



OTSUKA PHARMACEUTICAL TO ACQUIRE MINDSET PHARMA

August 31, 2023 – Toronto, Ontario - Mindset Pharma Inc. ("**Mindset**") (CSE: **MSET**) (FSE: **9DF**) (OTCQB: **MSSTF**), a drug discovery company developing novel, optimized, next-generation psychedelic and non-psychedelic medications to treat neuropsychiatric and neurological disorders with unmet medical needs, announce that they have entered into a definitive arrangement agreement (the "**Agreement**") pursuant to which Otsuka Pharmaceutical Co., Ltd. ("**Otsuka**"), through its wholly-owned subsidiary Otsuka America, Inc. ("**OAI**") will acquire all of the outstanding shares of Mindset by way of a statutory plan of arrangement for approximately CAD \$80 million in an all-cash transaction (the "**Transaction**").

Under the terms and conditions of the Agreement, each Mindset shareholder will receive \$0.75 in cash for each share of Mindset held. The Transaction price represents as 15.4% premium to the closing price of the shares of Mindset on August 30, 2023, a 27.9% premium based on Mindset's 30-trading day volume weighted average price ("**VWAP**") and a 51.5% premium based on Mindset's 90-trading day VWAP for the period ending August 30, 2023. Holders of outstanding options and warrants to purchase shares of Mindset will receive a cash payment for the "in-the-money" value, if any, in respect of all vested options and warrants of Mindset.

Makoto Inoue, president and representative director of Otsuka commented, "Otsuka Pharmaceutical has designated psychiatry and neurology as one of its top priority therapeutic areas and has been developing antipsychotic agents with clinical significance on a global basis. With the addition of Mindset's novel compounds and synthesis processes, we expect this acquisition will further contribute to the treatment of patients suffering from psychiatric disorders."

James Lanthier, CEO of Mindset said, "We are thrilled to announce this all-cash transaction with Otsuka as we believe it maximizes value and is a great outcome for all Mindset stakeholders. We believe Otsuka is ideally positioned to maximize the value of the Mindset assets and IP portfolio to the future benefit of patients."

Transaction Highlights

- Offering Mindset shareholders an immediate and attractive premium.
- Directors, officers and shareholders of Mindset holding an aggregate number of shares of Mindset which represent approximately 30.13% of the currently outstanding common shares in the capital of Mindset have entered into customary support agreements with OAI to vote their shares in favour of the Transaction.

Details of the Transaction

Completion of the Transaction will, among other things, require the approval of: (i) at least two-thirds ($66\frac{2}{3}\%$) of the votes cast by the shareholders of Mindset; and (ii) a simple majority of the votes cast by shareholders of Mindset, excluding for this purpose the votes of "related parties" and "interested parties" and other votes required to be excluded under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, with all votes to occur at a special meeting of Mindset securityholders to be scheduled to take place in October 2023 (the "**Mindset Meeting**").

The Agreement includes mutual covenants typical for transactions of this nature, including non-solicitation covenants. The Agreement provides for a \$4,000,000 termination fee payable by Mindset in certain circumstances.

The Transaction is expected to close on or about October 19, 2023, subject to the satisfaction (or waiver) of a number of conditions precedent, including approval by the Supreme Court of British Columbia.

The Transaction has been unanimously approved by the respective boards of Otsuka and Mindset. The board of directors of Mindset (the "**Mindset Board**") formed a special committee (the "**Special Committee**") to, among other things, oversee the negotiations of the terms of the Transaction. The Special Committee, following its review of the terms and conditions of the Agreement and consideration of a number of factors and after receiving advice from its advisors, including an opinion from Echelon Capital Markets that the consideration to be received by the shareholders of Mindset pursuant to the Transaction is fair, from a financial point of view, to such shareholders, unanimously recommended that the Mindset Board approve the Transaction. After receiving the recommendation of the Special Committee and advice from its advisors, the Mindset Board has unanimously determined that the Transaction is in the best interests of Mindset and recommends that shareholders of Mindset vote in favour of the Transaction.

Mindset will file a material change report in respect of the Arrangement, and copies of the Arrangement Agreement, the plan of arrangement and the forms of voting support agreements will be filed with the applicable Canadian securities regulators and will be available for review on SEDAR+ at www.sedarplus.ca. Full details of the Transaction will be included in the management information circular of Mindset describing the matters to be considered at the Mindset Meeting, which is expected to be mailed to the shareholders of Mindset in late September 2023. Copies of the management information circular and the Agreement will be made available on SEDAR+ (www.sedarplus.ca) under the profile of Mindset.

About Otsuka

Otsuka Pharmaceutical Co., Ltd. is a global healthcare company with the corporate philosophy, *Otsuka—people creating new products for better health worldwide*. Otsuka researches, develops, manufactures, and markets innovative products, with a focus on pharmaceutical products to meet unmet medical needs and nutraceutical products for the maintenance of everyday health.

In pharmaceuticals, Otsuka is a leader in the challenging areas of mental, renal, and cardiovascular health and has additional research programs in oncology and on several under-addressed diseases including tuberculosis, a significant global public health issue. These commitments illustrate how Otsuka is a “big venture” company at heart, applying a youthful spirit of creativity in everything it does.

Otsuka first established a presence in North America in 1973 and established Otsuka Canada Pharmaceutical, Inc. (OCPI) in 2010, with headquarters in Saint-Laurent, Quebec. U.S. affiliates include Otsuka Pharmaceutical Development & Commercialization, Inc. (OPDC) and Otsuka America Pharmaceutical, Inc. (OAPI). These three companies’ 2,140 employees in North America develop and commercialize medicines in the areas of mental health and nephrology, using cutting-edge technology to address unmet healthcare needs.

OCPI, OPDC and OAPI are indirect subsidiaries of Otsuka Pharmaceutical Company, Ltd., which is a subsidiary of Otsuka Holdings Co., Ltd. headquartered in Tokyo, Japan. The Otsuka group of companies employed 47,000 people worldwide and had consolidated sales of approximately USD 13.1 billion in 2022.

About Mindset

Mindset Pharma Inc. is a drug discovery and development company focused on creating optimized and patentable best-in-class innovative next-generation psychedelic medicines to treat neurological and psychiatric disorders with unmet needs. Mindset was established in order to develop next-generation pharmaceutical assets that leverage the breakthrough therapeutic potential of psychedelic drugs.

Mindset is developing several novel families of next-generation psychedelic compounds, as well as an innovative process to chemically synthesize psilocybins in addition to its own proprietary compounds. The company has had a co-development agreement with the MSRDC, a member of the Otsuka Pharmaceutical family of companies, covering multiple drug development programs. For further information on Mindset, please visit our website at www.mindsetpharma.com.

Advisors

Generic Capital Corporation is acting as financial advisor to Mindset and Echelon Capital Markets is acting as financial advisor to the Special Committee. Irwin Lowy LLP is acting as legal counsel to Mindset in connection with the Transaction and Wildeboer Dellelce LLP is acting as counsel to the Special Committee. Echelon Capital Markets has provided a fairness opinion to the Special Committee in connection with the Transaction. Nomura Securities International, Inc. is acting as exclusive financial advisor to Otsuka in connection with the Transaction and McCarthy Tétrault LLP is acting as counsel to Otsuka.

For more information, please contact:

James Lanthier, CEO

Email: jlanthier@mindsetpharma.com

Jason Atkinson, VP, Corporate Development

Email: jatkinson@mindsetpharma.com

Phone: 416-479-4094

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking information under applicable Canadian, United States and other applicable securities laws, rules and regulations, including, without limitation, statements with respect to the completion of the Transaction, the conditions to the completion of the Transaction that must be fulfilled and the anticipated benefits and advantages of the Transaction. These statements relate to future events or future performance. The use of any of the words “could”, “intend”, “expect”, “believe”, “will”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on Mindset's current beliefs or assumptions as to the outcome and timing of such future events. There can be no assurance that such statements will prove to be accurate, as Mindset's actual results and future events could differ materially from those anticipated in these forward-looking statements. Factors that could cause actual results and future events to differ materially from those anticipated in these forward-looking statements include the risks, uncertainties and other factors and assumptions made with regard to Mindset's ability to complete the proposed Transaction; and Mindset's ability to secure the necessary shareholder, securityholder, legal and regulatory approvals required to complete the Transaction. Important factors that could cause actual results to differ materially from Mindset's expectations include risks associated with the business of Otsuka and Mindset; risks related to the satisfaction or waiver of certain conditions to the closing of the Transaction; non-completion of the Transaction; the impact of COVID-19 on Mindset's business; fluctuations in currency exchange rates; and other risk factors as detailed from time to time and additional risks identified in Mindset's filings with Canadian securities regulators on SEDAR+ in Canada (available at www.sedarplus.ca). Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Mindset. The forward-looking information contained in this news release is made as of the date hereof and Mindset undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on

forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.