

Executive Summary – Q3 2022 HIT / Digital Health Update

➤ **Global M&A activity has declined.**

- The deal count and \$ volume in Q3 2022 were down QoQ ↓54% and ↓67.5% respectively. YoY deal count ↑39% but \$ volume ↓19% to \$291 Bil.

➤ **U.S. M&A activity declined QoQ but up YoY.**

- Deal count was down ↓9% from Q2 to Q3 2022 and \$ volume ↓24%. YoY U.S. M&A deal count and \$ value were ↑119% and ↑11% respectively.

➤ **Global Private Placements activity declined**

- Deals in Q3 2022 was ↓72% in \$ volume and ↓67% in deal count on QoQ basis. YoY \$ volume ↓41% and deal count ↓18%.

➤ **U.S. Private Placements declined**

- Total amount invested reached \$61 Bil in Q3 2022, ↓40% QoQ and total deal count reached 4,486 in Q3 2022 compared to 6,349 deals in Q2 2022.

➤ **U.S. Digital Health M&A total disclosed \$ volume ↑, deal count flat**

- In Q3 2022 \$ volume was ~\$14 Bil, a **63%↑** QoQ from Q2 2022 but one transaction was \$8 Bil so **otherwise \$ volume was down by 25%.**
- **Deal count in Q3 was 68 transactions, relatively even with Q2 2022's 66.** Geopolitical consequences of the Ukrainian war, jump in energy prices, and higher interest rates and inflationary pressures all contributed to a continued lower deal count.
 - In terms of Broad HIT Sector categories, **Productivity Solutions was the most active sector** in Q3 followed by Spending and Revenue Analytics. Clinical Data Analytics had the lowest activity

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 **221 deals** in **Q3 2022** vs **241 deals** in **Q2 2022**. Disclosed dollar investments in **NHA's defined N. American Digital Health** sector was **\$3.0 Bil** in **Q3**, essentially flat compared to the **\$2.9 Bil** in **Q2**.
 - The **Patient Centric broad category** continued to be the most active area for investments in Q3 accounting for **46%** of total Q3 PP deals.
- The only **new public offering** - Akili Interactive SPAC entered the U.S. public market in Q3 2022.
 - Virtually all of the Digital Health SPACs that floated in 2021 continued to significantly underperform against the S&P 500
- **Novahill's Digital Health Public Comparable Index** lost **46%** of its value compared to the **S&P 500 Index's 15% loss** over the latest 12-month period.
 - **Provider Centric** performed relatively close to the **S&P's 15%** decline. **Clinical Data** and **Patient Centric** companies all **lost 60%** or more of their value.
 - **Q3 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