

## Executive Summary – Q1 2022 HIT / Digital Health Update

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- ❑ **Global M&A** deal count and \$ volume in Q1 2022 were down 12% and 28% respectively. **YoY deal count ↑ 12% but \$ volume ↓19% to \$1.3 Trillion. U.S. M&A** deal count was down 10% from Q4 to Q1 2022 and \$ volume ↓8%. **YoY U.S. M&A deal count and \$ value were both ↑ 19% and 0.9% respectively.**
  
- ❑ **Global Private Placements** in Q1 2022 was ↓38% in \$ volume and ↓26% in deal count on QoQ basis. YoY \$ volume ↓58% and deal count ↓52%. **U.S. Private Placements reached \$99.7 Bil in Q1 2022, ↓19.8% QoQ.**
  
- ❑ **U.S. Digital Health M&A** total disclosed \$ volume in Q1 2022 was ~\$12 Bil, a 4x ↓ QoQ but Q4 2021 included Athenahealth (\$17 Bil) and Cerner (\$29 Bil). Q1 2022 deal count was 125 transactions, a significant increase from Q4 2021. 2022 is off to a strong start in terms of deal count following a record year in 2021.
  - In terms of Broad HIT Sector categories, Productivity Solutions was the most active broad sector category in Q1 with 38 deals. Spending and Revenue Analytics was the 2<sup>nd</sup> with 31 deals, slightly ↑ from Q4. Provider Centric had the lowest deal count in Q1 2022.

US and Global M&A and PP Data Source: Bloomberg & Capital IQ

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- ❑ **U.S. Digital Health Private Placement *transaction count*** ↓ to 222 deals in Q1 2022 vs 236 in Q4 2021. Disclosed dollar investments in NHA’s defined N. American Digital Health sector was \$3.4 Bil in Q1, down from \$5.5 Bil in Q4 2021.
  - The Patient Centric broad category continued to be the most active area for investments in Q1, registering 106 deals or 48% of total Q1 PP deals. The other four broad HIT categories all experienced a ↓ in deal count in Q1 2022.
  
- ❑ **No new Digital Health stocks entered the U.S. public markets** in Q1 2022. This comes as the 7 SPAC and 4 IPO entrants in the Digital Health sector during 2021 continued to lose value in Q1 2022 compared to their first day of trading. **Most of the HIT SPACs significantly underperformed to their projected earnings. The class action lawsuit alleging that Talkspace misled investors exemplifies the issue.**
  
- ❑ **Novahill’s Digital Health Public Comparable Index lost 36% of its value compared to the S&P 500 Index’s 13% gain over the latest 12-month period.** Only one broad sectors, Provider Centric (↑ 17%) turned in positive results for the LTM. Patient Centric, Clinical Data and Spending Analytic companies all lost around 50% of their value. **Q1 2022 continues the trends seen in 2021, the worst year ever for Digital Health stock performance relative to the S&P.**

US and Global M&A and PP Data Source: Bloomberg & Capital IQ