

## Executive Summary – Q3 2021 HIT / Digital Health Update

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- ❑ **Global M&A \$ value of \$1 T** in Q3 2021 was ↓30% on a QoQ basis, and ↑1.5x on a YoY basis. **Deal count**, on a QoQ basis was flat and ↑24% on a YoY basis. **U.S. M&A \$ value of \$678 Bil** was up by ↑66% QoQ and ↑3.4x on a YoY basis. **Deal count YoY ↑49%**.
- ❑ **Global Private Placements \$ value** in Q3 2021 was ↓7% on a QoQ basis and ↑51% on a YoY basis. **Deal count**, on a QoQ and YoY basis were both up ↑7% and ↑33% respectively. **U.S. Private Placements in Q3 was \$114 Bil**. Deal count and \$ volume on a QoQ basis were flat and on a **YoY basis deal count was ↑27% and \$ volume was ↑44%**.
- ❑ **U.S. Digital Health M&A total disclosed \$ volume in Q3 was ~\$10 Bil, ↓18% QoQ. Q3 deal count was 84 transactions**, a slight decrease from a strong Q1 and Q2 2021 and ↑15% YoY.
  - For the first time in three years, the Spending and Revenue Analytics category was the most active in a quarter with 34 deals in Q3 2021. Patient Centric was the 2<sup>nd</sup> most active with 24 deals but ↓20% from Q2 deal count. Productivity Solutions had the most dramatic decline in deal count ↓71% QoQ from 28 to 8 and ↓69% YoY.
- ❑ **U.S. Digital Health Private Placement transaction count** slightly decreased to 252 deals in Q2, but 2021 had the **strongest first three quarters of any year in the past 6 years. Disclosed dollar investments** in NHA's defined N. American Digital Health sector **\$5.3 Bil in Q3 2021** and was ↓27% from the record Q2 2021 level of \$7.3 Bil.
  - The Patient Centric broad category continued to be the most active area for investments, registering 124 deals or 49% of total Q3 PP deals. Both the Provider and Patient Centric sectors enjoyed an ↑ in deal counts during Q3, 2021 while the Productivity Solutions, Clinical Data analytics, and Spending and Revenue Analytics all experienced a marginal ↓ in deals.
- ❑ **Digital Health stocks entering the U.S. public markets in Q3 2021** took the form of three IPOs (Cue Health, Definitive Healthcare, and Thorn HealthTech), which began trading in mid-September. As of Sept, there are at least 3 SPAC deals in the pipeline for the Q4 2021 and H1 2022. Three new SPAC deals (Owlet, Sharecare, and Sema4) closed during Q3. **All digital health SPAC deals in the past 3 quarters have experienced substantial declines in their stock prices, once floated.**
- ❑ **Novahill's Digital Health Public Comparable Index gained 11% compared to the S&P 500 Index's 27% gain over the latest 12-month period.** Of note, the HIT stock index's outperformance was weighted by the exceptional results of 4 stocks (↑101% on average), while the other 22 stocks recorded an average ↑5% gain over the LTM period (including 12 stocks with negative returns).