



NEWS RELEASE

SATELLOS Bioscience Closes \$55M Financing to Support Development of its Lead Drug Candidate for Duchenne Muscular Dystrophy

5/17/2023

Toronto, Ontario — (Newsfile Corp. – May 17, 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, today announced that it has closed an equity offering, issuing a total of 110 million equity securities for gross proceeds of \$55 million (the “**Offering**”). The Offering included participation from funds managed by Avidity Partners, Qiming Venture Partners USA, Perceptive Advisors, Soleus Capital, FMB Research, Allosterly Investments and other leading healthcare specialized institutional investors.

“This financing culminates a transformational set of results for Satellos, showing the potential for our lead drug candidate for Duchenne muscular dystrophy to address the underlying disease and with the potential to significantly change the prospects for improved quality of life for patients,” said Frank Gleeson, Co-Founder and CEO of Satellos. “We are pleased to have the support and confidence of this high-quality group of healthcare-focused investors. This funding will enable us to advance the clinical development of our lead program as expeditiously as possible. We look forward to providing regular updates on this promising program.”

Details of the Offering

Bloom Burton Securities Inc. acted as exclusive agent and book running manager for the Offering (the “**Agent**”). Under the Offering, subscribers either purchased common shares at \$0.50 per common share (the “**Common Shares**”) or pre-funded common share purchase warrants for \$0.49999 per pre-funded common share purchase warrant (“**Pre-Funded Warrants**” and, together with the Common Shares, the “**Securities**”). Investors

purchased a total of 110,000,000 Securities (consisting of 70,297,220 Common Shares and 39,702,780 Pre-Funded Warrants) for gross proceeds of \$55M.

In Canada, the Securities purchased pursuant to the Offering were qualified for sale by way of a final short form prospectus dated May 9, 2023, which was filed in British Columbia, Alberta and Ontario. The Securities were purchased by way of private placement in the United States, pursuant to exemptions from the registration requirements under the U.S. Securities Act of 1933 (the “**U.S. Securities Act**”, and pursuant to all applicable U.S. state securities laws. In addition, the Securities were also sold by way of private placement in certain other jurisdictions outside of Canada and the United States pursuant to and in compliance with applicable securities laws.

Use of Proceeds

The net proceeds of the Offering will be used to fund research and development activities, including, but not limited to, advancing its lead program for a small molecule drug for the treatment of Duchenne muscular dystrophy through pre-clinical work, IND submission and subsequent Phase I studies. The Company will also invest in its platform and pipeline, along with using the net proceeds of the Offering for general and administrative expenses, working capital needs and other general corporate purposes.

Insider Participation

Insiders of the Company, including Management, members of the Board of Directors and an Affiliate of the Agent (collectively, the “**Insiders**”), purchased an aggregate of 3,323,070 Common Shares under the Offering or 3.0% of the Securities issued under the Offering. Subscriptions for Common Shares by such Insiders are related party transactions within the meaning of applicable Canadian securities laws.

The subscriptions by the Insiders are exempt from the formal valuation and minority approval requirements applicable to related party transactions on the basis that the value of the transactions insofar as they involve related parties is less than 25% of the Company’s market capitalization. The Board of Directors of the Company has approved the Offering and the Directors who subscribed for Common Shares or were otherwise conflicted declared their interest and abstained from voting thereon. A material change report in respect of the related party transactions could not be filed earlier than 21 days prior to the closing of the Offering due to the limited time between the commitment by the Insiders to purchase the subject Common Shares and the closing of the Offering.

Agent Commissions

The Agent (or its sub-agents) were paid a cash fee equal to 7.0% of the gross proceeds raised under the Offering (less gross proceeds of \$1,285,000 raised from president’s list purchasers that carried no fees and less gross

proceeds of \$3,404,500 raised from certain U.S. individuals that carried fees of 5.0%). The Agent (or its sub-agents) were also granted compensation options (the “**Compensation Options**”) equal to 7.0% of the aggregate number of Securities issued under the Offering (less 2,570,000 Securities issued to president’s list purchasers (exempt from any fees) and less 6,809,000 Securities issued to certain U.S. individuals in respect of which Compensation Options equal to 5.0% thereof were granted). Each Compensation Option entitles the Agent (or its sub-agents) to buy one Common Share at a price of \$0.50 until expiry on May 17, 2025.

U.S. Securities Statement

The securities described herein have not been, and will not be, registered under the U.S. Securities Act, or any state securities laws, and accordingly, may not be offered or sold to, or for the account or benefit of, persons in the United States or to U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act), except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the Company’s securities.

About Muscle Stem Cells and Duchenne Muscular Dystrophy

Satello’s 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, Satello’s 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 Satello’s Bioscience Inc.

Satello’s is a publicly traded biotechnology company dedicated to developing life-improving medicines to treat degenerative muscle diseases. Satello’s has incorporated breakthrough research in muscle stem cell polarity into a proprietary discovery platform, called MyoReGenX™, to identify degenerative muscle diseases where deficits in this process affect muscle regeneration and are amenable to therapeutic intervention. With this platform, Satello’s 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 disease-modifying treatment for Duchenne muscular dystrophy. Satello’s is headquartered in Toronto, Ontario. For more information, visit **Satello’s.com**.

CONTACT:

Business Development

Ryan Mitchell, Ph.D.

rmitchell@satellos.com

Communications at Satellos Bioscience Inc.

Christina Cameron

ccameron@satellos.com

+1.647.660.1780

For Media

Jessica Yingling, Ph.D.

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, use of proceeds from the Offering; general benefits of modulating stem cell polarity; its prospective impact on Duchenne patients and muscle regeneration generally; 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, 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" or any variations (including negative 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, those listed in the “Risk Factors” section of the Prospectus dated May 9, 2023 and the Annual Information Form dated April 27, 2023 (both of which are on the Company’s profile at www.sedar.com). 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 as a result of 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.