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Investment Banking | Healthcare Finance | Consulting

Healthcare Weekly News and Deals – September 27, 2024

- 1. Guardian Pharmacy (NYSE:GRDN) IPO this week, Market Valuation Hits \$880 Million**
Guardian Pharmacy's shares rose 3.3% during their NYSE debut, opening at \$14.46, above the IPO price of \$14. The Atlanta-based healthcare firm, founded in 2004, reached a market valuation of \$880 million as it became one of the latest companies to go public after a two-year slowdown in IPO activity. Despite improved conditions with the U.S. Federal Reserve easing interest rates, investors have remained cautious, favoring firms with stronger financials and showing hesitation towards cash-burning companies. ([Link](#))
- 2. CorroHealth Acquires Xtend Healthcare RCM Business from Navient, Expanding Its Revenue Cycle Management Solutions , Via Its Financial Sponsors TT Capital Partners, TripleTree Holdings**
Plano-based CorroHealth has acquired Xtend Healthcare's revenue cycle management (RCM) business from Navient. The acquisition strengthens CorroHealth's position as a leader in RCM consultancy and technology, enhancing its service offerings with new patient engagement capabilities. Over 925 Xtend employees have joined CorroHealth, adding significant expertise and resources. Formed in 2020 through the merger of four companies, CorroHealth continues to grow its comprehensive suite of clinical and financial solutions for hospitals and health systems globally. Terms of the deal were not disclosed. ([Link](#))
- 3. Schivo Acquires ParMed, Expanding Fluidics Expertise and Strengthening Analytical Instrumentation Offerings Via Its Financial Sponsor MML Growth Capital Partners**
Schivo, a leader in medical and life sciences devices, has acquired ParMed, a fluid handling firm based in Berlin, Connecticut, led by CEO Chris Parzych. ParMed specializes in Intelligent Electronic Rotary Valves, Layered Manifolds, and Pumps, and this acquisition strengthens Schivo's Life and Analytical Sciences segment. The deal enhances Schivo's capabilities in gas chromatography and enables expansion into high-growth markets such as Liquid Chromatography, In-Vitro Diagnostics (IVD), and Proteomics. ParMed's team will join Schivo to further advance innovation in the analytical instrumentation market. ([Link](#))
- 4. Bradford Health Services Acquires Lakeview Health, Expands Addiction Treatment Reach via its Financial Sponsors Constitution Capital Partners and Lee Equity Partners**
Bradford Health Services has acquired Lakeview Health, a premier provider of gender-specific substance use and eating disorder treatments. This strategic move expands Bradford's reach and service offerings, allowing it to provide a broader range of specialized care across the Southeast. Lakeview's programs, including The Rose, The Star, Koru Spring, and Stepping Stones, will now operate under Bradford, enhancing its comprehensive, patient-centered addiction treatment. The acquisition aligns with Bradford's mission of offering a full continuum of care, addressing complex needs of individuals battling addiction and co-occurring disorders. ([Link](#))

5. Sanner Group Acquires Gilero LLC to Expand Global Medical Device CDMO Capabilities Via Its Financial Sponsor GHO Capital

GHO Capital-backed Sanner Group, a global leader in healthcare packaging and medical device contract development and manufacturing (CDMO), has acquired US-based Gilero LLC. This acquisition enhances Sanner's end-to-end services across drug delivery, diagnostics, and medtech sectors. Gilero's design, development, assembly, and packaging capabilities, along with facilities in the US, Mexico, and Ireland, bolster Sanner's operations. This move strengthens Sanner's global footprint, expands production facilities, and integrates injection molding services, positioning the company as a top-tier global CDMO in the pharmaceutical and medtech industries. ([Link](#))

6. Pinnacle Clinical Research Acquires Jubilee Clinical Research to Expand into West Coast and Strengthen Expertise in Metabolic and Cardiovascular Diseases Via Its Financial Sponsors Abacus Finance Group and LongueVue Capital

Pinnacle Clinical Research, a portfolio company of LongueVue Capital (LVC), has acquired Las Vegas-based Jubilee Clinical Research, a multi-therapeutic clinical trial site specializing in metabolic and cardiovascular conditions. This acquisition expands Pinnacle's footprint to the West Coast and enhances its capabilities in complex therapeutic areas. Jubilee, led by Dr. Elliot Shin, complements Pinnacle's expertise and strengthens its relationships with pharmaceutical companies. Dr. Shin will continue leading Jubilee under Pinnacle's network, which now spans 15 clinical trial sites across the U.S. ([Link](#))

7. Pace® Life Sciences, Leonard Green & Partners and Los Angeles-based Aurora Capital Partners., Expands Analytical Capabilities with Acquisition of Catalent's Small Molecule Analytical Services in RTP, NC

Pace® Life Sciences, a CDMO division of Pace®, has acquired Catalent's Center-of-Excellence for Small Molecule Analytical Services in Research Triangle Park, NC. This acquisition strengthens Pace's capabilities in providing analytical services from early-stage drug research to commercialization. The expanded network now includes 9 sites across the U.S. and Puerto Rico, offering small and large molecule testing, formulation development, and drug manufacturing. Pace® aims to enhance client support with its expanded team and expertise, continuing its mission to improve lives through innovative life sciences solutions. ([Link](#))

8. Winner Medical Acquires 75.2% Stake in Global Resources International (GRI) for \$120 Million, Strengthening Global Strategy

Winner Medical has acquired a 75.2% stake in Global Resources International (GRI) for \$120 million, marking its first international equity acquisition. The deal enhances Winner Medical's global strategy, expanding production, logistics, and R&D capabilities in the US and Europe. GRI, a US-based medical consumables and protective equipment company, operates multiple production facilities worldwide. This acquisition bolsters Winner Medical's global presence, improves supply chain resilience, and creates a synergy for delivering innovative medical products. The move strengthens Winner's ability to meet global market demands and enhance its product offerings. ([Link](#))

9. MontecitoPLUS Acquires Arrowlytics to Strengthen Practice Performance and Data-Driven Healthcare Solutions

MontecitoPLUS has acquired Arrowlytics, a leading provider of practice analytics services, to enhance its platform of physician-focused solutions. This acquisition will integrate Arrowlytics'

expertise in data-driven decision-making, performance tracking, and patient demand generation into MontecitoPLUS' digital offerings, empowering healthcare organizations to optimize operations and fuel growth. MontecitoPLUS CEO, Chip Conk, emphasized the strategic alignment of this move with their mission to help providers increase revenues, reduce costs, and build stronger practices. Arrowlytics, originally developed by OrthoCarolina, will now support healthcare practices nationwide through Montecito's expansive network. ([Link](#))

10. Vitalograph Acquires US-Based Respiratory Diagnostics Firm Morgan Scientific to Strengthen PFT Solutions

Vitalograph has announced the acquisition of Morgan Scientific, a US-based leader in customer-facing pulmonary function testing (PFT) software. This move bolsters Vitalograph's commercial presence in the US and addresses growing global demand for innovative respiratory diagnostics. Morgan Scientific's CompAS2 software powers Vitalograph's advanced PFT systems, including the VitaloPFT Series. The acquisition aligns with Vitalograph's goal to triple its respiratory diagnostics business by 2026. The partnership, which includes Morgan's May 2024 collaboration with ZEPHYRx for remote spirometry integration, underscores a shared commitment to innovation and customer service. ([Link](#))

11. Molecular Designs Acquires Lamda Biotech, Expanding Product Portfolio and Market Reach Via Its Financial Sponsor Excellere Partners

Molecular Designs, a leader in PCR assays and related equipment, has acquired Lamda Biotech, a specialized provider of molecular biology and gene therapy products. The acquisition will enhance Molecular Designs' product offerings, broaden its reach into academic research and pharmaceutical markets, and expand its talent base. Lamda Biotech, known for cutting-edge PCR and protein biology products, will benefit from Molecular Designs' manufacturing capabilities, new product R&D, and expanded distribution channels. CEO Michael Clark hailed the acquisition as a milestone, strengthening the company's position in the molecular technology sector. ([Link](#))

12. KSB Hospital Ownership Transitions to OSF HealthCare, Promising Enhanced Services for Sauk Valley Community

The Illinois Health Facilities and Services Review Board has approved KSB Hospital's change of ownership to OSF HealthCare. This marks a new era for KSB, ensuring continued quality care for the Sauk Valley area. KSB President David Schreiner and OSF Regional CEO August Querciagrossa expressed excitement over the partnership, emphasizing shared values and a commitment to high-quality care. The integration aims to enhance services and maintain high standards of patient care, with both organizations focused on community needs and future investments in local healthcare. ([Link](#))

13. Patterson Companies (NASDAQ: PDCO) Expands Animal Health Business with Strategic Acquisitions in the US and UK

Patterson Companies, Inc. (NASDAQ: PDCO) has announced plans to acquire Infusion Concepts Ltd. in the UK and Mountain Vet Supply in the US. These acquisitions aim to strengthen its animal health business by enhancing product offerings and market reach. Infusion Concepts will integrate into Patterson's UK subsidiary, National Veterinary Services Limited, while Mountain Vet Supply will bolster Patterson's US-based Animal Health International. Despite reporting a 2.2% drop in Q1 FY2025 sales, Patterson reaffirmed its earnings guidance, while analysts adjusted their outlook on the stock. Financial terms were not disclosed. ([Link](#))

14. MSE Supplies Secures investment from Bertram Capital

Bertram Capital has announced its investment in MSE Supplies, a Tucson-based supplier of advanced materials, lab equipment, and analytical services to researchers in over 100 countries. The deal, marking Bertram's first Business Services sector investment, aims to leverage MSE's strong market position and high growth potential. MSE, serving 30,000 global customers, will benefit from Bertram Labs' technology services to enhance growth and operational efficiency. MSE's co-founders, Dr. Ryan Du and Dr. Sam Zhu, will continue to lead the company, with a shared vision for innovation and expansion. Terms of the deal were not disclosed. ([Link](#))

Other and Venture News

1. Governor Newsom Vetoes Bill to Regulate Private Equity Takeovers in Healthcare

Governor Gavin Newsom vetoed AB 3129, a bill that sought to give California's attorney general the authority to approve or reject private equity takeovers of medical businesses like doctors' offices and clinics. The bill, supported by consumer health advocates, aimed to curb private equity-driven consolidation, which critics say raises healthcare costs and limits patient access. In his veto message, Newsom noted that the state's Office of Health Care Affordability (OHCA), established in 2022, already reviews healthcare transactions and coordinates with the attorney general when needed. Newsom cited OHCA's existing role, making further legislation unnecessary. ([Link](#))

2. Zing Health Raises \$140 Million to Expand Chronic Special Needs Medicare Advantage Plans 2047 Capital Partners, CRG, and First Trust Capital Partners, LLC

Zing Health, a Medicare Advantage insurer focused on underserved seniors with chronic conditions, has raised \$140 million in a funding round led by Health 2047 Capital Partners, CRG, and First Trust Capital Partners. The company plans to expand its Chronic Special Needs Plans (CSNPs) and integrate member experiences with high-quality care providers. Co-founded in 2019 by Dr. Eric Whitaker, Zing Health has become one of the fastest-growing Medicare Advantage providers, addressing gaps in value-based care for seniors with chronic conditions. Investors include Newlight Partners, Town Hall Ventures, and Leavitt Equity Partners. ([Link](#))

3. Route 92 Medical Secures \$50 Million Investment from Novo Holdings, U.S. Venture Partners, and Others for Global Expansion and Stroke Device Commercialization

Route 92 Medical has raised an additional \$50 million, extending its total funding to \$82 million, to support global commercialization and regulatory approvals for its neurovascular intervention products. The company specializes in devices for inserting microcatheters and revascularization, particularly for treating acute ischemic stroke. Its Tenzing catheter system, designed to navigate larger catheters, has shown success in complex vasculature. Investors, including Novo Holdings, U.S. Venture Partners, Norwest Venture Partners, and InnovaHealth Partners, are supporting further development. Additionally, Route 92 is evaluating the safety of its Hipoint reperfusion catheters in a clinical trial for super-bore aspiration. ([Link](#))

4. Stratapt Secures \$25 Million to Accelerate AI-Driven Analytics Innovation from Council Capital

Stratapt, a tech company specializing in AI-driven analytics, has raised \$25 million in a funding round led by prominent investors. The investment will be used to enhance product offerings, accelerate go-to-market strategies, and expand research and development efforts. Stratapt also plans to grow its team, particularly in sales and customer support, to better serve its expanding customer base. The funding highlights the rising demand for AI solutions in business decision-making and positions Stratapt for growth in the competitive analytics landscape. ([Link](#))

5. Mendaera Secures \$73M Series B Funding to Revolutionize Healthcare with Handheld Robotic Platform

Silicon Valley-based Mendaera, Inc. has raised \$73 million in a Series B round led by Threshold Ventures, with participation from Lux Capital, PFM Health Sciences, and Fred Moll. Mendaera is developing a handheld robotic platform that combines robotics, AI, and real-time imaging to address labor shortages and rising costs in healthcare. The platform aims to improve efficiency and access for needle-based procedures like biopsies and pain management. The funds will accelerate product development, AI integration, and the clinical introduction of Mendaera's technology. ([Link](#))

6. Advocacy Groups Urge FTC to Block McKesson and Cardinal Health's Oncology Deals Amid Antitrust Concerns

Anti-monopoly advocates, led by the American Economic Liberties Project, are calling on the Federal Trade Commission (FTC) to block McKesson Corporation's \$2.5 billion acquisition of Core Ventures and Cardinal Health's \$1.1 billion deal for Integrated Oncology Network. The groups argue that these deals would exacerbate market consolidation, reduce competition, and harm cancer patients through drug shortages and price hikes. The deals also allegedly violate federal antitrust laws, as outlined in the 2023 Merger Guidelines. The FTC has limited time to intervene before the deals are finalized. ([Link](#))