



Value Investors: 1 Healthcare Stock Set to Rise

Description

Profound Medical ([TSX:PRN](#)) is a [commercial-stage medical device company](#) focused on the development and marketing of customizable, incision-free therapeutic systems for the ablation of diseased tissue utilizing the company's platform technologies. The company's lead product, the TULSA-PRO system, combines real-time magnetic resonance imaging (MRI), robotically driven thermal ultrasound, and closed-loop temperature feedback control to ablate physician defined region of malignant or benign prostate tissue.

Innovative products

The TULSA-PRO system has shown in clinical and commercial settings to be an effective tool for physicians who are treating prostate diseases, including cancer. In August 2019, the TULSA-PRO system received Food and Drug Administration (FDA) clearance as a Class II device in the United States for thermal ablation of prescribed prostate tissue. The TULSA-PRO system was also approved by Health Canada in November 2019.

In addition, the company's sonalleve system helps in the treatment of uterine fibroids and palliative pain relief associated with metastases in bone and is also approved in China for non-invasive treatment of uterine fibroids. In November 2020, the sonalleve system also received humanitarian device exemption (HDE) approval from the FDA for treatment of osteoid osteoma.

The company's systems are designed to be used with MRI scanners and are currently compatible with certain MRI scanners. To date, the company has primarily generated revenues from the commercialization of Profound's systems in Asia and from the introduction of TULSA in the United States.

Growth by strategic acquisitions

The company continues to pursue additional [regulatory approvals in international jurisdictions](#) and invests in research and development and in clinical studies designed to increase the body of evidence

necessary to support customer coverage and reimbursement by third-party payors. This includes government programs and private health insurance plans in order to increase commercial adoption of Profound's products.

Profound considers synergistic strategic acquisitions to expand the applications of platform technology to expand the company's commercial footprint. The company's business model in the U.S. is based primarily upon recurring revenues. Profound gets paid on a per-patient-treated basis for the use of the company's technology, disposables, and services that are designed to help practices come up to speed on productive use of the TULSA technology upon installation.

Robust business model

In other international markets, Profound continues to deploy a business model that consists of two components, including sales of durable goods and one-time use disposable for each patient treated. The company's financial strategy to date has been to raise sufficient funds through securities offerings and bank financings to fund specific programs within a focused budget.

Prostate cancer is one of the most common types of cancer affecting men. The annual incidence of newly diagnosed cases in 2021 is estimated to reach 248,530 in the U.S., according to the American Cancer Society, and in 2018 there were approximately 450,000 newly diagnosed cases of prostate cancer in Europe, according to the International Agency for Research on Cancer.

Overall, Profound's technology offers clinicians and appropriate patients a better alternative to traditional surgical or radiation therapies, with respect to clinical outcomes, side effects and recovery time. This should lead to a higher stock price.

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