Hemostemix Offers up to 500 6% Convertible Debentures, Convertible into an ACP-01 Therapeutic Production Slot that is Subject to Compassionate Exemption from Regulatory Approval

written by Raj Shah | March 7, 2023

March 7, 2023 (Source) – Hemostemix Inc. (TSXV: HEM) (OTCQB: HMTXF) (FSE: 2VF0) ("HEM" or the "Company") is pleased to announce it is selling up to 500 five-year 6% unsecured convertible debentures ("CD") at USD $35,000 each. The CD can be converted into one of 500 ACP-01 therapeutic production slots ("TPS"), subject to patients' compassionate exemption from regulatory approval, or is convertible into Common Shares of Hemostemix as described below.

Tranche 1 of the CD TPS program is structured to sell 500 units to raise capital of up to USD $17,500,000 that may convert to future revenue of up to USD $17,500,000. For example, each $35,000 CD could generate future revenue of up to $35,000 when it is converted by the purchaser into an ACP-01 TPS.

"43 of 46 (93.5%) ACP-01 recipients in the phase II clinical trial saved a limb from amputation, so forward sales of ACP-01 promises to vastly improve quality of life, and generate capital that converts to revenue," stated Thomas Smeenk, CEO. "Sold in tranches, exempt compassionate treatment revenue will de-risk

the company, ramp-up production based on sales, fund necessary clinical trials and the scale-up of production to 4,000 batches per month, and enable us to work on the first dividend to our shareholders of a new company that will further realize the value of our technologies" Smeenk said.

Each CD TPS will be sold to purchasers who seek a compassionate treatment, or to clinics who seek to offer a compassionate treatment of ACP-01, on a sequential first-come first-serve basis. The CD will convert to a TPS when the purchaser provides Hemostemix with the compassionate exemption from regulatory approval in the jurisdiction of treatment.

Hemostemix may contract with the purchaser to compile the purchaser's compassionate exemption application, to generate additional revenue, and the Company may follow each patient in the same way it followed subjects in its Phase II clinical trial, to define the safety and statistical efficacy of ACP-01 in this cohort of patients.

The target markets are the 17 Phase II clinical trial sites, clinicians, podiatrists, and the patients who suffer from critical limb ischemia ("CLI") with no surgical options, globally. CLI is the most severe form of peripheral arterial disease ("PAD"). Worldwide, approximately 200 million suffer from PAD. Leg amputation, as a result of end stage CLI, gives rise to an annual leg amputation risk of 40% and a 5-year survival rate of <30%. (Brodmann, M., *Critical Limb Ischemia:Epidemiology and Clinical Presentation*).

The CD may convert into a TPS, or into Hemostemix Common Shares at the greater of $1 per share or the 10-day weighted average price on the date preceding conversion. Each CD accrues simple interest of 6% per year, or part thereof, payable in common shares at redemption or conversion. Each CD is transferable to a

third party, including to charitable organizations, and each CD can be redeemed at any time by the Company at cost plus accrued interest. At maturity, the Company may choose to convert each CD into Common Shares at the greater of $1 per share or the 10-day weighted average price on the date preceding conversion.

The Convertible Debenture is subject to all necessary regulatory approvals including acceptances from securities regulators and the TSX Venture Exchange. All securities and Convertible Debentures issued in connection with the Offering will be subject to definitive documentation and applicable Canadian securities laws. In addition, other restrictions may apply under applicable securities laws when sold in jurisdictions outside of Canada.

The Company will use the funds raised for the re-establishment of the production facility, hiring and training of staff, manufacturing of ACP-01 for both clinical trials and therapeutic production slots, and general working capital. There is a risk that ACP-01 TPS will not be available to the purchaser in their jurisdiction. While the Company has produced ACP-01 and holds the know-how, show-how and formulations of ACP-01, there is no guarantee that the proceeds raised from the CD will be sufficient to fund the re-establishment of ACP-01 production, be sufficient to produce ACP-01, or be sufficient to manufacture ACP-01 for a treatment once it is exempted from regulatory approval.

ABOUT HEMOSTEMIX

Hemostemix is an autologous stem cell therapy company, founded in 2003. A winner of the World Economic Forum Technology Pioneer Award, the Company has developed, patented, and is scaling a patient’s blood-based stem cell therapeutics platform that includes angiogenic cell precursors, neuronal cell precursor and

cardiomyocyte cell precursors. For more information, please visit **www.hemostemix.com.**

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Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined under the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Information*: This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward-looking information. In particular, this news release contains forward-looking information in relation to: the sale of a block of 500 treatments as a financial instrument in the form of a convertible debenture convertible into an ACP-01 treatment that is subject to regulatory approvals of securities regulators and the TSX Venture Exchange and other regulators including healthcare regulators, financing of the Company and its lead product ACP-01, the Phase II Clinical Trial of ischemic cardiomyopathy and related results, the retrospective study of ischemic and dilated cardiomyopathy, and generally the commercialization of ACP-01 via the sale of compassionate treatments approved by regulators. There can be no assurance that such forward-looking information will prove to be accurate. Actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects Hemostemix's current beliefs and is based on information currently available to Hemostemix and on assumptions Hemostemix believes are reasonable. These assumptions include, but are not limited to:*

*the underlying value of Hemostemix and its Common Shares; the successful resolution of the litigation that Hemostemix is pursuing or defending (the "**Litigation**"); the results of ACP-01 research, trials, studies and analyses, including the analysis being equivalent to or better than previous research, trials or studies; the receipt of all required regulatory approvals for research, trials or studies; the level of activity, market acceptance and market trends in the healthcare sector; the economy generally; consumer interest in Hemostemix's services and products; competition and Hemostemix's competitive advantages; and Hemostemix obtaining satisfactory financing to fund Hemostemix's operations including any research, trials or studies, and any Litigation. Forward-looking information is Subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Hemostemix to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the ability of Hemostemix to complete clinical trials, complete a satisfactory analyses and file the results of such analyses to gain regulatory approval of a phase II or phase III clinical trial of ACP-01; potential litigation Hemostemix may face; general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations including the actual results of future research, trials or studies; competition; changes in legislation affecting Hemostemix; the timing and availability of external financing on acceptable terms; long-term capital requirements and future developments in Hemostemix's markets and the markets in which it expects to compete; lack of qualified, skilled labour or loss of key individuals; and risks related to the COVID-19 pandemic including various recommendations, orders and*

measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, disruptions to economic activity and financings, disruptions to supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession or depression; the potential impact that the COVID-19 pandemic may have on Hemostemix which may include a decreased demand for the services that Hemostemix offers; and a deterioration of financial markets that could limit Hemostemix's ability to obtain external financing. A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in Hemostemix's disclosure documents on the SEDAR website at www.sedar.com. Although Hemostemix has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Hemostemix as of the date of this news release and, accordingly, it is Subject to change after such date. However, Hemostemix expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.