NEWS RELEASE

SATELLOS Announces Q2 2023 Financial Results and Operational Highlights

8/29/2023

$48.7 million in cash and cash equivalents at June 30, 2023, providing expected runway to advance Company's development candidate ("DC") through Phase I clinical development in healthy human volunteers and Duchenne muscular dystrophy patients

TORONTO, August 29, 2023 – Satellos Bioscience Inc. ("Satellos" or the "Company") (TSXV: MSCL) (OTCQB: MSCLF), a public biotech company developing new small molecule therapeutic approaches to improve the treatment of muscle diseases and disorders, announced today the release of its financial results and MD&A for the quarter ending June 30, 2023. All dollar amounts are expressed in Canadian currency unless otherwise noted.

"This quarter included a $55 million equity financing in a very difficult market environment which included elite biotechnology institutional investors such as Perceptive Advisors, Avidity Partners, Soleus Capital, Qiming Venture Partners USA, FMB Research, and Allostery Investments, among others. We view our ability to attract such knowledgeable and sophisticated experts in the field as not only providing us the resources to execute on our plans but also as an endorsement of the differentiated nature and game changing potential of our science for the treatment of Duchenne and potentially other muscle disorders," said Frank Gleeson, President and CEO of Satellos.

Program highlights for the quarter ended June 30, 2023 include:

- On August 1, 2023, Satellos announced that U.S. Food and Drug Administration (FDA) granted Orphan Drug Designation and Rare Pediatric Disease Designation to SAT-3153 for the potential treatment of Duchenne

muscular dystrophy. The FDA grants Orphan Drug Designation to support development of medicines for underserved patient populations, or rare disorders, that affect fewer than 200,000 people in the U.S. Orphan Drug Designation provides certain benefits, including the potential for a seven-year market exclusivity upon regulatory approval, exemption from FDA application fees, tax credits for qualified clinical trials, and a priority review voucher. The FDA grants Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children ages 18 years or younger and fewer than 200,000 people in the United States. The Rare Pediatric Disease Priority Review Voucher Program is intended to address the challenges that drug companies face when developing treatments for these unique patient populations. Under this program, a sponsor who receives an approval for a drug or biologic for a "rare pediatric disease" may be eligible for a voucher that can be redeemed to receive priority review of a subsequent marketing application for a different product or sold to another sponsor for priority review of their marketing application.

- On May 17, 2023, the Company closed the Equity Offering issuing either Common Shares at $0.50 per Common Share or pre-funded common share purchase warrants for $0.49999 per pre-funded common share purchase warrant. Investors purchased 70,297,220 Common Shares and 39,702,780 Pre-Funded Warrants for gross proceeds of $55,000,000.
- On June 7, 2023, Satellos announced the appointment of Alan K. Jacobs, MD as Chief Medical Officer (CMO) of the Company. Dr. Jacobs has an extensive career as a physician, researcher and drug development professional in the neurological and neuromuscular space. Immediately prior to joining Satellos, Alan was Vice President, Clinical Development, Neuroscience at Boston Pharmaceuticals, where he oversaw early and late-stage clinical development programs. Prior to that he held progressively senior leadership roles with Immunovant and Sanofi Genzyme, including strategic coordination of multiple successful IND submissions and execution of clinical trials. Previously, Dr. Jacobs was Medical Director with both the Ohio Center for Treatment and Research in Multiple Sclerosis and the Center for Neuroscience Research in Dayton, Ohio while concurrently serving as a Professor of Neurology at the Wright State University Boonshoft School of Medicine. Dr. Jacobs is a Fellow of the American Academy of Neurology.

Financial results for the quarter ended June 30, 2023 include:

- Satellos had cash and cash equivalents of $48,726,538 as at June 30, 2023. The improvement is due to cash inflows from the Debenture Offering and the Equity Offering.
- The Net Loss, Comprehensive Loss was $4,115,316 for the quarter ended June 30, 2023, compared to $2,233,132 for the quarter ended June 30, 2022. This increase in loss was primarily due to increased spending on R& D contracting, professional fees, interest on long term debt, and foreign exchange loss, partially offset by an increase in interest income.
- R&D Expenses was $873,012 for the quarter ended June 30, 2023, compared to $616,049 for the quarter ended June 30, 2022. R&D spending in the period ended June 30, 2023 was higher than in the prior period

due to increased R&D contractor activity.

- Satellos' condensed consolidated interim financial statements for the quarter ended June 30, 2023 and the related management's discussion and analysis (MD&A) are available on SEDAR+ at **www.sedarplus.ca**.

About Muscle Stem Cells and Duchenne Muscular Dystrophy

Satellos scientific founder, Dr. Michael Rudnicki, discovered and has demonstrated how muscle stem cells employ a biological process known as "stem cell polarity" to regulate muscle repair and regeneration throughout life. Dr. Rudnicki has also shown how regulatory defects in stem cell polarity lead to a failure of muscle repair and regeneration in Duchenne muscular dystrophy (DMD), representing a previously unrecognized root cause of DMD. As a result of this ongoing inability to produce sufficient numbers of new muscle cells, people with DMD are unable to repair the continuous and accumulating muscle tissue damage. Based on this research, Satellos is advancing a novel small molecule therapeutic designed to rescue the defect in stem cell polarity and provide a disease-modifying treatment for DMD and other muscular dystrophies.

About SAT-3153

SAT-3153, Satellos' lead small molecule drug candidate (DC), is designed to replace the signaling function of the dystrophin protein and restore proper muscle tissue repair and regeneration. The Company's scientists have demonstrated that muscle stem cell polarity is compromised in Duchenne muscular dystrophy, leading to improper muscle stem cell division and a deficit in the ability to repair muscle tissue damage. Preclinical studies show that SAT-3153, independent of dystrophin, modulates muscle stem cell polarity, leading to the proper division of muscle stem cells, supporting muscle repair and regeneration and increasing muscle mass and critically, muscle function. SAT-3153 has received Orphan Drug Designation and Rare Pediatric Disease Designation from the U.S. FDA.

About Satellos Bioscience Inc.

Satellos is a publicly traded biotechnology company dedicated to developing life-improving medicines to treat degenerative muscle diseases. Satellos has incorporated breakthrough research in muscle stem cell polarity into a proprietary discovery platform, called MyoReGenXTM, to identify degenerative muscle diseases where deficits in this process affect muscle regeneration and are amenable to therapeutic intervention. With this platform, Satellos is building a pipeline of novel therapeutics to correct muscle stem cell polarity and promote the body's innate muscle repair and regeneration process. The Company's lead drug candidate, SAT-3153, is an oral, small molecule drug candidate in development as a potential disease-modifying treatment for Duchenne muscular dystrophy. Satellos is headquartered in Toronto, Ontario. For more information, visit www.satellos.com.

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Notice on Forward-Looking Statements

This press release includes forward-looking information or forward-looking statements within the meaning of applicable securities laws regarding Satellos and its business, which may include, but are not limited to, statements regarding the anticipated benefits to patients from a small molecule treatment for Duchenne; the general benefits of modulating stem cell polarity by administering small molecule drugs; its/their prospective impact on Duchenne patients and muscle regeneration generally; the utility of regenerating muscle by modulating polarity; adoption of Satellos' approach by the medical community; and Satellos' technologies and drug development plans. All statements that are, or information which is, not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, occurrences or developments, are

"forward-looking information or statements." Often but not always, forward-looking information or statements can be identified by the use of words such as "shall", "intends", "anticipate", "believe", "plan", "expect", "intend", "estimate", "anticipate", "potential", "prospective" , "assert" or any variations (including negative or plural variations) of such words and phrases, or state that certain actions, events or results "may", "might", "can", "could", "would" or "will" be taken, occur, lead to, result in, or, be achieved. Such statements are based on the current expectations and views of future events of the management of the Company. They are based on assumptions and subject to risks and uncertainties. Although management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. The forward-looking events and circumstances discussed in this release, may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the Company, including, without limitation, risks relating to the pharmaceutical and bioscience industry, general market conditions and equity markets, economic factors and management's ability to manage and to operate the business of the Company generally, and those risks listed in the "Risk Factors" section of Satellos' prospectus dated May 9, 2023 and Satellos' Annual Information Form dated April 27, 2023 (both of which are on Satellos' profile at www.sedarplus.ca). Although Satellos has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on any forward-looking statements or information.

No forward- looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Satellos does not undertake any obligation to publicly update or revise any forward-looking statement, whether resulting from new information, future events, or otherwise.

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