

MDSAP certified MedX Health is set to go in Brazil with regulatory approval achieved for their skin cancer diagnosis products

MedX Health Corp. (TSXV: MDX), a leading medical device and software company focused on early detection of skin cancer, is on the verge of success in Brazil with recent approval and distribution for its key skin cancer diagnostic products – SIAscope and DermSecure™ telemedicine platform.

MedX achieves regulatory approval in Brazil

MedX has just recently received the go-ahead to sell its SIAscope on DermSecure™ skin assessment products in Brazil. Regulatory approval in Brazil now means MedX can go ahead with its business plan to expand in Brazil. In January 2020 MedX announced it has received an order for 500 SIAscope™ units for deployment on its DermSecure™ telemedicine platform from its exclusive Brazilian distributor, representing the single largest order in the Company's history.

The potential for MedX products in Brazil is enormous, as over 100,000 new cases of skin cancer were recorded in Brazil between 2016 and 2017 (according to the Brazilian Cancer Institute), and almost 6,000 were classified as melanoma.

MedX Brasil CEO Fabio Candello stated:

“There is a significant opportunity for MedX’s rapid skin assessment technology in Brazil, as skin cancer is the most common type of cancer in Brazil.”

MedX's SIAscope has the potential to save thousands of lives

Given the SIAscope can view up to 2 mm beneath suspicious moles and lesions, it is clear to see how thousands of melanoma cases a year can be detected and treated early, thereby saving lives. And this is just the tip of the iceberg, as it is only in Brazil.

Between 2 and 3 million non-melanoma skin cancers and 132,000 melanoma skin cancers occur globally each year. **One in every three cancers diagnosed is skin cancer.**

A skin malignant melanoma can be deadly



MedX receives MDSAP Certification

On April 2 it was announced that MedX received the MDSAP Certification. This is the highest regulatory standard in the medical device manufacturing industry. This speaks volumes for the company's professionalism and products.

President & CEO of MedX, Scott Spearn, commented:

"Achieving the MDSAP certification confirms our ongoing commitment to maintaining the highest quality assurance standards within the Medical Device Industry and provides

compliance in all of the jurisdictions we are operating in, including Brazil. The entire MedX team is to be commended for the effort put in through this process."

Beacon Securities rates MedX health a buy

On March 25, 2020, a research report by Beacon securities rated Med X Health a 'buy' with a Price Target of C\$0.45. Given the stock currently trades around C\$0.12, the C\$0.45 price target represents a very significant upside of 275% or a 3.75 fold gain. Key points from the report include:

- The MedX platform has been proven through a proof-of-concept trial in Norway where its SIAscopes deployed at 109 Boots pharmacies captured 80,000 scans and found 800 cases of melanoma.
- MedX's device has achieved regulatory approval in 35 countries, including the US, Canada, Australia, EU and most recently Brazil.
- The report's analysts says they have strong visibility on initial orders from the MedX Brazilian distribution partner, that could result in \$8 million of hardware sales over the next 2 years and a run-rate of \$14 million of high margin, recurring platform revenue by the end of FY21.

The key takeaway here is that assuming the reported Brazilian orders come through as expected, then revenues should follow, and the stock price should respond positively. Investors also need to be mindful of the risks that something may go wrong, especially when dealing with emerging economies such as Brazil, not to mention the current COVID-19 situation.

MedX's revenue model

MedX uses a "Software as a Service" (SaaS) revenue model. This means that as sales are rolled out, the SIAscope™ units and DermSecure™ telemedicine platforms will start to generate

recurring revenue streams for MedX. The revenue model uses front-end hardware sales coupled with recurring “platform” revenue based on a minimum number of screens per device (360/year at \$10/image).

Closing remarks

MedX certainly appears to be at a vital turning point. Product orders are starting to come, with revenues likely to be just around the corner. A future global rollout of their unique products has the potential to lead to a surge in revenues and profits. Due to the relatively early stage MedX Health’s market cap is only C\$18 million.

Assuming product revenues start to roll in and the market hears of further successful contracts both in Brazil and globally, the stock price should respond accordingly. For investors, there can be two benefits. The first is the financial rewards if the stock price benefits; but to me equally important is that MedX will be helping society by early detection of skin cancer, which will ultimately save lives.