

DIAGNOS Inc.

(TSXV:ADK)

Artificial Intelligence in Healthcare Technology

Company Description

Founded in 1998, DIAGNOS is a Canadian corporation which developed artificial intelligence (AI) software for use in early detection of critical health issues via their tool CARA (Computer Assisted Retina Analysis). CARA is a tele-ophthalmology platform, which uses its AI engine (FLAIRE) image enhancement algorithms that make standard retinal images sharper, clearer, and easier to read. CARA is a cost-effective tool for screening large numbers of patients, in real-time and has been approved by regulatory authorities including Health Canada, US Food and Drug Administration, the European Union and in Mexico.

Investment Highlights

- JP Morgan estimates AI in healthcare to grow at a CAGR of 42% until 2021, and for AI systems to be implemented in 90% of US and 60% of global hospitals and insurance companies by 2025
- Eye exams are crucial to the 400 million global diabetes population, as the disease can deteriorate eyesight and eventually lead to blindness. Furthermore, the cost to treat diabetics is expensive, so automation is a logical next step. The company's first mover advantage and partnerships with leading pharma companies in the diabetes industry position it well to take advantage of this multi-billion-dollar industry
- The company is working on retinal scanning technology that can detect early stages of heart disease, which has seeming unlimited potential as heart disease is the leading cause of death worldwide.

Financial Analysis

The Company reported healthcare sector revenues of \$1.3mm for Q3/2016 (ending December 31, 2016) represented a 350% increase from Q3/2015. The increased revenues were driven primarily by a contract signed with a Mexican government organization. In April 2017, the company closed a \$2.6mm debt financing, the proceeds of which will be used to develop new geographical markets and to fund operating and healthcare product development expenses. Furthermore, on March 15, 2017 the company announced the sale of all the assets from their mining division for \$800k, giving them an estimated cash position of \$4.3mm.

Price Performance



Market Data (TSXV:ADK)

Price (June 7, 2017 close)	\$0.17
52 Week Range	\$0.04 - \$0.20
Market Cap (mm)	\$29.7
Shares Outstanding (basic, mm)	180.2
Free Float	80%
Average Daily Volume (3 months)	50k

Total Debt (mm)	\$4.2
Cash & Short-Term Investments (mm)	\$1.7
Total Assets (mm)	\$2.0

Headquarters Brossard, QC, Canada

Top Shareholders

Dundee Corporation	11.0%
Tigers Realm Metals	4.0%

*All figures in CAD unless otherwise stated.
Source: Thomson Reuters*

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