

Research Note

Investors should consider this report as only a single factor in making their investment decision.

MDxHealth SA

Rating: Speculative Buy

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March 9, 2020

MXDHF \$1.10 — (Other OTC)

	2017 A*	2018 A	2019 A**	2020 E	2021 E
Product/service sales (in millions)	\$28.2	\$28.4	\$21.9	\$28.1	\$36.5
Earnings per share	(\$0.25)	(\$0.54)	(\$0.53)	(\$0.39)	(\$0.31)
52-Week range	\$2.50 – \$0.98			Fiscal year ends: December	
Shares outstanding <small>est. a/o 12/31/19</small>	70.5 million			Revenue/shares (ttm)	\$0.35
Approximate float	47.8 million			Price/Sales (ttm)	3.1X
Market Capitalization	\$77.6 million			Price/Sales (2021) E	2.1X
Tangible Book value/shr <small>Estimated</small>	\$0.33			Price/Earnings (ttm)	NMF
Price/Book	3.3X			Price/Earnings (2021) E	NMF

* Revenue excludes \$7 million of non-recurring patent revenue and \$5.3 million in non-recurring royalties ** Excludes a \$10.1 million one-time revenue reduction related to a receivables adjustment

MDxHealth SA, is a multinational healthcare company providing molecular diagnostics company that provides actionable information to personalize the diagnosis and treatment primarily of urologic cancers – prostate and bladder. MXDHF's tests are based on proprietary genetic, epigenetic and other molecular technologies.

Key Investment Considerations:

Maintaining Speculative Buy rating and 12-month price target of \$1.75 per share.

In 2019, MDxHealth rationalized its operations through implementing cost reduction measures and providing its US sales team with data driven analytics in order to engage its established customer base of urologists. We anticipate that by using data analytics in combination with the company's established customer base of urologists as reference customers, its sales team should increase the utilization of its Confirm and Select molecular diagnostic tests for prostate cancer to 2021.

The company's Confirm test has broad payer (insurance) coverage. We anticipate the Select test should obtain payer coverage in 2020.

The company announced a Medicare Administrative Contractor issued a draft Local Coverage Determination (LCD) for its SelectMDx for Prostate Cancer test. The draft recommends coverage of the test for qualified Medicare patients in the US. Once the final LCD is issued, the test should gain US coverage.

On February 26, 2020, MXDHF reported 2019 total revenue (excluding a \$10.1 million one-time receivables adjustment) of \$21.9 million and a net loss of \$33 million or (\$0.53) per share for. In 2018 total revenue was \$28.4 million and the net loss was \$32.5 million or (\$0.54) per share.

For 2020, we forecast total sales growth of 28.4% to \$28.1 million (prior was \$32 million) and a loss per share of (\$0.39). We previously projected a loss per share of (\$0.24). Our revised forecast reflects slower than anticipated sequential growth of its two core molecular diagnostic prostate cancer tests offerings.

For 2021, we forecast sales growth of 30% to \$36.5 million and a loss per share of (\$0.31). Our forecast reflects growth in global billable tests for its Confirm and Select prostate cancer tests of nearly 64,000, up from an estimated 49,900 in 2020.

Please view our Disclosures on pages 10 – 12.

Appreciation Potential

Maintaining Speculative Buy rating and 12-month price target of \$1.75 per share. We anticipate a resumption of product and service revenue growth per share in 2021 by 30% compared to a revenue per share decrease of 23.9% in 2019.

Our rating reflects management's efforts in 2019 to rationalize the company's operations through the implementation of cost reduction measures, as well as providing its US sales team with data driven analytics in order to engage its established customer base of urologists. We anticipate that by using data analytics in combination with the company's established customer base of urologists as reference customers, its sale team should increase the utilization of its Confirm and Select molecular diagnostic tests for prostate cancer to 2021. The Confirm test has broad payer coverage.

Also supporting our rating is the potential global penetration of its offerings within the estimated two million annual prostate biopsies. Additionally, the company's SelectMDx test is likely to obtain national coverage in the US in 2020 once the final Local Coverage Determination is issued based on the recommendation of a Medicare Administrative Contractors.

The six comparative diagnostic/genomics testing companies profiled in the chart below have a 2020 price to sales multiple of 4.2X and 2021 price to sales multiple of 6.9X versus MDxHealth's 2020 and 2021 price to sales multiples of 2.8X and 2.1X, respectively.

We anticipate investors should accord shares of MDxHealth approaching that of its peers due to sales per share increasing by 30% in 2021 (see table on right) compared to 12.9% for its peers. We applied a 4X multiple (prior was 5X) to our 2021 sales per share estimate of \$0.52, discounted for execution risk, to obtain a year ahead price target of approximately \$1.75 per share, implying a total year-ahead return approaching 60%.

Name	Symbol	Price 03-06-20	Market Cap in \$mil	2020E P/S	2020 Sales Growth	2021E P/S
Epigenomics AG	EPGNY	7.55	329	NMF	NMF	19.6
GenMark Diagnostics Inc	GNMK	4.75	289	2.3	24.6%	1.8
Genomic Health Inc	GHDX	63.44	2,385	NA	NA	NA
Myriad Genetics Inc.	MYGN	16.37	1,220	1.6	2.9%	1.5
Natera Inc.	NTRA	38.29	2,996	7.4	17.4%	6.3
Qiagen NV	QGEN	41.28	9,529	5.7	6.8%	5.3
				4.2	12.9%	6.9
Company						
MDxHealth SA	MXDHF	1.10	78	2.8	30.0%	2.1

Source: Taglich Brothers estimates and Thomson Reuters - eikon

In our view this stock is suitable for risk-tolerant investors. Shares of MXDHF shares are most suitable for investors seeking exposure to a molecular diagnostic stock with high growth potential.

2019 Results

2019 total revenue (excluding a \$10.1 million one-time revenue reduction related to a receivables adjustment) decreased 23% to \$21.9 million, compared to \$28.4 million in the year-ago period. Total revenue included revenue from royalties, patents and other income of \$342,000 compared to \$687,000 in the year-ago period. In 2019, the \$10.1 million one-time adjustment stems from the company changing estimates for accounts receivables to twelve-months from 24 months. The reduction in the length of time did not impact past units, and will not impact future units, cash, and reimbursement levels. The table above highlights results for 2019 (including and excluding the one-time adjustment) compared to 2018.

USD in thousands (except per share data) Unaudited	Year Ended December 31,		
	2019 Pro-forma ¹	2019	2018
Product revenue	21,521	11,443	27,710
Royalties, patents and other income	342	342	687
Total Revenue	21,863	11,785	28,397
Cost of goods	(11,755)	(11,755)	(11,652)
Gross Profit	10,108	30	16,745
Operating expenses	(43,199)	(43,199)	(48,843)
Operating loss	(33,091)	(43,169)	(32,098)
Net loss	(33,022)	(43,100)	(32,450)
Basic and diluted loss per share	(0.53)	(0.69)	(0.56)

¹Excluding the effect of the significant change of estimate of \$10.1 million

In 2019, the company's overall billable test volume growth increased 22.2% to nearly 39,900 patients tested worldwide compared to over 32,600 billable tests in 2018. The table on the right shows the breakdown of the company's ConfirmMDx and SelectMDx offerings in the US and Europe.

Territory	Products	Billing Test Volume by Product		
		Year Ended December 31,		
		2019	2018	% Change
U.S.	ConfirmMDx	18,195	19,194	(5)%
	SelectMDx	16,972	10,688	59%
E.U.	SelectMDx	4,727	2,759	71%

Gross profit (excluding the one-time adjustment) was \$10.1 million compared to \$16.7 million in 2018. The 39.5% decrease in gross profit was due primarily to lower revenue. Operating expenses decreased \$5.6 million to \$43.2 million due primarily to the company's restructuring program that realigned its US commercial operations, as well as delaying investments in three future product offering. In 2019, operating expenses included \$10.6 million of non-cash costs for depreciation, amortization, and stock-based compensation compared to nearly \$4 million in 2018.

The company's operating and net losses (excluding the one-time adjustment) increased to approximately \$33 million and \$33.1 million, respectively, compared to \$32.1 million and \$32.5 million, respectively. We estimated total revenue of \$22.6 million and a net loss of \$24.9 million.

We estimate for 2019, the company's cash burn was \$23.8 million with a decrease in working capital of \$286,000 due primarily to a decrease in receivables. We estimate cash used in operations of \$23.5 million (which included \$1.3 million of non-recurring restructuring charges) and capital expenditures was not covered by the issuance of common stock and debt for gross proceeds of \$20 million. We estimate cash decreased \$4.1 million to \$22.1 million at December 31, 2019.

In 2019, the company appointed Michael K. McGarrity as its CEO, Ron Kalfus as CFO, and John Bellano as the company's chief commercial officer. The management team estimates that the company's current cash position and anticipated revenues and collections should be sufficient through 4Q20.

Projections

Basis of Forecast

In 2021, we anticipate the company should deliver nearly 64,000 molecular diagnostic urological cancer tests (Confirm and Select) globally, up from nearly 50,000 tests globally in 2020. In 2019, the company delivered approximately 39,900 tests.

In 2019, the company's cash collections from ConfirmMDx and SelectMDx was \$23.7 million compared to \$26.3 million 2018. We anticipate recognized revenue from billed tests (cash collections) to increase in 2020 and 2021 due primarily to increased insurance coverage and the likelihood that its SelectMDx test will become eligible for insurance coverage nationally in the US after 2Q20.

Operations

In 2020, we project a 28.4% increase in total revenue (product and service revenue only) to \$28.1 million (prior was \$32 million). Our revenue growth forecast reflects approximately 50,000 delivered molecular tests (unchanged). We anticipate the average revenue per test to decrease due primarily to faster than anticipated growth of the company's SelectMDx offering (forecasted growth of 27.5%) compared to the ConfirmMDx offering (forecasted growth of 22.5%).

We project gross profit increasing 38.8% to \$14 million from \$10.1 million in 2019 due to sales growth and total gross margins improving to 50% from 46.2% in 2019. Gross margin improvement should reflect efficiencies in the company's sales process stemming from the 2019 rationalization program regarding US commercial operations. We project operating losses should narrow to \$26.7 million from \$33.1 million as operating expense margin improves to 145% from 198% in 2019. The improvement should reflect sales growth and operating leverage stemming from completion of the company's restructuring program in 2019.

MDxHealth SA

We forecast a \$2.5 million decrease in operating expenses to \$40.7 million from \$43.2 million (including \$1.3 million of restructuring charges) in 2019. We estimate a \$1.5 million decrease in SG&A to \$37.7 million as the company continues to rationalize its global operations. We project a \$1 million decrease in research and development expense to \$3 million.

We project financial expenses of \$750,000 compared to an estimated \$250,000 in 2019 due to higher debt balances. Our 2020 net loss forecast is \$27.4 million or (\$0.39) per share. We previously projected a net loss of \$16.8 million or (\$0.24) per share on 70.5 million average share outstanding.

In 2021, we project 30% increase in total revenue (product and service revenue only) to \$36.5 million reflecting nearly 64,000 delivered molecular tests, up from an estimated 50,000 in 2020.

We project gross profit increasing 43.1% to \$20.1 million due to total revenue growth and total gross margins improving to 55% from an estimated 50% in 2020. We project operating losses should narrow to \$21 million from \$26.7 million as operating expense margin improves to 113% from an estimated 145% in 2020. The improvement should reflect sales growth and operating leverage stemming from efficiencies created from the company's 2019 rationalization program.

We forecast a \$365,000 increase in operating expenses to \$41.1 million from an estimated \$40.7 million in 2020. We estimate a \$1.4 million increase in SG&A to \$39.1 million to support sales growth, partly offset by a \$1 million decrease in research and development expense to \$2 million.

We project financial expenses of \$1 million compared to an estimated \$750,000 in 2020 due to higher debt balances. Our 2021 net loss forecast is \$22 million or (\$0.31) per share on 70.5 million average shares outstanding.

Finances

For 2020, we project cash burn of \$22.7 million and a decrease in working capital of \$4.3 million. The decrease in working capital is due primarily to an increase in payables. An increase in borrowings of \$5 million will not cover cash used in operations of \$18.4 million and capital expenditures. We project a reduction in cash of \$13.7 million to \$8.4 million at December 31, 2020.

For 2021, we project cash burn of \$17 million and a decrease in working capital of \$2.1 million. The decrease in working capital is due primarily to an increase in payables. An increase in borrowings of \$7.5 million will not cover cash used in operations of \$14.9 million and capital expenditures. We project a reduction in cash of \$7.9 million to \$540,000 at December 31, 2021

Risks

Losses

MDxHealth's operations have yet to turn profitable. In 2019, we estimate the company's accumulated deficit reached over \$130 million, up from \$56 million in 2014. Significant losses are likely to continue through 2021. Lack of profitability could result in the company's inability to execute its growth strategy.

Dilution

In March 2018, the company obtained net proceeds in excess of \$42 million from the issuance of nearly 10 million common shares. In 3Q19, the company obtained net proceeds of approximately \$10 million from the issuance of approximately 10.6 million common shares. The most recent capital raise along with \$10 million of borrowings should provide the company with enough capital through our forecast period. However, if/when MDxHealth needs additional funding in order grow the utilization of the company's core molecular diagnostic tests, it could potentially dilute the ownership interest of current shareholders.

Regulatory

The company's laboratory-based diagnostic tests and other products could be subject to regulatory clearance in the US and other overseas markets. Delays in, or failure to secure regulatory approval, could delay the launch of newly developed products and services.

Reimbursement

The company's molecular diagnostic tests depend on the availability of coverage and adequate reimbursement from government and private insurance companies (payors). Favorable insurance coverage and reimbursement are essential to MDxHealth's commercial goals. The company does not recognize revenue for test results delivered without a contract for reimbursement or without a history of consistent payment. In 2019, the company's cash collections from ConfirmMDx and SelectMDx was \$23.7 million compared to \$26.3 million 2018.

Competition

The company's ConfirmMDx and SelectMDx products compete in the molecular diagnostics sector with a focus on detecting and/or assessing the grade or aggressiveness of prostate cancer. Its products and services are vulnerable to intervening technology and intense price and service competition. The molecular diagnostic sector is highly competitive in terms of service and price and will likely continue to undergo consolidation, permitting larger clinical laboratory service providers to increase cost efficiencies and service levels resulting in more intense competition.

Technology

Larger, more financially secure companies may have an established market presence within the molecular diagnostic testing sector. Based on direct comparisons for certain indications, MDxHealth's tests may provide superior outcomes compared to existing competitive products, but new diagnostic tests could potentially gain market share.

Product Liability

The marketing, sale and use of MDxHealth's tests could lead to product or professional liability claims against it if someone were to allege that its tests failed to perform as they were designed, or if someone were to misinterpret test results or improperly rely on them for clinical decisions. Although MDxHealth maintains product and professional liability insurance which is deemed to be appropriate and adequate, it may not fully protect the company from the financial impact of defending itself against product liability or professional liability claims or any judgments, fines or settlement costs arising out of any such claims. Furthermore, any product liability lawsuit could harm its reputation, which could impact its results of operations.

Execution

The company has achieved some revenue growth momentum based on its presence in the US market for prostate cancer diagnostics, but achieving critical mass will require better penetration that will hinge on acceptance of SelectMDx, leverage of the sales infrastructure, and broader reimbursement coverage.

Shareholder Control

Three large shareholders collectively own 30% of the outstanding voting stock (as of the company's 2018 annual report published April 2019). This group could potentially greatly influence the outcome of matters requiring stockholder approval, which may or may not be in the best interests of the other shareholders.

Miscellaneous Risk

The company's financial results and equity values are subject to other risks and uncertainties, including competition, operations, financial markets, regulatory risk, and/or other events. These risks may cause actual results to differ from expected results.

Trading Volume

The company has an estimated float of 47.8 million shares and shares outstanding of 70.5 million. Average daily US volume over the three-month period ending March 6, 2020 was 100 shares.

MDxHealth SA
Consolidated Balance Sheets
FY2017 – FY2021E
(in thousands)

	<u>FY17A</u>	<u>FY18A</u>	<u>FY19E</u>	<u>FY20E</u>	<u>FY21E</u>
ASSETS					
Current assets:					
Inventories	1,919	1,807	2,400	2,500	2,700
Trade receivables	19,825	19,062	18,532	16,377	16,729
Prepaid expenses and other current assets	745	791	861	983	1,278
Cash and cash equivalents	<u>16,827</u>	<u>26,203</u>	<u>22,100</u>	<u>8,402</u>	<u>540</u>
	39,316	47,863	43,893	28,261	21,246
Non-current assets:					
Goodwill	\$ 1,145	\$ 1,145	\$ 1,145	\$ 1,145	\$ 1,145
Intangible assets	15,492	14,394	10,942	8,216	3,216
Property, plant and equipment	<u>2,568</u>	<u>2,074</u>	<u>2,080</u>	<u>2,085</u>	<u>2,090</u>
Total non-current assets	19,205	17,613	14,167	11,446	6,451
Total assets	<u>\$ 58,521</u>	<u>\$ 65,476</u>	<u>\$ 58,060</u>	<u>\$ 39,707</u>	<u>\$ 27,697</u>
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Loans and borrowings	361	264	-	-	-
Trade payables	8,055	6,453	7,135	8,391	9,581
Other current liabilities	3,816	4,358	4,025	5,000	6,500
Short-term liabilities	<u>883</u>	<u>402</u>	<u>200</u>	<u>300</u>	<u>300</u>
Total current liabilities	<u>13,115</u>	<u>11,477</u>	<u>11,360</u>	<u>13,691</u>	<u>16,381</u>
Deferred tax liabilities	616	575	630	630	311
Grants payable and deferred revenue	60	-	-	-	-
Long-term liabilities	661	1,045	1,045	1,045	1,045
Loans and borrowings	<u>523</u>	<u>262</u>	<u>10,000</u>	<u>15,000</u>	<u>20,000</u>
Total long-term liabilities	<u>1,860</u>	<u>1,882</u>	<u>11,675</u>	<u>16,675</u>	<u>21,356</u>
Total liabilities	<u>\$ 14,975</u>	<u>\$ 13,359</u>	<u>\$ 23,035</u>	<u>\$ 30,366</u>	<u>\$ 37,737</u>
Total equity	<u>43,546</u>	<u>52,117</u>	<u>35,026</u>	<u>9,341</u>	<u>(10,040)</u>
Total liabilities and stockholders' equity	<u>\$ 58,521</u>	<u>\$ 65,476</u>	<u>\$ 58,060</u>	<u>\$ 39,707</u>	<u>\$ 27,697</u>
SHARES OUT	49,960	59,950	70,529	70,529	70,529

Source: Company reports and Taglich Brothers estimates

MDxHealth SA
Annual Income Statement
FY2017 – FY2021E
(in thousands)

	FY2017A	FY2018A	FY2019A*	FY2020E	FY2021E
Product and service income	\$ 28,162	\$ 27,710	\$ 21,521	\$ 28,075	\$ 36,500
Royalties	5,346	628	342	-	-
Patent income (licenses)	7,000	-	-	-	-
Government grants	-	59	-	-	-
Total revenue	40,508	28,397	21,863	28,075	36,500
Cost of goods and services sold	10,203	11,652	11,755	14,050	16,425
Total Gross Profit	30,305	16,745	10,108	14,025	20,075
Operating Expenses:					
Research and Development	3,505	4,280	4,000	3,000	2,000
SG&A	39,142	44,798	39,199	37,710	39,075
Other operating income	(68)	(261)	-	-	-
Other operating expenses	-	26	-	-	-
Total Operating Expenses	42,579	48,843	43,199	40,710	41,075
Operating Income (loss)	(12,274)	(32,098)	(33,091)	(26,685)	(21,000)
Other Income (Expense)					
Financial income	10	21	319	20	20
Financial expenses	(137)	(414)	(250)	(750)	(1,000)
Total Other Income (Expense)	(127)	(393)	69	(730)	(980)
Pre-Tax Income (loss)	(12,401)	(32,491)	(33,022)	(27,415)	(21,980)
Income Tax Expense (Benefit)	(113)	(41)	-	-	-
Net Income (loss)	<u>\$ (12,288)</u>	<u>\$ (32,450)</u>	<u>\$ (33,022)</u>	<u>\$ (27,415)</u>	<u>\$ (21,980)</u>
EPS (loss)	<u>\$ (0.25)</u>	<u>\$ (0.54)</u>	<u>\$ (0.53)</u>	<u>\$ (0.39)</u>	<u>\$ (0.31)</u>
Weighted Average Shares Outstanding	<u>49,949</u>	<u>59,995</u>	<u>62,587</u>	<u>70,529</u>	<u>70,529</u>
EBITDA	\$ (9,445)	\$ (29,131)	\$ (22,491)	\$ (19,185)	\$ (16,000)
Margins					
Total Gross Margin	74.8%	59.0%	46.2%	50.0%	55.0%
Gross Margin - product and service income	63.8%	58.0%	45.4%	50.0%	55.0%
Operating Margin	(30.3%)	(113.0%)	(151.4%)	(95.0%)	(57.5%)
Research and Development	8.7%	15.1%	18.3%	10.7%	5.5%
SG&A	96.6%	157.8%	179.3%	134.3%	107.1%
Other operating income	(0.2%)	(0.9%)	0.0%	0.0%	0.0%
Total operating expense	105.1%	172.0%	197.6%	145.0%	112.5%
Pre-Tax Margins	(30.6%)	(114.4%)	(151.0%)	(97.6%)	(60.2%)
Tax rate	0.9%	0.1%	0.0%	0.0%	0.0%
YEAR / YEAR GROWTH					
Total Revenues	35.2%	(29.9%)	(23.0%)	28.4%	30.0%
Product and service income - Revenue	13.0%	(1.6%)	(22.3%)	30.5%	30.0%

* Excludes a \$10.1 million one-time revenue reduction related to a receivables adjustment

Bold figures are Taglich Brothers estimates

Source: Company reports and Taglich Brothers estimates

Taglich Brothers, Inc.

MDxHealth SA
Income Statement Model
Semi Annual FY2019A – 2021E
(in thousands)

	1H19A	FY2019A*	1H20E	FY2020E	1H21E	FY2021E
Product and service income	\$ 10,571	\$ 21,521	\$ 11,650	\$ 28,075	\$ 13,980	\$ 36,500
Royalties	200	342	-	-	-	-
Patent income (licenses)	102	-	-	-	-	-
Government grants	-	-	-	-	-	-
Total revenue	10,873	21,863	11,650	28,075	13,980	36,500
Cost of goods and services sold	5,909	11,755	6,000	14,050	6,715	16,425
Total Gross Profit	4,964	10,108	5,650	14,025	7,265	20,075
Operating Expenses:						
Research and Development	1,970	4,000	1,500	3,000	1,000	2,000
SG&A	16,866	39,199	15,200	37,710	16,340	39,075
Other operating income	(9)	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-
Total Operating Expenses	18,827	43,199	16,700	40,710	17,340	41,075
Operating Income (loss)	(13,863)	(33,091)	(11,050)	(26,685)	(10,075)	(21,000)
Other Income (Expense)						
Financial income	6	319	10	20	10	20
Financial expenses	(231)	(250)	(350)	(750)	(500)	(1,000)
Total Other Income (Expense)	(225)	69	(340)	(730)	(490)	(980)
Pre-Tax Income (loss)	(14,088)	(33,022)	(11,390)	(27,415)	(10,565)	(21,980)
Income Tax Expense (Benefit)	-	-	-	-	-	-
Net Income (loss)	\$ (14,088)	\$ (33,022)	\$ (11,390)	\$ (27,415)	\$ (10,565)	\$ (21,980)
EPS (loss)	\$ (0.24)	\$ (0.53)	\$ (0.16)	\$ (0.39)	\$ (0.15)	\$ (0.31)
Weighted Average Shares Outstanding	<u>58,908</u>	<u>62,587</u>	<u>70,529</u>	<u>70,529</u>	<u>70,529</u>	<u>70,529</u>
EBITDA	\$ (11,888)	\$ (22,491)	\$ (9,050)	\$ (19,185)	\$ (7,825)	\$ (16,000)
Margins						
Total Gross Margin	45.7%	46.2%	48.5%	50.0%	52.0%	55.0%
Gross Margin - product and service income	44.1%	45.4%	48.5%	50.0%	52.0%	55.0%
Operating Margin	(127.5%)	(151.4%)	(94.8%)	(95.0%)	(72.1%)	(57.5%)
Research and Development	18.1%	18.3%	12.9%	10.7%	7.2%	5.5%
SG&A	155.1%	179.3%	130.5%	134.3%	116.9%	107.1%
Other operating income	(0.1%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating expense	173.2%	197.6%	143.3%	145.0%	124.0%	112.5%
Pre-Tax Margins	(129.6%)	(151.0%)	(97.8%)	(97.6%)	(75.6%)	(60.2%)
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
YEAR / YEAR GROWTH						
Total Revenues	(36.8%)	(23.0%)	7.1%	28.4%	20.0%	30.0%
Product and service income - Revenue	(36.5%)	(22.3%)	10.2%	30.5%	20.0%	30.0%

* Excludes a \$10.1 million one-time revenue reduction related to a receivables adjustment

Bold figures are Taglich Brothers estimates

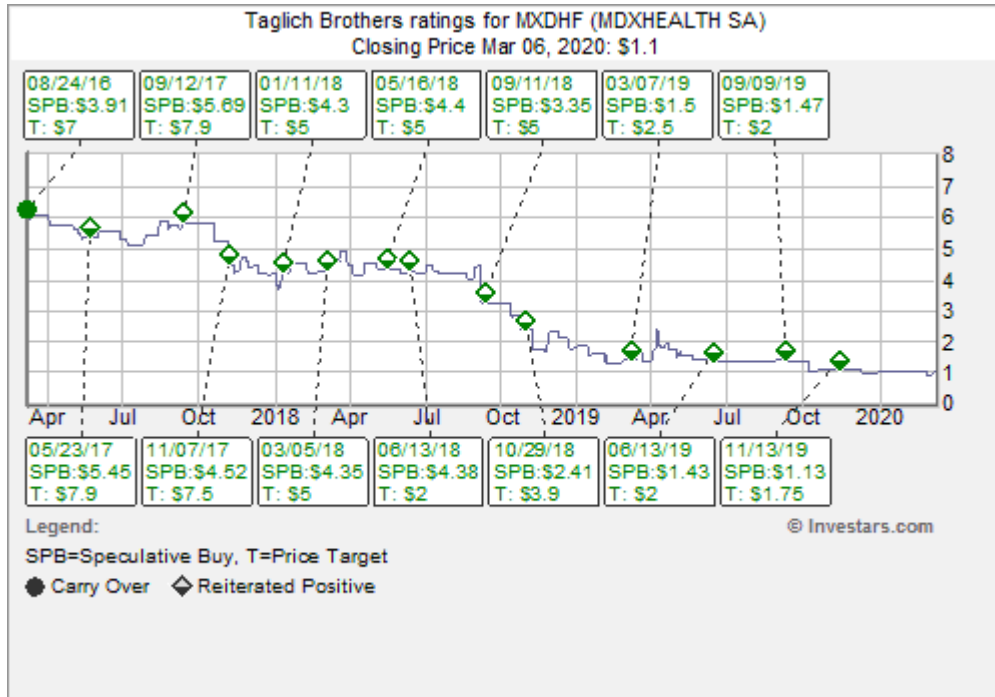
Source: Company reports and Taglich Brothers estimates

MDxHealth SA
Cash Flow Statement
FY2017 – FY2021E
(in thousands)

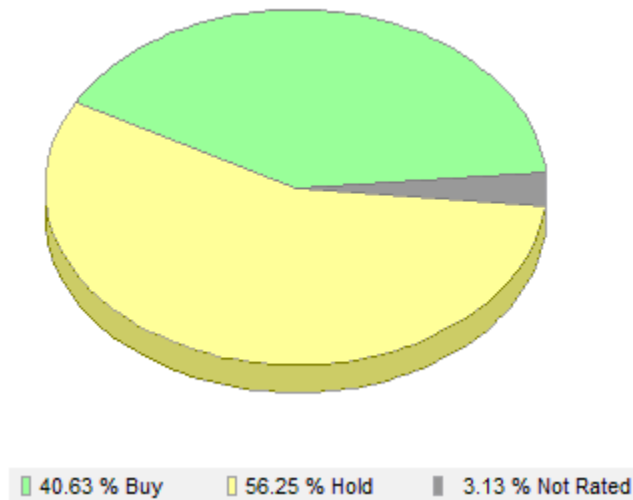
	<u>FY2017 A</u>	<u>FY2018 A</u>	<u>FY2019 E</u>	<u>FY2020 E</u>	<u>FY2021 E</u>
<i>Cash Flows from Operating Activities</i>					
Income (loss)	\$(12,274)	\$(32,098)	\$(33,091)	\$(26,685)	\$(21,000)
Depreciation, amortization, and impairment	1,886	2,937	8,300	3,000	3,000
Share-based compensation	943	1,006	1,000	1,000	1,000
Interest paid	(39)	-	-	-	-
Income taxes	-	-	-	-	-
Cash (burn) earnings	<u>(9,484)</u>	<u>(28,155)</u>	<u>(23,791)</u>	<u>(22,685)</u>	<u>(17,000)</u>
<i>Changes In:</i>					
Inventories	(440)	112	(593)	(100)	(200)
Accounts receivable	(1,432)	717	530	2,155	(352)
Accounts payable includes other	867	(1,217)	349	2,231	2,690
Net (increase) decrease in Working Capital	<u>(1,005)</u>	<u>(388)</u>	<u>286</u>	<u>4,286</u>	<u>2,138</u>
Net cash provided (used) by Operations	<u>(10,489)</u>	<u>(28,543)</u>	<u>(23,506)</u>	<u>(18,399)</u>	<u>(14,862)</u>
<i>Cash Flows from Investing Activities</i>					
Acquisition of subsidiary, net - Earn out	(1,105)	-	-	-	-
Interest received	-	-	-	-	-
Other financial profit (loss)	(88)	-	-	-	-
Capital expenditures	(1,172)	(433)	(100)	(300)	(500)
Purchase of intangibles	<u>(3,688)</u>	<u>(912)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used) provided in Investing	<u>(6,053)</u>	<u>(1,345)</u>	<u>(100)</u>	<u>(300)</u>	<u>(500)</u>
<i>Cash Flows from Financing Activities</i>					
Proceeds (payments) from loans and borrowings	346	(751)	10,000	5,000	7,500
Proceeds from issuance of shares, net	<u>227</u>	<u>42,423</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by Financing	<u>573</u>	<u>41,672</u>	<u>20,000</u>	<u>5,000</u>	<u>7,500</u>
Exchange rate	<u>1,925</u>	<u>(2,408)</u>	<u>(497)</u>	<u>-</u>	<u>-</u>
Net change in Cash	(14,044)	9,376	(4,103)	(13,699)	(7,862)
Cash Beginning of Period	<u>30,871</u>	<u>16,827</u>	<u>26,203</u>	<u>22,100</u>	<u>8,402</u>
Cash End of Period	<u>\$ 16,827</u>	<u>\$ 26,203</u>	<u>\$ 22,100</u>	<u>\$ 8,402</u>	<u>\$ 540</u>

Source: Company reports and Taglich Brothers estimates

Price Chart



Taglich Brothers Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months		
Rating	#	%
Buy	1	5
Hold		
Sell		
Not Rated	1	50

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I, Howard Halpern, the research analyst of this report, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.

Public Companies mentioned in this report:

Epigenomics	(NASDAQ: EPGNY)	GenMark Diagnostics Inc.	(NASDAQ: GNMK)
Genomic Health Inc	(NASDAQ: GHDX)	Myriad Genetics Inc.	(NASDAQ: MYGN)
Natera Inc	(NASDAQ: NTRA)	Veracyte Inc.	(NASDAQ:VCYT)
Qiagen NV	(NASDAQ: QGEN)	Exact Sciences Corporation	(NASDAQ: EXAS)

Meaning of Ratings

Buy – The growth prospects, degree of investment risk, and valuation make the stock attractive relative to the general market or comparable stocks.

Speculative Buy – Long-term prospects of the company are promising but investment risk is significantly higher than it is in our BUY-rated stocks. Risk-reward considerations justify purchase mainly by high risk-tolerant accounts. In the short run, the stock may be subject to high volatility and could continue to trade at a discount to its market.

Neutral – Based on our outlook the stock is adequately valued. If investment risks are within acceptable parameters, this equity could remain a holding if already owned.

Sell – Based on our outlook the stock is significantly overvalued. A weak company or sector outlook and a high degree of investment risk make it likely that the stock will underperform relative to the general market.

Discontinued – Research coverage discontinued due to the acquisition of the company, termination of research services (includes non-payment for such services), diminished investor interest, or departure of the analyst.

Some notable Risks within the Microcap Market

Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company-specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.

From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.