

## MGC Diagnostics Corporation (Nasdaq: MGCD)

Healthcare / Medical Appliances & Equipment

January 2016

### Company Statistics (as of 01/15/16)

Stock Price:	\$6.55
52 Week Range:	\$5.00-\$7.70
Market Capitalization:	\$27.903M
Avg. Daily Vol. (3m):	7,711
Shares Outstanding:	4.26M

### Financial Summary

EPS	2012A	2013A	2014A	2015
Q1	\$(0.07)	\$(0.10)	\$(0.06)	\$(0.13)
Q2	\$(0.11)	\$0.06	\$0.07	\$0.01
Q3	\$(0.03)	\$0.16	\$(0.21)	\$0.81
Q4	\$0.20	\$0.20	\$(0.07)	\$0.24
FY Oct	\$(0.00)	\$0.34	\$(0.26)	\$0.94

Revenues (\$M)	2012A	2013A	2014A	2015
Q1	\$6.428	\$7.008	\$6.304	\$8.943
Q2	\$5.603	\$7.563	\$7.427	\$8.710
Q3	\$6.895	\$7.928	\$6.567	\$9.239
Q4	\$8.232	\$9.141	\$9.704	\$10.555
FY Oct	\$27.158	\$31.640	\$30.032	\$37.467

### Company Overview

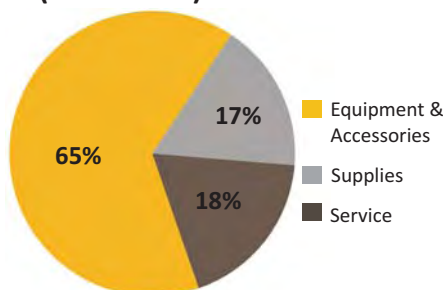
MGC Diagnostics Corporation is a global medical technology company dedicated to cardiorespiratory health solutions. The Company designs, markets and sells non-invasive cardiorespiratory diagnostic products through its Medical Graphics Corporation subsidiary under the MGC Diagnostics brand and trade name and through its Medisoft subsidiary under the Medisoft brand and trade name. Medisoft was acquired on August 1, 2014. The Company's product portfolio provides solutions for disease detection, integrated care, and wellness across the cardiorespiratory healthcare spectrum. The Company sells its products internationally through distributors and in the United States through a direct sales force targeting specialists located in hospitals, university-based medical centers, medical clinics, physician offices, pharmaceutical companies, medical device manufacturers, and clinical research organizations ("CROs"). The Company's cardiorespiratory diagnostic products measure the air flow and respiratory pressures and, in most cases analyze the inhaled and exhaled gases such as oxygen and carbon dioxide. The Company operates in a single industry segment: the research, development, manufacture and marketing of non-invasive cardiorespiratory diagnostic products.

### MGCD Fourth Quarter Fiscal Year 2015 Financial Highlights

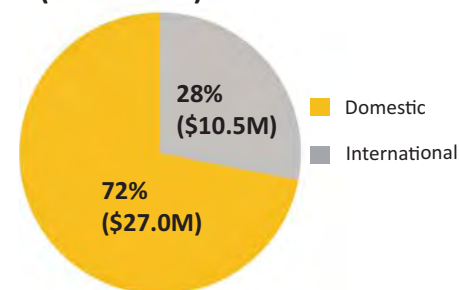
In the Company's earnings press release issued on January 6, 2016, MGCD reported the following fourth quarter fiscal year 2015 financial highlights:

- Total fiscal year 2015 revenues grew 24.9% to \$37.5M, from \$30M in fiscal 2014. Fourth quarter 2015 revenue increased by 9.3% to \$10.6M, compared to \$9.7M in the prior year period.
- Fiscal 2015 operating income was \$1.6M, compared to an operating loss of (\$811,000) for fiscal 2014. Operating income for the fourth quarter 2015 was \$883,000 compared to an operating loss of (\$95,000) in the fiscal 2014 fourth quarter.
- Net income for fiscal year 2015 was \$4.0M, or \$0.94 per diluted share, compared to a net loss of \$1.2M, or (\$0.28) per share for fiscal 2014. For the fourth quarter 2015 the Company reported net income of \$1.0M, or \$0.24 per diluted share, compared to a net loss of (\$336,000), or (\$0.08) per diluted share in the prior year period.
- Fiscal year 2015 domestic equipment and accessories revenues included 66 competitive conversions contributing \$3.0M in revenue, compared to 48 competitive conversions contributing \$2.9M in revenue during fiscal 2014.
- The Attachment Rate, which reflects the percentage of Extended Service Contracts added at the point of sale to customer equipment purchases, was 32% for both fiscal 2015 and 2014.
- Fiscal 2015 domestic equipment, supplies and accessories revenues from Medical Graphics increased 12.7% to \$19.5M, compared to \$17.3M for fiscal 2014. Medisoft contributed domestic revenues of \$558,000 from its U.S. distributor.
- Gross margin for the fiscal year was 51.6% (54.1% for Medical Graphics and 36.7% for Medisoft), compared to 55.0% in fiscal 2014 (56.1% for Medical Graphics and 28.7% for Medisoft). Fourth quarter 2015 gross margin was 52.4%, including gross margin for Medical Graphics and Medisoft of 53.8% and 42.6%, respectively.
- Sales backlog going into fiscal year 2016 was \$2.6M (\$2.3M for Medical Graphics and \$293,000 for Medisoft), an all-time high, compared to \$1.9M at the end of fiscal year 2014.

### Revenue Breakdown (Fiscal 2015)



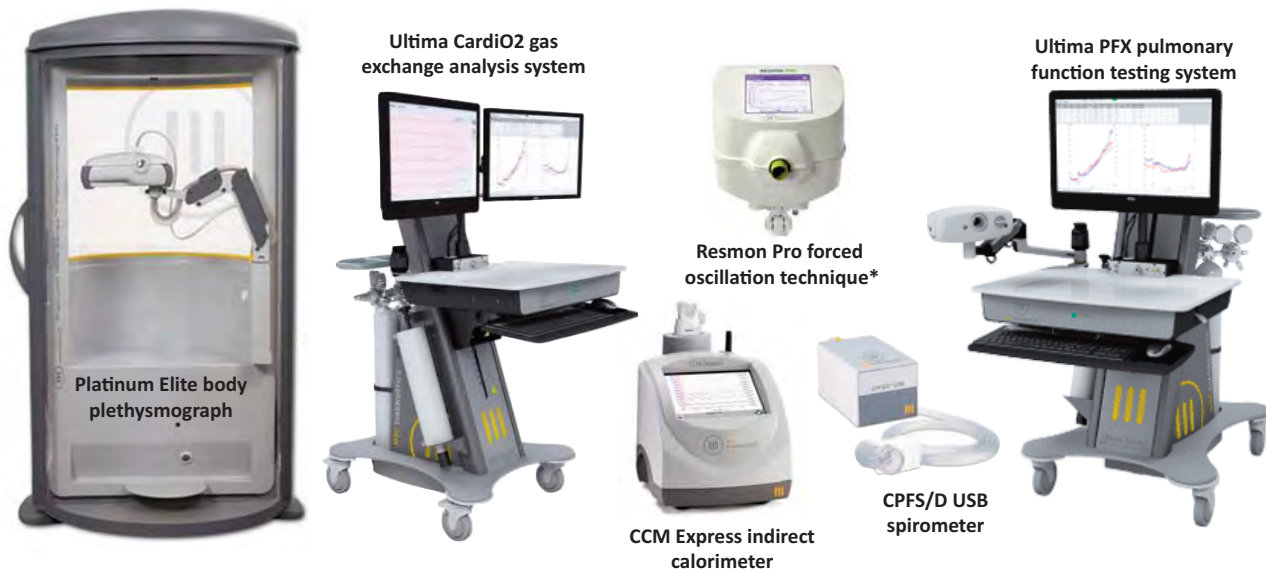
### Sales by Geography (Fiscal 2015)



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Medical Graphics Primary Products



\*Not approved for clinical or diagnostic use in the U.S.A.

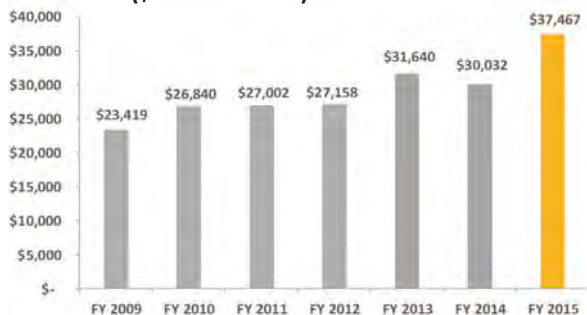
## Cardiorespiratory Healthcare Market Snapshot

- According to the World Health Organization\*
  - 65 million people have COPD, accounting for 5% of all deaths globally increasing by >30% in the next 10 years to become the 3rd leading cause of death worldwide
  - 300 million people have asthma, projected to increase to 400 million by 2025 - asthma is the most common disease in children
  - 130 million adults have sleep apnea, 1 in 5 adults have undiagnosed mild sleep apnea and 1 in 15 adults have undiagnosed severe sleep apnea
- 10% of patients with COPD and OSA will have overlapping disease\*\*
- 15-25% of patients with COPD and asthma will have overlapping disease\*\*
- Patients with severe asthma are 32 times more likely to develop COPD than those with mild asthma\*

\*WHO Burden of Chronic Respiratory Diseases 2015 / \*\* American Journal of Respiratory Critical Care

Key Financials

Revenue (\$ in thousands)



Net Income / (Loss) (\$ in thousands)



Backlog (\$ in thousands)



Deferred Revenue (\$ in thousands)



## Pulmonary Function Testing

Pulmonary function testing (PFT) equipment and techniques have come into widespread use and standardization over the past 30 years. Advances in computer technology and miniaturization have aided in the development of devices that have become portable and user-friendly through sophisticated software.

Applications of MGC Diagnostics pulmonary function products include enabling the early detection of lung disease, evaluating the effect of medication, monitoring patients with chronic disease, diagnosing lung diseases (i.e. asthma, emphysema and bronchitis/COPD), managing treatment, assessing the surgical risk of lung transplant and lung reduction candidates and evaluating the impact of diseases such as neuromuscular disease on breathing.

However, there are non-pulmonary applications such as cardiology, chemotherapy and neuromuscular patients. Pulmonary function applications range from basic lung function screening, to pre-operative surgical evaluations and post-operative assessment of heart and lung transplant patients, to disability assessment from occupational exposures, and to documenting responses to a variety of therapies.

MGC Diagnostics' pulmonary function products' ease of use, infection control features, compact, lightweight design, connectivity and mobility options attract a wide variety of customers, including pulmonary laboratories in hospitals, clinics, physician offices, occupational medicine clinics, asthma/allergy practices, and clinical research centers worldwide.

## Cardiorespiratory Diagnostic Market Summary

- Current diagnostic technologies are adequate to diagnose major diseases, however, existing products are underutilized\*
- MGCD operates in a mature market with long product replacement lifecycle of 7-10 years
- Developments expected to stimulate future growth\*
  - Large and growing patient population with undiagnosed chronic disease
  - Technology developments in diagnostic procedures that will optimize usage (simplified technology, centralized data, patient-friendly)
  - Emerging device-based therapeutic options which will require discrete patient selection, hence, more discrete diagnosis

\*Health Research International #042-1-US-0810

## Medisoft Acquisition



BodyBox



SpiroAir

### Medisoft Acquisition

In August 2014, MGC Diagnostics completed its acquisition of Medisoft, SA, a privately held manufacturer of cardiorespiratory diagnostic products based in Sorinnes, Belgium. Medisoft served the European cardiorespiratory diagnostics market since 1977. The addition of Medisoft's Eurocentric product line, its strong brand equity, complementary distribution channels and leading-edge manufacturing capabilities strengthens MGCD's position as a global leader in the cardiorespiratory diagnostic market. The Medisoft acquisition will:

**Increase MGCD's Global Footprint and Market Share:** Medisoft and its subsidiaries in France, Italy and Germany give the combined company direct European operations, scale and customer support. The combined company will have an increased ability to grow revenue by increasing market share outside of the US, further develop existing and new distribution channels, expand its presence in emerging markets and enhance customer support initiatives;

**Enhance Product and Intellectual Property Portfolio:** Medisoft's diverse product line and R&D capabilities will result in a scalable portfolio of products for the combined company, enhancing future revenue opportunities; and

**Improve Manufacturing Capabilities and Reduce Cost Structure:** The combined company, with first class manufacturing facilities in the United States and Europe, will be able to more cost effectively manufacture products to meet customer needs in global markets.



## Pulmonary Function Products



## Advancing PFT technology with The Ultima Series

### Pulmonary Function Products

MGC Diagnostics pulmonary function products fall into four major product categories: Spirometry; Complete Pulmonary Function; Body Plethysmography; and Specialty Products.

**Spirometry:** Spirometry is a relatively simple, painless, and inexpensive method of assessing pulmonary function. In this procedure, the patient breathes into a spirometer, an instrument that measures and records the volume of air expired and the airflow rate for a specific time period. Spirometry provides measurement, lung capacity and mechanical properties of airflow. Due to the simplicity of testing and the availability of portable equipment, spirometry is widely used in both inpatient and outpatient settings. MGC Diagnostics markets the Medical Graphics CPF S/D USBTM and the Medisoft Micro 5000 and Micro 6000 spirometers. The spirometer is a platform that can be upgraded to complete a pulmonary function or cardiopulmonary exercise system.

**Complete Pulmonary Function:** Pulmonary function testing equipment measures and analyzes breathing to evaluate the condition of the heart, lungs, and metabolism. The technique is used for the diagnosis and management of numerous pulmonary conditions. Although diagnostic spirometry is adequate for basic pulmonary function screening, complete pulmonary function analysis is required for diagnosis of the specific cause of lung disease. MGC Diagnostics markets the Medical Graphics Ultima PF Series™, the Medisoft SpiroAir and the Medisoft HypAir as complete pulmonary function systems. These complete pulmonary function system perform spirometry, non-invasive measurement of an individual's total lung capacity, respiratory mechanics and diffusing capacity, and the oxygen transfer across the lungs into and out of the bloodstream.

**Body Plethysmography:** Body plethysmographs consist of an airtight, transparent patient cabin, an adjustable support arm, and pressure transducers for measuring mouth and cabin pressure and a computer. Many devices also incorporate diffusing capacity and lung volume by nitrogen washout, which enhances the scope of use. The patient sits inside the enclosure and undergoes diagnostic pulmonary function tests. MGC Diagnostics markets the Medical Graphics Platinum Elite and the Medisoft BodyBox Series, each of which are designed to minimize patient anxiety and discomfort while maximizing accuracy. These systems' designs optimize patient comfort with a clear-view acrylic enclosure and allow testing of a broad population, including pediatric patients and individuals in wheelchairs.

**Specialty Product:** Specialty diagnostic pulmonary function testing products include the measurement of exhaled biomarkers and complex cardiorespiratory neuro-mechanics. MGC Diagnostics markets the Medisoft FeNO, FeNO + and HypAir Muscle Study Systems using licensed technologies.

### Product Highlight: The Ultima Series

#### THE ULTIMATE ALL-IN-ONE SYSTEM

The Ultima Series cardiorespiratory diagnostics systems can perform both pulmonary function tests (PFT) and metabolic tests conveniently and accurately in a single device, with absolutely none of the compromise that are sometimes found in combined systems.

#### UNIQUE SYSTEM DESIGN

The Ultima Series cardiorespiratory diagnostic system's all-in-one design allows for maximum testing comfort for the technician and patient while utilizing the latest technology for unparalleled performance and reliability.



## Forced Oscillation Technique\*



### Forced Oscillation Technique

MGCD's Resmon Pro is a professional, stand-alone device for non-invasively diagnosing and evaluating pulmonary diseases. The Resmon Pro uses the forced oscillation technique (FOT) to measure the mechanical properties of the lung and airways. FOT is unique because it assesses the respiratory system's response to small-pressure stimuli applied to the opening of the airway during normal breathing. With just a few normal tidal breaths from the patient, the Resmon Pro can identify standard breathing patterns, detecting expiratory flow limitation (EFL), assessing airway obstructions, and evaluating bronchial reversibility and bronchial challenge. The Resmon Pro is an essential diagnostic tool for measuring respiratory function in individuals who cannot perform spirometry—including elderly or pediatric patients and patients with neuromuscular disease. \*Not approved for clinical or diagnostic use in the U.S.A.

## Exercise and Metabolic Testing Products

### Exercise and Metabolic Testing Products

MGCD's cardiopulmonary exercise testing products measure functional capacity, fitness or conditioning levels, evaluate prognostic criteria for surgical procedures as well as help physicians diagnose heart and lung diseases. Cardiopulmonary exercise testing provides objective, reliable, and quantitative assessment of the cardiovascular and respiratory responses to varying external workloads. These products operate by measuring the volume of air and concentrations of oxygen and carbon dioxide as they enter and leave the lungs while an individual exercises on a machine such as a bike or treadmill. These tests may be augmented by various types of monitoring, including electrocardiogram ("ECG"), blood pressure, and pulse oximetry.

## Real-Time Diffusion (RTD)

### Real-Time Diffusion (RTD)

In March of 2012, MGCD introduced its RTD (Real-Time Diffusion) MultiGas Technology. This proprietary technology platform and real-time sensor quality assurance provides accurate and immediate results, and eliminates the need for repeat tests. Real-time gas analysis improves the measurement of single-breath diffusing capacity in the lungs and provides visualization of the alveolar gas sample.

In fiscal 2012, the Company introduced modified versions of the Ultima PF, Platinum Elite DL and Platinum Elite DX, each of which includes real-time diffusion ("RTD") technology. The Company is the only competitor in the market to offer both the traditional Gas Chromatography and RTD technology in its product line. This enables the Company to expand its customer base by selling to its current customers as well as converting accounts that have products from other manufacturers. Giving customers the choice of either technology enables the Company to capture more market share.

## Recurring Revenue

### Recurring Revenue

An increasingly important component of MGCD's overall business is the generation of recurring revenue from product service, support, extended service warranties, contracts and supplies allowing for greater predictability of revenue streams. Recurring revenue for fiscal 2015 accounted for \$13.2 million or 35.2% of total revenue.

Service contract revenue is based on a stated contractual rate and is deferred and recognized ratably over the service period, ranging from 1-5 years beginning after the expiration of the standard warranty. Deferred income associated with service contracts, installation and training revenues was \$6.6 million as of October 31, 2015.

UltraCare™ continuous support is designed to help customers protect their investments, which includes software updates, full parts coverage, full onsite labor and travel coverage, 24-48 hour service response guarantee, next day parts delivery, annual preventive maintenance, priority live toll-free phone support, priority remote technical assistance and after-hours emergency support access.



### Recurring Revenue Components

- **preVent® flow sensor**
  - A disposable/cleanable flow sensor that eliminates concern over the transmission of infectious diseases used in all MGCD systems.
  - Extremely accurate through entire flow range
  - preVent® pulmonary function filter is designed to fit directly on the preVent flow sensor, the filter eliminates the need for an additional coupler.
- **DirectConnect™ metabolic flow sensor**
  - Offers an accurate, reliable solution for metabolic testing in critical care.
  - By connecting at the endotracheal tube, the DirectConnect metabolic flow sensor eliminates the effects of pressure support or bias flow.
- **Non-proprietary consumables**
  - Gases, mouthpieces, umbilicals, etc.

# MGC Diagnostics Corporation (Nasdaq: MGCD)

## Healthcare / Medical Appliances & Equipment

January 2016

### MGC DIAGNOSTICS CORPORATION

#### Income Statement

(\$ in Millions Except Per Share Data)

	FY 2011				FY 2012				FY 2013				FY 2014				FY 2015				FY11 Oct	FY12 Oct	FY13 Oct	FY14 Oct	FY15 Oct
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct					
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
<b>Revenues</b>																									
Equipment, supplies and accessories revenues	6.144	5.813	5.313	6.736	5.372	4.490	5.876	7.101	5.806	6.360	6.611	7.739	4.959	5.798	4.980	7.926	7.293	7.042	7.567	8.734	22.912	22.839	26.516	23.663	30.636
Service revenues	0.909	0.987	1.066	1.157	1.056	1.113	1.019	1.131	1.202	1.203	1.317	1.402	1.345	1.629	1.617	1.778	1.650	1.668	1.672	1.821	4.090	4.319	5.124	6.369	6.831
	7.053	6.800	6.379	7.893	6.428	5.603	6.895	8.232	7.008	7.563	7.928	9.141	6.304	7.427	6.597	9.704	8.943	8.710	9.239	10.555	27.002	27.158	31.640	30.032	37.467
<b>Cost of revenues</b>																									
Cost of equipment, supplies and accessories revenues	2.716	2.515	2.348	3.108	2.525	2.204	2.835	3.338	2.835	2.996	3.154	3.438	2.300	2.736	2.399	4.008	3.628	3.814	4.171	4.469	10.316	10.902	12.423	11.443	16.082
Cost of service revenues	0.356	0.392	0.363	0.350	0.334	0.398	0.354	0.359	0.351	0.357	0.384	0.419	0.440	0.547	0.526	0.545	0.444	0.493	0.569	0.560	1.391	1.445	1.511	2.058	2.066
Total cost of revenues	3.072	2.907	2.711	3.458	2.859	2.602	3.189	3.697	3.186	3.353	3.538	3.857	2.740	3.283	2.925	4.553	4.072	4.307	4.740	5.029	11.707	12.347	13.934	13.501	18.148
Gross profit of equipment, supplies and accessories revenues	3.428	3.298	2.965	3.628	2.847	2.286	3.041	3.763	2.971	3.364	3.457	4.301	2.659	3.062	2.581	3.918	3.665	3.228	3.396	4.265	12.596	11.937	14.093	12.220	14.554
Gross profit margin of equipment, supplies and accessories revenues	55.8%	56.7%	55.8%	53.9%	53.0%	50.9%	51.8%	53.0%	51.2%	52.9%	52.3%	55.6%	53.6%	52.8%	51.8%	49.4%	50.3%	45.8%	44.9%	48.8%	55.0%	52.3%	53.1%	51.6%	47.5%
Gross profit of service revenues	0.553	0.595	0.703	0.807	0.722	0.715	0.665	0.772	0.851	0.846	0.933	0.983	0.905	1.082	1.091	1.233	1.206	1.175	1.103	1.261	2.699	2.874	3.613	4.311	4.765
Gross profit margin percentage of service revenues	60.8%	60.3%	65.9%	69.7%	68.4%	64.2%	65.3%	68.3%	70.8%	70.3%	70.8%	70.1%	67.3%	66.4%	67.5%	69.3%	73.1%	70.4%	66.0%	69.2%	66.0%	66.5%	70.5%	67.7%	69.8%
Total gross profit	3.981	3.893	3.668	4.435	3.569	3.001	3.706	4.535	3.822	4.210	4.390	5.284	3.564	4.144	3.672	5.151	4.871	4.403	4.499	5.526	15.295	14.811	17.706	16.531	19.319
Gross profit margin	56.4%	57.3%	57.5%	56.2%	55.5%	53.6%	53.7%	55.1%	54.5%	55.7%	55.4%	57.8%	56.5%	55.8%	55.7%	53.1%	54.5%	50.6%	48.7%	52.4%	56.6%	54.5%	56.0%	55.0%	51.6%
<b>Operating expenses</b>																									
Sales and marketing	2.047	2.079	1.995	1.828	1.775	1.651	1.232	2.471	2.126	2.094	2.152	2.884	2.016	1.884	2.002	2.617	2.241	2.011	2.105	2.474	6.758	8.029	9.256	8.519	8.831
General and administrative	1.368	0.937	0.914	1.056	1.145	0.930	0.913	1.158	1.418	1.214	0.973	1.157	1.143	1.287	1.720	1.718	1.671	1.417	1.222	1.412	4.299	4.146	4.762	5.878	5.722
Research and development	0.761	0.902	1.012	0.852	0.810	0.820	0.825	0.791	0.647	0.640	0.591	0.363	0.624	0.640	0.750	0.791	0.810	0.734	0.694	0.693	3.239	3.246	2.241	2.805	2.931
Amortization of intangibles	0.105	0.105	0.105	0.105	0.108	0.109	0.112	0.108	0.007	0.004	0.005	0.005	0.007	0.006	0.007	0.076	0.049	0.064	0.055	0.064	0.420	0.437	0.021	0.096	0.232
Total operating expenses	4.281	4.023	4.026	3.841	3.838	3.510	3.982	4.528	4.198	3.952	3.721	4.409	3.790	3.817	4.489	5.202	4.771	4.226	4.076	4.643	14.716	15.858	16.280	17.298	17.716
Income (loss) from operations	(0.300)	(0.130)	(0.358)	0.594	(0.269)	(0.509)	(0.276)	0.007	(0.376)	0.258	0.669	0.875	(0.226)	0.327	(0.817)	(0.051)	0.100	0.177	0.423	0.883	0.579	(1.047)	1.426	(0.767)	1.603
Interest income (expense), net	0.008	(0.002)	0.010	0.001	0.004	0.000	0.003	0.002	0.000	0.001	0.000	0.000	0.000	0.000	(0.004)	(0.065)	(0.058)	(0.074)	(0.065)	(0.050)	0.021	0.009	0.001	(0.069)	(0.247)
Foreign currency loss	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.058	0.397	0.724	0.184	0.050	(0.029)	0.000	0.000	0.000	0.455	0.929
Pre-tax income (loss)	(0.314)	(0.128)	(0.071)	0.595	(0.265)	(0.509)	(0.273)	0.009	(0.376)	0.259	0.669	0.875	(0.226)	0.327	(0.879)	(0.513)	(0.682)	(0.081)	0.308	0.862	0.600	(1.038)	1.427	(1.291)	0.427
Tax provision (benefit)	0.010	0.010	0.010	0.010	0.007	0.007	0.007	0.004	0.007	0.007	0.017	0.039	0.017	0.019	0.010	(0.237)	(0.141)	(0.143)	(3.115)	(0.150)	0.040	0.025	0.070	(0.191)	(3.549)
Net income (loss)	(0.324)	(0.138)	(0.081)	0.389	(0.250)	(0.410)	(0.133)	0.790	(0.383)	0.252	0.652	0.836	(0.243)	0.308	(0.889)	(0.276)	(0.541)	0.062	3.423	1.012	(0.157)	(0.003)	1.357	(1.100)	3.976
Shares Outstanding (Basic)	3,754,000	3,772,000	3,792,000	3,767,000	3,780,000	3,797,000	3,847,000	3,885,000	3,891,000	3,930,000	4,015,000	4,091,000	4,135,000	4,163,000	4,187,000	4,198,000	4,204,000	4,227,000	4,251,000	4,269,000	3,767,000	3,828,000	3,982,000	4,171,000	4,238,000
Shares Outstanding (Diluted)	3,754,000	3,772,000	3,792,000	3,829,000	3,780,000	3,797,000	3,847,000	3,929,000	3,891,000	3,994,000	4,083,000	4,192,000	4,135,000	4,237,000	4,187,000	4,198,000	4,204,000	4,248,000	4,260,000	4,285,000	3,842,000	3,828,000	4,045,000	4,171,000	4,247,000
EPS (Basic)	(0.09)	(0.04)	(0.02)	0.10	(0.07)	(0.11)	(0.03)	0.20	(0.10)	0.06	0.16	0.20	(0.06)	0.07	(0.21)	(0.07)	(0.13)	0.01	0.81	0.24	(0.04)	(0.00)	0.34	(0.26)	0.94
EPS (Diluted)	(0.09)	(0.04)	(0.02)	0.10	(0.07)	(0.11)	(0.03)	0.20	(0.10)	0.06	0.16	0.20	(0.06)	0.07	(0.21)	(0.07)	(0.13)	0.01	0.80	0.24	(0.04)	(0.00)	0.34	(0.26)	0.94

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## MGC Diagnostics Corporation Management

### *Todd M. Austin*

#### *Chief Executive Officer*

Todd Austin has a career spanning 20 years and is a globally recognized clinical and medical device industry expert and leader with extensive experience in product development and marketing, strategic planning, business development, P&L responsibility, and clinical consulting. In recent years Mr. Austin has provided clinical, strategic and tactical consulting services to senior management for a number of domestic and international healthcare companies, including MGC Diagnostics. From 2006 to 2010 Mr. Austin was Director of Marketing for CareFusion, a leading, global corporation serving the health care industry with products and services that help hospitals measurably improve safety and quality of care. Prior to CareFusion Mr. Austin served as Vice President – U.S. Sales and Marketing for ndd Medical Technologies, a Zurich, Switzerland-based company. Mr. Austin also served as Group Product Manager for Yorba Linda, California-based VIASYS Healthcare and Customer/Product Support and Applications Manager for SensorMedics Corporation. Mr. Austin holds a Bachelor of Science degree from Mount Marty College.

### *Matthew Margolies*

#### *President*

Matthew Margolies has a career in the healthcare industry spanning 20 years. Mr. Margolies comes to MGC Diagnostics from Cardinal Health, where he served as Senior Vice President of Sales and Marketing of the company's Nuclear Pharmacy team. Prior to his most recent role, Mr. Margolies worked with CardioNet as Senior Vice President of Sales and Marketing generating substantial growth in CardioNet's Cardiac Telemetry business. Prior to CardioNet, Mr. Margolies served for four years in a number of positions of increasing responsibility with VIASYS Healthcare, where he ultimately became Division President for the Respiratory Diagnostics group leading the company's Worldwide Respiratory Diagnostics team. In his role with VIASYS he was responsible for the growth in the Respiratory Diagnostics space that was a component of the \$1.6 billion acquisition of VIASYS by Cardinal Health (now CareFusion). From 1993-2004, Mr. Margolies held Sales and Marketing leadership roles with Covidien Health / Mallinckrodt Imaging. Mr. Margolies holds a bachelor's degree in Business Administration/Marketing from Ramapo College of New Jersey.

### *Wesley W. Winnekins*

#### *Chief Financial Officer and Chief Operating Officer*

Prior to joining MGC Diagnostics, Mr. Winnekins served as Chief Financial Officer of Snap Fitness, Inc. a multi-national franchisor of 24/7 express fitness clubs from February 2011 to October 2012. Prior to that, he was employed by Health Fitness Corporation, a publicly traded company, from February 2001 to December 2010, serving as Executive Vice President, Finance and Operations and Chief Financial Officer and Treasurer. At Health Fitness, Mr. Winnekins saw annual revenue grow from \$26 million to \$83 million, and managed the company's sale to a strategic buyer for \$97 million. Prior to Health Fitness, Mr. Winnekins served in finance and management capacities for several public and private companies, including health and fitness companies, from October 1987 to February 2001. From May 1985 to October 1987, Mr. Winnekins served in the audit practice at Arthur Andersen. Mr. Winnekins received a Bachelor's in Business Administration with a major in Accounting from Iowa State University and has passed the CPA exam.



## MGC Diagnostics Corporation Safe Harbor Statement

This document contains or may make forward-looking statements concerning possible or anticipated future financial performance, business activities or plans that include the words "believes," "expects," "anticipates," "intends" or similar expressions. For these forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in federal securities laws. These forward-looking statements are subject to a number of factors, risks and uncertainties, including those disclosed in our periodic filings with the SEC, which could cause actual performance, activities or plans after the date the statements are made to differ significantly from those indicated in the forward-looking statements. For a list of these factors, see the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward Looking Statements," in the Company's Form 10-K for the year ended October 31, 2015, and any updates in subsequent filings on Form 10-Q or Form 8-K under the Securities Exchange Act of 1934.

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