

**Over the latest twelve months (LTM) the Digital Health Sector had a difficult 2022**

- Public Digital Health company valuations declined on average by 41% over the year
- M&A activity by deal count was down by 19% over the latest twelve months (LTM)
- Private Placement deal count and \$ volume were down by 17% for both metrics

**General market backdrop — Full year 2022 vs. 2021**

- Global M&A market was virtually flat in the number of deals and down 24% in \$ volume
- Across all sectors, deal counts for US M&A was flat and Private Placements were ↑ 42%
- The IPO market has disappeared as an exit option for most VC backed companies

**Dramatic shift in valuation multiples for privately held digital health businesses**

- Prospect of down round funding looms likely for many startup firms who need funding
- Limited exit options is driving some early-stage firms to seek merger partners
- Many Buyers & VCs with dry powder are seeking acquisition/investment opportunities for:
  - Companies with market traction, positive cash flow, and healthy ARR growth
  - But valuation metrics reflect today's markets, not 2021 levels

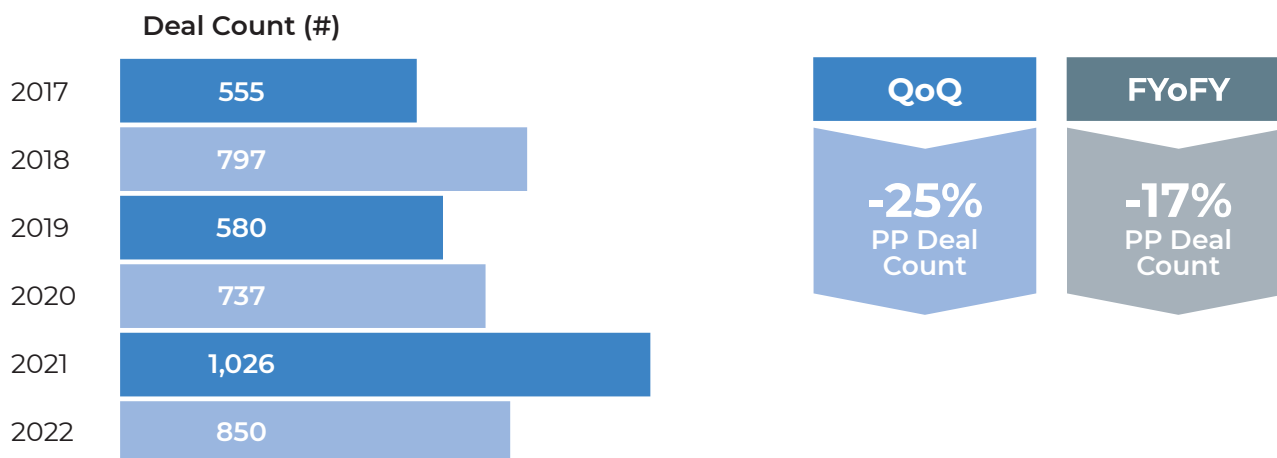
Source: Capital IQ as of December 31, 2022

### US Digital Health M&A deal activity



The Productivity Solutions broad category continued to be the most active area for investments in the LTM accounting for 28% of total 2023 M&A deals

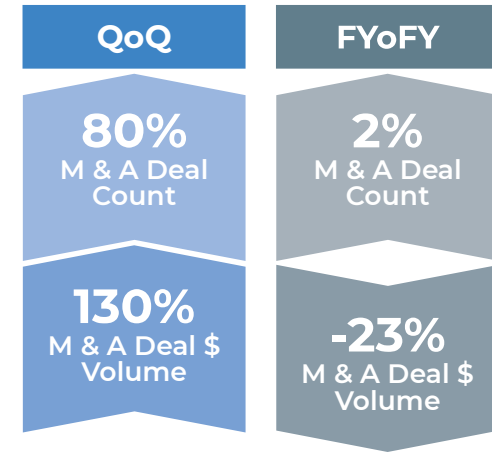
### US Digital Health Private Placement (PP) deal activity



The Patient Centric broad category continued to be the most active area for investments in Q4 accounting for 40% of total Q4 PP deals

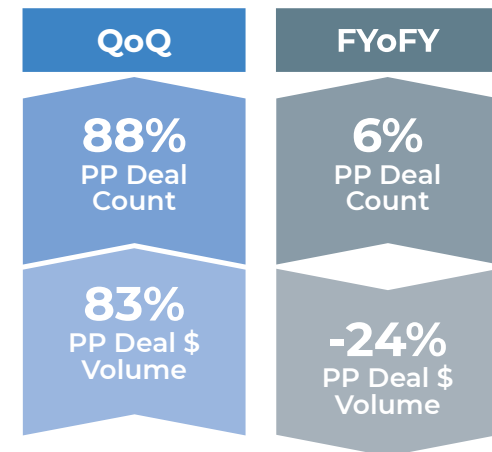
### Global M&A deal activity across all sectors

	Deal Value (T)	Deal Count (#)
2017	\$2.8	57,672
2018	\$1.8	55,822
2019	\$3.9	52,759
2020	\$2.1	37,935
2021	\$3.5	35,977
2022	\$2.7	36,793



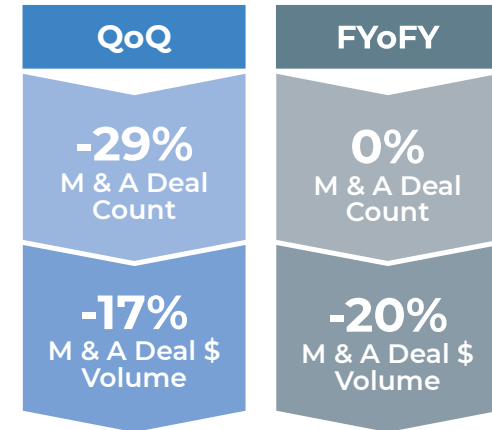
### Global Private Placement (PP) deal activity all sectors

	Deal Value (T)	Deal Count (#)
2017	\$0.9	38,612
2018	\$0.9	42,476
2019	\$0.7	38,810
2020	\$0.8	30,877
2021	\$0.8	29,103
2022	\$0.7	30,877



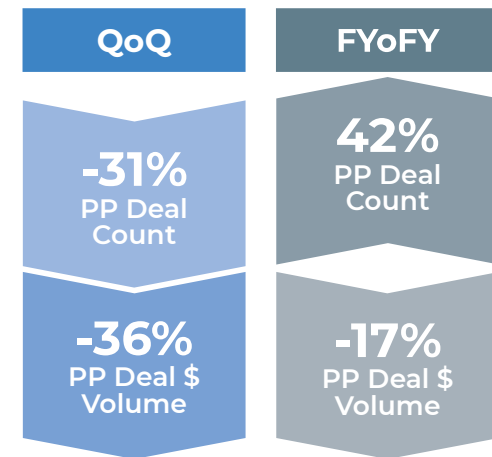
### US M&A deal activity across all sectors

	Deal Value (T)	Deal Count (#)
2017	\$1.1	7,754
2018	\$1.2	55,800
2019	\$1.6	9,149
2020	\$1.2	12,011
2021	\$1.7	17,095
2022	\$1.4	17,134



### US Private Placement (PP) deal activity across sectors

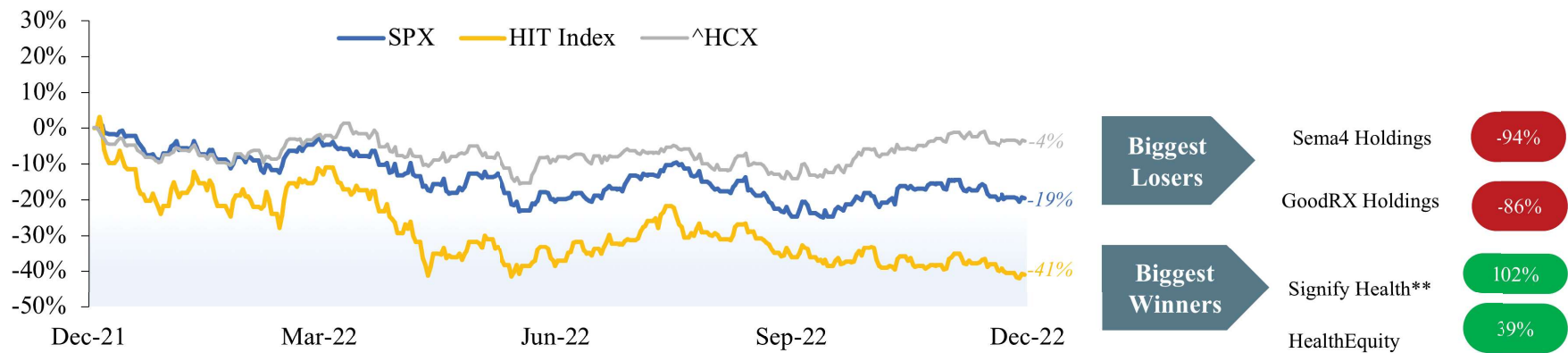
	Deal Value (T)	Deal Count (#)
2017	\$0.3	19,408
2018	\$0.3	13,366
2019	\$0.2	13,035
2020	\$0.3	12,748
2021	\$0.4	15,110
2022	\$0.3	21,460



### Digital Health Index vs. S&P 500

The public market option narrowed significantly in 2022 for Digital Health companies

- There were no IPO or SPAC deals in Q4 2022
- For FY 2022, there was 1 IPO and 1 SPAC vs. 4 IPO and 7 SPAC deals in FY 2021
  - Virtually all Digital Health SPAC stocks continued to perform poorly in 2022



- Novahill’s Digital Health Public Comparable Index (HIT Index) lost 41% of its value compare to the S&P 500 Index’s 19% loss over the latest 12-month period