Sernova Biotherapeutics Announces $13 Million Debt-to-Equity Conversion Eliminating Significant Financing Overhang

TORONTO and BOSTON October 1, 2025 (GLOBE NEWSWIRE) — Sernova Biotherapeutics ("Sernova") (TSX: SVA) (OTCQB: SEOVF) (FSE/XETRA: PSH) a leading regenerative medicine company focused on developing its Cell Pouch Bio-hybrid Organ as a functional cure for type 1 diabetes (T1D), today announced that it has signed debt-to-equity conversion agreements with vendors to convert approximately CAD $13.3 million of outstanding accounts payable debt into equity of Sernova. This represents a significant portion of pre-current management historic accounts payable debt on Sernova's balance sheet as of its last fiscal quarter July 31, 2025. Sernova executive management including the CEO and CFO, and board members, also participated in converting amounts owed to them to equity in the company.

"This debt-to-equity conversion is a strong vote of confidence from supportive partners and vendors," said Jonathan Rigby, CEO of Sernova. "It underscores the shared vision and commitment we have to deliver a functional cure for patients living with type 1 diabetes. By removing a large portion of this inherited liability from our balance sheet, we are in a stronger financial position to advance an array of ongoing funding discussions in order to secure the capital necessary to advance our Cell Pouch Bio-hybrid Organ into the final cohort of our phase 1 / 2 clinical trial prior to year end."

The debt-to-equity conversion was completed by way of a non-brokered private placement of 66,346,502 million units at a unit price of $0.19. Each unit consists of either one common share or one preferred share of Sernova, a half warrant with an exercise price of $0.25 for two years and a second half warrant with an exercise price of $0.30 for 3 years. Both warrants have features that allow the company to accelerate the expiry of the warrants at preset common share price levels.

The company also announced that it negotiated the removal of a potential early repayment clause of its $4 million term debt so that no amount is payable before April 2026. With settlement of the majority of accounts payable debt, Sernova is no longer subject to monthly repayments of debt nor required to allocate any proportion of financing proceeds to repay debt.

All securities issued in connection with the private placement will be subject to a statutory hold period of four months. Completion of the private placement is subject to customary closing conditions, including acceptance of the TSX.

The Company expects insider participation in the private placement, which may be considered a related party transaction within the meaning of Multilateral Instrument 61-101 ("MI 61-101"). Sernova intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of any insider participation.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

ABOUT SERNOVA BIOTHERAPEUTICS

Sernova Biotherapeutics is a clinical-stage company developing regenerative medicine therapeutics combining its Cell Pouch with human donor cells or stem-cell derived islet-like clusters in collaboration with Evotec to create bio-hybrid organs to treat T1D. A bio-hybrid organ is comprised of non-biomaterials, such as the Cell Pouch, integrated with living tissues to restore or enhance the function of a compromised organ. This innovative approach aims to deliver a potentially revolutionary treatment for patients with chronic diseases, initially focusing on T1D and thyroid disorders.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The TSX has not reviewed this news release and does not accept responsibility for the accuracy or adequacy of this news release.

FORWARD-LOOKING INFORMATION

This release contains statements that, to the extent they are not recitations of historical facts, may constitute “forward-looking statements” that involve various risks, uncertainties, and assumptions, including, without limitation, statements regarding the prospects, plans, and objectives of the company. Wherever possible, but not always, words such as "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential for" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur are used to identify forward-looking statements. These statements reflect management’s beliefs with respect to future events and are based on information currently available to management on the date such statements were made. Many factors could cause Sernova’s actual results, performances or achievements to not be as anticipated, estimated or intended or to differ materially from those expressed or implied by the forward-looking statements contained in this news release. Such factors could include, but are not limited to, the company’s ability to timely obtain necessary approvals, including TSX acceptance, to close the debt settlements. Investors should consult the company’s quarterly and annual filings available on www.sedarplus.ca for additional information on risks and uncertainties relating to the forward-looking statements. Sernova expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.