

# Zacks Small-Cap Research

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David Bautz, PhD  
(312) 265-9471  
dbautz@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

## Satellos Bioscience Inc.

(OTCQB: MSCLF)

### ***MSCLF: Positive Preclinical Results in Three Mouse Models of Muscle Degeneration...***

Based on our probability adjusted DCF model that takes into account potential future revenues in DMD, MSCLF is valued at \$1.00/share. This model is highly dependent upon continued success of the development candidates and will be adjusted accordingly based on future clinical results.

Current Price (03/20/24) \$0.45  
Valuation \$1.00

### OUTLOOK

On March 4, 2023, Satellos Biosciences Inc. (MSCLF) announced positive preclinical data for SAT-3247 across three mouse models of muscle degeneration: mdx model of Duchenne muscular dystrophy (DMD), FLExDUX4 model of facioscapulohumeral muscular dystrophy (FSHD), and a muscle injury model in wildtype mice. In all three models, treatment with SAT-3247 resulted in a statistically significant improvement in muscle force compared to mice treated with placebo. These results show the potential broad applicability that SAT-3247 and the company's muscle regeneration platform may have in treating diseases and conditions characterized by muscle damage. We continue to expect a first-in-human study of SAT-3247 in mid-2024.

### SUMMARY DATA

52-Week High \$0.56  
52-Week Low \$0.22  
One-Year Return (%) 33.09  
Beta 1.99  
Average Daily Volume (sh) 7,190

Shares Outstanding (mil) 113  
Market Capitalization (\$mil) \$50  
Short Interest Ratio (days) 1  
Institutional Ownership (%) 51  
Insider Ownership (%) 38

Annual Cash Dividend \$0.00  
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates  
Sales (%) N/A  
Earnings Per Share (%) N/A  
Dividend (%) N/A

P/E using TTM EPS N/A  
P/E using 2024 Estimate -7.4  
P/E using 2025 Estimate -7.4

Risk Level High  
Type of Stock Small-Value  
Industry Med-Biomed/Gene

### ZACKS ESTIMATES

#### Revenue

(In millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2023	0.0 A	0.0 A	0.0 A	0.0 E	0.0 E
2024					0.0 E
2025					0.0 E

#### Earnings per Share

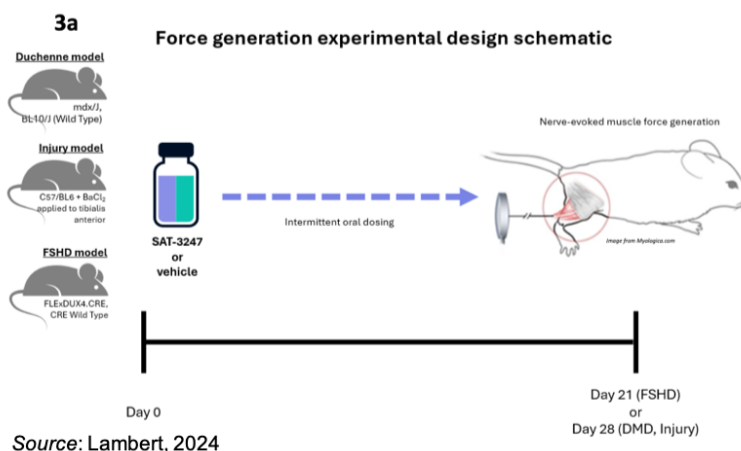
	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-\$0.05 A	-\$0.05 A	-\$0.04 A	-\$0.09 A	-\$0.24 A
2023	-\$0.03 A	-\$0.04 A	-\$0.02 A	-\$0.01 E	-\$0.10 E
2024					-\$0.06 E
2025					-\$0.06 E

## WHAT'S NEW

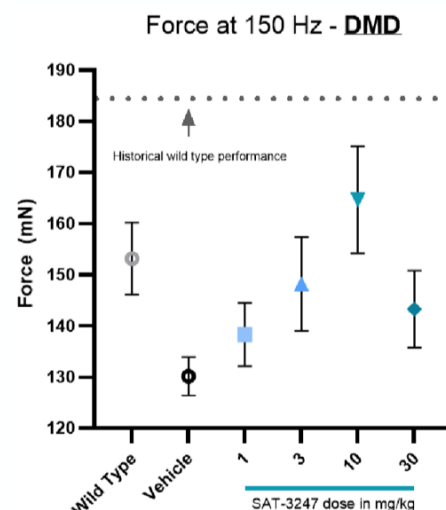
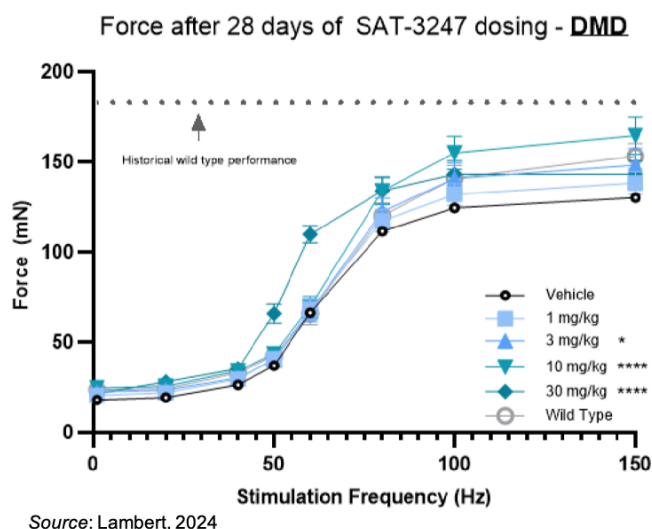
### Business Update

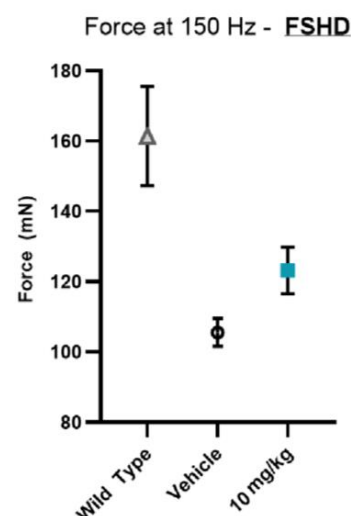
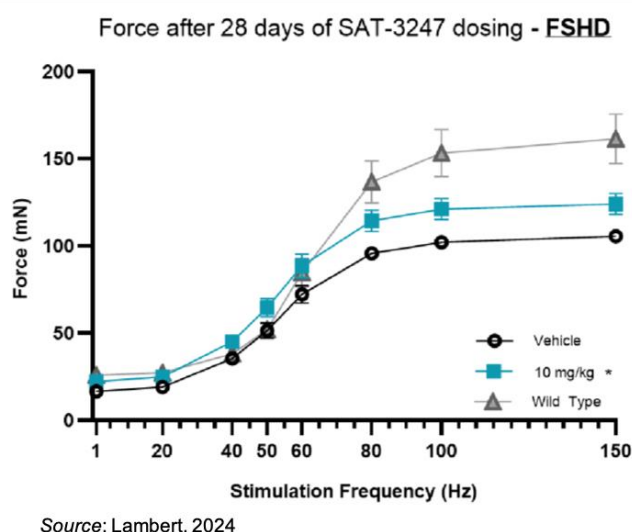
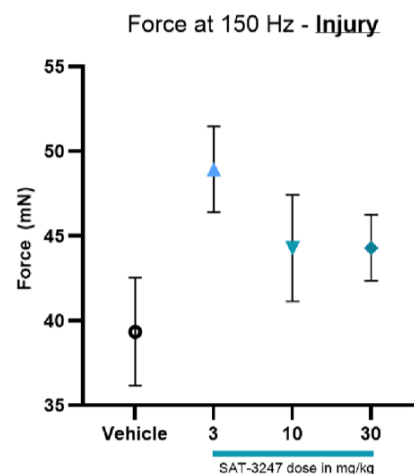
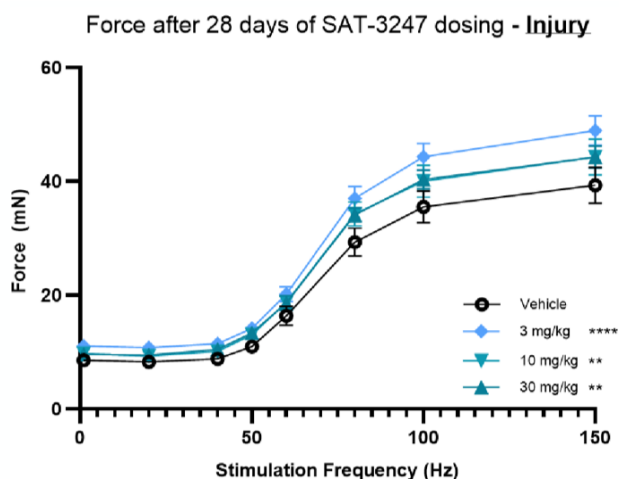
#### Positive Results for SAT-3247 in Multiple Mouse Models of Muscle Degeneration

On March 6, 2024, Satellos Biosciences Inc. (MSCLF) [announced](#) positive preclinical results were presented at the 2024 Muscular Dystrophy Association (MDA) Clinical and Scientific Conference. A copy of the poster presentation can be found [here](#). The results showed that SAT-3247 improved skeletal muscle function in three mouse models of muscle degeneration: mdx model of Duchenne Muscular Dystrophy (DMD), FLExDUX4 model of facioscapulohumeral muscular dystrophy (FSHD), and a muscle injury model in wildtype mice. An overview of the experimental models is given below.



In each experiment, mice were dosed orally at an intermittent frequency. Force measurements were collected from the hindlimbs at either day 21 (FSHD) or day 28 (DMD, injury). Injury model force was generated by ankle dorsiflexion. DMD and FSHD model force was generated by ankle plantar flexion. The following graphs show the force generation after treatment with different doses of SAT-3247 or placebo: \*P<0.05, \*\*P<0.01, \*\*\*\*P<0.00001





Satellos previously disclosed that Adapter Associated Kinase 1 (AAK1) was the drug target for the company's DMD program. AAK1 belongs to the Numb-associated kinase (NAK) family of Ser/Thr protein kinases ([Sorenson et al., 2008](#)). It is implicated in a number of biological signaling pathways. Satellos is targeting it due to its role in the Notch signaling pathway, which plays an important role in satellite cell division and muscle cell regeneration ([Bjornson et al., 2012](#)).

Previous preclinical results presented by Satellos showed that SAT-3153 (the former lead development candidate) increases the percentage of asymmetric cell divisions *in vitro*, restores asymmetric cell division *in vivo*, and increases muscle force. Similar results were seen for SAT-3247. For an overview of the preclinical data the company has presented thus far for targeting AAK1, please see our previous reports ([here](#) and [here](#)).

## Conclusion

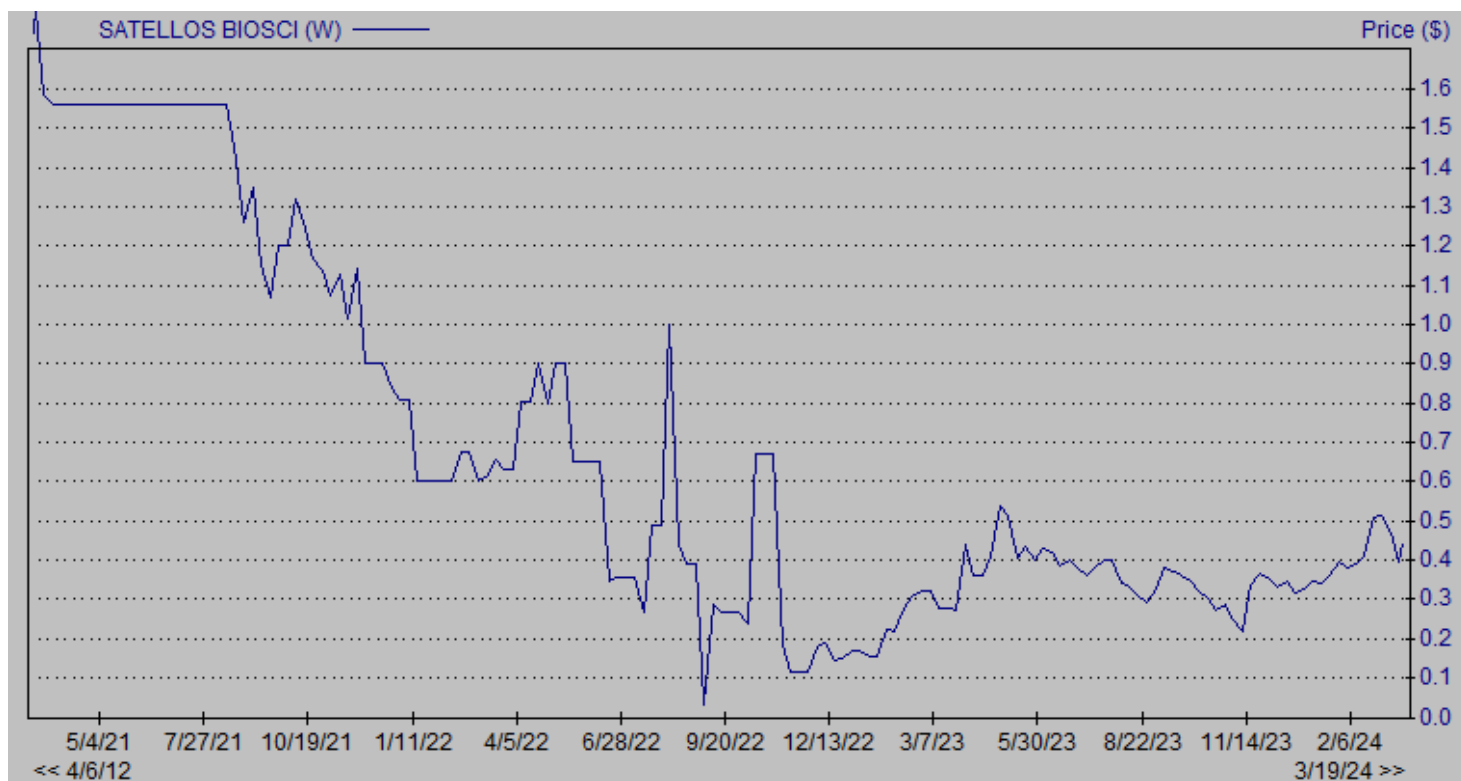
Satellos continues to present very encouraging preclinical data for SAT-3247 and the most recent results provide evidence that the compound may have additional applicability in other muscle degenerative diseases. We continue to anticipate a first-in-human clinical trial for SAT-3247 in mid-2024. We have incorporated the potential for additional indications for SAT-3247 into our model, which has increased our valuation to \$1.00 per share.

## PROJECTED FINANCIALS

Satellos Biosciences Inc. (in \$USD)	2022 A	Q1 A	Q2 A	Q3 A	Q4 E	2023 E	2024 E	2025 E
DMD Program	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Additional Indication	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Income	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total Revenues</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
CoGS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
R&D	\$1.9	\$0.5	\$0.6	\$2.0	\$0.5	\$3.7	\$2.2	\$2.4
SG&A	\$3.0	\$0.6	\$1.3	\$1.3	\$0.9	\$4.1	\$3.3	\$3.5
Stock-based compensation	\$1.1	\$0.2	\$0.3	\$0.0	\$0.0	\$0.4	\$1.3	\$1.4
Depreciation and Amortization	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.3	\$0.3
Other expenses	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1
<b>Operating Income</b>	<b>(\$6.3)</b>	<b>(\$1.3)</b>	<b>(\$2.3)</b>	<b>(\$3.3)</b>	<b>(\$1.4)</b>	<b>(\$8.3)</b>	<b>(\$7.3)</b>	<b>(\$7.7)</b>
Operating Margin	-	-	-	-	-	-	-	-
Interest & Other Income	\$2.1	\$0.0	\$0.8	\$0.7	\$0.0	(\$0.1)	\$0.1	\$0.1
<b>Pre-Tax Income</b>	<b>(\$8.4)</b>	<b>(\$1.3)</b>	<b>(\$3.1)</b>	<b>(\$2.7)</b>	<b>(\$1.4)</b>	<b>(\$8.4)</b>	<b>(\$7.2)</b>	<b>(\$7.6)</b>
Taxes & Other	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%
<b>Net Income</b>	<b>(\$8.4)</b>	<b>(\$1.3)</b>	<b>(\$3.1)</b>	<b>(\$2.7)</b>	<b>(\$1.4)</b>	<b>(\$8.4)</b>	<b>(\$7.2)</b>	<b>(\$7.6)</b>
<b>Reported EPS</b>	<b>(\$0.23)</b>	<b>(\$0.03)</b>	<b>(\$0.04)</b>	<b>(\$0.02)</b>	<b>(\$0.01)</b>	<b>(\$0.10)</b>	<b>(\$0.06)</b>	<b>(\$0.06)</b>
Weighted Shares Outstanding	35.7	41.9	78.2	112.8	113.0	86.5	115.0	125.0

Source: Zacks Investment Research, Inc. David Bautz, PhD

## HISTORICAL STOCK PRICE



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