

For the full year 2023 Novahill's Digital Health Small Cap Stock Sector Index experienced a ↓5.6% result whereas the S&P 500 Index registered a ↑25% performance

- No IPO nor SPAC deals in 2023 and only one IPO in 2022. The 2024 IPO pipeline looks sparse
- Digital Health small cap stocks trading multiples increased over the summer but ended slightly down to levels of EV/Rev 2.6x revenues and an EV/EBITDA of 24x
- The Digital Health stocks EV/Rev multiples traded below the S&P EV/Rev multiple for the first time in recent memory

General market backdrop — Global activity mixed results in 2023; U.S. results were down

- Global M&A activity for all sectors showed ↑7% in deal count but ↓8% in dollar volume
- Global Private Placement activity for all sectors had ↑10% in deal count and ↑7% \$ volume
- U.S. M&A for all sectors recorded ↓9% in deal count and ↓4% in dollar volume
- U.S. Private Placement activity in all sectors showed ↓16% in deal count and ↓27% in volume

Digital Health Sector 2023 and Q4 results were down but 2024 could show better results

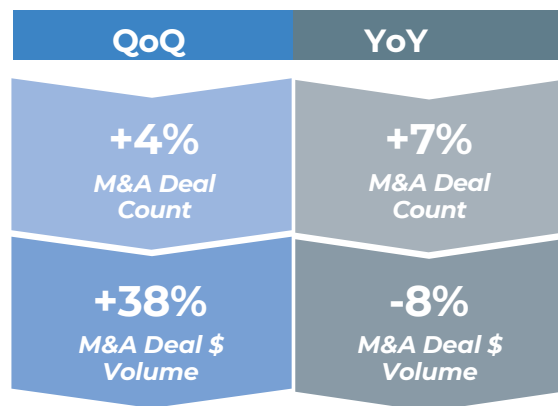
- M&A deal count was ↓19% for the full year of 2023 vs. 2022 but ↑7% on a QoQ basis
- Private Placement activity was ↓24% for the full year of 2023 and ↓14% for QoQ
- Pressure for the Digital Health sector consolidation could result in a rebound in M&A activity
- Digital Health Sector leaders are Productivity Solutions in M&A and Patient Centric in PP

Trends in the Digital Health Sector

- AI clinical applications has high potential for patient benefits; workflow AI benefits providers
- Valuation multiple for fast growing Digital Health early-stage companies has ↓ from double digit EV/ Rev multiples of peak 2021 / 2022 levels to more typical 6x to 7x range 2023

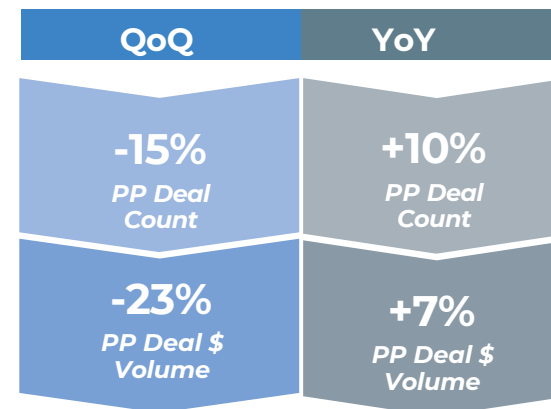
Source: Capital IQ as of December 31, 2023

Global M&A Activity (All Sectors)



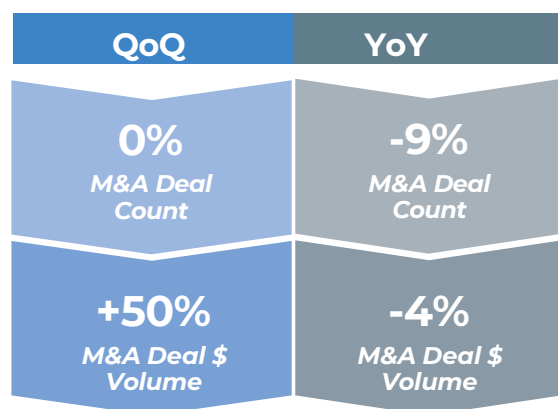
❖ Q4 Deal count (9,079) and Deal volume (~\$754B)

Global Private Placement Activity (All Sectors)



❖ Q4 Deal count (7,223) and Deal volume (~\$140B)

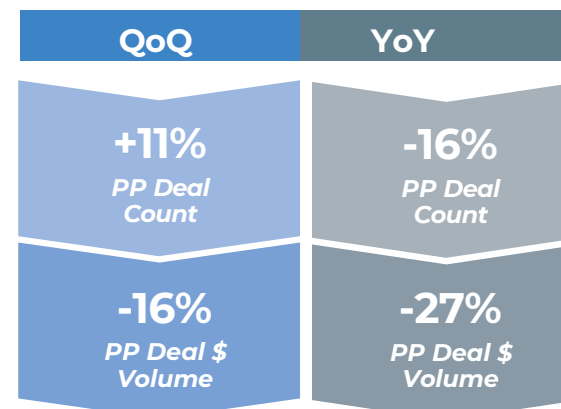
US M&A Activity (All Sectors)



❖ Q4 Deal count (3,553) and Deal Volume (~\$435B)

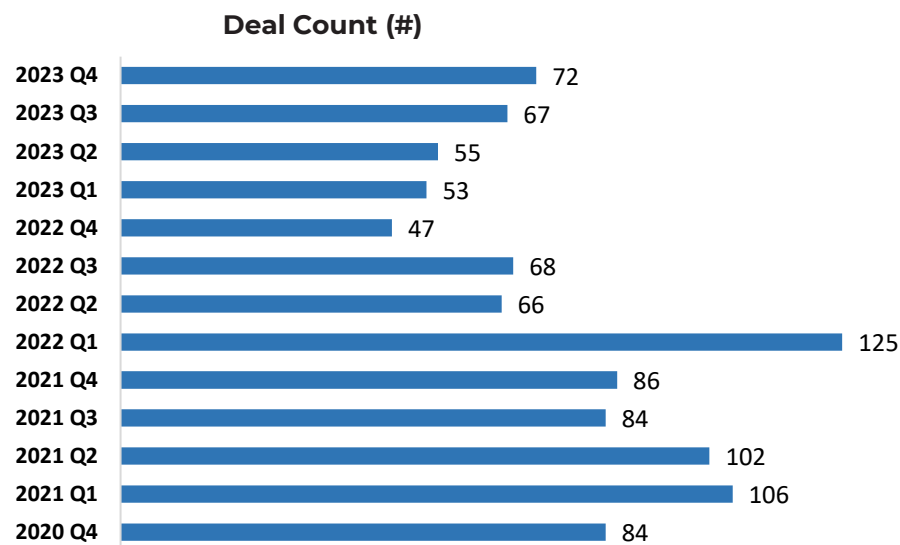
❖ Deal count & volume numbers for Q4 2023

US Private Placement Activity (All Sectors)



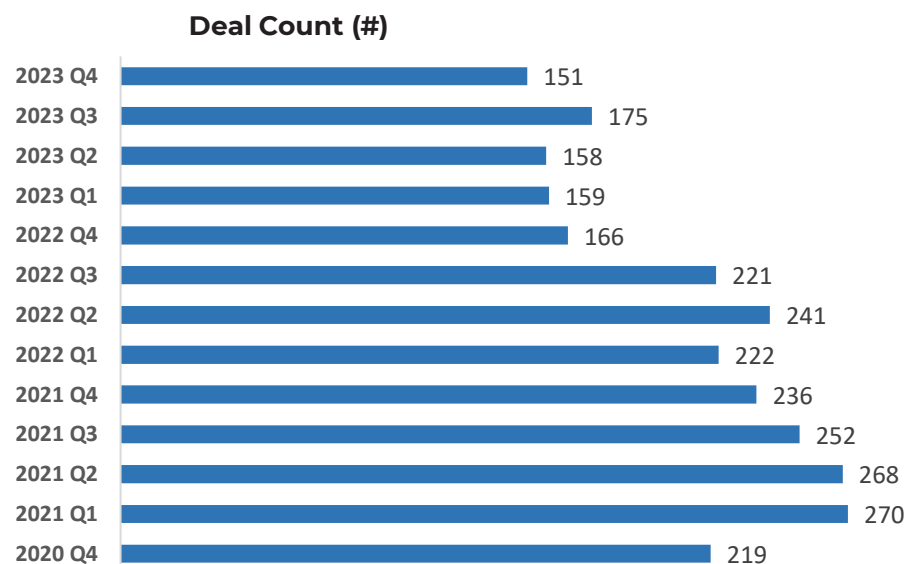
❖ Q4 Deal count (4,251) and Deal Volume (~\$54B)

YoY – FY 2023 over FY 2022

US Digital Health M&A deal activity

Total Digital Health M&A ↑ 7% on a QoQ basis but for YoY all Digital Health Sector activity ↓ 19%.

Productivity Solutions broad category continued to be the most active area for M&A accounting for ~ 28% in both Q4 and full year 2023

US Digital Health Private Placement (PP) deal activity

Digital Health PP ↓14% on a QoQ basis in Q4 2023 and ↓24% on YoY basis comparing all of 2023 activity to 2022's full year of transactions.

The Patient Centric broad category continues to be the most popular sector for investments with slightly over 1/3 of total Q4 as well as YoY 2023 PP deal activity.

Source: Capital IQ as of December 31, 2023

Selected Digital Health Small-Cap Public Company Comparables

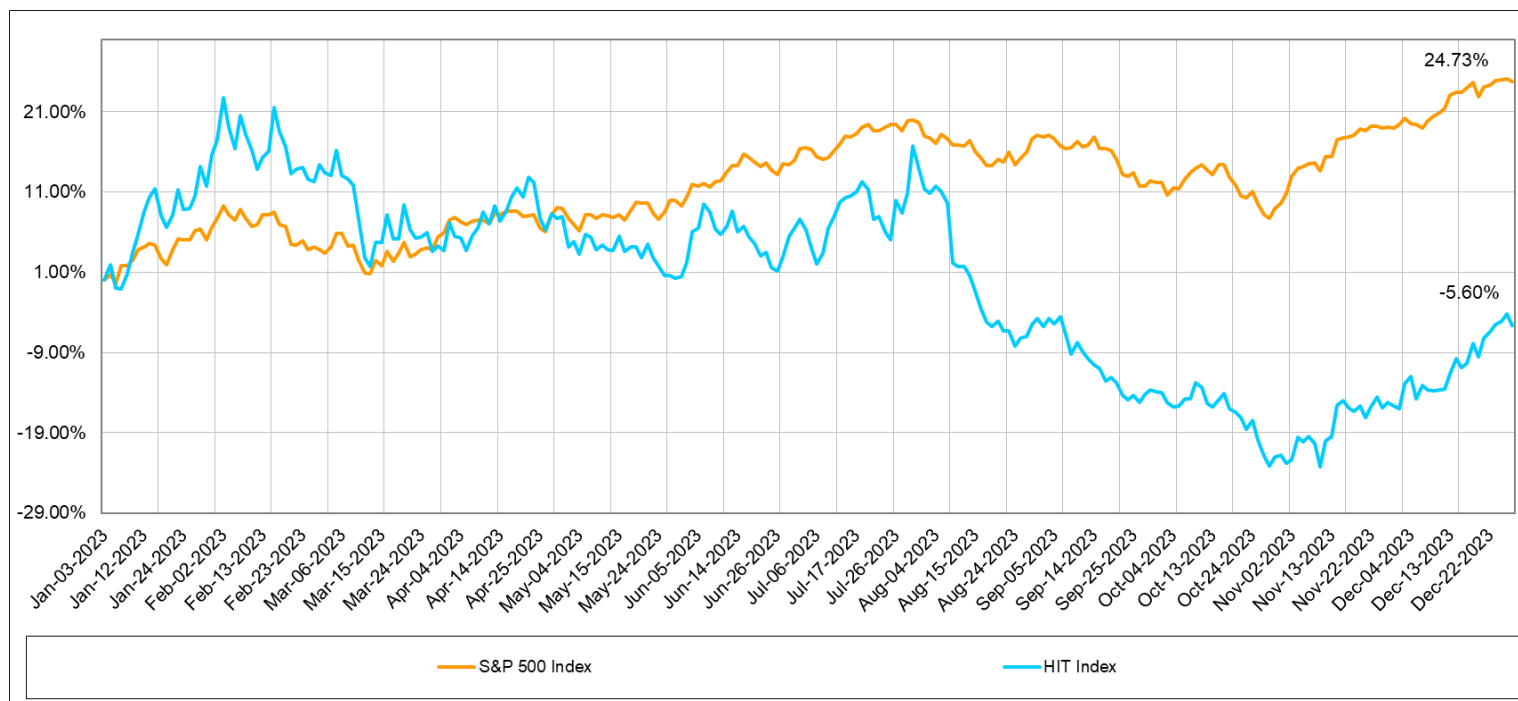
\$mm	Trading Multiples (LTM)					Margins (LTM)		Est. Revenue	
Company Name	Market Cap	TEV	Revenue	TEV/Rev	TEV/EBITDA	GM	EBIT	1 Year	2 Years
<u>Patient Centric</u>									
Talkspace, Inc.	\$424	\$299	\$138	2.2x	NM	46.8%	(26.0%)	22.4%	51.3%
Teladoc, Inc.	\$3,568	\$4,120	\$2,580	1.6x	NM	70.7%	(8.3%)	8.5%	16.5%
American Well Corporation	\$428	\$40	\$268	0.2x	NM	39.0%	(94.4%)	(6.7%)	(7.7%)
GoodRx Holdings, Inc.	\$2,721	\$2,638	\$738	3.6x	31.4x	90.6%	4.2%	(1.5%)	(0.5%)
Hims & Hers Health, Inc.	\$1,887	\$1,679	\$793	2.1x	NM	81.2%	(4.9%)	65.4%	138.9%
Owlet Inc.	\$45	\$49	\$45	1.1x	NM	35.7%	(103.0%)	(21.7%)	(21.7%)
Sharecare, Inc.	\$381	\$313	\$463	0.7x	NM	42.0%	(27.3%)	2.7%	8.7%
Cue Health Inc.	\$25	-\$37	\$199	NM	NM	(79.3%)	(125.2%)	(85.8%)	(93.7%)
	\$9,479	Mean:	5,222	2.2x	NM	74%	(10.2%)	16%	36%
<u>Provider Centric</u>									
Veradigm Inc	\$1,146	\$872	\$1,529	0.6x	7.6x	50.6%	4.7%	(59.1%)	(73.3%)
Computer Programs & Systems Inc.	\$159	\$305	\$337	0.9x	13.9x	45.9%	1.0%	3.7%	7.1%
Doximity, Inc.	\$5,213	\$4,498	\$448	10.0x	30.1x	88.2%	32.1%	11.5%	23.7%
Butterfly Network, Inc.	\$224	\$99	\$68	1.4x	NM	NM	NM	(12.1%)	(12.0%)
	\$6,742	Mean:	2,382	7.9x	24.9x	77.9%	25.6%	(1.4%)	5.6%
<u>Clinical Data Analytics</u>									
23andMe Holding Co.	\$438	\$262	\$270	1.0x	NM	45.6%	(128.8%)	(18.0%)	(21.4%)
Health Catalyst, Inc.	\$533	\$435	\$290	1.5x	NM	46.4%	(33.1%)	6.6%	15.9%
GeneDx Holdings Corp.	\$71	\$31	\$206	0.15x	NM	18.2%	(127.8%)	(17.6%)	(20.2%)
	\$1,042	Mean:	767	1.2x	NM	44.1%	(79.8%)	(5.4%)	(2.2%)
<u>Spending and Revenue Analytics</u>									
HealthEquity, Inc.	\$5,689	\$6,289	\$971	6.5x	24.1x	60.9%	10.8%	15.2%	33.0%
Definitive Healthcare Corp.	\$1,156	\$1,457	\$246	5.9x	NM	86.8%	(12.8%)	13.0%	25.3%
Accolade, Inc.	\$916	\$937	\$388	2.4x	NM	45.0%	(36.1%)	13.8%	32.6%
	\$7,760	Mean:	1,606	5.9x	NM	62.9%	1.8%	14.7%	31.8%
<u>Productivity Solutions</u>									
Evolent Health, Inc.	\$3,797	\$4,442	\$1,790	2.5x	41.2x	24.7%	1.2%	44.3%	89.1%
Healthstream Inc.	\$819	\$768	\$277	2.8x	21.2x	65.9%	5.4%	5.0%	10.8%
Omnicell, Inc.	\$1,711	\$1,877	\$1,186	1.6x	NM	43.9%	(3.4%)	(11.7%)	(19.1%)
Phreesia, Inc	\$1,288	\$1,199	\$338	3.5x	NM	64.4%	(43.4%)	26.3%	55.9%
Clover Health	\$464	\$170	\$2,440	0.1x	NM	8.9%	(9.9%)	(42.5%)	(61.8%)
	\$8,079	Mean:	6,031	2.4x	21.5x	38.3%	(7.1%)	20.6%	44.3%
Source: Capital IQ		Mean:	\$1,036	4.2x	21.3x	62.6%	NM	12.6%	29.5%
As of: Dec 31, 2023									

*The mean averages all are calculated using market cap weighted

Source: Capital IQ as of December 31, 2023

2023 Relative Performance of the Digital Health Index vs. S&P 500 index

The Digital Health Index recovered from LTM relative performance lows of -22% in Nov to - 5.6% by yearend but still significantly lagging below the robust S&P Index of +25%



- Digital Health Small Cap Index ↓ 5% in value vs. the S&P 500 Index's ↑25% in 2023
- The market for initial public offerings continues to be challenging:
 - No IPO nor SPAC deals in the Digital Health sector in 2023 and only 1 IPO in 2022
- In the past 5 years the Digital Health Index outperformed the S&P 500 index only twice (in 2018 & 2020)

Refer to Appendix 3 for list of Companies in the HIT Index