

## MedX Health Corp.

**MDX \$0.15**

TSXV Exchange | Market Cap \$20.3M



**MedX Update:** The purpose of this communication is to highlight some significant positive changes at MedX Health that may have been missed by investors during the last few months. We will frame these events in relation to an overriding theme in our universe, which is creating significant opportunities among smaller market cap stocks in the North American equity markets.

**Hello Out There:** Those of us who have decades in this business have seen this movie before; when profit taking leads to tax-loss selling in a kind of inevitable seasonal cycle that sometimes picks its victims at random. This far into a bull market, the cycle has had particular force in 2018, leading to a sharp decline in a number of major microcap indices. The LD Micro Index, which combines Canadian and U.S. stocks is a good illustration.

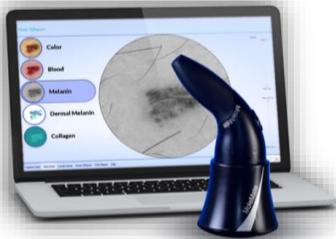
Against this backdrop, MedX put out some very important news that was ignored by the market, but which could have a significant impact in 2019. As a reminder, this is a software as a service (SaaS) transition story in the skin cancer space, making screening more efficient, accurate, and widespread.

**Netherlands Deal:** On November 23, 2018 MedX announced that it had signed a Memorandum of Understanding with a consortium of Dutch

companies to launch an easy-access skin scanning/assessment program in the Netherlands, using MedX's SIAscopy and DermSecure™ technologies. **This is an important deal for MedX, because it represents the kind of regional partnership that can be replicated in many other parts of the world.** Investors should watch this roll-out carefully, because the terms of the agreement could have a material impact on MedX in 2019. Consider the numbers. The consortium will integrate DermSecure™ with their existing platforms, which include a suite of software applications used by a majority of general practitioners in the Netherlands, so adoption can be relatively seamless.

Secondly, this is an active market, with more than 4,500 potential physician customers in this network. The Netherlands has 51,000 skin cancer cases each year out of a population of 17 million people, one of the highest rates in Europe. By partnering with companies that specialize in cancer screening, MedX has a very real opportunity to become an integral part of the screening regimen in this small, but active market.

**Waiting for Confirmation:** The company posted Q3 results in September and failed to impress investors, but the results are consistent with what might be expected as MedX retools its business to fit a future that will be a truer SaaS model. The tipping point always comes before it is reflected on the revenue line, so the Netherlands deal and other initiatives that will begin to contribute in the first half of 2019 are more important than results to date.



## DermSecure Pricing Model

	Gold	Platinum	Diamond
Monthly Charge	\$ 200	\$ 300	\$ 400
Device Cost	\$ 2,500	\$ 2,000	\$ 1,500

**1,500 Installs X \$300/month =  
\$5.4 million in Annual Revenue**

**1,500 Installs X 2,000 = \$3.0  
million in Hardware Sales**

**Simple Math:** Like most SaaS models, this one has a hardware component and a recurring monthly charge, plus additional service and maintenance fees and (future) clinical research data that can be monetized. To put the opportunity in perspective, a 1/3 market share in the Netherlands would represent \$8.4 million in revenue, \$5.4 million of which would be recurring.

On a global basis, the numbers would be transformative if the Netherlands program is successful and can be replicated in other markets. Many of the potential markets are much larger, making this a multi-year, multi-country opportunity.

**The Future is Near:** As the following chart montage shows, investors didn't flee the stock following the recent quarterly results, they simply yawned and went back to sleep. In this down-market environment, that is not necessarily a bad thing, but it also solidifies how

complete the "show-me" mode is for MedX. In this 2018 overlay, the length and strength of the MedX base is impressive, given the awful state of the microcap world this year. Bases can be built from either disinterest or patience, so in this case we believe it is the later. The Netherlands project will give investors a first-half-of-2019 scorecard to judge the validity of the MedX SaaS model. As we count down the last days of 2018, we urge investors to get to know this evolving story. If all goes as planned, the first signs of traction will be coming in the very near future.



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12/14/2018



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