



NeonMind Announces Divestiture of Consumer Related and Other Non-Core Assets

Reflects Strategic Focus on Psychedelic Treatments with Major Milestones in 2021

Vancouver, B.C. – September 13, 2021: NeonMind Biosciences Inc. (CSE: NEON) (OTCQB: NMDBF) (FRA: 6UF) (“NeonMind”, the “Company”), announced it has completed the sale of assets related to its consumer division, including e-commerce operations and underlying functional food assets, as well as shares owned in Translational Life Sciences Inc. (“TLS”), for a combined consideration of approximately C\$1.1 million plus a royalty.

This follows the Company’s completion of its Integrative drug development plan by its research and development working group, which validated the Company’s path forward with its focus on psychedelic drug development programs. This includes the advancement of NEO-001, synthetic psilocybin, to treat obesity into a regulator-approved psychedelic drug product.

“Obesity continues to be a key market for drug development due to a massive, underserved population of patients and burdensome comorbidities including depression, cardiovascular disease, and diabetes,” said Rob Tessarolo, President & CEO of NeonMind. “We have encouraging proprietary pre-clinical data showing the positive effects of psilocybin in reducing weight gain, and the published clinical data to date on the compound is promising in its ability to provide a durable response in multiple psychiatry indications. As we progress towards clinical studies in obese patients, our increased engagement with scientific and medical experts has resulted in positive feedback in the novelty of the NEO-001 program and reinforcing its potential and positioning as a valuable treatment tool”.

With the decision to focus on NEO-001, NeonMind has decided to divest its non-core assets in functional foods and early-stage discovery. NeonMind is now well positioned to more efficiently utilize capital to progress as a leading company in the transformative field of interventional psychiatry, with two divisions: 1) a pharmaceutical division focused on psychedelic drug



development and 2) a medical services division focused on providing evidence-backed treatments including psychedelics.

With the pharmaceutical division, NeonMind aims to advance NEO-001 through major drug development milestones including a pre-IND meeting with the FDA and a pre-CTA meeting with Health Canada in Q4 2021 for the planned Phase 1/2 study aimed to address deficiencies in chronic weight management. With the medical services division, the company is focused on setting up a specialty clinic network providing interventional psychiatry treatments, including psychedelics, with a target to announce the first location in Q4 2021.

“Although NeonMind mushroom coffees have been well received by consumers, significant further investment is required to drive a successful consumer products business. We prefer to focus on our core competencies, which are drug development and deployment of medical services,” said Rob Tessarolo. “We are excited by the significant opportunity before us: to bring psychedelic-based treatments to market that have the potential to provide breakthrough therapies for mental illness and obesity.”

On September 10, 2021, NeonMind entered into an agreement with Better Plant Sciences Inc. (“Better Plant”), whereby Better Plant agreed to purchase the functional food assets related to NeonMind’s consumer division for C\$645,000 plus a royalty of 3% of net product sales above C\$1,000,000 for 25 years. On September 10, 2021, the disposition was completed and the following assets were transferred by NeonMind to Better Plant: four mushroom coffee products currently being sold in Canada, and four mushroom coffee dietary supplement products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products. In consideration for the assets Better Plant paid C\$645,000 including taxes, plus an agreement to pay a royalty of 3% of net product sales payable on sales over C\$1,000,000 for 25 years. The payment of C\$645,000 was made by setting off the balance due on a note for C\$645,000 owed by NeonMind to Better Plant which had a maturity date in February 2022.



On August 30, 2021, NeonMind sold all of the common shares it owned in TLS for \$450,000 cash to a group of purchasers. The principal purchaser was Dr. William Panenka, who is a shareholder in NeonMind and the principal of TLS.

The net result on NeonMind's current assets of both transactions is an increase in working capital of approximately C\$1.1 million.

Although each of the TLS and Better Plant transactions may be considered related party transactions pursuant to Multilateral Instrument 61-101, each transaction is exempt from the shareholder approval and valuation requirements of the instrument.

About NeonMind Biosciences Inc.

NeonMind operates two divisions: (i) a pharmaceutical division engaged in drug development of psychedelic compounds with two lead psilocybin-based drug candidates targeting obesity; and (ii) a medical services division focused on launching specialty mental health clinics that integrate psychedelic therapeutics into traditional psychotherapy settings.

In its pharmaceutical division, NeonMind has two distinct psilocybin drug development programs targeting obesity. NeonMind's lead candidate, NEO-001, employs psilocybin as an agonist at the serotonin 5-HT_{2A} receptor, which is involved in the hallucinogenic effect of psychedelics. The Company's second drug candidate, NEO-002, employs low-dose psilocybin as an agonist at the 5-HT_{2C} receptor, which controls appetite.

NeonMind established a medical services division with the goal of launching NeonMind-branded specialty mental health clinics in Canada that incorporate evidence-backed innovative treatments to address a variety of mental health needs.

For more information on NeonMind, go to www.NeonMindBiosciences.com.

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The Canadian Securities Exchange has not reviewed, approved nor disapproved the contents of this news release.

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Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or NeonMind's future performance. The use of any of the words "could", "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 NeonMind's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. In particular, NeonMind's drug development plans, its ability to retain key personnel, and its expectation as to the development of its intellectual property and other steps in its preclinical and clinical drug development constitute forward-looking information. Actual results and developments may differ materially from those contemplated by forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information. The statements made in this press release are made as of the date hereof. NeonMind disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

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