

## **Common FAQ Regarding Acasti's Proposed Acquisition of Grace Therapeutics**

### **QUESTION: Why is Acasti acquiring Grace?**

**ANSWER:** Acasti's board and management believe that the acquisition of Grace represents a transformative opportunity for the Company and our shareholders. Grace's novel drug delivery technologies could improve upon existing compounds with known safety profiles and provide an attractive path for expedited drug development and commercialization. We believe Grace's product portfolio has the potential to provide better patient solutions with enhanced efficacy, faster onset of action, reduced side effects, and more convenient delivery, all which can result in increased patient compliance and potentially better outcomes for a range of orphan indications where there is currently either inadequate treatment or no treatment at all. For these and other reasons, we are very excited about the therapeutic potential of Grace's pipeline, and we believe there could be significant international licensing and marketing opportunities for these assets as well.

### **QUESTION: What are the major synergies with Acasti?**

**ANSWER:** Grace brings a robust therapeutic pipeline and a solid management team that complement Acasti's team that is well-versed in drug development and commercialization. Both companies share a commitment to quality and a passion to expedite new therapeutic solutions for patients and their families and physicians who care for them. Given Acasti's strong balance sheet, we anticipate the combined company will have the financial resources to fund Grace's lead programs to important value inflection points.

### **QUESTION: What was the process that resulted in the selection of Grace?**

**ANSWER:** Supported by our bankers at Oppenheimer, Acasti pursued a thorough strategic process to evaluate a wide range of value-creating alternatives. Through this rigorous process, more than 100 companies were screened by Oppenheimer, and we conducted diligence on more than 20 companies in total. We ultimately selected Grace primarily based on the strength of their technology platforms and IP, the market opportunity and the potential for expedited clinical development and commercialization of their first 3 assets, and their scientific talent that is highly synergistic with Acasti's expertise. This positions us well to build a portfolio of innovative therapeutics that we believe will address significant unmet medical needs in these targeted orphan indications.

### **QUESTION: When does Acasti expect to commence Phase 3 Trials for Grace's products?**

**ANSWER:** We expect to begin Phase 3 enrollment for GTX-104, Grace's IV formulation of nimodipine, in the second half of 2022, and we expect to begin Phase 3 enrollment for GTX-102, an oral spray form of betamethasone for treating children with A-T, in first half of 2023. Importantly, we expect to complete additional near-term milestones in the form of smaller but very important, pivotal pharmacokinetic studies for GTX-104 in the first half of 2022, and in the second half of 2022 for GTX-102.

### **QUESTION: Upon approval, what is the go-to-market strategy? Would Acasti be looking to partner or what kind of sales organization would need to be put in place?**

**ANSWER:** As GTX-104 and GTX-102 complete their clinical development programs, our current plan is to build a small and focused commercial organization in the U.S. to market and sell these drugs upon FDA

approval. We believe the treatment centers and medical specialists who manage these patients are fairly concentrated geographically, which allows us to cost-effectively promote these products with a small commercial team following approval. In contrast, for GTX-101 we will be targeting a larger primary care and pain specialist market, so we will likely seek commercial partnerships in the U.S. and other major countries to fully exploit the market potential of this drug.

**QUESTION: What will be the management/board structure after the transaction?**

**ANSWER:** Upon shareholder approval of the proposed transaction, the combined company will be led by an executive committee made up of Jan D'Alvise as CEO; Brian Ford, Acasti's CFO, and Pierre Lemieux, Acasti's COO and CSO. Joining the executive committee from Grace will be George Kottayil, Grace's co-founder and CEO, and Prashant Kohli, Grace's VP of commercial operations. The combined company would continue to maintain its corporate headquarters in Quebec, Canada. All Grace employees will be offered fulltime employment at Acasti, and they will maintain Grace's R&D laboratory and commercial presence in North Brunswick, New Jersey. The new Board of Directors would be composed of 4 representatives from Acasti and 3 from Grace. For anyone interested in getting more details, they are provided in the prospectus and proxy statement related to the merger.

**QUESTION: When does Acasti expect to close the merger?**

**ANSWER:** We previously announced that the special shareholder meeting to approve the transaction will occur on August 26<sup>th</sup>. The proposed transaction is expected to close shortly after we receive approval from Acasti shareholders, subject to any stock exchange approvals, as well as satisfaction of other closing conditions as specified in the definitive merger agreement. These conditions should be met within a few business days of the shareholder meeting, assuming we are able to reach a quorum, and a positive vote in favor of the transaction.

**QUESTION: Will Grace shareholders be locked up after the merger?**

**ANSWER:** Yes – Grace stockholders will be locked up for a period of 12 months, subject to certain customary exceptions. Note that this lock-up does not affect Acasti shareholders. Investors can refer to the prospectus and proxy statement related to the merger for further details.

**QUESTION: How much of the combined companies will Acasti shareholders own after the merger?**

**ANSWER:** After completion of the acquisition, Acasti's security holders, on a pro forma basis after the transaction, would own not less than 55%, but it is expected to be as high as 58% of the company's common shares, and Grace's security holders would own between 42% and 45% of the company's common shares, subject to upward adjustments at closing in favor of Acasti based on each company's capitalization and net cash balance, as set forth in the definitive merger agreement, with more details available in the prospectus and proxy statement related to the merger.

**QUESTION: How was the exchange ratio for Grace stockholders determined?**

**ANSWER:** The equity exchange ratio is calculated using a formula intended to allocate Grace's existing stockholders an ownership percentage of Acasti post-closing, and as adjusted based on changes to cash and capitalization for each entity at the time of the merger, with more details available in the prospectus and proxy statement relating to the merger. As previously mentioned, Acasti's shareholders, on a pro forma basis, would own at least 55%, but it is expected to be as high as 58% of the company's common shares, and Grace's securityholders would own 42% to 45% of the company's common shares. The final

exchange ratio at closing could vary depending on net cash and capitalization for each company at the effective date of the transaction.

**QUESTION: How was the valuation of Grace and the combined company determined?**

**ANSWER:** Shareholders may refer to the section of the prospectus and proxy statement that describes the merger transaction, which illustrates the depth and breadth of analysis that was conducted by the Company as part of our diligence process, as well as by Oppenheimer to support their Fairness Opinion. Acasti management conducted deep dive diligence activities that focused on the development programs and IP for Grace's first three products, and the market potential for these products, including conducting in-depth interviews with leading physician thought leaders to validate the market opportunity and the unmet medical needs that could be addressed with Grace's products. Oppenheimer utilized management's product and market diligence and supplemented it with an analysis of other publicly traded specialty pharma companies. They also looked at a range of recent specialty pharma transactions, as well as a discounted cash flow analysis to conclude in each case that the value that is being ascribed to Grace in this transaction, and the percentage of the resulting Company that will be held by Acasti shareholders, are well supported by these different analytical approaches that were considered by Oppenheimer in delivering its fairness opinion to our board on the transaction. Therefore, we believe that this proposed acquisition represents an attractive deal for our shareholders, and that with a successful transaction, both companies will be worth more together than as a sum of their parts, since there are great synergies between the two companies that will bring the potential for significant value creation going forward.

**QUESTION: What is the rationale behind the proposed amendments to the equity incentive plans in the proxy?**

**ANSWER:** The equity incentive plan proposals are standard proposals that are typically put forward to shareholders on an annual basis and are not directly related to the Grace transaction. The central element of the proposals relating to our equity incentive plans is that their size will now be limited to 10% of our issued and outstanding shares from time to time. Over the past several years, the pool was limited to a fixed 15% of our issued and outstanding shares at the time of approval by shareholders, so this proposal will bring the Company's plan in line with what is generally considered to be the market standard approach for equity incentive plans. Our plans are subject to other insider participation and ancillary limits to comply with applicable securities law and stock exchange requirements.

**QUESTION: What is Acasti's current cash on hand?**

**ANSWER:** We anticipate that there will be combined cash at closing in excess of \$60 million after adjustments related to working capital as per the merger agreement. Management has determined that this is likely sufficient capital to fund GTX-104 to NDA filing, and to significantly advance clinical development GTX-102 and GTX-101, as well as further advance several pre-clinical pipeline assets into the clinic.

**QUESTION: How does Acasti plan to deploy the \$60 million of cash on hand across the various programs?**

**ANSWER:** At this time, it is difficult to precisely estimate the costs and time required to develop these products. Factors that could affect both the eventual cost and timing of these programs include the final design of the clinical study programs and protocols as finally authorized by the FDA, the pace at which we are able to enroll patients, the time it takes to complete the clinical trials, the timing of marketing approvals, and the timing of the various activities that will be required to scale up manufacturing. Nevertheless, we currently project that our cash on hand will provide at least two years of operating runway and enable us to complete development and file an NDA for GTX-104, as well as advance other drug candidates to key milestones.

**QUESTION: Does Acasti plan to raise additional capital?**

**ANSWER:** Given that we expect to have at least two years of capital at closing, we currently have no specific plans for a material capital raise, but as always, we will continue to be opportunistic if market conditions and the potential to create shareholder value warrant.

**QUESTION: Grace shows \$13 million of liabilities; will Acasti be responsible for paying off the Grace debt?**

**ANSWER:** No. A majority of these liabilities, roughly \$10 million are in the form of convertible debt and will be converted into Grace shares prior to the share exchange and are already accounted for in the share exchange ratio. Other components of the Grace debt will also be converted into shares of Grace prior to the transaction. Note that for any cash deficiency or accounts payable that remain and are assumed by Acasti, there will be an adjustment in favor of current Acasti shareholders to reduce the shares issued to Grace to account for the liabilities assumed in an equitable manner.

**QUESTION: What is the status of discussions with Nasdaq to maintain Acasti's listing? Will there be a reverse split? If so, when, and what is the expected share ratio?**

**ANSWER:** Acasti has been in close contact with Nasdaq to ensure that the steps to regain compliance with its minimum bid price requirements are being appropriately taken. We intend to effect a reverse split only if it is required to regain compliance with the \$1 minimum bid rule, and then we would effect it in connection with the closing of the transaction following the August 26<sup>th</sup> shareholder meeting. Again, it would only be done if it is absolutely necessary to regain compliance with the minimum bid price rule in connection with the transaction, and, if so, the share consolidation would likely be within a 1 to 6 to 1 to 8 range.

**QUESTION: What is the company's position regarding the shareholder lawsuits that have been filed regarding the transaction?**

**ANSWER:** We strongly believe that the allegations in these complaints are frivolous and without merit, and we plan to vigorously defend against them. The complaints generally allege that Acasti's public disclosures pertaining to the transaction omit material facts purportedly in violation of applicable securities laws, which we believe is clearly not the case if any investor takes the time to read through our comprehensive disclosures.

Unfortunately, these types of frivolous lawsuits are common in the U.S. and are expected with any merger or acquisition transaction. We believe that our transaction with Grace represents a very good deal for our shareholders, and we plan to vigorously defend against these claims. For additional

information on these complaints, we refer you to our public disclosures on this topic, and we will continue to keep our shareholders informed as practical.

**QUESTION: What are the company's plans for CaPre and is the Company considering conducting additional trials for the compound?**

**ANSWER:** No. As we have stated previously, we do not plan to proceed with an NDA filing, nor do we plan to conduct any additional clinical trials for CaPre. However, we have received strong interest and continue to evaluate several strategic options for our CaPre assets, and we will keep the market apprised as this process progresses.

**QUESTION: What are the benefits of gaining orphan drug status?**

**ANSWER:** The fact that Grace has already received orphan drug status for its first three drug candidates was one of many key factors in our decision to acquire Grace. There are many benefits for a drug candidate that has received orphan drug designation from the FDA. The first is 7 years of marketing exclusivity once the product has received NDA approval. We could also receive a significant federal tax credit for up to 50% of the expenses incurred in conducting clinical research within the United States. Another benefit is that the FDA grants a waiver of their Prescription Drug User Fee Act or PDUFA fees for orphan drugs – for which the average cost in 2020 was approximately \$3 million – so this could be a significant cost savings to Acasti in the future. Finally, as an incentive to encourage pharma companies to make investments in treatments and cures for rare diseases, a drug that has been granted orphan status can often be priced significantly higher than more widely prescribed drugs. Data shows that orphan drugs are approximately 25x more expensive than non-orphan drugs, and the average annual orphan drug cost rose from about \$7,000 in 1997 to more than \$185,000 in 2017. Today, 88% of orphan drugs cost more than \$10,000 per year / per patient, and in 2017, 7 out of the 10 best-selling drugs were for orphan indications.

**QUESTION: What is the 505(b)(2) development pathway?**

**ANSWER:** The Section 505(b)(2) regulatory pathway under the Federal Food, Drug and Cosmetic Act can provide for a lower cost, lower risk, and potentially faster path to regulatory approval than the more common 505(b)(1) or new chemical entity (NCE) pathway. Under Section 505(b)(2), if sufficient support of a product's safety and efficacy exists either through previous FDA experience or if it can be sufficiently established within the scientific literature, the FDA may eliminate the need to conduct some of the preclinical and clinical studies that NCE candidates might otherwise require.

**If you have any additional questions, please e-mail the company at [info@acastipharma.com](mailto:info@acastipharma.com), contact our investor relations team at Crescendo at 212-671-1021 or call our proxy solicitors at D.F. King & Co. at (800) 884-4725.**

**Additional Information about the Proposed Transaction and Where to Find It**

In connection with the Merger, Acasti filed with the SEC a registration statement on Form S-4 on June 30, 2021 (as amended on July 13, 2021) that includes the preliminary Prospectus/Proxy Statement. On July 15, 2021, the registration statement was declared effective by the SEC and Acasti filed the final Prospectus/Proxy Statement in connection with the Merger with the SEC, which contains important information about the Merger and related matters. The

Prospectus/Proxy Statement will be mailed to Acasti shareholders and is accessible on Acasti's EDGAR and SEDAR profiles. INVESTORS AND SECURITY HOLDERS OF ACASTI ARE URGED TO CAREFULLY READ THE ENTIRE PROSPECTUS/PROXY STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS TO SUCH DOCUMENTS) BEFORE MAKING ANY VOTING DECISION WITH RESPECT TO THE MERGER BECAUSE IT CONTAINS IMPORTANT INFORMATION ABOUT THE MERGER AND THE PARTIES TO THE MERGER.

Acasti shareholders can obtain a free copy of the Prospectus/Proxy Statement, as well as other relevant filings containing information about Acasti and the Merger, including materials incorporated by reference into the Prospectus/Proxy Statement, without charge at the SEC's website ([www.sec.gov](http://www.sec.gov)) or from Acasti by contacting Acasti's Secretary at 3009 boul. de la Concorde East, Suite 102 Laval, Québec, Canada H7E 2B5, telephone: (450) 686-4555.

### **No Offer or Solicitation**

This document is not intended to and shall not constitute an offer to buy or sell or the solicitation of an offer to buy or sell any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made, except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

### **Participants in the Solicitation**

Acasti and Grace and certain of their respective directors, executive officers and employees may be deemed to be participants in the solicitation of Acasti proxies in respect of the Merger. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to Acasti shareholders in connection with the Merger is set forth in the Prospectus/Proxy Statement. Copies of the Prospectus/Proxy Statement may be obtained free of charge from the SEC or Acasti, as described in the preceding paragraph.

### **Cautionary Statement Regarding Forward-Looking Statements**

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and may be forward-looking information as defined under applicable Canadian securities legislation (collectively, "forward-looking statements"). These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of the management of Acasti, as well as assumptions made by, and information currently available to, management. Forward-looking statements generally include statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "may," "will," "should," "would," "expect," "estimate," "plan," "believe," "anticipate," "intend," "look forward," and other similar expressions among others. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance.

Forward-looking statements contained in this document may include, without limitation, statements regarding the proposed merger between Acasti and Grace; the timing and financial and strategic benefits thereof; the expected impact of the transaction on the cash balance of Acasti following the merger; Acasti's future strategy, plans and expectations after the merger; and the anticipated timing of clinical trials and approvals for, and the commercial potential of, Acasti's products and pipeline product candidates and those of its subsidiaries (including Grace, if the merger is completed). Actual results could differ materially from those contained in any forward-looking statement as a result of various factors, including the failure to receive, on a timely basis or otherwise, the required approvals by Acasti shareholders or Grace stockholders, as applicable, in connection with the merger; the risk that a condition to closing of the merger may not be satisfied; the possibility that the anticipated benefits of the proposed merger may not be fully realized or may take longer to realize than expected; the possibility that costs or difficulties related to the integration of the businesses of Acasti and Grace will be greater than expected; the ability of the companies following the merger to commercialize drug candidates in line with the companies' expectations; the ability to retain and hire key personnel and maintain relationships with customers, key opinion leaders, suppliers or other business partners; the impact of legislative, regulatory, competitive and technological changes; and other risk factors relating to the companies' businesses and the biopharmaceutical industry, as detailed from time to time in Acasti's reports filed with the SEC and the Canadian Securities Administrators, which you are encouraged to review. Investors should not place undue reliance on forward-looking statements.

For a discussion of the factors that may cause Acasti's, Grace's or the combined company's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied in such forward-looking statements, and for a discussion of risks associated with the ability of Acasti and Grace to complete the merger and the effect of the merger on the business of Acasti, Grace and the combined company, see the section titled "Risk Factors" in the Prospectus / Proxy Statement.

The forward-looking statements reflect management's current knowledge, assumptions, beliefs, estimates and expectations and express management's current view of future performance, results and trends. If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, the results of Acasti, Grace or the combined company could differ materially from the forward-looking statements. All forward-looking statements in this document are current only as of the date on which the statements were made, or in the case of a document incorporated by reference, as of the date of that document. Except as required by applicable law, neither Acasti nor Grace undertakes any obligation to update publicly any forward-looking statements for any reason after the date of this document or to conform these statements to actual results or to changes in expectations.