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LumiraDX Goes Public In SPAC Merger

by Barnaby Pickering

Investors have been wary of LumiraDX since its placement on NASDAQ, driving the share price down.

CA Healthcare Acquisition Corp (CAHC) has completed its goal of buying a medtech company with its acquisition of the London-based LumiraDx, the two announced 28 September.

The merger, which makes LumiraDX a publicly traded company will “accelerate [the company’s] expansion across geographies and health conditions,” LumiraDX CEO Ron Zwanziger said.

LumiraDX’s common shares commenced trading on NASDAQ under the ticker symbol “LMDX.” During the first day of trading, share prices fell from the \$9.94 opening price to \$7.94 by close.

CAHC’s stockholders approved the merger during a meeting held on 28 September, with the final votes becoming public once CAHC files its Form 8-K with the Securities and Exchange Commission.

The merger values LumiraDX at precisely \$3.0 billion, making it a significant deal in the special purpose acquisition company (SPAC) space. (Also see "[HeartFlow Wants To Accelerate Adoption Of AI-Powered Heart Disease Test With \\$2.4Bn SPAC Deal](#)" - Medtech Insight, 15 Jul, 2021.)

In a 31 August report from Ladenburg Thalman, analyst Jeffery Cohen suggested a theoretical price target of \$14.75 for LumiraDx. “[The company] should be valued in comparison with other innovative medical technology and diagnostic companies [and] should be valued more specifically on multiples to revenue at some time in the future.”

Cohen projected a full year 2024 revenue of approximately \$760m, and suggested an 8.25 multiple of this discounted by 11.% and 1.5 years, leading to the valuation he gave.

The SPAC market has continued to remain popular in 2021. At the end of the first quarter of this year, there were already 52 health care SPACs looking for a target, with this number remaining in

constant flux as SPACs close deals and new SPACs are formed. (Also see "[Digital Health Start-Ups Continue To Be Attractive SPAC Targets](#)" - Medtech Insight, 19 Apr, 2021.)

Capitalizing On Demand For Portable Diagnostics

The acquisition comes as an attempt to capitalize on LumiraDX's point of care diagnostics platform.

Zwanziger said the system "offers lab-comparable testing with fast results across health conditions."

The LumiraDX platform is a portable diagnostics system capable of performing a wide range of tests. LumiraDX currently has a pipeline of over 30 assays for multiple health conditions, including infectious disease, cardiovascular disease, diabetes and coagulation disorders.

Currently, the company is marketing tests for SARS CoV-2 – both antibody and antigen – D-dimer, and international normalized ratio (INR), which can be used to measure the efficacy of anti-coagulant drugs such as warfarin.

D-dimer tests are in demand during the COVID-19 pandemic, because they are a fast, effective and relatively cheap method for clinicians to spot resulting cardiac injury and can be used as a measure of disease severity.

The system is driven by a 1.1kg processor with a touchscreen on top, and a slot for placing samples on the side. The screen lets clinicians select what test is being run, and the slot receives a single use test strip.

Existing customers include CVS Health, the United Kingdom's National Health Service and The Bill & Melinda Gates foundation.