

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

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[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.

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## **StageZero Life Sciences' Aristotle 10 in 1 cancer screening test looks set to launch in Q1 2021**

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[StageZero Life Sciences Ltd.](#) (TSX: SZLS) ('StageZero') has been developing their Aristotle 10 in 1 cancer screening test for about 20 years with a successful history of validation to date. Excitement is building with the launch being widely anticipated and set to occur in [Q1, 2021](#), assuming final validation completes successfully. Meanwhile StageZero continues to spread their testing network for their range of COVID-19 tests and has introduced COVID-19 travel testing. StageZero's focus is in the USA with some business also in Canada.

During Q3 2020 StageZero significantly expanded the number of

groups they are working with to 55 ([up from only 5 in Q2](#), including Mercer VIP program). This is boosting revenue and building networks, all significant positives for StageZero. StageZero stated in their November 2020 update that they have increased revenue in Q3 by more than [four times all of 2019](#) and have received C\$1.5 million in cash, which significantly exceeds projected operating costs of C\$900,000 per quarter.

Chairman and CEO, James Howard-Tripp, [stated](#): “We have significantly upgraded our capabilities through increasing the number of laboratory staff, aggressively building up an inventory of supplies, paying down the accounts payable and introducing new tests. We have also greatly increased the number of groups we are now testing for and expect this to contribute to revenue growth as we move forward.”

### **COVID-19 saliva testing and COVID-19 travel testing**

I discussed StageZero’s COVID-19 new saliva testing [here](#), where I called it a game changer simply because people would much prefer a COVID-19 saliva test than the very uncomfortable nasal probe test. StageZero continues to rollout saliva testing supported by their telehealth platform to ensure testing accuracy and compliance.

COVID-19 travel testing has commenced for US and Canadian travelers. To date the service is available for those traveling to [Barbados](#), Hawaii, and China.

StageZero also recently introduced a respiratory panel test (testing for 18 virus and 2 bacteria).

All of this is achieving two main purposes for StageZero – A growth in their distribution networks, and a boost to revenues.

### **StageZero introduces COVID-19 travel testing**



## [Source](#)

### **StageZero 'Aristotle' 10 in 1 cancer test looks set to launch in Q1 2021**

As discussed previously [here](#), Aristotle is a revolutionary way of diagnosing cancer early. Aristotle is StageZero's 10 in 1 cancer panel test that uses just one blood sample to test for 10 common cancers.

### **StageZero's revolutionary 'Aristotle' tests for 10 common cancers in 1 test**



## [Source](#)

□Dietrich Stephan, CEO and Founder of LifeXVentures™, Professor of Human Genomics, [stated](#):

“StageZero Life Sciences, one of the pioneers of the liquid biopsy, **has developed the 'holy-grail'** – a suite of tests that have the correct sensitivity and specificity to detect cancer early and perform correctly as a screening tool at the population level.”

Certainly if StageZero can successfully launch, grow, and expand their Aristotle testing in 2021 and beyond; the upside for the stock price could potentially be spectacular. Note this is assuming the final stage validation of Aristotle completes successfully.

### **StageZero corporate summary from the latest analyst's call on Dec. 8 2020**



## [Source](#)

### **Closing remarks**

StageZero is growing very fast right now due to the rapid growth in their COVID-19 testing, boosted by having their own telehealth platform. A combination of this increased cash flow and a recent [C\\$7.2 million](#) equity raising means StageZero is fully funded for their highly anticipated Aristotle marketing and launch in Q1 2021.

The launch and potential success of Aristotle starting in early 2021 is very exciting. Brokerage firm Clarus Securities wrote a report recently titled: "[StageZero Life Sciences could achieve a billion dollar market cap: Clarus.](#)" Given the current market cap of StageZero is just C\$33.6 million that is a huge call. The broker firm also put an initial price target for StageZero of \$0.50 before the 8:1 stock consolidation, which equates to [C\\$4.00](#) today. It should also be noted Clarus Securities Inc. was involved in the recent C\$7.2 million raise.

It certainly appears that investors should consider moving quickly as 2021 has the potential to be a blockbuster year for StageZero Life Sciences.

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