

Tormont50: Identifying timely topics and trends in the sub-\$300 million market.

Research Type: **Introduction**

Timeliness: **Evolving**

Date: **March 8, 2018**

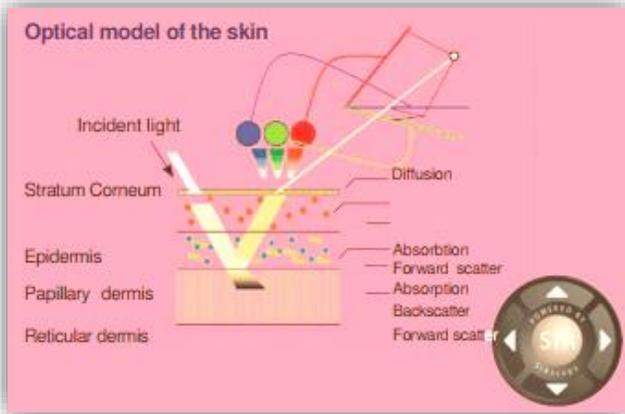
MedX Health Corp.

MDX \$0.25

TSXV Exchange | Market Cap \$31.9M



Description: MedX Health Corp. is a global medical device company focused on skin cancer imaging and assessment. The company's SIAscopy™ technology uses light to view up to 2 mm beneath suspicious moles and lesions in a pain-free, non-invasive manner. MedX's software produces multiple digital images that can enable dermatologists and skin specialists to evaluate various types of skin abnormalities within seconds in an out-patient or remote setting. The company's products have the potential to become important tools in the early diagnosis of skin cancer.



The Technology: SIAscopy™ is based on interpreting the different wavelengths of light that interact with the skin's chromophores by measuring key chromophores within the skin, in particular hemoglobin, melanin and collagen. A combination of software and hardware enables practitioners to gain five different layered views: Dermatoscopic, Pigment, Dermal Pigment, Blood Supply, and Collagen.

Products: The primary software applications to date utilizing the SIAscopy™ technology are **SIMSYS™**, and **MoleMate™**, which MedX manufactures in its ISO

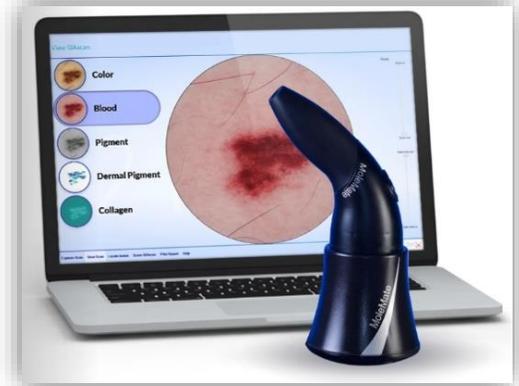
13485 certified facility. These products incorporate a hand-held device to give practitioners a quick and painless skin-related assessment. The devices are primarily sold to physicians and clinics. The MedX products are Health Canada, FDA (US), ARTG and CE cleared for use in Canada, the US, Australia, the European Union and Turkey (a total of 34 countries).

MoleMate™ and SIMSYS™ are geared toward the skin cancer market, while another application called SIAMETRICS™ targets a specialized market for research into the clinical effectiveness of medical treatments of certain skin conditions. In addition, MedX also designs, manufactures and distributes laser and light therapy technologies for use in numerous medical settings, approved in major jurisdictions, to provide drug free and non-invasive treatment of soft tissue injury and pain.



Business Transformation: During 2017, the company embarked on an initiative to increase the scalability of its offerings greatly by way of a telemedicine platform. This suite of software products will enable web-based operation of its scanning technology, creating a turn-key solution for the management and follow up of patient interactions across multiple jurisdictions. This telemedicine platform will enable the company to deploy its technology via a network of third-party locations, such as clinics, from which scans of patients' moles and lesions can be connected to dermatologists for remote assessment. **A networked model represents a major change, enabling MedX to create a recurring revenue stream, while dramatically expanding its footprint.**

The company's technology is deployed by a European customer, who has built a skin scanning program in more than 200 pharmacies and clinics in Norway, Sweden and the UK utilizing dermatologists who remotely interpret scanned images from networked sites. Prior to implementing its own telemedicine platform, MedX commenced a pilot program in Ontario, whereby selected medical clinics are connected by way of the Ontario Telemedicine Network to selected dermatologists. The company is exploring further test programs with partners in Europe and North America. MedX is also working on initiatives to further enhance the image capture and quality of its SIAscopy™ products.



Amounts in \$000's, except per share amounts

Quarter Ended	December 31 2016	March 31 2017	June 30 2017	September 30 2017
Revenues	\$177	\$240	\$237	\$255
Comprehensive Income/(Loss)	(\$360)	(\$348)	(\$404)	(\$551)
Income (loss) per share	\$0.00	(\$0.00)	(\$0.00)	(\$0.01)

Recent Events: The revenue run rate has been steady, but unexciting over the last four quarters, but the initiatives that the company has launched along with the ramp up of distribution and partnership agreements should begin to show in

coming quarters, based on the timeline of announcement dating back to spring of 2017. In April and May of 2017, the company announced a number of partnerships to expand deployment of its SIAscopy™ systems in the Netherlands, and in Spain and Mexico. In particular, the partnership with U.S.-based OncoTech has great potential to expand into new Spanish-speaking geographies. At the end of January 2018, MedX announced a significant order for \$100,000 for Spain, one of the first signs of traction from these new agreements.

Tangible Results: Investors will begin to focus very keenly on revenue growth going forward, and anticipation of that growth is already reflected in the stock. The company completed the design phase of its telemedicine platform in October 2017, so a roll-out of this platform should be an interesting 2018 story. MedX provides a relatively inexpensive first line of defense against a growing problem (melanoma), guaranteeing a place for this technology in the marketplace. But creation of a recurring revenue component would mark a significant change in the business, basically uncoupling the company from a device-centric revenue treadmill. Progress on that front is well worth tracking in upcoming quarters.



Tormont50 Research

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