

Executive Summary – Q2 2021 HIT / Digital Health Update

- ❑ **Global M&A \$ value of \$1.5 T** in Q2 2021 was **↑113%** on a QoQ basis, and **↑4x** on a YoY basis. **Deal count**, on a QoQ basis was flat and **↑18%** on a YoY basis. **U.S. M&A \$ value of \$408 Bil** was **up by ↑36%** QoQ and **↑24%** on a YoY basis. **Deal count YoY ↑55%**.
- ❑ **Global Private Placements \$ value** in Q2 2021 was **↑8%** on a QoQ basis and **↑13%** on a YoY basis. **Deal count**, on a QoQ and YoY basis were both up slightly (**↑3%**). **U.S. Private Placements in Q2 was \$117 Bil**. Deal count and \$ volume on a QoQ basis were nominally down (**↓3%**) and on a **YoY basis deal count was ↑38%** and **\$ volume was ↑105%**.
- ❑ **U.S. Digital Health M&A total disclosed \$ volume in Q2 was ~\$32 Bil, ↑62% over Q1. Q2 deal count was 102 transactions**, a slight decrease from the all time high of Q1 2021 and **↑180%** YoY compared to the pandemic quarter of Q2 2020.
 - For the second time in four years, the Patient Centric category was the most active in a quarter with 30 deals in Q2 2021. Right behind Patient Centric were Spending Analytics and Patient Centric, both reaching their highest level of deals since 2014. As a contrast, Clinical Data deal count decreased **↓77%** QoQ from 22 to 5. **Total M&A deal count in H1 of 2021 reached all time peak.**
- ❑ **U.S. Digital Health Private Placement transaction count** stayed flat at 268 deals in Q2, the **strongest first two quarters we have seen over the past 6 years**. **Disclosed dollar investments** in NHA's defined N. American Digital Health sector **reached an all time quarterly high of \$7.3 Bil in Q2 2021** and was **↑7%** over the record Q1 2021 level of \$6.8 Bil.
 - The Patient Centric broad category continued to be the most active area for investments, registering 113 deals or 42% of total Q2 PP deals. The Spending / Revenue Analytics and Provider Centric sectors enjoyed an **↑** in deal counts during Q2, 2021 while the Patient Centric, Productivity Solutions and Clinical Data analytics all experienced a marginal **↓** in deals.
- ❑ **Digital Health stocks entering the U.S. public markets in Q2 2021** took the form of one IPO (Doximity) and two SPACs (Talkspace & 23andMe). As of mid-July, there are at least 4 SPAC deals in the pipeline for the 2nd half of 2021, but no IPOs publicly planned. **All six SPAC deals in the past 3 quarters have experienced declines in their stock prices, once floated.**
- ❑ **Novahill's Digital Health Public Comparable Index gained 43% compared to the S&P 500 Index's 38% gain over the latest 12-month period.** Of note, the HIT stock index's outperformance was weighted by the exceptional results of 6 stocks (collectively **↑158%**), while the other 20 stocks recorded an average 9% gain over the LTM period (including 10 stocks with negative returns).