

Telehealth provider MedX Health set for 2021 revenue breakout

Telehealth services have been around for decades and witnessed a strong adoption amid the shelter-in-place orders from various government during the current COVID-19 crisis.

Companies such as Teledoc Health (NYSE: TDOC) and American Well (NYSE: AMWL) registered stock gains this year of 40% to 130% while MedX Health Corp (TSXV: MDX) has been overlooked by investors.

Even with COVID-19 vaccines on the horizon, telehealth adoption should continue in a post-pandemic world and MedX should benefit from this trend.

MedX's Teledermatology Platform = SIAScope™ + DermSecure™

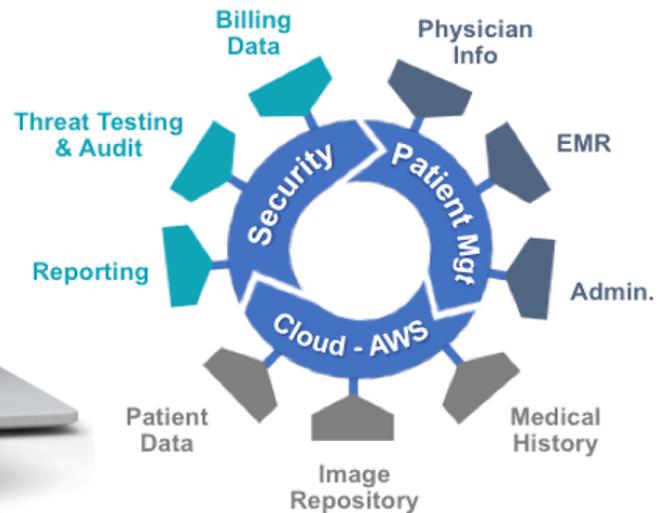
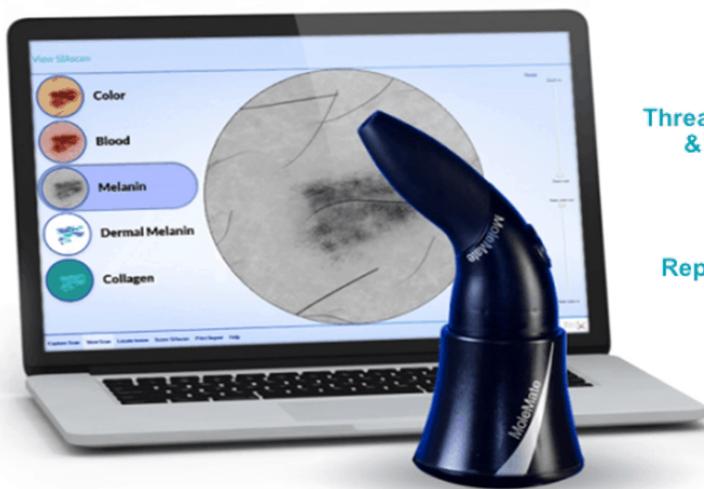
MedX is a medical device and software company focused on skin health. MedX's platform is a leader in teledermatology and comprises a handheld, image capture medical device (SIAScope™) and a fully-secure telemedicine platform (DermSecure™).

MedX's non-invasive device takes multiple scans, including images that penetrate below the skin's surface, which allows dermatologists to make a more accurate assessment of skin cancer.

Its telemedicine platform is a browser-based, hosted by Amazon Web Services (AWS), and encompasses a comprehensive patient management system that fully integrates into existing Electronic Management Records (EMR) systems.

The hardware is sold or leased and the platform is deployed as a Software-as-a-Service (SaaS) model with the Company

collecting revenue every time a scan is completed.



Source

Development Phase Completed and the Rollout Continues

MedX has spent over \$11 million in product development and, according to the Company, the 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.

The solution is beyond the “proof of concept” phase as the deployment in Norwegian pharmacies has caught over 800 cases of skin cancer from over 80,000 scans.

In 2020, even with the coronavirus disturbances to its business, the Company made a series of product, partner and people announcements in laying the foundation for what should be a breakout year for MedX in 2021.

- **Brazil:** In January, MedX announced that it received an order for 500 SIAScope™ units for deployment on its DermSecure™ telemedicine platform from its Brazilian distributor, representing the single largest order in the Company’s history. In March, the Company announced that it received regulatory approval in Brazil.
- **Mexico:** In June, MedX signed an exclusive distribution

agreement to launch the platform in Mexico, with EMC LABS, S.A.P.I. DE C.V., operating as MedX Mexico.

- **North America:** In October, MedX expanded North American clinic sales by signing a sales agency agreement with the Ziemer Professional Corporation that resulted in the immediate roll-out to six clinics in November and additional installations planned in 2021.

Beyond Cancer – Inflammatory Skin Assessments

MedX has also added a High Definition (HD) clinical camera to the platform, adding another service to the recurring revenue model. With the HD camera, the system can be used for inflammatory skin assessments for conditions such as acne, psoriasis and rosacea.

Unfortunately the Market is Growing

According to the American Academy of Dermatology Association (AAD), skin cancer is the most common cancer in the United States, with millions of cases diagnosed each year. For skin cancer, early detection represents the only strategy to reduce the disease-related mortality, and when found early enough, it is highly treatable.

Some basic facts from the AAD:

- “Current estimates are that one in five Americans will develop skin cancer in their lifetime.”
- “It is estimated that approximately 9,500 people in the U.S. are diagnosed with skin cancer every day.”
- “Melanoma rates in the United States have been rising rapidly over the past 30 years, doubling from 1982 to 2011.”
- “The five-year survival rate for people whose melanoma is detected and treated before it spreads to the lymph nodes is 92%.”

The high prevalence of skin cancer is not just limited to the

United States, according to the World Cancer Research Fund, the top 5 countries for skin cancer are Australia, New Zealand, Norway, Denmark and the Netherlands, at 2-2.5 times the rate of the United States.

An Ounce of Prevention is Worth a Pound of Cure

The seriousness of the disease has led to an emphasis on early detection and the cost to the health system for early detection is hundreds of times less than the treatment once the cancer has metastasized.

2021 Revenue Potential

In a recent study by Cognitive Market Research, the Handheld Melanoma Scanner market was valued at US\$300 million in 2019 and is projected to reach US\$500 million by 2025, at an annual growth rate of almost 9% during this period.

For every 500 units deployed by MedX, the Company books \$1 million in hardware sales and forecasts \$1.5 to \$2.0 million of annual SaaS revenue. With the Brazilian and other recent orders, revenue could land in the \$5.6 million to \$8.4 million range in 2021, more than 10 times what was reported in 2019.

Currently, MedX's sales pipeline includes multiple Pharmacy chains in North America, an Insurance company in Spain, a global Medical Spa distributor, and prospects associated with existing country distributors in Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Portugal, The Netherlands, and Uruguay.

Could MedX be the Teledoc of 2021?

MedX Health continues its global expansion in the fight against skin cancer

Skin cancer is the most common cancer in the United States and worldwide, but early screening can save lives. Did you know these gruesome facts?

- One in every three cancers diagnosed is skin cancer.
- Between 2 and 3 million non-melanoma skin cancers and 132,000 melanoma skin cancers occur globally each year.
- 1 in 5 Americans will develop skin cancer by the age of 70.
- **More than 2 people die of skin cancer in the U.S. every hour.**

Clearly the world needs a much better early skin cancer screening technology.

MedX Health Corp. (TSXV: MDX) is a leading medical device and software company focused on the early detection of skin cancer. MedX has approvals in 35 countries and distribution agreements in place for its key skin cancer diagnostic products – SIAscope and DermSecure™ telemedicine platform.

Following on from MedX's regulatory approval and distribution agreement in Brazil ([read here](#)), the Company recently announced an exciting exclusive distribution agreement to launch SIAscopy on DermSecure™ in Mexico with EMC LABS, S.A.P.I. DE C.V., operating as MedX Mexico. MedX Mexico plans to launch an aggressive ease-of-access skin scanning/assessment program throughout Mexico, using MedX's SIAscopy on DermSecure™ Telemedicine platform. MedX Mexico will cover all the upfront costs for application for regulatory approval in Mexico, all marketing costs, and will utilize their large-scale distribution network in Mexico.

MedX Mexico's, President and CEO, Carlos Vizcaino, states:

"There is a significant opportunity for MedX's rapid skin assessment technology in Mexico, as skin cancer is a very common type of cancer in Mexico.....MedX's SIAscopy on DermSecure™ Telemedicine platform and advanced SIAscopy imaging technology is a perfect solution to assist dermatologists and physicians in the diagnosis process for early detection of melanoma."

Masterplan

MedX Health's masterplan is to continue to rollout distribution agreements with partners globally. So far Brazil and now Mexico are underway. MedX's revolutionary skin cancer detection device is approved in the USA, Canada, Brazil, Australia, New Zealand, the European Union, Turkey, and many other places. In total MedX's device has achieved regulatory approval in 35 countries. This means we can expect further distribution agreements in the future to many of the above countries. The potential for future revenues is enormous.

MedX's business model is similar to Software as a Service (SaaS) companies. 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).

2019 revenues were only small at C\$860,248, and 1st quarter 2020 C\$95,544, as the Company was impacted by COVID-19 and had yet to ramp up distribution as is now occurring in 2020. For a guide on where revenues are headed the next two years the Beacon Securities report is most useful.

The report's analysts says MedX has 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. Given that MedX

currently trades on a market cap of C\$24 million, the C\$14 million, if achieved, would mean MedX would trade on a 2022 market cap/sales ratio of only 1.7. Beacon Securities rates MedX Health a 'buy' with a Price Target of C\$0.45. Given the stock currently trades at C\$0.135, the C\$0.45 price target represents a very significant upside of 233% or a 3.3 fold gain.

Closing remarks

It is very clear to me that the market is yet to wake up to the potential very large boost in revenues that MedX is working to achieve, now with distribution agreements in both Brazil and Mexico.

Detecting skin cancer is an enormous global need and MedX is working hard to fill this need. MedX has the right device and approvals in 35 countries. All that is needed now is further distribution agreements and revenue to flow. The opportunity for investors to get in early on such a great company with a very bright future still exists. I would not recommend waiting too long as the cheap valuation is unlikely to last long, especially as further new deals are announced.

Disclaimer/Disclosure: The InvestorIntel Sr. Editor Matthew Bohlsen currently owns shares in MedX Health Corp. The information in this article is general in nature and should not be relied upon as personal financial advice. For more information, contact Tracy Weslosky at info@investorintel.com.