Satellos Bioscience Inc. Announces First Quarter Financial Results and Operational Highlights

Toronto, Ontario--(Newsfile Corp. - May 31, 2022) - Satellos Bioscience Inc. **(TSXV: MSCL)** ("**Satellos**" or the "**Company**"), a regenerative medicine company aimed at developing therapeutic drugs that change the way degenerative muscle diseases are treated, today announced its unaudited financial results and operational highlights for the quarter ended March 31, 2022 ("**Q1 2022**"). All dollar amounts in this press release are in Canadian dollars unless otherwise noted.

"The early months of 2022 has been a productive period for Satellos as we continue to progress our lead drug candidates towards the next stages of development," said Satellos Co-Founder and CEO Frank Gleeson. "This quarter we've also been actively participating in high-profile industry events to build broader awareness of and appreciation for our breakthrough discoveries with influential and important members of the scientific, philanthropic and investment communities, and expect to continue to do so through the remainder of the year. There is excitement growing for our potential to make a significant difference in treating Duchenne and other muscular dystrophies as we continue to refine our approaches and advance our drug candidates."

Program highlights for Q1 2022, along with recent developments include:

Financial Results

Satellos had cash and cash equivalents of $2,775,494 as at March 31, 2022.

Total comprehensive loss for Q1 2022 was ($2,117,487), or $0.06 per share, compared to a total comprehensive loss of ($861,800), or $0.05 per share, for the quarter ended March 31, 2021 ("**Q1 2021**"). The increase in total comprehensive loss for Q1 2022 compared Q1 2021 was primarily a result of increased R&D expenditures, management expenses and professional fees, all due to increased activity compared to the previous year.

Research and development ("**R&D**") expenses of $771,445 were incurred during Q1 2022, compared to $446,619 incurred in Q1 2021. The increase in R&D expenses in Q1 2022 is primarily attributable to the increased activity in Satellos' lead R&D program focusing on Duchenne Muscular Dystrophy ("**Duchenne**").

Satellos' condensed consolidated interim financial statements for Q1 2022 and the related management's discussion and analysis (MD&A) are available on SEDAR at www.sedar.com.

Operational Highlights

Duchenne is a fatal genetic disease that affects an estimated one in 4,000 live male births per year, worldwide.

On March 15, 2022, Satellos announced that it had invented three unique and proprietary chemical series or classes of small molecule compounds with the potential to modulate muscle stem cell polarity, from which it has designed and screened hundreds of novel drug candidates. This development represents an important milestone in the Company's efforts to optimize and select a lead drug candidate for the treatment of Duchenne. Satellos intends to file applications for intellectual property protection on these and other classes of compounds, and to continue to evaluate the most promising drug candidates for their potential to be advanced further in development.

Investment Conferences

Satellos was extremely active in participating in high-profile scientific and investment conferences and events in Q1 2022 in an effort to build further awareness of its game changing science. Representatives from Satellos participated in numerous established and respected engagements including Biotech Showcase™ 2022 (January), BIO CEO & Investor Conference 2022 (February), Insights in Research Investor Summit and the Muscular Dystrophy Association Clinical & Scientific Conference 2022 (March) and most recently as a part of a Drug Discovery News webinar on stem cell research (March).

Subsequent to the end of Q1 2022, Satellos participated at a European Molecular Biology Organization (EMBO) workshop on muscle formation, maintenance, regeneration and pathology in France, and at the 2022 Bloom Burton & Co. Healthcare Investor Conference in Toronto.

Amphotericin B Technologies, Inc. ("Amp B Tech")

During Q1 2022, Satellos announced continued progress towards monetizing the Oral Amp B Delivery System, its patented oral transport technology trade-marked as OralTrans™ (described in previous iCo disclosure as iCo-019) under a previously announced joint development agreement dated August 18, 2021 between Satellos and NW PharmaTech Limited ("**NW Pharmatech**"). On March 11, 2022, Satellos and NW Pharmatech further announced plans to create a joint venture corporation that will focus on the invention, development and scientific validation of oral formulations of cannabidiol-based ("**CBD**") sleep aids to be targeted at the over-the-counter market for sleep disorders (the "**Joint Venture**"). Subject to the completion of negotiations, Satellos, through Amp B Tech, will license OralTrans™ to the Joint Venture and NW PharmaTech will provide all funding.

As a part of the Joint Venture, on February 4, 2022 Satellos entered into a sponsored research agreement with Professor Christine Allen's Research Group (the "**Allen Research Group**") in the Leslie Dan Faculty of Pharmacy, University of Toronto, to apply and extend its formulation technology for sleep aid products. Dr. Allen is a renowned expert in drug delivery technologies with over 150 publications in this area and has been a pioneer and leader in applying evidence-based science to the formulation and delivery of pharmaceuticals. The Allen Research Group will develop and test CBD-based sleep formulations based on OralTrans™ for a period of one year.

About Satellos Bioscience Inc.

Satellos is a biotechnology company dedicated to developing lifechanging medicines to treat degenerative muscle conditions. Our scientists discovered what we believe to be a previously unrecognized root cause of skeletal muscle degeneration, one which has the potential to transform how muscle disorders are treated. Our scientific founder, Dr. Michael Rudnicki, is a thought leader who discovered and has shown how muscle stem cells regulate muscle repair and growth throughout life. He has shown how defects in a process known as stem cell "polarity", which controls how muscle stem cells divide to create muscle progenitor cells, lead to a failure of muscle regeneration in Duchenne and potentially other muscle disorders. As a result of this ongoing inability to produce sufficient numbers of new muscle cells, the muscles of people living with Duchenne are unable to keep up with and repair the continuous and accumulating damage their muscles experience. Satellos' lead program is focused on developing an oral therapeutic drug (i.e., a pill) intended to correct muscle stem cell polarity and restore the body's innate muscle repair and regeneration process. We believe our unique therapeutic approach represents a potential disease modifying treatment for Duchenne and other dystrophies, offering new hope to patients. To expand our programs to other degenerative muscle conditions or disorders, Satellos has created a proprietary discovery platform, MyoReGenX™, which we utilize to identify disease situations where deficits in muscle stem cell polarity and regeneration occur and are amenable to therapeutic treatment. For more information about or to discuss potential collaborations with Satellos concerning our discovery platform and therapeutic candidates or our subsidiary Amphotericin B Technologies Inc., please contact Ryan Mitchell, PhD, Director - Business Development at rmitchell@satellos.com or visit 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 Canadian and U.S. securities laws regarding Satellos and its business, which may include, but are not limited to, statements with respect to the anticipated benefits of modulating stem cell polarity and its prospective impact on Duchenne patients and muscle regeneration generally; advances in the development of small molecule drug candidates to correct polarity of muscle stem cells; projected benefits of Satellos' therapeutic approach, including small molecule drug candidates; Satellos' technologies and drug development plans; the planned advancement of Satellos research and development; Satellos' plans to create the Joint Venture, license OralTrans™ and the anticipated funding by NW PharmaTech; the Allen Research Group's planned development and testing of CBD-based sleep formulations based on OralTrans™ and the Company's priorities and anticipated achievement of milestones and evaluation plans for drug molecules. 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 "progress", "aimed", "plan", "expect", "intend", "anticipate", "estimate", "believe", "hope", "objective", "potentially", "possibly", "ongoing inability", "develop", "milestone", "further", "prospect" 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 risks relating to the pharmaceutical and bioscience industry, general market conditions and equity markets, economic factors, adverse global events and public-health crises, including the current COVID-19 pandemic, and management's ability to manage and to operate the business of the Company generally. 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 forwardlooking statement, whether as a result of new information, future events, or otherwise.

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