

Executive Summary – Full Year & Q4 2020 HIT / Digital Health Update

- ❑ **Global M&A** \$ value and deal count in **Q4 2020** were **both up** on a **QoQ** basis while **YoY** \$ value and deal count declined by around 25% each. **U.S. M&A** \$ value more than doubled from **Q3** to **Q4 2020**, reaching **\$412 Bil**; deal count was **↑36% QoQ**. **YoY** \$ value and deal count were both down by mid teens percentage wise.
- ❑ **Global Private Placements** \$ value and deal count in **Q4 2020** were **up by ~6%** on a **QoQ** basis. **YoY** \$ volume **↑46%** and deal count **↓11%**. **U.S. Private Placements** \$ value in **Q4 2020** was **\$70 Bil**, **↓11% QoQ**, and deal count was **↑5%**. **YoY** \$ value was **↑52%**, while deal count **↓15%**.
- ❑ **U.S. Digital Health M&A deal count registered 84 transactions** in Q4 2020, **↑15% QoQ** and **↑62% YoY** compared to Q4 2019. The number of M&A transactions in Q4 2020 was the highest level of quarterly M&A activity in six years, following a strong Q3 2020 and historical low in Q2 2020. Total disclosed \$ volume in Q4 was \$10 Bil.
 - On a broad sector Digital Health industry basis, the Productivity Solutions category (including HIM/Workflow and Interoperability/HIE/API) was the leader and experienced an all-time high in deal count for any quarter M&A deal activity since 2017. Spending & Revenue Analytics (RCM/Billing, BI & Payer/Provider Spending) accounted for 23% of the Q4 deal count. The total number of deals (257) in 2020 was the most active yearly deal count of HIT M&A transactions since 2014.
- ❑ **U.S. Digital Health Private Placement transactions climbed to 219 deals** in Q4, the second highest number of transactions in any quarter over the past 6 years. **Disclosed dollar investments** in NHA's defined N. American Digital Health sector **reached an all time annual high of \$13 Bil in 2020**. Q4 recorded the highest \$ value of any quarter in 2020 at **\$4.2 Bil**.
 - The Patient Centric sector was the most active area for investments in Q4 2020 with 81 deals, despite a QoQ **↓14%** in deal counts from Q3 2020. Every other broad sector experienced an increase in deal count in Q4, with Spending and Revenue Analytics leading the way as a % increase of 47% QoQ.
- ❑ **Digital Health IPOs in Q4 2020 were zero but** American Well Corporation and GoodRx Holdings both went public in mid-September. Clover Health went public on January 8, 2021 through a SPAC (Special Purpose Acquisition Company) merger. Other potential Healthcare IT IPOs in the pipeline include Hims, Inc., also via a SPAC.
- ❑ **Novahill's Digital Health Public Comparable Index gained 40% compared to the S&P 500 Index's 16% gain over the latest 12-month period**. However, the HIT stock index's outperformance was heavily weighted by the exceptional performance of five stocks (collectively up 125%), while the other 16 Digital Health stocks recorded a modest 10% gain over the last 12-month period.