

Kozak on StageZero: Come for COVID, stay for the cancer testing

“15 years of work”, is how StageZero Life Sciences Ltd. (TSX: SZLS) Chairman and CEO James Howard-Tripp described why he thinks there is increased recent market interest in the company. The statement reflects the fact that the company is no overnight success and the leadership and technical team have a long history of clinical research and business success in the past 20 years.

StageZero is in the final throes of closing a best efforts financing (units qualified through a short-form prospectus) for a minimum of \$5M (maximum of \$10M plus overallotment option). The company plans to use the net proceeds from the financing to expanding capacity to offer and conduct COVID-19 testing and development of its existing product lines. The Company intends to expand testing capability and scale up the company to compete on a larger scale with emerging competitors in the liquid biopsy, pan-cancer early detection market.

StageZero is primarily a cancer diagnostic company, which requires absolute precision. The talk around inexpensive, rapid, accurate testing is not just science fiction or the dream of some super-smart lab scientists. Working with messenger RNA (which contains a copy of the genetic data contained on a strand of DNA), StageZero has developed a test for multiple cancers. It is based on changes in messenger RNA expression which can be measured in the blood and serve as specific early cancer indicators for cancer and other diseases. Gene expression signatures are discrete and specific to each disease state, allowing a blood test to target 10 discrete cancers.

This system is known as Artistotle and it has been validated on 2,852 subjects with nine discrete cancers detectable for women, six for men. Only one drop of blood is required with high sensitivity and specificity and it can discriminate each cancer. The company expects to launch Aristotle commercially by the end of Q1-2021. Investors should not underestimate the importance of this product line.

The obvious extension to the company's expertise and capacity in diagnostics and testing is the current coronavirus global pandemic. As announced on November 13, 2020, the company has been announced as a COVID-19 testing partner for Barbados and will provide rapid testing services for travellers from the US and Canada.

This is the new way of the world and (correctly) if you want to travel, you will have to be tested first to avoid the unintentional transmission of the coronavirus. StageZero's concierge testing service includes national networks of mobile healthcare professionals in the U.S. and in Canada who can visit travelers' homes to draw the sample and provide results within 24-48 hours of taking the sample. Results are sent to travelers by encrypted email and include a PDF that they can upload to the Barbados Government website and have on hand either in paper or on their mobile device to show at the airport.

The tests will be conducted in the company's 100% owned, CLIA-certified "high complexity" laboratory located in Richmond, Virginia. The laboratory has all necessary licenses required to offer laboratory testing services to patients in all 50 states in the US. With a current capacity of 1,000 tests per day, the lab can be ramped up to 3,000 tests per day with proceeds from the latest financing. The tests are priced at US\$75-US\$150, creating a significant near-term cash flow stream (six to nine months or longer).

Come for COVID, stay for the cancer testing. The company has

developed a proprietary telehealth platform that should prove to be very useful in the near-term. According to Fortune Business Insights, the global telehealth market was valued at \$50 billion in 2018 and is predicted to reach \$267 billion by 2026. Waiting times to see a primary care provider are considered a significant factor in Americans delaying needed care – telehealth can provide a partial solution.

With a management team that have been in this scientific space for a couple decades, best-in-class testing systems for early cancer detection, a significant telehealth platform and the near-term testing (and revenue) potential due to the ongoing global coronavirus pandemic, StageZero has the potential to be a valuable participant in the growing health care and detection areas. *Watch this space!*