Executive Summary – Full Year & Q4 2021 HIT / Digital Health Update

- **Global M&A** deal count and $ volume in Q4 2021 were both ↓ ~60%. **YoY deal count ↓28% but $ volume ↑35% to $2.8 Trillion. U.S. M&A** deal count were virtually unchanged from Q3 to Q4 2021 and $ volume ↓14%. **YoY U.S. M&A deal count and $ value were both ↑ 9% and 6% respectively, making 2021 close to a record year for U.S. total M&A deals.**
- **Global Private Placements** in Q4 was ↓5% in $ volume and ↓26% in deal count on QoQ basis. YoY $ volume ↑12% and deal count ↓12%. **U.S. Private Placements set a record of $421 Bil in 2021 with YoY deal count ↑19% and $ volume ↑66%.**
- **U.S. Digital Health M&A** total disclosed **$** volume in Q4 was ~$52 Bil, a 5x ↑ QoQ**.** Q4 deal count was 86 transactions, a slight increase from Q3 2021 to Q4 2020. **The total number of M&A transactions (378) as well as $ volume in 2021 reached the highest level of Digital Health deal activity ever recorded by NHA since keeping track from 2011.**
    - In terms of Broad HIT Sector categories, Spending & Revenue Analytics was the most active broad sector category in Q4 with 28 deals. Patient Centric was the 2nd with 23 deals, slightly ↓ from Q3. Clinical Data Analytics remained in its typical last place.
- **U.S. Digital Health Private Placement** transaction count decreased to 235 deals in Q4 vs 252 in Q3, but the **number of PP deals in 2021 (1,026) outpaced the total number of transactions in any of the past 5 years and set a record in deal activity.** Disclosed dollar investments in NHA's defined N. American Digital Health sector was $5.5 Bil in Q4, up slightly from $5.3 Bil in Q3 and the **full year of PP $ volume also reached record levels of $25 Billion**.
    - The Patient Centric broad category continued to be the most active area for investments in Q4, registering 99 deals or 42% of total Q4 PP deals. The Clinical Data analytics broad sector enjoyed an ↑ in deal counts during Q4, 2021 while the Productivity Solutions / Spending and Revenue Analytics experienced a ↓ in deals. **For the Full Year 2021, investors preferred Patient Centric companies by almost half of all PP Digital Health deals.**
- Digital Health stocks entering the U.S. public markets in Q4 2021 took the form of one SPAC deal (SOC Telemed) and there were no IPOs. **There were 7 SPAC and 4 IPO in the Digital Health sector during 2021. All the newly listed companies lost value by the end of Dec 31st compared to their first day of trading.**
- **Nova*hill*'s Digital Health Public Comparable Index lost 27% of its value compared to the S&P 500 Index's 27% gain over the latest 12-month period.** Only two broad sectors, Productivity Solutions (↑ 9%) and Provider Centric (↑ 7%) turned in positive results for 2021. Patient Centric companies lost 50% of their value while Clinical Data (↓44%) and Spending Analytics (↓31%) also turned in poor results. **2021 was the worst year ever for Digital Health stocks performance relative to the S&P Index.**

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