



Horizon Technology Finance

A LIFE SCIENCES & TECHNOLOGY VENTURE LENDING PARTNER

Stealth BioTherapeutics Completes a \$25 Million Debt Financing with Horizon Technology Finance

October 4, 2021

BOSTON, Oct. 4, 2021 /PRNewswire/ -- Stealth BioTherapeutics Corp (Nasdaq: MITO), a clinical-stage biotechnology company focused on the discovery, development, and commercialization of novel therapies for diseases involving mitochondrial dysfunction, today announced completion of a \$25 million long-term debt facility led by Horizon Technology Finance Corporation (Nasdaq: HRZN) ("Horizon"). Stealth has drawn down \$15 million under the facility with an additional \$10 million available upon achievement of a predetermined milestone.



"We are pleased to partner with Horizon to address our funding needs in a manner that balances our near-term capital requirements with our sensitivity to shareholder dilution," said Reenie McCarthy, Chief Executive Officer. "This transaction strengthens and extends our financial resources as we plan to initiate several new clinical trials in the coming months, progress our commercial planning for Barth syndrome, for which we have recently submitted an NDA that is subject to FDA review, and prepare for Phase 2 data readout in extra-foveal geographic atrophy associated with dry AMD."

Gerald A. Michaud, President of Horizon stated, "We are delighted to provide this financing that will enable Stealth to advance its development of novel therapies for rare and common diseases of mitochondrial dysfunction for which there are no approved treatments. This investment in Stealth provides another example of our ability to finance life sciences companies through multiple stages of development and through various value inflection points."

Fifteen million dollars of the \$25 million facility was funded upon closing and \$5.7 million of which was utilized to payoff Stealth's existing term loan with Hercules Capital. The additional \$10 million available under the facility may be funded upon Stealth achieving a predetermined milestone. Each advance under the debt facility will be repaid in 48 monthly payments consisting of 18 monthly payments of interest only, followed by 30 monthly payments of principal and accrued interest, and will be payable monthly in arrears. The interest-only period may be extended to 24 months contingent upon Stealth achieving certain milestones, followed by 24 monthly payments of principal and accrued interest. In connection with the financing, Stealth issued Horizon warrants to purchase up to 13,636,364 ordinary shares at an exercise price of \$0.11 per share (or \$1.33 per American Depository Share ("ADS") of the Company on an ADS equivalent basis). Proceeds from the facility will be used to support the ongoing clinical development of key investigational product candidates within Stealth's pipeline and for general working capital purposes.

About Stealth

We are a clinical-stage biotechnology company focused on the discovery, development, and commercialization of novel therapies for diseases involving mitochondrial dysfunction. Mitochondria, found in nearly every cell in the body, are the body's main source of energy production and are critical for normal organ function. Dysfunctional mitochondria characterize a number of rare genetic diseases and are involved in many common age-related diseases, typically involving organ systems with high energy demands such as the heart, the eye, and the brain. We believe our lead product candidate, elamipretide, has the potential to treat both rare metabolic cardiomyopathies, such as Barth, Duchenne muscular dystrophy and Friedreich's ataxia, rare mitochondrial diseases entailing nuclear DNA mutations, as well as ophthalmic diseases entailing mitochondrial dysfunction, such as dry age-related macular degeneration and Leber's hereditary optic neuropathy. We are evaluating our second-generation clinical-stage candidate, SBT-272, and our new series of small molecules, SBT-550, for rare neurological disease indications following promising preclinical data. We have optimized our discovery platform to identify novel mitochondria-targeted compounds which may be nominated as therapeutic product candidates or utilized as mitochondria-targeted vectors to deliver other compounds to mitochondria.

About Horizon Technology Finance

Horizon Technology Finance Corporation (NASDAQ: HRZN) is a leading specialty finance company that provides capital in the form of secured loans to venture capital backed companies in the technology, life science, healthcare information and services, and sustainability industries. The investment objective of Horizon is to maximize its investment portfolio's return by generating current income from the debt investments it makes and capital appreciation from the warrants it receives when making such debt investments. Horizon is headquartered in Farmington, Connecticut, with a regional office in Pleasanton, California, and investment professionals located in Portland, Maine, Austin, Texas, and Reston, Virginia. To learn more, please visit www.horizontechfinance.com.

Forward-looking Statements

This press release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements include those regarding Stealth BioTherapeutics' plans, strategies and expectations for its preclinical and clinical advancement of its drug development programs, including its ongoing clinical trials of elamipretide and planned clinical trial of SBT-272; its expectations regarding regulatory interactions regarding its recent submission of an NDA for Barth syndrome, including its belief that the existing data may provide sufficient evidence to support NDA review; its plans for the use of proceeds from the facility; the potential benefits of Stealth BioTherapeutics' product candidates; its key milestones for 2021 and 2022; and its plans regarding future data presentations. Statements that are not historical facts, including statements about Stealth BioTherapeutics' beliefs, plans and expectations, are forward-looking statements. The words "anticipate," "expect," "hope," "plan," "potential," "possible," "will," "believe," "estimate," "intend," "may," "predict," "project," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Stealth BioTherapeutics may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements, and you should not place undue reliance on these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements as a result of known and unknown risks, uncertainties and other important factors, including: Stealth BioTherapeutics' ability to obtain additional funding and to continue as a going concern; the impact of the COVID-19 pandemic; the ability to successfully demonstrate the efficacy and safety of Stealth BioTherapeutics' product candidates and future product candidates; the preclinical and clinical results for Stealth BioTherapeutics' product candidates, which may not support further development and marketing approval; the potential advantages of Stealth BioTherapeutics' product candidates; the content and timing of decisions made by the FDA, the EMA or other regulatory authorities, investigational review boards at clinical trial sites and publication review bodies, which may affect the initiation, timing and progress of preclinical studies and clinical trials of Stealth BioTherapeutics product candidates; the possibility that the FDA will not file the Barth NDA; Stealth BioTherapeutics' ability to obtain and maintain requisite regulatory approvals and to enroll patients in its planned clinical trials; unplanned cash requirements and expenditures; competitive factors; Stealth BioTherapeutics' ability to obtain, maintain and enforce patent and other intellectual property protection for any product candidates it is developing; and general economic and market conditions. These and other risks are described in greater detail under the caption "Risk Factors" included in the Stealth BioTherapeutics' most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission ("SEC"), as well as in any future filings with the SEC. Forward-looking statements represent management's current expectations and are inherently uncertain. Except as required by law, Stealth BioTherapeutics does not undertake any obligation to update forward-looking statements made by us to reflect subsequent events or circumstances.

Investor Relations

Stern Investor Relations
Janhavi Mohite, 212-362-1200
IR@StealthBT.com

 View original content to download multimedia: <https://www.prnewswire.com/news-releases/stealth-biotherapeutics-completes-a-25-million-debt-financing-with-horizon-technology-finance-301391373.html>

SOURCE Stealth BioTherapeutics Inc.