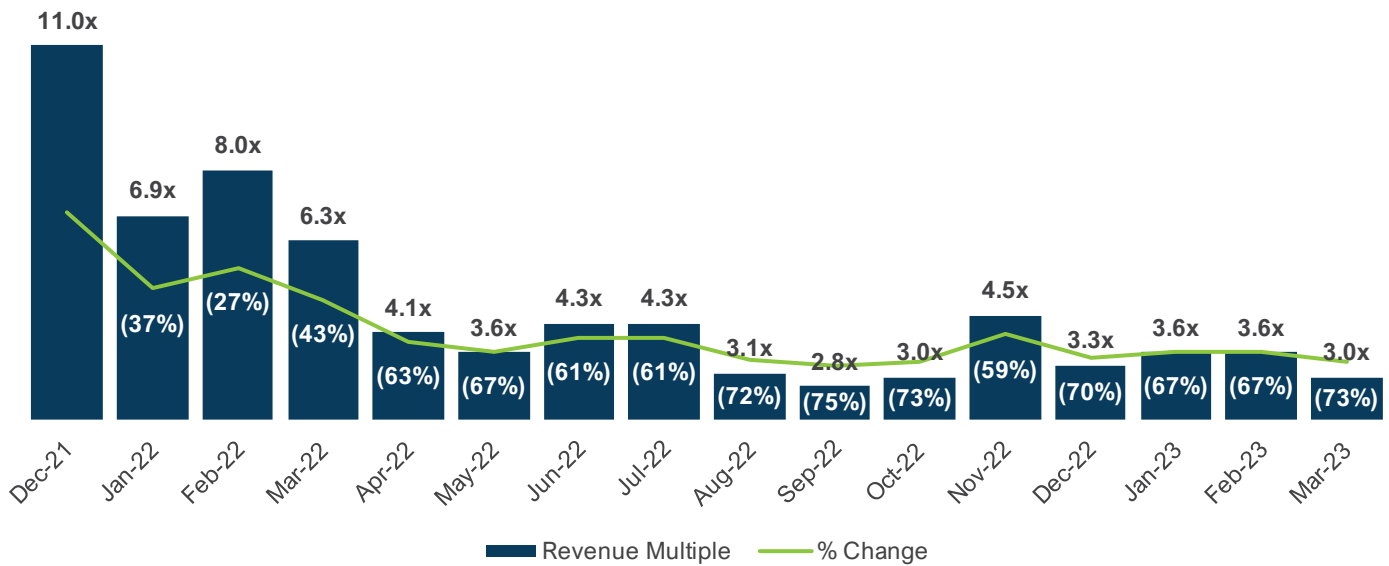
Deal Highlights

Deal count for M&A and financings in health tech across public and private markets were down for the full year of 2022 compared to 2021. Corporate strategic M&A deals were down **26%**, and private equity M&A deals were down **3%**. Venture capital financing deals were down **13%** for 2022. M&A deal volume was up for the year, with total deal closings for corporate strategics at **\$48 billion**, a **153%** increase from 2021. Private equity deal volume was **\$26 billion**, a **67%** increase. **This discrepancy between an M&A deal count decline and a deal volume increase points to buyers focusing on larger and higher quality deals during a period of market uncertainty.**

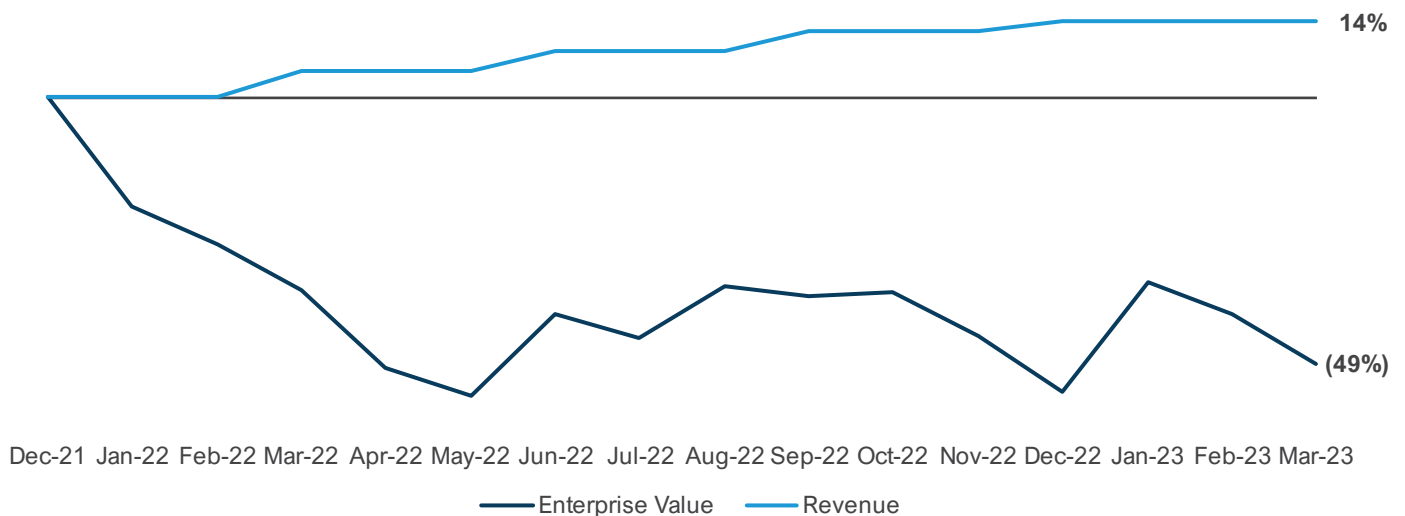
Source: Government Agency Website

STOUT HEALTH TECHNOLOGY INDEX

MEDIAN ENTERPRISE VALUE / REVENUE MULTIPLES 12/31/2021-3/31/2023



MEDIAN ENTERPRISE VALUE & REVENUE PERCENT CHANGE 12/31/2021-3/31/2023



Source: Capital IQ

STOUT HEALTH TECHNOLOGY INDEX

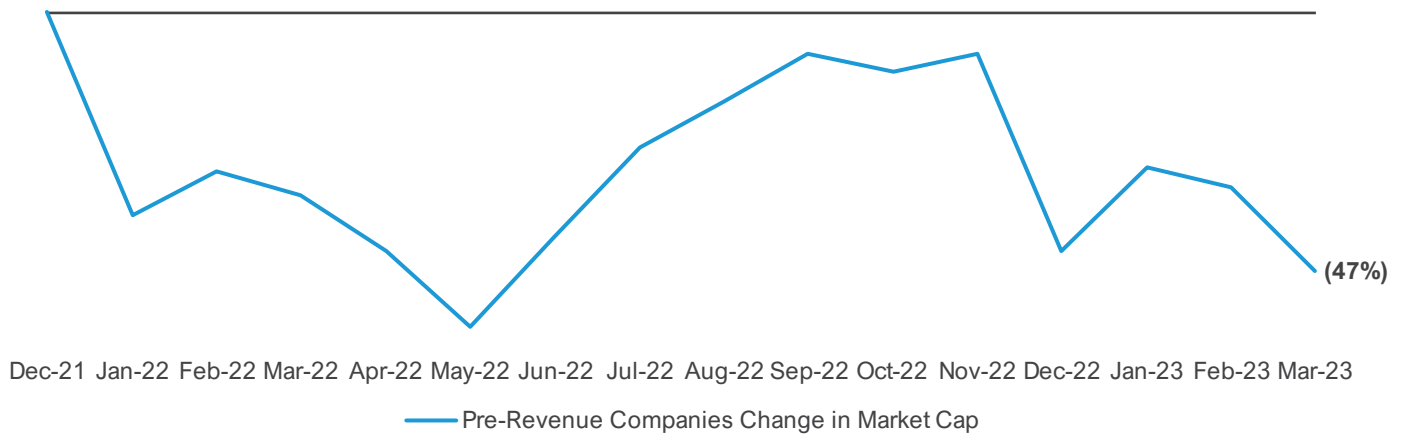
Q1 2023 LIST

Company Name	Segment	EV/Revenue	EV	Gross Margin
TransMedics Group, Inc. (Nasdaq:TMDX)	Medtech	24.7x	2,305	70%
Kymera Therapeutics, Inc. (Nasdaq:KYMR)	Therapeutics	23.2x	1,085	NA
Axonics, Inc. (Nasdaq:AXNX)	Medtech	8.7x	2,378	72%
Marinus Pharmaceuticals, Inc. (Nasdaq:MRNS)	Pharmaceuticals	8.2x	210	NA
Inari Medical, Inc. (Nasdaq:NARI)	Medtech	8.0x	3,059	88%
Cytek Biosciences, Inc. (Nasdaq:CTKB)	Medtech	5.6x	922	62%
Phreesia, Inc. (NYSE:PHR)	Software	5.4x	1,524	61%
Tarsus Pharmaceuticals, Inc. (Nasdaq:TARS)	Pharmaceuticals	5.4x	139	NA
GoodRx Holdings, Inc. (Nasdaq:GDRX)	Software	3.2x	2,445	92%
HealthStream, Inc. (Nasdaq:HSTM)	Software	3.0x	801	66%
Accolade, Inc. (Nasdaq:ACCD)	Software	2.9x	1,039	47%
OptimizeRx Corporation (Nasdaq:OPRX)	Software	2.8x	176	62%
Butterfly Network, Inc. (NYSE:BFLY)	Medtech	2.4x	177	54%
Health Catalyst, Inc. (Nasdaq:HCAT)	Software	1.9x	536	49%
Computer Programs & Systems (Nasdaq:CPSI)	Software	1.7x	571	47%
eHealth, Inc. (Nasdaq:EHTH)	Software	1.2x	484	100%
Quanterix Corporation (Nasdaq:QTRX)	Medtech	1.2x	125	44%
Veradigm Inc. (Nasdaq:MDRX)	Software	0.8x	1,152	51%
American Well Corporation (NYSE:AMWL)	Software	0.5x	151	42%

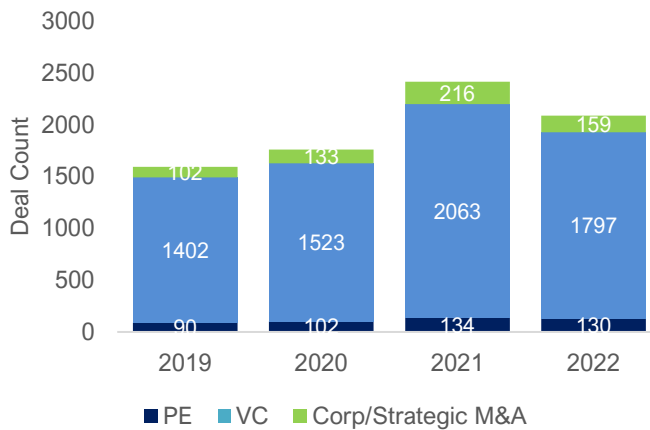
Source: Capital IQ



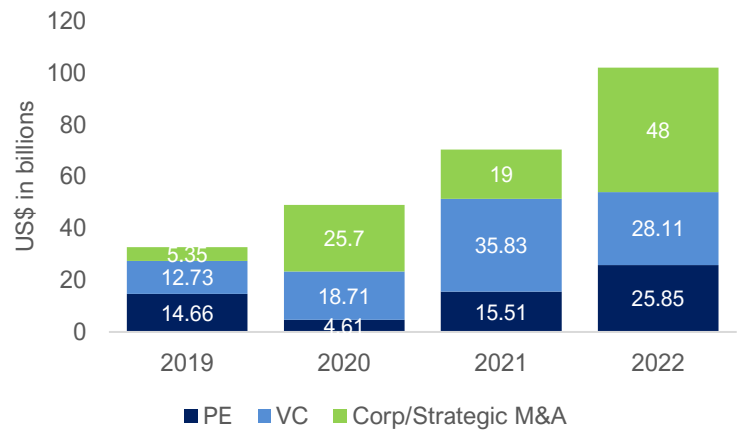
STOUT HEALTH TECH PRE-REVENUE/LOW-REVENUE MEDIAN MARKET CAP



HEALTH TECH DEAL COUNT



HEALTH TECH DEAL VOLUME



Source: Pitchbook

STOUT HEALTH TECHNOLOGY PRE-REV/LOW-REV

Q1 2023 LIST

Company Name	Segment	Market Cap	15 Month Change
Relay Therapeutics, Inc. (Nasdaq:RLAY)	Therapeutics	1,999	(40%)
Amylyx Pharmaceuticals, Inc. (Nasdaq:AMLX)	Pharmaceuticals	1,958	50%
Dyne Therapeutics, Inc. (Nasdaq:DYN)	Therapeutics	649	7%
HilleVax, Inc. (Nasdaq:HLVX)	Pharmaceuticals	623	11%
AlloVir, Inc. (Nasdaq:ALVR)	Therapeutics	360	(55%)
Design Therapeutics, Inc. (Nasdaq:DSGN)	Therapeutics	323	(73%)
Vicarious Surgical Inc. (NYSE:RBOT)	Medtech	286	(77%)
Third Harmonic Bio, Inc. (Nasdaq:THRD)	Pharmaceuticals	166	(78%)

Source: Capital IQ

HEALTH TECH FINANCING TRENDS

SELECT RECENT HEALTH TECH FINANCINGS (VALUATION \$50-500 MILLION)

Date	Company	Description	Funding Size	Post-Valuation
Mar-23	Empirico	Human genetics insights platform	45	210
Mar-23	Zus Health	Healthcare data platform	40	190
Mar-23	Rapport Therapeutics	Neurological biotechnology	100	150
Apr-22	Vytalize	Medical accountable care	100	137
Feb-23	Hexagon Bio	Genomic synthetic biology platform	77	330
Jan-23	Alto Neuroscience	Psychiatric drug development platform	60	230
Jan-23	Paradigm Healthcare Tech	Clinical trial technology platform	203	365
Jan-23	Angle Health	Digital health platform	48	102
Jan-23	Precision Neuroscience	Brain-computer implants	41	160
Jan-23	Paytient	Healthcare payments platform	41	143
Jan-23	Ensoma	Genomic medicine	85	215
Dec-22	Synchron	Brain-computer implants	75	385
Dec-22	Ostro	Patient digital platform	45	261
Nov-22	Cajal Neuroscience	Neurodegenerative disease treatment	96	130
Nov-22	iECURE	Gene editing therapies	65	155
Nov-22	BetterVet	Online veterinary platform	40	89
Nov-22	Haystack Oncology	Liquid biopsy diagnostic technology	67	147
Oct-22	Hazel Health	Pediatric telehealth platform	52	332
Oct-22	Prenuvo	AI-powered imaging technology	70	198
Oct-22	Matchpoint Therapeutics	Advanced covalent exploration platform	70	125
Oct-22	Viome Life Sciences	RNA sequencing technology	67	339
Oct-22	Valera Health	Behavioral healthcare software	45	169
Sep-22	Ceribell	Seizures diagnosis and treatment	103	305
Sep-22	uLab Systems	Digital orthodontic treatment software	91	230
Sep-22	Pretzel Therapeutics	Dysfunctional mitochondria therapies	73	92
Sep-22	Neurolens	Vision measurement device	68	203
Aug-22	MedMinder	Medication adherence	45	123
Aug-22	Digital Diagnostics	AI-based diagnostic platform	75	250
Aug-22	Atia Vision	Presbyopia-correcting medical devices	42	184
Jul-22	PurpleLab	Healthcare data and analytics platform	40	235
Jul-22	Cleerly	Coronary artery disease identification	192	600
Jul-22	Diagnostic Robotics	Healthcare system predictive analytics	45	110
Jul-22	Elation Health	Physician-patient relationship platform	50	400

SELECT RECENT HEALTH TECH FINANCINGS (VALUATION \$50-500 MILLION - CONTINUED)

Date	Company	Description	Funding Size	Post-Valuation
Jul-22	Capstan Therapeutics	Immune cells therapeutics	102	300
Jul-22	Epic Bio	Epigenetic therapy	55	185
Jun-22	DEM BioPharma	Macrophage immunotherapies	70	130
Jun-22	TaskHuman	Wellness coaching platform	19	135
Jun-22	Aerin Medical	Nasal breathing therapeutic devices	60	260
Jun-22	Bicycle Health	Online medication-assisted treatment	55	250
Jun-22	Transition Bio	Hypothesis-free drug discovery	50	115
May-22	Hint Health	Direct primary care technology	45	100
May-22	Pleno	Biological target detection	40	81
May-22	Tomorrow Health	Data-driven medical equipment	60	400
May-22	Curebase	Virtual studies clinical software	40	220
Apr-22	Brave Health	Mental health and addiction virtual clinic	39	121
Apr-22	Concert Health	Behavioral health screening	42	212
Apr-22	PicnicHealth	Medical records management software	60	410
Apr-22	Iris Telehealth	Telepsychiatry services	40	190
Apr-22	MycoMedica Life Sciences	Fungal gnome drug development	56	306
Mar-22	Mendel	Clinical trial software	40	115
Mar-22	Celsius Biotechnology	Single-cell sequencing medicines	83	120
Mar-22	Deepcell	Non-invasive genetic testing	73	223
Mar-22	Syllable	Patient engagement platform	40	401
Mar-22	TimeDoc Health	Chronic care and monitoring software	49	139
Mar-22	Health Gorilla	Patient data sharing platform	50	350
Feb-22	Qventus	Hospital management software	50	200
Feb-22	Sherlock Biosciences	CRISPR-based diagnostic platform	80	165
Feb-22	Equip	Virtual eating disorder treatment	58	350
Feb-22	Koneksa	Clinical studies data analysis	45	242
Jan-22	Atlas Managed Care	Healthcare financial aid platform	42	206
Jan-22	Magnolia Medical Technologies	Blood-collection system	46	146
Jan-22	Pine Park Health	Healthcare platform for seniors.	44	172
Jan-22	DexCare	Patient access optimization platform	50	210

Source: Pitchbook

HEALTH TECH INVESTORS

SOME OF THE ACTIVE INVESTORS IN HEALTH TECH FINANCING DEALS IN THE \$50-500 MILLION VALUATION RANGE:



ANDREESSEN
HOROWITZ



ENHANCED
HEALTHCARE PARTNERS



GENERAL CATALYST



Goldman Sachs | Asset Management

khosla ventures



SECTION 32

F/PRIME

HEALTH TECH M&A TRENDS

SELECT RECENT HEALTHCARE TECH M&A DEALS (VALUATION \$50-500 MILLION)

Date	Company	Description	Acquiror	Valuation
Mar-23	Enzo Clinical Labs	Healthcare laboratory services	Lab Corporation of America	146
Mar-23	F-Star Therapeutics	Tetravalent bispecific antibodies	invoX Pharma	161
Mar-23	Weekend Health	Digital health for chronic conditions	WW International	132
Dec-22	Surgical Innovation	Post-surgery resorbable knitted mesh	Integra Lifesciences Holdings	140
Nov-22	TSI Healthcare	Patient portal/telehealth	NextGen Healthcare	68
Nov-22	Fulgent Pharma	Chemotherapy drugs	Fulgent Genetics	100
Apr-22	Access TeleCare	Acute care telemedicine	Patient Square Capital	303
Jul-22	SemanticBits	Digital health services software	ICF International	218
May-22	IntriCon	Micromedical components	Altaris Capital Partners	241
May-22	Specific	Diagnostic equipment	BioMérieux	370
May-22	Ivenix	Infusion management platform	Fresenius Kabi	240
Apr-22	Clinigence Health	Healthcare records software	Nutex Health	447
Mar-22	Nextremity	Orthopedic surgical implant systems	Medartis	70
Jan-22	OrthogenRx	Knee joint pain injection	Avanos Medical	137
Jan-22	DaytoDay	Patint recovery engagement platform	Babylon Health	65
Jan-22	Kindful Hospice	Remote patient monitoring	Choice Health at Home	190

Source: Pitchbook



CLEAN TECH

One of the larger themes in clean technology is the electrification of everything. Technologies that provide clean energy, assist in its distribution or storage, or implement the use of electricity from clean sources dominate our lists of M&A and financings for clean tech. These include solar, wind, hydro, and geothermal electric generation as well as battery technology, battery storage, and electric vehicle production. The universe also includes the software, systems, and infrastructure that create the ecosystem. Our Stout Clean Technologies Index is comprised of fourteen middle-market public companies, including five solar, two energy storage, four electrical vehicle manufacturing and charging infrastructure, and three unrelated to electrification. The median enterprise value for the index declined **32%** since December 2021, while median revenue increased **45%** and median gross margin increased to **27% from 21%**. **We believe these results show that fundamentals are particularly strong for clean tech companies despite the overall sell-off in tech.**

Similar to health tech, we also track a group of eleven pre-revenue and low-revenue companies in clean tech comprised of similar segments as our Stout Index. The market capitalization of these companies declined **58%** during the same 15-month period ending March 31, 2023.

Government Tailwinds

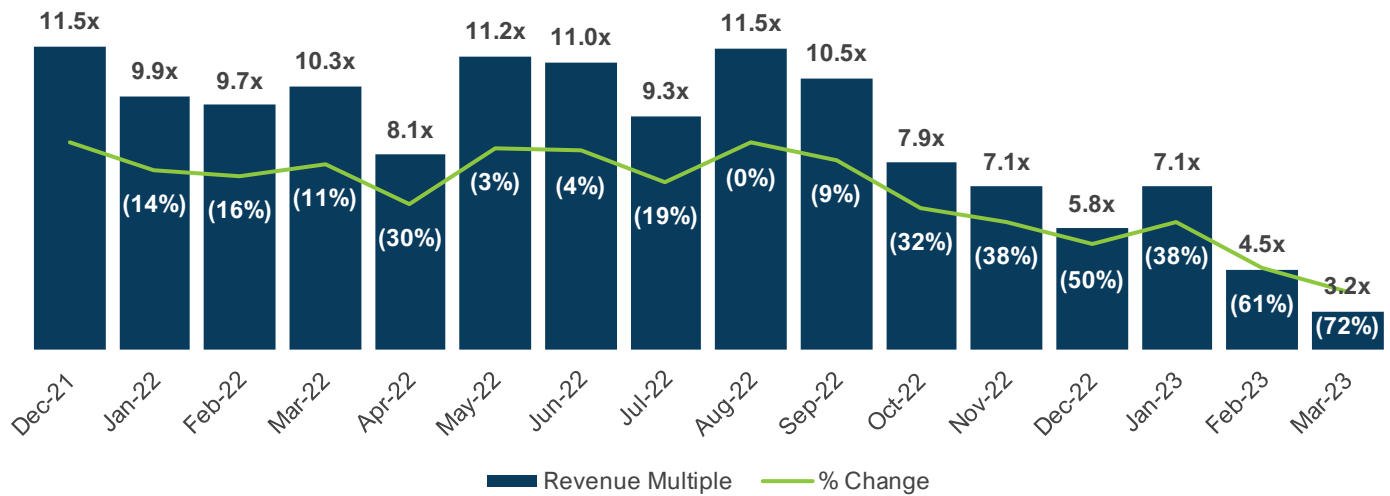
We believe there are a number of long tailwinds, primarily government-driven, that can have a positive effect on the sector for years to come. The Inflation Reduction Act that was signed into law on August 16, 2022, includes spending of \$369 billion for climate initiatives, the largest climate investment in U.S. history. Nearly 75% of this spending is in the form of tax incentives to encourage the purchase of everything from solar panels to electric vehicles and home electric appliances. Roughly \$60 billion is allocated for U.S. domestic manufacturing of solar panels, batteries, and other clean technologies. The Chips and Science Act of 2022 that was signed into law on August 6, 2022, allocates \$52.7 billion to research, development, and manufacturing of semiconductors, many of which will find their way into clean technologies. Other government policies will drive adoption of clean technology. For example, on August 25, 2022, California became the first state in the nation to mandate that 100% of new cars and light trucks must be zero emission by 2035.

Deal Highlights

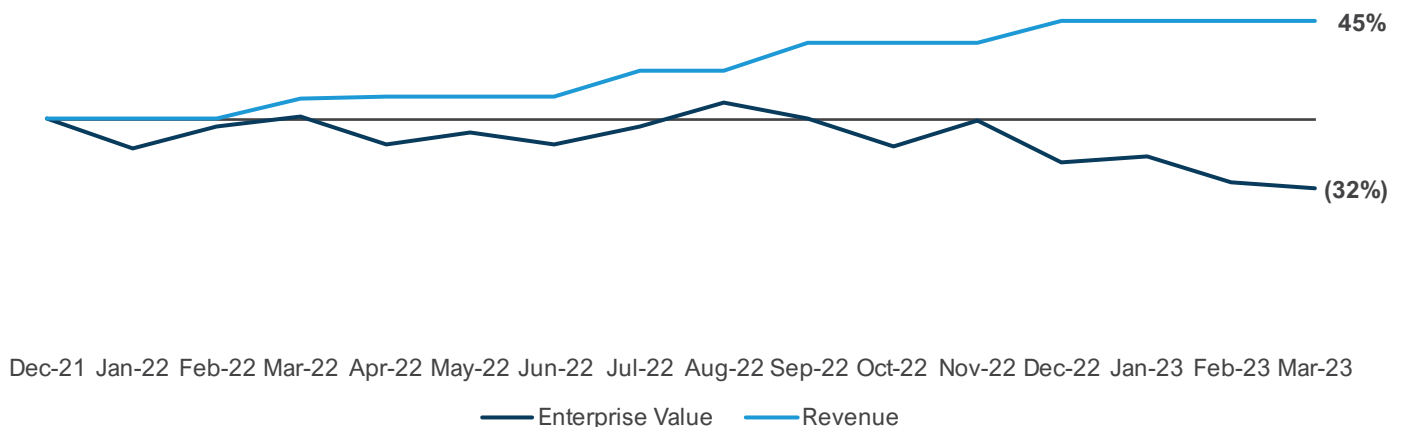
While clean tech deal counts in 2022 for private equity and corporate strategics were down 5% and 31%, respectively, both had large increases in deal volume for the year at 117% and 35%, respectively. **Our market conversations with private equity show increased interest in companies that can benefit from government-led initiatives that may be more recession resistant as a result.**

STOUT CLEAN TECHNOLOGY INDEX

MEDIAN ENTERPRISE VALUE / REVENUE MULTIPLES 12/31/2021-3/31/2023



MEDIAN ENTERPRISE VALUE & REVENUE PERCENT CHANGE 12/31/2021-3/31/2023



Source: Capital IQ

STOUT CLEAN TECHNOLOGY INDEX

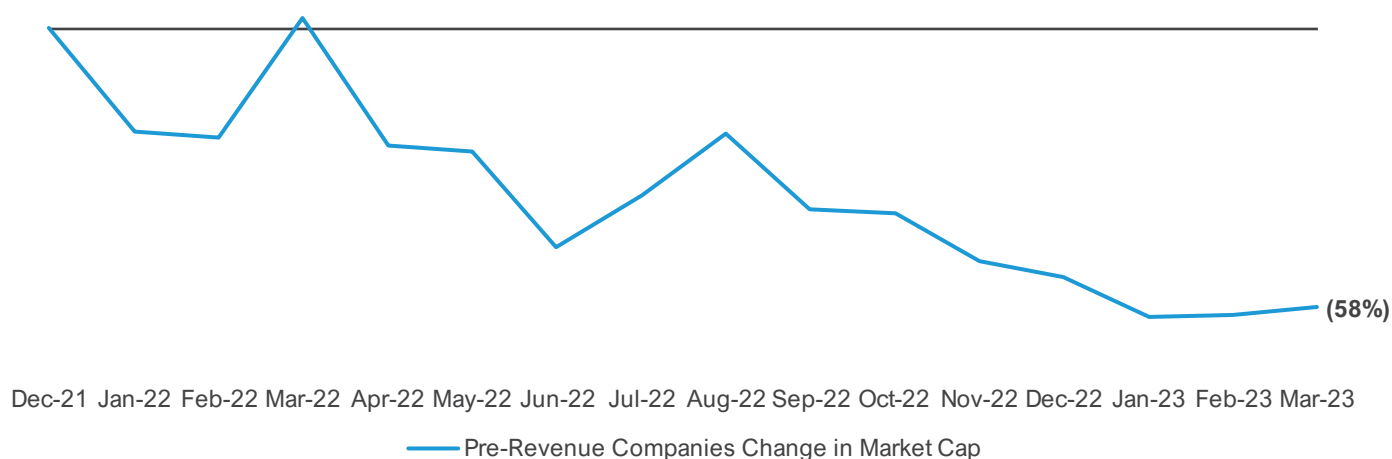
Q1 2023 LIST

Company Name	Segment	EV/Revenue	EV	Gross Margin
EVgo, Inc. (NasdaqGS:EVGO)	Electric vehicle charging	22.7x	1,238	24%
LiveWire Group, Inc. (NYSE:LWVR)	Electric motorcycles	22.3x	1,044	6%
Altus Power, Inc. (NYSE:AMPS)	Solar energy and storage	14.6x	1,480	83%
Sunnova Energy International Inc. (NYSE:NOVA)	Residential solar	13.4x	7,472	54%
Blink Charging Co. (NasdaqCM:BLNK)	Electric vehicle charging	8.0x	491	29%
Montauk Renewables, Inc. (NasdaqCM:MNTK)	Biogas processing	5.3x	1,085	51%
Stem, Inc. (NYSE:STEM)	Energy storage	3.2x	1,170	10%
Aris Water Solutions, Inc. (NYSE:ARIS)	Water recycling	3.2x	1,019	57%
Aspen Aerogels, Inc. (NYSE:ASPN)	Aerogel insulation	2.0x	360	3%
FTC Solar, Inc. (NasdaqGM:FTCI)	Solar tracker systems	1.6x	196	NA
SunPower Corporation (NasdaqGS:SPWR)	Solar and storage	1.4x	2,471	21%
Energy Vault Holdings, Inc. (NYSE:NRGV)	Energy storage solutions	0.7x	95	41%
Canadian Solar Inc. (NasdaqGS:CSIQ)	Solar and storage	0.6x	4,461	17%
Proterra Inc. (NasdaqGS:PTRA)	Commercial EVs	0.6x	194	NA

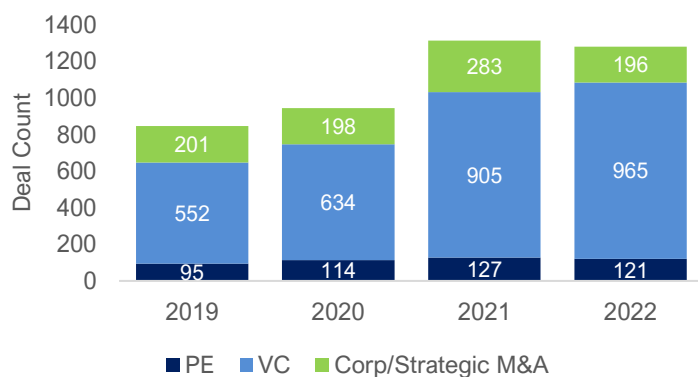
Source: Capital IQ



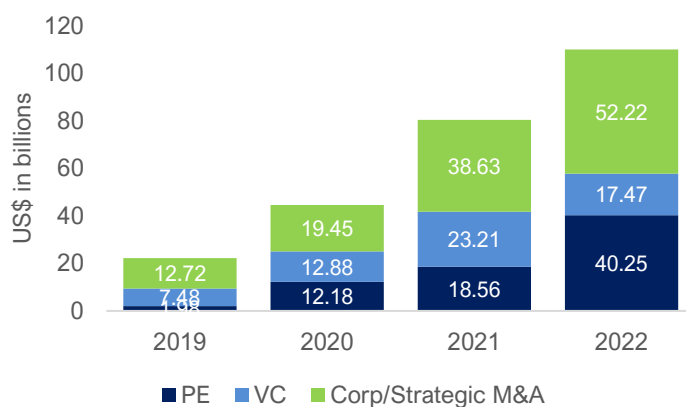
STOUT CLEAN TECH PRE-REVENUE/LOW-REVENUE MEDIAN MARKET CAP



CLEAN TECH DEAL COUNT



CLEAN TECH DEAL VOLUME



Source: Capital IQ

STOUT CLEAN TECHNOLOGY PRE-REV/LOW-REV

Q1 2023 LIST

Company Name	Segment	Market Cap	15-Month Change
Enovix Corporation (Nasdaq:ENVX)	Lithium-ion batteries	2,353	(41%)
Fisker Inc. (NYSE:FSR)	Electric SUVs	1,965	(58%)
PureCycle Technologies, Inc. (Nasdaq:PCT)	Recycled polypropylene	1,146	(4%)
Nikola Corporation (Nasdaq:NKLA)	EV trucks	717	(82%)
374Water, Inc. (Nasdaq:SCWO)	Wastewater treatment	601	72%
Solid Power, Inc. (Nasdaq:SLDP)	EV batteries	532	(64%)
Gevo, Inc. (Nasdaq:GEVO)	Renewable biofuels	357	(57%)
Canoo Inc. (Nasdaq:GOEV)	Electric vehicles	309	(83%)
Mullen Automotive, Inc. (Nasdaq:MULN)	Electric vehicles	279	128%
Faraday Future Intelligent Electric Inc. (Nasdaq:FFIE)	Electric vehicles	275	(84%)
Lilium N.V. (Nasdaq:LILM)	Electric aircrafts	258	(87%)

Source: Capital IQ

CLEAN TECH FINANCING TRENDS

SELECT RECENT CLEAN TECH FINANCINGS (VALUATION \$50-500 MILLION)

Date	Company	Description	Funding Size	Post-Valuation
Jan-23	Sublime Systems	Cement decarbonizing technology	40	90
Dec-22	Natron Energy	Energy storage power batteries	58	106
Dec-22	WATT Fuel Cell	Hybrid power management systems	82	152
Nov-22	Circ	Textile recycling company	59	165
Nov-22	Syzygy Plasmonics	Photocatalytic reactors	77	247
Nov-22	Dandelion Energy	Home geothermal heating and cooling	70	300
Oct-22	Skytran	Magnetic levitation & propulsion tech	53	202
Oct-22	Xeal	Electric vehicle charging system	40	170
Sep-22	Checkerspot	Plant-derived sustainable materials	40	347
Sep-22	Moxion Power	Zero-emission mobile generators	100	500
Sep-22	Omnidian	Distributed energy assets monitoring	40	140
Sep-22	PearlX	Multi-family residential solar energy	70	115
Sep-22	Sense	Energy monitoring equipment	128	390
Aug-22	Tropos Motors	Electric commercial utility vehicles	65	265
Aug-22	Sparkfund	Energy technology financing	54	112
Aug-22	Vestaron	Peptide-based biopesticides	92	362
Aug-22	Atom Power	Optimized EV charging solutions	150	251
Aug-22	Koloma	Clean energy technology	56	205
Aug-22	Terabase	Digital solarizing platform	44	135
Aug-22	Electric Vehicle Network	Commerical electric vehicle charging	43	255
Jul-22	Fervo Energy	Enhanced geothermal systems	138	308
Jun-22	Amogy	Emission-free power fuel	46	401
Jun-22	OhmConnect	Smart meter analytics	55	295
Jun-22	Quaise Energy	Drilling technology	52	122
Jun-22	Moleaer	Nanobubble generators	40	196
Apr-22	Sealed	Home energy improvement services	46	236
Apr-22	Hydron	Autonomous trucks manufacturer	89	489
Apr-22	Natural Fiber Welding	Plant-based materials manufacturer	85	330
Mar-22	Brimstone	Clean electrochemical system	55	185
Mar-22	Pachama	Carbon capture remote sensing	55	365
Mar-22	Menlo Microsystems	Electromechanical switch technology	150	445
Mar-22	Span	Residential energy storage devices	90	500
Mar-22	NCX	Carbon credits remote sensing	50	275
Mar-22	ONE	Battery technology	65	134
Feb-22	Heartland Water Technology	Wastewater treatment technologies	45	125
Jan-22	Wildtype	Cellular agriculture	100	450
Jan-22	Heirloom	Carbon capture system	53	253
Jan-22	Kula Bio	Biofertilizer	50	210
Jan-22	Mycoworks	Fungal mycelium bio-materials	125	450

Source: Pitchbook

CLEAN TECH INVESTORS

SOME OF THE ACTIVE INVESTORS IN CLEAN TECH FINANCING DEALS IN THE \$50-500 MILLION VALUATION RANGE:

DC >C | Data Collective



LOWERCARBON CAPITAL



CLEAN TECH M&A TRENDS

SELECT RECENT CLEAN TECH M&A DEALS (VALUATION \$50-500 MILLION)

Date	Company	Description	Acquiror	Valuation
Feb-23	Solops	Photovoltaic solar projects	Denham Capital Management	200
Jan-23	Volta Charging	Electric vehicle charging networks	Shell USA	169
Jan-23	Agrivida	Environmental enzymes for animals	Novus International	69
Oct-22	Orsted	Onshore wind and solar farms	Energy Capital Partners	820
Oct-22	Electric Last Mile	Last mile urban electric vehicles	Mullen Automotive	240
Oct-22	Romeo Power	Lithium-ion batteries for EVs	Nikola	144
Sep-22	Tri Global Energy	Wind, solar, and hybrid power projects	Enbridge	270
Sep-22	HyPoint	Hydrogen fuel cell system	ZeroAvia	80
Sep-22	Bollinger Motors	Commercial EV trucks	Mullen Automotive	248
Aug-22	Northwest Polymers	Plastic recycling services	Atkore International	62
Aug-22	GeneSiC Semi	Silicon carbide technology	Navitas Semiconductor	271
Aug-22	Milliron Recycling	Recycling services	BlueScope Steel	80
Aug-22	Natural Resources	Electricity from landfill methane	Kinder Morgan	132
Jul-22	Rhombus Energy	Energy management systems	BorgWarner	131
Jul-22	Marrone Bio	Biological products for crop protection	Bioceres Crop Solutions	157
Jun-22	Seachange Group	Glycerol-biodiesels	Ingenia Communities Group	270
Jun-22	SemaConnect	Electric vehicle charging infrastructure	Blink Charging	201
Jun-22	Genera Energy	Biomass supply services	Ara Partners	200
May-22	Cisco Air Systems	Emissions-reducing air compressors	DXP Enterprises	52
Apr-22	Encore Recycling	Metal recycling services	Schnitzer Steel Industries	55
Dec-22	C6 Disposal	Garbage collection/recycling services	Republic Services	400

Source: Pitchbook



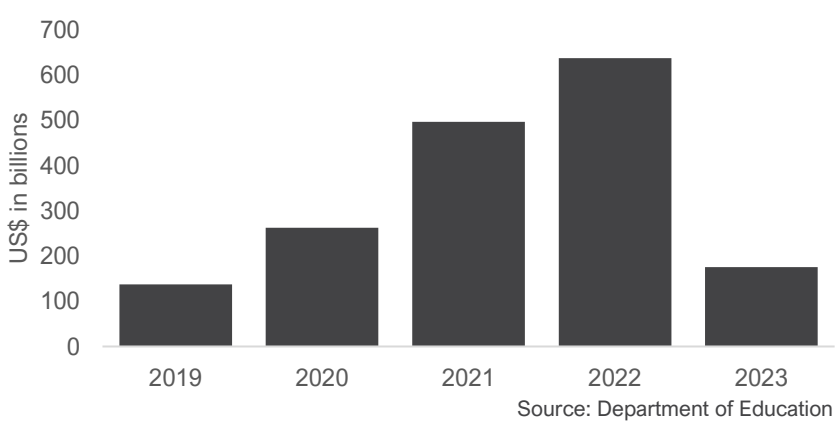
EDUCATION TECH

Education technology is a broad category that includes in-classroom and at-home software and devices that enhance the learning process for school students. It also includes workplace learning and training technologies as well as general purpose learning. Education technology has redefined how and when we learn. Technology adaptability has been crucial to learning success during the various stages of the pandemic.

Our Stout Education Technologies Index is comprised of fourteen middle-market public education software companies, including four servicing the K-12 market, four focused on higher education, and six providing skills training and video content. The median enterprise value for the index declined **13%** since December 2021, while median revenue increased **11%** and gross margin remained relatively flat at **67%**.

The U.S. Department of Education dramatically increased its budget during the pandemic years, hitting a high of \$638 billion in fiscal 2022, a 365% increase from the 2019 level. The budget for fiscal 2023 is \$176 billion, a significant decrease from the pandemic spending but still above pre-pandemic levels. It is common for funds to be allocated during one fiscal year but not spent until a later fiscal period, so there will likely still be elevated spending in 2023 due to previous budget allocations.

U.S. DEPARTMENT OF EDUCATION BUDGET



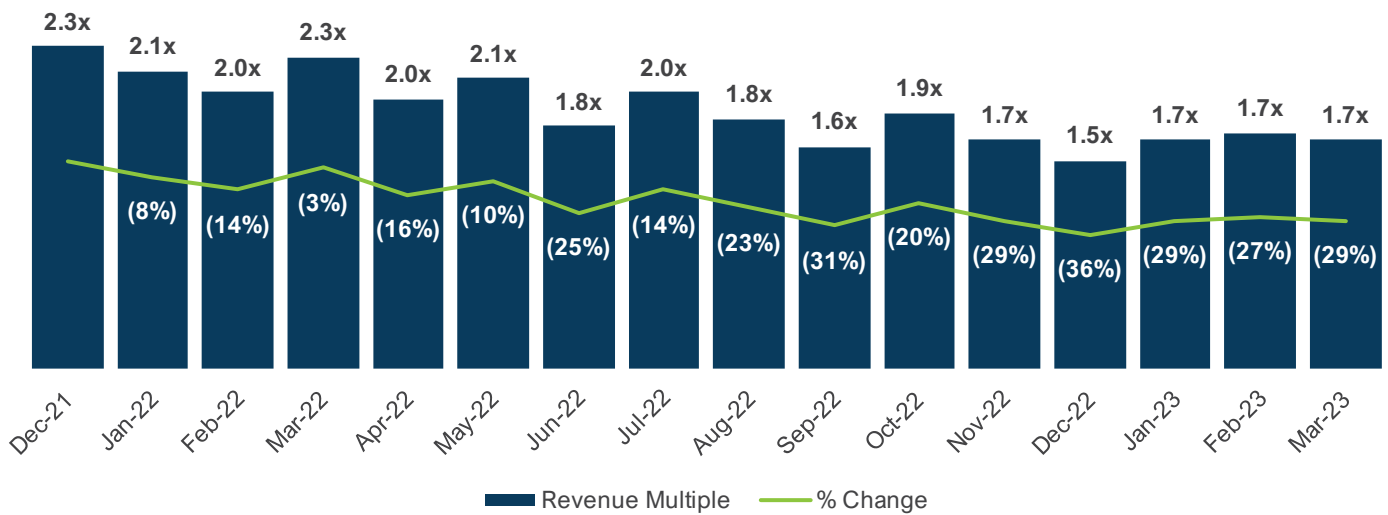
Deal Highlights

The education tech deal count was down **18%** across M&A and financings in 2022. Deal volume was down **over 50%** for both private equity and venture capital. Corporate strategic M&A volume was a bright spot up **42%**. This was primarily due to some larger transactions that took place in the sector.

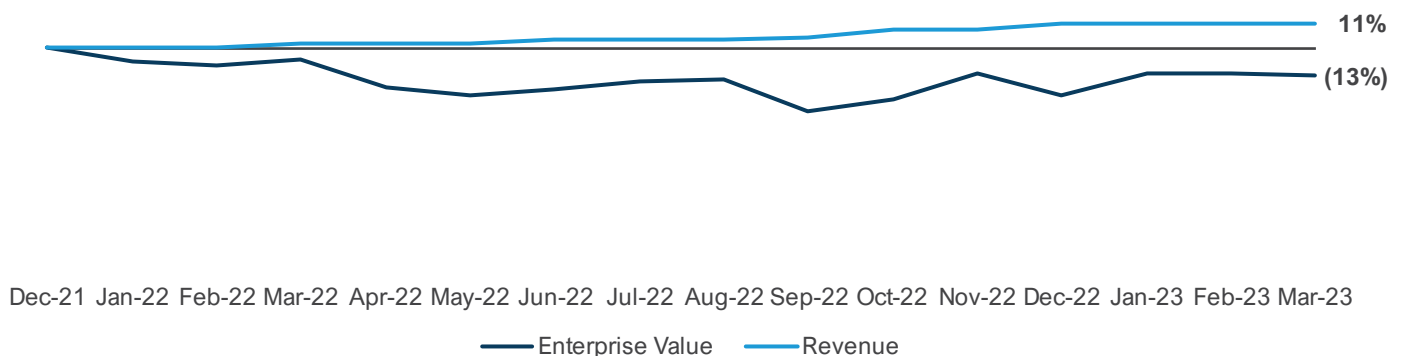


STOUT EDUCATION TECHNOLOGY INDEX

MEDIAN ENTERPRISE VALUE / REVENUE MULTIPLES 12/31/2021-3/31/2023



MEDIAN ENTERPRISE VALUE & REVENUE PERCENT CHANGE 12/31/2021-3/31/2023



Source: Capital IQ

STOUT EDUCATION TECH INDEX

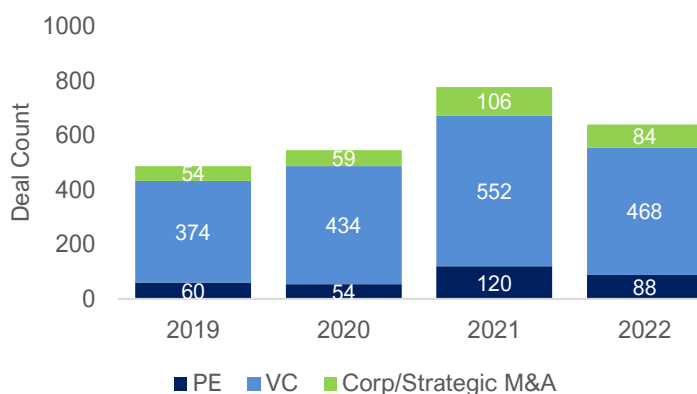
Q1 2023 LIST

Company Name	Segment	EV/Revenue	EV	Gross Margin
PowerSchool Holdings, Inc. (NYSE:PWSC)	K-12 software	6.8x	4,263	67%
Grand Canyon Education, Inc. (Nasdaq:LOPE)	Online higher education	3.7x	3,377	54%
Chegg, Inc. (NYSE:CHGG)	Student learning platform	2.9x	2,215	74%
Nerdy, Inc. (NYSE:NRDY)	Online learning	2.1x	344	69%
Laureate Education, Inc. (Nasdaq:LAUR)	Online higher education	1.9x	2,409	38%
Franklin Covey Co. (NYSE:FC)	Training services	1.8x	498	76%
Coursera, Inc. (NYSE:COUR)	Online course content	1.8x	958	63%
John Wiley & Sons, Inc. (NYSE:WLY)	Education and publishing	1.5x	3,094	69%
2U, Inc. (Nasdaq:TWOU)	Online higher education	1.5x	1,425	71%
Kaltura, Inc. (Nasdaq:KLTR)	Online training videos	1.4x	232	63%
Udemy, Inc. (Nasdaq:UDMY)	Online training skills	1.3x	832	56%
Stride, Inc. (NYSE:LRN)	K-12 software	1.0x	1,793	35%
Skillsoft Corp. (NYSE:SKIL)	Digital learning	1.0x	801	72%
Perdoceo Education Corporation (Nasdaq:PRDO)	Online higher education	0.6x	427	86%

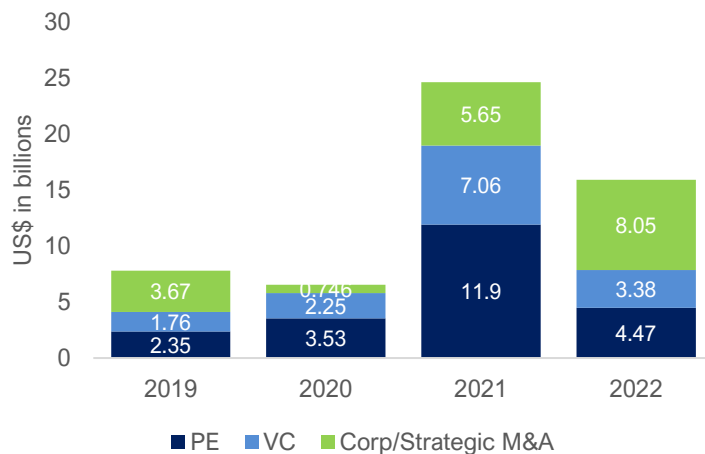
Source: Capital IQ



EDUCATION TECH DEAL COUNT



EDUCATION TECH DEAL VOLUME



Source: Pitchbook

EDUCATION TECH INVESTORS

SOME OF THE MORE ACTIVE INVESTORS IN EDUCATION TECH FINANCING DEALS IN THE \$50-500 MILLION VALUATION RANGE:

F+PRIME



EDUCATION TECH FINANCING TRENDS

SELECT RECENT EDUCATION TECH FINANCINGS (VALUATION \$50-500 MILLION)

Date	Company	Description	Funding Size	Post-Valuation
Feb-23	Workera	AI-powered skills intelligence platform	26	100
Jan-23	Prisms of Reality	Immersive 3D educational platform	18	78
Dec-22	DeepHow	AI-powered industrial learning platform	14	54
Nov-22	Speak	Language-learning mobile application	27	125
Nov-22	Prenda	Virtual home/micro-school education	36	119
Nov-22	Skillshare	Online global learning community platform	78	338
Nov-22	BetterManager	Personalized coaching software	16	56
Oct-22	CollegeVine	Academic tutoring and mentorship	24	84
Sep-22	TeachFX	Teacher feedback and training platform	10	60
Sep-22	Toucan	Online language learning platform	20	120
Aug-22	Primer	Education platform for homeschoolers	15	80
Aug-22	Interplay Learning	Virtual reality online simulation training	19	137
Aug-22	Hone	Online workplace training services	53	120
Aug-22	Cybrary	Cybersecurity professional development	25	120
Aug-22	Talaera	On-demand professional English training	45	450
Jul-22	AstrumU	Education predictive analytics	17	73
Jun-22	Transfr	Apprenticeship training simulations	35	165
Jun-22	Ethena	Harassment prevention training platform	30	200
May-22	APDS	Online platform for incarcerated learners	7	72
May-22	Juni	Online learning platform	14	74
May-22	Parallel Learning	Learning assessment platform	20	80
May-22	Torch	Leadership development platform	40	340
Apr-22	KidStrong	Child development training center	10	90
Apr-22	Amira Learning	Reading assistance software	20	100
Apr-22	Zigazoo	Video game-based learning	17	80
Mar-22	Osso VR	Virtual reality medical device training	66	224
Mar-22	WorkRamp	Online learning platform	40	210
Mar-22	Immerse	Virtual language immersion platform	8	50
Mar-22	Pedago	Online education platform	15	158
Feb-22	Strivr	Immersive learning platform	35	180
Feb-22	WeeCare	Childcare network marketplace	12	57
Feb-22	Reforge	Career development services	60	260
Feb-22	Expressable	Online speech therapy	15	55
Jan-22	BookNook	Online education platform	25	300
Jan-22	Continu	Online learning platform	14	54
Jan-22	Campuswire	Course communications tools	16	70
Jan-22	Spekit	Digital systems enablement platform	45	349

Source: Pitchbook

Education Tech M&A Trends

SELECT RECENT EDUCATION TECH M&A DEALS (VALUATION \$50-500 MILLION)

Date	Company	Description	Acquiror	Valuation
Jan-23	NextStep	Online nursing assistant training	CareAcademy	200
Dec-22	LearnPlatform	Classroom management platform	Instructure	92
Dec-22	Coding Dojo	Programming technology education	Perdoceo Education	53
May-22	TutorMe	On-demand tutoring/online courses	GoGuardian	55
Apr-22	Codecademy	Online coding classes and tutorials	SkillSoft	386
Apr-22	PeopleGrove	Student mentorship/advising platform	The Riverside Company	58

Source: Pitchbook, Capital IQ, Press Releases

Recent Stout Team Impact Transactions

HEALTH TECH



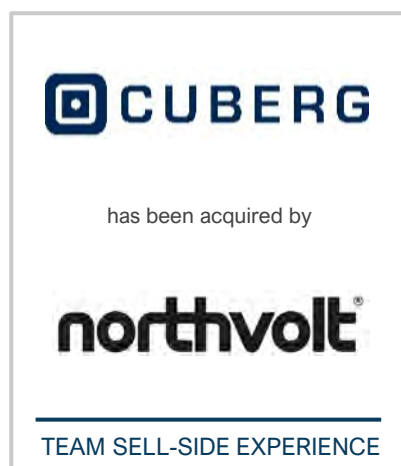
ADA HEALTH GMBH

Developer of a powerful AI-based health assessment and care navigation platform that helps users understand their symptoms and conditions with a high degree of medical accuracy

TRANSACTION RATIONALE

- The investment will help advance the company's popular health assessment technology, enabling the digital health pioneer to accelerate its path toward becoming the world's leading personalized operating system

CLEAN TECH



CUBERG, INC.

Developer of lithium metal technology that radically increases energy density and offers minimized scale-up risks in recreation and general industrial segments

TRANSACTION RATIONALE

- Northvolt, based in Sweden, will establish an advanced technology center in Silicon Valley based on the Cuberg acquisition
- Northvolt's U.S. operations, led by Cuberg, will develop next-generation battery cells for the electromobility market with a lower price point, better performance, and increased safety

EDUCATION TECH



FRONTROW

Provider of proprietary hardware and software for a connected audio classroom experience

TRANSACTION RATIONALE

- The company, based in California, grew out of an audio tech acquisition by its parent, Demant Group, an audio hearing aid company based in Denmark
- This corporate divestiture allowed FrontRow to become part of Boxlight, a publicly traded company focused on developing technology for the education sector

**May include work performed by Stout professionals while at prior firms*

Stout Technology Investment Banking Team

ABOUT

For more than 30 years, Stout has exclusively focused on serving the unique M&A transaction advisory needs of middle-market clients. Our firm is a trusted advisor to leading organizations due to our deep industry knowledge, senior-level attention, process expertise, and relentless focus on delivering unparalleled results.

The Stout Technology team has deep experience and expertise across numerous industry subsectors, processes, and end markets.

FOCUS AREAS












Software

- Enterprise Software
- Consumer
- Cybersecurity
- Data Analytics
- Managed/IT Services
- Digital Transformation
- Healthcare Software
- Education Software
- Clean tech Software
- AI/Machine Learning

Hardware

- IoT
- Industrial Tech
- Semiconductors
- Electronic Components
- Cloud Infrastructure
- Wearables
- Medical Devices
- Smart Cities
- Cleantech Applications
- Critical Infrastructure

STOUT TEAM TRANSACTION EXPERIENCE

 Private Placement	 has been recapitalized by  Buy-Side	 Private Placement
 has been acquired by  Sell-Side	 has been recapitalized by  Buy-Side	 Privacy • Permission • TRUST Advisory
 has been acquired by  Sell-Side	 has been acquired by  Sell-Side	 Private Placement

FOR MORE INFORMATION

Tricia Salinero - Technology

Managing Director
tsalinero@stout.com
415.510.6077

Jon Thomas - Technology

Managing Director
jthomas@stout.com
415.874.1442

Seth Morganstern – Tech Services

Managing Director
smorganstern@stout.com
312.752.3391

Santiago Izaguirre – Technology

Managing Director
sizaguirre@stout.uk
+44.20.3405.3314

Mathis Wilke – Technology

Managing Director
mwilke@stout.de
+49.30.120.873.999

John Calcagnini – Health/Med Device

Managing Director
jcalcagnini@stout.com
310.598.3857

Monica Mariani – Technology

Director
mmariani@stout.com
310.601.2566

*May include work performed by Stout professionals while at prior firms



ABOUT STOUT INVESTMENT BANKING

Stout's Investment Banking group provides mergers and acquisitions (M&A) advisory, capital market financing, and other financial advisory services to portfolio companies of private equity firms, closely held or family-owned businesses, and divisions of large corporate parents. Learn more about our [Investment Banking services](#).

Stout is a trade name for Stout Risius Ross, LLC, Stout Advisors SA, Stout Bluepeak Asia Ltd, Stout GmbH, MB e Associati S.r.l., Stout Park Ltd, and Stout Capital, LLC, a FINRA-registered broker-dealer and SIPC member firm. The term "Stout" refers to one or more of these legally separate and independent advisory practices. Please see www.stout.com/about to learn more.