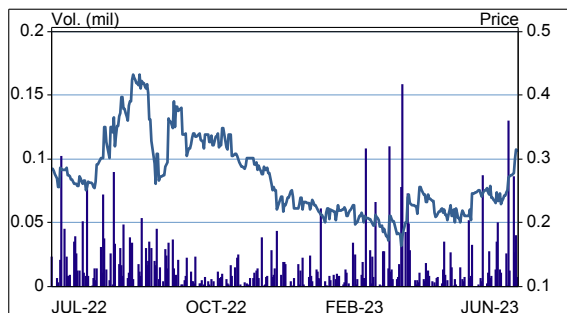


Mindset Pharma Inc. (MSSTF)
Rating: Buy

Patrick R. Trucchio, CFA
212-856-5749
ptrucchio@hcwresearch.com

Psychedelic Program MSP-1014 Could Emerge as Differentiated Depression Treatment; Collaborations on Track; Reiterate Buy

Stock Data		06/29/2023		
Price		\$0.31		
Exchange		OTC		
Price Target		\$5.00		
52-Week High		\$0.46		
52-Week Low		\$0.16		
Enterprise Value (M)		\$9		
Market Cap (M)		\$32		
Public Market Float (M)		81.3		
Shares Outstanding (M)		99.2		
3 Month Avg Volume		21,538		
Short Interest (M)		NA		
Balance Sheet Metrics				
Cash (M)		C\$4.10		
Total Debt (M)		C\$0.10		
Total Cash/Share		C\$0.04		
Book Value/Share		C\$0.09		
EPS (C\$) Diluted				
Full Year - Jun		2022A	2023E	2024E
1Q		(0.09)	(0.01)A	(0.03)
2Q		(0.08)	(0.02)A	(0.03)
3Q		(0.01)	(0.03)A	(0.03)
4Q		(0.01)	(0.03)	(0.03)
FY		(0.18)	(0.09)	(0.12)
Revenue (C\$M)				
Full Year - Jun		2022A	2023E	2024E
1Q		C\$0.0	C\$1.7A	C\$0.0
2Q		C\$0.0	C\$2.5A	C\$0.0
3Q		C\$2.3	C\$1.9A	C\$0.0
4Q		C\$1.6	C\$0.0	C\$0.0
FY		C\$3.9	C\$6.1	C\$0.0



Lead programs on track. In June, we caught up with Mindset Pharma CEO James Lanthier and CSO Joseph Araujo during the Psychedelic-Science 2023 Conference in Denver, CO (June 19-23), as well as during a pre-recorded session for the 4th Annual H.C. Wainwright Virtual Neuropsychiatry Conference; we also discussed psychedelic drug programs such as Mindset's with several key opinion leaders (KOLs) during our conference. We have come away from these discussions with increased confidence in Mindset's strategy to develop lead compound MSP-1014, a psilocybin analog, for patients with treatment-resistant depression (TRD), and to advance additional compounds in collaborations. Specifically, we believe the data generated to-date across competitor and investigator-initiated studies (IIS) points to a high probability of success in the MSP-1014 Phase 2a trial that may generate initial data by the end of 2023. Ahead of the release, we reiterate our Buy rating and \$5 price target on MSSTF shares.

MSP-1014 shines at 4th Annual H.C. Wainwright Virtual Neuropsychiatry Conference. On June 26, we hosted Mindset management along with leading mental health experts. Highlights: (1) although approximately 50% of patients who are treated for MDD respond to standard-of-care antidepressants, up to 33% of patients are at risk of developing treatment resistant depression (TRD); (2) achieving remission is more important than achieving response to treatment given that responders are more likely to relapse compared to patients in remission; (3) when evaluating novel mechanisms such as 5HT2A receptor agonists (MSP-1014 mechanism), existing depression scales relied on in Phase 2 and 3 trials such as the MADRS or HAM-D may not capture the full range of benefits of the compound; (4) SPRAVATO (esketamine) had a bumpy start given a mixed Phase 3 dataset and challenges tied to in-clinic treatment during the COVID-19 pandemic, though now appears to be increasing robustly, which the KOLs attribute to its rapid onset and robust remission rates in difficult-to-treat patients; (5) in the Phase 3b trial (ESCAPE-TRD) designed to evaluate the short- and long-term efficacy, safety, and tolerability of SPRAVATO compared with antipsychotic treatment, quetiapine extended release, with or without standard-of-care SSRI or SNRI treatment in adults with TRD, SPRAVATO met the primary endpoint demonstrating superior efficacy in achieving remission at Week 8, which may also be helping with uptake, and which we believe bodes well for additional psychedelics in development such as MSP-1014; (6) psilocybin has generated promising efficacy and safety data in various studies, particularly the Phase 2b trial that evaluated COMPASS Pathways' (CMPS; Buy) COMP360 in TRD patients, which we believe could also provide a positive read through to MSP-1014; (7) the KOLs are interested in how treatments that require psychological support before, during, or after treatment will be implemented in clinical practice; (8) the not-for-profit Usona Institute, which is conducting a Phase 2 trial with psilocybin in moderate-to-severe MDD patients, is expected to report top-line data in the near-term, which given a less severe patient population and thorough psychotherapy may not be comparable to the MSP-1014 Phase 2 trial, in our view; and (9) the MSP-1014 development program appears largely consistent with FDA draft guidance on psychedelic drug development issued on June 23, in our view.

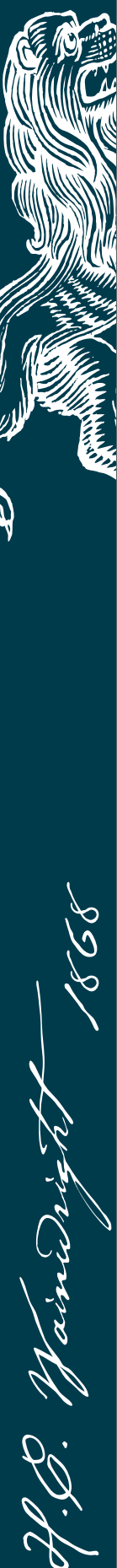


Exhibit 1. Multiple potential updates in 2023 to further de-risk Mindset's psychedelic pipeline.

Compound	Indication	Milestone	Timing	Comments	Impact
MSP-1014 (Family 1 lead compound)	Treatment Resistant Depression (TRD)	Phase 2a trial initiation	2Q23	• Important study of safety, tolerability, and efficacy; we will be looking for potential advantages vs. psilocybin.	• Medium
		Phase 2a trial initial data	Year-end 2023		• High
MSP-2020 and MSP-2003 Family 2 lead and second back-up compounds	Multiple indications	Phase 1 study completion	2024	• Important progress in early stage pipeline that includes potential psychoactive agents with increased potency and efficacy as compared to psilocin and psilocybin.	• Medium
Family 3 lead compound	Multiple indications	Phase 1 study start	TBA	• Important progress in early stage pipeline that includes potential psychoactive agents with subperceptual (or micro) dosing applications.	• Medium
Family 4 lead compound	Multiple indications	Phase 1 study start	TBA	• Important progress in early stage pipeline that includes potential psychoactive agents with shorter durations of action.	• Medium

Source: Company filings, H.C. Wainwright & Co.

Lead psychedelic program MSP-1014 is progressing to Phase 2. Mindset filed a Clinical Trial Application (CTA) in January and MSP-1014 is expected to enter Phase 2a development in 2Q23 with initial data possible by year-end 2023. Additionally, a potential Phase 2b trial could initiate in 2024. Separately, on May 12, 2022, Mindset announced it engaged with a UK-based contract research organization (CRO), Clerkenwell Health, to prepare for an initial scientific meeting with regulators to discuss Mindset's initial plans for clinical development and final patent application for MSP-1014. Recall that in preclinical studies, MSP-1014 demonstrated stronger 5-HT_{2A} activity than psilocybin, a long-acting psychoactive agent, and attenuated reduction in locomotor activity, and has also demonstrated consistent body temperature at higher doses, which could indicate a potential safety advantage according to Mindset. Additionally, Mindset has selected TRD as the lead indication for MSP-1014, which makes sense to us based on the compelling data generated to date in this indication with similar compounds in the drug class such as psilocybin. For additional details on MSP-1014, refer to our November 17, 2022, note entitled *HCW "At Home" Recap: Reiterate Buy Ahead of Advancement of Lead Psychedelic Compound MSP-1014 to Clinical Development*.

Family 2 compounds; potential to improve on existing psychoactive agent pharmacology. On October 5, Mindset announced that after extensive preclinical screening studies, a lead psychedelic drug clinical candidate, MSP-2020, and a second back-up drug candidate, MSP-2003, have been selected from its Family 2 program in collaboration with Otsuka, to advance to IND enabling studies. Importantly, MSP-2020 and MSP-2003 are both novel and patentable compounds; Phase 1 development is expected to begin over the next year. Recall that Mindset's second family compounds demonstrate increased potency and efficacy compared to psilocin, the active metabolite of psilocybin, and psilocybin based on both *in vitro* and *in vivo* data, respectively. Certain compounds also show oral bioavailability and are brain penetrant with *in vivo* pharmacokinetic (PK) evidence of shorter duration than psilocybin in rodents. This profile positions the second family of compounds as so-called third generation in-clinic psychoactive agent candidates. We note that Family 2 compounds are part of a co-development agreement with the McQuade Center for Strategic Research and Development (MSRD), a member of the global Otsuka family of pharmaceutical companies, which was established on January 5, 2022. For now, we do not include Family 2 compounds in our valuation of MSSTF, though we believe the collaboration could lead to an acceleration of the development of MSP-2020 and MSP-2003.

Family 3 compounds; potential subperceptual dosing could broaden the reach of psychedelics, in our view. The lead compound(s) from Family 3 is expected to enter Phase 1 development as early as 1H24. The third family demonstrates unique and promising *in vitro* profiles according to Mindset. In particular, certain compounds from the third family show a similar binding profile to the human 5-HT_{2A} receptor comparable to that of psilocin's, but with smaller effect size and a much longer duration of action based on human liver microsome stability data. As such, identified Family 3 compounds were determined to have potential to treat a range of mental health disorders in the form of daily, take-home, medications. Preclinical results suggest that a range of doses may be sub-hallucinogenic, and Mindset expects to evaluate this class of compounds for pro-cognitive benefits. The ability to provide pro-cognitive solutions without a psychedelic effect could suit vulnerable patient populations such as pediatric attention deficit hyperactivity disorder (ADHD), Alzheimer's disease, and a range of other psychiatric disorders. Broadly, we view Family 3 compounds as providing a broader application of psychoactive agents beyond mood disorders, and

believe Mindset is among the leaders in this discovery effort. For now, we do not include Family 3 compounds in our valuation, though we will continue to follow the potential clinical development of Mindset's subperceptual dosing program.

Family 4 compounds; short-acting psychoactive agents represent next potential wave of upside, in our view. The lead compound(s) from Family 4 is expected to enter Phase 1 development as early as 1H24. Recall that in September 2021, Mindset identified three pipeline opportunities from its short-acting psychedelic, DMT and 5-MeO-DMT-inspired novel drug candidates, MSP-4018, MSP-4019 and MSP-4020. In preclinical studies, MSP-4018, MSP-4019 and MSP-4020 demonstrated a significant decrease in signs of serotonergic toxicity, which is a considerable health risk associated with the first-generation psychedelic, 5-MeO-DMT, according to Mindset. Broadly, we view shorter-acting tryptamines as being potentially disruptive in the psychoactive agent space and with Mindset developing a next generation form of these compounds, Mindset could be ideally positioned to benefit from potential optimized pharmacology compared to longer acting tryptamines such as psilocybin and LSD. We note that Family 4 compounds are under the aforementioned co-development agreement with MSRD, which was established on January 5, 2022. For now, we do not include Family 4 compounds in our valuation of MSSTF, though we believe the collaboration could lead to an acceleration of a lead candidate program emerging from Family 4.

Mindset augments its own IP positioning; faces lawsuit from Reunion regarding separate IP. On February 2, Mindset announced the U.S. Patent and Trademark Office (USPTO) granted allowance for Family 1 patent application number 17/743,718, including certain deuterated psilocybin analogs from Family 1. This announcement followed one from January 20 in which Mindset noted the USPTO has granted allowance for patent application number 17/833,341, which includes MSP-1014, its backup MSP-1009, as well as additional prodrug candidates belonging to Family 1. Separately, on March 13, Reunion Neuroscience (REUN; Buy) announced it filed a lawsuit against Mindset in the US District Court, alleging that Mindset knowingly copied Reunion's RE104 compound and misleadingly presented that exact composition to the USPTO as Mindset's invention while applying for U.S. Patent No. 11,591,353 ('353 Patent). Reunion seeks to add Dr. Nathan Bryson, Reunion's Chief Scientific Officer, as an inventor of the '353 Patent. Reunion additionally asserts claims for, among others, co-ownership of the '353 Patent, inequitable conduct in the prosecution of the '353 Patent, and breach of contract. We await further information on this case, and for now, we do not include any impact on our revenue estimates for Mindset.

Cybin collaboration provides another potential source of cash. On September 27, 2022, Mindset announced an exclusive licensing agreement with Cybin (CYBN; Buy) for Cybin to acquire intellectual property (IP) rights for a subset of Mindset's preclinical compounds within the "Family 1" portfolio, excluding MSP-1014. The agreement included an initial payment to Mindset of \$0.5M along with clinical development milestone payments that could equate up to \$9.5M upon completion of agreed milestones including the approval and commercialization of the first drug candidate. The agreement also includes sales royalties of approximately 2% for all commercialized products from the agreement.

Model update. We updated our model for the F3Q23 earnings filing in SEDAR, a Canadian securities filing system. Mindset ended F3Q23 with cash and investments of C\$7.3M (vs. our C\$15M estimate) with the variance owed to a capital raise that did not occur. We also fine-tuned our expense estimates. Our EPS revisions are included in the Exhibit below.

Exhibit 2. HCW new vs. prior estimates.

C\$ in millions, unless otherwise noted

Revenue	F4Q23E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E
HCW prior estimates	0.0	4.2	0.0	0.0	6.6	52.8	120.0
% chg	NM	NM	NM	NM	NM	703%	127%
HCW new estimates	0.0	6.1	0.0	0.0	6.6	52.8	120.0
% chg	NM	NM	NM	NM	NM	703%	127%
IFRS EPS	F4Q23E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E
HCW prior estimates	(\$0.03)	(\$0.08)	(\$0.11)	(\$0.08)	(\$0.09)	(\$0.05)	(\$0.00)
HCW new estimates	(\$0.03)	(\$0.09)	(\$0.12)	(\$0.07)	(\$0.07)	(\$0.06)	(\$0.02)

*Note: FactSet consensus includes only one estimate in most periods, so is not included above.

Source: Company filings, FactSet, H.C. Wainwright & Co. estimates

Note: FactSet (FDS; not rated) mentioned above.

Valuation and risks. We value Mindset Pharma using a discounted cash flow (DCF)-based methodology. We assume a probability of success of 25% for MSP-1014 in TRD and end of life cancer angst. We model equity raises of C\$25-C\$100M annually from F2023E to F2028E to fund clinical development and the potential therapy launch, which could dilute existing shareholders. We employ a 12% discount rate and a terminal multiple of 6.0x. We convert the implied value of equity in Canadian dollars to U.S. dollars at a rate of 0.75. Taken together, these considerations lead to a total firm value of approximately \$0.5B

or \$5 price target. We note that Mindset Pharma trades on the U.S. OTC, which could bring with it increased risk of investment including liquidity risk and regulatory disclosure risk. Additional risks include though are not limited to: (1) clinical development risk tied to lead program MSP-1014 and the next generation programs to follow; (2) competitor risk in relevant therapeutic areas; (3) government regulatory risk, such as in the need to re-schedule psychedelics, which are often classified as illegal substances in countries around the world; (4) capital market and dilution risk; (5) commercialization risk, and in particular the build out of a therapist network to deliver psychedelic-assisted therapy in accordance with a potential FDA label; (6) reimbursement risk; (7) pricing risk; (8) business development risk; (9) risk from COVID-19 should a renewed wave lead to re-enactment of broad lock-downs globally; and (10) disruptions to clinical trials owing to the war in Eastern Europe.

C\$ in millions, unless otherwise noted

	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Jun-23	Jun-24	Jun-25	F2026E	F2027E	F2028E
	F2021A	F1Q22A	F2Q22A	F3Q22A	F4Q22A	F2022A	F1Q23A	F2Q23A	F3Q23A	F4Q23E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E
Revenues	0.0	0.0	0.0	2.3	1.6	3.9	1.7	2.5	1.9	0.0	6.1	0.0	0.0	6.6	52.8	120.0
% chg	NM	NM	NM	NM	NM	NM	NM	NM	-16.6%	-100.0%	56.4%	-100.0%	NM	NM	702.8%	127.4%
Cost of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	5.0	10.8
% chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	662.7%	115.4%
% of sales	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	10.0%	9.5%	9.0%
Gross profit	0.0	0.0	0.0	2.3	1.6	3.9	1.7	2.5	1.9	0.0	6.1	0.0	0.0	5.9	47.7	109.2
% chg	NM	NM	NM	NM	NM	NM	NM	NM	-16.6%	-100.0%	56.4%	-100.0%	NM	NM	707.3%	128.6%
% of sales	NM	NM	NM	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	NM	NM	90.0%	90.5%	91.0%
bp chg	NM	NM	NM	NM	NM	NM	NM	NM	0.0	0.0	0.0	NM	NM	NM	50.0	50.0
Research and development expenses	2.2	1.4	2.5	2.3	1.2	7.4	1.4	3.7	2.8	1.4	9.3	7.5	12.5	27.5	42.5	57.5
% chg	NM	NM	705.0%	265.9%	-4.6%	232.9%	-2.3%	49.3%	22.7%	12.2%	25.2%	-18.7%	66.4%	119.7%	54.5%	35.3%
% of sales	NM	NM	NM	99.9%	75.0%	189.3%	79.1%	149.7%	146.9%	NM	151.6%	NM	NM	418.9%	80.6%	48.0%
General and administrative expenses	2.5	2.2	3.5	1.4	0.9	8.1	0.8	0.8	0.7	0.9	3.3	5.5	6.5	7.5	8.5	9.5
% chg	752.6%	1019.6%	675.9%	37.2%	12.1%	224.8%	-63.1%	-76.0%	-50.6%	0.0%	-59.2%	66.3%	18.3%	15.4%	13.4%	11.8%
% of sales	NM	NM	NM	59.9%	57.4%	206.7%	48.2%	33.9%	35.5%	NM	53.9%	NM	NM	113.7%	16.1%	7.9%
Sales and marketing expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	10.0	40.0	45.0
% chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	100.0%	300.0%	12.5%
% of sales	NM	NM	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	NM	0.0%	NM	NM	152.2%	75.8%	37.5%
Share-based compensation	2.0	4.3	0.7	0.0	0.0	5.0	0.0	0.0	1.4	1.0	2.4	8.0	10.0	12.0	14.0	16.0
% chg	951.4%	NM	NM	NM	NM	150.5%	NM	-100.0%	5184.9%	4018.8%	-51.4%	228.2%	25.0%	20.0%	16.7%	14.3%
% of sales	NM	NM	NM	1.2%	1.5%	128.4%	2.8%	0.0%	73.6%	NM	39.9%	NM	NM	182.6%	26.5%	13.3%
Total operating expenses	6.7	7.9	6.7	3.6	2.2	20.5	2.2	4.6	4.8	3.3	15.0	21.0	34.0	57.0	105.0	128.0
% chg	1292.2%	NM	499.0%	124.8%	-41.3%	205.3%	-71.6%	-32.0%	32.7%	51.2%	-26.8%	40.1%	61.9%	67.6%	84.2%	21.9%
% of sales	NM	NM	NM	161.0%	133.9%	524.4%	130.1%	183.5%	256.0%	NM	245.3%	NM	NM	867.4%	199.0%	106.7%
Operating income (loss)	(6.7)	(7.9)	(6.7)	(1.4)	(0.6)	(16.6)	(0.5)	(2.1)	(2.9)	(3.3)	(8.9)	(21.0)	(34.0)	(51.1)	(57.3)	(18.8)
% chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
% of sales	NM	NM	NM	NM	NM	NM	-30.1%	-83.5%	-156.0%	NM	-145.3%	NM	NM	NM	NM	NM
bp chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
EBITDA	(6.7)	(7.9)	(6.7)	(1.4)	(0.6)	(16.6)	(0.5)	(2.1)	(2.9)	(3.3)	(8.9)	(21.0)	(33.9)	(50.8)	(56.3)	(16.8)
% chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
% of sales	NM	NM	NM	NM	NM	NM	-30.1%	-83.5%	-156.0%	NM	-145.3%	NM	NM	NM	NM	-14.0%
D&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	1.0	2.0
Total other income/(expenses)	(4.9)	(0.0)	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax income (loss)	(11.7)	(7.9)	(6.8)	(1.4)	(0.6)	(16.6)	(0.5)	(2.1)	(2.9)	(3.3)	(8.9)	(21.0)	(34.0)	(51.1)	(57.3)	(18.8)
% chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
% of sales	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax rate	NM	NM	NM	NM	NM	NM	NM	NM	NM	0.0	NM	NM	NM	0.0	0.0	0.0%
IFRS net income (loss)	(11.7)	(7.9)	(6.8)	(1.4)	(0.6)	(16.6)	(0.5)	(2.1)	(2.9)	(3.3)	(8.9)	(21.0)	(34.0)	(51.1)	(57.3)	(18.8)
% chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
% of sales	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
IFRS EPS	(\$0.20)	(\$0.09)	(\$0.08)	(\$0.01)	(\$0.01)	(\$0.18)	(\$0.01)	(\$0.02)	(\$0.03)	(\$0.03)	(\$0.09)	(\$0.12)	(\$0.07)	(\$0.07)	(\$0.06)	(\$0.02)
% chg	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Shares outstanding	57.7	86.0	89.1	92.3	92.8	90.1	94.7	95.2	99.2	99.7	97.2	176.7	454.2	705.1	933.3	1,140.8

Source: Company filings, H.C. Wainwright & Co. estimates

C\$ in millions, unless otherwise noted

	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Jun-23	Jun-24	Jun-25	F2026E	F2027E	F2028E
	F2021A	F1Q22A	F2Q22A	F3Q22A	F4Q22A	F2022A	F1Q23A	F2Q23A	F3Q23A	F4Q23E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E
Net income (loss)	(11.7)	(7.9)	(6.8)	(1.4)	(0.6)	(16.6)	(0.5)	(2.1)	(2.9)	(3.3)	(8.9)	(21.0)	(34.0)	(51.1)	(57.3)	(18.8)
Depreciation and amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	1.0	2.0
Change in fair value of convertible debentures	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accretion of lease liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation of right-of-use assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares issued for consulting	0.0	0.0	1.5	0.2	0.0	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reverse takeover transaction cost	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based compensation	2.0	4.3	0.7	0.0	0.0	5.0	0.0	0.0	1.4	0.0	1.4	0.0	0.0	0.0	0.0	0.0
All other	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in working capital																
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(15.0)	(25.0)	(25.0)
Receivable and other assets	(2.6)	0.9	0.8	0.9	(0.1)	2.4	(0.3)	0.2	(0.3)	0.0	(0.4)	0.0	0.0	(13.7)	(15.0)	(15.0)
HST recoverable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Prepaid expenses - non-current	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract liability	0.0	0.0	0.6	8.4	(1.6)	7.4	2.3	0.7	(1.0)	0.0	2.0	0.0	0.0	0.0	0.0	0.0
Trade and other payables	0.7	0.6	(0.1)	0.4	(0.5)	0.4	(0.3)	0.2	0.7	0.2	0.8	1.0	1.0	10.0	10.0	10.0
Total changes in working capital	(1.9)	1.5	1.3	9.7	(2.3)	10.1	1.7	1.1	(0.7)	0.2	2.4	1.0	1.0	(18.7)	(30.0)	(30.0)
Cash from operating activities	(8.4)	(2.2)	(3.2)	8.6	(2.8)	0.4	1.2	(0.9)	(2.2)	(3.1)	(5.0)	(20.0)	(32.8)	(69.5)	(86.3)	(46.8)
Cash acquired from reverse takeover transaction	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from sale of marketable securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchases of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchases of property and equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.0)	(5.0)	(8.0)	(9.0)
Cash from investing activities	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(2.0)	(5.0)	(8.0)	(9.0)
Proceeds, IPO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments of IPO costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Convertible debenture	0.4	0.0	(0.1)	0.0	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payments made to lease liability	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Proceeds from shares to be issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds, offering of shares, net	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.8	95.0	95.0	95.0	95.0
Proceeds from exercise of warrants, net	0.7	0.7	0.6	0.4	0.3	1.9	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Proceeds, exercise of stock options, net	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.3	0.0	0.0	0.0	0.0	0.0
All others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash from financing activities	13.4	0.7	0.4	0.4	0.3	1.7	0.3	(0.0)	0.2	0.0	0.4	23.8	95.0	95.0	95.0	95.0
Net changes in cash	6.0	(1.5)	(2.8)	8.9	(2.6)	2.1	1.5	(0.9)	(2.0)	(3.1)	(4.6)	3.8	60.2	20.5	0.7	39.2
Beginning cash and equivalents	0.5	6.6	5.1	2.3	11.3	6.6	8.7	10.2	9.3	7.3	8.7	4.1	7.9	68.1	88.6	89.3
Effect of exchange rate changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Restricted cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ending cash and equivalents	6.6	5.1	2.3	11.3	8.7	8.7	10.2	9.3	7.3	4.1	4.1	7.9	68.1	88.6	89.3	128.5
Free cash flow	(8.4)	(2.2)	(3.2)	8.6	(2.8)	0.4	1.2	(0.9)	(2.2)	(3.1)	(5.0)	(20.0)	(34.8)	(74.5)	(94.3)	(55.8)
FCF/share	(\$0.15)	(\$0.03)	(\$0.04)	\$0.09	(\$0.03)	\$0.00	\$0.01	(\$0.01)	(\$0.02)	(\$0.03)	(\$0.05)	(\$0.11)	(\$0.08)	(\$0.11)	(\$0.10)	(\$0.05)

Source: Company filings, H.C. Wainwright & Co. estimates

C\$ in millions, unless otherwise noted

	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Jun-23	Jun-24	Jun-25			
	F2021A	F1Q22A	F2Q22A	F3Q22A	F4Q22A	F2022A	F1Q23A	F2Q23A	F3Q23A	F4Q23E	F2023E	F2024E	F2025E	F2026E	F2027E	F2028E
Cash and cash equivalents	6.6	5.1	2.3	11.3	8.7	8.7	10.2	9.3	7.3	4.1	4.1	7.9	68.1	88.6	89.3	128.5
Marketable securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.0	40.0	65.0
Receivable and other assets	3.3	2.6	1.8	0.8	0.9	0.9	1.2	1.0	1.3	1.3	1.3	1.3	1.3	15.0	30.0	45.0
HST recoverable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current assets	9.9	7.7	4.2	12.0	9.6	9.6	11.4	10.3	8.6	5.5	5.5	9.3	69.4	118.6	159.3	238.5
Property and equipment, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9	6.6	13.6	20.6
Intangible assets, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Right of use asset	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Prepaid expenses - non-current	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total assets	10.1	7.9	4.4	12.2	9.8	9.8	11.6	10.4	8.7	5.6	5.6	9.3	71.3	125.2	173.0	259.1
Trade and other payables	0.4	0.9	0.8	1.3	0.7	0.7	0.5	0.6	1.3	1.5	1.5	2.5	3.5	13.5	23.5	33.5
Current portion of lease obligation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contract liability	0.0	0.0	0.6	9.0	7.4	7.4	9.6	10.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4
Convertible debenture	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	0.9	1.5	1.5	10.3	8.1	8.1	10.2	11.1	10.8	11.0	11.0	12.0	13.0	23.0	33.0	43.0
Lease liability	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total liabilities	1.1	1.6	1.6	10.5	8.3	8.3	10.3	11.2	10.9	11.1	11.1	12.1	13.1	23.1	33.1	43.1
Share capital	13.2	14.4	17.1	17.6	18.1	18.1	18.4	18.4	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8
Additional paid-in capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.8	118.8	213.8	308.8	403.8
Shares to be issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contributed surplus	8.0	11.8	12.4	12.3	12.1	12.1	11.9	10.4	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7
Accumulated deficit	(12.1)	(20.0)	(26.8)	(28.1)	(28.7)	(28.7)	(29.1)	(29.7)	(32.6)	(35.9)	(35.9)	(56.9)	(90.9)	(142.0)	(199.3)	(218.1)
Total stockholders' equity (deficit)	9.0	6.3	2.7	1.7	1.5	1.5	1.3	(0.8)	(2.2)	(5.5)	(5.5)	(2.7)	58.3	102.2	139.9	216.1
Total liabilities + stockholders' equity	10.1	7.9	4.4	12.2	9.8	9.8	11.6	10.4	8.7	5.6	5.6	9.3	71.3	125.2	173.0	259.1

Source: Company filings, H.C. Wainwright & Co. estimates

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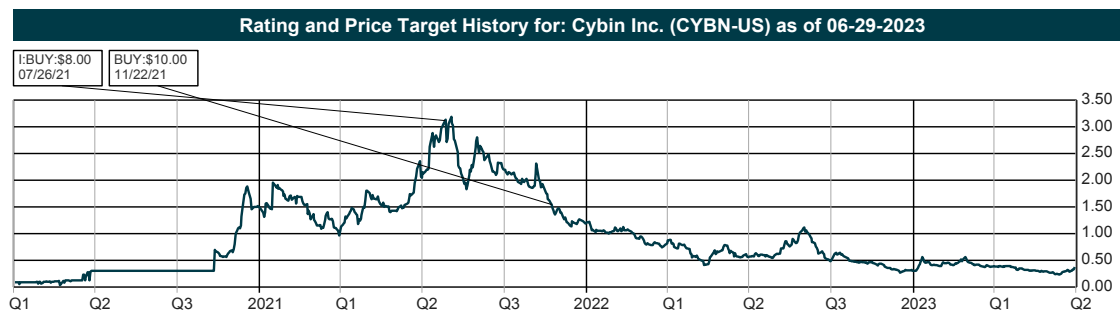
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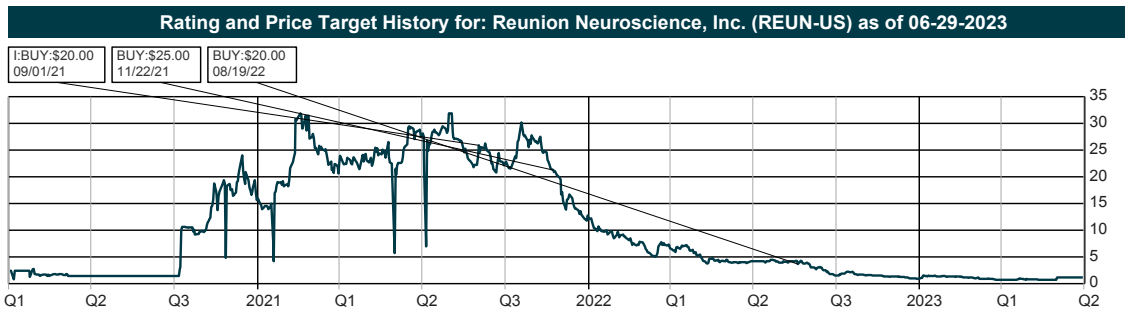
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Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

Market Perform (Neutral): The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector.

Market Underperform (Sell): The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector.





Related Companies Mentioned in this Report as of Jun/29/2023

Company	Ticker	H.C. Wainwright Rating	12 Month Price Target	Price	Market Cap
COMPASS Pathways Plc	CMPS	Buy	\$120.00	\$8.01	\$365
Cybin Inc.	CYBN	Buy	\$10.00	\$0.37	\$77
Reunion Neuroscience, Inc.	REUN	Buy	\$20.00	\$1.11	\$13

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Distribution of Ratings Table as of June 29, 2023

Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	563	87.83%	141	25.04%
Neutral	64	9.98%	15	23.44%
Sell	1	0.16%	0	0.00%
Under Review	13	2.03%	2	15.38%

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