

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

written by Tracy Weslosky | June 28, 2021

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



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!**

With Cancer-Testing Telehealth Platform on Track for Q1 Launch, StageZero Shareholders Await Covid-19 Testing-Related Revenue Results

written by InvestorNews | June 28, 2021

StageZero Life Sciences Ltd. (TSX: SZLS | OTC: GNWSF | FSE: 61N) is a life science and telehealth company that is focusing on launching 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.

The company is on track to commercially launch the Aristotle® offering in the first quarter of 2021. In advance of the launch, the company has doubled in size since March 2020 and recently raised C\$7.2 million to load up the treasury.

With its planned rollout of Aristotle®, StageZero has built a fully integrated telehealth platform that supports its cancer diagnostics program. With the current stay-at-home orders imposed by governments, telehealth has emerged as a viable alternative to access health care and diagnostic services.

Aristotle® Built on a Proven Platform

Aristotle® is built on StageZero's proprietary Sentinel Principle Technology and validated on over 10,000 patients.

Aristotle® is literally based on 20 years of development work and building up the company's experiences with other solutions, such as ColonSentry®, a test for colorectal cancer, which was

launched in 2019.

To accommodate the step-function growth with its new service, StageZero's lab has been expanding in both people and equipment to launch the new offering as well as to accommodate its recent Covid-19 testing service.

Cancer Diagnosis – a Billion Dollar Market

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.

According to a recent industry report, the Cancer Diagnostics market was valued at US\$144 billion in 2020 and is forecasted to reach US\$192 billion by 2024, growing by 7.5% annually.

One of the largest growth segments is diagnostic solutions aimed at cancer detection, cardiovascular disease, or eye issues.

Quickly Added Covid Testing in 2020

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.

StageZero's Covid-19 testing solution helped to generate revenue of US\$1.61 million in the third quarter of 2020. The company forecasted that Covid-19 testing-related revenue should be higher in the fourth quarter of 2020 and even higher in the first quarter of 2021.

The company found success by partnering with over 55 groups including Mercer, UDoTest, and the City of Alpharetta, to name just a few.

For Covid-19 testing, speed and accuracy are paramount and the telehealth infrastructure that StageZero put in place is paying off. The tests are done, packaged up, sent in overnight, processed the next day, and reported back to the patient.

Saliva PCR Test to Help Travel Industry Rebound

Last October, StageZero announced that it launched a saliva-based PCR test that makes it easier for patient sample collection.

The saliva-based PCR test targets the home diagnostic market and for use by companies and communities in remote areas where Covid-19 testing is more challenging.

Travel announcements:

- On January 13, Ichor Blood Services and StageZero launched a Covid-19 testing program for Canadians returning home from the U.S.
- Last year, StageZero was selected by the Government of Barbados to provide Covid-19 testing services to travelers visiting Barbados from Canada and the U.S.
- Also announced last year, StageZero reported the initiation of testing for travel to China with a Canadian partner.

In the case of the Ichor-StageZero partnership, this testing program allows travelers to take a lab-quality Covid-19 test kit with them to the U.S. and complete their witnessed test remotely prior to returning home.

Final Thoughts

StageZero is a cancer testing company, capitalizing on its telehealth platform, and should benefit financially in 2021 from the rollout of Aristotle® that is planned for this quarter.

In the meantime, the company has scaled up to meet the demand for Covid-19 testing and this revenue should continue to grow quarter-over-quarter in 2021 as the Aristotle® service rolls out.

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

StageZero closed the week at \$1.09, up 6% on the day, and currently has a Market Cap of almost \$65 million.