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HEALTH CARE

Bucks County medical device firm to be acquired in deal valued at up to \$160M



OrthogenRx's TriVisc treatment is for patients with osteoarthritic knee pain.

ORTHOGENRX

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By John George
Senior Reporter, Philadelphia Business Journal
4 hours ago

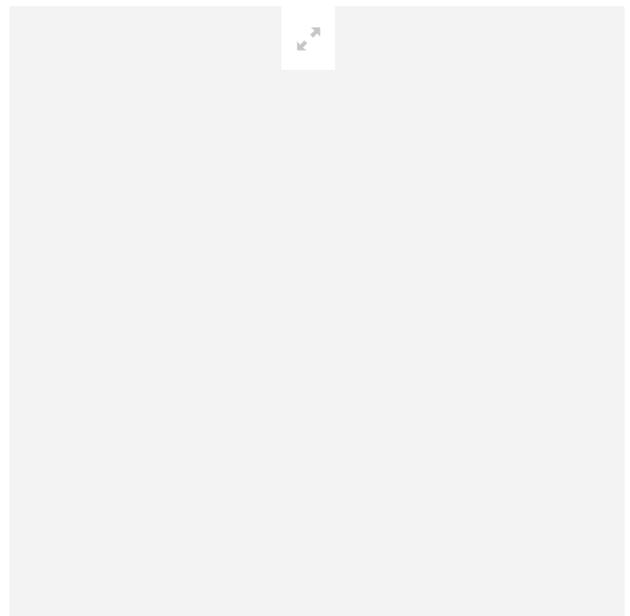
A Bucks County medical device developer focused on treating new pain has entered into a deal to be acquired by a publicly traded medical technology company in a deal valued at up to \$160 million.

Under the terms of the agreement, Avanos Medical Inc. (NYSE: AVNS) of Alpharetta, Georgia, will make a payment of \$130 million to OrthogenRx Inc. of Doylestown when the deal closes.

OrthogenRx will also be eligible to receive an additional \$30 million tied to hitting undisclosed milestones for its two commercial hyaluronic acid therapy products, GenVisc 850 and TriVisc.

Founded in 2012, OrthogenRx specializes in what are known as viscosupplementation therapies used to treat knee osteoarthritis pain. The injectable treatments act as a lubricant and shock absorber for the knee.

Michael Daley, OrthogenRx's co-CEO, said the company is cash-flow positive and expects to generate \$70 million in sales but it was at a crossroads in terms of its future growth plans.



OrthogenRx founder and CEO
Michael J. Daley shows a knee joint.

CURT HUDSON

"We were doing well, but we only have 29 employees," Daly told the Philadelphia Business Journal. "We got to that point where we had one of three decisions to make. We could either keep going as we were using distributors and building out our internal sales team. We could acquire another company to increase revenue and our reach. Or we could be acquired by somebody who has an existing infrastructure."

OrthogenRx opted for the third option.

Canaccord Genuity, OrthogenRx's financial advisor, brought the company together with Avanos.

"We were getting a lot of interest," Daley said. "We almost sold the company three years ago."

Once the deal is completed, OrthogenRx will remain in Doylestown and operate as a wholly owned subsidiary of Avanos. Daley, who is 71, will stay on as an advisor while his co-president and co-CEO, J. David Owens, will continue as OrthogenRx's chief executive during an undetermined transition period.

Daley and Owens, in a joint statement, called the proposed transaction "a truly synergistic integration that creates value for all stakeholders, as well as future opportunities for our existing products and pipeline."

The company's two hyaluronic acid therapy products are approved by the Food and Drug Administration as a nonsurgical option for treating osteoarthritis knee pain and sustained discomfort in patients who have failed to respond adequately to conservative, non-pharmacologic therapy and simple analgesics.

Avanos believes GenVisc 850 and TriVisc will complement its pain portfolio of Coolief cooled radiofrequency treatment for knee osteoarthritis.

"The acquisition of OrthogenRx enhances our chronic pain portfolio by providing continuum of care treatment options for patients living with knee OA," said Avanos CEO

Joe Woody. "This business is a clear strategic fit for Avanos, and one that will further strengthen our relationships with health care providers as we seek to become their preferred partner in treating musculoskeletal pain."

The transaction is expected to close in during the first quarter of 2022, pending regulatory approval. Avanos estimates that the deal will contribute about \$65 million in 2022 revenue.

Alston & Bird is serving as legal counsel to Avanos. Blank Rome is serving as the OrthogenRx's legal counsel.

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