

# Using StageZero Life Sciences as a Case Study for the Publication of All Research Reports Online

Analyst Chris Thompson published a piece on eResearch on StageZero Life Sciences Ltd. (TSX: SZLS) this weekend titled, "StageZero Valuation Report Pegs Stock Price Between \$0.67 and \$14.14", the sub-header reads *Report Assumes Aristotle Revenue Impact Starting in Q3/2021*.

As the Publisher of InvestorIntel Corp., we are partial to Chris Thompson content as he is an outstanding guest columnist and knowledgeable host that occasionally shares his talents with InvestorIntel.com. Extensively educated (CFA, MBA, P.Eng) and experienced, if it was up to me I would like to publish all of Chris Thompson's eResearch reports in their entirety as they are released.

Does this mean I agree with him in his entirety? Hell, no. However, this is where I believe we need to remind the securities regulators that more and more of us are managing our own funds, and having access to more analysis is an example of the real tools we need to arm ourselves and evolve into the well equipped investors we want to be.

It simply makes sense. Why should we rely on savvy Reddit users when a well written report by a knowledgeable analyst can provide more comparative analysis than any chatboard debate can provide?

Presently, compliance regulations keeps both the companies and media from publishing analyst reports direct, and the companies these analysts cover cannot publish these reports on their sites, only the sources who have covered them. This

process forces the investor to hunt down these analysts and seek reports direct from the writing source, which they are allowed to distribute as they see fit.

Ideally, I wish that we as investors could source these reports on the exchanges where the company is trading so we can review all of them. And we, as media could compare them and provide what would undoubtedly make some great content for debate and discussion and shut down these boards where anonymity prospers. After all, the companies and the media cannot act so irresponsibly, why should these chatboards be able to do this?

This is one of the reasons why our discussions are monitored on InvestorIntel.com.

While I appreciate that judging the talents of an analyst goes well beyond their writing competency and their experience, and includes tracking their record for performance, it is my opinion that the best analysts should be allowed to receive a fan base once they prove a track record for doing this incredibly important job in the investment food chain.

More and more people are investing their own funds and managing their own money, when are we going to allow the retail audience to be equipped with the same tools as the professionals?

Please keep in mind that it is important to note that we as financial media, while allowed to report on these valuations, must be extraordinarily cautious to remind our readers that we are not licensed investment advisors and many of our comments must be limited to creative disclaimers to ensure that if the share price does not achieve the goals outlined in any valuation report that we have clearly stated that these numbers are not ours, but of the source cited and that we are neither liable or responsible.

But I believe (again, this is an opinion) that we do our

investors a disservice by not being able to have a place where all of the research is published so that we may follow how the analyst formed their conclusion.

This weekend I asked Chris Thompson to explain how he did this Valuation Report on StageZero. He responded with a very thorough summary, which I enjoyed and thought I would share with you.

Chris Thompson response to the StageZero Valuation Report process was to provide the following summary:

*The Valuation Report use three valuation methodologies to calculate the price per share for StageZero: (1) Comparative Company Analysis using Revenue, (2) Prior Mergers and Acquisitions Analysis, and (3) Discounted Cash Flow.*

### **Revenue from Aristotle® Fuels Valuation**

*StageZero is a life science and telehealth company that recently launched Aristotle®, which is its next generation, proprietary clinical test for the early detection of cancer.*

*Aristotle® is the first-ever multi-cancer panel that simultaneously screens for 10 cancers from a single sample of blood with high sensitivity and specificity for each cancer.*

*StageZero commercially launched Aristotle® in April and, on the same day, announced the **acquisition** of Health Clinics and Care Oncology (HC Companies) to launch an early cancer diagnostic program under the trade name AVRT that is based on Aristotle®.*

### **Revenue Assumptions**

*In the valuation report, eResearch analyst Chris Thompson (me) assumed that StageZero's Aristotle® testing revenue will commence in the third quarter this year and StageZero will close the acquisition of the HC Companies in 2021.*

*In addition, StageZero's COVID-19 testing solutions generated revenue of over US\$6.5 million in the past three quarters, and I expect this revenue to continue for the rest of 2021.*

*From these assumptions, we estimated StageZero will generate US\$16.7 million of revenue in 2021 and will also book a one-year forward revenue of US\$23.0 million.*

### **Stock Price Valuation Summary**

*eResearch used the one-year forward revenue estimate of US\$23.0 million as a baseline and estimated revenue growth and EBITDA margins for the next five years, as well as calculating revenue multiples from various sources, with all assumptions outlined in the valuation report.*

*The three valuations methods are summarized here and presented in the table below:*

- 1. Revenue Multiples (3x to 12x revenue):** *eResearch estimated that StageZero's stock price should be in the range of C\$1.24 to C\$3.99.*
- 2. Prior Mergers & Acquisitions (1.2x to 45.x revenue):** *eResearch estimated that StageZero's stock price should be in the range of C\$0.67 to C\$14.14.*
- 3. Discounted Cash Flow (DCF) Method:** *eResearch estimated that StageZero's stock price should be C\$3.18 in one year.*

**Overall, the calculations estimated StageZero's stock price valuation between C\$0.67 and C\$14.14.**

### **Final Thoughts**

*With StageZero's recent C\$7.2 million financing strengthening its Balance Sheet and revenue from the COVID-19 testing bringing in additional cash flow, the company should have funds to complete the HC Companies acquisition and start commercializing Aristotle®.*

StageZero closed Friday at C\$0.48 and currently has a Market Cap of less than C\$32 million.

The valuation estimates are well above StageZero's current stock price and illustrate the stock price's upside potential.

**FIGURE 1: Summary of Stock Price Valuations**

1-Year Forward Revenue Estimate (US\$M)	US\$23.0M	
	Price / Share (C\$)	
<b>Revenue Multiples</b>		
- Cdn Revenue Multiple	3x	C\$1.24
- US Median Revenue Multiple	12x	C\$3.99
<b>Prior M&amp;A</b>		
- Low Revenue Multiple	1.1x	C\$0.67
- Median Revenue Multiple	11.6x	C\$3.87
- Average Revenue Multiple	45.3x	C\$14.14
<b>DCF (1-Year Target Price)</b>		C\$3.18
- Discount Rate of 10%		
- Terminal Multiple of 15x EBITDA in 2025		
- 2025E EBITDA of US\$21.1M		

So I must leave today's piece with a Disclaimer that we are not endorsing this Valuation Report and that StageZero is indeed an advertorial client for InvestorIntel Corp. To review the Disclaimers on this eResearch Valuation Report, please go the Source.

Note from the Publisher: We will continue to review ways in which we can provide regular updates on reports to cultivate discussion and debate on the reports, their writers and of course – the companies they are covering. **Thank you for visiting InvestorIntel.com!**

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# Dr. Charles Meakin on the benefits of StageZero Life Sciences early diagnostic cancer test

In a recent InvestorIntel interview, Tracy Weslosky speaks with Dr. Charles Meakin, Chief Medical Officer at CareOncology.com on how StageZero Life Sciences Ltd.'s (TSX: SZLS) early diagnostic cancer test will enhance the cancer treatment program that the Health Clinics offer their patients.

In this InvestorIntel interview, which may also be viewed on YouTube (click here to subscribe to the InvestorIntel Channel), Dr. Meakin went on to say that Care Oncology has developed a cancer treatment protocol that uses medicines that show 2-3 times increase in average median survival in cancer patients. He added, "We have treated over 5000 patients...our platform is very efficient and 80% of our patients re-enlist..." StageZero has developed the Aristotle® test which can simultaneously screen for 10 cancers from a single sample of blood with high sensitivity and specificity for each cancer. Dr. Meakin explained how StageZero and Care Oncology together can benefit cancer patients by combining early cancer diagnostics of StageZero and the cancer treatment protocol of Care Oncology.

To watch the complete interview, click here

## **About Health Clinics**

Founded in London, England in 2013, Health Clinics specialises

in chronic inflammation and metabolic dysfunction and uses 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 will provide a managed clinical service to help people to reduce their risk of developing chronic diseases, including cancer, using a proportionate and tolerable protocol.

### **About StageZero Life Sciences, Ltd.**

StageZero Life Sciences is dedicated to the early detection of multiple diseases through whole blood tests. 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. StageZero’s full service, telehealth platform includes access to physicians and phlebotomists who can prescribe and draw samples for individuals and groups, and the Company 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 also provides both COVID PCR testing (swab and saliva) and blood test analysis (Antibody testing).

To learn more about StageZero Life Sciences Ltd., [click here](#)

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If you have any questions surrounding the content of this interview, please email [info@investorintel.com](mailto:info@investorintel.com).

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# StageZero's New Cancer-Testing Platform and Health Clinics Acquisition Forms Telemedicine "Circle of Care"

StageZero Life Sciences Ltd. (TSX: SZLS) is a life science and telehealth company that recently launched Aristotle®, which is its next-generation, proprietary clinical test for the early detection of cancer. From one blood sample, it can screen for 10 cancers.

On the same day as it officially launched Aristotle®, StageZero announced that it entered into a Letter of Intent (LOI) to purchase Health Clinics Limited and Health Clinics USA Corp. (together, the "HC Companies").

Founded in London, England in 2013, the HC Companies use telemedicine to provide clinical services across Europe and North America.

Under the trade name Care Oncology Clinics, the HC Companies offer cancer (oncology) treatment services and, under the trade name AVRT, focus on early disease detection utilizing proprietary treatments.

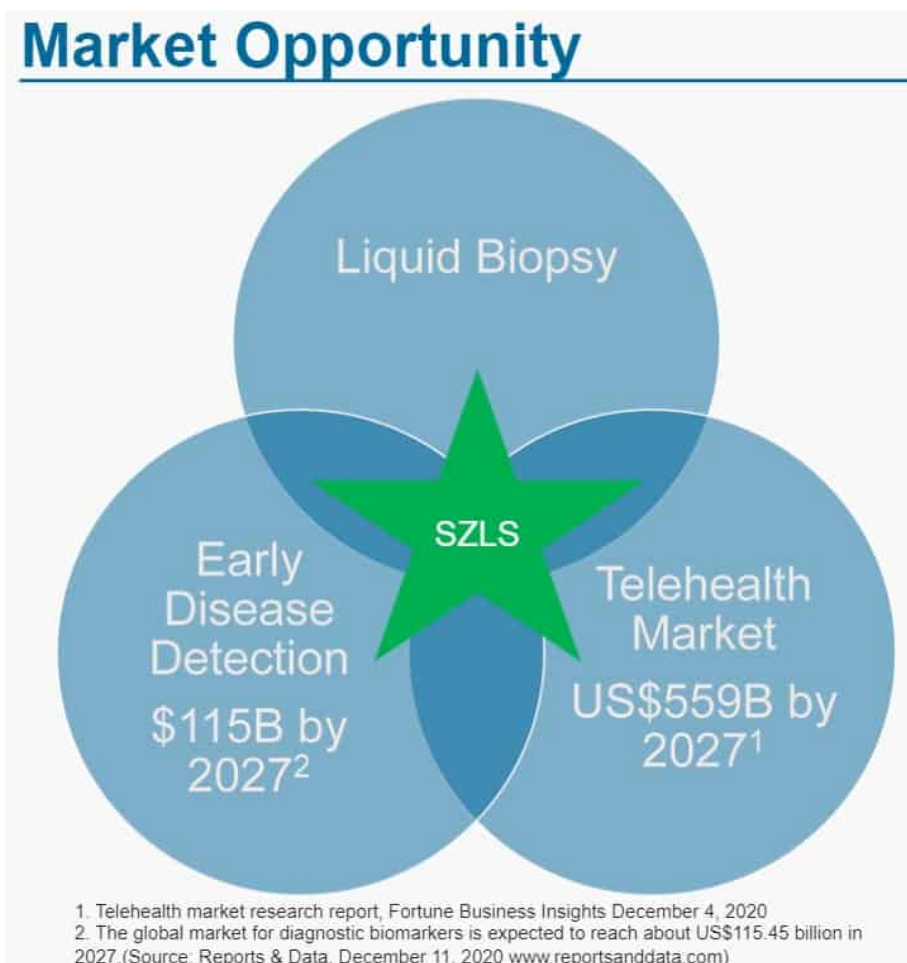
James Howard-Tripp, Chairman and CEO of StageZero, explained the rationale behind the transaction,

"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.”

According to market research by Fortune Business Insights, the Telehealth market is estimated to be US\$559 billion by 2027 and Reports & Data estimates the Early Disease Detection market to be worth US\$115 billion by 2027.

The continued rise of cancer cases and deaths has shifted the attention towards the adoption of early detection and diagnosis techniques for cancer, to help lower health costs and increase survival rates.



Source: StageZero Company Presentation (April 1, 2021)

### **StageZero – From Point Solution to Circle of Care**

With the COVID-19 pandemic, many physician practices are closed, so patients are not visiting their doctors in person but are connecting via telehealth.

To illustrate the dramatic decrease, according to an article last month by the **National Cancer Institute**, the COVID-19 pandemic led to a sharp decrease in the number of cancer screening tests. One example from **Massachusetts General Brigham Hospital** recorded a 74% decrease in cancer screening tests during the same 3-month period in 2019 (pre-pandemic) versus 2020.

Unlike COVID-19 tests, cancer tests in the U.S. have to be prescribed by a physician. Therefore StageZero needed to find a way to reach patients with doctor support.

The HC Companies acquisition immediately filled this requirement and more, as it provides an existing network of physicians as well as patients, a marketing group, and a 24/7 support team.

StageZero believes that launching Aristotle via AVRT will have a bigger impact than trying to launch a stand-alone cancer-detection service and positions it uniquely in the market.

In addition, the Company commented that the release of Aristotle® via AVRT is just the first step and StageZero will continue to develop a broader market for the product including physician networks, health care insurance providers, and employers.

StageZero's new cancer-testing platform Aristotle® becomes integrated with HC Companies' AVRT service. The AVRT program focuses on finding diseases early, notably cancer, and then would work with the primary care physicians and oncologists of HC Companies' Care Oncology Clinics to establish appropriate treatment.

Therefore StageZero will have a fully integrated telehealth platform that supports both its cancer diagnostics program as well as treatment services – creating the “Circle of Care” – and now multiple revenue streams.



Source: StageZero Company Presentation (April 1, 2021)

### Lab Expansion for COVID-19 and Aristotle® Testing

StageZero continues to expand its CAP-accredited and CLIA certified high complexity reference laboratory in Richmond, Virginia. Being CAP-accredited and CLIA certified ensures that the testing facilities and test results are meeting or exceeding the industry standards for clinical laboratory testing.

Last year, to help out during the COVID-19 crisis, StageZero launched a COVID-19 testing service, offering both the serology point-of-care and lab-based polymerase chain reaction (PCR) tests.

The Company's revenue benefited from offering various COVID-19 tests as fourth-quarter 2020 results released last month had revenue at US\$2.6 million, up 77% quarter-over-quarter and up over 5,000% from the same period last year.

StageZero forecasted that COVID-19 testing-related revenue should be even higher in the first quarter of 2021.

## **Expanded Testing in Canada with Ichor Blood Services**

Yesterday, StageZero announced that its partner Ichor Blood Services will distribute StageZero's COVID-19 PCR saliva test kits through Canadian retail outlets in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario starting immediately.

James Howard-Tripp commented: "StageZero is proud to make these kits available to Canadians to enable immediate and convenient PCR testing, at home, via supervised telehealth, for families, companies, and travelers. COVID-19 PCR testing is considered the gold standard for helping to determine if someone is infected with SARS-CoV-2, the virus that causes COVID-19, and saliva-based PCR testing is an easy, non-invasive way to collect a sample".

## **Final Thoughts**

The recent C\$7.2 million financing has strengthened the Balance Sheet and revenue from the COVID-19 testing brings additional cash flow that should enable the Company to meet its current obligations, complete the HC Companies acquisition, and commercialize its new offering.

StageZero should continue to benefit from the market's shift to telehealth and book revenue growth from its COVID-19 testing service and product offering.

With the growing need for both COVID-19 and cancer testing, revenue could double for the Company this year.

StageZero closed today at C\$0.77, up 22% on the day, and currently has a Market Cap of over C\$41.2 million.