



NEWS RELEASE

# SATELLOS Bioscience Announces 2023 Q3 Financial Results and Operational Highlights

11/22/2023

- Company disclosed drug target for Duchenne program; remains on track to initiate clinical trials mid-2024
- Satellos appointed Michael Cross, PhD, MBA, as Chief Business Officer and other key leadership team members including Chief Financial Officer and Senior Vice President, Clinical Operations
- Cash balance at September 30, 2023, of \$44.3 million provides runway through 2025

TORONTO, November 22, 2023 – Satellos Bioscience Inc. (TSXV: MSCL) (“Satellos” or the “Company”), a regenerative medicine company aimed at developing therapeutics that change the way degenerative muscle diseases are treated, announced today its financial results and operational highlights for the three months ending September 30, 2023. All references to currency in this press release are in Canadian dollars unless otherwise noted.

“This quarter we’ve significantly expanded our leadership team bringing essential experience and expertise to support advancing our novel small molecule therapeutic approach for muscle regeneration into clinical trials next year for Duchenne muscular dystrophy,” said Frank Gleeson, Co-founder and CEO of Satellos. “We are pleased that the ongoing preclinical studies for our Duchenne program continue to support our drug target, mechanism of action, and proprietary drug candidates, as we progress our lead drug candidate in IND-enabling studies and GMP manufacturing and remain on track to initiate clinical trials mid-2024.”

## PROGRAM AND BUSINESS UPDATE:

Highlights for the three months ended September 30, 2023, along with recent developments include:

Disclosed drug target for Duchenne program and SAT-3247 nominated as lead drug candidate (DC)

- Subsequent to the quarter end, on November 14, 2023, the Company disclosed for the first time that the drug target for the Duchenne program is AAK1 (formerly K9), a protein kinase in the Notch pathway, which the Company discovered can be modulated to enable muscle regeneration. Satellos also announced that SAT-3247 would be nominated as the lead DC based on results generated by the Company during its preclinical studies. Preclinical data generated by Satellos demonstrated that SAT-3153 and SAT-3247 have a similar capacity to affect muscle regeneration and functional benefit in the mdx mouse model of Duchenne. SAT-3247 also exhibited improved oral bioavailability, target specificity and tissue distribution when compared directly to SAT-3153 in preclinical studies. Satellos is conducting IND-enabling studies and GMP manufacturing for SAT-3247.
- The Company remains on track to initiate clinical trials mid-2024

Expands key leadership team

- Satellos announces the appointment of Michael Cross, PhD, MBA, as Chief Business Officer of the Company. Dr. Cross has more than 25 years of biotech and life science experience with demonstrated success in financing and licensing transactions, and leadership in operations, clinical product development, and corporate strategy.
- On September 5, 2023, Satellos announced the appointment of Elizabeth Williams, CPA, CA, as Chief Financial Officer (CFO) of the Company and that Warren Whitehead, CPA, CMA, who has served as CFO for Satellos for two years, will now become Head of Corporate Strategy. Ms. Williams has nearly 20 years of experience in biotech, working with publicly listed entities in both Canada and the United States.
- Satellos also announced the appointment of Ms. Courtney Wells as Senior Vice President of Clinical Development Operations to lead and implement the clinical trial plans. Ms. Wells has more than 20 years of experience in clinical development for large pharmaceutical companies and innovative biotech companies,

including orphan diseases and Duchenne.

## Financial Results

Satellos had cash and cash equivalents of \$44.3 million as of September 30, 2023, compared with \$1.9 million at December 31, 2022. The increase in cash and cash equivalents is due to proceeds of a \$55 million equity offering completed in the quarter ended June 30, 2023. Management estimates that cash on hand should provide runway through 2025 and advance SAT-3247 through pre-clinical work, IND submission, and subsequent Phase 1 studies.

For the three months ended September 30, 2023, Satellos reported a net loss of \$3.6 million (\$0.03 loss per share), compared to a net loss \$1.9 million (\$0.05 loss per share) for the three months ended September 30, 2022. The increase in net loss was primarily the result of increased R&D expenses associated with increased headcount and development activity as well as increased G&A expenses due to increased personnel, recruitment, travel, and professional fees.

Research and development expenses increased by approximately \$1.8 million to \$2.7 million for the three months ended September 30, 2023, as compared to \$0.9 million for the comparative period in 2022. The increase in R&D costs is the result of an increase in salaries, management fees and stock-based compensation related to new hires to advance our research programs as well as pre-clinical pre-IND-enabling expenses and chemistry and manufacturing controls expenses for which there were no comparable costs in the prior year. These increases were offset by lower discovery expenditures as our lead program has moved from discovery into pre-clinical development.

General and administrative expenses increased by approximately \$0.8 million to \$1.8 million for the three months ended September 30, 2023, as compared to \$0.9 million for the comparative period in 2022. The increase is primarily due to an increase in salaries, management fees and stock-based compensation related to new hires in the current year period as well as higher legal, investor relations, and travel expenses associated with increased activity.

Satellos' interim condensed consolidated financial statements for the three and nine months ended September 30, 2023, and the related management's discussion and analysis (MD&A) are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Duchenne patients suffer from an inability to regenerate, grow, and repair muscle. Muscle tissue is regenerated through asymmetric division of muscle stem cells into stem and progenitor cells. Duchenne patients have abundant muscle stem cells, but lack muscle progenitor cells, which leads to a defect in muscle tissue regeneration and results in progressive muscle loss. Satellos' scientific founder, Dr. Michael Rudnicki, discovered and has demonstrated how dystrophin is present in muscle stem cells and coordinates a biological process known as "stem cell polarity" to regulate asymmetric cell division. Furthermore, in the absence of dystrophin, the ability to generate progenitor cells is lost, which the Company believes is the underlying cause of Duchenne. For the Company's Duchenne program, Satellos has designed small molecules to inhibit AAK1, a protein kinase member of the Notch pathway. The Company believes AAK1 inhibition, independent of dystrophin, has the capacity to regulate polarity to restore asymmetric muscle stem cell division, generate muscle progenitor cells, and enable muscle regeneration.

#### 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 program 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](http://www.satellos.com).

#### Contacts:

Investors: Liz Williams, [ir@satellos.com](mailto:ir@satellos.com)

Business Development: Ryan Mitchell, Ph.D., [bd@satellos.com](mailto:bd@satellos.com)

Media: Jessica Yingling, Ph.D., [jessica@litldog.com](mailto:jessica@litldog.com), +1.858.344.8091

## 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 (including the risks associated with preclinical and clinical trials and regulatory approvals), and the research and development of therapeutics, the results of preclinical and clinical trials, general market conditions and equity markets, economic factors and management's ability to manage and to operate the business of the Company generally, including inflation and the costs of operating a biopharma business, 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](http://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

No regulatory authority has approved or disapproved the content of this press release. Neither the TSX Venture Exchange nor its Regulatory Services Provider (as that term is defined in the policies of the TSX Venture Exchange)

accepts responsibility for the adequacy or accuracy of this press release.