

StageZero Life Sciences Signs Definitive Agreement with Health Clinics Limited

August 16, 2021 (Source) – *StageZero to Expand Capabilities in Early Diagnosis and Prevention of Cancer and Other Diseases as Vertically-integrated Health Services Company*

PepTcell Limited (Health Clinics Limited) Chairman Richard Huston to Join StageZero Board

Transaction Expected to Close Later This Month

StageZero Life Sciences, Ltd (TSX:SZLS)(OTC PINK:SZLSF) (“**StageZero**” or the “**Company**”), a healthcare company working to reduce the risk of cancer and other chronic diseases through early detection and intervention, today announced the signing of a share purchase agreement (the “**Definitive Agreement**”) to acquire all of the shares of Clinics Operations Limited, a provider of specialist clinical services across Europe and North America, and wholly owned subsidiary of Health Clinics Limited (the “**Acquisition**”).

Transaction Highlights

- Adds ~\$4 million in annual revenue and is immediately accretive to StageZero
- Provides StageZero Life Sciences with full access to Care Oncology’s network of oncologists and physicians across the United States, including Care Oncology’s Los Angeles clinic, and the physicians’ healthcare affiliations.
- Positions StageZero to take full advantage of the multi-billion dollar emerging global market for liquid biopsy diagnostic tools and the strong trend toward telehealth and early-disease diagnostics

- Adds experienced management expertise to build out StageZero's clinical offerings and significantly expands the sales and marketing effort.
- Offers synergistic cross-selling opportunities as StageZero provides diagnostic tests to the thousands of current Care Oncology patients, with StageZero liquid diagnostic customers now having access to the full Care Oncology "Patient Journey". This, in turn, provides multiple revenue streams.

"This transformative acquisition unlocks a number of near-term opportunities and access to additional lucrative market verticals, including the introduction of new tests, multiple revenue streams, payment plans and the ability to enter into agreements with large employers who require the wrap-around solutions," said StageZero Life Sciences Chairman & CEO James Howard-Tripp. "We see this as a 1+1=3 opportunity that combines two revenue-generating companies with parallel missions, significant operational synergies, and tremendous room for growth. Through this acquisition, we will be far more vertically integrated, including the broader use of telehealth capabilities to reach millions of consumers and employers."

"This milestone transaction is the logical next-step in what has been the beginnings of a mutually beneficial, strategic partnership," said PepTcell Limited (Health Clinics Limited) Chairman Richard Huston. "StageZero's comprehensive telehealth program AVRT, launched in partnership with Care Oncology and designed to help patients reduce the risk of developing cancer and other chronic diseases through early interventions, is a great example of the synergies we're capable of as a combined entity. Moreover, we share the same vision regarding liquid biopsies, telehealth and early-disease diagnostics, three of the most critical areas in healthcare today."

StageZero initially announced the proposed acquisition of the business of Health Clinics Limited on April 1, 2021, and since then the StageZero and Health Clinics Limited teams have been

working to establish a framework for integrating their businesses in Canada, the United States and the United Kingdom in the context of a regulated industry. The Definitive Agreement provides that StageZero will acquire all of the shares of Clinics Operations Limited by issuing:

- 12,400,000 common shares, which will be issued on closing of the Acquisition;
- 2,500,000 common shares, contingent upon Clinic Operations Limited obtaining a Care Quality Commission licence in the United Kingdom;
- 8,000,000 common shares contingent upon the achievement of certain milestones ("**Milestones**") and StageZero shareholder approval (the "**Contingent Shares**"). In the event the Milestones are achieved, and the StageZero shareholders do not approve of the issuance of the Contingent Shares, StageZero is obligated to pay to Health Clinics Limited, in lieu of the Contingent Shares, CAD \$16,000,000, payable at a rate of 9.5% out of StageZero's monthly gross revenues. The Contingent Consideration becomes immediately payable in the event of a take-over bid.

The Definitive Agreement contains a number of conditions customary for a transaction of this nature, including the delivery at closing of:

- Employment agreements for certain employees of the acquired entities;
- An escrow agreement pursuant to which the StageZero common shares issued to Health Clinics Limited and Health Clinics USA Corp. on closing will be held in escrow to secure certain indemnification obligations for a period of two (2) years;
- An asset purchase agreement for the purchase of certain Health Clinics USA Corp. assets for 100,000 common shares of StageZero;
- Lock-up agreements pursuant to which the sellers will be

restrained from selling all of their shares for a period of four (4) months following closing, two-thirds of their shares for eight (8) months following closing, and one-third of their shares for twelve (12) months following closing; and

- Restrictive covenant agreements for certain individuals involved with the business of Health Clinics Limited and Health Clinics USA Corp.
- A transitional agreement between Health Clinics Limited and Clinics Operations Limited regarding certain transitional arrangements following the execution of the Definitive Agreement

The Acquisition is subject to approval from the TSX.

About StageZero Life Sciences, Ltd.

StageZero Life Sciences is dedicated to improving quality of life through proven technology and personalized care plans, allowing people to take control of their health. StageZero helps reduce the risk of developing cancer and other chronic diseases by delivering early detection and intervention solutions. The company's end-to-end care model is personalized, proven, and puts people first.

The Company's next-generation test, Aristotle®, is the first-ever multi-cancer panel for simultaneously screening for 10 cancers from a single sample of blood with high sensitivity and specificity for each cancer. Aristotle is integrated with StageZero's AVRT™ program, a comprehensive telehealth program that uses advanced diagnostics, proven clinical protocols, and physician supervision to help patients stay well and prevent the development of cancer and other chronic diseases.. StageZero Care Oncology has clinics in California, telehealth practices in all 50 states and provides treatments that complement and enhance the effect of traditional, standard of care cancer therapies. The Company also operates a CAP accredited and CLIA certified high-complexity reference

laboratory in Richmond, Virginia. In addition, leveraging its specialty in polymerase chain reaction (PCR) testing for the early identification of cancer through blood, StageZero provides both COVID PCR testing (swab and saliva) and blood test analysis (Antibody testing). For more information, please visit www.stagezerolifesciences.com.

About Health Clinics Limited

Founded in London, England in 2013, Health Clinics Limited (HC) specialises in chronic inflammation and metabolic dysfunction, using telemedicine to provide specialist clinical services across Europe and North America. HC provides two main clinical offerings: 1. Under the trade name Care Oncology Clinic (COC), HC provides a patented and safe adjunctive treatment for all cancer types; 2. Under the trade name AVRT (pronounced "avert"), HC clinicians provide a managed clinical service to help patients reduce their risk of developing chronic diseases, including cancer, using a proportionate and tolerable protocol.

Forward-Looking Statements

Certain statements in this news release related to StageZero, Health Clinics Limited, Health Clinics USA Corp., Care Oncology US and Care Oncology UK, and their respective businesses and the proposed Acquisition are forward-looking statements and are prospective in nature. Forward-looking statements are not based on historical facts, but rather on current expectations and projections about future events and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. These statements generally can be identified by the use of forward-looking words such as "may", "should", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-looking statements in this news release

include statements regarding the proposed Acquisition, the satisfaction of closing conditions, including TSX approval, the early detection, diagnosis and treatment of disease and the establishment of treatment protocols. These statements reflect the Company's current expectations regarding future events, but involve risks and uncertainties that could cause actual results to differ materially from those projected herein. Such risks include the risk that the closing conditions to the Acquisition will not be satisfied, that TSX approval will not be obtained, that integration of the acquired businesses into StageZero's business will not achieve the intended results, and other risks and uncertainties described in StageZero's ongoing quarterly filings, annual reports and annual information form. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements, except as required by law.

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