

Action Summary – 15 June 2021

Analyst Theodore R. O'Neill **is initiating coverage of Relay Medical with a Buy rating and \$5 PT**

- **We are initiating coverage of Relay Medical Corp. with a Buy rating and a \$5 price target.**
- Relay Medical Corp. is a publicly traded company focused on business incubation and acceleration. The Company invests in and advises emerging companies aligned with its growth mandate and is focused primarily on early-stage businesses in healthcare technology and cyber security.
- **These segments are seeing significant growth**, driven by healthcare fundamentals and government involvement in security. According to PitchBook, the majority of 1Q21 investments for the top 15 VC funds were in biotech, which set an all-time record at 171 startups and \$5.5B, up from \$4.8B in 4Q20.
- **We see multiple paths to revenue and earnings.** It's COVID-19 testing system (Fionet) is operational and has been deployed at Toronto Pearson airport since March. We expect its Cybeats subsidiary to benefit from the White House executive order to set cyber security standards for U.S. companies.
- **Expecting first commercial revenues in F2Q21 and executing on a strategy to grow both organically and inorganically.**
- **Experienced and proactive management and advisory team.** Responding to the issues raised by the pandemic, Relay surveyed its portfolio of technologies and realized it had all the pieces in place to develop and deploy a rapid COVID-19 testing system. The company went from design to deployment in four months. That system is in the Toronto Pearson airport.
- The shares are traded on the Canadian Stock Exchange (RELA) and the OTCQB (RYMDF) in the United States and the Frankfurt Exchange (EIY2) in Germany.
- **Attractive valuation.** The shares appear to us inexpensive on an absolute and relative basis. Our \$5 price target is based on the discounted value of all future earnings according to our estimates. Relative to peers, the shares appear inexpensive.

6/24 Closing price: \$0.20	Market cap: \$48 million	2022 P/E: 0.7	2022 EV / Sales: 0.33
Shares outstanding: 240 million	Insider ownership: ~10%	Avg. trading volume: 54,865	Dividend/Yield: NA/NA

GAAP estimates (EPS in C\$ – Revenue in C\$ millions)

Period	EPS	Revenue	Op. Margin
1Q20A	(0.16)	2.49	NMF
2Q20A	(0.18)	3.01	NMF
3Q20A	(0.23)	2.02	NMF
4Q20A	<u>(0.31)</u>	<u>1.91</u>	<u>NMF</u>
FY20A	<u>(0.82)</u>	<u>9.43</u>	<u>NMF</u>
1Q21A	(0.25)	2.09	NMF
2Q21E	(0.15)	3.00	NMF
3Q21E	(0.07)	10.00	NMF
4Q21E	<u>(0.03)</u>	<u>15.00</u>	<u>NMF</u>
FY21E	<u>(0.50)</u>	<u>30.09</u>	<u>NMF</u>
1Q22E	(0.01)	18.00	(0.8%)
2Q22E	0.04	25.00	12.8%
3Q22E	0.07	30.00	17.3%
4Q22E	<u>0.18</u>	<u>45.00</u>	<u>28.2%</u>
FY22E	<u>0.27</u>	<u>118.00</u>	<u>17.8%</u>

Note: Numbers may not add due to rounding. See our full model in the back of this report.

Cash balance (C\$ millions)

• 2020A	• 0.90
• 2021E	• 5.60
• 2022E	• 7.15

Debt (C\$ millions)

• 2020A	• 0.9
• 2021E	• 0.0
• 2022E	• 0.0

Adj. EBITDA (C\$ millions)

• 2020A	• (7.0)
• 2021E	• (15.6)
• 2022E	• 0.5

Risks/Valuation

- Risks include: Highly competitive business; have not proved commercial track record.
- Our \$5 target is derived using a discounted future earnings model.

Company description: Relay Medical is a MedTech innovation Company focused on the development of novel technologies in the diagnostics and AI data sectors.

Investment Thesis

We are initiating coverage of Relay Medical Corp. with a Buy rating and a \$5 price target.

- Relay Medical Corp. is a publicly traded company focused on business incubation and acceleration. The Company invests in and advises emerging companies aligned with its growth mandate. It makes direct investment and affiliations - majority- and minority-owned - that afford targets access to expertise as well as spin-out options to become their own stand-alone public companies. It is focused on early-stage businesses in healthcare technology and cyber security.
- These segments are seeing significant growth, driven by healthcare fundamentals and government involvement in security. According to PitchBook, the majority of 1Q21 investments for the top 15 VC funds were in biotech, which set an all-time record at 171 startups and \$5.5B, up from \$4.8B in 4Q20.
- The company provides expertise in the development, commercialization, funding, and strategic partnerships for early-stage start-ups. Using both its skilled and experienced management and advisory teams, it has created a portfolio of technology companies, primarily healthcare, seeking to solve medical issues thru the development of novel technologies and artificial intelligence.
- We see multiple paths to revenue and earnings. It's COVID-19 testing system (Fionet) is operational and has been deployed at Toronto Pearson airport since March. We expect its Cybeats subsidiary to benefit from the White House executive order to set cyber security standards for U.S. companies.
- Expecting first commercial revenues in F2Q21 and executing on a strategy to grow both organically and inorganically.
- Experienced and proactive management and advisory team. Before the pandemic, Relay's main project was PharmaTrac, a platform that used a camera and AI to track how and when patients were taking their medicine. But when lockdown made it impossible to bring test subjects into the lab for product trials, development couldn't continue. After a review Relay's talent and tools, along with the requirements of pandemic management they realized Relay was perfectly positioned to help — PharmaTrac could be adapted to read test results instead of scanning pill containers. And Relay had contacts at Fio Corporation, which makes devices for processing and recording rapid tests for a variety of different diseases, including AIDS and Ebola in Africa. The result was a partnership with Fio to adapt its device, along with original workflow solutions and AI recognition technology from Relay, into a system they call Fionet.
- The shares are traded on the Canadian Stock Exchange (RELA) and the OTCQB (RYMDF) in the United States and the Frankfurt Exchange (EIY2) in Germany.
- Attractive valuation. The shares appear to us inexpensive on an absolute and relative basis. Our \$5 price target is based on the discounted value of all future earnings according to our estimates. Relative to peers, the shares appear inexpensive.

Figure 1 – Relay Medicals Corp. RYMDF – One-year trading snapshot



Source: FactSet

Valuation Methodology

We believe RELA is undervalued and we support that belief with two valuation techniques, both of which suggest the shares are undervalued at the current price. For the purposes of determining our price target we use a discounted future earnings model. For the purpose of confirming our price target we look at comparable company valuations:

- 1) The discounted value of all future earnings was used for our price target (see Figure 2)
- 2) Valuation relative to peers (see Figure 3)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$5.00 is based on a discounted future earnings model (Figure 2). For the purposes of deriving an earnings-based price target, we assume the company reaches breakeven in FY22 and continues to grow into the future. The model sums up all earnings per share, discounted at 15% to arrive at a per share valuation. Note, this model understates future novel product developments, probably understates the tax benefits, but offsetting that, the earnings never have a down year. The implied share price is C\$5.54, which equals \$4.57 US, which we round up to \$5.00 US.

Figure 2 – Relay Medical Corp. – Implied Price Target Calculation C\$

Discounted Earnings: \$5.54		
Year	EPS	Discounted EPS
2021	(0.08)	(0.08)
2022	0.00	0.00
2023	0.10	0.08
2024	0.30	0.20
2025	0.45	0.26
2026	0.60	0.30
2027	0.84	0.36
2028	1.26	0.47
2029	1.30	0.42
2030	1.31	0.37
Terminal Value:		3.15

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

If we compare RELA to a simple average of its peers (Figure 3), the shares sell at a significant discount on every metric. These metrics indicate the stock price should be as much as 4x higher than where it is today. This supports our \$5 price target. Indeed, if RELA traded to our price target, its 2022 PE would still be 50% below peers. Details on each of the peers can be found in Figure 8 near the back of the report. The companies we used in Figure 8 are in similar lines of business although none of them are a perfect match.

Figure 3 – Relay Medical Corp. – Summary Discount to Peers

	2022 PE	2022 EV / Revenue	2022 Sales Multiple
Peers	37.10	7.90	7.72
RELA	0.70	0.33	0.40
Discount to Peers	98%	96%	95%

Source: Litchfield Hills Research LLC and Refinitiv Eikon

Notes on our Financial Forecasts

The company does not report in U.S. GAAP and it provides far more detail on its expenses categories than we usually see in the U.S. We have taken the liberty of simplifying the expenses into categories that we are more accustomed to seeing and allow us to breakout EBITDA more easily. The company has made a number of acquisitions over the last 18 months and this makes it difficult to look back at past results as a guide for estimating future results. We make the assumption the company reaches breakeven (BE) in 2Q22 and that it needs \$25MM in revenue to achieve breakeven. Making a prediction on which quarter will be the one where the business reaches BE is likely successful less than 20% of the time, in our experience. For RELA, reaching BE may require both significantly higher sales, lower expenses as a percent of sales or some combination. That being said, a delay in getting to that point would not necessarily impact

our price target as it is calculated as the sum of all future earnings. As for assumptions in the model, we are following managements comments in regards to commercial revenue timing.

Financial forecasts always contain an element of uncertainty and it is no different here, but we expect that over time, the estimates will get increasingly accurate.

Strategy

The company is executing on a strategy that involves organic and inorganic growth while focusing on commercialization of the technologies in its portfolios.

- Continue to Innovate and Extend Technology Leadership. It has developed initial products incorporating elements of its subsidiary's technologies. Continue to focus on commercialization of new technologies under development.
- Grow the customer base and geographic markets. It continues to focus on expanding its commercial products into new markets in diverse geographic area.
- Grow revenues and market share through selective acquisitions that will enhance earnings and offer complementary products and services or expand its geographic and industry reach.

Company Background

Relay Medical Corp. was incorporated in British Columbia and is engaged in the business of providing expertise in the development, commercial leadership, funding, and strategic partnerships offering inventors and early-stage start-ups. Using its skilled and experienced management team, it has created a portfolio of healthcare companies, that seek to solve medical issues thru the development of novel technologies and artificial intelligence.

Its current portfolio consists of five technologies in various stages of development from pre-clinical to commercial. We expect to see commercial revenue from Fionet and Cybeats this year. The current portfolio consists of:

- Fionet
- Cybeats
- PharmaTrac
- Glow LifeTech
- HemoPalm Corp

Fionet

The Fionet Platform (Figure 4) is an end-to-end, rapid medical diagnostic testing and tracking solution for community-based or decentralized settings. Combining a fast, handheld point-of-need device connected in real time to cloud data services, the Fionet Platform handles test scheduling and registration via phone app at home, on-site check-in, on-the-spot antigen testing, data integration with other testing devices, result notification, public health notification as appropriate, and anonymized data and stats for dashboards for authorized stakeholders.

The system is been in operation testing passengers for COVID-19 in Canada's largest international airport (Toronto Pearson) since March. Flyers book an appointment with the Fionet Platform. Passengers then check-in with the QR code is generates and get tested anytime between 2.5-72 hours in advance of flight. It reports it has run more than 8,000 rapid antigen tests since March. The Fionet Pandemic Management System was developed in record time as management saw opportunities to deploy its portfolio of technologies to a new market. In mid-August Relay Medical and Fio Corp. formed Fionet Rapid Response Group (FRR) to rapidly adapt the Fionet Platform for testing and tracking

of COVID-19 to provide a solution that allows for management of mass community-based testing, triage, and contact tracing of the disease. The same platform has been successfully deployed in over a dozen countries, where it has performed with excellent results for one million tests of high-consequence infectious diseases, including HIV, Ebola, malaria, dengue fever, and others. In just 4 months, the development team re-engineered a high throughput COVID-19 screening solution for the Fionet rapid antigen testing platform, creating a product offering that is unique, competitive and in-demand. The Fionet Platform has been optimized to connect to additional pandemic screening and diagnostic testing methodologies, including PCR testing, providing an integrated point-of-need solution, and resulting in additional revenues on a fee-per-test basis for the Company.

Fionet is positioned to play a considerable role in helping the public resume daily living and ultimately save lives. The company expects to reach up to a million tests per month in the near-term. The Company is ramping up production of Fionet devices and evaluating new designs to support demand and ongoing broadscale implementations to support those projections. Despite increased vaccination worldwide, COVID-19 screening is fundamental to managing international travel and reduction of asymptomatic transmission. This is particularly important as some countries positive cases are reaching record highs with new variants circulating more widely.

The Fionet Platform supports a variety of testing (antibody, antigen, etc.) of different manufacturers and is well poised to test the existence of antibodies of vaccinated people. With over hundreds of international airports in North America alone, the Fionet is positioned for international adoption, where just a few dollars per test can allow people to travel safely and often.

Figure 4 – Relay Medical Corp. – Fionet Platform



Source: Company website

The Fionet product line is a product of collaboration between the Fio Corporation and Relay Medical. Fio Corporation, privately held and headquartered in Toronto, developed and markets an integrated guidance & tracking IT platform for decentralized healthcare settings, a new category of solution that raises healthcare quality and lowers healthcare costs. The platform enables average healthcare workers in clinics to deliver a new level of quality-controlled diagnostic testing and case management. Simultaneously, as an automated by-product of its clinical use, the platform captures and provides unprecedented frontline data to remote supervisors and stakeholders, enabling real-time remote tracking,

insight distribution, and intervention. Fio operates globally in partnership with local distribution, service, and support organizations and also partners with other companies that license its technologies.

The product aimed at COVID-19 testing is made in the US by contract manufacturer KeyTronic (KTCC-NR).

Cybeats

According to Statista and IDC worldwide, the market for both data security and risk management is over \$10B. Cybeats products are commercially available with multiple pilots underway.

Relay completed the acquisition of Cybeats in late March 2021, and has since been engaged in the integration of the Company and scale-up of the platform solution to address market interest. Significant to this transaction, there has been increased global attention to cyber security. Specifically, there has been a focus on all the code that goes into the development of devices as a way to standardize an approach that minimizes the chance of a system being hacked, held for ransom, disabled or zombified. This is because the development of commercial software often lacks transparency, sufficient focus on the ability of the software to resist attack, and adequate controls to prevent tampering by malicious actors. There is a pressing need to implement more rigorous and predictable mechanisms for ensuring that products function securely, and as intended. The security and integrity of “critical software” — software that performs functions critical to trust (such as affording or requiring elevated system privileges or direct access to networking and computing resources) — is a particular concern. The approach being taken is called the Software Bill of Materials (SBOM) and the need to track and monitor the supply chain of software, as mandated by the May 12th Whitehouse EO. We believe this focus by the US government through the National Institute of Standards (NIST) will provide a growth opportunity for the Cybeats subsidiary.

Cybeats is a cybersecurity platform which protects IoT devices from threats. It is designed to secure and protect high-valued connected devices using a unique approach that eliminates device downtime due to cyber-attacks and allows manufacturers to develop and maintain secure and protected devices in a timely and cost-efficient manner. Cybeats platform also allows manufacturers to monetize cybersecurity services and deliver valuable security insights to front line security professionals. Cybeats value proposition goes beyond network security protocols by ensuring device infrastructure is aligned with “secure by design” principles. Regulatory bodies in Europe and the US are accelerating the pace of requirements adoption; pushing manufacturers of IoT devices to secure smart consumer products connected to the Internet, like televisions, cameras, wearable fitness trackers, smart home assistants, and household appliances.

Cybeats can help develop secure products and keep them secure:

1) Identify Device Threat Model During Development via *SBOM Studio*™

Cybeats SBOM Studio automatically analyze the threat model of the device during the development process, looking for potential software vulnerabilities, insecure network operations, software supply chain attacks, device performance issues and even memory and file leaks. This provides device makers the visibility and assurance the device is secure and stable during pre-market before manufacturing.

2) Fast and Efficient Security for Trusted Devices

Cybeats understands device security needs to be fast and efficient. Its sentinel is very small (600KB footprint) and fast so it has minimal impact on hardware requirements. Cybeats doesn't rely upon malware algorithms so there is no need to incur increased bandwidth costs to download updated malware signatures.

3) Real-time Trusted Device Profiles for Zero Downtime

Cybeats sentinel and trusted device profile define the normal behavior of a device. Any abnormal behavior is identified and analyzed in real-time as a potential threat. The exact root of the abnormal behavior can be identified, allowing for immediate remediation to remove the threat so there is zero device downtime

4) Tools to Keep Device Security Current

The Cybeats management dashboard allows for device firmware to be updated in a managed and secure manner. Device manufacturers can implement policies that specify a process for approving firmware updates and orchestrate OTA updates for individual and groups of devices.

5) API Integration

Cybeats platform publishes a REST API (suffice to say that this has to do with a standard way of integrating your software application with the WWW) to allow for easy access of the device data stored in the Cybeats platform. This makes it possible to integrate Cybeats device information into other management systems.

Cybeats is focused on the following market verticals:

SMART BUILDINGS

Smart building systems can include a number of different types of devices, including HVAC, lightning, EV charging, elevators, and security systems. Cybeats assures the integrity of building automation by securing the connected components throughout their lifecycle, improving the devices by distributing updated firmware when needed to protect against cyber threats.

CRITICAL INFRASTRUCTURE

Critical infrastructure provides the essential services that underpin society and serve as the backbone of a nation's economy, security, and health. Power, water, transportation, communication systems—all are vital for modern life. This makes the infrastructure facilities prime targets for both cyber and physical attacks. Cybeats provides the security platform to protect the connected devices that manage and control these critical systems. A key benefit of the Cybeats approach is the ability to quickly respond to an attack and limit the amount of device downtime.

MEDICAL DEVICES

Healthcare providers use connected medical devices to provide better patient outcomes by capturing more precise data and closely monitoring patient conditions. Components of these devices and the links between them have become targets for cyber-attack, threatening patient well-being and network security. Cybeats allows for medical device makers to discover any security issues during the development phase of the medical device before it is used by a healthcare provider. While being used in a patient setting, the Cybeats device sentinel and device profile continues to ensure the device operates normally. Any abnormal behavior is identified as a threat. Cybeats can quickly identify the root of the abnormal behavior and allows for immediate remediation so there is limited downtime for the medical device.

PHARMTRAC

The PharmaTrac System (Figure 5) is being developed to offer sophisticated solutions to improve medication management for patients, caregivers and other stakeholders in the healthcare environment. The system operates on a robust data-analytics driven software infrastructure with multiple user-facing smart hardware devices designed to bridge gaps in the consumer-medication-practitioner chain.

Figure 5 – Relay Medical Corp. - PharmaTrac



Source: Company website

The PharmaTrac Countertop Device connects wirelessly by Bluetooth and Wi-Fi to track and record patient interactions with prescribed medications and supplements. The device consists of a detachable bowl with an integrated camera and sensors which assess use and monitor patient interaction. The companion app is securely connected to the device and allows caregivers, practitioners and users to monitor medication protocol. App users can monitor medication use to the minute and access records of previous days to review how well the medication users have been adhering to their medication schedule.

The data collected through the PharmaTrac Countertop Device is analyzed by Relay Medical's machine vision/machine learning algorithms which are used to generate insights into the medication user's behavior and habits including: instances where the medication was not taken as per the protocol and details of these anomalies, statistics such as adherence to protocol, trends for when the medication user takes the medication, etc. Relay has produced an initial batch of the PharmaTrac Countertop Device for ongoing user studies and application testing. Several devices have already been deployed to study users and potential strategic relationships in the marketplace.

Relay Medical will be continuing iterations of the user studies in order to refine the design and functionality for seamless integration for single caregiver/consumer use, connected telemedicine applications and pharmaceutical clinical trial use. This includes further development of the mobile and desktop apps, cloud and API, improving the machine vision and machine learning algorithms, updating the hardware to reduce BOM cost and updating the Device design.

Medication non-adherence is a world-wide problem that costs payers and healthcare systems billions of dollars annually and puts consumers at significant risk. There is a growing need for assistance in the management of medications and for information related to adherence to improve efficiencies in the pharmaceutical ecosystem.

In the United States it is estimated that over 20% of Americans are on five or more pharmaceuticals¹, and are spending US \$360 B per annum² for prescription drugs. Individuals have a difficult time managing their medications which results in unnecessary hospital admissions (33%-69%)³ and re-admissions within 30 days due to adherence issues (~10%)⁴. In North America it is estimated that patient compliance and medication adherence is less than 50%⁵ which means more than half of patients/consumers are likely to improperly take or skip medications, appointments, and other treatment protocols. 125,000 unnecessary deaths are estimated to occur every year in the US due to this issue⁶ and adds an estimated US \$290B to the US healthcare system⁷.

HemoPalm Corp

HemoPalm Corp. is developing a series of Point-of-clinical-treatment (POCT) unit-use cartridge-based blood analyzers, with full enterprise capabilities, which bring lab-quality analysis to the bedside in critical care situations such as the ICU, NICU and ER (Figure 6).

Figure 6 – Relay Medical Corp. – HemoPalm Product



Source: Company video

Relay Medical has developed a proprietary, state-of-the-art CO-oximetry method for the POCT testing environment. The core technology can be used in a stand-alone instrument such as the HemoPalm-CX, or integrated with existing blood gas instrumentation.

¹ Hales CM, Servais J, Martin CB, Kohen D. Prescription drug use among adults aged 40–79 in the United States and Canada. NCHS Data Brief, no 347. Hyattsville, MD: National Center for Health Statistics. 2019.

² Statista. 2020. Prescription Drug Expenditure U.S. 1960-2020 | Statista. [online] Available at: <<https://www.statista.com/statistics/184914/prescription-drug-expenditures-in-the-us-since-1960/>>

³ Osterberg L, Blaschke T. Adherence to medication. *N Engl J Med*. 2005;353(5):487-497

⁴ Rosen OZ, Fridman R, Rosen BT, Shane R, Pevnick JM. Medication adherence as a predictor of 30-day hospital readmissions. *Patient Prefer Adherence*. 2017;11:801-810 <https://doi.org/10.2147/PPA.S125672>

⁵ Who.int. 2020. [online] Available at: <https://www.who.int/chp/knowledge/publications/adherence_full_report.pdf?ua=1>

⁶ McCarthy R. The Price You Pay for the Drug Not Taken. *Business Health*. 1998;16:27–33. [PubMed] [Google Scholar]

⁷ Thinking Outside the Pillbox A System-wide Approach to Improving Patient Medication Adherence for Chronic Disease. NEHI Research Brief. www.nehi.net/writable/publication_files/file/pa_issue_brief_final.pdf. Published August 2009.

Relay's proprietary CO-oximetry method, measuring total hemoglobin (Hb), Oxy-Hb, Deoxy-Hb, Met-Hb and carboxy-Hb, uses a continuous- spectrum, rapid, and accurate measurement of whole blood samples without requiring red blood cell (RBC) hemolysis, not only allowing integration with whole-blood electrochemical sensors, but also simplifying instrument design, lowering maintenance requirements, and increasing robustness.

While CO-oximetry has traditionally been performed using bench-top analyzers that are large, expensive, and often located in centralized laboratories, Relay's technology allows CO-oximetry to be efficiently moved to the point of patient care, complimenting other POCT technologies.

Glow LifeTech

RELA was a founding shareholder of Glow. It commenced trading on its own in March on the CSE: GLOW and FWB: 9D010 and recently announced the filing with Health Canada for a Natural Health Product Number (NPN) for their ArtemiC product. Glow has exclusive North American rights to ArtemiC which has a successful COVID-19 Phase II clinical trial. ArtemiC contains Artemisinin (a naturally occurring plant-based ingredient) which has shown to be effective in treating COVID-19 in studies conducted by Oncotelic Therapeutics (OTLC-Buy) and in a different form, so it will be interesting to see if the studies support each other.

Figure 7 – Relay Medical Corp. – Glow LifeTech product



Source: Company website

RELA participated in Glows go-public raise and currently holds an interest of approximately 14% of the leading-edge natural health product developer.

Competition

The healthcare, medical device and cyber security markets are all highly competitive and rapidly evolving. RELA competes with domestic and international companies, many of which have substantially greater financial and other

resources. While there are no direct competitors matching its portfolio of technologies, we believe that our list of comparables in Figure 8 is a reasonable approach.

Management

YOAV RAITER, CHIEF EXECUTIVE OFFICER

Yoav's wide-spanning career has focused on developing innovative software and medical device products mainly for start-ups and fast-growing companies. Yoav developed processes to ensure delivery of client's needs at high quality, improved operations, and business strategy. Prior to joining Relay Medical, Yoav was project manager for strategic accounts at StarFish Medical and Director of project management and business development at Kangaroo Group. Yoav has additionally held several prominent positions managing large scale ERP product development and implementation projects for broadcasters in Canada and the US for Pilat Media and SintecMedia. Yoav was the co-founder and Co-CEO of Panta-Rhei, a software development and consulting firm. In this position Yoav lead the development of new products and has consulted and worked with a wide variety of companies as instructor for creative thinking methodologies where he helped organizations improve their processes and strategies. Yoav received an MBA, Specialized in High Tech Innovation Strategy, from Haifa University in Israel and B.Sc., Industrial Engineering, major: Project Management, Business Development and Information Systems from the Technion at Haifa, Israel.

W. CLARK KENT, PRESIDENT

Clark is a capital markets professional with extensive experience leading corporate development and finance initiatives in the natural resources, technology and life science industries. For over a decade he has advised emerging companies on strategic planning, finance and recruitment in the North American and international marketplace. Clark began his career with a boutique investment firm where he focused on client relations and marketing.

TOM GLAWDEL, CHIEF SCIENCE OFFICER

Mr. Glawdel is a decorated PhD in Mechanical and Mechatronics Engineering from the University of Waterloo with experience in the development of microfluidic, molecular diagnostics, RUO products and medical devices both internal and through strategic research partnerships. Tom has authored 30+ academic publications and patent applications.

IGAL ROYTBAT, CHIEF TECHNOLOGY OFFICER

Mr. Roytblat has over 25 years' experience as a leader and innovator in the technology sector starting his career as a software developer in the Israeli Electro-Optical industry. Prior to joining ChroMedX iGAL spent over 10 years overseeing software and hardware development as CTO at Kangaroo. Preceding his time at Kangaroo, iGAL served as Chief Software Architect at IMAX corporation, leading the design and development of the MPX product line. iGAL holds a B.Eng. in Electrical Engineering and M.Sc. in Communications and Computer Engineering from the Ben-Gurion University in Israel and is an inventor of numerous patents.

JESSICA KUHN, DIRECTOR OF OPERATIONS

Ms. Kuhn has extensive experience managing projects in technology product development. She was formerly COO of Kangaroo group where she worked to implement systems and processes to improve and build stability in Kangaroo's operations, while managing development projects for key clients. Before that she was Project Manager, Research & Development at Sunwell Technologies where she headed clean-tech development projects with partners from around the world. She holds an MBA from Rotman School of Management, a MASc in Mechanical Engineering and a BASc in Chemical Engineering from the University of Toronto.

CHRIS HOPKINS, CHIEF FINANCIAL OFFICER

Chris has over 25 years of leadership and financial management experience in the capital markets. He has spent most of his career in senior roles with public mining companies, including U.S. Silver, Rio Algom, BHP Billiton, Suncor and several Canadian and international companies. He has a Bachelor of Commerce from the University of Toronto, and a Chartered Accountant designation and MBA from the Schulich School of Business at York University.

Figure 8 – Relay Medical Corp.– Comp Table

Ticker	Company Name	6/10/21 Close	Market Cap \$MM	EV \$MM	2022 PE	2022 EV / Revenue	2022 Sales Multiple
TMO	Thermo Fisher Scientific Inc	465.15	182,817	195,758	23.30	5.63	5.25
DHR	Danaher Corp	247.02	176,194	193,420	27.07	6.67	6.08
ILMN.O	Illumina Inc	453.17	66,163	63,693	63.79	13.61	14.14
FTNT.O	Fortinet Inc	228.94	37,390	35,440	51.62	9.82	10.36
PANW.K	Palo Alto Networks Inc	365.84	35,629	35,875	51.49	7.20	7.15
EXAS.O	Exact Sciences Corp	121.89	20,910	20,689		9.72	9.83
HOLX.O	Hologic Inc	63.39	16,243	18,200	15.26	4.44	3.96
FEYE.O	FireEye Inc	21.50	5,127	5,204	47.35	4.73	4.66
TLS.O	Telos Corp	35.67	2,380	2,302	51.16	5.65	5.84
LMNX.O	Luminex Corp	36.85	1,743	1,725	29.98	3.32	3.36
AXDX.O	Accelerate Diagnostics Inc	8.75	534	617		21.22	18.37
CODX.O	Co-Diagnostics Inc	8.83	253	193	10.01	2.81	3.68
	AVERAGE				<u>37.10</u>	<u>7.90</u>	<u>7.72</u>
RYMDF.PK	Relay Medical Corp	0.19	48	39	0.70	0.33	0.40
	Relay Medical Discount To Peers				-98%	-96%	-95%

Source: Litchfield Hills Research LLC and Refinitiv Eikon

Figure 9 – Relay Medical Corp. – Income Statement (C\$000)

September ending year	2019A					2020A					2021E					2022E
	Year	Q1A	Q2A	Q3A	Q4A	Year	Q1A	Q2A	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Year
Total revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	\$1,000	\$1,500	\$3,000	\$5,000	\$8,000	\$12,000	\$28,000
Cost of Goods	0	0	0	0	0	0	0	0	250	500	750	1,500	2,500	4,000	6,000	14,000
Gross Profit	0	0	0	0	0	0	0	0	250	500	750	1,500	2,500	4,000	6,000	14,000
SG&A	1,953	343	464	288	615	1,710	777	2,698	1,370	1,320	6,165	1,570	1,620	1,570	1,620	6,380
R&D	913	199	321	924	(774)	670	290	562	500	500	1,852	500	500	500	500	2,000
Share based compensation	476	30	1,487	59	689	2,264	769	3,262	400	400	4,830	400	2,000	400	400	3,200
Consulting and Management fees	1,772	88	630	127	758	1,604	454	716	500	700	2,370	400	500	400	400	1,700
Total Operating Expenses	5,113	659	2,902	1,399	1,289	6,248	2,290	7,238	2,770	2,920	15,217	2,870	4,620	2,870	2,920	13,280
EBITDA	(5,113)	(659)	(2,902)	(1,399)	(1,289)	(6,248)	(2,290)	(7,238)	(2,520)	(2,420)	(14,467)	(1,370)	(2,120)	1,130	3,080	720
Depreciation and amortization	1,177	207	146	68	(15)	406	20	50	45	45	161	45	45	45	45	180
Interest and accretion	75	19	20	20	304	363	17	29	30	30	105	30	30	30	30	120
Other income	1,726	(119)	25	(7)	203	101	13	887	10	10	920	10	10	10	10	40
Total Expenses	8,091	766	3,092	1,480	1,781	7,119	2,340	8,204	2,855	3,005	16,404	2,955	4,705	2,955	3,005	13,620
Net Income/Loss	(8,020)	(766)	(3,092)	(1,480)	(1,781)	(7,119)	(2,340)	(8,204)	(2,855)	(3,005)	(16,404)	(2,955)	(4,705)	(2,955)	(3,005)	(13,620)
Net Loss to non-controlling interest	(71)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Earnings before taxes	(8,091)	(766)	(3,092)	(1,480)	(1,781)	(7,119)	(2,340)	(8,204)	(2,855)	(3,005)	(16,404)	(2,955)	(4,705)	(2,955)	(3,005)	(13,620)
Tax expense/(benefit)																
Net income	(\$8,091)	(\$766)	(\$3,092)	(\$1,480)	(\$1,781)	(\$7,119)	(\$2,340)	(\$8,204)	(\$2,605)	(\$2,505)	(\$15,654)	(\$1,456)	(\$2,207)	\$1,042	\$2,991	\$375
EPS	(\$0.07)	(\$0.01)	(\$0.02)	(\$0.01)	(\$0.01)	(\$0.05)	(\$0.02)	(\$0.04)	(\$0.01)	(\$0.01)	(\$0.08)	(\$0.01)	(\$0.01)	\$0.00	\$0.01	\$0.00
Diluted Shares Outstanding	116,747	124,880	124,880	131,695	142,100	130,890	147,184	191,323	239,709	250,000	207,054	250,000	250,000	250,000	250,000	250,000

Source: Company reports and Litchfield Hills Research LLC

Figure 10 – Relay Medical Corp. – Balance Sheet (C\$000)

September ending year	FY2022E	FY2021E	FY2020A	FY2019A
Balance sheet				
Current Assets				
Cash and S.T.I.	\$7,146	\$5,601	\$896	\$212
Accounts receivable	1,000	500	583	164
Inventories	100	0	0	0
Other assets	<u>2,000</u>	<u>1,000</u>	<u>13</u>	<u>14</u>
Total Current Assets	10,246	7,101	1,492	390
Net PP&E	100	40	64	114
Other non-current assets	7,000	7,300	530	887
Total Assets	18,246	15,325	2,850	2,531
Current Liabilities				
Accounts payable and accrued exp.	4,000	2,000	526	589
Short-term notes payable	1	0	861	0
Other current liabilities	200	125	130	75
Total current liabilities	4,201	2,125	1,517	663
Lease liability	300	300	383	458
Other non-current	<u>300</u>	<u>200</u>	<u>79</u>	<u>0</u>
Total Liabilities	4,801	2,625	1,979	1,122
Stockholders' Equity				
Preferred stock	0	0	0	0
Common stock	0	0	0	0
Additional paid-in-capital	62,000	61,635	34,132	27,262
Retained earnings	(48,560)	(48,935)	(33,281)	(25,853)
Cum. trans. adj. and treasury stock	<u>0</u>	<u>0</u>	<u>20</u>	<u>0</u>
Total stockholders' equity	<u>13,440</u>	<u>12,700</u>	<u>871</u>	<u>1,409</u>
Total Liabilities and equity	\$18,241	\$15,325	\$2,850	\$2,531

Source: Company reports and Litchfield Hills Research LLC

Figure 11 – Relay Medical Corp. – Cash Flow (C\$000)

	2022E	2021E	2020A
Net Income	\$380.00	(\$15,653.85)	(\$7,119.08)
Receivables	(500.00)	82.67	(418.61)
Inventories	(100.00)	0.00	0.00
Other assets	(1,000.00)	(987.01)	1.25
Net PP&E	(60.00)	24.02	49.65
Investment in associate	(16.09)	(119.38)	375.08
Other non-current	300.00	(6,769.78)	356.62
Accounts payable and accrued exp.	2,000.00	1,474.12	(62.68)
Short-term notes payable	1.00	0.00	0.00
Convertible debt	0.00	(861.42)	861.42
Other current liabilities	75.00	(4.72)	55.00
Lease liability	0.00	(82.93)	(75.29)
Other non-current	100.00	120.70	79.30
Preferred stock	0.00	0.00	0.00
Common stock	0.00	0.00	0.00
Additional paid-in-capital	365.27	27,502.79	6,870.26
Equity Component of Convert	0.00	(20.39)	20.39
Other			(309.45)
Total Cash Flow	\$1,545.18	\$4,704.83	\$683.86

Source: Company reports and Litchfield Hills Research LLC

Disclosures:

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