

## Executive Summary – Q2 2020 HIT / Digital Health Update

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- ❑ **Global M&A** dollar value was \$298 Bil and deal count was 8,300, both decreases in **Q2 2020, ↓30% and ↓52%, respectively**. Similarly, **U.S. M&A dollar value was \$71 Bil and deal count was 2,445 in Q2 2020, ↓75% and ↓45% respectively**.
- ❑ **Global Private Placements** dollar value increased to \$245 Bil in Q2 2020, up 53%, despite a 3% decrease in deal count to 8,800. **US total sector Private Placements** showed mixed trends in Q2 2020; **dollar value ↑13% to \$57 Bil and deal count ↓20% to about 3,100 transactions**.
- ❑ **U.S. Digital Health M&A** deal count decreased to 36 transactions in Q2 2020, **↓44%** from 64 deals in Q1 2020. The number of M&A transactions in Q2 2020 was the lowest level of activity in six years, and only a few of the deals in Q2 had announced transaction prices so any comparison to \$ volume compared to previous periods is meaningless.
  - Patient Engagement/Monitoring subsector was the most active and the fastest growing subsector in terms of deal count, accelerating 3-fold and reflecting the acceleration of virtual medicine in the world of COVID-19. HIM/Workflow Management accounted for the second-most deals despite decreasing 59% from the previous quarter. All other sub-subsectors' deal counts declined or remained unchanged, with Payer/Provider Spending Analytics falling to 0 deals in Q2 from 7 in Q1 2020.
- ❑ **U.S. Digital Health Private Placement** transactions increased to 181 deals, **↑36%**. Disclosed dollar investments in N. American based HIT firms was \$3 Bil in Q2 2020 vs. \$2 Bil in the previous quarter. Of note, deal activity was the highest in April (accounting for 40% of the quarter's activity) and then a steady decline in deal activity with May at 32% and June at 28% of the quarter's total deal count. Q2 2020 recorded the 2nd highest deal count level of any Q2 and the largest amount of funds invested in any quarter in 5 years
  - The Patient Centric subsector was the most active area for investments in Q2, 2020, increasing in deal count by 86% over Q1 activity. Productivity Solutions was the 2<sup>nd</sup> most popular sector for PP deal counts, increasing 24% over Q1 2020. Every other subsector experienced an increase in deal count in Q2 except Spending Analytics which had a ↓50% to just 12 deals.
- ❑ **There was no Digital Health IPO in Q2 2020**. However, Accolade, Inc (NasdaqGS: ACCD) went public on July 1, 2020 with a \$220 mil offering.
- ❑ **Novahill's Digital Health Public Comparable Index gained 57% compared to the S&P 500 Index of a 5% gain over the latest 12-month period**. However, that outperformance was heavily weighted by the exceptional performance of only four stocks while the other 15 Digital Health publicly traded stocks lagged the modest 5% gain of the S&P Index.