

StageZero announces \$2.5 million in revenue from COVID-19 testing for Q1

StageZero Life Sciences Ltd. (TSX: SZLS) ("StageZero") has just announced mixed results for Q1, 2021. The good news was that StageZero generated \$2.5 million in revenue from COVID-19 testing for the quarter. The bad news was the \$7.3 million loss for the quarter.

The good news

Given StageZero has gone from zero to \$2.5 million in COVID-19 testing revenue in about a year shows StageZero's ability to quickly adapt and ramp up new services to meet patient's needs. The COVID-19 testing revenues are also helping to fund StageZero's expansion which includes the recent Aristotle 10-in-1 cancer test and potentially the Health Clinics Limited acquisition (Letter Of Intent signed and effective as of March 31, 2021). The other good news is that StageZero has built their cash levels up to \$6.4 million as of March 31, 2021.

The bad news

As per the Q1 2021 earnings announcement: "Net loss for the quarter totaled \$7.3 million...or \$0.08 loss per common share....The \$4.9 million increased loss results from the \$4.2 million impact of the revaluation of warrants, the \$0.7 million impact from the increase in cost of goods sold, the \$1.2 million impact from the increase in general and administrative costs, the \$1.4 million impact from the change in the fair value of the conversion debenture, offset by the \$0.2 million impact of a decrease in finance costs and the \$2.4 million impact of the increase in revenue."

Most of this bad news was really just accountancy revaluation

measures which are mostly a one-off related to the StageZero stock price movements, so longer term investors need not be alarmed.

StageZero is striving to become a leader in early stage cancer diagnosis using their Aristotle 10-in-1 cancer test

Stage Zero's Next Generation Test: 10 Cancers - One Sample of Blood - Unlimited Possibilities



The worst cancer diagnosis is a late one, yet more than 40% of cancers are still found in the later stages. Our next-generation blood test (Aristotle™) is a panel for the early detection of 10 cancers from a single sample of blood. Aristotle was recently selected for online publication at the 2020 annual meeting of the American Society of Clinical Oncology (ASCO).

Source

The big picture

The big picture for StageZero is still looking good. From an operational point of view StageZero is making very good progress. Here are the recent highlights:

- Aristotle launched as part of the AVRT Program.
- Announced intent to acquire Health Clinics Limited (transaction expected to close during Q3 2021). Health Clinics will operate the trade name "Care Oncology Clinic". Health Clinics provides a patented and safe adjunctive treatment for all cancer types.
- Expanded testing in Canada via the Company's partnership with Ichor Blood Services.
- Hired further staff and expanded testing capacity for COVID-19 and Aristotle®.
- Partnership with Rexall to sell COVID 19 saliva test kits throughout Canada. Rexall is a leading drugstore operator with more than 400 pharmacies across Canada.
- Partnerships with additional Fortune 500 companies for COVID-19 testing.

Investors should take a mid to long term view towards StageZero. Establishing a niche cancer diagnosis and treatment business takes time and money. StageZero is currently still establishing itself in this area.

CEO Tripp summarized StageZero's direction well when he stated:

"Together with Health Clinics, we are taking three of the highest growth areas within healthcare – liquid biopsy, early detection of disease and telemedicine – and combining them into one innovative company that with ground-breaking technology, will find disease early (as opposed to late and with presentation of symptoms), diagnose and treat, or diagnose and seek to prevent late stage disease, with a telemedicine reach in both North America and the UK/Europe."

StageZero has made tremendous progress over the past year and is now in the stage of commercializing Aristotle after their 20 years of work developing it.

Closing remarks

The world is yet to see the full potential of both StageZero and their revolutionary 10-in1 cancer test, 'Aristotle'. Diagnosing disease (especially cancer) early means giving patients a chance to alter the course of their disease, rather than fighting a losing battle against late-stage disease. This is potentially a game-changer for medicine and for patients in the battle against cancer and many other debilitating diseases.

StageZero Q1 2021 results do look to be a mixed bag at first glance. But looking deeper the loss is mostly accountancy issues and the growing revenues and tremendous progress in the direction the Company is heading means investors should remain very positive on the Company. If StageZero can succeed on their mission of diagnosing disease (especially cancer) early and then providing treatment (boosted via the health Clinics

acquisition), then the world is their oyster.

StageZero Life Sciences trades on a market cap of just C\$43 million. The recent stock price dip allows a better entry for investors who see the potential of StageZero and who are prepared to take the long term view.

Disclosure: The author is long StageZero Life Sciences (TSX: SZLS).

Further learning

- **StageZero Life Sciences James Howard-Tripp on the recent LOI to Acquire Health Clinics Limited**