

# Commercializing their telemedicine platform globally for the early detection of skin cancer, MedX Health revenue (and stock) is rising

MedX Health Corp's (TSXV: MDX) ('MedX') stock price is beginning to move higher as they gain further success commercializing their SIAscope and DermSecure™ telemedicine platform globally for the early detection of skin cancer.

MedX's stock price is moving



Source

MedX is a leading medical device and software company focused on the early detection of skin cancer. MedX's platform is

being used in over 200 pharmacies in 3 countries with regulatory approvals in 35 countries including Australia, Brazil, Canada, the European Union, New Zealand, Norway, Turkey and the USA. In the Netherlands MedX and their local partner have begun to very successfully rollout their platform in skin screening clinics.

### **The Netherlands has started very strongly**

In news released late in 2020, MedX announced they are now rolling out DermSecure® in the Netherlands, partnering with national telehealth leader IVPG. Below are the key highlights:

- “MedX partners with national telehealth leader IVPG in the Netherlands.
- Two skin screening clinics opened in November 2020, with more than 800 assessments on close to 500 patients completed to date using MedX’s DermSecure® platform.
- Three additional clinics to come online in the Netherlands by the end of December 2020.
- IVPG plans to expand to 41 skin assessment clinics by 2022.
- More than half of all cancers reported in the Netherlands are skin cancers.”

Based just on the above information we can see MedX’s DermSecure® should be in a total of 46 clinics by 2022, all going to plan. Clearly, if the ramp-up of clinics does reach 46, then the number of assessments will be much higher, as would revenues, just for the Netherlands. In Norway, MedX has already done over 80,000 assessments/scans. MedX is already on the way to achieving sales in several other countries including North America, Mexico, Brazil (500 units sold), and Canada.

MedX makes some money on selling the hardware (costs C\$700 and sells for C\$1,600-2,000), but the real potential revenues are set to come from the scans. MedX receives ~\$10 per

assessment/scan based on their Software as a Service business model. The scan cost for MedX is only ~C\$0.26 so margins are very high.

December 15, 2020, Beacon Securities report states:

“We believe investors should understand the recurring, high margin, revenue juggernaut that is in the midst of being created. Given the metrics already apparent after just one month at the 2 installed clinics, 41 clinics would represent ~\$3 million of recurring revenue (ie.  $41 \times 312 \text{ days} \times 20 \text{ scans} \times \$10$ ).”

The same report sets a 1-year price target for MedX of C\$0.45, with a buy rating.

### **Massive revenue growth potential for MedX**

MedX's goal is to roll out an initial 1,500 hardware devices (SIAScope) to an approved distributor in an approved location, say Brazil. MedX's President, Dermatology Services, Mike Druhan stated: “At 1,500 installs in year 1 it represents C\$8.4M in revenue for us”, up from C\$860,000 in revenue in 2019. The C\$8.4M would be C\$3M in upfront one-off hardware revenue, and potentially C\$5.4M in recurring revenue. Note for now the Brazil rollout is at 500 hardware devices, so the above figures are to show the potential and the business plan of MedX.

MedX has also recently begun a rollout in Ontario Canada at select Ontario Integrated Health Centres with partner Empower Clinics Inc. Steven McAuley, Chairman and CEO of Empower, stated:

“MedX is an ideal teledermatology partner, as their screening platform is second to none. We look forward to the results of this pilot and making this platform more widely available throughout our network.”

## **Closing comments**

The best time for investors to consider a company is often just as they start to commercialize and bring in rapidly growing revenues. With MedX it looks like now is that time. The best companies are Software as a Service companies. Again another tick for MedX.

Finally, MedX has a competitive advantage due to their advanced technology that can view 2mm below the skin. This is backed up by a secure telemedicine platform and a track record of success.

The stock price has begun to climb, however, the market cap still looks reasonable at C\$40M, especially if their Netherlands success continues as well as their other global rollouts. What a great time to know about MedX Health Corp.