

Executive Summary – Q2 2022 HIT / Digital Health Update

- ❑ **Global M&A** deal count and \$ volume in Q2 2022 were up QoQ ↑25% and ↑8% respectively. **YoY deal count ↑18% but \$ volume ↓19% to \$896 Billion. U.S. M&A** deal count was up 17% from Q1 to Q2 2022 and \$ volume ↑8%. **YoY U.S. M&A deal count and \$ value were both ↑13% and 1% respectively.**

- ❑ **Global Private Placements** in Q2 2022 was ↑138% in \$ volume and ↑74% in deal count on QoQ basis. YoY \$ volume ↑55% and deal count ↑18%. **U.S. Private Placements reached \$102 Bil in Q2 2022, ↓32% QoQ** and total deal count reached 300 in Q2 2022 compared to 107 deals in Q1 2022.

- ❑ **U.S. Digital Health M&A** total disclosed \$ volume in Q2 2022 was ~\$8.3 Bil, a **66%↓** QoQ from Q1 2022. **Deal count in Q2 was 66 transactions, a significant decrease** from Q1 2022's 125. Geopolitical consequences of the Ukrainian war, jump in energy prices, and inflationary pressures all contributed to a lower deal count.
 - In terms of Broad HIT Sector categories, **Spending and Revenue Analytics was the most active sector** with 22 deals in Q2 followed by Productivity Solutions with 14 deals. Clinical Data Analytics had the least number of transactions in Q2 2022.

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

Executive Summary – Q2 2022 HIT / Digital Health Update (continued)

- ❑ **U.S. Digital Health Private Placement *transaction count* ↑ to 241 deals in Q2 2022 vs 222 deals in Q1 2022. Disclosed dollar investments in NHA’s defined N. American Digital Health sector was \$2.9 Bil in Q2, down from \$3.4 Bil in Q1.**
 - The Patient Centric broad category continued to be the most active area for investments in Q2 accounting for 42% of total Q2 PP deals.
- ❑ **One new Digital Health IPO entered the U.S. public market in Q2 2022. On July 15th, Heart Test Laboratories Inc. (HSCS) was the first Digital Health IPO for 2022.**
 - ❑ **Virtually all of the Digital Health SPACs that floated in 2021 continued to significantly underperform against the S&P 500 index.**
- ❑ **Novahill’s Digital Health Public Comparable Index lost 54% of its value compared to the S&P 500 Index’s 12% loss over the latest 12-month period.** Provider Centric performed relatively close to the S&P’s 12% decline. Patient Centric, Clinical Data and Spending Analytic companies all lost 60% or more of their value.
 - ❑ **Q2 2022 continues the trend started in H2 of 2021, where Digital Health stocks underperformed the S&P index.** This contrasted the time span from Jan 2020 to April 2021 when Digital Health had relative superior performance.

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